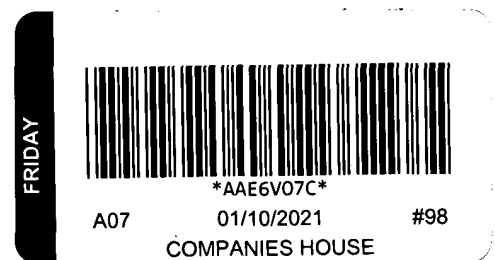


**Gracewell Healthcare 3 Limited**

**Annual Report and Financial Statements**  
**for the year ended 31 December 2020**



## **Gracewell Healthcare 3 Limited**

### **Company Information**

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<b>Directors</b>	D. Hatch C. Roberts J. Myers
<b>Company secretary</b>	CSC Corporate Services (UK) Limited
<b>Registered number</b>	08210882
<b>Registered office</b>	10th Floor 5 Churchill Place London E14 5HU
<b>Independent auditors</b>	Ernst & Young LLP, Statutory Auditor 1 More London Place London SE1 2AF

## **Gracewell Healthcare 3 Limited**

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## Gracewell Healthcare 3 Limited

### Strategic Report for the year ended 31 December 2020

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#### Introduction

The directors present their strategic report for Gracewell Healthcare 3 Limited, "the Company", for the year ended 31st December 2020

#### Business review

The Company's principal activity is the operation of residential and nursing care facilities in the UK. The Company operated 18 facilities during the year. The facilities and dates the operations were included in the Company are listed below.

<b>Community</b>	<b>Resident capacity</b>	<b>Date in company</b>
Fareham	86	August 2018
Horley	60	August 2018
Salisbury	63	August 2018
Weymouth	70	August 2018
Camberley	90	August 2018
Church Crookham	60	June 2014
Newmarket	85	August 2018
Edgbaston	70	April 2015
Hamilton Court (Camberley)	12	August 2018
Newbury	66	October 2016
Bath	62	April 2017
Adderbury	60	April 2017
Sutton	83	November 2016
Sutton Coldfield	65	February 2017
High Wycombe	72	July 2017
Bookham	75	August 2017
Woking	60	February 2018
Frome	70	February 2020
Sway	74	February 2020

Hamilton Court is an extension of Camberley with the same home manager, therefore, it is effectively one home. It has been split out here for presentational purposes only.

**Strategic Report (continued)**  
**for the year ended 31 December 2020**

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**Key performance indicators**

The Company's performance was not as strong as expected during the period. The Company's key performance indicators across the year and prior year are shown in the table below.

	<b>2020</b>	<b>2019</b>	<b>% Change</b>
<b>Revenue (£000)</b>	71,725	61,430	17
<b>Operating expenses - net of operating income (£000)</b>	77,355	70,952	9
<b>Operating Loss (£000)</b>	(5,630)	(9,522)	(41)
<b>Total resident days</b>	389,480	353,559	10
<b>Occupancy rate (%)</b>	83.17	85.04	(2)
<b>Average daily rate (£)</b>	184.16	173.75	6

Revenue increased by 17% year on year which was due to a number of factors. The Company moved from operating 16 facilities to 18 facilities in the current year. In addition to this the Company has increased its average daily rate by 6% during the year.

Operating expenses have only increased by 9% approximately.

This all resulted in a 41% decrease in operating loss to £5,630,000.

**Strategic Report (continued)**  
**for the year ended 31 December 2020**

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**Principal risks and uncertainties**

**Market risk**

Senior care is driven more by need rather than the wider economic environment and the changing market conditions are not expected to have a material impact on the company's business.

**Liquidity risk**

The Company manages this risk in a variety of ways; cash flow forecasts are produced and monitored; a cash sharing agreement has been entered into with related parties and the directors receive confirmation that Welltower Inc (a parent undertaking) is willing to provide the necessary financial support and they make an assessment to ensure that Welltower Inc has the ability to provide such support as necessary.

**Competition risk**

The company recognises the emergence of direct and indirect competition and the potential impact to the occupancy and revenue of the company. The company undertakes regular review of its current competitors regarding their pricing and service offering to ensure it remains the market leader in its catchment area.

**Legislative risk**

The healthcare industry is highly regulated and strong relationships with the Care Quality Commission are important. The quality of care is at the core of the business.

**Brexit**

The Company recognise that Brexit has the potential to have a material impact on the care sector as a whole relating to the reduced availability of care staff and particularly nurses. The Company continues to monitor developments closely with regards both existing EU nationals and ongoing free movement of people to ensure that it can respond accordingly once the political agreement becomes clear.

