Registered No. 6409008

Spire Property 13 Limited

Report and Financial Statements
For the year ended 31 December 2013

Spire Property 13 Limited
Registered No. 6409008

As required by the amendments to the Companies Act 2006, effective 30 September 2013, the directors of Spire Property 13 Limited ("the Company") present the annual report containing a strategic report, report of the directors and the financial statements for the year ended 31 December 2013.

Strategic Report
For the year ended 31 December 2013

1. **Review of the business**
   The principal activity of the company is the leasing of hospital property.

   The company leases the Spire Norwich Hospital to Spire Healthcare Limited.

   At the balance sheet date, the company had net liabilities of £14,275,000 (2012: £10,965,000).

   Since the balance sheet date terms were agreed for the extension of the repayment date of the company's bank loan facilities to 30 June 2015. Further details are contained in the Report of the directors and in notes 12 and 17.

   Results and dividends
   The loss for the year, after taxation, amounted to £3,310,000 (2012: £2,625,000).

   Key performance indicators
   In view of the straight forward nature of the business, the directors do not consider the use of key performance indicators necessary to provide an understanding of the development, performance or position of the business.

2. **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 financial statements.

2. Principal risks and uncertainties - continued

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 (www.spirehealthcare.com).

On behalf of the board

D F Toner
Director & secretary

10 April 2014

Spire Property 13 Limited
Registered No. 6409008

Report of the directors
For the year ended 31 December 2013

1. **Directors**
   The names of directors who have held office since 1 January 2013 are as follows:

   S Gordon
   R Roger
   D F Toner

2. **Dividends**
   No ordinary dividend has been proposed for the year ended 31 December 2013 (2012: £nil).

3. **Future developments**
   The directors do not foresee any changes in the company's activities in the foreseeable future.

4. **Events after the balance sheet date**
   As described in note 12, borrowings outstanding at the balance sheet date were drawn under senior debt facilities were set to mature on 5 October 2014. Since the balance sheet date the Spire Group has agreed terms with the existing lenders under which the final date for the repayment of debt drawn under the Group's bank facilities, including those of the company, has been extended to 30 June 2015. Further details are contained in notes 12 and 17.

5. **Financial instruments**
   The company's financial risk management objectives and policies, including the exposure to market risk, credit risk and liquidity risk are set out in notes 12 and 13 to the accounts.

6. **Going concern**
   Whilst the company had net current liabilities at the balance sheet date, this was attributable to loans drawn under external financing facilities with a maturity date of 5 October 2014. Since the balance sheet date, following an agreement by the Spire Group to amend terms with its lenders on all of its remaining bank facilities, the final date for the repayment of the liabilities outstanding under the company's bank facilities has been extended to 30 June 2015. As disclosed in note 12, the margin over LIBOR on interest rates payable was also amended, whereby it was increased by 182 basis points.

   Cash flow forecasts prepared as at 31 December 2013, covering a period from the date of the approval of the financial statements to the maturity of the bank loan facilities in June 2015, show that the company will generate funds sufficient to meet its liabilities as they fall due for the foreseeable future and that the company will be compliant with the covenants imposed by the bank loan facilities. In arriving at this conclusion, the directors have considered appropriate cashflow sensitivities to the forecasts.

   The directors of the company are of the view that there are a number of achievable options available within prevailing markets for the refinancing of the company on a timely basis, with sufficient headroom on leverage multiples in the Spire Group to enable it to be concluded in the period prior to debt maturity. Accordingly, the financial statements have been prepared on a going concern basis.

Report of the directors
For the year ended 31 December 2013

7. **Companies (Audit, Investigations and Community Enterprise) Act 2004**
As at the date of this report and during the financial period, indemnities are in force under which the company has agreed to indemnify certain directors, to the extent permitted by law (and subject to the conditions set out in section 234 of the Companies Act 2006) 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. **Auditor**
The auditor Ernst & Young LLP was the company's auditor during the year and is deemed to be reappointed under section 487(2) of the Companies Act 2006.

9. **Disclosure of Information to Auditor**
The directors who were members of the board at the time of approving the Report of the directors are listed on page 3. Having made enquiries of fellow directors and of the company's auditor, 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 auditor is 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 auditor is aware of that information.

Registered Office:

Kildare House
3 Dorset Rise
London
EC4Y 8EN

10 April 2014

On behalf of the board

D F Toner
Director & secretary

Spire Property 13 Limited
Registered No. 6409008

Statement of directors' responsibilities
For the year ended 31 December 2013

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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

Spire Property 13 Limited
Registered No. 6409008

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

We have audited the financial statements of Spire Property 13 Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

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

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

Ernst & Young LLP

Matthew Williams (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP (Statutory Auditor)
London
10 April 2014

Spire Property 13 Limited
Registered No. 6409008

Profit and loss account
For the year ended 31 December 2013

	Note	2013 £000	2012 £000
Rent receivable		4,574	4,589
Depreciation		(1,149)	(1,173)
Operating profit		3,425	3,416
Interest receivable and similar income	4	1	1
Interest payable and similar charges	5	(6,736)	(6,042)
Loss on ordinary activities before taxation		(3,310)	(2,625)
Tax on loss on ordinary activities	7	-	-
Loss for the year		(3,310)	(2,625)

The operating profit is all derived from continuing operations.

