

Registered number: 08210882

WT UK Opco 4 Limited (formerly Gracewell Healthcare 3 Limited)

**Annual Report and Financial Statements
for the year ended 31 December 2021**



WT UK Opco 4 Limited

Company Information

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

WT UK Opco 4 Limited

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WT UK Opco 4 Limited

Strategic Report for the year ended 31 December 2021

Introduction

The directors present their strategic report for WT UK Opco 4 Limited, "the Company", for the year ended 31 December 2021.

Business review

The Company's principal activity is the operation of residential and nursing care facilities in the UK. On 14 December 2021, the Company name changed from Gracewell Healthcare 3 Limited to WT UK Opco 4 Limited. On 1 December 2021 the management company also changed from Gracewell Healthcare Limited to Care UK Community Partnerships Ltd.

On 1 December 2021, the Company restructured some of its portfolio homes, with 1 home leaving the entity and 6 homes joining the entity.

The homes that left the entity were Gracewell of Camberley and Hamilton Court (this is effectively one home).

The homes that joined the entity on 1 December 2021 from Willow Tower Opco 1 Limited (formerly Sunrise UK Operations Limited) were Sunrise of Edgbaston, Sunrise of Mobberley, Sunrise of Solihull, Sunrise of Tettenhall, Sunrise of Hale Barns and Sunrise of Bramhall.

At the end of the year, the Company operated 23 facilities across the UK. The facilities and dates the operations were included in the Company are listed below.

Community	Resident capacity	Date in company
Fareham	86	August 2018
Horley	60	August 2018
Salisbury	63	August 2018
Weymouth	70	August 2018
Church Crookham	60	June 2014
Newmarket	85	August 2018
Gracewell Edgbaston	70	April 2015
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
Sunrise Edgbaston	98	December 2021
Mobberley	119	December 2021
Solihull	93	December 2021
Tettenhall	98	December 2021
Hale Barns	96	December 2021
Bramhall	100	December 2021

WT UK Opco 4 Limited

Strategic Report (continued) for the year ended 31 December 2021

Key performance indicators

The Company's performance was better than expected during the period. The Company's key performance indicators across the year and prior year are shown in the table below.

	2021	2020	% Change
Revenue (£000)	76,890	71,725	7
Operating expenses (£000)	77,780	79,202	(2)
Operating profit/(loss) (£000)	1,838	(5,630)	(133)
Total resident days	387,875	389,480	-
Occupancy rate (%)	53.40	83.17	(36)
Average daily rate (£)	205.74	184.16	12

Revenue increased by 7% year on year which is mainly due to the increase in its average daily rate by 12% during the year. There was also an increase in the number of homes, which was offset by the decline in occupancy rate.

Operating expenses have decreased by 2%, mainly driven by reduced intercompany rent of £4.8m due to a mid-year rent review in the prior year.

This all resulted in a 133% decrease in operating loss resulting in a profit in the year of £1,838,000.

**Strategic Report (continued)
for the year ended 31 December 2021**

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, and has continued to do so throughout 2021. The occupancy rate has declined from an average of 83% in 2020 to 53% in 2021. 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 2021**

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 Company 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 Company's mission, Principles of Service and Core Values into everything it does. This includes the relationships that it builds with its 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 KPIs, 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 be 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. 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. Since 2019 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 our overtime rates and ensuring that our team members did not suffer financially if being required to isolate or attend off-site testing facilities.

Strategic Report (continued)
for the year ended 31 December 2021

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 BBQs 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 21 April 2022 and signed on its behalf.


Jason Myers (Apr 22, 2022 11:41 GMT+1)

J. Myers
Director

**Directors' Report
for the year ended 31 December 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

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 profit for the year, after taxation, amounted to £1,747,000 (2020 - loss £4,221,000).

