Registered No. 6409131

Spire Property 22 Limited

Report and Financial Statements
For the year ended 31 December 2011

Spire Property 22 Limited
Registered No. 6409131

Report of the directors
For the year ended 31 December 2011

The directors present their report and the audited financial statements for the year ended 31 December 2011

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

   The directors do not anticipate any significant change in the activities of the company in the foreseeable future

2. **Review of the business**
   The company leases the Spire Tunbridge Wells Hospital to Spire Healthcare Limited

   At the balance sheet date, the company had net liabilities of £1,703,000 (2010 £1,421,000)

3. **Results and dividends**
   The loss for the year, after taxation, amounted to £282,000 (2010 £344,000)

   No ordinary dividend has been proposed for the year ended 31 December 2011 (2010 £nil)

4. **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

5. **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 12 of these financial statements

   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)

Spire Property 22 Limited
Registered No. 6409131

Report of the directors
For the year ended 31 December 2011 - continued

6. Going concern

The directors have considered the business and financial risks of the company and consider that the company is well placed to manage those risks successfully Consequently the directors have a reasonable expectation that the company has adequate financial and other resources to continue in operational existence in the foreseeable future Accordingly, the financial statements have been prepared on a going concern basis

7. Directors

The names of directors who have held office since 1 January 2011 are as follows

J-J De Gorter	appointed 20 July 2011, resigned 1 February 2012
S Gordon	appointed 20 July 2011
R Roger	
D F Toner	
R J Wise	resigned 30 April 2011

8. 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

9. Auditors

The auditors Ernst & Young LLP were the company's auditors during the year and are deemed to be reappointed under section 487(2) of the Companies Act 2006

10. Disclosure of Information to Auditors

The directors who were members of the board at the time of approving the directors' report are listed above 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

23 March 2012

On behalf of the board

D F Toner
Director & secretary

Spire Property 22 Limited
Registered No. 6409131

Statement of directors' responsibilities

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 22 Limited
Registered No. 6409131

Independent auditor's report
to the members of Spire Property 22 Limited

We have audited the financial statements of Spire Property 22 Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 16 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 Report of the Directors to identify material inconsistencies with the audited financial statements 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 2011 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Spire Property 22 Limited
Registered No. 6409131

Independent auditor's report
to the members of Spire Property 22 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
23 March 2012

Spire Property 22 Limited
Registered No. 6409131

Profit and loss account
For the year ended 31 December 2011

	Note	2011 £000	2010 £000
Rent receivable		724	724
Depreciation		(169)	(188)
Operating profit		555	536
Interest payable and similar charges	*4*	(925)	(897)
Loss on ordinary activities before taxation		(370)	(361)
Tax on loss on ordinary activities	*6*	88	17
Loss for the year		(282)	(344)

The operating profit is all derived from continuing operations

The accounting policies and notes form part of these financial statements

Statement of total recognised gains and losses
For the year ended 31 December 2011

	2011 £000	2010 £000
Total recognised gains and losses related to the year	(282)	(344)
Prior year adjustment (note 1)	-	76
Total recognised gains and losses since last annual report	(282)	(268)

Spire Property 22 Limited
Registered No. 6409131

Balance sheet
as at 31 December 2011

	Note	2011 £000	2010 £000
Fixed assets			
Tangible assets	*7*	9,702	9,871
Current assets			
Debtors	*8*	374	331
Creditors amounts falling due within one year	*9*	(300)	(294)
Net current assets		74	37
Total assets less current liabilities		9,776	9,908
Creditors. amounts falling due after more than one year	*10*	(11,083)	(10,845)
Provisions for liabilities and charges	*13*	(396)	(484)
Net liabilities		(1,703)	(1,421)
Capital and reserves			
Called up share capital	*15*	196	196
Profit and loss account	*16*	(1,899)	(1,617)
Equity shareholders' deficit		(1,703)	(1,421)

These financial statements were approved by the Board of Directors on 23 March 2012 and were signed on its behalf by

S Gordon
Director

The accounting policies and notes form part of these financial statements

Spire Property 22 Limited
Registered No. 6409131

Notes to the financial statements
For the year ended 31 December 2011

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. 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

All accounting policies have been applied consistently during the year

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

Prior year adjustment

In the previous financial year, 2010, the directors made a change to their accounting policy in respect of leases In previous years the company did not spread the effect of fixed uplifts in lease rentals receivable across the term of the lease if such uplifts were considered to be in place to compensate for the general level of prices However, with effect from 2010, the directors have spread the effect of all fixed uplifts over the lease term in order that the financial statements reflect the practice under International Financial Reporting Standards as used in the consolidated financial statements of the parent, Spire Healthcare Limited Partnership

Rent receivable

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

Spire Property 22 Limited
Registered No. 6409131

Notes to the financial statements
For the year ended 31 December 2011

2. Immediate and ultimate parent undertakings

The immediate parent undertaking of Spire Property 22 Limited is Spire UK Holdco 1B Limited, a company registered in England and Wales which is a subsidiary of Rozier No 1A Limited Partnership, a limited liability partnership registered in Guernsey The smallest group in which the results of Spire Property 22 Limited are consolidated is headed by Rozier No 1A Limited Partnership The largest group in which the results of Spire Property 22 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 22 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 Funds

3. Staff costs and directors' remuneration

The company had no employees during the year (2010 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, in the fellow subsidiary, Spire Healthcare Limited

