

Completed Acquisition by Primary Health Properties PLC of Assura PLC

Decision on relevant merger situation and substantial lessening of competition

ME 2255/25

The Competition and Markets Authority's decision on relevant merger situation and substantial lessening of competition under section 33(1) of the Enterprise Act 2002 given on 29 October 2025. Full text of the decision published on 13 November 2025.

The Competition and Markets Authority (**CMA**) has excluded from this published version of the decision information which the CMA considers should be excluded having regard to the three considerations set out in section 244 of the Enterprise Act 2002 (specified information: considerations relevant to disclosure). The omissions are indicated by [§<]. Some numbers have been replaced by a range, which are shown in square brackets.

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SUMMARY

OVERVIEW OF THE CMA'S DECISION

1. The Competition and Markets Authority (**CMA**) has found that the acquisition by Primary Health Properties plc (**PHP**) of Assura plc (**Assura**), is a relevant merger situation that does not give rise to a realistic prospect of a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects.
2. On 12 August 2025, PHP acquired Assura. The CMA refers to this acquisition as the **Merger**. PHP and Assura are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.

Who are the businesses and what products/services do they provide?

3. PHP and Assura are real estate investment trusts in the UK. The Parties invest in, develop and lease real estate for healthcare service providers, such as NHS GP Practices.

Why did the CMA review this merger?

4. The UK turnover of Assura exceeded £100 million in 2024 so the turnover test in section 23(1)(b) of the Enterprise Act 2002 (**the Act**) was satisfied. The Parties notified the CMA of the Merger. The CMA therefore believes that it is or may be the case that a relevant merger situation has been created.

What did the evidence the CMA looked at tell us about the effects on Competition of the Merger?

5. The CMA assessed whether the Merger would give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in (i) third-party development of real estate for GP Practices in Great Britain (**GB**); and (ii) third-party ownership and management of real estate for GP Practices both in GB and at the local level.
6. The CMA received responses and submissions to information and document requests from the Parties. The CMA also gathered evidence from customers, competitors and other NHS, public sector and industry bodies. The customers in this case were GP Practices and NHS bodies such as Integrated Care Boards or Health Boards, with the CMA referring to these NHS bodies collectively as ICBs.
7. There is a regulatory framework that affects the setting of rents at the development stage and when a lease is renewed, as well as being the basis for most rent reviews during the lease period.

8. Regarding **third-party development of real estate for GP Practices**, the CMA found that there is competition and that Assura has a significant position. In contrast, PHP is one of a number of other developers with a smaller level of activity.
9. The evidence showed that other competitors would remain, including both developers with a similar level of activity to PHP and a long tail of smaller developers. These competitors will continue, in aggregate, to impose sufficient competitive constraint on the Merged Entity post-Merger.
10. Regarding **third-party ownership and management of real estate for GP Practices**, the CMA found that GP Premises are typically leased for between 15 and 25 years and that GP Practices typically do not switch during the lease period. Competition primarily happens at the point of lease renewal where GPs could choose to move to new premises.
11. The CMA found that at lease renewal there is scope for competition from alternative options; GPs may be more likely to move to alternative premises where the current premises are no longer suitable (eg due to population growth, its age), but the CMA considered that switching premises would be available as an outside option in most cases. Existing GP premises are rarely available for rent and, as such, where GPs are seeking alternative premises, the option would often be to develop a property. Therefore, at the point of renewal, given that the Parties are both active as developers and landlords, competitive interactions can occur between the Parties to the extent that GP Practices could threaten to develop a new property.
12. The CMA's finding that there are no competition concerns in third-party development in GB indicates that sufficient alternative options (eg development) will remain in ownership and management at the point of a lease renewal. The CMA found no other evidence of a realistic prospect of an SLC as a result of horizontal unilateral effects in third-party ownership and management of real estate for GP Practices either at the local or GB level.
13. As part of its assessment, the CMA considered concerns raised by third parties.
14. First, a third party raised concerns about the approach one party adopts in negotiations on lease terms and whether this approach extends to properties owned by the other party following the Merger. Such post-Merger changes in business strategy are captured by the CMA's review only to the extent that they arise due to changes in competitive constraints.
15. The CMA found that the Parties already take aggressive stances in negotiations currently. As explained above, the CMA has found that the Merger will not result in a SLC and as such, competition will not be reduced in a way that would change

the Merged Entity's ability or incentive to pursue a particular business strategy. To the extent that post-Merger there is a change in business strategy, then any such change would not be due to the loss of a competitive constraint provided by the Parties on each other, but rather from a change in business model.

16. Second, some third parties expressed concern that the Merger would provide the Merged Entity with a larger number and/or diversity of comparator properties to use in rent reviews with the aim of driving up rents. However, the evidence indicates that the Parties already use each other's properties as comparators. While the Parties would have incrementally more information about each other's properties following the Merger, information about rental levels on properties are already widely available and regularly used in discussions about comparators in lease negotiations.
17. As a result, the CMA believes that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to (i) the third party development of real estate for GP Practices or (ii) the third party ownership and management of real estate for GP Practices.

What happens next?

18. The Merger will therefore **not be referred** under section 22(1) of the Enterprise Act 2002 (the **Act**).

ASSESSMENT

1. PARTIES, MERGER AND MERGER RATIONALE

1. Primary Health Properties PLC (**PHP**) is a real estate investment trust (**REIT**) listed on the London Stock Exchange (**LSE**).¹ Its real estate assets are primarily located in the UK and predominantly comprise buildings used as NHS GP Practices (**GP Premises** and **GP Practices**, respectively).² The turnover of PHP in 2024 was approximately £153.6 million worldwide and approximately £[§<] in the UK.
2. Assura PLC (**Assura**) is also a REIT listed on the LSE, with real estate assets primarily located in the UK and mainly comprised of GP Premises.³ The turnover of Assura in 2024 was approximately £[§<] worldwide and approximately £[§<] in the UK.
3. The Parties have various types of healthcare properties within their portfolios, such as private hospitals, administration buildings, pharmacies, and ambulance hubs.⁴ However, the Parties have limited overlap in respect of these types of properties.⁵ Accordingly, the CMA assessment has focussed on GP Premises.

1.1 Merger

4. On 16 May 2025, PHP announced its firm intention to make an offer to acquire Assura under Rule 2.7 of the Takeover Code.⁶ Following a competitive bidding process, on 12 August 2025, PHP announced that it had received sufficient valid acceptances of its offer and declared the offer unconditional in all respects.⁷
5. The CMA refers to this acquisition as the **Merger**. PHP and Assura are together referred to as the **Parties** and, for statements relating to the future, the **Merged Entity**.

1.2 Merger rationale

6. The Parties submitted that the main strategic rationale for the Merger is as follows:

¹ Final Merger Notice submitted to the CMA on 10 September 2025 (**FMN**), paragraph 2.24.

² FMN, paragraph 2.26. [490-500] out of [510-520] of PHP's real estate assets are located in the UK, and [480-490] out of [490-500] are GP Premises.

³ FMN, paragraph 2.27. [610-620] out of [610-620] of Assura's real estate assets are located in the UK, and [550-560] out of [610-620] are GP Premises.

⁴ FMN, paragraph 2.26 and 2.27.

⁵ FMN, paragraph 2.26 and 2.27: GP Premises represent [90-100]% of PHPs UK portfolio, and [90-100]% of Assura's UK portfolio.

⁶ FMN, paragraph 2.11. An increased offer was announced on 23 June 2025: FMN, paragraph 2.15.

⁷ FMN, paragraph 2.17.

- (a) Cost of capital constraints faced by PHP have resulted in its limited ability to participate actively in the UK market for the development of healthcare real estate. Through the Merger, the Parties will be able to achieve a lower cost of capital through enhanced scale, liquidity, efficiency and diversity, thereby allowing the Merged Entity to pursue development projects with more moderate rent profiles, which were previously deemed unviable or not commercially feasible.⁸
- (b) By combining two UK REITs with complementary capabilities, the Merged Entity will achieve greater economies of scale and provide more diversification across asset types, locations and tenants, thereby unlocking capital investment in the UK's healthcare estate and delivering long-term social and economic benefits.⁹

7. The Parties also submitted that there is no evidence to show that it is part of the Parties' rationale to seek to increase rent levels or influence District Valuer (**DV**) assessments of rental values under the Premises Cost Directions (**PCDs**),¹⁰ through the Parties' combined ownership of their properties. The Parties cite an absence of revenue synergies being modelled in their internal documents and in independent bank research analysts' reports analysing the Merger.¹¹
8. The CMA considered that the Parties' internal documents broadly support the above rationale in respect of achieving economies of scale, diversification, cost and operating synergies, and potential cost-of-capital benefits, which PHP's documents state would give it the '[<]'.¹² Consistent with the Parties' submissions, the CMA has also not seen documents setting out a strategy to leverage the Merged Entity's combined portfolio and development pipelines to increase rents, although the CMA does not consider that the absence of such documents is a basis to conclude that the Merged Entity would not increase rents.¹³ However, the CMA has not seen evidence to show that a part of the

⁸ FMN, paragraph 3.3.

⁹ FMN, paragraphs 3.1 and 3.6.

¹⁰ The DV is a valuer from the District Valuer Services (a specialist property arm of the Valuation Office Agency, an executive agency sponsored by HMRC), whose role is to provide an independent assessment of the current market rent. This is used by the NHS to assess the rent that is reimbursable to GP Practices for the costs of operating GP Premises as per the *National Health Service (General Medical Services-Premises Costs) Directions 2024* (applicable in England) or its equivalents in other UK nations (together, the **PCDs**). References to specific Directions throughout this decision are to the English *PCDs*, though the CMA notes that there are nuances in their application across UK nations.

¹¹ Parties' presentation at the Issues Meeting, 8 October 2025, slides 7-8. Specifically, the Parties submitted that: (i) contemporaneous internal documents did not model increased rental growth by virtue of the Merger, [<]; and (ii) independent research reports published by JP Morgan and Shore Capital support the absence of revenue synergies. See: PHP Internal Documents, Annex 3.3 to the FMN, '[<]', 30 April 2025, page 3 and, Annex 10.10 to the FMN, 'Merger Discussion Materials', 01 May 2025, page 4. PHP also provided the cited analyst reports on 23 October 2025, 'JPM – Primary Health Properties – A shot in the arm for listed real estate', 19 September 2025, and 'Shore Capital – Healthcare REITs – A double dose of good results', 30 July 2025.

¹² See, for example, PHP Internal Documents, Annex 1.3 to the FMN, 'Investor Presentation', May 2025, slide 3, and Annex 1.2 to the FMN, 'Statement Re Possible Combination', 3 April 2025, page 3. See also; Assura Internal Document, Annex 36 to the FMN, '[<]', 6 March 2025, slide 15.

¹³ Independent research analyst reports produced by banks prior to the Merger being in contemplation also suggest that cost synergies, rather than revenue growth are likely to underpin the merger rationale. See: PHP Internal Documents,

Merger rationale is to allow PHP to pursue development projects with more moderate rent profiles.

2. PROCEDURE

9. The CMA commenced its phase 1 investigation on 3 September 2025. As part of its phase 1 investigation, the CMA gathered a significant volume of evidence from the Parties. In response to the merger notification form and to targeted information requests, the CMA received and reviewed internal documents from Assura and PHP to understand the market dynamics and the competitive landscape in the relevant markets. The Parties also had opportunities to make submissions and comment on our emerging thinking throughout the phase 1 investigation. For example, in October 2025 the CMA invited the Parties to attend an Issues Meeting, and the Parties submitted their views in writing. The CMA also gathered evidence from other market participants, such as the NHS Integrated Care Boards (ICBs) responsible for the reimbursement of the costs of the NHS GP estate (such as the rent for the premises) in each area,¹⁴ GP Practices, and competitors. The evidence the CMA has gathered has been tested rigorously, and the context in which the evidence was produced has been considered when deciding how much weight to give it.
10. Where necessary, this evidence has been referred to within this Decision.
11. The Merger was considered at a Case Review Meeting.¹⁵

3. JURISDICTION

12. Each of PHP and Assura is an enterprise. As a result of the Merger, these enterprises have ceased to be distinct.
13. The UK turnover of Assura exceeded £100 million in 2024 so the turnover test in section 23(1)(b) of the Enterprise Act 2002 (**the Act**) is satisfied. The CMA therefore believes that it is or may be the case that a relevant merger situation has been created.¹⁶
14. The Merger completed on 12 August 2025. The four-month deadline for a decision under section 24 of the Act is 12 December 2025.

Annex 9.4 to the FMN, 'Primary Health Properties – a healthy outlook for growth', September 2024, page 9, and Annex 9.5 to the FMN, 'Changing shape of UK healthcare REITs' September 2024, page 3.

¹⁴ In this decision, the term ICB means an Integrated Care Board, or equivalent body in the relevant care area (such as a Health Board in Wales and Scotland)

¹⁵ [CMA2](#), page 47.

¹⁶ The CMA also considered whether certain institutional shareholders (Blackrock, Vanguard, L&G) with shareholdings in both PHP and Assura pre-merger would acquire material influence over the Merged Entity as a result of the merger and concluded that they would not. FMN paragraphs 2.30-2.41.

15. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 3 September 2025 and the statutory 40 working day deadline for a decision is therefore 29 October 2025.

4. COUNTERFACTUAL

16. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual).¹⁷
17. In completed mergers, the counterfactual may consist of the pre-merger conditions of competition, or conditions of competition that involve stronger or weaker competition between the parties to a merger than under the pre-merger conditions of competition.¹⁸ In determining the appropriate counterfactual, the CMA will generally focus on potential changes to the prevailing conditions of competition only where there are reasons to believe that those changes would make a material difference to its competitive assessment.¹⁹
18. In this case, the CMA has not received submissions (or other evidence) suggesting that the Merger should be assessed against an alternative counterfactual. Therefore, the CMA believes the pre-Merger conditions of competition to be the relevant counterfactual.

5. COMPETITIVE ASSESSMENT

5.1 Background and nature of competition

5.1.1 REITs

19. The Parties are REITs. REITs pool investor capital to acquire, develop and manage portfolios of real estate assets. The Parties' portfolios overlap in respect of primary care use, especially premises used by NHS GP Practices.²⁰

5.1.2 Development of real estate for GP Practices

20. The Parties submitted that property development comprises a range of activities, including: (i) securing a development site; (ii) arranging capital financing; (iii) obtaining planning consent; (iv) negotiating leasehold terms; and (v) design, construction and fit out.²¹ The Parties described development as including the upgrading of existing premises, the development of new greenfield premises or the

¹⁷ [Merger Assessment Guidelines](#) (CMA129), March 2021, paragraph 3.1.

¹⁸ CMA129, paragraph 3.2.

¹⁹ CMA129, paragraph 3.9.

²⁰ FMN, paragraphs 15.14 – 15.18.

²¹ FMN, paragraph 27.

repurposing of existing premises not currently being used for healthcare purposes.²²

5.1.2.1 *Commissioning of a new development*

21. A new development can be commissioned by a GP Practice directly, by an ICB or NHS Trust, or by a local authority. The CMA understands that the selection of the developer and financing model for a given development can be initiated and executed in a variety of ways, including as follows:

- (a) The ICB may make use of formal or informal tenders, or assessments;²³ and
- (b) Developers may approach GP Practices or GP Practices may seek developers based on local knowledge or recommendations from ICBs.²⁴

5.1.2.2 *Development and funding models*

22. GP Practices or ICBs can arrange for:

- (a) the GP Practice to carry out the role of the developer themselves, in conjunction with the relevant ICB. In these circumstances the GP Practice will outsource construction to specialist firms.²⁵
- (b) the development to be carried out in combination with the NHS or another public sector body (such as NHS Property Services (**NHS PS**), an ICB, or a local council). NHS PS can provide the full range services required to deliver development (eg acquiring land, funding, obtaining planning permission, design and building), while some programs support local authorities to either deliver or outsource development.²⁶
- (c) a private sector developer – such as the Parties – to carry out the development, including developers who specialise in primary care real estate, developers who specialise in wider healthcare real estate, and general property developers (eg house builders) to carry out the development.²⁷ An agreement to develop a property can be made between developers and GPs directly, or with ICBs.²⁸

²² FMN, paragraph 12.10.

²³ For example, one competitor told the CMA that it typically became aware of opportunities through pre-existing relationships and participated in informal assessments typically against two other developers. Note of a call with a third party, July 2025, paragraph 10 and Parties' response to the CMA's Request for Information, 11 August 2025, (RFI 2), paragraph 40.

²⁴ Note of a call with a third party, July 2025, paragraph 4.

