

**Primary Health Properties PLC**

(Incorporated in the United Kingdom)

Company Number: 3033634

LSE Share Code: PHP

JSE Share Code PHP

ISIN Code: GB00BYRJ5J14

LEI: 213800Y5CJHXOATK7X11

(“**PHP**” or the “**Company**”)

**PRE-LISTING ANNOUNCEMENT AND SECONDARY LISTING BY WAY OF INTRODUCTION OF PRIMARY HEALTH PROPERTIES PLC (“PHP”) ON THE MAIN BOARD OF THE JSE LIMITED (“JSE”)****1. INTRODUCTION**

- 1.1 PHP is a United Kingdom based Real Estate Investment Trust (“**REIT**”) and a leading investor in modern primary healthcare premises across the United Kingdom and Ireland.
- 1.2 The Company has a primary listing on the Premium Segment of the Official List on the London Stock Exchange Main Market (“**LSE**”) and is included on the FTSE 250 Index. As at the date of this announcement, the current market capitalisation of the Company is approximately £1.22 billion. PHP’s ordinary shares were admitted to trading on the LSE on 5 November 1998. The LSE is considered to be an “accredited exchange” as defined in the Listings Requirements of the JSE. PHP is not listed on any other exchange.
- 1.3 The JSE has granted approval to PHP for a secondary listing, by way of the fast-track listing process, of all its issued ordinary shares being 1,336,493,786 ordinary shares with a nominal value of 12.5 pence each on the Main Board of the JSE in the “Health Care REIT” sector, under the abbreviated name “PHP”, share code “PHP” and ISIN code GB00BYRJ5J14 with effect from the commencement of trading on **Tuesday, 24 October 2023 (“Listing Date”)**.

**2. OVERVIEW OF PHP**

- 2.1 PHP invests in healthcare real estate let on long-term leases, backed by secure underlying covenants funded mostly by government bodies in the United Kingdom (“**UK**”) and Ireland, in terms of which approximately 89% of the rental income is attributable, directly or indirectly, to such government bodies.
- 2.2 PHP aims to operate in a relatively low risk environment to generate progressive returns for shareholders through a combination of earnings growth and capital appreciation by investment in the primary healthcare real estate sector in the UK and Ireland, which is traditionally less cyclical than other real estate sectors.

- 2.3 PHP's property portfolio comprises 514 properties let to National Health Service ("NHS") organisations in the UK, the Health Service Executive ("HSE") in Ireland, General Practitioner surgeries, pharmacies, dentists and other healthcare service providers.
- 2.4 PHP actively manages its portfolio with a focus on the organic income growth that can be generated from its existing portfolio. This growth arises mainly from rent reviews and asset management projects (extensions, refurbishments and lease regears) which provide an important opportunity to increase both income and capital value, extend lease terms and avoid obsolescence whilst ensuring that they continue to meet the communities' healthcare needs and improve the properties environmental credentials.
- 2.5 PHP also looks to selectively grow its property portfolio by funding and acquiring high quality developments, newly developed facilities and investing in already completed, let healthcare assets.
- 2.6 PHP funds its activities with a mix of equity and debt, diversified across a number of lenders on both a secured and unsecured basis, in order to optimise risk-adjusted returns to shareholders.
- 2.7 PHP's portfolio is managed by an experienced team within an efficient management structure, where operating costs are tightly controlled.
- 2.8 The Company has grown its dividend for 27 consecutive years.

### **3. PORTFOLIO OF ASSETS**

- 3.1 The Company's property portfolio was valued at £2.783 billion at 30 June 2023 (31 December 2022: £2.796 billion) across 514 assets (31 December 2022: 513 assets), including 20 in Ireland, with a contracted rent roll (annualised) of £147.4 million as at 30 June 2023 (31 December 2022: £145.3 million).
- 3.2 The PHP portfolio currently comprises 514 facilities providing a wide range of integrated care services helping to realise the NHS target of 24/7 access to General Practitioner services and the HSE's expansion of primary care infrastructure. For a complete list of the Company's current property portfolio including geographical locations and further information, please visit <https://www.phpgroup.co.uk/portfolio>.