**Covid-19**

COVID-19 impacted the Company throughout 2020, but 2021 has seen the return to near normal occupancy levels. The Company continues to take action to reduce outgoings and to safeguard its team members to enable it to continue to provide the best care to its residents and protection for its team members by investing heavily in PPE for all who need it. Some non-essential Capital expenditure projects have been deferred and the Company is taking a prudent and vigilant approach on all expenditure to offset any additional costs associated with the pandemic.

**Strategic Report (continued)  
for the year ended 31 December 2020**

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**Directors' statement of compliance with duty to promote the success of the Company**

The Directors of the Company have acted in accordance with their duties codified in law, which include their duty to act in the way in which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members, having regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006.

The Gracewell Group has a long-standing commitment to excellence, integrity and ethical behaviour in championing quality of life for all seniors. The Company's commitment is based on incorporating the Group's mission, Principles of Service and Core Values into everything it does. This includes the relationships that it builds with Gracewell residents, their families, our team members and business partners.

**Residents**

Residents are at the core of what the Company does. The Company aims to provide a supportive home filled with friends (including resident pets), trusted and compassionate carers, nutritious meals, and days filled with enriching activities that nurture the mind, body and spirit.

The Company always looks to improve performance in all areas of the care home. The directors meet quarterly to review KPI's, quality and key issues facing the homes. In addition the regional leaders meet monthly to review standards in: resident care, clinical operations, regulatory & compliance, dining, facilities & maintenance, human resources & training.

The Company has continued with its program of refurbishment of the communities to ensure the high quality of the facilities for the residents.

**Team members**

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004.

The Employee Engagement programs are built on our philosophy that our people are our most valuable asset and make a positive difference for our customers when they can be themselves at work. We aim to promote a positive and inclusive working environment where team members can be open and honest as well as developed within their role and recognised for the commitment that they display on a daily basis.

*Communication*

During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the company, has been continued through the quarterly "All Company Call" led by the CEO and senior management. Regular "Town Hall" meetings are held between local management and employees to share information and give recognition to employees, along with a weekly electronic newsletter distributed to all employees aimed to share important messages from the Executive Leadership Team and encourage engagement.

*Learning*

It is important that all our people grow and develop at Sunrise and Gracewell. We offer access to both professional and personal skills development, both via our e-learning platform and through our National Training Officers who provide educational support around our internal processes and procedures. Throughout 2019 and 2020 we have also implemented a Leadership Development Program through an external training provider to provide the leadership roles within the business the tools they need to develop themselves alongside developing their teams.

*Benefits*

Our approach to benefits enables each home to attract and retain people in a way that is relevant and sustainable. We aim to be competitive within the local markets for employer pay and incentives and enhanced our offering during the Covid-19 pandemic by increasing all hourly paid team members basic rate of pay by £2 per hour throughout April and May. Our overtime offering was also increased as well as SSP and isolation pay.

**Strategic Report (continued)**  
**for the year ended 31 December 2020**

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*Have your Say*

Employees also take part in an annual engagement survey "Have your Say". This survey provides team members with a forum whereby they can give confidential feedback to the business on what's working well, and areas in which the company may be lacking employee expectations.

*Summer of Sunrise*

Every year we spend 1 week focused on celebrating our team members and providing recognition for their hard work and commitment to our residents. The week will typically be spent on engagement activities such as team BBQ's and events focused on celebrating team's success.

*Heart and Soul Awards*

The Heart & Soul Awards are an annual celebration, and a chance for team members to be recognised by their peers and celebrated by the entire company for going above and beyond what would normally be required.

**Suppliers**

Suppliers are critical to delivering a high quality care and environment to the residents. The Company aims to treat its suppliers fairly and pay them within agreed timescales, holding high standards of business conduct. The Company works with its suppliers to ensure that they have effective controls in place to protect its residents' health and safety and the security and privacy of their data.

This report was approved by the board on 29 September 2021 and signed on its behalf.

  
Jason Myers (Sep 29, 2021 16:34 GMT+1)

**J. Myers**  
Director



**Directors' Report  
for the year ended 31 December 2020**

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The directors present their report and the financial statements for the year ended 31 December 2020.

**Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

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

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

**Results and dividends**

The loss for the year, after taxation, amounted to £4,221,000 (2019 - loss £5,086,000).

The directors do not recommend the payment of a dividend for the year.

