

Spire Property 13 Limited

(Registered No. 6409008)

Directors' Report and Financial Statements

For the period 25 October 2007 to 31 December 2008



Spire Property 13 Limited

Report of the directors

For the period 25 October 2007 to 31 December 2008

The directors present their report and the audited financial statements for the period from 25 October 2007 to 31 December 2008.

1. Principal activity

The principal activity of the company is hospital property leasing.

2. Review of the business

The company was incorporated on 25 October 2007. On 27 December 2007, the company purchased the freehold of Spire Norwich Hospital and since that date has leased it to Spire Healthcare Limited. The purchase of the hospital was funded by an intra-group loan from Spire Healthcare Group Limited. This loan was repaid with the issue of external financing on 25 September 2008.

At the balance sheet date, the company had net liabilities of £2,287,000.

3. Results and dividends

The loss for the period, after taxation, amounted to £3,523,000.

No ordinary dividend has been proposed for the period.

4. Principal risks and uncertainties

The company's activities expose it to a number of risks which are discussed below:

Credit risk

Credit risk arises principally from the company's receivables of rent from Spire Healthcare Limited, a fellow group undertaking of Spire Healthcare Limited Partnership, which has leased the hospital property from the company under a lease with a term of up to 35 years, which commenced on 21 December 2007.

Interest rate risk

The company is exposed to interest rate risk arising from fluctuations in market rates. This affects the future cost of borrowings. The company has entered into an interest rate swap in order to fix the interest payable on its bank loan. Further information is contained in note 13 of these accounts.

Overall risk management

The company is managed on a group basis and the principal risks and uncertainties facing it are therefore integrated with those facing the Group as a whole. Further information is provided in the Annual Review and accounts of Spire Healthcare Limited Partnership, which are published on the Spire Healthcare website.

5. Key performance indicators

As a result of the straight forward nature of the business, the Directors do not consider the use of KPIs necessary to provide an understanding of the development, performance or position of the business.

Spire Property 13 Limited

Report of the directors

For the period 25 October 2007 to 31 December 2008 - continued

6. Directors

The names of persons who were directors at any time since 25 October 2007 are as follows:

C M Hollingsworth	Appointed 25 October 2007 & resigned 13 February 2008
R J E Jones	Appointed 1 February 2008
R Roger	Appointed 25 October 2007
R J Wise	Appointed 1 February 2008
Instant Companies Limited	Appointed & resigned 25 October 2007

7. Companies (Audit, Investigations and Community Enterprise) Act 2004

As at the date of this report, indemnities are in force under which the company has agreed to indemnify certain directors, to the extent permitted by law and the company's articles of association, in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities, as directors of the company.

8. Employees and remuneration

The company had no employees during the period.

9. Auditors

Ernst & Young LLP has been appointed as the company's auditors for the period and offers itself for re-appointment.

10. Disclosure of Information to Auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 2. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- Each director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

Registered Office:

120 Holborn
London
EC1N 2TD

29 April 2009

By Order of the Board



D F Toner
Secretary

Spire Property 13 Limited

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Spire Property 13 Limited

Independent auditor's report to the members of Spire Property 13 Limited

We have audited the company's financial statements for the period from 25 October 2007 to 31 December 2008 which comprise the Profit and Loss Account, the Statement of Recognised Gains and Losses, the Balance Sheet, the Reconciliation of movements in shareholders' funds and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Independent auditor's report to the members of Spire Property 13 Limited - continued

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its result for the period then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP

Registered Auditor

London

29 April 2009

Spire Property 13 Limited

Profit and loss account

For the period 25 October 2007 to 31 December 2008

	<i>Note</i>	For the period 25 October to 31 December 2008 £000
Rent receivable		3,670
Depreciation		<u>(1,315)</u>
Operating profit		2,355
Interest receivable and similar income	4	80
Interest payable and similar charges	5	<u>(5,342)</u>
Loss on ordinary activities before taxation		(2,907)
Tax on loss on ordinary activities	7	<u>(616)</u>
Result for the period		<u><u>(3,523)</u></u>

The operating profit is all derived from continuing operations.

There were no recognised gains and losses other than the loss for the financial period.

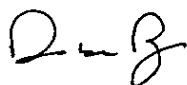
The accounting policies and notes form part of these financial statements.

Spire Property 13 Limited

Balance sheet as at 31 December 2008

	<i>Note</i>	31 December 2008 £000
Fixed assets		
Tangible assets	8	64,703
Current assets		
Debtors	9	1,241
		<hr/> 1,241
Creditors: amounts falling due within one year	10	<hr/> (1,828)
Net current liabilities		<hr/> (587)
Total assets less current liabilities		64,116
Creditors: amounts falling due after more than one year	11	(65,549)
Provisions for liabilities and charges	14	(854)
Net liabilities		<hr/> (2,287)
Capital and reserves		
Called up share capital	16	1,236
Profit and loss account	17	<hr/> (3,523)
Equity shareholders' deficit		<hr/> (2,287)

These financial statements were approved by the Board of Directors on 29 April 2009 and were signed on its behalf by



R Roger
Director

The accounting policies and notes form part of these financial statements.