### **4. PROSPECTS**

- 4.1 Growth in the immediate future will be focused on increasing income from PHP's existing real estate portfolio and PHP is encouraged by the increasingly firmer tone of rental growth seen in recent years. PHP believe the favourable dynamics of higher inflation and increased build

costs combined with a demand for new primary care facilities and the need to modernise the estate will continue to increase future rental settlements.

- 4.2 As previously reported with PHP's interim results in July 2022, the deteriorating interest rate and economic outlook caused the Company to reconsider the acquisition pipeline and pause investment activity in the second half of the year of 2022 until the economic outlook became clearer. At this time, PHP expects further investment activity will be focused on Ireland, however, the Company will continue to monitor market conditions on an ongoing basis and re-evaluate the UK acquisition pipeline subject to prevailing market conditions but will only undertake such acquisitions, if accretive to earnings.
- 4.3 In the current environment, Ireland continues to be the Company's preferred area of future investment activity and PHP have ambitions to continue to grow the portfolio there to around 15% of the total (31 December 2022: 8%). The acquisition of Axis Technical Services Limited, in January 2023, now gives the Company a permanent presence in Ireland, an important strategic move as PHP seeks out new investment, development and asset management opportunities and seeks to strengthen its relationship with the HSE as the leading provider of modern primary care infrastructure in the country.
- 4.4 PHP's balance sheet and financing position remain strong with cash and committed undrawn loan facilities totalling £314.4 million (31 December 2022: £325.9 million) after contracted capital commitments. 97% of PHP's net debt is fixed or hedged for a weighted average period of just under seven years.
- 4.5 With an improving rental growth outlook, a strong control on costs resulting in one of the lowest EPRA cost ratios (a proportionally consolidated measure (including direct vacancy costs) of the ratio of net overheads and operating expenses against gross rental income (with both amounts excluding ground rents payable) in the sector of 10.1% (31 December 2022: 9.9%) and with the majority of PHP's debt either fixed or hedged, PHP looks forward to the remainder of 2023 with confidence.
- 4.6 PHP believes that its activities benefit not only shareholders but also wider stakeholders, including occupiers, patients, the NHS and HSE, suppliers, lenders, and the wider communities in both the UK and Ireland which are served by the services delivered at its buildings.

## **5. RATIONALE FOR THE SECONDARY LISTING ON THE MAIN BOARD OF THE JSE**

- 5.1 The Company's rationale for the secondary listing on the Main Board of the JSE includes the following:
- 5.1.1 establish a positive relationship and reliable track record with the South African market;
- 5.1.2 increase the liquidity and tradability in the Company's shares through a robust exchange;

- 5.1.3 introduce a first-of-its-kind primary healthcare focused REIT to the JSE investor community;
  - 5.1.4 provide investors on the JSE with an opportunity to participate in the Company's income and capital growth potential;
  - 5.1.5 subject to market conditions, raise capital in a new market to fund further acquisitions in due course albeit no new capital raise is anticipated at present;
  - 5.1.6 provide investors on the JSE with an additional local platform to invest and trade in the Company's shares; and
  - 5.1.7 further diversify the Company's shareholder base.
- 5.2 The financial surveillance department of the South African Reserve Bank has approved the inward listing of PHP on the Main Board of the JSE which will be classified as 'domestic'. Accordingly, South African exchange control resident shareholders are entitled to hold their PHP ordinary shares on the JSE register subsequent to the secondary listing and may trade the PHP ordinary shares on the JSE without affecting their foreign investment allowances.
- 5.3 The JSE has granted PHP a secondary listing, by way of the fast-track listing process, of all its issued ordinary shares on the Main Board of the JSE in the "Health Care REIT" sector, under the abbreviated name "PHP", share code "PHP" and ISIN code GB00BYRJ5J14 with effect from the commencement of trade on the Listing Date.
- 5.4 The Company is a public limited company incorporated in England under the Companies Act 2006 with registration number 3033634 on 16 March 1995, with its registered address situated at Fifth Floor, Burdett House, 15-16 Buckingham Street, London, WC2N 6DU. The Company is not registered as an external company in South Africa.
- 5.5 The Company was admitted to trading on the LSE on 5 November 1998 and was granted status as a UK REIT in 2007.
- 5.6 The Company has its financial year-end at 31 December.
- 5.7 The Company has appointed JSE Investor Services (Pty) Ltd as its transfer secretaries in South Africa with its main place of business at One Exchange Square, 2 Gwen Lane, Sandown, Sandton, 2196.
- 5.8 The Company's registrar in the UK is Equiniti Limited with its registered office address and primary place of business at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