²⁵ Parties' response to the Issues Letter, 10 October 2025, paragraph, 4.39-4.40.

²⁶ Parties' response to the Issues Letter, 10 October 2025, paragraph 4.35-4.39.

²⁷ Parties' response to the Issues Letter, 10 October 2025, paragraph 4.33.

²⁸ Parties' response to the CMA's request for information, 18 August 2025 (RFI 3), paragraph 31.

23. Developers may seek private or public financing to deliver the project, and may mix sources of capital to achieve viability,²⁹ with examples of funding models including:
- (a) The ICB using their existing capital budget;³⁰
 - (b) The GP Practice providing capital, whether itself or via a financial institution;³¹
 - (c) The ICB or GP Practice accessing other public capital, such as through a local authority or community organisation, or in certain circumstances, NHS PS where it is the developer;³²
 - (d) Blended capital, such as the NHS Local Improvement Finance Trust (**LIFT**) programme, which involves public-private partnerships managed by Community Health Partnerships;³³ or
 - (e) Private capital, which can be provided in the context of a range of business models, including the developer providing an integrated financing and development service and continuing to hold the property (direct development), the financier performing the role of the developer with the intention to sell the development on completion, or the financier providing capital to a developer in exchange for acquiring the premises following the development (forward-funding).³⁴ The Parties are active in both direct development and forward-funding, but do not provide stand-alone development services (ie they do not develop properties in order to sell them) or funding in circumstances where they would not ultimately acquire the property.³⁵
24. The CMA considers the circumstances in which these development and funding models may be available and the extent to which they constitute alternatives to the Parties' offerings in the Competitive Assessment below.

²⁹ Parties' response to the Issues Letter, 10 October 2025, paragraph 4.34. and note of call with third party, July 2025, paragraph 1.

³⁰ Parties' response to the Issues Letter, 10 October 2025, paragraph 4.35.

³¹ Parties' response to the Issues Letter, 10 October 2025, paragraph 4.39, and note of call with third party, 6 August 2025, paragraph 1.

³² Note of Third Party Call, July 2025, paragraph 1.

³³ Note of a call with a third party, July 2025, paragraph 9.

³⁴ FMN, paragraph 15.115-15.117.

³⁵ FMN, paragraphs 12.13 and 15.116.

5.1.3 Ownership and management of real estate for GP Practices

5.1.3.1 Owners of GP Practices

25. Premises that accommodate GP Practices are owned by:

- (a) The relevant GPs themselves;
- (b) The NHS or other government funded bodies, such as:
 - (i) NHS PS; and
 - (ii) Community Health Partnerships which lease premises built and funded via the LIFT programme; or
 - (iii) A variety of private investors, including REITs (including the Parties), investment funds, asset managers, individual investors and institutional pension funds.³⁶
- (c) Private landlords such as the Parties, who may: (i) develop the property and retain the freehold; or (ii) acquire a property from a property developer or an existing freeholder, including GP Practices seeking to sell and leaseback their existing premises. The Parties submitted that where a property is intended to be leased to an NHS-funded primary healthcare tenant, such as a GP Practice, the developer, freehold owner and/or its representative engage with relevant NHS entities (eg ICBs) to negotiate the terms of any lease and agree the rent, in conjunction with the DV.³⁷

5.1.3.2 Lease renewal

26. Where GP Practices do not own their premises, they tend to occupy them under long-term leases, typically ranging from 15-25 years.³⁸

27. At or approaching the end of a lease:

- (a) Landlords may agree to undertake capital investments to improve a GP Premise before the expiry of a lease, leading to the lease being re-gearred at the point of renewal (ie renewed with capital works in the pipeline).³⁹
- (b) GP Practices may consider a number of options, including seeking to develop new premises or co-locating with another GP Practice in existing

³⁶ FMN, paragraph 12.6.

³⁷ FMN, paragraph 12.8.

³⁸ FMN, paragraphs 15.34. Note of a call with a third party, July 2025, paragraph 10; Note of a call with a third party, July 2025, paragraph 18; Note of a call with a third party, July 2025, paragraph 10.

³⁹ FMN, paragraph 15.81, and Response to the CMA questionnaire from a third party, September 2025, question 13, and note of a call with a third party, July 2025, paragraph 15.

premises, but most GP Practices renew their leases, unless the property is no longer suitable for their needs.⁴⁰

- (c) GP Practices also benefit from statutory protections at the end of a lease. Specifically, there are provisions in the Landlord and Tenant Act 1954 intended to ensure security of tenure, which provides GP Practices the right to renew a lease on essentially the same or better terms, subject to a review of the rent.⁴¹ Further, if a lease expires and no new lease is yet agreed, the GP Practice can continue to occupy the premises under the terms of the expired lease.⁴²

5.1.4 The role of ICBs, the DV and rent negotiation processes

5.1.4.1 Reimbursement of rent

- 28. The CMA understands that ICBs are primarily responsible for the costs of the NHS GP estate in each area. ICBs reimburse GP Practices for the cost of operating premises (either rent or mortgage costs), with the appropriate level of the reimbursable rent determined in accordance with the PCDs.⁴³
- 29. The reimbursement does not cover maintenance or repairs that may need to be carried out on a building.⁴⁴ In most cases,⁴⁵ the PCDs require ICBs to reimburse only the lower of the current market rent (**CMR**) as assessed by a district valuer typically or the actual rent over the life of a lease.⁴⁶
- 30. The framework of CMR assessments in the PCDs applies to rent setting for GP Premises at the point (i) the first lease is agreed on a new development; (ii) any new lease is agreed, including as part of a renewal; and (iii) for many properties, used for rent reviews during the term of a lease, as set out in the next paragraph.

⁴⁰ FMN, paragraph 15.35. Parties' response to the Issues Letter, 10 October 2025, paragraphs 1.56. This is consistent with evidence from ICBs set out in paragraph 585858 below.

⁴¹ FMN, paragraph 15.81 and the Parties' response to the Issues Letter, 10 October 2025, paragraphs 1.35 and 2.28. These rights are safeguarded under the Landlord and Tenant Act 1954 and the *Premises Costs Directions (2024)*, Part 5 Direction 10(1)(d)(i), which imposes an obligation on NHS England to ensure that GP Practices have adequate security of tenure as part of its assessment of new proposals for development or improvements of GP Premises.

⁴² This is referred to as 'holding over.' Holdover arrangements are usually based on the same terms as the expired lease, excluding rent review mechanisms and fixed-term provisions. This situation continues until either a new lease is signed, or the lease is formally terminated under the terms of the lease agreement. FMN, paragraph 15.84.

⁴³ See footnote 10 above, and FMN, paragraph 12.15.

⁴⁴ PHP Internal Document, Annex 9.2 to the FMN, 'Delivering a general practice estate that is fit for purpose', June 2024, page 2.

⁴⁵ The CMA notes that properties owned by NHS PS, Community Health Partnerships, LiftCOs and other PFI arrangements may be subject to different requirements.

⁴⁶ *Premises Cost Directions (2024)*, Part 5, Direction 33(2).

5.1.4.2 *Rent review mechanisms*

31. Leases typically include a 3-yearly rent review cycle, based on an agreed metric.⁴⁷ CMR is the most common basis for rent increases for GP Practices, but some of the Parties' premises use linked or fixed-uplift rent review mechanisms.⁴⁸ The CMA understands that the rent review mechanism is determined at the point a new lease is entered into and/or on lease renewal and does not change during rent reviews.⁴⁹

5.1.4.3 *Agreeing the initial rent and any CMR-based increases*

32. Noting national differences in their precise operation, the CMA understands that the process for agreeing initial rent, or a CMR based rent increase, under the PCDs is as follows:
- (a) GP Practices and landlords negotiate an initial rent proposal and present this to the ICB.
 - (b) The ICB seeks an assessment of the proposal's value for money from an independent valuer (typically the DV), who will provide an assessment of the CMR for the lease concerned.⁵⁰
 - (c) The appointed valuer applies the Royal Institute of Chartered Surveyors (**RICS**) valuation methodology to determine the appropriate CMR, by reference to comparable properties, and (for new developments) whether the terms of the lease that affect the reimbursable aspects (such as the rent review mechanism) represent value for money.⁵¹
 - (i) Landlords are invited to make representations to the valuer,⁵² and typically do so via agents that suggest additional comparators.⁵³
 - (ii) Some aspects of the lease (such as the bulk of service charges, some kinds of repairs) are not reimbursable aspects and are therefore not considered by the valuer.⁵⁴
 - (d) The ICB considers the valuer's findings and decides whether the proposal represents value for money. For new developments, in circumstances where the CMR levels are considered too low to provide sufficient returns to support

⁴⁷ FMN, paragraph 15.57.

⁴⁸ FMN, paragraph 15.59.

⁴⁹ FMN, paragraph 15.65.

⁵⁰ *Premises Cost Directions (2024)* Part 5, Direction 32(1)(b) & 34(1).

⁵¹ FMN, Annex 10, 'Description of the rent review process under the PCD', paragraph 1.

⁵² *Premises Cost Directions (2024)* Part 5, Direction 34(2)(b).

⁵³ FMN, Annex 10, 'Description of the rent review process under the PCD', paragraph 1.

⁵⁴ *Premises Cost Directions (2024)* Part 5, Direction 48.

new capital investment, or sufficient support to meet minimum standards, the ICB may add an appropriate supplement ('top-up') above the CMR.⁵⁵

- (e) If the landlord does not accept the ICB decision, it may dispute the assessment.⁵⁶ This typically involves additional negotiations, including the landlord appointing an agent to present alternative comparator properties to the independent valuer. If an agreement is not reached, the dispute can be escalated via the Local Dispute Resolution Protocol (**LDRP**) to NHS Resolution for ultimate determination of the reimbursable rent.⁵⁷ While the NHS Resolution process is available for both rent reviews and proposed developments, the CMA understands that it has not been utilised for a proposed development.⁵⁸ Instead, if an agreement on initial rent cannot be reached, a scheme will not proceed.

- 33. The framework governing rent negotiations also requires that rent for each property is assessed separately, which restricts landlords' ability to undertake a negotiation strategy where they bundle their properties.

5.2 Market definition

- 34. Where the CMA makes a substantial lessening of competition (**SLC**) finding, this must be 'within any market or markets in the United Kingdom for goods or services'. An SLC can affect the whole or part of a market or markets. Within that context, the assessment of the relevant market(s) is an analytical tool that forms part of the analysis of the competitive effects of the merger and should not be viewed as a separate exercise.⁵⁹
- 35. The CMA's experience is that in most mergers, the evidence gathered as part of the competitive assessment, which will assess the potentially significant constraints on the merger parties' behaviour, captures the competitive dynamics more fully than formal market definition.⁶⁰ In many cases, especially those involving differentiated products, there is often no 'bright line' that can or should be drawn with regards to market definition. Rather, it can be more helpful to describe the constraint posed by different categories of product or supplier as sitting on a continuum between 'strong' and 'weak'. The constraint posed by firms 'outside' the market will also be carefully considered.⁶¹

⁵⁵ *Premises Cost Directions (2024)*, Part 5, Direction 34(4). This is referred to as a 'top-up'. Appropriate supplements must decrease alongside any increase in the CMR until the supplement is extinguished (Direction 34(5)).

⁵⁶ In accordance with the *NHS (Personal Medical Services Agreements) Regulations 2015* and *NHS (General Medical Services Contracts) Regulations 2015*.

⁵⁷ An independent body of the Department of Health and Social Care. [Home - NHS Resolution](#)

⁵⁸ The Parties submitted that proposed new developments are not subject to the NHS Resolution appeal process. See FMN, page 72, footnote 132.

⁵⁹ [CMA129](#), paragraph 9.1.

⁶⁰ [CMA129](#), paragraph 9.2.

⁶¹ [CMA129](#), paragraph 9.4.

5.2.1 Product market

5.2.1.1 Parties' submissions

36. PHP submitted that the narrowest plausible product markets are:

- (a) The development of real estate for healthcare uses. In addition:
 - (i) PHP submitted that it can be left open whether the product market should comprise the development of all commercial property or be segmented into the development of real estate for healthcare users as the Merger will not lead to a SLC.⁶²
 - (ii) PHP submitted that previously the CMA has considered the supply of commercial property development and there are no fundamental differences to warrant a distinct market definition between the development of commercial properties to be used for healthcare purposes and real estate to be developed for other commercial purposes.⁶³
 - (iii) The Parties submitted that lots of non-specialist developers can and do develop GP Premises and there are specialist healthcare / chartered surveyor consultants that can assist in the delivery of such projects.⁶⁴
- (b) The ownership and management of healthcare real estate assets on long-term leases. In addition:
 - (i) PHP submitted that the exact market can be left open given that there is no scope for competition between Parties in this segment.⁶⁵
 - (ii) the Parties submitted that if the CMA were to consider a narrower market definition for primary healthcare premises, it would be arbitrary and artificial to exclude GP or other forms of private or public freehold ownership from the market. The Parties submitted this is because the same regime of statutorily controlled rent payments applies across these forms of ownerships and GP Premises based on all forms of ownerships, including GP-owned premises, are used for benchmarking purposes by the DV.⁶⁶

⁶² FMN, paragraph 12.32.

⁶³ The Parties noted that the OFT has previously considered the real estate development market and, even though it left the exact product market open, it adopted a "cautious approach" and analysed the impact of that transaction "narrowly in respect of the supply of commercial property development". FMN, paragraph 12.31. Parties' response to the Issues Letter, 10 October 2025, paragraph 4.11. Case ME/2920/07 Barrat Developments / Wilson Bowden, 2007, para. 9.

⁶⁴ Parties' response to the Issues Letter, 10 October 2025, paragraph 4.10 and 4.39.; Parties' Issues Meeting presentation, 8 October 2025, slide 33.

⁶⁵ FMN, paragraph 12.24.; Parties' response to the Issues Letter, 10 October 2025, paragraph 1.59.

⁶⁶ FMN, executive summary, paragraph 13(b).

5.2.1.2 CMA assessment

37. The CMA will consider each merger with due regards to the circumstances of the case.⁶⁷ Product market definition starts with the relevant products of the merging parties. As a result, there is no one market definition that can be expected to apply across all cases in a similar area.⁶⁸
38. Therefore, as a starting point, the CMA considered product markets for the following overlaps in which the Parties are active:⁶⁹
- (a) Third-party (ie private) development of real estate for GP Practices.
 - (b) Third-party (ie private) ownership and management of real estate for GP Practices.
39. The CMA considered whether to widen the product market definitions in paragraph 38 and each of these markets is considered in turn below.

5.2.1.2.1 The third-party development of real estate for GP Practices

40. The relevant product market is identified primarily by reference to demand-side substitution. However, there are circumstances where the CMA may aggregate several narrow relevant markets into one broader market based on the supply-side factors.⁷⁰
41. In this case, third-party developers bid competitively to supply services which are bespoke to the customer, ie each opportunity will differ in the exact needs involved, such that different developments are not demand-side substitutes. However, these opportunities may still be aggregated into a broader market where suppliers use the same production assets to compete across those opportunities, and competitive conditions are similar across opportunities.⁷¹

5.2.1.2.1.1 Specialist vs. general commercial third-party developers

42. The Parties submitted that lots of non-specialist developers can and do develop GP Premises and there are specialist healthcare/chartered surveyor consultants that can assist in the delivery of such projects.⁷² The Parties also provided examples of non-specialist developers (including general commercial and

⁶⁷ CMA129, paragraph 1.12 and footnote 13.

⁶⁸ CMA129, paragraph 9.6 and footnote 154.

⁶⁹ As noted in paragraphs 1 and 2 the Parties are both primarily comprised of GP Practices amounting to over [90-100]% for PHP (see footnote 2) and over [90-100]% for Assura (see footnote 3).

⁷⁰ CMA129, paragraph 9.7.

⁷¹ CMA129, paragraph 9.9(b).