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 (resigned 1 December 2021)
C. Roberts
J. Myers (appointed 11 December 2020)

**Directors' Report (continued)
for the year ended 31 December 2021**

Going concern

The financial statements have been prepared on a going concern basis. The Company has generated a profit after tax of £1,747,000 for the current year (2020 – loss after tax of £4,221,000) and has net current liabilities of £13,693,000 at the year end (2020 – net current liabilities £46,525,000) and relies upon the ongoing support of fellow subsidiaries, from which the Company benefits from intercompany funding.

Covid-19 impacted the Company throughout 2020, and has continued to do so throughout 2021. The occupancy rate has declined from an average of 83% in 2020 to 53% in 2021. 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. 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 ultimate parent will be unable to provide financial support within a period of 12 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. Since October 2021, Welltower sold 11.3 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 \$85.06 per share, generating gross proceeds of approximately \$961 million. As of February 2022, approximately \$11.1 million shares remain unsettled which are expected to generate future gross proceeds of \$949 million. In November 2021, Welltower issued \$500 million in 2.75% senior unsecured notes due January 2032, matching WELL's lowest-ever coupon on a 10-year note. On 31 March 2022 further notes of \$550m were underwritten at 3.85% with due maturity of June 2032.

As of the 4th quarter, Welltower completed \$1.5 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. As of December 31, 2021, Welltower did not repurchase any shares of common stocks. On December 31, 2021, Welltower had \$347 million of cash and cash equivalents and \$3.0 billion of available borrowing capacity under its unsecured revolving credit facility which was expanded to \$3.9 billion with an improved pricing on 4 June 2021. Additional proceeds of \$134 million are expected from assets held for sale.

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

Future developments

At the 31 December 2021, the Company consisted of the operations of 23 residential and nursing care facilities.

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.

**Directors' Report (continued)
for the year ended 31 December 2021**

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.

Directors' Report (continued)
for the year ended 31 December 2021

Greenhouse gas emissions, energy consumption and energy efficiency action

Energy Efficiency actions taken this year

Throughout 2021 the Company continued to focus all its activities around protecting our residents and colleagues from the Covid-19 pandemic. This meant that less effort was put into increasing our energy efficiency than we had planned, but we continued to improve our energy efficiency through our facilities maintenance and renewals programs.

When energy consuming assets require replacing, the facilities and maintenance teams will always endeavour to replace assets with the most energy efficient solution within the constraints of the relevant statutory specification.

Streamlined Energy and Carbon Reporting (SECR) Methodology

Energy Consumption and Emissions: Our consumption was collected using the energy bills from our suppliers. The emissions were calculated from the kWh using the 2021 and 2020 conversion factors published on the government's SECR website.

Summary of greenhouse annualised gas emissions and energy consumption for the financial year:

	Unit	2021	2020	% change
Gas consumption used to calculate emissions	kWh	9,969,573	10,955,987	(9.0)%
Emissions from combustion of gas	tCO2e	1,826	2,014	(9.3)%
Electricity consumption used to calculate emissions	kWh	6,902,050	5,201,258	32.7%
Emissions from purchased electricity	tCO2e	1,466	1,213	(20.8)%
Emissions from combustion of fuel for transport purposes	Litres			
Emissions from business travel in company owned Mini-Buses	tCO2e	13	17	(22.4)%
	Miles			
Emissions from business travel in employee owned Vehicles	tCO2e	10	14	(26.3)%
Total gross emissions	tCO2e	3,315	3,259	1.7%
Intensity ratio	kgCO2e per resident	3,318.2	2,539.8	22.8%

Intensity Factor

As our energy usage is predominantly dictated by our resident occupancy, we decided that the most representative intensity factor for the business as a whole would be the number of residents in the home. Therefore the intensity metric we chose for the company is "Care Home emissions per resident".

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 2021**

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 21 April 2022 and signed on its behalf.


Jason Myers (Apr 22, 2022 11:41 GMT+1)

J. Myers
Director

Independent Auditors' Report to the Members of WT UK Opco 4 Limited (formerly Gracewell Healthcare 3 Limited)

Opinion

We have audited the financial statements of WT UK Opco 4 Limited (the 'Company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 18, 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 2021 and of its profit 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.