The company has no other gains and losses and therefore no statement of total recognised gains and losses has been presented.

Spire Property 13 Limited
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Balance sheet
as at 31 December 2013

	Note	2013 £000	2012 £000
Fixed assets			
Tangible assets	*8*	58,854	60,003
Current assets			
Debtors	*9*	2,634	2,508
Creditors: amounts falling due within one year	*10*	(54,988)	(1,924)
Net current (liabilities)/assets		(52,354)	584
Total assets less current liabilities		6,500	60,587
Creditors: amounts falling due after more than one year	*11*	(20,775)	(71,552)
Net liabilities		(14,275)	(10,965)
Capital and reserves			
Called up share capital	*15*	1,236	1,236
Profit and loss account	*16*	(15,511)	(12,201)
Equity shareholders' deficit		(14,275)	(10,965)

These financial statements were approved by the Board of Directors on 10 April 2014 and were signed on its behalf by

S Gordon
Director

1. Accounting policies

Basis of preparation
The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, under the historical cost accounting convention and on a going concern basis.

All accounting policies have been applied consistently during the year.

Going concern
Whilst the company had net current liabilities at the balance sheet date, this was attributable to loans drawn under external financing facilities with a maturity date of 5 October 2014. Since the balance sheet date, following an agreement by the Spire Group to amend terms with its lenders on all of its remaining bank facilities, the final date for the repayment of the liabilities outstanding under the company's bank facilities has been extended to 30 June 2015. As disclosed in note 12, the margin over LIBOR on interest rates payable was also amended, whereby it was increased by 182 basis points.

Cash flow forecasts prepared as at 31 December 2013, covering a period from the date of the approval of the financial statements to the maturity of the bank loan facilities in June 2015, show that the company will generate funds sufficient to meet its liabilities as they fall due for the foreseeable future and that the company will be compliant with the covenants imposed by the bank loan facilities. In arriving at this conclusion, the directors have considered appropriate cashflow sensitivities to the forecasts.

The directors of the company are of the view that there are a number of achievable options available within prevailing markets for the refinancing of the company on a timely basis, with sufficient headroom on leverage multiples in the Spire Group to enable it to be concluded in the period prior to debt maturity. Accordingly, the financial statements have been prepared on a going concern basis.

Reporting exemptions
As described in note 2 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 (www.spirehealthcare.com). Consequently, the company has:

- Pursuant to Financial Reporting Standard 1 - *Cash flow statements,* not prepared a cash flow statement; and

- Pursuant to Financial Reporting Standard 8 - *Related party disclosures*, not included details of transactions with other wholly owned subsidiary undertakings of Spire Healthcare Limited Partnership.

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

1. Accounting policies - continued

Taxation including deferred taxation

The charge for taxation is based on the result for the year 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 except that 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 years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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.

Premiums paid for derivatives are amortised over the term of the derivative.

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.

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 year and reduced by payments made in respect of the debts of the year. Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated 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.

2. Immediate and ultimate parent undertakings and controlling party

The immediate parent undertaking of Spire Property 13 Limited is Spire UK Holdco 4 Limited, a company registered in England and Wales which is an indirect subsidiary of Rozier No. 1A Limited Partnership, a limited liability partnership registered in Guernsey. The smallest group in which the results of Spire Property 13 Limited are consolidated is headed by Rozier No. 1A Limited Partnership. The largest group in which the results of Spire Property 13 Limited are consolidated is headed by Spire Healthcare Limited Partnership, a limited liability partnership registered in Guernsey, which publishes consolidated accounts that are publicly available from the Spire Healthcare website (www.spirehealthcare.com).

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 or 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 Fund.

3. Staff costs and directors' remuneration

The company had no employees during the year (2012: nil) 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, by a fellow subsidiary of the Spire Healthcare Limited Partnership Group, Spire Healthcare Limited.

4. Interest receivable and similar income

	2013	2012
	£000	£000
Bank interest receivable	1	1

5. Interest payable and similar charges

	2013	2012
	£000	£000
Payable to other Group undertakings	2,128	1,613
Loan interest	4,608	4,429
	6,736	6,042

6. Auditor's remuneration

	2013	2012
	£000	£000
Fees for the audit of the company	3	3

Fees for the audit of the company are borne by other group companies.