⁷² Parties' response to the Issues Letter, 10 October 2025, paragraph 4.10 and 4.39.; Parties' Issues Meeting presentation, 8 October 2025, slide 33.

residential property developers) having developed or being in the process of developing GP Premises.⁷³

43. The CMA recognises that, while some third-party developers, such as the Parties, focus on the development of real estate for GP Practices or other healthcare premises,⁷⁴ there are examples of such non-specialist developers developing real estate for GP Practices. It appears, however, that such developers may only or primarily engage in the development of GP Practices where they are developing a larger project (such as a housing estate) and it is necessary to include a GP Practice as part of that larger project. The evidence the CMA has reviewed suggests that such non-specialist developers, especially general property developers, have limited activities in this market, and it is not therefore clear that they would be available as an option for GP Practices seeking third-party developers. In particular:
- (a) While the CMA spoke to a limited number of third-party developers active in the supply of new-build housing, those developers told the CMA that they were not engaged in the business of developing primary healthcare facilities or that they only did it to comply with planning requirements.⁷⁵ This indicates that those developers are not regularly competing for new development opportunities alongside the Parties.
 - (b) Only two ICBs identified developers that do not specialise in healthcare development, with both identifying different non-specialist developers, as being able to meet GP Practices' requirements for the development of new GP Premises.⁷⁶
 - (c) One third party told the CMA that the specialised nature of primary care premises does not lend itself to general property developers, such as housebuilders, and that only a limited number of specialised developers operate in this space.⁷⁷
 - (d) When discussing the development of real estate for GP Practices, a competitor also told the CMA that the complexity of securing NHS funding

⁷³ This included developers that focus on the wider healthcare real estate sector (eg Montpellier Estates Charterpoint and Castlemead Group) and general property developers such as Barratt Redrow, Countryside/Vistry and Taylor Wimpey. Parties' response to the Issues Letter, 10 October 2025, paragraph 4.10 and 4.39.; Parties' Issues Meeting presentation, 8 October 2025, slide 35.

⁷⁴ Note of a call with a third party, July 2025, paragraphs 1 to 7. Some developers told the CMA they were active in the development of real estate for GP Practices and other healthcare premises. Response to the CMA questionnaire from a number of third parties, September 2025, question 2.

⁷⁵ Response to the CMA questionnaire from a third party, September 2025, question 2. Submission to the CMA from a third party, September 2025.

⁷⁶ Responses to the CMA questionnaire from a number of third parties, September 2025, question 12

⁷⁷ Note of a call with a third party, 53 2025, paragraph 3. Consistent with this another third party told the CMA that the GP property market is highly specialised, with a small number of surveying firms and developers, who have carved a niche specialising in GP facilities. Note of a call with a third party, August 2025, paragraph 14.

and the relatively small scale and lower profit margins of the sector compared to others can deter non-specialist developers.⁷⁸

44. For the purposes of this decision, while the CMA does not need to conclude on the product market definition, the evidence above suggests that the Parties' primary competitors for any given development opportunity are likely to be other specialist healthcare property developers. Therefore, the CMA has focused its competitive assessment on such specialist third-party developers, noting that some seem to be more active in the development of real estate for GP Practices than others.

5.2.1.2.1.2 Other alternatives to third-party development

45. The CMA has also considered the extent to which third-party developers face competitive constraint from other models to develop new real estate for GP Practices.
46. The Parties submitted that alongside third-party development, GP Practices can:
- (a) Arrange for the development to be carried out in combination with the NHS and/or other public sector bodies. The Parties submitted NHS PS is a significant developer of primary healthcare assets as well as local councils and NHS Trusts who also carry out development projects for primary healthcare directly. The Parties also provided examples of such developments.⁷⁹
 - (b) Carry out the role of developer themselves, which may be supported by specialist intermediaries such as surveyors and consultants, and provided examples of such developments.⁸⁰
47. The Parties also submitted that various public and private options can be considered for a project at any given time, including a mix of public and private funding.⁸¹ For example, a local authority funded project may be tendered to the private market for the development of the project, or an ICB may engage with private developers, who will seek third-party finance to deliver the projects as well as developers who will provide financing and development services in an integrated package.⁸² As such, the Parties submitted that it is incorrect to seek to try and impose binary distinctions between 'private' and 'public' development projects for primary care, whether addressing issues of capital funding or

⁷⁸ Note of a call with a third party, July 2025, paragraph 11.

⁷⁹ Parties' response to the Issues Letter, 10 October 2025, paragraph 4.33, 4.35 to 4.38.; Parties' Issues Meeting presentation, 8 October 2025, slides 34 and 35.

⁸⁰ Parties' response to the Issues Letter, 10 October 2025, paragraph 4.33 and 4.39.; Parties' Issues Meeting presentation, 8 October 2025, slide 35.

⁸¹ Parties' response to the Issues Letter, 10 October 2025, paragraph 4.34.

⁸² Parties' response to the Issues Letter, 10 October 2025, paragraph 4.34

development delivery with most opportunities being, at least in principle, open to most competitors.⁸³

48. The CMA asked ICBs to explain what other options exist outside of third-party developers for the development of GP Practices in their area. ICBs responding to the CMA identified the following alternative options:

- (a) NHS PS development was identified by just under half of ICBs.⁸⁴ However, some ICBs told the CMA that capital is not available from NHS PS, that this capital is very unusual and not a regular source of investment or that it is not used in that area.⁸⁵ Similarly, in response to a separate question NHS PS was identified by just under half of ICBs that provided a view as being a 'fully suitable' or 'very suitable' provider for the development of GP Practices.⁸⁶ Of these, however, two ICBs noted that NHS PS is not necessarily a regular source of income.⁸⁷
- (b) GP owner-led development was identified by just under half of ICBs.⁸⁸ However, one ICB told the CMA that GP funded schemes 'fail'⁸⁹ and another said that very few GP Practices were interested in developing their own premises at present.⁹⁰ Further, evidence set out below generally shows a trend towards leasing from ownership (see paragraph 616161).
- (c) Funding from local councils/authorities,⁹¹ LIFTCOs,⁹² Section 106/Community Infrastructure Levy (CIL)⁹³ were also identified as options or potential options by a number of ICBs.⁹⁴ However:
 - (i) One ICB noted that local councils are unable to deliver developments at current rents and that Section 106/CIL funding is most commonly used for extensions or refurbishments of existing GP Premises.⁹⁵
 - (ii) A third party explained that while LIFTCO properties offer higher standards, their complexity and cost can be prohibitive, whereas the third-party development model provides cost-effectiveness, particularly

⁸³ Parties' response to the Issues Letter, 10 October 2025, paragraph 4.34.

⁸⁴ Response to the CMA questionnaire from a third-party, September 2025, question 10.

⁸⁵ Response to the CMA questionnaire from a number of third parties, September 2025, questions 10 and 12.

⁸⁶ Response to the CMA questionnaire from a number of third parties, September 2025, question 12.

⁸⁷ Response to the CMA questionnaire from a third party, September 2025, question 10. Response to the CMA questionnaire from a third party, September 2025, question 10.

⁸⁸ Response to the CMA questionnaire from a number of third parties, September 2025, question 10.

⁸⁹ Response to the CMA questionnaire from a third party, September 2025, question 10.

⁹⁰ Response to the CMA questionnaire from a third party, September 2025, question 13.

⁹¹ Response to the CMA questionnaire from a number of third parties, September 2025, question 10.

⁹² Response to the CMA questionnaire from a number of third parties, September 2025, question 10.

⁹³ CIL and Section 106 funding are sources of infrastructure funding. S106 agreements address site-specific mitigation required to make a new development acceptable in planning terms. Whilst CIL addresses the broader impacts of the development. This infrastructure funding can be used for medical facilities and other infrastructure. [CIL and S106 agreements | CIL and S106 agreements | Borough Council of King's Lynn & West Norfolk](#)

⁹⁴ Response to the CMA questionnaire from a number of third parties, September 2025, question 10.

⁹⁵ Response to the CMA questionnaire from a third party, September 2025, question 10.

when GPs are willing to take on leases.⁹⁶ In addition, some ICBs said LIFTCOs had not developed beyond their initial quota.⁹⁷

- (d) Government capital funding⁹⁸ and other types of NHS capital funding⁹⁹ were only identified by a small number of ICBs. Moreover, one ICB told the CMA that government capital funding typically occurs as part of a broader health care development.¹⁰⁰

- 49. Overall, the CMA acknowledges that there is some development and funding of development beyond third-party developers. This is reflected in both data provided by ICBs¹⁰¹ and the development shares of supply data submitted by the Parties (based on Barbour ABI data)¹⁰² that identified examples of such developments. However, each of these alternative funding options were identified by less than half of the ICBs that responded to the CMA and some were only seen as being viable in certain limited situations.
- 50. In this regard, evidence is consistent with ICBs/GP Practices considering a range of options, but there being some residual demand from ICBs/GP Practices for which third-party funded development is the primary or only option (where public capital or GP-led development may not be an option). Given the evidence above, and the fact that the Parties are both active as third-party developers, on a cautious basis, the CMA has assessed the impact of the Merger for the supply of third-party development of real estate for GP Practices. Where relevant, the constraint from other models of development is considered in the CMA's competitive assessment below. However, as the CMA has concluded that no SLC arises even if focusing narrowly on the supply of third-party development of real-estate for GP Practices, the product market definition can be left open.

5.2.1.2.1.3 *Forward funding*

- 51. As set out above in paragraph 23, developers can engage in direct development or adopt a forward-funded model and the Parties have forward funded other developers for some projects.¹⁰³ Therefore, the CMA considered whether it would be appropriate for such forward funding activities to be included within the relevant product market definition.

⁹⁶ Note of a call with a third party, July 2025, paragraph 10.

⁹⁷ Response to the CMA questionnaire from a number of third parties, September 2025, question 10.

⁹⁸ Response to the CMA questionnaire from a number of third parties, September 2025, question 10.

⁹⁹ Response to the CMA questionnaire from a number of third parties, September 2025, question 10.

¹⁰⁰ Response to the CMA questionnaire from a third party, September 2025, question 10.

¹⁰¹ ICBs that responded identified 68 developments in the last five years with 19 being identified as developments by the NHS (it was not specified if this was by NHS Trusts or NHS PS) and 16 being identified as GP led developments. Other developers including a housebuilder and a local council were also specifically identified. The CMA notes that some of the identified developments appear to be refurbishments to existing GP Premises rather than new build GP Premises.

Responses to the CMA questionnaire from a number of third parties, September 2025, question 12.

¹⁰² See paragraphs 97 to 103 for a discussion of this analysis and the Barbour ABI data. Annex 27, FMN.

¹⁰³ Parties' response to the CMA's request for information, 18 August 2025 (RFI 3), paragraph 31.

52. For the purpose of this decision, the CMA has not included such forward funding in its market definition given the more limited role that a forward funder plays in competing for development opportunities. However, the CMA notes that including or excluding forward funding does not materially change the competitive assessment set out below due to PHP's limited activity and success in forward funding.¹⁰⁴

5.2.1.2.1.4 Conclusion

53. On the basis of evidence above, taking a cautious approach, the CMA has focused its assessment of the Merger on the narrowest plausible market definition, which is the third-party development of real estate for GP Practices.
54. Nevertheless, in this decision the CMA does not need to (and does not) reach a final view as to the product market definition in relation to its competition assessment. Irrespective of the CMA's views on product market definition (ie even on the narrowest product market definition, which is the third-party development of GP Practices by specialist healthcare developers) the CMA considered that out-of-market constraints will impose some level of competitive constraint on specialist third-party developers. This is taken into account in the CMA's competitive assessment.

5.2.1.2.2 The third-party ownership and management of real estate for GP Practices

5.2.1.2.2.1 During the lease

55. The Parties submitted that where GP Practices do not own their premises, they tend to occupy them under long-term leases (typically 20-25 years) and do not switch premises during the lease period.¹⁰⁵
56. Consistent with this, third parties told the CMA leases typically range between 15-25 years.¹⁰⁶

5.2.1.2.2.2 Options at the end of the lease

57. The Parties submitted that at the point of lease renewal, a GP Practice has a variety of options. In considering their options, the Parties submitted that GP Practices evaluate a range of factors (eg location, size, specification and quality of the premises). The Parties also submitted that GP Practices may have a preference for purpose-built or recently refurbished premises when choosing

¹⁰⁴ For example, see footnote 182174.

¹⁰⁵ FMN, paragraphs 15.34 and 15.55.

¹⁰⁶ Note of a call with a third party, July 2025, paragraph 10; Note of a call with a third party, July 2025, paragraph 18; Note of a call with a third party, July 2025, paragraph 10

between different new premises.¹⁰⁷ However, the Parties also submitted that GP Practices rarely switch premises.

58. Evidence from third parties currently shows that different options may be considered at the end of the lease. However, evidence also shows that alternative options are rarely pursued, with GPs frequently renewing a lease on their existing premises, unless the building is no longer suitable. For example:
- (a) A number of ICBs told the CMA that all options are considered at lease renewal,¹⁰⁸ with other ICBs identifying specific options including purchasing the freehold or a property,¹⁰⁹ leasing an alternative property,¹¹⁰ developing a property¹¹¹ or merging/co-locating with another GP Practice.¹¹²
 - (b) Just over half of ICBs that responded to the CMA gave one of the following responses: that there are currently limited options,¹¹³ that options are explored when buildings are no longer suitable¹¹⁴ or that GP Practices tend to renew or that other options are ultimately rarely pursued.^{115,116} Some third parties did indicate that there may be some capital investment / refurbishment by an existing landlord at lease renewal and such activity is considered further below in paragraph 90(b).¹¹⁷
59. In addition, a number of ICBs identified a need for GP Premises to meet certain standards specified by the NHS, with some suggesting that these requirements may mean that GP Practices may seek to relocate a lease renewal to modern, compliant premises, where older premises or converted buildings are no longer fit for purpose.¹¹⁸
60. While the evidence is consistent with the Parties' argument that there is limited switching of premises by GP Practices, this does not mean that there is no competition in the leasing market. The CMA notes the information from both the Merging Parties and NHS stakeholders indicating that GP Practices will explore options at the point of lease renewal; while GP Practices may not ultimately pursue these options, the availability of alternative options and possibility of

¹⁰⁷ The Parties also submitted that similar factors will be considered by tenants when choosing between other types of healthcare real estate. FMN, paragraph 15.35 and 15.36.

¹⁰⁸ Response to the CMA questionnaire from a number of third parties, September 2025, question 13.

¹⁰⁹ Response to the CMA questionnaire from a number of third parties, September 2025, question 13.

¹¹⁰ Response to the CMA questionnaire from a number of third parties, September 2025, question 13.

¹¹¹ Response to the CMA questionnaire from a number of third parties, September 2025, question 13.

¹¹² Response to the CMA questionnaire from a number of third parties, September 2025, question 13.

¹¹³ Response to the CMA questionnaire from a third party, September 2025, question 13.

¹¹⁴ Response to the CMA questionnaire from a number of third parties, September 2025, question 13.

¹¹⁵ Response to the CMA questionnaire from a number of third parties, September 2025, question 13.

¹¹⁶ One competitor also told the CMA that GP Practices typically renew leases. Note of a call with a third party, July 2025, paragraph 15

¹¹⁷ Response to the CMA questionnaire from a third party, September 2025, question 13. Note of a call with a third party, July 2025, paragraph 15

¹¹⁸ Response to the CMA questionnaire from a number of third parties, September 2025, question 13.; Note of a call with a third party, September 2025, paragraph 8.

switching will place a constraint on the landlord. Given that real estate for GP Practices needs to meet certain standards and that not all assets are suitable for GP Practices, alternative options may often involve the development of a new GP Premises (as discussed in paragraph 58). Accordingly, the CMA has considered the extent to which development may pose an out-of-market constraint on the Parties' activities in respect of the ownership and management of real estate for GP Practices in the competitive assessment below.

5.2.1.2.2.3 GP Ownership

61. With respect to the Parties' submission that GP Premises owned by GP Practices should be included in the relevant market, while some ICBs noted that GPs can purchase a property to be used as a GP Practice, other evidence indicates that GP ownership is becoming less common. For example:
- (a) One ICB said that GP partnerships can elect to purchase premises, but the costs of borrowing usually make this option unaffordable and GP partners typically do not want to invest in these long-term commitments to a particular GP Practice.¹¹⁹ Another ICB said that while it is aware of one GP partnership buying out their lease, this is not the norm in its area.¹²⁰
 - (b) A third party told the CMA that it has noted an increase in third-party ownership of GP Premises with a growing number of GP Practices leasing their premises rather than owning them.¹²¹ Similarly, another third party said that self-financing and ownership of premises by GP Practices has declined significantly. It considered this was due to increased building size, bespoke design and limited alternative uses for such specialised properties.¹²²
 - (c) A competitor told the CMA that younger doctors tend to prefer flexibility which leads to a preference for third party leasing.¹²³
 - (d) An analyst report prepared by Shore Capital provided by PHP states that 'With younger GPs increasingly choosing not to participate in property ownership as part of joining a GP Practice, there has been a growing trend among older and retiring GPs to seek a property exit through disposal to large specialist operators such as PHP, although this has slowed recently given the fall in surgery valuation.'¹²⁴

¹¹⁹ Response to the CMA questionnaire from a third party, September 2025, question 13.

¹²⁰ Response to the CMA questionnaire from a third party, September 2025, question 13.

¹²¹ Note of a call with a third party, July 2025, paragraph 3.

