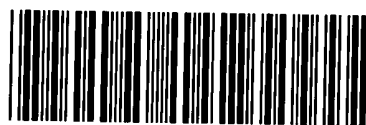


REGISTERED NUMBER: 09355855 (England and Wales)

**REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2016
FOR
CRIMSON DORSET PROPERTIES LIMITED**

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CRIMSON DORSET PROPERTIES LIMITED (REGISTERED NUMBER: 09355855)

**CONTENTS OF THE FINANCIAL STATEMENTS
for the period ended 31 DECEMBER 2016**

	Page #
Company Information	1
Report of the Directors	2
Report of the Independent Auditor to the Members of Crimson Dorset Properties Limited	4
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9

CRIMSON DORSET PROPERTIES LIMITED

COMPANY INFORMATION
for the period ended 31 DECEMBER 2016

DIRECTORS:	Michael Allen Smith Brian Kenneth Wood Nicholas Wayne Jacoby
SECRETARY:	Jordan Company Secretaries Limited
REGISTERED OFFICE:	11-12 Saint James's Square Suite 1, 3rd Floor London SW1Y 4LB
REGISTERED NUMBER:	09355855 (England and Wales)
AUDITOR:	KPMG LLP 15 Canada Square London E14 5GL

CRIMSON DORSET PROPERTIES LIMITED
REPORT OF THE DIRECTORS
for the period ended 31 DECEMBER 2016

The directors present their report with the financial statements of the company for the period ended 31 December 2016.

INCORPORATION

The company was incorporated on 15 December 2014.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of investment in care home properties.

DIRECTORS

The directors who have held office or been appointed during the period 1 January 2016 to the date of this report are as follows:

Michael Allen Smith
Brian Kenneth Wood
Nicholas Wayne Jacoby - appointed 10 May 2016
Christian Noel Cummings - resigned 10 May 2016

POTENTIAL IMPACT OF BREXIT

On 23 June 2016 the UK electorate voted to leave the European Union. This decision commences a process that is likely to take a minimum of two years to complete, and during this time the UK remains a member of the European Union. There will be a resulting period of uncertainty for the UK economy and real estate markets, with increased volatility expected in financial markets. Occupiers and investors are still taking stock and heightened political and economic uncertainty makes it difficult to assess the full implications for the commercial property market at this early stage. Since the referendum date, it has not been possible to gauge the effect of this decision by reference to transactions in the market place, hence this does not impact the fair value of assets and liabilities, including investment property, reported at the balance sheet date of 31 December 2016.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

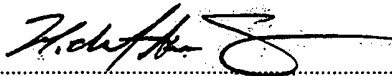
CRIMSON DORSET PROPERTIES LIMITED
REPORT OF THE DIRECTORS
for the period ended 31 DECEMBER 2016

AUDITOR

The auditor, KPMG LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



Michael Allen Smith - Director

Date: 9/21/2017

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CRIMSON DORSET PROPERTIES LIMITED**

We have audited the financial statements of Crimson Dorset Properties Limited for the year ended 31 December 2016 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as of 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year is consistent with the financial statements.


Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.


Henry Todd (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 21 September 2017

CRIMSON DORSET PROPERTIES LIMITED (REGISTERED NUMBER: 09355855)
INCOME STATEMENT
for the period ended 31 DECEMBER 2016

	Notes	For the periods ended 31 December	
		2016	2015
		£	£
TURNOVER		4,064,210	3,689,678
Administrative expenses		(473,578)	(363,363)
OPERATING PROFIT	2	3,590,632	3,326,315
Change in fair value of investment properties	3	(6,925,000)	(147,516)
		(3,334,368)	3,178,799
Interest payable and similar charges		(4,594,946)	(4,210,192)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(7,929,314)	(1,031,393)
Tax on loss on ordinary activities	4	(204,266)	(218,708)
LOSS FOR THE FINANCIAL PERIOD		(8,133,580)	(1,250,101)

The notes on pages 9 to 13 form part of these financial statements

CRIMSON DORSET PROPERTIES LIMITED (REGISTERED NUMBER: 09355855)
 STATEMENT OF COMPREHENSIVE INCOME
 for the period ended 31 DECEMBER 2016