7. Tax on loss on ordinary activities

	2013	2012
	£000	£000
(i) Analysis of tax credit in year		
Deferred tax		
Origination and reversal of timing differences	-	-

(ii) Factors affecting the tax credit

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013	2012
	£000	£000
Loss on ordinary activities before taxation	(3,310)	(2,625)
Applying the loss before tax to the UK corporation tax rate of 23.25% (2012: 24.5%)	(770)	(643)
Effects of:		
Non taxable expenses not deductible for tax purposes	169	177
Depreciation in excess of capital allowances	31	38
Losses carried forward	144	34
Group relief not paid for	426	394
Total current tax for the year	-	-

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Notes to the financial statements
For the year ended 31 December 2013

8. Fixed assets

	Freehold land & buildings £000	Fixtures & Fittings £000	Total £000
Cost			
At 1 January and 31 December 2013	65,104	914	66,018
Depreciation			
At 1 January 2013	5,321	694	6,015
Charge for the year	1,064	85	1,149
At 31 December 2013	6,385	779	7,164
Net Book Value			
At 31 December 2013	58,719	135	58,854
At 31 December 2012	59,783	220	60,003

9. Debtors

	2013 £000	2012 £000
Amounts due from other Group undertakings	1,135	1,019
Accrued income	1,499	1,489
	2,634	2,508

Included in accrued income is £1,499,000 (2012: £1,489,000) that will reverse in more than one year.

10. Creditors - amounts falling due within one year :

	2013 £000	2012 £000
Amounts owed to other Group undertakings	944	916
Accruals and deferred income	294	294
Loans (note 12)	53,750	714
	54,988	1,924

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

	2013	2012
	£000	£000
Amounts owed to other Group undertakings	19,993	15,021
Accruals and deferred income	782	1,074
Loans (note 12)	-	55,457
	20,775	71,552

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

12. Loans

	2013	2012
	£000	£000
Amounts falling due		
- in one year or less	54,004	1,049
- in 2 to 5 years	-	55,710
	54,004	56,759
Less issue costs not yet amortised	(254)	(588)
	53,750	56,171

The bank loans are stated net of 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 £335,000 (2012: £335,000) has been charged in the year.

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	2013	2012
	%	£000	£000
Tranche A - maturity date 5 October 2014	1.25	30,940	32,613
Tranche B - maturity date 5 October 2014	2.35	17,449	18,392
PIK notes - maturity date 5 October 2014	7.05	5,361	5,166
		53,750	56,171

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

12. Loans - continued

Since the balance sheet date the term of the bank loans outstanding at the balance sheet date were amended as follows:

	Fixed margin above LIBOR %	2013 £000
Tranche A - maturity date 30 June 2015	3.07	30,940
Tranche B - maturity date 30 June 2015	4.17	17,449
PIK notes - maturity date 30 June 2015	8.87	5,361
		53,750

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:

	2013 £000	2012 £000
Interest rate swap liability	8,453	12,963

14. Deferred taxation

Deferred tax liabilities are analysed as follows:

	2013	2012
	£000	£000
Accelerated capital allowances	458	557
Other timing differences	-	(125)
Trading losses	(458)	(432)
Deferred tax liability	-	-

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Finance Bill 2013, which includes reductions in the UK corporate tax rate to 21% on 1 April 2014 and to 20% on 1 April 2015, has been substantively enacted and so UK deferred tax assets and liabilities have been calculated at these rates.

The company has losses carried forward of £2,771,000 (2012: £1,880,000) to offset against future profits. A deferred tax asset has been recognised in respect of these losses to the extent that they can be offset against the accelerated capital allowances.

15. Share capital

	2013	2012
	£000	£000
Allotted, called-up and fully paid		
1,236,326 ordinary shares of £1 each	1,236	1,236

16. Reconciliation of shareholders' deficit and movements on reserves

	Share capital £000	Profit and loss account £000	Total share-holders' deficit £000
At 1 January 2012	1,236	(9,576)	(8,340)
Loss for the year	-	(2,625)	(2,625)
At 31 December 2012	1,236	(12,201)	(10,965)
Loss for the year	-	(3,310)	(3,310)
At 31 December 2013	1,236	(15,511)	(14,275)

17. Events after the reporting period

A full description of the borrowing facilities of the company is included in note 12 of the financial statements. As described in note 12, borrowings outstanding at the balance sheet date were drawn under senior debt facilities which mature on 5 October 2014. Since the balance sheet date the Spire Group has agreed terms with its existing lenders under which the final repayment date of the Group's bank borrowings was extended to 30 June 2015, such agreement to include the bank facilities of the company. With the exception of an increase of 182 basis points in the margin payable on interest rates, there were no other significant changes to the terms of the bank facilities of the company.