

Company Registration Number 04167040

Primary Health Investment Properties (No.4) Limited

Annual Report and Financial Statements

Year ended 31 December 2014

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Primary Health Investment Properties (No.4) Limited
Annual Report and Financial Statements
Year ended 31 December 2014

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Primary Health Investment Properties (No.4) Limited
Officers and Professional Advisers
Year ended 31 December 2014

Board of Directors	H A Hyman	
	T D Walker-Arnott	
	P J Holland	
	M H Vaughan	resigned 30 April 2014
Company Secretary	Nexus Management Services Limited	appointed 30 April 2014
	J O Hambro Capital Management Limited	resigned 30 April 2014
Registered Office	5th Floor, Greener House 66-68 Haymarket London SW1Y 4RF	
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor 2 New Street Square London EC4A 3BZ	

Primary Health Investment Properties (No.4) Limited
Strategic Report
Year ended 31 December 2014

The Directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006 ("The Act").

Principal activity and business review

The principal activity of Primary Health Investment Properties (No.4) Limited (the "Company") during the year continued to be that of property investment through its ownership of subsidiary undertakings which own investment property.

On 19 August 2014, the Group entered into a revised and extended loan facility agreement with Barclays Bank PLC (the "Facility"). This extended the total Facility from £70.0 million to £100.0 million for a new five year term and reduced the initial margin chargeable on the debt to 190 basis points over LIBOR.

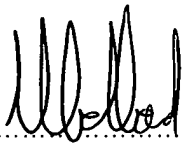
Property assets held by subsidiaries wholly owned by the Company provide security for amounts drawn on the Facility.

The Annual Report for the year ended 31 December 2014 of the Company's ultimate parent undertaking, Primary Health Properties PLC ("PHP"), contains a fair review of its business and that of its subsidiaries (the "Group") and an indication of future developments, as required by Section 417 of the Companies Act 2006. It is incorporated into this report by reference.

Principal Risks and Uncertainties

Details of the principal risks and uncertainties faced by the Company and the Group and their financial risk management objectives and policies are set out in the Annual Report of PHP, the ultimate parent undertaking.

This report was approved by the Board of Directors on 9 June 2015 and signed by its order:



.....
Philip Holland
Director

Primary Health Investment Properties (No.4) Limited
Directors' Report
Year ended 31 December 2014

The Directors have pleasure in presenting their Annual Report and the audited financial statements of the Company for the year ended 31 December 2014. The Company is registered in England and Wales (company number 04167040).

Disclosures required by s416(4) which have been included in the Strategic Report on page 2 as required by s.414C(11) of the Companies Act 2006 include:

- Principal activity and business review; and
- Principal risks and uncertainties.

Results and Dividends

The loss for the year amounted to £1,962,061 (2013: £1,316,179). The loss for the year is to be transferred to reserves. The Directors have recommended that no dividend should be declared or paid for the year (2013: £nil).

Going Concern

Reference to the Company's continued adoption of the going concern basis in preparation of these financial statements is made in Note 1.2 on page 10.

Directors

The Directors who served the Company during the year, and to the date of this Report, were as follows:

H A Hyman
P J Holland
T D Walker-Arnott
M H Vaughan resigned 30 April 2014

Directors' and Officers' Liability Insurance

PHP has procured Directors' and Officers' Liability Insurance for the benefit of its Directors and Directors of all of its subsidiaries. Such insurance was available throughout the year and remains in force at the date of this report. The cost of Director's and Officer's Liability Insurance is met by another Group company.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company Law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Primary Health Investment Properties (No.4) Limited
Directors' Report
Year ended 31 December 2014

Directors' Responsibilities Statement (continued)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

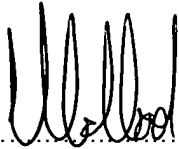
- there is no relevant audit information of which the Company's Auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s.418 of the Companies Act 2006.