**Directors**

The directors who served during the year and up to the date of signing the financial statements were as follows:

D. Hatch  
C. Roberts  
J. Skiver (resigned 11 December 2020)  
J. Myers (appointed 11 December 2020)

**Directors' Report (continued)  
for the year ended 31 December 2020**

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**Going concern**

The financial statements have been prepared on a going concern basis. The company has incurred a loss after tax of £4,221,000 for the current year (2019 – £5,086,000) and has net current liabilities of £46,525,000 at the year end (2019 – £31,475,000) and relies upon the ongoing support of fellow subsidiaries, from which the company benefits from intercompany funding.

COVID-19 impacted the Company throughout 2020, but 2021 has seen the return to near normal occupancy levels. The Company continues to take action to reduce outgoings and to safeguard its team members to enable it to continue to provide the best care to its residents and protection for its team members by investing heavily in PPE for all who need it. Some non-essential Capital expenditure projects have been deferred and the Company is taking a prudent and vigilant approach on all expenditure to offset any additional costs associated with the pandemic.

In light of the impact Covid-19 is expected to have on the cashflows and operations of the Company, the Company's ultimate parent undertaking Welltower Inc. has confirmed that they will continue to support the Company in order to allow it to satisfy its financial obligations in the normal course of business through to 31 October 2022. The Directors are satisfied that Welltower Inc. has the ability to provide this support, should it be required and that there is no material risk that the Parent will be unable to provide financial support within a period of 13 months from the date of approval of the financial statements. Welltower is forecast to have sufficient liquidity through the going concern period even under its most downside forecast scenario and before any further mitigating actions it may take. During the year, Welltower sold 2 million shares of common stock under its ATM and DRIP programs, through both cash settle and forward sale agreements, at an initial weighted average price of \$83.94 per share, generating gross proceeds of approximately \$171 million. The sale of these shares and settlement of previously outstanding forward sales resulted in total gross proceeds of approximately \$603 million which were used to reduce borrowings under the unsecured revolving credit facility.

As of September 3, 2021, Welltower completed \$1.3 billion in pro rata dispositions and loan payoffs year-to-date. In addition, the Board of Directors of Welltower has authorized a share repurchase program whereby Welltower may repurchase up to \$1 billion of common stock through December 31, 2021. Under this authorization, Welltower is not required to purchase shares, but may choose to do so in the open market or through private transactions at times and amounts based on our evaluation of market conditions and other factors. On December 31, 2020, Welltower had \$2.0 billion of cash and cash equivalents and \$3.0 billion of available borrowing capacity under its unsecured revolving credit facility which was expanded to \$4.0 billion with an improved pricing on 4 June 2021. Additional proceeds of \$307 million are expected from assets held for sale.

Furthermore, Revera Inc., which also provides funding to the Company, has confirmed that it has implemented a policy whereby it and its wholly owned subsidiary undertakings will not seek intercompany settlement unless the borrowing entity (including this company) has surplus working capital to enable repayment without adversely affecting its ability to settle its other liabilities as and when they fall due. Revera has the ability to provide this support, should it be required and there is no material risk that it will be unable to provide financial support within a period of at least 12 months from the date of approval of the financial statements. Revera is forecast to have sufficient liquidity through the going concern period even under its most downside forecast scenario and before any further mitigating actions it may take. Revera has several billions in assets and owns or operates more than 500 properties. It is a wholly owned subsidiary of PSP Investments, which has net assets under management of C\$204bn as at 31 March 2021.

Given the continued parental support, the Directors of the Company deem it appropriate to prepare the financial statements on the going concern basis.

**Directors' Report (continued)  
for the year ended 31 December 2020**

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**Future developments**

From the 1<sup>st</sup> November 2021 the Management Company "Gracewell Healthcare Limited" will no longer be responsible for the management of these 18 homes. 17 of the homes will fall under the management of "Care UK Limited" and 1 of the homes will fall under the management of "Signature Senior Lifestyle Limited". This home, Gracewell of Camberley, will transition out of the Company and consolidate into "WR Signature Operations Limited" on the 1st November 2021.

From November 2021, six related entities will be consolidated with GH3, namely Sunrise of Edgbaston, Sunrise of Mobberley, Sunrise of Solihull, Sunrise of Tettenhall, Sunrise of Hale Barns and Sunrise of Bramhall.

**Engagement with employees**

The Company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the year, the policy of providing employees with information, including information relating to the economic and financial factors affecting the performance of the company, has been continued through the quarterly "All Company Call" led by the CEO and senior management. Regular "Town Hall" meetings are held between local management and employees to share information and give recognition to employees.

