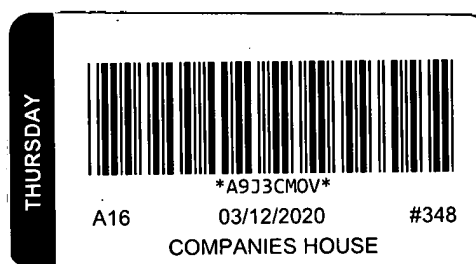


Registered number: 11328330

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2019



PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

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PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

COMPANY INFORMATION

Directors	H A Hyman R Howell C J Santer (appointed 18 August 2020)
Company secretary	Nexus Management Services Limited
Registered number	11328330
Registered office	5th Floor Greener House 66-68 Haymarket London United Kingdom SW1Y 4RF
Independent auditors	Deloitte LLP Statutory Auditor 1 New Street Square London EC4A 3HQ

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2019

The Directors present their report and the financial statements for the period ended 31 December 2019.

Principal activity

The principal activity of Primary Health Investment Properties (No.9) Limited (the "Company") during the year continued to be that of property investment.

Business review

The Annual Report for the year ended 31 December 2019 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.

The Directors consider the key performance indicator to be rental income on the Company's investment property.

No significant changes to the operations of the Company have occurred during the year ended 31 December 2019.

Results and dividends

The loss for the year, after taxation, amounted to £41,694 (period ended 31 December 2018 - £NIL). No dividends were declared and paid in the year (period ended 31 December 2018 - £NIL).

Future developments

No significant business developments are anticipated in the foreseeable future.

Post balance sheet events

The outbreak of Covid-19 following the year end has had far reaching consequences across the UK and Ireland. The Company has been relatively unaffected, properties held being regarded as critical infrastructure in the response to the outbreak. The event has been considered a non-adjusting post balance sheet event, the impact of which has not been reflected in the year end balance sheet. We continue to carefully monitor the impact on property valuations and the recoverability of our debtor balances.

Going concern

Reference to the Company's continued adoption of the going concern basis in preparation of these financial statements is made in note 1.3 on page 11 and in note 16 to the accounts.

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.

Directors

The Directors who served during the period were:

H A Hyman
R Howell

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 Directors' and Officers' Liability Insurance is met by another Group company.

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2019

Directors' responsibilities statement

The Directors are 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 to 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.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2019**

Auditors

Under section 487(2) of the Companies Act 2006, Deloitte LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Disclosure of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

This report was approved by the board on 18 November 2020 and signed on its behalf.



R Howell
Director

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Primary Health Investment Properties (No 9) Ltd (the "Company"):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (The 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD (CONTINUED)

Matters on which we are required to report by exception

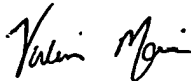
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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.



Valerie Main FCA (Senior statutory auditor)

for and on behalf of

Deloitte LLP

Statutory Auditor
1 New Street Square
London
EC4A 3HQ
18 November 2020

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

		31 December 2019 £	Period from 25 April 2018 (date of incorporation) to 31 December 2018 £
Administrative expenses		(96)	-
Other operating income		5,005	-
Net result on property portfolio	7	(47,797)	-
Operating loss		(42,888)	-
Interest receivable		1,194	-
Loss before tax		(41,694)	-
Taxation	6	-	-
Loss for the financial year/period		(41,694)	-

There were no recognised gains and losses for the year ended 31 December 2019 or the period ended 31 December 2018 other than those included in the income statement.

The notes on pages 11 to 21 form part of these financial statements.

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

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD
REGISTERED NUMBER: 11328330

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Non-current assets			
Investment property	7	600,216	-
		<u>600,216</u>	<u>-</u>
Current assets			
Trade and other receivables	8	249,936	2
		<u>249,936</u>	<u>2</u>
Current liabilities			
Trade and other payables	9	(891,844)	-
		<u>(891,844)</u>	<u>-</u>
Net current (liabilities)/assets		<u>(641,908)</u>	<u>2</u>
Total assets less current liabilities		<u>(41,692)</u>	<u>2</u>
		<u>(41,692)</u>	<u>2</u>
Net (liabilities)/assets		<u>(41,692)</u>	<u>2</u>
Equity			
Share capital	10	2	2
Retained earnings	11	(41,694)	-
		<u>(41,692)</u>	<u>-</u>
Total equity attributable to the owners of the company		<u>(41,692)</u>	<u>2</u>

The were approved and authorised for issue by the board and were signed on its behalf on 18 November 2020.