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

This report was approved by the Board of Directors on 9 June 2015 and signed by its order:



.....
Philip Holland
Director

Primary Health Investment Properties (No.4) Limited
Independent Auditor's Report to the Members of Primary Health Investment
Properties (No.4) Limited
Year ended 31 December 2014

We have audited the financial statements of Primary Health Investment Properties (No.4) Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Primary Health Investment Properties (No.4) Limited
Independent Auditor's Report to the Members of Primary Health Investment
Properties (No.4) Limited
Year ended 31 December 2014

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Claire Faulkner
(Senior Statutory Auditor)

for and on behalf of Deloitte LLP,
Chartered Accountants and Statutory Auditor

London
9 June 2015

Primary Health Investment Properties (No.4) Limited
Profit and Loss Account
Year ended 31 December 2014

	Notes	2014 £	2013 £
Other income	2	-	100
Operating profit	3	<u>-</u>	<u>100</u>
Interest receivable		179	-
Interest payable and similar charges	6	(1,962,240)	(1,316,279)
Loss on ordinary activities before taxation		<u>(1,962,061)</u>	<u>(1,316,179)</u>
Tax on loss on ordinary activities	7	<u>-</u>	<u>-</u>
Loss for the year		<u><u>(1,962,061)</u></u>	<u><u>(1,316,179)</u></u>

All of the activities of the Company are classed as continuing.

The notes on pages 10 to 17 form part of these financial statements.

Primary Health Investment Properties (No.4) Limited
Statement of Recognised Gains and Losses
Year ended 31 December 2014

	2014 £	2013 £
Loss for the year attributable to the shareholder	(1,962,061)	(1,316,179)
Fair value (loss)/gain on interest rate swaps	<u>(482,000)</u>	<u>472,000</u>
Total gains and losses recognised in the year	<u>(2,444,061)</u>	<u>(844,179)</u>

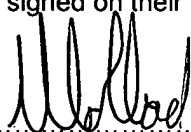
The notes on pages 10 to 17 form part of these financial statements.

Primary Health Investment Properties (No.4) Limited
Balance Sheet
As at 31 December 2014

	Note	2014 £	Restated* 2013 £
Non-current assets			
Investments in subsidiaries	8	14,135,216	14,135,216
Derivative interest rate swaps	9	-	472,000
		<u>14,135,216</u>	<u>14,607,216</u>
Current assets			
Debtors	10	70,438,827	54,085,742
Cash at bank and in hand		1,350,577	602,327
		<u>71,789,404</u>	<u>54,688,069</u>
Current liabilities			
Creditors: Amounts falling due within one year	11	(28,803,289)	(19,103,145)
Net current assets		<u>42,986,115</u>	<u>35,584,924</u>
Total assets less current liabilities		57,121,331	50,192,140
Creditors: Amounts falling due after more than one year	12	(57,821,775)	(48,458,523)
Derivative interest rate swaps	9	(10,000)	-
Net (liabilities) / assets		<u>(710,444)</u>	<u>1,733,617</u>
Capital and reserves			
Called up share capital	13	210	210
Cash flow hedge reserve	14	(10,000)	472,000
Profit and loss account	15	(700,654)	1,261,407
Shareholder's funds	16	<u>(710,444)</u>	<u>1,733,617</u>

* - see note 1.4 on page 10.

These financial statements were approved by the Directors and authorised for issue on 9 June 2015 and are signed on their behalf by:



Philip Holland
Director

Company registration number 04167040

The notes on pages 10 to 17 form part of these financial statements.

Primary Health Investment Properties (No.4) Limited
Notes to the Financial Statements
Year ended 31 December 2014

1. Accounting Policies

The following accounting policies have been applied consistently in the current and prior year.

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties and derivative financial instruments and in accordance with applicable United Kingdom accounting standards.

The Company is itself a subsidiary Company and is exempt from the requirements to prepare group accounts by virtue of section 400 of Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group. The Company and its subsidiaries are consolidated into the financial statements of PHP, a company incorporated in England and Wales.

In November 2012, the FRC issued FRS 100, 'Application of financial reporting requirements'. FRS 100 provides direction as to the relevant standard for an entity between FRS 101, 'Reduced disclosure framework' and FRS 102, 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland'. The effective date for FRS 100, FRS 101 and FRS 102 is for accounting periods beginning on or after 1 January 2015. FRS 101 allows subsidiaries and parent entities to prepare their individual financial statements using the recognition and measurement requirements of IFRS, but with reduced disclosures. FRS 102 is a single coherent financial reporting standard that replaces old UK GAAP and is derived from the IFRS for SMEs modified to address company law requirements and incorporate additional accounting options.