**Disabled employees**

The Company is committed to providing a workplace free of discrimination in any form, where everyone is treated with respect and dignity and where success is based solely on individual merit.

As an equal opportunities employer, the Company continually strives to develop an environment through which it can benefit from the widest possible range of knowledge, skills and experience. In order to provide applicants and team members with equal opportunities, processes and policies are regularly reviewed to ensure that individuals or groups (including disabled employees) are not unjustifiably disadvantaged.

Disability discrimination refers to less favourable treatment based on an individual's disability. An individual does not have to be registered as disabled to have this protected characteristic.

Ensuring equal opportunities for people living with disabilities may involve adjustments being made to the working environment or other employment arrangements to better accommodate the disability. These adjustments will be made wherever possible and within a reasonable time frame and may involve offering adjustments that are not available to people without a disability. Adjustments may include, but are not limited to, provision for specialist equipment and training, job redesign, retraining, flexible working and/or redeployment to a suitable alternative vacancy.

The prime responsibility for arranging appropriate adjustments will lie with the manager, who will consult at all times with team members. Where necessary, an outside specialist may be consulted with prior agreement.

**Disclosure of information to auditors**

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

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

**Directors' Report (continued)  
for the year ended 31 December 2020**

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**Auditors**

The auditors, Ernst & Young LLP, Statutory Auditor, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29 September 2021 and signed on its behalf.

  
Jason Myers (Sep 29, 2021 16:34 GMT+1)

**J. Myers**  
Director

## **Independent Auditors' Report to the Members of Gracewell Healthcare 3 Limited**

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### **Opinion**

We have audited the financial statements of Gracewell Healthcare 3 Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditors' responsibilities for the audit of the financial statements**

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

***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the Companies Act 2006, tax legislation, The Health and Social Care Act 2008, Care Quality Commission (Registration) Regulations 2009, Health and Safety at Work Act 1974, General Data Protection Regulation, Bribery Act 2010 and Money Laundering regulations, as well as employment law compliance.
- We understood how the Company is complying with those frameworks by making enquiries of management, those responsible for legal and compliance procedures and those charged with governance. We corroborated our enquiries through reading board minutes and correspondence with relevant authorities.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud; considering performance targets and the risk of management override to achieve these; determining which account balances are subjective in nature; and considering the processes and controls which the Company has established to prevent and detect fraud, and how those controls are monitored.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved inquiries of management and those charged with governance, identifying and testing journals indicating manual or unusual transactions based on our understanding of the business and against specific risk criteria, review of post year-end bank statements to detect unrecorded liabilities due to non-compliance, reading of board minutes to identify non-compliance with laws and regulations, and obtaining written representations from management.

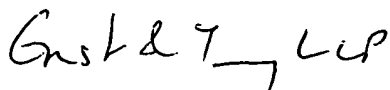
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Independent Auditors' Report to the Members of Gracewell Healthcare 3 Limited (continued)**

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**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.



James Hilditch (Senior Statutory Auditor)  
for and on behalf of  
**Ernst & Young LLP, Statutory Auditor**  
London

29 September 2021



## Gracewell Healthcare 3 Limited

### Statement of Comprehensive Income for the year ended 31 December 2020

	Note	2020 £000	2019 £000
Turnover	3	71,725	61,430
Cost of sales		(47,837)	(40,672)
<b>Gross profit</b>		<b>23,888</b>	<b>20,758</b>
Administrative expenses		(31,365)	(30,324)
Other operating income	4	1,847	44
<b>Operating loss</b>	5	<b>(5,630)</b>	<b>(9,522)</b>
Taxation	8	1,409	4,436
<b>Loss for the financial year</b>		<b>(4,221)</b>	<b>(5,086)</b>
<b>Total comprehensive loss for the year</b>		<b>(4,221)</b>	<b>(5,086)</b>

All amounts relate to continuing activities.

Statement of Financial Position  
As at 31 December 2020

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Tangible assets	9	4,470	3,818
<b>Current assets</b>			
Stocks		81	59
Debtors: amounts falling due within one year	10	8,777	12,067
Bank and cash balances		1,088	433
		<u>9,946</u>	<u>12,559</u>
Creditors: amounts falling due within one year	11	(56,471)	(44,034)
<b>Net current liabilities</b>		<u>(46,525)</u>	<u>(31,475)</u>
<b>Net liabilities</b>		<u>(42,055)</u>	<u>(27,657)</u>
<b>Capital and reserves</b>			
Share premium account	13	1,385	1,385
Capital contribution	13	123	123
Transfer of businesses	13	(15,020)	(4,843)
Accumulated losses	13	(28,543)	(24,322)
		<u>(42,055)</u>	<u>(27,657)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 September 2021.