Spire Property 13 Limited

**Reconciliation of movements in shareholders' funds
For the period 25 October 2007 to 31 December 2008**

For the period
25 October to
31 December
2008
£000

Loss for the financial period	(3,523)
Issue of ordinary share capital	1,236
Net reduction in shareholders' funds	<u>(2,287)</u>
Opening shareholders' funds	-
Closing shareholders' deficit	<u><u>(2,287)</u></u>

Spire Property 13 Limited

Notes to the financial statements

For the period 25 October 2007 to 31 December 2008

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost accounting convention and on a going concern basis. The directors consider that the external financing facilities in place, together with the anticipated future trading performance of the company, are sufficient to provide funds so that the company can meet its liabilities as they fall due for the foreseeable future. Whilst the company has net current liabilities as at 31 December 2008, this is attributable to items included within creditors falling due within one year, including deferred income and other balances, that are not required to be cash settled.

All accounting policies have been applied consistently during the period.

The company is a wholly owned subsidiary undertaking of Spire Healthcare Limited Partnership, a limited partnership registered in Guernsey, which publishes consolidated accounts that are publicly available from the Spire Healthcare website. Consequently, the company has:

- Pursuant to Financial Reporting Standard 8 - *Related party disclosures*, not included details of transactions with other subsidiary undertakings of Spire Healthcare Limited Partnership.
- Pursuant to Financial Reporting Standard 1 - *Cash flow statements*, not prepared a cash flow statement.

Taxation including deferred taxation

The charge for taxation is based on the result for the period and takes into account deferred tax.

Deferred tax is provided in full on all timing differences that have originated, but not reversed, at the balance sheet date which result in an obligation to pay more, or a right to pay less or to receive more, tax with the following exceptions:

- Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on current tax rates and laws.

Interest rate swaps

The company's criteria for interest rate swaps are:

- the instrument must be related to an asset or a liability; and
- it must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa.

Interest differentials are recognised by accruing with net interest payable. Interest rate swaps are not revalued to fair value. If they are terminated early, the gain/ loss is spread over the remaining maturity of the original instrument.

Spire Property 13 Limited

Notes to the financial statements

For the period 25 October 2007 to 31 December 2008

1. Accounting policies - continued

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debts of the period. Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

Fixed assets and depreciation

No depreciation is provided on freehold land.

Tangible assets are depreciated so as to write off the cost by equal annual instalments over their lives, as follows:

Freehold buildings	- 5 - 50 years
Fixtures & fittings	- 3 - 10 years

The estimated economic lives of the freehold properties are reviewed annually and revised as appropriate, taking into consideration the levels of expenditure incurred on an ongoing basis to maintain the properties in a fit and proper state for their ongoing use as hospitals.

Rental income

Rent receivable arising on leased properties is accounted for on a straight line basis over the lease term.

2. Immediate and ultimate parent undertakings

The immediate parent undertaking of Spire Property 13 Limited is Spire UK Holdco 4 Limited, a company registered in England and Wales which is a subsidiary of Spire Healthcare Limited Partnership, a limited liability partnership registered in Guernsey. The results of Spire Property 13 Limited are included in the consolidated accounts of Spire Healthcare Limited Partnership and copies of these accounts are available from the Spire Healthcare website.

The ultimate parent undertakings of Spire Property 13 Limited are Fourth Cinven Fund (No.1) LP, Fourth Cinven Fund (No.2) LP, Fourth Cinven Fund (No.3 - VCOC) LP, Fourth Cinven Fund (No.4) LP, Fourth Cinven Fund (UBTI) LP, Fourth Cinven Fund Co-Investment Partnership and Fourth Cinven (MACIF) LP (together the 'Cinven Funds'), being funds managed and advised by Cinven Limited, a company incorporated under the laws of England and Wales.

Accordingly, the directors consider the company's ultimate controlling party is Cinven Limited, the managers and advisor to the Cinven Funds.

Spire Property 13 Limited

Notes to the financial statements

For the period 25 October 2007 to 31 December 2008

3. Staff costs and directors' remuneration

The company had no employees during the period and consequently incurred no staff costs.

The directors are remunerated for their work for the Spire Healthcare Limited Partnership Group, of which the company is a member, in the fellow subsidiary, Spire Healthcare Limited.

4. Interest receivable and similar income

	For the period 25 October to 31 December 2008 £000
Receivable from Group undertakings	<u>80</u>

5. Interest payable and similar charges

	For the period 25 October to 31 December 2008 £000
Payable to Group undertakings	4,171
Loan interest	<u>1,171</u>
	<u>5,342</u>

6. Auditors' remuneration

	For the period 25 October to 31 December 2008 £000
Fees for the audit of the company	<u>3</u>

Fees for the audit of the company represent the amount receivable by the company's auditors. The amount will be met by other group companies.