R Howell
Director

The notes on pages 11 to 21 form part of these financial statements.

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share capital £	Retained earnings £	Total equity £
At 25 April 2018	-	-	-
Shares issued during the period	2	-	2
At 1 January 2019	<u>2</u>	<u>-</u>	<u>2</u>
Loss for the year	-	(41,694)	(41,694)
At 31 December 2019	<u>2</u>	<u>(41,694)</u>	<u>(41,692)</u>

The notes on pages 11 to 21 form part of these financial statements.

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

The Company is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales in accordance with the Companies Act 2006. These financial statements are presented in Sterling because that is the currency of the primary economic environment in which the Company operates.

The nature of the Company's operations and its principal activities are set out in the Directors' Report on pages 2 - 4. The Company's registered office is detailed on page 1.

The following accounting policies have been applied consistently in the current year unless otherwise stated.

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

1.3 Going concern

Having reviewed the Company's current position, cash flow projections, loan facilities and covenant cover the Directors have a reasonable expectation that the Company, together with the support of its ultimate parent, has adequate resources to continue in operational existence for a period of at least 12 months from the date of these financial statements are authorised to be issued. Accordingly they continue to adopt the going concern basis in preparing the financial statements. Further disclosure on Going Concern is included in note 16 to the accounts.

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.4 Investment properties and investment properties under construction

The Company's investment properties are held for long term investment. Investment properties and those under construction are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties and investment properties under construction are stated at fair value based on market data and a professional valuation made as of each reporting date. The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect future benefits from this future expenditure.

Gains or losses arising from changes in the fair value of investment properties and investment properties under construction are included in the Income Statement in the year in which they arise. Investment properties are recognised for accounting purposes upon completion of contract, which is when control of the asset passes to the Company. Investment properties cease to be recognised when control of the property passes to the purchaser, which is upon completion of the sales contract. Any gains and losses arising are recognised in the Income Statement in the year of disposal.

The Company may enter into a forward funding agreement with third party developers in respect of certain properties under development. In accordance with these agreements, the Company will make monthly stage payments to the developer based on certified works on site at that time. Interest is charged to the developer on all stage payments made during the construction period and on the cost of the land acquired by the Company at the outset of the development and taken to the Income Statement in the year in which it accrues.

1.5 Dividends

Equity dividends are recognised when they become legally payable or receivable. Interim equity dividends are recognised when paid or received. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.6 De-recognition of financial assets and liabilities

Financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is de-recognised where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement;
- the Company has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset; or
- when the cash flows are significantly modified

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in income.

When the exchange or modification of an existing financial liability is not accounted for as an extinguishment, any costs or fees incurred adjust the liability's carrying amount and are amortised over the modified liability's remaining term and any difference in the carrying amount after modification is recognised as a modification gain or loss.

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.7 Financial instruments under IFRS9

Trade receivables

Trade receivables are recognised and carried at amortised cost as the Company's business model is to collect the contractual cash flows due from tenants. Provision is made based on the expected credit loss model which reflects on the Company's historical credit loss experience over the past three years but also reflects the lifetime expected credit loss.

Cash and cash equivalents

Cash and cash equivalents are defined as cash and short term deposits, including any bank overdrafts, with an original maturity of three months or less, measured at amortised cost.

Trade and other payables

Trade payables are recognised and carried at their invoiced value inclusive of any VAT that may be applicable.

Bank loans and borrowings

All loans and borrowings are initially measured at fair value less directly attributable transaction costs. After initial recognition, all interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest method. The interest due within the next twelve months is accrued at the end of the year and presented as a current liability within trade and other payables.

Borrowing costs

Borrowing costs that are separately identifiable and directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs the Company incurs in connection with the borrowing of funds.