*Jason Myers*  
Jason Myers (Sep 29, 2021 16:34 GMT+1)

**J. Myers**  
Director

**Statement of Changes in Equity  
for the year ended 31 December 2020**

	Share premium account £000	Capital contribution £000	Transfer of businesses £000	Accumulated losses £000	Total equity £000
<b>At 1 January 2019</b>	<b>1,385</b>	<b>123</b>	<b>(411)</b>	<b>(19,236)</b>	<b>(18,139)</b>
Loss for the year	-	-	-	(5,086)	(5,086)
Movement on pooling of interest (note 17)	-	-	(4,432)	-	(4,432)
<b>At 1 January 2020</b>	<b>1,385</b>	<b>123</b>	<b>(4,843)</b>	<b>(24,322)</b>	<b>(27,657)</b>
Loss for the year	-	-	-	(4,221)	(4,221)
Movement on pooling of interest (note 17)	-	-	(10,177)	-	(10,177)
<b>At 31 December 2020</b>	<b>1,385</b>	<b>123</b>	<b>(15,020)</b>	<b>(28,543)</b>	<b>(42,055)</b>

The notes on pages 17 to 31 form part of these financial statements.

**Notes to the Financial Statements  
for the year ended 31 December 2020**

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**1. Accounting policies**

**1.1 Basis of preparation**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Welltower Inc. as at 31 December 2020 and these financial statements may be obtained from the corporate headquarters at 4500 Dorr Street, Toledo, Ohio 43615-4040 or from the corporate website, [www.welltower.com](http://www.welltower.com).

**1.2 Authorisation of financial statements and statement of compliance with FRS 102**

The financial statements of Gracewell Healthcare 3 Limited (the "Company") for the year ended 31 December 2020 were authorised for issue by the board of directors on 29 September 2021 and the Statement of Financial Position was signed on the board's behalf by J Myers. Gracewell Healthcare 3 Limited is incorporated and domiciled in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 102 Reduced Disclosure Framework (FRS 102) and in accordance with applicable accounting standards and legislation.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The principal accounting policies adopted by the Company are set out below.

**Notes to the Financial Statements  
for the year ended 31 December 2020**

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**1. Accounting policies (continued)**

**1.3 Going concern**

The financial statements have been prepared on a going concern basis. The company has incurred a loss after tax of £4,221,000 for the current year (2019 – £5,086,000) and has net current liabilities of £46,525,000 at the year end (2019 – £31,475,000) and relies upon the ongoing support of fellow subsidiaries, from which the company benefits from intercompany funding.

COVID-19 impacted the Company throughout 2020, but 2021 has seen the return to near normal occupancy levels. The Company continues to take action to reduce outgoings and to safeguard its team members to enable it to continue to provide the best care to its residents and protection for its team members by investing heavily in PPE for all who need it. Some non-essential Capital expenditure projects have been deferred and the Company is taking a prudent and vigilant approach on all expenditure to offset any additional costs associated with the pandemic.

In light of the impact Covid-19 is expected to have on the cashflows and operations of the Company, the Company's ultimate parent undertaking Welltower Inc. has confirmed that they will continue to support the Company in order to allow it to satisfy its financial obligations in the normal course of business through to 31 October 2022. The Directors are satisfied that Welltower Inc. has the ability to provide this support, should it be required and that there is no material risk that the Parent will be unable to provide financial support within a period of 13 months from the date of approval of the financial statements. Welltower is forecast to have sufficient liquidity through the going concern period even under its most downside forecast scenario and before any further mitigating actions it may take. During the year, Welltower sold 2 million shares of common stock under its ATM and DRIP programs, through both cash settle and forward sale agreements, at an initial weighted average price of \$83.94 per share, generating gross proceeds of approximately \$171 million. The sale of these shares and settlement of previously outstanding forward sales resulted in total gross proceeds of approximately \$603 million which were used to reduce borrowings under the unsecured revolving credit facility.

As of September 3, 2021, Welltower completed \$1.3 billion in pro rata dispositions and loan payoffs year-to-date. In addition, the Board of Directors of Welltower has authorized a share repurchase program whereby Welltower may repurchase up to \$1 billion of common stock through December 31, 2021. Under this authorization, Welltower is not required to purchase shares, but may choose to do so in the open market or through private transactions at times and amounts based on our evaluation of market conditions and other factors. On December 31, 2020, Welltower had \$2.0 billion of cash and cash equivalents and \$3.0 billion of available borrowing capacity under its unsecured revolving credit facility which was expanded to \$4.0 billion with an improved pricing on 4 June 2021. Additional proceeds of \$307 million are expected from assets held for sale.

