

Primary Health Properties PLC

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Primary Health Properties continues its expansion with addition of primary care centre in Wales

Primary Health Properties PLC (LON:PHP), one of the UK's leading investors in modern primary healthcare facilities, is continuing its expansion with the addition of a property in Wales.

The FTSE 250-listed firm said it has contracted with a developer to fund the development and acquisition of a purpose-built primary care centre in Llanbradach, near Caerphilly in Wales for a total cost of £2.8mln.

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The group said property will be let to the Aber and Village Medical Practices, for an initial term of 25 years from practical completion of the property.

It noted that the letting will be accretive to the overall WAULT (weighted average unexpired lease term) of the PHP portfolio and provide for a strong government-backed covenant.

The company said the acquisition will increase PHP's portfolio to a total of 489 assets with a gross value of just over £2.4bn and a contracted rent roll of just under £128mln.

Harry Hyman, PHP's managing director commented: "We are delighted to announce this transaction, one of a number of development projects the Group is pursuing at present funded with the proceeds of our successful £100 million placing in September 2019.

"The transaction improves the quality of our portfolio by delivering a new facility with a long unexpired lease term. We continue to have a strong pipeline of opportunities in the UK and Ireland and are well-positioned to continue to grow our portfolio."

Continued structural growth trends

Analysts at Liberum Capital noted that PHP's current contracted rent roll of just under £128mln compares to their 2020 expectation of £135mln.

In a note to clients, they said: "We believe the sector is expected to be helped by continued structural growth trends such as (i) an expanding and ageing UK population, (ii) an ageing UK infrastructure.

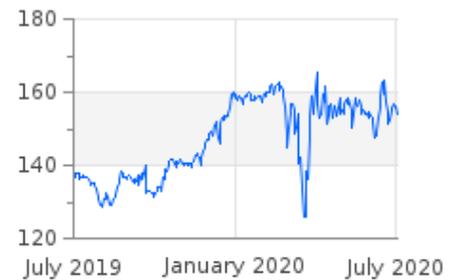
"The sub-sector has a favourable risk-reward profile vs other real estate subsectors in our view. PHP shares currently trade at a 42% premium to CY20E NAV and offer a 3.6% dividend yield. We forecast 9.5% CY20E total returns."

Liberum repeated a 'buy' rating and 185p target price on PHP shares, which in afternoon trading were changing hands at 158.20p, down 0.6% on Tuesday's close.

Price: 154

Market Cap: £1.88 billion

1 Year Share Price Graph



Share Information

Code: PHP

Listing: LSE

52 week High Low
167.6 120.4

Sector: Real Estate

Website: www.phpgroup.co.uk

Company Synopsis:

Primary Health Properties PLC ("PHP") is a UK Real Estate Investment Trust ("REIT") and the leading investor in modern primary healthcare premises. The objective of the Group is to create progressive returns to shareholders through a combination of earnings growth and capital appreciation.

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-- Adds analyst comment, share price --

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