The Company has elected to adopt FRS 101 for the period beginning on 1 January 2015.

1.2 Going Concern

After making enquiries of its ultimate parent undertaking the Directors have a reasonable expectation that the Company will continue to receive support as required from the ultimate parent undertaking and therefore has adequate resources to continue in operational existence for the foreseeable future.

As at 31 December 2014 the Company had net liabilities of £710,444. Having reviewed the Company's current position, cash flow projections, and intercompany loan facilities the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

1.3 Cash flow statement

The Directors have taken advantage of the exemption in FRS 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that a consolidated cash flow statement is presented in the Group financial statements of PHP.

1.4 Restatement of comparative information

The Directors have restated the balance sheet as at 31 December 2013 to correctly disclose the cash flow hedge reserve resulting from the Company's effective interest rate swap derivatives. These had previously been recorded in the profit and loss account.

As a result of this restatement there is no impact on the profit for the Company in the year ended 31 December 2013, nor the total gains and losses recognised in that year. As a result of the restatement there is no impact on the net assets of the Company as at 31 December 2013.

Primary Health Investment Properties (No.4) Limited
Notes to the Financial Statements
Year ended 31 December 2014

1. Accounting Policies (continued)

1.5 Interest payable and similar charges

Bank facility non-utilisation fees amounting to £281,016 for the year ended 31 December 2013 are represented from the administrative expenses line to the interest payable and similar charges line in the profit and loss account to better reflect the nature of the expenses and for year on year comparability.

1.6 Taxation

Taxation on the profit or loss for the period not exempt under UK-REIT regulations comprises current and deferred tax. Taxation is recognised in the profit and loss account except to the extent that it relates to items recognised as direct movements in equity, in which case it is also recognised as a direct movement in equity.

Current tax is the expected tax payable on any non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

1.7 Investment in subsidiary undertaking

Investments in subsidiary undertakings are stated at cost in the Company's balance sheet less any provision for permanent impairment in value. The cost of investment is the amount of cash paid, together with the fair value of the other consideration given and an estimate of the fair value of contingent consideration. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

1.8 Derivative financial instruments

The Company uses interest rate swaps to help manage its interest rate risk.

At the inception of the transaction the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions meet the strict criteria of FRS 26 for being described as "effective" in offsetting changes in the cash flows of hedged items.

All derivatives are initially recognised at fair value at the date the derivative is entered into and are subsequently re-measured at fair value. The fair values of the Company's interest rate swaps are calculated by J.C. Rathbone Associates Limited, an independent specialist which provides treasury management services to the Company.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as an effective hedging instrument.

- i) Where a derivative is designated as a hedge of the variability of a highly probable forecast transaction, such as an interest payment, the element of the gain or loss on the derivative that is an "effective" hedge is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity are reclassified into the profit and loss account in the same period or periods during which the asset acquired or liability assumed affects the profit and loss account i.e. when interest income or expense is recognised.
- ii) The gain or loss on derivatives that do not meet the strict criteria for being "effective" and so do not qualify for hedge accounting and the non-qualifying element of derivatives that do qualify for hedge accounting, are recognised in the profit and loss account immediately.

Primary Health Investment Properties (No.4) Limited
Notes to the Financial Statements
Year ended 31 December 2014

1. Accounting Policies (continued)

1.8 Derivative financial instruments (continued)

For swaps that have been cancelled which previously qualified for hedge accounting, the remaining value within the cash flow hedge reserve at the date of cancellation is recycled to the profit and loss account on a straight line basis from the date of cancellation to the original swap expiry date.

Full FRS 29 disclosures are not required as equivalent disclosures are provided in the PHP Annual Report.

2. Other income

	2014 £	2013 £
Corporate tax penalty refunded	<u>-</u>	<u>100</u>

3. Operating profit

Auditor's remuneration for audit services for the current and prior year was borne by PHP, the ultimate parent undertaking. The following amount is applicable to the audit of the Company:

	2014 £	2013 £
Auditor's remuneration - audit	<u>2,100</u>	<u>2,000</u>

4. Particulars of employees

The Company had no employees during the year (2013: nil), other than the Directors.