Spire Property 22 Limited
Registered No. 6409131

Notes to the financial statements
For the year ended 31 December 2011

4. Interest payable and similar charges

	2011	2010
	£000	£000
Payable to other Group undertakings	228	204
Loan interest	697	693
	925	897

5. Auditors' remuneration

	2011	2010
	£000	£000
Fees for the audit of the company	3	4

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

6. Tax on loss on ordinary activities

	2011	2010
	£000	£000
(i) Analysis of tax credit in year		
Deferred tax		
Origination and reversal of timing differences	(88)	(17)

(ii) Factors affecting the tax credit

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26 5% (2010 28%) The differences are explained below

	2011	2010
	£000	£000
Loss on ordinary activities before taxation	(370)	(361)
Applying the loss before tax to the UK corporation tax rate of 26 5% (2010 28%)	(98)	(101)
Effects of		
Non taxable expenses not deductible for tax purposes	14	17
Depreciation in excess of capital allowances	17	23
Losses carried forward	2	(31)
Short term and other timing differences	-	30
Group relief not paid for	65	62
Total current tax for the year	-	-

7. Fixed assets

	Freehold land & buildings £000	Fixtures & Fittings £000	Total £000
Cost			
At 1 January and 31 December 2011	10,208	245	10,453
Depreciation			
At 1 January 2011	445	137	582
Charge for the year	148	21	169
At 31 December 2011	593	158	751
Net Book Value			
At 31 December 2011	9,615	87	9,702
At 31 December 2010	9,763	108	9,871

8. Debtors

	2011 £000	2010 £000
Amounts due from other Group undertakings	165	163
Accrued income	209	168
	374	331

Included in accrued income is £209,000 (2010. £168,000) that will reverse in more than one year

9. Creditors - amounts falling due within one year :

	2011 £000	2010 £000
Amounts owed to other Group undertakings	141	137
Accruals and deferred income	46	45
Loans (note 11)	113	112
	300	294

Spire Property 22 Limited
Registered No. 6409131

Notes to the financial statements
For the year ended 31 December 2011

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

	2011	2010
	£000	£000
Amounts owed to other Group undertakings	2,125	1,898
Accruals and deferred income	217	263
Loans (note 11)	8,741	8,684
	11,083	10,845

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

11. Loans

	2011	2010
	£000	£000
Amounts falling due		
- in one year or less	166	165
- in 2 to 5 years	8,835	8,830
	9,001	8,995
Less issue costs not yet amortised	(147)	(199)
	8,854	8,796

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 £319,000, amortisation of £53,000 (2010 £53,000) 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	2011	2010
	%	£000	£000
Tranche A - maturity date 5 October 2014	1 25	5,181	5,182
Tranche B - maturity date 5 October 2014	2 35	2,922	2,923
PIK notes - maturity date 5 October 2014	7 05	751	691
		8,854	8,796

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

12. 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

	2011	2010
	£000	£000
Interest rate swap liability	2,160	1,718

13. Provisions for liabilities and charges

	Deferred taxation
	£000
At 1 January 2011	484
Credit for the year	(88)
At 31 December 2011	396

Spire Property 22 Limited
Registered No. 6409131

Notes to the financial statements
For the year ended 31 December 2011

14. Deferred taxation

Deferred tax lıabılıtıes are analysed as follows

	2011	2010
	£000	£000
Accelerated capıtal allowances	482	538
Other tımıng dıfferences	(76)	(45)
Tradıng losses	(10)	(9)
Deferred tax lıabılıty	396	484

The deferred tax provısıon ıs ıncluded wıthın provısıons for lıabılıtıes and charges (see note 13).

Deferred tax assets and lıabılıtıes are measured at the tax rates that are expected to apply ın the perıod when the asset ıs realısed or the lıabılıty settled, based on tax rates that have been enacted or substantıvely enacted at the balance sheet date As at the date of the fınancıal statements, the Fınance Bıll 2011, whıch ıncludes a reductıon ın the UK corporate tax rate to 25% from 1 Aprıl 2012, has been substantıvely enacted and so UK deferred tax assets and lıabılıtıes have been calculated at thıs rate

The UK government ıntends to reduce the UK corporate ıncome tax rate further, to 23%, whıch wıll be enacted ın successıve Fınance Bılls Consequently, the company wıll only recognıse the ımpact of the rate change whıch ıs substantıvely enacted at that tıme ın ıts fınancıal statements However, for ındıcatıve purposes only, the maxımum effect of the proposed reductıon ın the corporate ıncome tax rate is to reduce the deferred tax balance as at 31 December 2010 to £365,000 (2010. £412,000).

The company has losses carrıed forward of £314,000 (2010 £307,000) to offset agaınst future tradıng profıts A deferred tax asset has been recognısed ın respect of these losses to the extent that they can be offset agaınst the accelerated capıtal allowances

15. Share capital

	2011	2010
	£000	£000
Allotted, called-up and fully paid		
195,818 ordınary shares of £1 each	196	196

16. Reconciliation of shareholders' funds and movements on reserves

	Share capital £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2010	196	(1,273)	(1,077)
Loss for the year	-	(344)	(344)
At 31 December 2010	196	(1,617)	(1,421)
Loss for the year	-	(282)	(282)
At 31 December 2011	196	(1,899)	(1,703)