

Presentation to PCPF “The PHP experience of accommodating new models of care”

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Primary Health Properties PLC at a glance

- FTSE 250, UK Real Estate Investment Trust (“REIT”) in the EPRA REIT index
- A leading investor in flexible, modern primary healthcare accommodation across UK and Ireland
- Portfolio of over 313 properties valued at some £1.5 billion
- 90% of income funded by government bodies (NHS in the UK or HSE in Ireland). Rent roll £77m
- 3.5m patients registered at PHP buildings
- 94% of assets in UK 6% in Ireland
- Strong capital base with a prudent balance of shareholder equity and debt finance LTV 45%
- Now in our 22nd year of dividend growth; dividend fully covered by earnings
- Strong, disciplined and selective pipeline of acquisition opportunities in both territories investing the proceeds from the successful, over-subscribed equity issue for £115m in April 2018

Primary Health Properties at a glance

- Primary Health Properties PLC (“PHP”) is one of the UK’s largest specialist investor in primary health property. We own, lease and maintain hundreds of vital buildings that local communities depend on.
- As the demands on primary healthcare continue to increase and more care services are brought together and **integrated**, the need for well-designed, right-sized and future-fit premises is greater than ever.
- Working closely with GPs, practice teams and the NHS, we create complete premises solutions that enhance the patient experience and boost staff morale whilst being affordable and easy to run. We are proud that, with our help, many practices have found a lasting cure for their premises pressures and, as a result, can devote more time and energy to patient care.
- Our goal is to support GP practices by providing a building that is fit for delivering high-quality 21st century healthcare both in new build and existing buildings.

Investment Acquisition

Mallow Primary Health Centre, Ireland

Tenants

Health Service Executive (HSE),
4 GP practices (21 doctors),
dentist, optician, pharmacy
and café.

Size

6,500 sqm

Date purchased

February 2018

Acquisition cost

£17.7m (€20.0m)

WAULT

21.9 years

Patient list size

c.30,000

Rent review



Investment Acquisition

Low Grange Health Village

Tenants

4 GP practices (12 doctors), NHS PS, pharmacy, optician and council

Size

5,800 sqm

Date purchased

July 2017

Acquisition cost

£25.4m

WAULT

17.3 years

Patient list size

c.22,000

Rent review

Fixed 3% p.a.



Investment Acquisition

St Catherine's Health Centre

Tenants

Community NHS Trust and Pharmacy

Size

4,614 sqm

Date purchased

December 2013

Acquisition cost

Circa £20m

WAULT

24 years

Patient list size

15,220 patients

Rent review

Annual RPI with cap and collar



Investment Acquisition

Moredon Medical Centre, Swindon

Tenants

GP practice (5 doctors) and a pharmacy

Size

1,450 sqm

Date purchased

June 2018

Acquisition cost

£6.1m

WAULT

27.5 years

Patient list size

c.11,500

Rent review

OMV and RPI



Development

Bray Primary Care Centre, Ireland

Tenants

Health Service Executive (HSE)
GP practice (5 doctors),
pharmacy and coffee shop

Size

4,800 sqm

Completion

Autumn 2019

Development cost

£19.7m (€22.3m)

WAULT

25 years

Patient list size

c.30,000

Rent review

Irish CPI



Flexibly delivery property solutions for integrated primary care

- Alternative to property industry, ie, not office, retail, industrial but a major opportunity
- The NHS:
 - A budget of £150 bn across the UK
 - 34,000 GPs in 9,000 practices
 - 1 million patient visits to primary care centres in UK every day
 - The national religion of the UK
 - The NHS delivers 90% of UK healthcare
- The primary care pledge of July 2017 estimated a total funding requirement of £4bn to help move care out of inflexible, expensive hospitals into locality based facilities
- New models of Primary Care

The Digital Challenge

- Technology is an enabler as well as a threat – the ability to deliver a wider range of services in primary care:
 - Blood tests – unbelievably many GP premises still can't offer this
 - Pathology – Ambulatory care centres
 - Diagnostics – ultrasound, xray, MRI, CT
 - Minor operations – use of day care surgery
- Clicks and mortar model

Our initiatives

- BREAM Excellent
- Zero Carbon Primary Care Facilities
- Reducing grey water and lowering water usage internally
- EPCs – LED lighting upgrades/running costs internally
- Boiler efficiency

PHP Environmental Considerations

- Environmental desk top studies and EPCs - LED lighting, Solar PV Panels
- Compliance with MEES (Minimum Energy Efficiency Standards)
- Land Use – Assessment of site location to encourage sustainable land use, long term biodiversity, habitat protection and creation, with an emphasis on the use of brownfield sites
- Materials – Reducing the impact of construction materials by encouraging a collaborative approach with the design team at the outset of a project, as well as procuring materials that are sourced in a responsible way
- Transport – Promoting alternative transport solutions by installing bicycle racks, electric car charging points and review of public transport routes in order to reduce embodied carbon
- Water – Utilising sustainable drainage systems and appliances to reduce water consumption and the impact of development on the local water system

Property Portfolio – as at 30 June 2018

- Portfolio of 308 healthcare centres –valued at £1.4bn
- Average net initial yield 4.85% (2017: 4.91%)
- Average lot size increased to £4.6m (2017: £4.5m)
- 80% of portfolio valued at more than £3m
- Irish portfolio now at > €100m

Capital Value	Number	Value	%
> £10m	22	356.6	25.2%
£5 - £10m	56	387.4	27.4%
£3 - £5m	99	386.9	27.3%
£1 - £3m	129	281.1	19.9%
< £1m (incl. land £1.6m)	2	3.2	0.2%
Total	308	1,415.2	100.0%

Asset Management

Milton Keynes Village Practice, Milton Keynes

- 3 separate extensions to an existing surgery totalling 330 sqm designed to support significant patient list growth.
- Completed Oct' 2018.
- Project delivered over a 9 month period whilst the building remained fully operational.
- New treatment suite enabling the practice to deliver enhanced services to its patients in a primary care environment.
- £0.5m of S106 capital funding recycled into the scheme from local residential developments to support healthcare delivery in the locality.
- EPC rating A.
- Total project cost £1.25m.
- The GP's committed to a new 21 year lease.



Asset Management

St Georges Medical Centre, Sheerness

- Internal refurbishment to the existing surgery and ground floor extension totalling 38 sqm.
- Completed Aug' 2018.
- Project delivered over a 7 month period whilst the building remained fully operational.
- 2 new consulting rooms and new treatment suite enabling the practice to increase their clinical capacity and deliver additional services to its growing patient list.
- EPC rating C.
- Total project cost £0.3m.
- The GP's committed to a new 20 year lease.



Looking Forward

- A robust future for primary care
- An evolving paradigm
- Need for flexibility for the future
- Digital as an enabler
- Opportunities for innovative approaches
- A movement of care out of secondary care into the primary care sector

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