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.8 Fair value measurements

The Company measures certain financial instruments such as derivatives, and non-financial assets such as investment property, at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised cost are disclosed in the financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Company must be able to access the principal or the most advantageous market at the measurement date.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques at three levels that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole:

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3	Valuation techniques for which the lowest input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period.

1.9 Net rental income

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease term. An adjustment to rental income is recognised from the rent review date of each lease in relation to unsettled rent reviews. Such adjustments are accrued at 100% (2018 - 100%) of the additional rental income that is expected to result from the review. For leases which contain fixed or minimum deemed uplifts, the rental income is recognised on a straight line basis over the lease term. Incentives for lessees to enter into lease agreements are spread evenly over the lease terms, even if the payments are not made on such a basis. Rental income is measured at the fair value of the consideration receivable, excluding discounts, rebates, VAT and other sales taxes or duty.

Net rental income is the rental income receivable in the period after payment of direct property costs.

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

1. Accounting policies (continued)

1.10 Taxation

The Company is a member of a UK Group REIT. 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 income statement 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.

1.11 Finance costs

Finance costs are charged to the Income Statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1.12 Impact of new international reporting standards, amendments and interpretations

IFRS 16

The Company has applied IFRS 16 from 1 January 2019 and there have been no material impacts on the Company's Financial Statements as a result of adopting IFRS 16.

IFRS 16 Leases establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard specifies how entities reporting in accordance with IFRS 16 will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. IFRS16's approach to lessor accounting is substantially unchanged from its predecessor, IAS 17 Leases. For long leasehold properties where the Company is the lessee, the impact has been to recognise a head lease liability and an equal and opposite right-of-use asset which is included in non-current assets. The Company has not restated comparatives.

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make a number of estimates and judgements that affect the reported amounts of assets and liabilities and may differ from future actual results. The estimates and judgements that are considered most critical and that have a significant inherent risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

a) Estimates

Fair value of investment properties

Investment property includes (i) completed investment property, and (ii) investment property under construction. Completed investment property comprises real estate held by the Company or leased by the Company under a finance lease in order to earn rentals or for capital appreciation, or both.

The fair market value of a property is deemed by the independent property valuer appointed by the Company, to be the estimated amount for which a property should exchange, on the date of valuation, in an arm's length transaction. Properties have been valued on an individual basis, assuming that they will be sold individually over time. Allowances are made to reflect the purchaser's costs of professional fees and stamp duty and tax.

In accordance with RICS Appraisal and Valuation Standards, factors taken into account are current market conditions, annual rentals, state of repair, ground stability, contamination issues and fire, health and safety legislations.

In determining the fair value of investment properties under construction the valuer is required to consider the significant risks which are relevant to the development process including, but not limited to, construction and letting risks. The valuer takes into account where the Company's assets under construction are pre-let and construction risk remains with the respective developer or contractor.

b) Judgements

Property acquisitions during the year

The Directors have reviewed the acquisitions during the year on an individual basis in accordance with the requirements of IFRS 3(R). They consider that they all meet the criteria of asset acquisitions rather than business combinations and have accounted for them as such.

3. Auditor's remuneration

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

	2019	2018
	£	£
Auditor's remuneration - audit	2,346	2,300

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

4. Employees

The Company has no employees other than the Directors, who did not receive any remuneration (period ended 31 December 2018 - NIL).

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019**

5. Directors' remuneration

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. The Directors of the Company have received no remuneration for their services to the Company during the period (period ended 31 December 2018 - £NIL).

6. Taxation

	31 December 2019 £	Period from 25 April 2018 (date of incorporation) to 31 December 2018 £
UK Corporation tax	-	-
Total current tax	<u>-</u>	<u>-</u>

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	31 December 2019 £	Period from 25 April 2018 (date of incorporation) to 31 December 2018 £
Loss on ordinary activities before tax	<u>(41,694)</u>	<u>-</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(7,922)	-
Effects of:		
REIT exempt income	9,100	-
Group relief	(1,178)	-
Total tax charge for the period	<u>-</u>	<u>-</u>

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

6. Taxation (continued)

Factors that may affect future tax charges

Finance Act 2016 introduced further legislation to reduce the main rate of corporation tax to 17% from 1 April 2020 and these rates have been used to measure deferred tax assets and liabilities where applicable. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. There is no material impact of this change on the tax charge either the current or prior year.