Independent Auditors' Report to the Members of WT UK Opco 4 Limited (formerly Gracewell Healthcare 3 Limited) (continued)

Other information (continued)

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 FRS 102, 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. This description forms part of our Auditors' Report.

Independent Auditors' Report to the Members of WT UK Opco 4 Limited (formerly Gracewell Healthcare 3 Limited) (continued)

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.

Ernst & Young LLP

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

22 April 2022

WT UK Opco 4 Limited**Statement of Comprehensive Income
for the year ended 31 December 2021**

	Note	2021 £000	2020 £000
Turnover	3	76,890	71,725
Cost of sales		(50,421)	(47,837)
Gross profit		26,469	23,888
Administrative expenses		(27,359)	(31,365)
Other operating income	4	2,728	1,847
Operating profit/(loss)	5	1,838	(5,630)
Taxation	8	(91)	1,409
Profit/(loss) for the financial year		1,747	(4,221)
Total comprehensive profit/(loss) for the year		1,747	(4,221)

All amounts relate to continuing activities.

WT UK Opco 4 Limited
Registered number:08210882

Statement of Financial Position
As at 31 December 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	9	5,929	4,470
Current assets			
Stocks		106	81
Debtors: amounts falling due within one year	10	13,930	8,777
Cash at bank and in hand		2,336	1,088
		<u>16,372</u>	<u>9,946</u>
Creditors: amounts falling due within one year	11	(30,065)	(56,471)
Net current liabilities		<u>(13,693)</u>	<u>(46,525)</u>
Net liabilities		<u>(7,764)</u>	<u>(42,055)</u>
Capital and reserves			
Share premium account	13	33,385	1,385
Capital contribution	13	123	123
Transfer of businesses	13	(14,476)	(15,020)
Accumulated losses	13	(26,796)	(28,543)
		<u>(7,764)</u>	<u>(42,055)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 April 2022.

Jason Myers
 Jason Myers (Apr 22, 2022 11:41 GMT+1)

J. Myers
 Director

WT UK Opco 4 Limited

**Statement of Changes in Equity
for the year ended 31 December 2021**

	Share premium account £000	Capital contribution £000	Transfer of businesses £000	Accumulated losses £000	Total equity £000
At 1 January 2020	1,385	123	(4,843)	(24,322)	(27,657)
Loss for the year	-	-	-	(4,221)	(4,221)
Movement on pooling of interest (note 17)	-	-	(10,177)	-	(10,177)
At 1 January 2021	1,385	123	(15,020)	(28,543)	(42,055)
Profit for the year	-	-	-	1,747	1,747
Shares issued during the year	32,000	-	-	-	32,000
Movement on pooling of interest (note 17)	-	-	544	-	544
At 31 December 2021	33,385	123	(14,476)	(26,796)	(7,764)

The notes on pages 18 to 32 form part of these financial statements.

**Notes to the Financial Statements
for the year ended 31 December 2021**

1. Accounting policies

1.1 Authorisation of financial statements and statement of compliance with FRS 102

The financial statements of WT UK Opco 4 Limited (the "Company") for the year ended 31 December 2021 were authorised for issue by the board of directors on 21 April 2022 and the Statement of Financial Position was signed on the board's behalf by J Myers. WT UK Opco 4 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.

1.2 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 & 33.9.

This information is included in the consolidated financial statements of Welltower Inc. as at 31 December 2021 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.

**Notes to the Financial Statements
for the year ended 31 December 2021**

1. Accounting policies (continued)

1.3 Going concern

The financial statements have been prepared on a going concern basis. The Company has generated a profit after tax of £1,747,000 for the current year (2020 – loss after tax of £4,221,000) and has net current liabilities of £13,693,000 at the year end (2020 – net current liabilities £46,525,000) and relies upon the ongoing support of fellow subsidiaries, from which the Company benefits from intercompany funding.