Furthermore, Revera Inc., which also provides funding to the Company, has confirmed that it has implemented a policy whereby it and its wholly owned subsidiary undertakings will not seek intercompany settlement unless the borrowing entity (including this company) has surplus working capital to enable repayment without adversely affecting its ability to settle its other liabilities as and when they fall due. Revera has the ability to provide this support, should it be required and there is no material risk that it will be unable to provide financial support within a period of at least 12 months from the date of approval of the financial statements. Revera is forecast to have sufficient liquidity through the going concern period even under its most downside forecast scenario and before any further mitigating actions it may take. Revera has several billions in assets and owns or operates more than 500 properties. It is a wholly owned subsidiary of PSP Investments, which has net assets under management of C\$204bn as at 31 March 2021.

Given the continued parental support, the Directors of the Company deem it appropriate to prepare the financial statements on the going concern basis.

**Notes to the Financial Statements  
for the year ended 31 December 2020**

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**1. Accounting policies (continued)**

**1.4 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**1.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Work in progress (WIP) represents expenditure on capital projects that have not yet been completed. On completion of a project the accumulated costs are added to the fixed asset register and depreciated.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Leasehold land & building improvements	- 5 years
Fixtures, fittings and equipment	- 3 - 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in Statement of Comprehensive Income.

**Notes to the Financial Statements  
for the year ended 31 December 2020**

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**1. Accounting policies (continued)**

**1.6 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**1.7 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Statement of Comprehensive Income.

**Notes to the Financial Statements  
for the year ended 31 December 2020**

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**1. Accounting policies (continued)**

**1.8 Financial instruments**

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

**Financial assets**

The company classifies all of its financial assets as loans and receivables.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

**Cash at bank and in hand**

Cash and short term deposits in the Statement of Financial Position comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

**Financial liabilities**

The company classifies all of its financial liabilities as liabilities at amortised cost.

Financial liabilities at amortised cost are initially recognised at fair value plus any attributable transaction costs. Subsequent to initial recognition financial liabilities are measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Statement of Financial Position.

**1.9 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.



**Notes to the Financial Statements  
for the year ended 31 December 2020**

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**1. Accounting policies (continued)**

**1.10 Pensions**

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

**1.11 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

Current and deferred tax are recognised in the Statement of Comprehensive Income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the Statement of Financial Position date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Notes to the Financial Statements  
for the year ended 31 December 2020**

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**1. Accounting policies (continued)**

**1.12 Pooling of interest**

The "pooling of interest" method was adopted when the operations of the related companies were consolidated into the Company. An amount of consideration was paid by the Company to the company transferring its operations. Assets and liabilities were transferred at book value. Fixed assets were transferred at the cost and accumulated depreciation that they were held at in the transferring companies' books.

The pooling of interest method requires the difference between the consideration and the assets transferred to be treated as a contribution/distribution in the Company's books.

The financial impact of using this method is shown in note 17.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

**Operating lease commitments**

The Company has entered into commercial property leases and obtains the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Statement of Financial Position.

**Taxation**

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 8.

**3. Turnover**

An analysis of turnover by class of business is as follows:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Operation of residential and nursing care facilities	<b>71,725</b>	61,430

All turnover arose within the United Kingdom.

**Notes to the Financial Statements  
for the year ended 31 December 2020**

**4. Other operating income**

	<b>2020</b>	2019
	<b>£000</b>	£000
Net rents received	-	44
Government grants received	<b>1,847</b>	-

During the year ended 31 December 2020 the Company received grant funding from the government to support the Care sector through the COVID-19 pandemic.

The Company has carefully assessed and considered the criteria associated with grant income prior to submission of a claim and is of the opinion that all criteria have been met to recognise the amount detailed above in the financial statements.