Spire Property 13 Limited

Notes to the financial statements

For the period 25 October 2007 to 31 December 2008

7. Tax on loss on ordinary activities

	For the period 25 October to 31 December 2008 £000
(i) Analysis of tax charge in period	
Current tax	
UK corporation tax on losses for the period	(238)
Deferred tax	
Origination and reversal of timing differences	854
	<u>616</u>

(ii) Factors affecting the tax charge

The tax assessed for the period is higher than the weighted standard rate of corporation tax in the UK of 28.5%. The differences are explained below:

	For the period 25 October to 31 December 2008 £000
Loss on ordinary activities before taxation	<u>(2,907)</u>
Tax charge on loss on ordinary activities at 28.5%	(828)
Effects of:	
Non taxable expenses / (income) not deductible for tax purposes	255
Depreciation in excess of capital allowances	86
Losses not booked as tax assets	178
Group relief not paid for	<u>71</u>
Total current tax charge for the period	<u>(238)</u>

Spire Property 13 Limited

Notes to the financial statements

For the period 25 October 2007 to 31 December 2008

8. Fixed assets

	Freehold land & buildings £000	Fixtures & Fittings £000	Total £000
Cost			
At 25 October 2007	-	-	-
Additions	65,104	914	66,018
At 31 December 2008	65,104	914	66,018
Depreciation			
At 25 October 2007	-	-	-
Charge for the period	1,064	251	1,315
At 31 December 2008	1,064	251	1,315
Net Book Value			
At 31 December 2008	64,040	663	64,703

9. Debtors

	31 December 2008 £000
Amounts falling due within one year:	
Amounts due from Group undertakings	1,003
Group relief receivable	238
	<u>1,241</u>

10. Creditors - amounts falling due within one year :

	31 December 2008 £000
Amounts owed to Group undertakings	814
Accruals and deferred income	256
Loans (note 12)	758
	<u>1,828</u>

Spire Property 13 Limited

Notes to the financial statements

For the period 25 October 2007 to 31 December 2008

11. Creditors - amounts falling due after more than one year :

	31 December 2008 £000
Amounts owed to Group undertakings	9,543
Accruals and deferred income	2,246
Loans (note 12)	53,760
	<u>65,549</u>

Amounts due to Group Undertakings are repayable in August 2038 and bear interest at 12%.

12. Loans

	31 December 2008 £000
Amounts falling due	
- in one year or less	1,092
- in more than 5 years	55,353
	<u>56,445</u>
Less issue costs not yet amortised	(1,927)
	<u>54,518</u>

The bank loans are stated after netting off the capitalised arrangement fees, which are being written off over the life of the loan. The fees were initially recognised at a cost of £2,018,000, amortisation of £91,000 has been charged in the period.

Bank loans and Payment in Kind (PIK) notes

The bank loans and PIK notes are denominated as follows. The rates of interest and final repayment dates are set out below.

	Fixed margin above LIBOR %	31 December 2008 £000
Tranche A - maturity date 5 October 2014	1.25	32,543
Tranche B - maturity date 5 October 2014	2.35	18,352
PIK notes - maturity date 5 October 2014	7.05	3,623
		<u>54,518</u>

These loans are secured by a fixed charge over the property held by the company.

Spire Property 13 Limited

Notes to the financial statements

For the period 25 October 2007 to 31 December 2008

13. Derivative fair value

The company entered into an interest swap agreement to mitigate the risk of losses through interest rate rises on its variable rate bank loans. The fair value of this swap agreement is as follows:

	31 December 2008 £000
Interest rate swap liability	<u>10,746</u>

14. Provisions for liabilities and charges

	Deferred taxation £000
At 25 October 2007	-
Provided in period	<u>854</u>
At 31 December 2008	<u>854</u>

15. Deferred taxation

Deferred tax liabilities are analysed as follows:

	31 December 2008 £000
Accelerated capital allowances	<u>854</u>

The net deferred tax provision is included within provisions for liabilities and charges (see note 14).

The company has losses carried forward of £626,000 to offset against future trading profits. A deferred tax asset has not been recognised in respect of these losses as the recoverability of these losses is currently uncertain.

Spire Property 13 Limited

Notes to the financial statements

For the period 25 October 2007 to 31 December 2008

16. Share capital

	31 December 2008 £000
Authorised	
5,000,000 ordinary shares of £1 each	<u>5,000</u>
Allotted, called-up and fully paid	
1,236,326 ordinary shares of £1 each	<u>1,236</u>

17. Reserves

	Profit and loss account £000
At 25 October 2007	-
Result for period	<u>(3,523)</u>
At 31 December 2008	<u>(3,523)</u>