¹²² Note of a call with a third party, August 2025, paragraphs 7 and 8.

¹²³ Note of a call with a third party, July 2025, paragraph 26.

¹²⁴ PHP Internal Document, Annex 9.4 to the FMN, 'Primary Health Properties: A healthy outlook for growth', 19 September 2024, page 3.

62. Overall this evidence is consistent with GP Practices migrating towards leasing from ownership models, rather than substituting between leasing and ownership models.
63. The CMA notes that GP-owned properties can be included within the DV assessment as comparator properties.¹²⁵ However, evidence suggests that GP-owned properties are less likely to be used as comparators for the Parties' GP Premises in the DV assessment:
- (a) The Parties also stated that GP-owned premises are typically smaller than average,¹²⁶ while the evidence indicates that the Parties specialise and have a higher share in larger, modern, purpose-built premises (see paragraph 147 below). Evidence from some ICBs also indicates that GP-owned premises may differ to those the Parties specialise in.¹²⁷
 - (b) The Parties' data indicates that they/their agents infrequently propose GP-owned premises as comparators when engaging with the DV.¹²⁸
64. This evidence suggests that to the extent GP-owned properties may constrain third-party landlords, this constraint will be much weaker.

5.2.1.2.2.4 Conclusion

65. On the basis of evidence gathered in this investigation, while the CMA does not need to conclude on the product market definition for the purposes of this decision, on a cautious basis, it has focused its assessment on the impact of the Merger for the third-party ownership and management of real estate for GP Practices (ie limited to GP Premises excluding other types of real-estate) owned by third-party landlords.

¹²⁵ For example, a third party told the CMA that GP-owned premises can be included as comparators in the DV's CMR assessment. Response to the CMA questionnaire from a third party, September 2025, question 2.

¹²⁶ PHP estimates that although GP owned premises account for around 49% of total GP premises, they only account for around 40% of GP patients. FMN, Annex 4, paragraph 1.19.

¹²⁷ For example, one ICB said that GP-owned sites in its area are largely converted houses and are not suitable for the future of modern healthcare. Response to the CMA questionnaire from a third party, September 2025, question 13.

¹²⁸ For example, Assura submitted detailed information on the comparator properties its agents submitted in relation to the [10-20] rent reviews completed and closed on its GP Premises during 2025. On this basis, its agents proposed [0-5] GP-owned comparators out of a total of [110-120] proposed comparators. Parties' response to the CMA's Request for Information, 13 October 2025, (**RFI 5**), Annex 2. PHP submitted detailed information on the comparators proposed by the DV, to the extent this was available and that its agents submitted in relation to the last [20-30] rent reviews completed on its properties in 2025. These reviews were completed between March 2025 and October 2025. On this basis, its agents proposed [10-20] GP-owned comparator properties out of a total of [90-100] proposed. Based on the available data it appears that the DV proposed [20-30] GP-owned comparator properties out of a total of [70-80]. RFI5, Annex 1.

5.2.2 Geographic market

5.2.2.1 Parties' submissions

66. The Parties submitted that the market for the development of commercial properties (or even healthcare properties) is at least national in scope, on the basis that there being no barriers to a developer currently active in one region expanding to develop commercial property in another region and many developers (including the Parties) are active across all regions of the UK.¹²⁹
67. The Parties submitted that the exact geographic market for the ownership and management of healthcare real estate under long-term leases could be left open given that there is no scope for competition between the Parties in this segment.¹³⁰

5.2.2.2 CMA assessment

68. As a starting point, the CMA considered whether the appropriate geographic market definitions for these overlaps are local or national. Regarding the national level, the CMA did not receive evidence that PHP is active in or has plans to be active in Northern Ireland (**NI**), either as a developer or a landlord, and therefore considered the national level to be Great Britain (**GB**) alone.

5.2.2.2.1 Third-party development of real estate for GP Practices

69. In this case, third-party developers bid competitively to supply services in a location specific to each GP Practice such that different developments are not demand-side substitutes. However, these opportunities may still be aggregated into a broader market where suppliers use the same production assets to compete across those opportunities, and competitive conditions are similar across opportunities.¹³¹
70. Evidence received to date shows that there is a group of third-party developers who are active in the development of real estate for GP Practices nationally or have the capability to provide such services nationally.¹³²
71. However, evidence gathered in this investigation shows that there is some variation in the strength of alternatives available to customers across regions¹³³ as:

¹²⁹ FMN, paragraph 12.35.

¹³⁰ FMN, paragraph 12.24.

¹³¹ [CMA129](#), paragraph 9.9(b).

¹³² FMN, paragraph 12.35., Note of a call with a third party, July 2025, paragraph 3; Response to the CMA questionnaire from a third party, September 2025, question 2.

¹³³ For example, one ICB said that PHP has a 'near-monopoly' in Wales, while in England there were more landlords. Note of a call with a third party, September 2025, paragraph 22.

- (a) Some third-party developers told the CMA they are only active in specific regions or focus on specific regions.¹³⁴ This is also reflected in evidence from ICBs set out in the competitive assessment at section 5.3.3.2.2 below.
- (b) In some regions of the UK, there is a move to reduce the reliance on third-party developers and use NHS capital funding.¹³⁵

72. The CMA has therefore assessed the impact of the Merger on the basis of a national market for the third-party development of real estate for GP Practices. Where relevant, the CMA has taken into account the scope for regional variations in the strength of the different options in its competitive assessment below.

5.2.2.2.2 *Third-party ownership and management of real estate for GP Practices*

73. In this case, a GP Practice leases a property for the purpose of serving a set of patients in a particular geographic area, as per that GP Practice's NHS general medical services contract. Therefore, the CMA considered that the geographic market is likely to be relatively narrow on the basis of limited demand-side substitution. Further, on the supply-side there is evidence that the set of landlords active in each ICB region varies significantly both in terms of identity and relative size.¹³⁶ As such, that the CMA does not consider that the geographic market should be aggregated based on supply-side factors.

74. The CMA notes that there is a national framework that determines certain aspects of the outcomes in relation to the leases for GP Practices (eg rent levels). This national framework is implemented for all GP Practices using comparable buildings as outlined at paragraph 32 above. Such comparator properties tend to be drawn from the local area, but if there are no comparator properties identified within close proximity, the search area is extended as required.¹³⁷ ICBs are then responsible for the eligibility assessment and approval of the reimbursable rent for all GP Practices in their area.

75. Consistent with this, an Assura internal document states that it is '[X]'.¹³⁸

76. Therefore, the CMA considered it appropriate to aggregate GP Practices on the basis of ICB area for the purpose of assessing any localised impacts of the Merger. Additionally, as the statutory reimbursement framework is national, the CMA also considered the cumulative impact of the Merger in aggregate across all ICB at a national (GB) level.

¹³⁴ For example, see responses to the CMA questionnaire from a number of third parties, September 2025, questions 2 and 5.

¹³⁵ Note of a call with a third party, August 2025, paragraph 2; note of a call with a third party, July 2025, paragraphs 5 and 16.

¹³⁶ Response to the CMA questionnaire from a number of third parties, September 2025, questions 3, 4 and 5.

¹³⁷ Note of a call with a third party, August 2025, paragraphs 7 and 12.

¹³⁸ Assura Internal Document, Annex 28, '[X]', January 2025, page 2.

5.2.3 Conclusion

77. Accordingly, while the geographic market definitions can be left open, the CMA has assessed the impact of the Merger in respect of:¹³⁹
- (a) Third-party development of real estate for GP Practices nationally (GB); and
 - (b) Third-party ownership and management of real estate for GP Practices both nationally (GB) and at the local ICB level.

5.3 Theories of harm

78. The CMA assesses the potential competitive effects of mergers by reference to theories of harm. Theories of harm provide a framework for assessing the effects of a merger and whether or not it could lead to an SLC relative to the counterfactual.¹⁴⁰
79. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged entity profitably to raise prices or to degrade quality on its own and without needing to coordinate with its rivals.¹⁴¹ Horizontal unilateral effects are more likely when the parties to a merger are close competitors.¹⁴²
80. The concern under such a theory of harm is that the removal of one party as a competitor could allow the parties to a merger to increase prices (or deteriorate other elements of their offering such as quality).
81. In its investigation of this Merger, the CMA considered the following theories of harm:
- (a) Horizontal unilateral effects in the third-party development of real estate for GP Practices in GB;
 - (b) Horizontal unilateral effects in the third-party ownership and management of real estate for GP Practices at the ICB level and in GB.
82. Before considering each of these theories of harm in turn below, the CMA sets out its current view on the sources of competitive interactions occurring between the Parties.

¹³⁹ The CMA's analysis focuses on Great Britain as the CMA understands that there is no overlap in Northern Ireland. PHP does not own any properties in Northern Ireland and none of the bidding data submitted by the Parties included opportunities in Northern Ireland.

¹⁴⁰ [CMA129](#), paragraph 2.11.

¹⁴¹ [CMA129](#), paragraph 4.1.

¹⁴² [CMA129](#), paragraph 4.8.

5.3.1 The sources of competitive interactions between the Parties

83. Recognising the presence of the DV assessment process under the PCDs, the CMA has carefully considered the points at which there may be competitive interactions in the lifecycle of a GP Premises.
84. **Development stage:** the Parties recognise that there is a competitive interaction at the point at which a GP Premise is developed.¹⁴³ The Parties submitted that, rather than just completely new buildings, the term ‘development’ covers upgrading existing premises, developing new greenfield premises or repurposing existing premises not currently being used for healthcare purposes.¹⁴⁴
85. The Parties submitted that, while there is a process of selection at which point a preferred developer is appointed, the GPs and ICBs remain free to switch to a different developer or model until the GP occupiers are required to sign legally binding Agreement for Lease. The CMA understands that this Agreement for Lease covers the agreed rent and specifications.¹⁴⁵ The CMA considers the scope for competition on rents below.
86. **During a lease:** As set out above, GP Premises typically are leased for between 15-25 years.¹⁴⁶ Therefore, there appears to be limited scope for competition other than via rent reviews which happen periodically. The main constraint during this period is via the DV assessment and the CMA considers scope for competition within this below.
87. **End of a lease:** evidence from both the Parties¹⁴⁷ and ICBs indicates that most GP Practices renew their leases (see paragraph 58). However, both the Parties¹⁴⁸ and ICBs (see paragraph 48) identified a range of alternative options that may be considered at renewal: (i) leasing an alternative property; (ii) purchasing the freehold or a property; (iii) developing a property; and (iv) merging/co-locating with another GP Practice.
88. Evidence from ICBs indicates that, consistent with the Parties’ submissions,¹⁴⁹ these options are rarely pursued unless the building is no longer suitable (see paragraph 58), but the CMA notes that consideration of alternatives (and that the

¹⁴³ For example, see FMN, paragraphs 15.51 and 15.117.

¹⁴⁴ For example, the Parties submitted that PHP has repurposed a number of existing premises such as office buildings, a period school building and a conversion of vacant retail units. FMN, paragraphs 12.10 and 12.11.

¹⁴⁵ Parties’ response to the Issues Letter, 10 October 2025, paragraphs 4.5 and 4.7(d). The Parties submitted that where their premises are on long lease to GP Practices or to other NHS/public sector bodies the initial level of rent is determined by the DV and, in many cases, the setting of rent at the start of a lease term happens during the development phase. FMN, paragraph 15.51.

¹⁴⁶ FMN, paragraphs 15.34 and 15.55. Note of a call with a third party, July 2025, paragraph 10; Note of a call with a third party, July 2025, paragraph 18; Note of a call with a third party, July 2025, paragraph 10.

¹⁴⁷ FMN, paragraph 15.87 to 15.91.

¹⁴⁸ FMN, paragraph 15.35.

¹⁴⁹ FMN, paragraphs 15.90 and 15.93. The Parties submitted that in exceptional circumstances, such as if the premises are no longer fit for purpose or the number of patients has outgrown the capacity of the GP practice and refurbishment is unviable, the tenant decide for example to co-locate with another practice or relocate to a purpose-built alternative.

Parties are aware of this) suggests there is a recognition of potential competitive constraints. The CMA does not consider that muted switching in practice is compelling evidence of a lack of competition altogether. Switching can be very costly, and the current operation of the PCDs means that GP Practices have limited incentive to switch based on rents, unless the property is not fit for purpose, given that their rents are reimbursed.

89. Nevertheless, as the Parties also recognise,¹⁵⁰ there is scope for competition from alternative options at the end of a lease especially where a GP Premise may no longer be suitable (eg due to population growth, its age). Further, while it may be unlikely that two of the Parties' buildings are available at the same point in the same location such that a GP Practice could switch between them, one option identified by some ICBs was to develop a property.¹⁵¹ Therefore, at the point of renewal, given that the Parties are both active as developers and landlords, competitive interactions can occur between the Parties to the extent that GP Practices could threaten to develop a new property.
90. There is evidence that further suggests that there may be competitive dynamics at play, even if a threat of switching rarely materialises:
- (a) Assura's internal documents routinely refer to various surveys being conducted to track customer satisfaction.¹⁵² Assura also reports on this as a key metric in its Annual Report.¹⁵³ The importance of reputation (as measured through customer satisfaction) to Assura points to the existence of a threat of customer switching, notwithstanding one of the Parties' explanations that this is an ESG metric its investors expect to see.¹⁵⁴ The Parties also submitted that Assura is keen to ensure it maintains its reputation, including for potential development opportunities in future. The CMA considered that this is a credible explanation for the weight Assura places on customer satisfaction in its strategy documents (and is consistent with the interlinkages between the Parties' roles as both developers and landlords, (see paragraph 84), but it does not exclude the possibility that an

¹⁵⁰ FMN, paragraphs 15.90 and 15.93.

¹⁵¹ Response to the CMA questionnaire from a number of third parties, September 2025, question 13. In addition, a number of ICBs told the CMA that all options are considered at lease renewal in response to a question where developing a property was specifically identified as an option. Response to the CMA questionnaire from a number of third parties, September 2025, question 13.

¹⁵² See for example Assura Internal Document, Annex 60 to the FMN, '[REDACTED]', September 2024, page 1: '[REDACTED]', page 2: '[REDACTED]'. See also Assura Internal Documents, Annex 56 to the FMN, '[REDACTED]', February 2024, page 1, Annex 63 to the FMN, '[REDACTED]', November 2024, page 1, Annex 69 to the FMN, '[REDACTED]' March 2025, page 1, and Annex 75 to the FMN, '[REDACTED]', May 2023, page 1.

¹⁵³ See Assura plc Annual Report 2025, pages 12 and 13.

¹⁵⁴ While customer satisfaction is reported under Assura's ESG reporting, the customer satisfaction survey is also cited as a KPI in respect of two out of five of Assura's strategic priorities: (i) delivering quality of service; and (ii) building and maintaining long term relationships. See Assura plc Annual Report 2025, pages 12 and 13.

additional explanation is that customer satisfaction matters to mitigate the threat of losing a tenant at the end of a lease.¹⁵⁵

- (b) The CMA also notes that offering end-of-lease improvements to properties comprises an important part of both Parties' strategies. For example, a PHP board strategy paper states that [redacted].^{156,157} The Parties submitted that freeholders are incentivised to obtain a new renewal as the new 25-year leasehold term carries yield benefits for the overall investment portfolio.¹⁵⁸ While recognising the potential wider benefits from asset management, the CMA considered the fact one reason for pursuing this strategy is to 'preserve and extend' existing leases suggests that there is some threat of the loss of a tenant at the point of renewal, which implies a potential competitive dynamic.

91. In summary, there is the potential for competitive interactions between the Parties at certain points in the lifecycle of a GP Premise, in particular: (i) at the development stage (for new builds and brownfield sites); and (ii) at lease renewal stage when GP Practices may consider options such as developing a new premise if their current premise is unsuitable. In contrast, during the lease period there appears to be limited scope for competition and the primary constraint on landlords is the DV assessment which is used in the large majority of rent reviews for GP Premises. The CMA notes, however, that issues that arise during the lease period may affect tenant decisions about whether to renew a lease at the end of its term, which could also provide a constraint.

5.3.2 Theory of Harm 1: Horizontal unilateral effects in the third-party development of real estate for GP Practices in GB

92. The CMA assessed whether it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC as a result of horizontal unilateral effects in the third-party development of real estate for GP Practices in GB.

5.3.2.1 Parties' submissions

93. The Parties submitted that:

¹⁵⁵ In respect of its strategy to build/maintain long term relationships, for which customer satisfaction is cited as a KPI, Assura's 2025 Annual Report notes a priority for the next year includes 'continu[ing] to working flexibly with NHS Trusts to progress asset enhancement and development opportunities', Asset enhancement refers to the improvements to leased properties during the term of a lease (eg typically end-of-term improvements). See Assura plc Annual Report 2025, page 13.