**5. Operating loss**

The operating loss is stated after charging/(crediting):

	<b>2020</b>	2019
	<b>£000</b>	£000
Depreciation of tangible fixed assets	<b>1,361</b>	747
Defined contribution pension cost (note 15)	<b>978</b>	722
Rent - building leases	<b>13,085</b>	15,216
Equipment leasing (operational)	<b>(253)</b>	(214)
Subcontract labour	<b>3,766</b>	4,990
Management fees	<b>4,400</b>	3,692
Other administration expenses	<b>12,442</b>	10,312
Government grants	<b>(1,847)</b>	-

**6. Auditors' remuneration**

	<b>2020</b>	2019
	<b>£000</b>	£000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<b>118</b>	112

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

**Notes to the Financial Statements  
for the year ended 31 December 2020**

**7. Employees**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>37,540</b>	30,360
Social security costs	<b>3,268</b>	2,766
Cost of defined contribution scheme	<b>978</b>	722
	<b>41,786</b>	33,848

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Care assistants	<b>1,111</b>	935
Administration and other staff	<b>507</b>	440
	<b>1,618</b>	1,375

During the year, no director received any emoluments (2019 - £NIL).

The directors received remuneration from related companies, as employees of those companies. They received no remuneration for their services as directors from Gracewell Healthcare 3 Limited.

**8. Taxation**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>(1,409)</b>	(4,436)
<b>Taxation on loss on ordinary activities</b>	<b>(1,409)</b>	(4,436)

**Notes to the Financial Statements  
for the year ended 31 December 2020**

**8. Taxation (continued)**

**Factors affecting tax credit for the year**

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	<b>2020</b>	2019
	<b>£000</b>	£000
Loss on ordinary activities before tax	<b>(5,630)</b>	(9,522)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	<b>(1,070)</b>	(1,809)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	<b>47</b>	32
Change in unrecognised deferred tax asset	<b>(129)</b>	(2,659)
Deferred tax asset recognised on transfer in of Frome and Sway facilities	<b>(257)</b>	-
<b>Total tax credit for the year</b>	<b>(1,409)</b>	(4,436)

**Deferred tax**

At 31 December 2020, the company had a deferred tax asset of approximately £5,845,000 (2019 - £4,436,000) calculated at a rate of 19% relating to post April 2017 trading tax losses carried forward and other timing differences of £30,760,000 (2019 - £23,356,000). In accordance with the company's accounting policy the deferred tax asset has been recognised in the financial statements since the directors forecast taxable profits will be available in the immediate future which will allow the timing differences to be recovered.

In addition, at 31 December 2020, the company had an unrecognised deferred tax asset of approximately £3,933,000 (2019 - £2,564,000) calculated at a rate of 19% (2019 - 19%) relating to trading tax losses carried forward and other timing differences of £20,701,000 (2019 - £13,494,000). In accordance with the company's accounting policy no deferred tax asset has been recognised in the financial statements in respect of these losses and timing differences due to uncertainty surrounding the timing of future taxable profits available for offset.

In March 2021, an increase in the future corporation tax rate applicable from 1 April 2023 to 25% was announced. The company's recognised and unrecognised deferred tax assets are not calculated using this rate because the company is not able to accurately forecast its future gross deferred tax position in 2023 when the rate change will take effect, in order to apply the higher tax rate to that portion of the gross deferred tax balance carried forward at 31 December 2020.

**Notes to the Financial Statements  
for the year ended 31 December 2020**

**9. Tangible fixed assets**

	Leasehold land & building improvements £000	Fixtures fittings and equipment £000	Work in progress £000	Total £000
<b>Cost or valuation</b>				
At 1 January 2020	808	3,540	1,143	5,491
Additions	366	1,129	5	1,500
Transfers intra group	218	1,007	-	1,225
Disposals	-	(59)	-	(59)
Transfers between classes	268	818	(1,086)	-
At 31 December 2020	1,660	6,435	62	8,157
<b>Depreciation</b>				
At 1 January 2020	258	1,415	-	1,673
Charge for the year	291	1,070	-	1,361
Transfers intra group	83	625	-	708
Disposals	-	(55)	-	(55)
At 31 December 2020	632	3,055	-	3,687
<b>Net book value</b>				
At 31 December 2020	1,028	3,380	62	4,470
At 31 December 2019	550	2,125	1,143	3,818

**10. Debtors**

	2020 £000	2019 £000
Trade debtors	2,205	2,340
Amounts owed by group undertakings	1	1
Amounts owed by related undertakings	-	4,565
Other debtors	28	19
Prepayments and accrued income	698	706
Deferred taxation (note 12)	5,845	4,436
	<b>8,777</b>	<b>12,067</b>

Trade debtors are stated after provisions for impairment of £148,000 (2019 - £235,000).