7. Investment Property

	Properties in the course of development & land £
Valuation	
At 31 December 2018	-
Additions	648,013
Revaluations	(47,797)
At 31 December 2019	600,216

The historical cost of the investment property at 31 December 2019 was £648,013.

Investment properties were independently valued at 31 December 2019 by Lambert Smith Hampton, acting as external surveyors on the basis of open market value as defined in the RICS Appraisal and Valuations Manual.

8. Trade and other receivables

	2019 £	2018 £
Amounts owed by group undertakings	-	2
Other debtors	243,737	-
Prepayments and accrued income	6,199	-
	249,936	2

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

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

9. Trade and other payables

	2019 £	2018 £
Amounts owed to group undertakings	539,127	-
Accruals and deferred income	352,717	-
	<u>891,844</u>	<u>-</u>

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

10. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
2 (2018 - 2) Ordinary shares of £1 each	<u>2</u>	<u>2</u>

11. Retained earnings

	2019 £
As at 1 January	0
Loss for the year	(41,694)
As at 31 December	<u>(41,694)</u>

12. Related party transactions

The Company has taken advantage of the exemption available in FRS 101 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 (see note 13).

13. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking and controlling party is PHP. PHP's registered address is 5th Floor, Greener House, 66-68 Haymarket, London, SW1Y 4RF.

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 Companies House or the Company Secretary or downloaded from www.phpgroup.co.uk.

PRIMARY HEALTH INVESTMENT PROPERTIES (NO 9) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

14. Capital commitments

At 31 December 2019, the Company had capital commitments of £4,356,000 to complete properties under construction.

15. Post balance sheet events

The outbreak of Covid-19 following the year end has had far reaching consequences across the UK and Ireland. The Company has been relatively unaffected, properties held being regarded as critical infrastructure in the response to the outbreak. The event has been considered a non-adjusting post balance sheet event, the impact of which has not been reflected in the year end balance sheet. We continue to carefully monitor the impact on property valuations and the recoverability of our debtor balances.

Reference to the Company's continued adoption of the going concern basis in preparation of these financial statements is made in Note 1.3 on page 11 and in note 16 to the accounts.

16. Covid-19 and Going Concern

The Directors have assessed the impact of the current uncertainty around COVID-19 on all major aspects of the business, focussing specifically on operations and cash flows of the Company and Group. The Company benefits from banking and treasury facilities with the group and has received a letter of support from the ultimate parent entity, PHP, and hence assessment of the ability of the entity to continue as a going concern has been performed at a Group level. The going concern assessment of the Group considers the current position and the potential impact of the principal risks and prospects over the next 12 months. Based on this assessment, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the 12 months from the date of approval of the financial statements and that it will not breach any banking covenants over that same period.

The Group's financial review and budgetary processes are based on an integrated model that projects performance, cash flows, position and other key performance indicators including earnings per share, leverage rates, net asset values per share and REIT compliance over the review period. In addition, the forecast model looks at the funding of the Group's activities and its compliance with the financial covenant requirements of its debt facilities. The model uses a number of key parameters in generating its forecasts that reflect the Group's strategy, operating processes and the Board's expectation of market developments in the review period. In undertaking its financial review, these parameters have been flexed to reflect severe, but realistic, scenarios both individually and collectively. Sensitivities applied are derived from the principal risks faced by the Group that could affect solvency or liquidity and are as follows:

- declining attractiveness of the Group's assets or extenuating economic circumstances impacts investment values – valuation parameter stress tested to provide for a one-off 10%/£240m fall in December 2020;
- 10% tenant default rate;
- rental growth assumptions amended to see nil uplifts on open market reviews;
- variable rate interest rates rise by an immediate 2% effective from July 2020; and
- tightly controlled NHS scheme approval restricts investment opportunity – investment quantum flexed to remove non-committed transactions.

A number of specific assumptions have been made that overlay the financial parameters used in the Group's models. It has been assumed that the Group will be able to refinance or replace other debt facilities that mature within the review period in advance of their maturity and on terms similar to those at present. It also assumes that the services of Nexus Tradeco Limited, the Adviser, are available throughout the period.