¹⁵⁶ PHP Internal Document Annex 5.4 to the FMN, '[redacted]', 18 October 2024, pg. 54-55. Another PHP internal document states that: '[redacted]'. Consistent with the Parties' submissions, this document does refer to [redacted]. It goes on to state that [redacted]. See PHP Internal Document, Annex 5.1 to the FMN, '[redacted]', 17 October 2023, page 13.

¹⁵⁷ Similarly, an Assura Asset Enhancement (Assura's [redacted]) paper states '[redacted]' (ie with less than ten years left on the lease), going on to state that '[redacted]'. This document also compares Assura's asset enhancement activities with PHP's, including completed and pipeline deals. See Assura internal document, Annex 61 to the FMN, '[redacted]', September 2024, pages 6 and 8.

¹⁵⁸ Parties' response to the Issues Letter, 10 October 2025, paragraph 1.39.

- (a) The Merger will lead to a negligible increment because PHP's development activity has been limited in recent years, with a share of supply of less than [0-5]%.¹⁵⁹
- (b) The Merged Entity will have a limited combined share of supply for development of real estate in the UK used for healthcare purposes.¹⁶⁰
- (c) The Parties' bidding data shows that PHP participated in [X] of all opportunities identified by both Parties. Moreover, PHP and Assura [X].¹⁶¹
- (d) The Merged Entity will continue to face a wide range of well-established and strong competitors post-Merger.¹⁶²

5.3.2.2 *Shares of supply*

- 94. Shares of supply that accurately reflect the market under consideration can be useful evidence when assessing closeness of competition. However, in other cases, the CMA may rely to a greater extent on other sources of evidence. In particular, in some cases the nature of competition in the market may mean that shares of supply are less reflective of the closeness of competition between market participants.
- 95. In the present case, the CMA has not found a robust basis on which to assess market shares. While some industry data is available, as explained below, the CMA considered that the available data has significant limitations for the CMA's purposes.
- 96. The Parties have submitted share estimates based on Barbour ABI data. Barbour ABI data records development projects from the planning application stage through to completion.¹⁶³ Shares based on plan dates will reflect competitive success in more recent development opportunities and shares based on

¹⁵⁹ FMN, executive summary, paragraph 28.

¹⁶⁰ FMN, executive summary, paragraph 29.

¹⁶¹ FMN, executive summary, paragraph 30.

¹⁶² FMN, executive summary, paragraph 31.

¹⁶³ Barbour ABI is a provider of construction project intelligence and market analysis. The CMA understands that Barbour ABI data for developments is collated by directly contacting the relevant developer. See [About Us | Barbour ABI | Construction Data Provider](#) and [Why Choose Barbour ABI](#). The Parties submitted that the Barbour ABI dataset is an independent, deeply researched and well-respected dataset. Parties' response to the Issues Letter, 10 October 2025, paragraph 1.5. The Parties submitted that data is captured and categorised by Barbour ABI as: (i) Fire, Police, Ambulance, Coastguard; (ii) Private Hospitals; (iii) Public Hospitals; and (iv) Surgeries, Health & Medical Centres. The Parties filtered this data to focus on new build primary healthcare development opportunities, although the Parties included any opportunities that involved the Parties converting a premise from an alternative use to a healthcare use and excluded these for competitors. The Parties also noted that PHP is recorded in the data as having submitted nine planning applications for extensions of refurbishments, but these all related to work being carried out on existing PHP properties and PHP did not compete with any other developer to carry out these works. Annex 4 to the FMN, paragraph 2.5 to 2.18 https://competitionandmarkets.sharepoint.com/sites/MRG1-ME-2255-25Phase1/Shared Documents/Forms/Documents.aspx?id=/sites/MRG1-ME-2255-25Phase1/Shared Documents/Parties/Draft Merger Notice/Final Draft Merger Notice - 10 September 2025/FDMN Annexes/ME_2255_25 - Annex 04 - Market Shares Annex - Confidential.pdf&parent=/sites/MRG1-ME-2255-25Phase1/Shared Documents/Parties/Draft Merger Notice/Final Draft Merger Notice - 10 September 2025/FDMN Annexes

completion dates will reflect on more historic competitive success. As such, subject to the points set out in paragraph 101 to 103 below, both are informative of competitive conditions to some extent.

97. The Parties initially submitted that their combined share of supply for the development of healthcare real estate in the UK for the period 2020-2024 is [0-5]% based on new development plan dates¹⁶⁴ and [0-10]% based on development completion dates.¹⁶⁵
98. In response to the Issues Letter the Parties resubmitted their market shares for 2023 and 2024 to exclude, where identifiable, developments by housebuilders, NHS, and other non-third-party developers. The estimated market shares indicate that the increment is [3<] in both years and that the Parties have a combined share of [3<]% in 2024.¹⁶⁶
99. The CMA undertook further analysis of the Barbour ABI data submitted by the Parties for the entire period available (2020-2024) excluding GP Premise developments by housebuilders, NHS, and other non-third-party developers and any that appeared to be part of wider real estate developments (ie those likely to be part of s106/CIL agreements).¹⁶⁷ The CMA found the Parties to have a combined share of [10-20]% with an increment of [0-5]% for the period 2020 to 2024.¹⁶⁸
100. The CMA's analysis of markets shares indicates that there is material activity by a number of third-party developers. It also shows that United Healthcare Developments, One Medical and Mayfair Group Investment each have a higher share of developments than PHP.
101. The CMA considered that the available market share data is not robust because the market shares do not appear to reflect either Assura's or PHP's self-reported activity in the market (see evidence on bidding data below) which suggests the shares are not fully capturing competitive dynamics in this market. This is particularly the case for Assura which appears in the Barbour ABI less frequently than one would expect, given the number of tenders Assura has reported competing in and winning in the last five years.
102. The CMA also considers that there are limitations to relying on shares as evidence of competitive conditions in this market because opportunities for third-party

¹⁶⁴ FMN, Table 18.

¹⁶⁵ FMN, Table 19.

¹⁶⁶ Parties' response to the Issues Letter, 10 October 2025, Annex 2.

¹⁶⁷ Annex 27 to the FMN. In doing this the CMA went beyond identifying developments by housebuilders and identified any development where the GP Practice or medical facility appeared to be part of a wider real estate development such as those involving the development of housing or commercial properties.

¹⁶⁸ For the purposes of this analysis, the CMA included all planned and completed developments between 2020-2024. Development types included in the dataset included new build developments of greenfield or brownfield sites, including repurposing/demolition of existing buildings, but excluded refurbishments/extensions to existing GP Practices.

development of real estate for GP Practices are (for the most part) awarded to developers who bid competitively (either through formal or informal tenders) to supply services which are bespoke to the customer. Furthermore, these transactions are relatively infrequent (on average fewer than 10 tenders were completed per year in the period 2020-2025).¹⁶⁹ Shares are even less likely to be reflective of the competitor set in the context of the currently muted market activity, which means that the pool of developments is likely to be even smaller.¹⁷⁰

103. Given the limitations identified, the CMA considered share of supply estimates in the round with other evidence including internal documents, bidding analysis and third-party views.

5.3.2.3 *Bidding data*

5.3.2.3.1 *Parties' bidding data*

104. The CMA analysed the Parties' bidding data for third-party development of real estate for GP Practices between 2020 and 2025 inclusive.¹⁷¹ The CMA focused on opportunities in which the Parties bid for the role of direct developer, and excluded any opportunities in which a bid was made on the basis of being the forward funder of a development. This is consistent with the CMA's decision to exclude forward funding from its market definition, as noted in paragraph 52.
105. The bidding analysis was twofold, involving: a participation analysis – which considered participation in all the tenders¹⁷² and participation in tenders in which the other party bid; and a win/loss analysis – which considered the outcomes of all tenders that were marked as 'completed' (ie those marked as ongoing were excluded since no meaningful information about win rates could be extracted from bids that were not yet completed).¹⁷³
106. The analysis of the Parties' bidding data shows that Assura is the most active third-party developer of real estate for GP Practices. Of the [70-80] direct development opportunities identified by the Parties over the period 2020 to 2025, Assura bid for [50-60] on a direct developer basis and won [20-30] ([40-50]% win rate). By comparison, PHP was much less active over the same period; it bid for [10-20] opportunities on a direct developer basis and won [0-5] ([10-20]% win

¹⁶⁹ Parties' response to the CMA's request for information, 18 August 2025, RFI3, Annex 7.

¹⁷⁰ PHP Internal Document, Annex 9.6 to the FMN, 'Changing Tides of Primary Healthcare', October 2023, slide 2.

¹⁷¹ Parties' response to the CMA's request for information, 18 August 2025, RFI3, Annex 7.

¹⁷² In their response to question 7 of RFI3, the Parties identify a total of 101 opportunities. However, five appear in both the forward-funding opportunities and the direct development opportunities so were treated as a single opportunity for the purpose of this analysis. Parties Response to the CMA's request for information, 18 August 2025, RFI3, Annex 7.

¹⁷³ Marked as 'Tender Completed' filtered on column N of RFI 3 Annex 7 – PHP and Assura Consolidated Development Bidding Data.

rate).¹⁷⁴ The Parties bid for just [0-10] of the same direct developer opportunities between 2020-2025.

107. While the CMA's analysis identified some overlap between the Parties, it also shows that there are a number of other third-party developers that appear in the bidding data (and which also appear in the Barbour ABI data on planned and completed developments) and won a similar number of opportunities as PHP. These include specialist healthcare developers Mayfair Group Investment, United Health Developments, One Medical, Prime, and GB Partnerships.¹⁷⁵ Further, the CMA notes that the participation and win rates of third parties is likely underestimated in this analysis due to the Parties having only partial information on other third-party developers' activities.
108. The CMA's analysis of the Parties' bidding data is broadly consistent with the information received from third parties relating to their participation in bids, as set out below.

5.3.2.3.2 *Third-party bidding data*

109. The CMA also received: (i) data from some competitors on the tenders they competed in (and informal negotiations they entered into) for the development of GP Practices from 2020 to 2025; and (ii) evidence from some ICBs on the two most recent tenders in their area.
110. A limited number of competitors responded to the CMA during market testing. The evidence from these competitors shows that third-party developers competed for fewer opportunities than Assura over the period 2020 to 2025.¹⁷⁶ It also shows that some third parties, while reporting having bid for fewer opportunities than PHP, won a higher number of bids and completed more developments than PHP over the period 2020 to 2025.¹⁷⁷
111. The CMA also asked ICBs for information relating to their two most recent tenders. Five ICBs responded to the relevant question and provided information relating to a total of 9 tenders which dated back to 2017.¹⁷⁸ While this is a small dataset, the outcomes identified are broadly consistent with the Parties' bidding data and data

¹⁷⁴The CMA undertook the same analysis on an aggregated basis, including forward funding, and found that the overall picture was broadly the same: Over the period 2020 to 2025 Assura bid for [70-80] of a total of [90-100] opportunities on a direct developer or forward funder basis and won [30-40] ([40-50]% win rate), while PHP bid for [10-20] opportunities on a direct developer or forward funder basis and won [0-5] ([10-20]% win rate).

¹⁷⁵ The CMA notes that some of these third-party wins were recorded in the Parties' bidding dataset as forward funding opportunities rather than direct developer opportunities. The CMA understands this to refer to the basis on which the Parties bid and does not apply to third-parties. However, we note that even if these were excluded it does not make a material difference to the overall picture of third party wins and PHP's relative position.

¹⁷⁶ Responses to the CMA questionnaire from a number of third parties, September 2025, question 4.

¹⁷⁷ Responses to the CMA questionnaire from a number of third parties, September 2025, question 4.

¹⁷⁸ Responses to the CMA questionnaire from a number of third parties, September 2025, question 9. The Parties submitted to the CMA that data from ICBs is inconsistent with their internal data on tenders. The CMA notes that the data submitted by ICBs was not limited to a specific timeframe whilst the Parties limited their review to tenders within the last five years. Parties' response to the Issues Letter, 10 October 2025, paragraph 4.24.

received from competitors. The responses showed that Assura won the highest number of tenders and both PHP and a number of other third-party developers compete for some of the same opportunities.

5.3.2.4 *Internal documents*

112. While the Parties have argued that the Merger could have no impact on competition in development given PHP's limited activities in this segment, the CMA considered that PHP's documents do not support a conclusion that PHP is largely inactive in development. First, PHP's management team includes a development director. While PHP submitted that its Development Director 'spends a substantial proportion of his time on relationship management',¹⁷⁹ the CMA notes that PHP's website states that this individual's teams 'have delivered some 30 new premises across the South of the UK, with a particular focus on the South East and Greater London'.¹⁸⁰ The website further states that this individual 'is conversant with all aspects of primary care premises development from the initial project brief right through to achieving practical completion on the premises'. None of those statements are suggestive of a role focused on relationship management, and rather suggest that PHP does have activity in development.
113. The Parties' internal documents contain few references to competitors or competitive conditions. PHP features in one Assura internal document as one of the named competitors,¹⁸¹ but there is limited monitoring of competitors for development in either of the Parties' documents.
114. Internal documents are consistent with Assura having a strong position in development. Assura's documents show that Assura considers itself to be a market leader in development.¹⁸² Other internal documents include discussions about the Merged Entity's overall strength in healthcare real-estate including describing the Merged Entity as likely to be a clear market leader in primary healthcare real estate.¹⁸³ However, given the absence of documents to suggest that PHP has a strong market position in development, the CMA considers that

¹⁷⁹ Parties' response to the Issues Letter, 10 October 2025, paragraph 4.49.

¹⁸⁰ Primary Health Properties Management Team, <https://www.phpgroup.co.uk/about-us/management-team/> (accessed October 2025)

¹⁸¹ Assura Internal Document, Annex 41 to the FMN, '[redacted]', May 2025, page 1: '[redacted]'

¹⁸² Another Assura document describes Assura as holding a 'market leading position in UK primary healthcare' with a 'dominant development team'. The same document notes that 'our competition is still limited, [with] a perceived barrier to entry'. Assura Internal Document, Annex 9 to the FMN, '[redacted]', September 2023, slides 5 and 55.

¹⁸³ An Assura internal document states that the Merged Entity would be a 'clear UK leader in primary healthcare investor and developer (sic)'. Assura Internal Document, Annex 34 to the FMN, '[redacted]', 6 March 2025, slide 15. A PHP investor presentation prepared in connection with the deal states that: 'Management are excited by the creation of a clear market leader in Primary Care Properties' and that remaining invested in the Merged Entity would allow them to '[m]aintain relationship with and exposure to the leading consolidator in a defensive subsector'. PHP Internal Document, Annex 10.7 to the FMN, '[redacted]', 1 April 2025, page 5. A discussion paper prepared in connection with the Merger notes that 'the combined group's high percentage of the development market could potentially trigger additional layers of approval'. PHP Internal Document, Annex 2.2 to the FMN, '[redacted]', October 2024, page 12.

these documents may be reflective of Assura's pre-Merger strength in the development of real estate for GP Practices and the Parties' existing portfolios.¹⁸⁴

115. A few of the internal documents indicate that they recognise that they are particularly well-placed to capitalise on the increased demand for third-party funding for the development of GP Practices.¹⁸⁵ Despite some documents indicating that PHP is interested in development in the future, the CMA considered that a number of other PHP internal documents indicate that its development activity is currently muted [REDACTED]. For example, [REDACTED] 'rents need to reflect the cost of new premises' and that '[REDACTED]'.¹⁸⁶ Another PHP document from [REDACTED] shows that PHP considered that 'significant rental increases are required above the current DV valuations to make new development viable'.¹⁸⁷
116. As regards Assura, one of its internal documents states that '[REDACTED]' and 'we continue to work with NHSE and DVS to see if we can agree a strategy to raise CMR levels'.¹⁸⁸ The CMA considered that this could indicate a strategy by Assura that would put increased pressure on NHS bodies with constrained capital budgets, who are therefore reliant on third-party developers to meet their demand for new premises, to agree higher rents. However, the CMA cannot exclude that Assura's reduced activity could be driven by short-term commercial considerations around the economic viability as appears to be the case for PHP.
117. In any event, irrespective of the current driver of any temporary move away from the development of real estate for GP Practices by Assura, any change in this strategy would only be captured by the CMA's review to the extent it arises from the loss of a material constraint provided by PHP. The CMA concludes on this below (see section 5.3.2.6) This includes if the Merged Entity attempted to use Assura's existing significant position in the third-party development of real estate for GP Practices as leverage in negotiations with the NHS.