5. Directors' emoluments

PHP procures the services of Directors to all of its subsidiary undertakings under an advisory agreement with Nexus Tradeco Limited, as disclosed in PHP's financial statements. It is not possible to separately identify the amounts payable under the agreement in respect of the services of the Company's Directors.

6. Interest payable and similar charges

	2014 £	2013 £
Bank loan interest payable	1,223,642	722,094
Swap interest payable	100,393	83,312
Bank facility non-utilisation fees	320,816	281,016
Amortisation of bank loan arrangement fees	<u>317,389</u>	<u>229,857</u>
	<u>1,962,240</u>	<u>1,316,279</u>

Primary Health Investment Properties (No.4) Limited
Notes to the Financial Statements
Year ended 31 December 2014

7. Tax on loss on ordinary activities

(a) Tax on the loss on ordinary activities is made up as follows:

	2014 £	2013 £
Current tax		
UK Corporation tax based on the results for the year at 21.5% (2013: 23.3%)	-	-
Total current tax charge (note 7(b))	-	-

(b) Factors affecting the tax charge for the year:

The tax assessed for the year is higher (2013: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before taxation	(1,962,061)	(1,316,179)
Current tax:		
UK Corporation tax at applicable rate of 21.5% (2013: 23.3%)	(421,843)	(306,012)
Transfer pricing adjustment	428,685	300,518
REIT exempt income	-	(23)
Group relief received for no consideration	-	6,046
Current year losses carried forward	-	(529)
Utilisation of losses carried forward	(6,842)	-
Total current tax charge (note 7(a))	-	-

A reduction in the UK corporation tax rate from 23% to 21% was effective from 1 April 2014. Accordingly, these rates have been applied in the measurement of the Company's deferred tax liability as at 31 December 2014.

8. Investments in subsidiaries

	2014 £	2013 £
Valuation		
As at 1 January and 31 December	14,135,216	14,135,216

Primary Health Investment Properties (No.4) Limited
Notes to the Financial Statements
Year ended 31 December 2014

8. Investments in subsidiaries (continued)

The Company holds investments in the following Group companies:

	Share class held	%		Capital and reserves £	Profit / (loss) for the year ended 31 December 2014 £
PHP Medical Properties Limited	Ordinary	100	Audited	505,555	(86)
PHP Glen Spean Limited*	Ordinary	100	Audited	22,048,703	6,706,793
Gracemount Medical Centre Limited	Ordinary	100	Audited	4,464,139	379,262
PHP Assetco (2011) Limited	Ordinary	100	Audited	1,043,370	482,274

* - Wholly owned subsidiary of PHP Medical Properties Limited

The above companies are registered in England and Wales and the principal activity was property investment for the year ended 31 December 2014.

The Directors have reviewed the value of the investment and do not consider there has been any impairment in its carrying value.

9. Derivate interest rate swaps

	2014 £	2013 £
Valuation		
Derivative interest rate swaps	<u>(10,000)</u>	<u>472,000</u>

On 25 March 2013, the Company entered into an interest rate swap for a notional amount of £28 million with Barclays Bank PLC to hedge risk on the loan facility as detailed in note 12. The swap matures on 27 March 2017, the Company pays a fixed 0.90% and received floating rate from the bank. The fair value movement has been charged to the cash flow hedge reserve as it has been designated for hedge accounting.

10. Debtors

	2014 £	2013 £
Amounts owed by Group undertakings	69,450,706	54,085,742
Other debtors	<u>988,121</u>	<u>-</u>
	<u>70,438,827</u>	<u>54,085,742</u>

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

Primary Health Investment Properties (No.4) Limited
Notes to the Financial Statements
Year ended 31 December 2014

11. Creditors: Amounts falling due within one year

	2014 £	2013 £
Amounts owed to Group undertakings	28,790,073	19,095,418
Other creditors	9,087	7,727
Accruals	4,129	-
	<u>28,803,289</u>	<u>19,103,145</u>

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

12. Creditors: Amounts falling due after more than one year

	2014 £	2013 £
Term loan	<u>57,821,775</u>	<u>48,458,523</u>

On 19 August 2014 the Group entered into a revised and extended loan facility agreement with Barclays Bank PLC (the "Facility"). This extended the total Facility from £70.0 million to £100.0 million for a new five year term and reduced the initial margin chargeable on the debt to 190 basis points over LIBOR.

