PHP XLON Primary Health Properties PLC

Q3 Update on rental growth and joint ventures · RNS 0707X · 1 October 2026

PHP says rent reviews running at 3.1% and joint venture terms agreed

Share price	90.18p
Market cap	Not available
52-week range	87.4p - 109.5p
Shares in issue	Not available
12-month change	-2.7%

Ticker Data API, as at 2 Oct 2026, 10:24

SHARE PRICE, 12 MONTHS



SUMMARY

Primary Health Properties said today that 480 rent reviews completed in the first nine months of 2026 added £5.8 million of income. That is a 6.1% increase on £96 million of previous rent, or 3.1% a year against a target of more than 3%. The company also said financial terms on its joint ventures are agreed and due diligence is complete, with proceeds going to pay down debt, and that the Assura integration is finished. Operationally this confirms a steady, mostly government-backed rent roll. The investment case now turns on the balance sheet. No proceeds, pricing, retained stake or completion date have been disclosed. Meanwhile the 10-year gilt yield, at 5.68%, sits above the portfolio's 5.4% net initial yield.

KEY FIGURES

FIGURE	VALUE	PERIOD	CHANGE
Additional income from completed rent reviews	£5.8 million	9 months to 30 Sep 2026	6.1% over previous rent of £96 million
Annualised rental growth on reviews	3.1%	9 months to 30 Sep 2026	Target >3%; Q1 update reported 3.4%
Adjusted EPS	3.8 pence	H1 2026	+9% (prior 3.5p)
Dividend cover	103 pct	H1 2026	Prior 100 pct
Adjusted NTA per share	104 pence	30 Jun 2026	Unchanged
Net debt	£3.27bn	31 Dec 2025	
Net initial yield	5.4 pct	H1 2026	
10-year gilt yield	5.68%	25 Sep 2026	+0.46 points over three months
Share price	91.65p		52-week range 87.40p - 109.53p

Sources: Q3 Update RNS, 1 Oct 2026; Interim Results RNS, 30/31 Jul 2026; Interim Results - Replacement, 31 Jul 2026; Annual report, debt note, 2025-12-31; UK economy and markets data; Price & Valuation data

THE ANNOUNCEMENT

- 480 rent reviews in the nine months to 30 September added £5.8 million of income, a 6.1% increase over previous rent of £96 million. That is equivalent to 3.1% annualised, against a target of more than 3%.
- By segment, Primary Care UK grew 2.8%, Private Hospitals 3.7% and Ireland 3.7%.
- Joint venture transactions remain on track, with financial terms agreed and due diligence complete, and a further update will follow shortly. Proceeds will pay down debt, aiming for net debt to EBITDA below 9.5 times and loan-to-value (debt as a share of property value) below 50%.
- The integration of Assura is complete, and financial synergies (cost savings from combining the two businesses) are expected ahead of plan.
- Five new-build developments are on site and on time and budget. A £6.5 million extension to Tees Valley Hospital has started, and a partnership with East of England Ambulance Service Trust will deliver ambulance hubs, expected to be funded through the existing primary care joint venture.
- PHP is in its 30th consecutive year of dividend growth and remains committed to a progressive dividend that is covered by earnings.

AGAINST GUIDANCE

Rental growth of 3.1% annualised is slightly ahead of the company's target of more than 3%. It is below the 3.4% pace reported in the Q1 update, when Ireland was growing at 4.4% and Primary Care UK at 2.9%. On leverage, the tone has softened. In April the company described reducing leverage as ahead of schedule; it now says it 'remains focused' on the targets. The private hospital joint venture, put at £0.7 billion at the interims, moved from 'advanced discussions' in June to terms agreed and due diligence complete, but it is not yet completed. Synergies are now expected ahead of plan, after 92% of the £9 million target had been delivered at the interims.

BULL CASE

- Income is secure. 76% of rent is government-backed, occupancy is 99% and rent reviews keep beating target, supporting a 30-year record of dividend growth.
- Operational delivery has been good. The Assura integration is complete, synergies are ahead of plan and £1.2 billion of new unsecured debt facilities are in place.
- The shares at 91.65p sit well below the 104p adjusted NTA and below broker targets of 115p to 133p. A joint venture completing at or near book value with disclosed pro-forma leverage could narrow that gap.
- The Neighbourhood Health Centre and ambulance-hub pipeline offers a development-led growth leg funded through partner capital rather than PHP's own balance sheet.

BEAR CASE

- Deleveraging is not yet done. Net debt was £3.27bn at the end of 2025 against a portfolio of about £6.0bn, and today's update gives no proceeds, pricing against book value, completion date or post-deal debt metrics.
- Selling assets into a joint venture gives up rent as well as reducing debt, so the earnings benefit may be modest. Dividend cover of 103 pct in H1 leaves little room for higher interest costs.
- With the 10-year gilt yield at 5.68%, above the 5.4% net initial yield, property valuations and refinancing costs are under pressure. That could push loan-to-value further from target.
- Rental growth of 3.1% is roughly in line with CPIH inflation of 3.10%. Rising building costs are also a risk to the economics of developments.

WHAT TO WATCH

- The promised joint venture update: proceeds, pricing against book value, rent given up, retained stake, and pro-forma loan-to-value and net debt to EBITDA.
- Whether dividend cover holds at or above one times once rent transferred to the joint ventures is taken into account.
- The direction of long gilt yields, and any outward movement in property valuation yields at the full-year results.
- Whether annualised rent review growth stays above the 3% target.

This research is produced by Ticker using automated analysis of company announcements, filings and market data. It is for information only, is not personal advice or a recommendation to buy or sell any security, and may contain errors. Past performance is not a reliable indicator of future results. The value of investments can fall as well as rise. Market data from Ticker's Data API as at 2 Oct 2026, 10:24.