## **6. SHARE CAPITAL**

- 6.1 The issued share capital of PHP is as set out in the table below:

	Number of shares
Ordinary shares	1,336,493,786

- 6.2 There are no ordinary shares held in treasury and no person has any special rights of control over the Company's share capital.
- 6.3 The Companies Act 2006 removed the requirement for a company to have an authorised share capital, and the articles of association of the Company reflect this. Directors are still limited as to the number of shares they can allot and issue at any one time because allotment authority continues to be required under the Companies Act 2006.
- 6.4 PHP will have an anticipated market capitalisation of approximately £1.22 billion on the Listing Date.
- 6.5 There is no restriction on the transferability of PHP's shares (other than as imposed by laws and regulations).
- 6.6 On the Listing Date, all shares in issue will rank *pari passu* in all respects, including in respect of voting rights, dividends and other distributions.

## 7. FINANCIAL INFORMATION

- 7.1 All relevant historical financial information of the Company is available on the Company's website (<https://www.phpgroup.co.uk/investors/>).
- 7.2 Set out below are the basic, diluted, adjusted and headline earnings (as defined in terms of The South African Institute of Chartered Accountants Circular 1/2023) per share of PHP for the six months ended 30 June 2023 and 30 June 2022 and year ended 31 December 2022:

	(Reviewed)	(Reviewed)	(Audited)
	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
<b>Earnings</b>			
<b>Basic earnings</b>	£39.5m	£107.1m	£56.3m
Add back revaluation deficit / (surplus)	£11.9m	(£51.2m)	£64.4m
Add back profit on sale of properties	-	-	(£2.9m)
Total tax effects of above adjustments	(£0.7m)	£0.7m	£0.8m
<b>Headline earnings</b>	£50.7m	£56.6m	£118.6m
Add back gain on fair value of derivative financial instruments and convertible bond	(£3.9m)	(£10.4m)	(£26.8m)
Add back non-recurring items	(£0.9m)	(£1.4m)	(£2.9m)
<b>Adjusted earnings (after tax)</b>	£45.9m	£44.8m	£88.9m
Diluted basic earnings	£36.0m	£97.5m	£32.0m

Diluted Headline earnings	£47.2m	£47.0m	£94.3m
Basic earnings per share (CAD)	3.0 pence	8.0 pence	4.2 pence
Headline earnings per share (CAD)	3.8 pence	4.2 pence	8.9 pence
Adjusted earnings per share (CAD)	3.4 pence	3.4 pence	6.6 pence
Diluted basic earnings per share (CAD)	2.5 pence	6.8 pence	2.2 pence
Diluted headline earnings per share (CAD)	3.3 pence	3.3 pence	6.5 pence
Number of shares	1,336.5m	1,334.1m	1,336.5m
Weighted average number of ordinary shares for the purpose of headline, basic and adjusted earnings per share	1,336.5m	1,333.5m	1,334.8m
Weighted average number of ordinary shares for the purpose of diluted basic and headline earnings per share	1,445.4m	1,438.9m	1,443.7m

## 8. PHP DIRECTORS

8.1 The full names, ages, business addresses and functions of the directors of PHP are provided below:

Name	Age	Function	Business address
Steven Owen	65	Non-executive Chairman	5th Floor, Burdett House 15-16 Buckingham Street London, England WC2N 6DU United Kingdom
Harry Hyman	67	Chief Executive Officer	5th Floor, Burdett House 15-16 Buckingham Street London, England WC2N 6DU United Kingdom
Richard Howell	57	Chief Financial Officer	5th Floor, Burdett House 15-16 Buckingham Street London, England WC2N 6DU United Kingdom
Ivonne Cantú	54	Independent Non-executive Director	5th Floor, Burdett House 15-16 Buckingham Street London, England WC2N 6DU United Kingdom
Ian Krieger	71	Senior Independent Non-Executive Director	5th Floor, Burdett House 15-16 Buckingham Street London, England WC2N 6DU United Kingdom
Laure Duhot	60	Independent Non-executive Director	5th Floor, Burdett House 15-16 Buckingham Street London, England WC2N 6DU