¹⁸⁴ For example, Assura Internal Document, Annex 14 to the FMN, '[REDACTED]', 9 November 2023, page 1. and PHP Internal Document, Annex 5.4 to the FMN, '[REDACTED]', pages 99-104. In addition, PHP's May 2025 Investor Presentation in connection with the Merger states 'What will the new 10 year plan mean for PHP? Creating favourable momentum shift for higher demand and growth. Modern, flexible premises will win. Bigger, high-tech specification premises, providing a wider range of services over longer opening hours, as community assets.' PHP Internal Document, Annex 10.12 to the FMN, 'Proposed Combination of PHP and Assura', 16 May 2025, page 5.

¹⁸⁵ See Assura Internal Document, Annex 14 to the FMN, '[REDACTED]', 9 November 2023, page 1; and PHP Internal Document, Annex 5.4 to the FMN, '[REDACTED]', page 63.

¹⁸⁶ PHP Internal Document, Annex 5.4 to the FMN, '[REDACTED]', pages 99-104.

¹⁸⁷ PHP Internal Document, Annex 4.2 to the FMN, 'Primary Health Properties PLC BOARD MEETING', 30 June 2023, page 14. Another PHP document dated December 2023 refers to [REDACTED]. PHP Internal Document, Annex 4.5 to the FMN, 06 December 2023, page 9. A further PHP's Board Update document dated [REDACTED]. PHP Internal Document, Annex 4.9 to the DMN, '[REDACTED]', 23 October 2024, pages 103 and 126.

¹⁸⁸ Assura Internal Document, Annex 1 to the FMN, '[REDACTED]', May 2023, page 1.

5.3.2.5 *Third-party evidence*

118. This section considers evidence received by the CMA from third parties, including ICBs, competitors and other third parties regarding: (i) closeness of competition; (ii) the strength of alternatives; and (iii) views on the Merger.

5.3.2.5.1 *Third-party developers*

119. The CMA asked ICBs to rate the developers that they considered could meet GPs' requirements for the development of new GP Practices in their areas.
120. Assura and PHP were identified by the vast majority of ICBs as suitable developers.¹⁸⁹ Three other specialist third-party primary healthcare developers were also identified as suitable by several ICBs, although fewer ICBs identified each of these developers than identified the Parties. Specifically, Medical Centre Developments,¹⁹⁰ One Medical¹⁹¹ and GB Partnerships¹⁹² were all identified as being able to meet GP's requirements.
121. While just over half of ICBs that provided a view identified four or fewer developers (with these ICBs all identifying the Parties as 'very' or 'fully' suitable developers),¹⁹³ over a quarter of ICBs identified six or more developers as 'fully' or 'very' suitable and over a third of ICBs identified five or more options as moderately suitable or better.^{194, 195}
122. However, a small number of third parties indicated that the number of alternative developers for third-party development of real estate for GP Practices is limited.¹⁹⁶
123. In addition to the developers who were identified as suitable options by multiple ICBs, there is evidence of a longer tail of third-party developers active in the market:
- (a) Four third-party developers (in addition to those listed in paragraph 121) that the CMA understands specialise in primary healthcare developments were

¹⁸⁹ Responses to the CMA questionnaire from a number of third parties, September 2025, question 12. Includes those that rated the Parties as fully or very suitable.

¹⁹⁰ Responses to the CMA questionnaire from a number of third parties, September 2025, question 12.

¹⁹¹ Responses to the CMA questionnaire from a number of third parties, September 2025, question 12.

¹⁹² Responses to the CMA questionnaire from a number of third parties, September 2025, question 12.

¹⁹³ Responses to the CMA questionnaire from a number of third parties, September 2025, question 12.

¹⁹⁴ Responses to the CMA questionnaire from a number of third parties, September 2025, question 12.

¹⁹⁵ Responses to the CMA questionnaire from a number of third parties, September 2025, question 12.

¹⁹⁶ One third party told the CMA that the number of developer investment companies participating in tenders has declined significantly since 2012, creating potential for commercial advantage among the remaining competitors. Note of a call with a third party, August 2025, paragraph 1. Another third party identified the Parties and one other developer as the only significant third-party developers that would both develop and then hold the lease on the property that it was aware of. Note of a call with a third party, July 2025, paragraph 2.

identified as being suitable by at least one ICB each.¹⁹⁷ These are Prime Plc, United Healthcare Developments, MedCentres and HIH.

(b) Barbour ABI data provides evidence of a long tail of third-party competitors that have each completed one or two developments since 2021.¹⁹⁸

(c) Evidence from competitors, while limited, also supported that there are a number of active alternative third-party developers.¹⁹⁹

124. Evidence of a tail of competing third-party developers from ICBs and competitors indicates that there may be regional differences in the third-party developers available to develop real estate for GP Practices. However, most competitors that responded to the CMA reported that they work across all of the UK, or all of England.²⁰⁰ The CMA considered that the difference in these responses may in part be due to the fact that ICBs are one step removed from the process and tender infrequently in any given area.²⁰¹ This may mean that their awareness of the tail is limited, even if as shown by the Barbour ABI and bidding data such a tail exists and many members of the tail are active to a similar extent as PHP.
125. PHP's existing reputation and relationships as a landlord as well as a developer may explain why PHP was recognised by the vast majority of ICBs as being a suitable developer despite it participating in (and winning) far fewer competitive tenders than Assura, and on a magnitude more similar to other third-party developers that were rated as suitable less often. Its position as one of the largest third-party landlords of GP Practices means that many ICBs will have experience working with PHP in this capacity and may have engaged in developments relating to PHP's existing portfolio, such as extensions and refurbishments. Barbour ABI data, submitted to the CMA by the Parties, confirms that PHP is active in this space.²⁰²
126. While there appear to be a number of alternative third-party developers to the Parties, there are also alternative sources of funding, including public capital, which may not be an option in all circumstances, but nevertheless will provide some additional constraint on the Merged Entity, as considered below.

¹⁹⁷ Responses to the CMA questionnaire from a number of third parties, September 2025, question 12. Counted if rated as 'fully' or 'very' suitable. In addition, a small number of ICBs listed general property developers/housebuilders such as Eden Stow and Taylor Lindsey, and investment companies such as Standard Life and Longmead Capital to be suitable alternatives.

¹⁹⁸ Annex 27, FMN.

¹⁹⁹ Responses to the CMA questionnaire from a number of third parties, September 2025, question 6.

²⁰⁰ Responses to the CMA questionnaire from a number of third parties, September 2025, question 2.

²⁰¹ One ICB noted that it does not hold information on previous tenders because the choice of developer is determined by the GP practice. Another ICB noted that the usual process is for the GPs to invite developers to present options to them and while the ICB supports the GPs it is not their process to run. Response to the CMA questionnaire from third parties, September 2025, question 9 and question 7 respectively.

²⁰² The CMA identified [0-10] completed developments for PHP in the Barbour ABI data which appear, from the descriptions provided, to be refurbishments, upgrades, or extensions to existing PHP sites.

5.3.2.5.2 *Alternatives to third-party developers*

127. The CMA explored the extent to which alternatives to third-party developers may provide a constraint on the Parties in the third-party development of real estate for GP Practices.
128. As set out above in section 5.2.1.2.1.2, evidence indicates that, in certain cases, NHS PS is considered a reasonable alternative by some ICBs, as are alternative publicly-funded sources of capital funding, such as LIFTCOs, district councils, local governments, and Section 106 / CIL funding. However, a small minority of ICBs stated that alternative sources of capital are not currently available to them, meaning that they are reliant on the third-party developer model.²⁰³
129. The Barbour ABI data,²⁰⁴ submitted by the Parties also shows that publicly funded providers engage in a significant level of development.
130. The CMA notes that in the round, the evidence indicates that these alternatives to third-party developers are likely to provide some degree of out of market constraint.

5.3.2.5.3 *Third-party views on the Merger*

131. The CMA also asked third parties for their view on the impact of the Merger on competition in the third-party development of GP Practices. As outlined below, views were mixed:
- (a) A majority of ICBs that responded had a neutral view of the Merger.²⁰⁵ While just over a third of ICBs had negative or mixed views of the Merger,²⁰⁶ those ICBs that explained their concerns generally pointed to reduced capacity.²⁰⁷ In addition, one ICB that expressed a negative view focused on the risk that PHP's more aggressive business strategy may be extended to Assura's existing market position.²⁰⁸ As set out in section 5.3.3.2.3, any such post-Merger changes in business strategy are captured by the CMA's review to the extent they arise due to changes in competitive constraints.
 - (b) A majority of the competitors that responded to the CMA were concerned but the CMA notes that the sample size was limited.²⁰⁹ Some of these concerns related to a potential reduction in forward-funding options as a result of the

²⁰³ Response to the CMA questionnaire from a third party, September 2025, question 10.

²⁰⁴ Annex 27 to the FMN, 'Planning Data Classification'.

²⁰⁵ Response to the CMA Questionnaire from a number of third parties, September 2025, question 18. Just over half of ICBs had a neutral view of the Merger.

²⁰⁶ Response to the CMA Questionnaire from a number of third parties, September 2025, question 18. Some ICBs had a mixed view of the merger and provided possible positive and negative outcomes; and around a third had a negative view of the merger.

²⁰⁷ Response to the CMA Questionnaire from a number of third parties, September 2025, question 18.

²⁰⁸ Note of a call with a third party, September 2025, paragraph 1.

²⁰⁹ Response to the CMA Questionnaire from a number of third parties, September 2025, question 12.

merger.²¹⁰ Other concerns included a narrowing of choice, reduced incentives to innovate and a greater influence over the DV.²¹¹

- (c) A majority of GPs had a neutral or positive view although, again, the CMA notes that the sample size was very small, therefore limited the weight the CMA placed on this evidence.²¹²
- (d) Two other third parties had neutral views of the Merger, with one noting that there are no barriers to entry to the market for the development of GP Practices.²¹³

5.3.2.6 *Conclusion on theory of harm 1*

132. For the reasons set out above, the CMA considered that the Merger does not give rise to a realistic prospect of an SLC in relation to the third-party development of GP Practices. In summary:

- (a) Assura is the biggest and most active third-party developer, identified as suitable developer by most ICBs, a track record of winning most of its bids and recognised as a market leader in its internal documents. PHP is one of a number of other third-party developers all of which have a similar level of activity both in terms of bidding for, and winning, opportunities. There are other developers with a material presence, and a longer tail of developers engaging in some bidding and development activities. While some ICBs (and GPs) may not always be aware of (or, in some cases, able to access) the whole of the long tail of third-party developers, the CMA considered that, in aggregate, the remaining competitors will likely provide sufficient constraint on the Merged Entity in third-party development of real estate for GP Practices.
- (b) A number of alternative publicly funded sources of capital funding are available for the development of GP Practices to at least some ICBs and these are likely, on aggregate, to provide at least some degree of out of market constraint to third-party developers including the Parties.

133. On the basis of this evidence, the CMA also does not consider that, based on their activities as developers, the Merger will have an impact on negotiations with ICBs / the NHS at a wider system level.

134. The evidence set out above shows that Assura currently has a very significant position in the development of real estate for GP Practices and that its business

²¹⁰ Response the CMA Questionnaire from a third party, September 2025, question 12.

²¹¹ Response to the CMA Questionnaire from a number of third parties, September 2025, question 12.

²¹² Response to the CMA Questionnaire, September 2025, question 3.

²¹³ Note of a call with a third party, July 2025, paragraph 9. and Note of a call with a third party, July 2025, paragraph 21.

strategy in development is very different to PHP's strategy (ie PHP's limited activity at present). To the extent that post-Merger there is a change in business strategy, including if the Merged Entity attempts to use Assura's position to exert influence in negotiations with ICBs / the NHS at a wider system level, then the evidence gathered in this investigation indicates that it would not be due to the loss of a competitive constraint provided by PHP, but rather from a change in strategy applied to Assura's existing position.

135. As the CMA believes that the Merger does not give rise to competition concerns, it is not necessary to consider countervailing factors further in this decision.

5.3.3 Theory of harm 2: Horizontal unilateral effects in third-party ownership and management of real estate for GP Practices at an ICB level and in GB

136. The CMA has assessed whether it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC as a result of horizontal unilateral effects in the market for third-party ownership and management of real estate for GP Practices at an ICB level, and in aggregate, in GB.
137. As part of this assessment, the CMA has considered the impact of the Merger on:
- (a) Price competition within the current system;
 - (b) Market practice;
 - (c) Other rental terms; and
 - (d) Alternative options for customers at lease renewal.

5.3.3.1 Parties' submissions

138. The Parties submitted that there is no price competition between them because rents for GP Premises are subject to a system of strictly regulated price control rather than being determined through free market negotiation between landlords and tenants. They submitted that:
- (a) Rent levels need to be agreed with ICBs;²¹⁴
 - (b) Absent agreement, rent levels are ultimately determined unilaterally by NHS Resolution;²¹⁵
 - (c) Rent levels are subject to a statutory review process whereby:

²¹⁴ Parties' response to the Issues Letter, 10 October 2025, paragraph 1.42(a).

²¹⁵ Parties' response to the Issues Letter, 10 October 2025, paragraph 1.44(i).

- (i) The appropriate rent level is assessed and identified by the DV which follows RICS guidance that requires an objective valuation based on all relevant comparator properties;²¹⁶ and
 - (ii) PHP's leases are required to contain an express provision noting that it will accept the DV's final determination as the agreed rent;²¹⁷
 - (d) The statutory system of price (and terms) control under the PCD is specifically designed to remove any potential for the exercise of market power and is ownership agnostic;²¹⁸ and
 - (e) While retained agents will engage in a bilateral discussion with the relevant DV to make the case for a satisfactory initial rent (or reviewed rent when the lease is up for rent review), this will be based on factors relating to that DV's assessment of the individual property rather than a supply and demand type of competitive dynamic found in ordinary real estate markets not subject to regulated system of price control.²¹⁹
139. Within this system the Parties submitted that there will be no change post-Merger as:
- (a) The Parties will not gain a stronger position in negotiations with ICBs due to access to a larger pool of rental benchmarks as ownership of a larger pool of comparators is irrelevant to the rental valuation outcome.²²⁰ This is because the ability to access relevant benchmark properties exists absent the Merger and the DV and any property agent currently have, and will retain, the ability to review all relevant comparators before and after the Merger.²²¹ Moreover even if there were any incremental advantage to the Parties it would have no effect on negotiations because the DV already has complete visibility and detail of all the rental valuations carried out across GP Practices.²²²
 - (b) The Parties, individually, already contest (through the local process) the vast majority of the DV valuations because they are currently fully incentivised to obtain the best outcomes for rental levels within the framework of the statutory price control regime, and this will not be affected by the Merger.²²³ The Parties also submitted that the size of a landlord's portfolio does not

²¹⁶ The Parties submitted that the DV operates using the DV Services dataset, which comprises the full universe of relevant data. Parties' response to the Issues Letter, 10 October 2025, paragraphs 1.56 and 1.58.

²¹⁷ Parties' response to the Issues Letter, 10 October 2025, paragraph 3.16.

²¹⁸ Parties' response to the Issues Letter, 10 October 2025, paragraph 1.45.

²¹⁹ FMN, paragraph 15.65.

²²⁰ Parties' response to the Issues Letter, 10 October 2025, paragraph 1.57.

²²¹ Parties' response to the Issues Letter, 10 October 2025, paragraph 1.57.

²²² The Parties submitted that the DV operates using the DV Services dataset, which comprises the full universe of relevant data. Parties' response to the Issues Letter, 10 October 2025, paragraphs 1.56 and 1.58.

²²³ Parties' response to the Issues Letter, 10 October 2025, paragraph 1.67.

affect the landlord's ability to influence the CMR at any given CMR assessment process.²²⁴

- (c) Currently, the Parties rarely exercise their right of full appeal (ie via NHS Resolution), including for those areas where they already have, individually, clusters of similar properties in the immediate locality.²²⁵ The Merger does not change anything in relation to the Parties' ability to use the dispute resolution mechanism under the PCDs.²²⁶

140. Moreover, the Parties have submitted that there is no competitive rivalry between existing properties. Specifically:

- (a) Given the length of leases (20-25 years), and the unlikelihood of two appropriate properties owned by each Party becoming available for a GP Practice to choose between at the same time,²²⁷ there is no possibility (or evidence) of switching during the lease or at the end of the lease, which means that there is no competitive rivalry between existing properties.²²⁸
- (b) Rather at the end of the lease, the GP tenant must decide whether to (i) renew the lease on their current property (most common) or (ii) move to a new purpose-built property (ie development of a new premise). A GP tenant has the statutory right to renew the lease on equal or better terms and for a rent determined under the PCDs procedure. In any event, the driver of the decision is whether the current property is 'suitable' for the GP Practice's needs as opposed to a commercial decision of the landlord. Such a decision is not driven by rent or quality of services provided by the landlord (e.g. maintenance).²²⁹

141. In relation to other rental terms, the Parties submitted that other lease terms are not parameters of competition. The Parties stated this was for the following reasons. First, developers are expected to adhere to the DV's standard lease terms which cover rent review, repair and maintenance, and prevent profiteering from service charges. Second, car parking is included in rent negotiations, and all charges must comply with the RICS Code's cost-recovery principle. Third, service and car-parking charges and maintenance terms form part of the lease value

²²⁴ Parties' response to the Issues Letter, 10 October 2025, paragraphs 1.54.