**Notes to the Financial Statements  
for the year ended 31 December 2020**

**11. Creditors: Amounts falling due within one year**

	<b>2020</b>	2019
	<b>£000</b>	£000
Trade creditors	<b>943</b>	1,633
Amounts owed to group undertakings	<b>38,084</b>	29,245
Amounts owed to related undertakings	<b>2,699</b>	6
Other taxation and social security	<b>977</b>	766
Other creditors	<b>168</b>	138
Accruals and deferred income	<b>13,600</b>	12,246
	<b>56,471</b>	44,034

**12. Deferred taxation**

	<b>2020</b>
	<b>£000</b>
At beginning of year	<b>4,436</b>
Credited to Statement of Comprehensive Income	<b>1,409</b>
<b>At end of year</b>	<b>5,845</b>

The deferred tax asset is made up as follows:

	<b>2020</b>	2019
	<b>£000</b>	£000
Tax losses carried forward and other timing differences	<b>5,845</b>	4,436

Notes to the Financial Statements  
for the year ended 31 December 2020

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**13. Reserves**

**Accumulated losses**

The accumulated losses comprises the cumulative net gains and losses recognised in the statement of comprehensive income.

**Capital contribution reserve**

The capital contribution reserve comprises the cumulative contributions by the owners.

**Share premium reserve**

The share premium reserve comprises the cumulative additional consideration paid for shares above the nominal share value.

**Transfer of businesses**

The transfer of businesses amount arose when the assets of 9 facilities from related companies were consolidated with the company's operations. The amount represents the value of the assets transferred less any consideration paid.

**14. Share capital**

	2020 £	2019 £
<b>Authorised, allotted, called up and fully paid</b>		
200 (2019 - 200) Ordinary shares shares of £1 each	<b>200</b>	200
	<hr/>	<hr/>

**15. Pension commitments**

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £978,000 (2019 - £722,000). Contributions totalling £150,000 (2019 - £123,000) were payable to the fund at the reporting date.



**Notes to the Financial Statements  
for the year ended 31 December 2020**

**16. Commitments under operating leases**

The Company has an operating lease for each care home premises it operates. The leases for the Edgbaston and Newmarket facilities are for 15 years. All the other leases are for 25 years. Rent charged under all of these leases was reviewed on 1 August 2020. The figures below reflect these revised rents. Further rent reviews will be every 3 years. Under each lease the Company has the option to take a further lease of the premises at the end of the current lease term.

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>2020</b> <b>£000</b>	2019 £000
Not later than 1 year	<b>8,053</b>	15,216
Later than 1 year and not later than 5 years	<b>32,211</b>	60,865
Later than 5 years	<b>108,319</b>	227,864
	<b>148,583</b>	303,945

**17. Pooling of interest**

The financial impact to the Company from the transfers of business is shown in the table below.

	<b>2020</b> <b>£000</b>	2019 £000
Consideration paid	<b>(609)</b>	-
<b>Transfer of:</b>		
Fixed assets	<b>524</b>	-
Cash	<b>216</b>	-
Debtors, prepayments & accrued income	<b>114</b>	-
Creditors, accruals & deferred income	<b>(3,034)</b>	-
Amounts owed to related undertakings	<b>(7,388)</b>	(4,432)
	<b>(10,177)</b>	(4,432)

The £4.4m shown in the prior year is from the transfer of business in 2018. Some amounts owing to related undertakings were omitted from being transferred in error. This was corrected in the prior year.

**Notes to the Financial Statements  
for the year ended 31 December 2020**

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**18. Subsequent events**

At the 31 December 2020, the Company consisted of the operations of 18 residential and nursing care facilities.

From the 1st November 2021 the Management Company "Gracewell Healthcare Limited" will no longer be responsible for the management of these 18 homes. 17 of the homes will fall under the management of "Care UK Limited" and 1 of the homes will fall under the management of "Signature Senior Lifestyle Limited". This home, Gracewell of Camberley, will transition out of the Company and consolidate into "WR Signature Operations Limited" on the 1st November 2021.

From November 2021, six related entities will be consolidated with GH3, namely Sunrise of Edgbaston, Sunrise of Mobberley, Sunrise of Solihull, Sunrise of Tettenhall, Sunrise of Hale Barns and Sunrise of Bramhall.

**19. Ultimate parent undertaking and controlling party**

The Company is a subsidiary undertaking of Gracewell Operations Holding Limited a Company incorporated in England and Wales. The directors consider Welltower Inc., a Company registered and incorporated in the United States of America, to be the ultimate parent and controlling party.

At the year end, the parent undertaking of the largest and smallest group for which group financial statements were prepared was Welltower Inc., whose group accounts can be obtained from the corporate headquarters at 4500 Dorr Street, Toledo, Ohio 43615-4040 or from the corporate website, [www.welltower.com](http://www.welltower.com).