The property assets owned by wholly owned subsidiary undertakings of the Company provide security for amounts drawn on the Facility.

On 25 March 2013, the Company entered into an interest rate swap contract for a notional amount of £28.0 million for a four year term, to hedge against the risk of rises in market interest rates in connection with the Facility.

Issue costs incurred by the Company in connection with the arrangement of the term loan facilities are amortised within interest payable over the life of the related facility. Any amounts unamortised at the period end are offset against the amounts drawn on these facilities as shown in the following table:

	2014 £	2013 £
Amounts drawn on bank loans	59,159,513	49,470,355
Less: unamortised issue costs	<u>(1,337,738)</u>	<u>(1,011,832)</u>
	<u>57,821,775</u>	<u>48,458,523</u>

13. Called up share capital

	2014 £	2013 £
Allotted and fully paid		
210 (2013: 210) ordinary shares of £1 each	<u>210</u>	<u>210</u>

Primary Health Investment Properties (No.4) Limited
Notes to the Financial Statements
Year ended 31 December 2014

14. Cash flow hedge reserve

	2014 £	Restated 2013 £
Balance brought forward	472,000	-
Fair value movement on interest rate swaps	<u>(482,000)</u>	<u>472,000</u>
Balance carried forward	<u>(10,000)</u>	<u>472,000</u>

15. Profit and loss account

	2014 £	Restated 2013 £
Balance brought forward	1,261,407	2,577,586
Loss for the year	<u>(1,962,061)</u>	<u>(1,316,179)</u>
Balance carried forward	<u>(700,654)</u>	<u>1,261,407</u>

16. Reconciliation of movement in shareholder's funds

	2014 £	2013 £
Opening shareholder's funds	1,733,617	2,577,796
Loss for the year	(1,962,061)	(1,316,179)
Fair value movement on interest rate swaps	<u>(482,000)</u>	<u>472,000</u>
Closing shareholder's funds	<u>(710,444)</u>	<u>1,733,617</u>

17. Related party transactions

The Company has taken advantage of the exemption available in FRS 8 not to disclose transactions with other members of the Group on the basis that 100% of voting rights are controlled within the Group. The consolidated financial statements in which the Company is included are publicly available.

Primary Health Investment Properties (No.4) Limited
Notes to the Financial Statements
Year ended 31 December 2014

18. Contingent liabilities

As at 31 December 2014, the Company had available term loan facilities totalling £100.0 million (2013: £70 million) of which £59.2 million was drawn (2013: £49.5 million). The facilities are secured by way of a fixed and floating charge over all current and future property owned by the Company's subsidiaries.

The terms and conditions agreed on acquiring the Company's investment in PHP Medical Properties Limited and its subsidiary PHP Glen Spean Limited (together the "Apollo" companies), may oblige the Company to pay a number of potential additional elements of consideration conditional upon events that may be achieved by the vendor of the Apollo companies in an agreed period after the acquisition.

A number of the properties acquired with the Apollo companies include small areas of vacant space to which no value was ascribed on acquisition. PHP has agreed a three year period within which the vendor is engaged to let this space and should they be successful, additional consideration may become payable, with the sums due being valued based on the underlying terms of each letting achieved, type of the tenant and the area of space let. PHP estimates the maximum potential payment for these events at £0.2 million as at 31 December 2014 (2013: £0.6 million), but there is no certainty that such lettings will be achieved within the agreed time frame. The new lettings will add value to the investment portfolio.

19. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking and controlling party is PHP.

The parent undertaking of the smallest and largest group of undertakings for which group financial statements are drawn up and of which the Company is a member is PHP. Copies of the financial statements of PHP can be obtained from the Register of Companies or the Company Secretary or downloaded from www.phpgroup.co.uk.