²²⁵ FMN, executive summary, paragraph 23.

²²⁶ Parties' response to the Issues Letter, 10 October 2025, paragraphs 1.62.

²²⁷ Specifically the Parties submitted the properties in each Party's portfolio will only exceptionally be put out to market to secure new tenants for occupation and, from the perspective of a GP Practice seeking a property to let, the likelihood of two suitable properties (one owned by each Party) being (i) vacant and available, (ii) at the same time in the 25 year plus leasehold cycle and (iii) in the same local area is extremely low, meaning that, for all practical purposes, competition does not arise between the Parties at the point of a lease renewal and tenant selection. FMN, executive summary, paragraphs 15 and 17; Parties' response to the Issues Letter, 10 October 2025, paragraphs 1.42(e) and 1.43.

²²⁸ The Parties also submitted that there is no prospect of rivalry given GP tenants have statutorily protected occupancy rights, GP cannot move without ICB consent and GP Practices have no price incentive to move given their rent is reimbursed. Parties' response to the Issues Letter, 10 October 2025, paragraph 1.47 and 1.48.

²²⁹ Parties' response to the Issues Letter, 10 October 2025, paragraphs 1.56.

assessed by the DV. Fourth, investor and regulatory oversight make a deterioration of building quality or maintenance standards highly unlikely.²³⁰

142. The Parties also submitted that developing a property is considered as an alternative option to extending a lease in some circumstances (eg where a property is no longer fit for purpose),²³¹ and in such situations there would remain sufficient alternative options after the Merger.²³² Further, PHP's customers whose leases expired in the past 3 years all renewed (apart from where a practice was dissolved) and neither Party has developed a GP Premise for one of the other's existing tenants.²³³

5.3.3.2 PCD framework for rental pricing

143. Under the current framework, as set out in PCDs, the appointed DV applies the RICS valuation methodology to determine the appropriate CMR by reference to comparable properties, and (for new developments) whether the terms of the lease that affect the reimbursable aspects (such as the rent review mechanism) represent value for money.²³⁴ Landlords are invited to make representations to the DV,²³⁵ and typically do so via agents that suggest additional comparators.²³⁶ Some aspects of the lease (such as some elements of service charges, and aspects of maintenance) are not reimbursable aspects, and are therefore not considered by the DV.
144. The CMA understands that a CMR assessment on a property occurs: (i) when a new lease is negotiated (either prior to a development or on renewal) and (ii) following a regular review cycle depending on the terms of the lease. The majority of PHP's and Assura's leases of GP Practices ([80-90]% and [80-90]%, respectively) have rents that are reviewed according to the level of CMR determined by the DV.²³⁷
145. The CMA understands that the balance of PHP's and Assura's portfolios have either indexed or fixed uplift-based reviews set out within the terms of the lease itself. As acknowledged by the Parties, leases subject to indexed or fixed uplift-based reviews can include government-backed leases.²³⁸ Therefore, the CMA understands that it is already the case that there are leases in the Parties'

²³⁰ Parties' response to the Issues Letter, 10 October 2025, paragraph 1.42(b), 2.35, 2.38 and 2.39, 2.41 and 3.16; Parties' Issues Meeting presentation, 8 October 2025, slide 56.

[https://competitionandmarkets.sharepoint.com/sites/MRG1-ME-2255-25Phase1/Shared Documents/Parties/Issues Letter/Issues Meeting/PHP Assura - Issues Meeting - presentation \(Final\).pptx?web=1](https://competitionandmarkets.sharepoint.com/sites/MRG1-ME-2255-25Phase1/Shared Documents/Parties/Issues Letter/Issues Meeting/PHP Assura - Issues Meeting - presentation (Final).pptx?web=1)

²³¹ FMN, paragraph 15.35.

²³² Parties' response to the Issues Letter, 10 October 2025, paragraph 1.36.

²³³ Parties' response to the Issues Letter, 10 October 2025, paragraph 1.37.

²³⁴ *Premises Cost Directions (2024)*, Part 5, Direction 48.

²³⁵ *Premises Cost Directions (2024)*, Part 5, Direction 34(2)(b).

²³⁶ FMN, paragraph 15.63.

²³⁷ Parties' response to the CMA's RFI 3, 28 August 2025, Annex 6, tab "1. Properties owned by Parties".

²³⁸ FMN, paragraph 15.59. See also Annex 6 of the Parties' response to the CMA's Request for Information, 18 August 2025, (RFI 3) in respect of the figures for GP Practices.

portfolios with rent-review mechanisms that fall outside the scope of the DV's remit and this is considered further below in paragraphs 168 to 172.

5.3.3.2.1 *Third-party views* ²³⁹

146. Third parties raised a number of concerns about the impact of the Merger.
147. First, several third parties expressed concerns that the Merger would lead to increased concentration, particularly in relation to larger, more modern buildings, which may result in higher rents, more prolonged or assertive rental negotiations, or less favourable lease terms. Some of these third parties also told the CMA that impacts on the CMR of individual properties can have a wider impact across the Parties' wider portfolio and the wider GP provider estate.²⁴⁰
148. Second, some third-party evidence indicates that the Parties currently already take aggressive stances in negotiations, with a number of third parties expressing concern that this may worsen following the Merger, with one third-party highlighting a particular concern about PHP's strategies being extended to Assura.²⁴¹
149. Third, some third parties expressed concern in relation to the impact of Merger on the comparator properties used by the DV. These were that the number and/or diversity of comparators would reduce, that all larger local comparators would be owned by the Merged Entity and that the Merged Entity would seek to use its other properties as comparator properties.²⁴²
150. In the following sub-sections, the CMA sets out its assessment of each of these concerns.

5.3.3.2.2 *Potential for higher rents and spillovers between properties*

151. Evidence indicates that the DV is not a price regulator, contrary to the Parties' submissions, that the Parties and other landlords have some ability to influence the outcome of the CMR assessment, and access to better information can improve a landlord's position in negotiations with the DV.
152. First, a third party explained that although the DV's assessment may constrain rent increases to a degree, the DV does not regulate or determine rents – rather, it

²³⁹ The Parties submitted that the DV operates using the DV Services dataset, which comprises the full universe of relevant data. Parties' response to the Issues Letter, 10 October 2025, paragraphs 1.56 and 1.58.

²⁴⁰ Response to the CMA questionnaire from a number third of parties, September 2025, question 17 and 18. Note of Call with Third Party, August 2025, paragraphs 11 & 15. Note of a call with a third party, July 2025, paragraph 24.

²⁴¹ Note of a call with a third party, September 2025, paragraph 1, note of a call with a third party, August 2025, paragraphs 15 and 17; note of Call with Third Party, August 2025, paragraphs 11 and 15.

²⁴² Response to the CMA questionnaire from a third party, September 2025, question 17. Response to the CMA questionnaire from a third party, October 2025, question 11.

provides its assessment of the CMR to the ICBs, which can be challenged, with NHS Resolution ultimately determining disputes.²⁴³

153. Second, the CMA has seen internal documents indicating that the Parties seek to influence the DV's assessment and have success in doing so. For example:
- (a) A PHP strategy document concludes a discussion of PHP's rental growth strategy by stating, '[redacted]'.²⁴⁴ While the Parties submitted this comment is '[redacted]',²⁴⁵ it reflects that PHP has been seeking to challenge the system and that doing this is beneficial, eg, through higher rents.
 - (b) One Assura [redacted] dated February 2024 states that '[redacted]'.²⁴⁶
154. These internal documents are consistent with other evidence on the Parties' strategies. In particular:
- (a) The Parties use agents to engage in bilateral discussions with the DV to make the case for a satisfactory rental price.²⁴⁷ This includes identifying comparable properties that the agent considers should be included in the DV assessment, as reflected in data,²⁴⁸ and internal documents²⁴⁹ provided by the Parties. The use of such agents suggests that the Parties see a benefit in engaging with the DV and seeking to influence the CMR assessment by providing such submissions. The internal documents also show that comparators suggested by the Parties' agents can influence the CMR assessment.
 - (b) Assura's internal documents show that it has been developing a '[redacted]'.^{250, 251}
155. Third, evidence from third parties also indicates that landlords, including the Parties, have some ability to influence the outcome of the CMR assessment by proposing comparator properties, with access to information improving the landlord's negotiating position. In particular:

²⁴³ Note of a call with a third party, August 2025, paragraph 2.

²⁴⁴ PHP Internal Document, Annex 5.4 to the Final Merger Notice, '[redacted]', 18 October 2024, page 119.

²⁴⁵ Parties' response to the Issues Letter, 10 October 2025, paragraph 5.49(b).

²⁴⁶ Assura Internal Document, Annex 17 to the FMN, '[redacted]', February 2024, page 1.

²⁴⁷ FMN, Executive Summary, paragraph 22.

²⁴⁸ Parties' response to CMA's RFI 5, Annex 1 and Annex 2.

²⁴⁹ Parties' response to the CMA's Request for Information, 11 August 2025, (RFI 2), paragraphs 29 to 30, Annex P8.1-P8.9, and Annex A8.1-A.9.

²⁵⁰ Assura Internal Document, Annex 57 to the FMN, June 2024, pages 4-6, and Parties' response to the Issues Letter, 10 October 2025, paragraph 5.28. See also Assura Internal Documents Annex 81, '[redacted]', 19 October 2023, page 1, Annex 73, '[redacted]', 23 April 2023, page 2, and Annex 55, '[redacted]', February 2024, page 3.

²⁵¹ Parties' response to the Issues Letter, 10 October 2025, paragraphs 5.30 and 5.34.

- (a) Just under half of ICBs said that it is very common for the DV's findings on CMR to be disputed,²⁵² with only one saying it was not very common.²⁵³ Some ICBs also said that disputes could lead to high rents.²⁵⁴
 - (b) A few ICBs indicated that better information – either directly or through agents could influence the outcome of CMR assessments.²⁵⁵
 - (c) Another third party explained that landlords would typically seek the highest possible rent based on the evidence available, which may involve negotiation if the GP or landlord dispute the CMR assessment. This third party told the CMA that landlords with large portfolios and high-value modern premises, like PHP and Assura, have greater market knowledge and influence, and can exert pressure during negotiations, making it harder for tenants to negotiate tenant acceptable terms.²⁵⁶
 - (d) A few competitors also told the CMA that one of the main determinants of their ability to influence the DV in CMR assessments is being able to provide evidence on comparator properties.
156. Based on the evidence above, the CMA understands that a landlord with a greater portfolio of similar properties may have a greater understanding of the particulars of those similar properties. If this is the case it could allow the landlord to better identify similar properties that best support its case and put those properties forward as comparators when seeking a higher rent as part of a CMR assessment, putting greater upward pressure on the CMR. The CMA considers this further below.
157. Evidence also shows that both the Parties and others recognise the presence of spillovers between comparable properties. In particular:
- (a) As set out in paragraph 149, some third parties told the CMA that impacts on the CMR of individual properties can have a wider impact across the Parties' wider portfolio and the wider GP provider estate.
 - (b) The Parties' internal documents²⁵⁷ indicate that they already pursue a strategy of aimed at maximising rental growth across their portfolios by

²⁵² Response to the CMA questionnaire from a number of third parties, September 2025, question 14.

²⁵³ Response to the CMA questionnaire from a third party, September 2025, question 14.

²⁵⁴ For example, one ICB said that in its experience the DV valuation would on average be around a 3% rise over the three-year (standard) review period. RRM produced by the Landlord are usually in excess of 6% for the same period, however once this has been negotiated through Approved Valuers & the District Valuer the increase usually settles at around 4.5%. Response to the CMA questionnaire from a number of third parties, September 2025, question 14.

²⁵⁵ Response to the CMA questionnaire from a number of third parties, September 2025, question 15.

²⁵⁶ Note of a call with a third party, August 2025, paragraph 6.

²⁵⁷ This is also reflected in the Parties submissions. For example, the Parties submitted that an increase in the CMR of one property (determined by the DV / NHS Resolution) might be considered when the CMR of another property in the same area is assessed and that is exactly how the CMR system is expected to work. Although, the Parties also submitted that the Merger cannot lead to an SLC as the Parties' combined portfolio will be subject to exactly the same

influencing comparators for each CMR assessment.²⁵⁸ For example, an Assura internal document states that a headline rent on a possible investment 'will create positive evidence for rent reviews in the area', [REDACTED].²⁵⁹

158. Moreover, evidence indicates there are likely to be spillovers between the Parties' properties due to the similarity of their portfolios. In particular:
- (a) Evidence from third parties suggests that the Parties specialise in and have a higher share in larger, modern, purpose-built premises.²⁶⁰
 - (b) Data²⁶¹ and internal documents²⁶² provided by the Parties show that the DV and the Parties frequently identify their own/each other's properties as comparators.
159. In addition, based on the available evidence it is not clear that the Merger will materially change the Parties' ability to influence the DV assessment. In particular:
- (a) While around a third of ICBs who responded to the CMA raised concerns about the impact of the Merger on rental prices (see section 5.3.3.2.1 above), the same number of ICBs said that there would be no impact on rental negotiations/assessment as a result of the Merger. Reasons for this included that: (i) CMR assessments would still be conducted and set by DV; (ii) there is a small percentage of PHP and Assura owned GP premises in the relevant

property by property rental assessment by the DV and effective system of statutory control as currently exists today. Parties' response to the Issues Letter, 10 October 2025, paragraph 1.55.

²⁵⁸ For example, see PHP Internal Document Annex 5.4 to the FMN, '[REDACTED]' 18 October 2024, pages 54-55 & 95, and Assura Internal Documents, Annex 54 to the FMN, '[REDACTED]' page. 5, Annex 5.4 to Response to CMA request for information 3, '[REDACTED]' 19 January 2022, page 2.

²⁵⁹ Assura Internal Document, Annex 5.4 to Response to CMA request for information 3, '[REDACTED]' 19 January 2022, page 2.

²⁶⁰ One third party told the CMA that the Parties are larger market players and that their property portfolio tends to be made of premises that were, more modern, of higher-value, and more closely aligned with government agenda for primary care provision. Note of a call with a third party, August 2025, paragraphs 6-7. Similarly another third party told the CMA that the Merger will result in the Merged Entity have a significantly larger market share of modern, purpose-built GP Premises nationwide. Response to the CMA questionnaire from a third party, September 2025, question 17. Another third party told the CMA that the Merger would result in the Parties owning the majority [REDACTED] of the larger, more modern buildings, which are typically purpose-built and higher-end, in a geographic area [REDACTED]. Note of a call with a third party, August 2025, paragraph 15.

²⁶¹ For example, Assura submitted that it/its agents proposed [40-50] of its own properties as comparators out of a total of [110-120] proposed comparators and [30-40] PHP owned properties as comparators out of a total of [110-120] proposed comparators across the last [10-20] rent reviews. Parties' response to the CMA's Request for Information, 9 October 2025 (RFI 5), Annex 2. PHP submitted that it/its agents proposed [60-70] comparators owned by one of the Parties out of a total of [90-100] proposed comparators across its last [20-30] rent reviews. More detailed data was provided for [10-20] of those rent reviews and indicated that PHP proposed [10-20] Assura properties and [20-30] of its own properties out of a total of [50-60] comparators. Parties' response to CMA's RFI 5, Annex 1; Email to the CMA from PHP dated 16 October 2025.

²⁶² Appeal documents show the two most recent GP Practices subject to rental dispute determined by NHS Resolution, the DVS and the appellant each submitted between [0-5] and [0-10] unique comparator sites within a maximum radius of 48.7 miles. In one case, the comparators submitted by the DV were all owned by the Parties, while the appellant – Assura – submitted an additional [0-5] competitor sites and [0-5] Assura owned-sites as comparators. In the other case, only one third of comparator sites initially used by the DV were owned by either of the Parties, while the appellant – PHP – submitted an additional [0-10] unique comparators, [0-10] of which were retained as comparators in the final analysis and all owned by PHP or Assura. Parties' response to the CMA's Request for Information, 11 August 2025, (RFI 2), paragraphs 29 to 30 and Annexes P8.1-P.8.9 and A.1-A.12.