Covid-19 impacted the Company throughout 2020, and has continued to do so throughout 2021. The occupancy rate has declined from an average of 83% in 2020 to 53% in 2021. 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. 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 ultimate parent will be unable to provide financial support within a period of 12 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. Since October 2021, Welltower sold 11.3 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 \$85.06 per share, generating gross proceeds of approximately \$961 million. As of February 2022, approximately \$11.1 million shares remain unsettled which are expected to generate future gross proceeds of \$949 million. In November 2021, Welltower issued \$500 million in 2.75% senior unsecured notes due January 2032, matching WELL's lowest-ever coupon on a 10-year note. On 31 March 2022 further notes of \$550m were underwritten at 3.85% with due maturity of June 2032.

As of the 4th quarter, Welltower completed \$1.5 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. As of December 31, 2021, Welltower did not repurchase any shares of common stocks. On December 31, 2021, Welltower had \$347 million of cash and cash equivalents and \$3.0 billion of available borrowing capacity under its unsecured revolving credit facility which was expanded to \$3.9 billion with an improved pricing on 4 June 2021. Additional proceeds of \$134 million are expected from assets held for sale.

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 2021**

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	- 5 years
improvements	
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 2021**

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 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.8 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 2021**

1. Accounting policies (continued)

1.9 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.

1.10 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 2021**

1. Accounting policies (continued)

1.11 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.

1.12 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 2021**

1. Accounting policies (continued)

1.13 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:

	2021	2020
	£000	£000
Operation of residential and nursing care facilities	76,890	71,725

All turnover arose within the United Kingdom.

WT UK Opco 4 Limited

Notes to the Financial Statements for the year ended 31 December 2021

4. Other operating income

	2021 £000	2020 £000
Other operating income	2,728	1,847

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 profit/(loss)

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

	2021 £000	2020 £000
Depreciation of tangible fixed assets	1,545	1,361
Defined contribution pension cost (note 15)	1,043	978
Rent - building leases	8,333	13,085
Equipment leasing (operational)	(260)	(253)
Subcontract labour	5,080	3,766
Management fees	4,574	4,400
Other administration expenses	12,646	12,442
Government grants	(2,728)	(1,847)

6. Auditors' remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	133	118

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 2021**

7. Employees

	2021	2020
	£000	£000
Wages and salaries	38,679	37,540
Social security costs	3,255	3,268
Cost of defined contribution scheme	1,043	978
	42,977	41,786

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

	2021	2020
	No.	No.
Care assistants	1,096	1,111
Administration and other staff	549	507
	1,645	1,618

During the year, no director received any emoluments (2020 - £NIL).

C. Roberts and J. Myers received remuneration from HCN UK Management Services Limited and D Hatch received remuneration from Revera Inc, related companies, as employees of those companies. They received no remuneration for their services as directors from WT UK Opco 4 Limited.

8. Taxation

	2021	2020
	£000	£000
Total current tax	-	-
Deferred tax charge/(credit)		
Origination and reversal of timing differences	129	(1,409)
Adjustments in respect of prior years	(38)	-
Taxation on profit/(loss) on ordinary activities	91	(1,409)

**Notes to the Financial Statements
for the year ended 31 December 2021**

8. Taxation (continued)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is different to the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £000	2020 £000
Profit/(loss) on ordinary activities before tax	1,838	(5,630)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	349	(1,070)
Effects of:		
Expenses not deductible for tax purposes	69	47
Change in unrecognised deferred tax asset	(289)	(129)
Adjustments in respect of prior years	(38)	-
Deferred tax asset recognised on transfer in of Frome and Sway facilities	-	(257)
Total tax charge/(credit) for the year	91	(1,409)

Deferred tax

At 31 December 2021, the Company had a deferred tax asset of approximately £9,966,000 (2020 - £5,845,000) calculated at a rate of 19% relating to post April 2017 trading tax losses carried forward and other timing differences of £52,453,000 (2020 - £30,760,000). 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 2021, the Company had an unrecognised deferred tax asset of approximately £6,649,000 (2020 - £3,933,000) calculated at a rate of 19% (2020 - 19%) relating to trading tax losses carried forward and other timing differences of £34,994,000 (2020 - £20,701,000). 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 2021.

