Primary Health Properties

H126 results

Strong earnings growth and strategic progress

Real estate

30 July 2026

Primary Health Properties (PHP) has reported H126 results showing strong earnings growth, supported by the successful combination with Assura and underlying portfolio progress. Adjusted EPS increased 9% to 3.8p, comfortably covering DPS of 3.65p (+3%). PHP is now well into its 30th consecutive year of DPS growth. 92% of the expected £9m Assura cost synergies have been put in place and plans are well advanced to reduce post-transaction leverage back to within the targeted range. Significantly, PHP has now agreed exclusive terms for the establishment of a 50/50 private hospital joint venture (JV) with a global long-term institutional investor.

Year end	Net rental income (£m)	Earnings (£m)	EPS (p)	NAV/share (£)	DPS (p)	Yield (%)	P/NAV (x)
12/24	154.0	93.0	6.96	1.03	6.90	7.1	0.94
12/25	230.0	131.0	7.31	0.99	7.10	7.3	0.98
12/26e	314.5	191.0	7.36	1.02	7.30	7.5	0.95
12/27e	304.4	193.9	7.47	1.04	7.50	7.8	0.93

Notes: Earnings and EPS are shown on PHP's adjusted basis, which is EPRA earnings excluding the amortisation of mark-to-market adjustments for fixed-rate debt acquired. NAV per share is on an EPRA NTA basis, having previously been shown on an adjusted EPRA NTA basis.

While the Assura acquisition is delivering the expected financial and strategic benefits, it is the continuing organic growth of rental income that will sustain long-term performance. Annualised rent roll increased by £3m to £345m during the period, with rent reviews (at an average 3.2% per year) and asset management adding £4m, partly offset by disposals. New asset management and development projects are starting to see rents being rebased upwards, making them economically viable, highlighting the reversionary potential in the portfolio and providing crucial evidence for future rent review settlements.

Tight cost control allows more of this rental growth to drop through to earnings, and while not all the achieved annual cost synergies have yet appeared in the income statement, the EPRA cost ratio has fallen to 8.7%, one of the lowest in the sector.

PHP has clear plans in place to reduce the higher gearing assumed for the Assura acquisition and move the loan-to-value (LTV) ratio of 57% back towards the target range of 40–50%. The agreed further transfer of assets to the existing primary care JV is expected to release £82m of cash. More significantly, it is expected that PHP will seed the proposed new JV with £0.7bn of private hospital assets. PHP is expected to retain a 50% interest in the JV and will earn fees as the asset manager. Due diligence is well advanced and on track for summer completion. In aggregate, we expect the transfer of assets to the JVs to release c £450m of cash and, on a pro-forma basis, PHP expects LTV to fall to c 53%. Meanwhile, PHP's balance sheet remains robust, with significant liquidity headroom, and the company has been active in the financing market. £1.2bn of new unsecured debt facilities were completed in the period to enhance the group's capital structure and reduce cost of capital, with credit margins 40bp cheaper than the facilities being replaced.

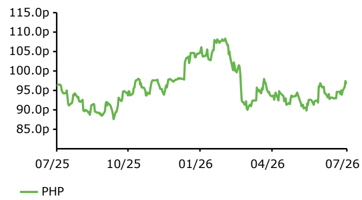
With portfolio net initial yield broadly stable at 5.4%, rental growth and asset management generated a revaluation surplus and IFRS NAV per share increased 1% to 99p. We will review the financial report in detail but expect no change to our EPS, DPS or EPRA NTA forecasts despite changes to the earnings composition.

Price **96.70p**

Market cap **£2,510m**

Net cash/(debt) as at 30 June 2026	£3,422.0m
Shares in issue	2,595.1m
Code	PHP
Primary exchange	LSE
Secondary exchange	JSE

Share price performance



Business description

Primary Health Properties is a long-term investor in critical healthcare infrastructure in the UK and the Republic of Ireland. Assets are mainly let on long leases to GPs and the NHS or HSE, organisations backed by the UK and Irish governments, respectively. The tenant profile and long average lease duration provide an exceptionally secure rental income stream.

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