ICB's area; (iii) both PHP and Assura already regularly dispute rents; and (iv) the CMR assessment is not owner-dependent, but based on market rents in the area.²⁶³ Further, as explained in paragraphs 146 to 150, where ICBs expressed concern about the impact of the Merger on rental prices this was in at least some cases related to factors other than competition (eg the extension of one Party's pre-Merger negotiating strategy to the Merged Entity).

- (b) Further around half of ICBs that provided a view specifically stated that the presence of one Party in an area did not affect the CMR assessments on the other Party's properties.²⁶⁴ If this is the case pre-Merger then it is unclear how the Merger would change the outcome of CMR assessments. In this regard the CMA understands that the DV's CMR assessment does not take into account the identity of a property's owner when considering whether it is to be used as a comparable. Rather it focusses upon the quality and characteristics of the property concerned.²⁶⁵
- (c) While evidence outlined at paragraphs 155 and 156 above suggests there are advantages to having more knowledge of comparators, it is unclear that the Merger will materially change the ability of the Parties to cite each other's properties as comparator properties in CMR assessments. In particular, the evidence set out above shows that the DV and the Parties already frequently identify one Party's GP Premises as a comparator property in the CMR assessment of the other Party's GP Premises. Further, agents play a role in the market in providing such information to support negotiations.

160. Finally, the CMA understands that, while at the development phase a developer can walk away (or threaten to) if it is unhappy with the terms (including rent) being offered, this is not possible for landlords at rent-reviews or renewals. In particular, as set out above in paragraph 27(c) GP tenants have statutory protections allowing them to renew their lease and ultimately if a landlord disagrees with the DV assessment and formally challenges it, then NHS Resolution determines the rent for a GP Premise.

5.3.3.2.3 *Potential for more aggressive negotiating practices*

161. As outlined at paragraph 148, some third-party evidence indicates that the Parties currently already take aggressive stances in negotiations. A number of third parties expressed concern that this may worsen following the Merger for several

²⁶³ Response to the CMA questionnaire from a number of third parties, September 2025, question 17.

²⁶⁴ Response to the CMA questionnaire from a number of third parties, September 2025, question 15. Note that this does not imply that the remaining ICBs indicated that the presence of one party in the area did affect the CMR assessments on the other Party's properties, rather respondents generally did not make a specific statement on that point.

²⁶⁵ FMN, executive summary, paragraph 9(c). Also see Note of a call with a third party, August 2025, paragraph 12. Response to the CMA questionnaire from a third party, September 2025, question 2.

reasons.²⁶⁶ This included a third party identifying that PHP exhibits more aggressive practices and expressing concern that this approach could extend to Assura properties following the Merger.²⁶⁷

162. The Parties' stance in negotiation is a matter of business strategy. There may be a number of determinants of business strategy including the presence of competitive constraints, however, business strategy may vary for other reasons. The CMA's focus is on how a merger affects competition, and that may include consideration as to whether a merger will change a business's ability or incentive to pursue a particular strategy.
163. Consistent with the third-party evidence, the Parties' internal documents indicate that both Parties do strategically seek to maximise rental increases under the current system through negotiations with the DV, as discussed in paragraph 153 above. To do so, the Parties strategically identify comparator properties that would support the highest possible rent, and evaluate the business case for improvements to their own properties by reference to its ability to produce increase for that property, and its utility as a future comparator property in the local area.²⁶⁸ While the Parties cannot currently influence decisions about improvements to a property owned by the other Party, any improvement that supports a rent increase currently also benefits the other Party in future negotiations.
164. Notwithstanding the Parties' strategies, the CMA has not found evidence that the Parties are able to maximise rent increases beyond the structural limits of the DV system. In particular, while an improvement to a property can increase rental returns, the improvement must be agreed with the NHS and will be subject to the value for money assessment, which takes into account comparator property evidence (see section 5.1.4.3), and thus it does not remove the constraints of the system (see also paragraphs 162 and 163 above which set out the CMA's views on the impact of the Merger on the Parties' ability to influence the DV assessment).

5.3.3.2.4 *Potential impact on comparator properties*

165. As outlined at paragraph 147, some third parties expressed concern in relation to the impact of the Merger on the comparator properties used by DVs. These were that the number and/or diversity of comparators would reduce, that all larger local comparators would be owned by the Merged Entity and that the Merged Entity would seek to use its other properties as comparators.

²⁶⁶ Third Party response to CMA questionnaire, September 2025, Q18 Reasons included: a fear that the merged entity may reduce capacity leading to increased lease cost across the market, higher rents and less favourable leases, limited negotiating power for GPs and increased cost for ICBs/NHS.

²⁶⁷ Note of a call with a third party, September 2025, paragraph 1.

²⁶⁸ PHP Internal Document Annex 5.4 to the FMN, '[><]' 18 October 2024, pg. 54-55.

166. As explained above, the Parties already use each other's properties as comparators and as outlined above it is not clear how the Merger will change that. While the Parties will obtain some additional information about each other's properties following the Merger, there is no evidence that the more limited information available today provides any material limitation on their ability to use the other Party's (or other third party's) properties as comparators. More generally, the CMA does not consider that the concerns as expressed are consistent with the evidence it has gathered, as set out at in section 5.1.4.3 above, on the operation of the CMR assessment and how comparator properties are identified and used.

5.3.3.3 *Market practice*

167. The CMA considered also if the Merger would have an impact on negotiations between the Merged Entity and ICBs / the NHS at a wider system level. That is, whether the Merger would increase the negotiating power of the Merged Entity in the aggregate, enabling it to influence rents across the country not only on a local basis, but also at a national level through negotiations with ICBs / NHS at a wider system level.

168. While the use of the CMR as the basis for rent reviews may be considered the current market practice, the CMA has not seen evidence, either in the Parties' investment policies or otherwise to suggest that rents must be linked to the CMR in all circumstances. In particular:

- (a) The fact that PHP's investment case is based on having government covenant backed rental income does not exclude the possibility of a move away from the use of the CMR, and a more limited role for the DV's assessments.²⁶⁹
- (b) As discussed at paragraph 31 above, the CMA notes that some leases are already based on other rental review models not tied to the CMR, which shows that the system is open to changes.
- (c) The Parties' internal documents show evidence of [redacted]. For example, one [redacted].²⁷⁰

169. In their response to the Issues Letter, the Parties submitted that neither Party is (nor the Merged Entity will be) in a position to impose policy changes on ICBs – let alone the NHS, or any rent setting legislation or regulation, and that the Parties,

²⁶⁹ See <https://www.phpgroup.co.uk/investors/investment-case/>: 'PHP is a strong business creating progressive returns for shareholders by investing in healthcare real estate let on long term leases, backed by a secure underlying covenant where the majority of rental income is funded directly or indirectly by a government body.' This is relied on by the Parties to support their submission that their stated investment criteria as REITs, which is to have Government covenant backed rental income: FMN, paragraph 15.74 (b).

²⁷⁰ Assura Internal Document, Annex 14 to the FMN, '[redacted]', 9 November 2023, page 1. See also: Assura Internal Document, Annex 17 to the FMN, '[redacted]', February 2024, page 2, and PHP Internal Document, Annex 4.10 to the FMN, 'Board Meeting December 2024, 29 November 2024, page 19.

like any other stakeholder, are free to try to influence public policy through lobbying. The Parties further stated that the Merger will not enhance the Parties' 'lobbying power' in any way – if anything, it will decrease two voices to one, thereby decreasing influence rather than increasing it.²⁷¹

170. Specifically in relation to the internal documents mentioned in paragraph 154 above, the Parties submitted that:

(a) the documents cited [~~3~~];²⁷² and

(b) the documents do not suggest that the Merger will in any way improve the Parties' lobbying capabilities and suggest conditions have worsened.²⁷³

171. The CMA considered that a lack of evidence that the Parties have previously been able to affect change in the system overall does not preclude the fact that the Parties already engage in lobbying and the Merger may be able to increase the Parties' chances of success, if it results in the Merged Entity holding significantly greater bargaining power than the Parties pre-Merger. Further, while the documents recognise the constraints imposed by the current system, they are still relevant evidence that the Parties are considering strategies to lobby and affect system change.

172. The CMA considered that the evidence set out above shows that a part of both Parties' pre-Merger strategy involves seeking to exert influence over the current system of reimbursements based on the CMR, including through political engagement. The impact of the Merger on negotiations with ICBs/NHS at a wider system level depends on the impact on ICBs' outside options, which is considered further in section 5.3.3.5 below.

5.3.3.4 *Other rental terms*

173. In response to the Parties' submissions set out at paragraph 144, the CMA first notes that it considers that contractual terms are not sufficient protection in and of themselves. In practice, contracts may not protect all ways in which the competitiveness of rivals could be harmed, may be of limited duration and may be renegotiated or terminated over time.²⁷⁴ Moreover, there is an element of service quality (eg around responsiveness to maintenance requests) which may fall outside the minimum terms in a contract.

174. However, there is only limited evidence from third parties which indicates that, in addition to seeking to challenge the CMR for individual leases, developers

²⁷¹ Parties' response to the Issues Letter, 10 October 2025, paragraph 1.69.

²⁷² Parties' response to the Issues Letter, 10 October 2025, paragraph 5.66.

²⁷³ Parties' response to the Issues Letter, 10 October 2025, paragraph 5.68.

²⁷⁴ [Merger Assessment Guidelines \(CMA129\)](#) para 7.15.

(landlords) like the Parties may be seeking other avenues to obtain revenues outside the constraints of the CMR. In particular:

- (a) Two third parties, raised concerns relating to possible adjustments to service charges paid by GP Practices,²⁷⁵ and one third party told the CMA that service charges and repair obligations can vary between landlords.²⁷⁶
- (b) One third party stated that commercial landlords have increasingly sought to improve returns by raising facilities management charges, describing the behaviour of these landlords as exploitative.²⁷⁷ It asserted that the Merger would exacerbate these issues by reducing competition and enabling more aggressive cost recovery strategies, further increasing costs for GPs.²⁷⁸
- (c) Two third parties explained that additional rental top-up payments can be used by ICBs to bridge the gap between the CMR assessed by the DV, and actual rents.²⁷⁹

175. In addition, the CMA has not seen any evidence in the Parties' internal documents which would suggest that other rental terms play a material role in the Parties' strategies. Further, evidence seen by the CMA shows that there is limited use of top-up payments by ICBs.²⁸⁰ Moreover, at the point of lease renewal, the Parties will continue to be constrained by alternatives available to their customers, as discussed in section 5.3.3.5 below. In the round, the evidence suggests there is limited current competition on other rental terms and little evidence that this will change post-Merger.

5.3.3.5 *Alternative options for customers at lease renewal*

176. As outlined in paragraph 84 there is the potential for competitive interactions between the Parties at lease renewal. Therefore, the CMA assessed the potential impact of the Merger on alternative options available to customers at lease renewal.

177. As outlined in section 5.3.1:

- (a) Both the Parties and ICBs identified a range of alternative options that may be considered at renewal: (i) leasing an alternative property; (ii) purchasing

²⁷⁵ Note of a call with a third party, July 2025, paragraph 9, and Response to the CMA questionnaire from a third party, September 2025, question 17.

²⁷⁶ Note of a call with a third party, August 2025, paragraph 14.

²⁷⁷ Another third party expressed negative views of the Merger as the third party consider the Merged Entity would be too big and removed from servicing buildings. Response to the CMA questionnaire from a third-party, September 2025, question 3.

²⁷⁸ Note of a call with a third party, September 2025, paragraphs 7 to 9.

²⁷⁹ Notes of calls with third parties, July 2025, paragraph 13, July 2025, paragraph 12.

²⁸⁰ CMA's analysis of Parties' response to CMA's request for information (RFI2), 5 August 2025, Annex 1 which shows that there are [0-5] Assura properties and [0-5] PHP properties that are subject to an appropriate supplement (top-up). Note of call with third party, July 2025, paragraph 12.

the freehold or a property; (iii) developing a property; and (iv) merging/co-locating with another GP Practice.

- (b) As the Parties recognise,²⁸¹ there is scope for competition from these alternative options at the end of a lease especially where a GP Premise may no longer be suitable (eg due to population growth, its age).
- (c) While it may be unlikely that two of the Parties' buildings are available at the same point in the same location such that a GP Practice could switch between them, one option identified by some ICBs was to develop a property.²⁸²

178. Therefore, at the point of renewal, given that the Parties are both active as developers and landlords, competitive interactions can occur between the Parties to the extent that GP Practices could threaten to develop a new property with the other Party.

179. As such, in relation to GP Practices that may consider developing a property as an option instead of extending a lease, any SLC in the third-party development of real estate for GP Practices in GB would weaken the extent to which development is an option at lease renewal. In turn this could reduce the constraint on the Parties, and thus give rise to an SLC, in the market for third-party ownership and management of real estate for GP Practices in GB.

180. The CMA considered whether the Merger could lead to an SLC in relation to the third-party development of real estate for GP Practices in GB in Theory of Harm 1 above, and concluded that the Merger does not give rise to competition concerns (see section 5.3.2.6).

5.3.3.6 *Conclusion on theory of harm 2*

181. On the basis of the evidence gathered in this investigation, the CMA considered that:

- (a) There is the potential for competitive interactions between the Parties at certain points in the lifecycle of a GP Premise as outlined in paragraph 92. In the context of third-party ownership and management of real estate for GP Practices at an ICB level and in GB this happens at the lease renewal stage. In contrast, during the lease period there appears to be limited scope for

²⁸¹ FMN, paragraphs 15.90 and 15.93.

²⁸² Response to the CMA questionnaire from a number of third parties, September 2025, question 13. In addition, a number of ICBs told the CMA that all options are considered at lease renewal in response to a question where developing a property was specifically identified as an option. Response to the CMA questionnaire from a number of third parties, September 2025, question 13.

competition and the primary constraint on landlords is the DV assessment which is used in the large majority of rent reviews for GP Premises.

- (b) There is evidence that the Parties currently take aggressive stances in negotiations with the DV during CMR assessments and third parties have expressed some concern about an extension of PHP's business strategy in this regard to Assura. However, that would only be relevant to the CMA's review to the extent it arose as a consequence of a loss of a competitive constraint. Overall, there is limited evidence of and scope for price competition within current system of rent reimbursements under the PCD as operated today, even at the development and lease renewal stages. Further, for existing properties NHS Resolution is an ultimate backstop as it determines rents if the landlord formally appeals the DV assessment and the landlords cannot walk away due to the statutory protections in place for GP tenants.
- (c) The evidence shows both Parties' pre-Merger strategy includes seeking to exert influence over the current system of reimbursements based on the CMR, including through political engagement. The impact of the Merger on negotiations with ICBs/NHS at a wider system level depends on the impact on ICBs'/NHS' outside options in third-party ownership and management of real estate for GP Practices at an ICB level and in GB.
- (d) There is limited current competition on other rental terms and little evidence that this will change post-Merger.
- (e) At the point of lease renewal, given that the Parties are both active as developers and landlords, competitive interactions can occur between the Parties to the extent that GP Practices could threaten to develop a new property with the other Party. The CMA considered whether the Merger could lead to an SLC in relation to the third-party development of real estate for GP Practices in GB in Theory of Harm 1 above, and concluded that the Merger does not give rise to competition concerns (see paragraphs 174 to 177). The CMA therefore does not consider that the Merger has a substantial impact on ICBs'/NHS' outside options in third-party ownership and management of real estate for GP Practices at an ICB level and in GB.

182. Accordingly, the CMA found that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in third-party ownership and management of real estate for GP Practices at an ICB level and in GB.

6. ENTRY AND EXPANSION

183. Entry, or expansion of existing firms, can mitigate the initial effect of a merger on competition, and in some cases may mean that there is no SLC. The CMA will consider entry and/or expansion plans of rivals who do so in direct response to the merger as a countervailing measure that could prevent an SLC. In assessing whether entry or expansion might prevent an SLC, the CMA considers whether such entry or expansion would be timely, likely and sufficient.²⁸³
184. As the CMA has concluded that the Merger does not give rise to competition concerns, it is not necessary to consider countervailing factors further in this decision.

²⁸³ [CMA129](#), from paragraph 8.40.

DECISION

185. Consequently, the CMA does not believe that it is or may be the case that the Merger has resulted, or may be expected to result, in an SLC within a market or markets in the United Kingdom.
186. The Transaction will therefore not be referred under section 22(1) of the Act.

Sorcha O'Carroll
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Competition and Markets Authority
29 October 2025