WT UK Opco 4 Limited

**Notes to the Financial Statements
for the year ended 31 December 2021**

9. Tangible fixed assets

	Leasehold land & building improvements £000	Fixtures fittings and equipment £000	Work in progress £000	Total £000
Cost or valuation				
At 1 January 2021	1,660	6,435	62	8,157
Additions	339	413	72	824
Transfers into group	1,483	3,998	220	5,701
Disposals	-	(148)	-	(148)
Transfers out of group	(30)	(384)	-	(414)
Transfers between classes	62	-	(62)	-
At 31 December 2021	3,514	10,314	292	14,120
Depreciation				
At 1 January 2021	632	3,055	-	3,687
Charge for the year	379	1,166	-	1,545
Transfers into group	902	2,381	-	3,283
Disposals	-	(136)	-	(136)
Transfers out of group	(15)	(173)	-	(188)
At 31 December 2021	1,898	6,293	-	8,191
Net book value				
At 31 December 2021	1,616	4,021	292	5,929
At 31 December 2020	1,028	3,380	62	4,470

10. Debtors

	2021 £000	2020 £000
Trade debtors	3,278	2,205
Amounts owed by group undertakings	36	1
Amounts owed by related undertakings	12	-
Other debtors	-	28
Prepayments and accrued income	638	698
Deferred taxation (note 12)	9,966	5,845
	13,930	8,777

WT UK Opco 4 Limited

Notes to the Financial Statements for the year ended 31 December 2021

10. Debtors (continued)

Trade debtors are stated after provisions for impairment of £285,000 (2020 - £235,000).

11. Creditors: Amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	1,436	943
Amounts owed to group undertakings	11,361	38,084
Amounts owed to related undertakings	365	2,699
Other taxation and social security	1,134	977
Other creditors	248	168
Accruals and deferred income	15,521	13,600
	<u>30,065</u>	<u>56,471</u>

12. Deferred taxation

	2021 £000
At beginning of year	5,845
Charged to Statement of Comprehensive Income	(91)
Deferred tax asset transferred in/(out)	4,212
At end of year	<u>9,966</u>

The deferred tax asset is made up as follows:

	2021 £000	2020 £000
Tax losses carried forward and other timing differences	<u>9,966</u>	<u>5,845</u>

**Notes to the Financial Statements
for the year ended 31 December 2021**

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 6 facilities from related companies were consolidated with the Company's operations and 2 facilities were transferred out. The amount represents the value of the assets transferred less any consideration paid.

14. Share capital

	2021 £	2020 £
Authorised, allotted, called up and fully paid		
300 (2020 - 200) Ordinary shares shares of £1 each	300	200

On 29 November 2021 the Company issued 100 ordinary shares of £1 each, comprising a nominal value of £100 and a share premium totalling £31,999,900.

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 £1,043,000 (2020 - £978,000). Contributions totalling £239,000 (2020 - £150,000) were payable to the fund at the reporting date.

**Notes to the Financial Statements
for the year ended 31 December 2021**

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 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £000	2020 £000
Not later than 1 year	11,421	8,053
Later than 1 year and not later than 5 years	45,685	32,211
Later than 5 years	107,705	108,319
	164,811	148,583

17. Pooling of interest

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

	2021 £000	2020 £000
Consideration paid	(4,376)	(609)
Transfer of:		
Fixed assets	2,163	524
Cash	9	216
Stock	26	-
Debtors, prepayments & accrued income	716	114
Deferred tax	4,212	-
Creditors, accruals & deferred income	(2,358)	(3,034)
Amounts owed to related undertakings	152	(7,388)
	544	(10,177)

The balance above is net of consideration paid to Willow Tower Opco 1 Limited of £2,265,651 and net assets of £2,265,651.

**Notes to the Financial Statements
for the year ended 31 December 2021**

18. 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.