			United Kingdom
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## 9. DIVIDEND POLICY

- 9.1 The REIT Regulations require the Company, as a REIT, to distribute at least 90% of its exempt rental income (as calculated for tax purposes) as a property income distribution.
- 9.2 The Company's policy is to make all of its dividend payments (currently four per annum) as interim dividends. This enables the fourth dividend payment to be made approximately two months earlier than would be the case if that dividend were categorised as a 'final dividend' and therefore have to await shareholder approval at the annual general meeting. This arrangement is made in the interests of shareholders, enabling them to benefit from the earlier receipt of the fourth dividend.
- 9.3 PHP operates a Dividend Re-Investment Plan enabling shareholders to use their cash dividend to buy further shares in the Company through an arranged dealing service.

## 10. MAJOR SHAREHOLDERS

- 10.1 The following shareholders are, directly or indirectly, beneficially interested in 5% or more of a class of securities issued by the Company as at the date of this announcement:

SHAREHOLDER	NUMBER OF SHARES	% OF THE ISSUED SHARE CAPITAL
BlackRock	114,315,177	8.55%
Hargreaves Lansdown	73,154,299	5.47%
SSGA	68,619,568	5.13%
Vanguard Group Inc.	68,605,208	5.13%
<b>Total</b>	<b>324,694,252</b>	<b>24.28%</b>

## 11. LISTING ELIGIBILITY

- 11.1 The directors of PHP hereby confirm that PHP has:
- 11.1.1 a total of 1,336,493,786 shares are in issue;
- 11.1.2 audited financial statements for the preceding three years, being, the financial years ended 31 December 2022, 31 December 2021 and 31 December 2020;

- 11.1.3 there has been no significant change in the financial or trading position of the Company which has occurred since the end of the last financial period ended 31 December 2022 for which audited financial statements have been published;
- 11.1.4 carried on its activities through its various subsidiaries that it controls through both majority ownership as well as by exerting influence over decisions relating to the assets;
- 11.1.5 a reasonable spread of direct interest in assets and has rights to actively participate in the management of those assets, both by voting and through other rights which give it influence in decisions relating to the assets;
- 11.1.6 a board and senior management team that collectively have appropriate expertise and experience for the governance and management of the Company's businesses; and
- 11.1.7 20% of its share capital is held by the public to ensure reasonable liquidity. Currently, approximately 97.36% of PHP's shares are held by the public.
- 11.2 In addition, the directors of PHP further confirm that as a company listed on the Premium Segment of the Official List on the LSE, PHP is required to comply with the Listing Rules maintained by the Financial Conduct Authority.
- 11.3 Further information in relation to the Company's listing on the Premium Segment of the Official List on the LSE can be obtained directly from the Company or from the Company's website at <https://www.phpgroup.co.uk/investors/>.

## 12. DIRECTORS' STATEMENTS

- 12.1 The directors of PHP have no reason to believe that the working capital available to the Company or its group will be insufficient for at least 12 months from the Listing Date.
- 12.2 The directors of PHP hereby confirm that PHP has, to the best of their knowledge and belief, adhered to all legal and regulatory requirements of the LSE.

## 13. SALIENT DATES AND TIMES

	2023
Publish pre-listing announcement on the Stock Exchange News Service of the JSE ("JSE")	<b>Tuesday,</b> 17 October
Listing and commencement of trading of PHP shares on the Main Board of the JSE from the commencement of trade 09:00 on	<b>Tuesday,</b> 24 October

## 14. FURTHER INFORMATION



Documents, such as financial statements, public announcements, and investor presentations which PHP has made public over the last two years and the constitutional documents of PHP are available on the Company's website at <https://www.phpgroup.co.uk/investors/>. A comparative table including the differences between certain provisions of the Listings Requirements of the JSE and the regulatory and legislative framework in the UK will be available on the Company's website on Friday, 20 October 2023.

This announcement is not an invitation to the public to subscribe for or purchase shares but is issued in compliance with the JSE Listing Requirements relating to the secondary listing of the Company on the JSE's Main Board.

For further information, please contact:

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17 October 2023

Sponsor: PSG Capital