	For the periods ended 31 December	
	2016	2015
	£	£
LOSS FOR THE PERIOD	(8,133,580)	(1,250,101)
OTHER COMPREHENSIVE INCOME	—	—
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>(8,133,580)</u>	<u>(1,250,101)</u>

The notes on pages 9 to 13 form part of these financial statements

CRIMSON DORSET PROPERTIES LIMITED (REGISTERED NUMBER: 09355855)
STATEMENT OF FINANCIAL POSITION
As at 31 DECEMBER 2016

		As at 31 December	
	Notes	2016 £	2015 £
FIXED ASSETS			
Investment property	5	50,075,000	57,000,000
CURRENT ASSETS			
Debtors	6	7,754,948	3,691,295
Cash at bank	7	1,400,000	1,400,000
		<u>9,154,948</u>	<u>5,091,295</u>
CREDITORS			
Amounts falling due within one year	8	(10,931,929)	(6,291,436)
NET CURRENT LIABILITIES		<u>(1,776,981)</u>	<u>(1,200,141)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		48,298,019	55,799,859
CREDITORS			
Amounts falling due after more than one year	9	(57,585,800)	(57,000,000)
Provisions for liabilities	12	(94,900)	(48,960)
NET LIABILITIES		<u>(9,382,681)</u>	<u>(1,249,101)</u>
CAPITAL AND RESERVES			
Called up share capital	13	1,000	1,000
Retained earnings	14	(9,383,681)	(1,250,101)
SHAREHOLDERS' DEFICIT		<u>(9,382,681)</u>	<u>(1,249,101)</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 9/21/17 and were signed on its behalf by:


Michael Allen Smith - Director

The notes pages 9 to 13 form part of these financial statements

CRIMSON DORSET PROPERTIES LIMITED (REGISTERED NUMBER: 09355855)
STATEMENT OF CHANGES IN EQUITY
for the period ended 31 DECEMBER 2016

	Called up share capital	Retained earnings	Total equity
	£	£	£
Balance at 15 December 2014	—	—	—
Changes in equity			
Issue of share capital	1,000	—	1,000
Total comprehensive loss for the period	—	(1,250,101)	(1,250,101)
Balance at 1 January 2016	1,000	(1,250,101)	(1,249,101)
Changes in equity			
Total comprehensive loss for the period	—	(8,133,580)	(8,133,580)
Balance at 31 December 2016	<u>1,000</u>	<u>(9,383,681)</u>	<u>(9,382,681)</u>

The notes on pages 9 to 13 form part of these financial statements

CRIMSON DORSET PROPERTIES LIMITED (REGISTERED NUMBER: 09355855)
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 DECEMBER 2016

NOTE 1 — ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard ("FRS") 102 *"The Financial Reporting Standard applicable in the UK and Republic of Ireland"*. The earliest comparative period presented is 15 December 2014 through 31 December 2015. The current period presented is the calendar year ended 31 December 2016. The company early adopted FRS 102 for the period ended 31 December 2015.

Going concern

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The Company is dependent for its working capital on funds provided by its parent company, Crimson Dorset Limited. Crimson Dorset Limited is obliged to provide necessary funding for the continuing operations of the Company. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities when they fall due for payment. As with any company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of the approval of these financial statements, they have no reason to believe that it will not do so. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result in the basis of preparation being inappropriate.

FRS 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102:

- the requirements of Section 7 Statement of Cash Flows.

Related party exemption

The company has taken advantage of exemption, under the terms of FRS 102, not to disclose related party transactions with wholly owned subsidiaries within the group.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover is in respect of rental income, which is recognised on a straight-line basis.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both.

Investment properties are recognised initially at cost.

Subsequent to initial recognition

- i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and
- ii. no depreciation is provided in respect of investment properties applying the fair value model.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets in accordance with section 17 until a reliable measure of fair value becomes available.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

CRIMSON DORSET PROPERTIES LIMITED (REGISTERED NUMBER: 09355855)
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 DECEMBER 2016

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Accounting estimates and judgements

The fair value of the investment properties is the main area within the Financial Statements where there is significant estimation uncertainty. All of the properties are valued by the directors on the basis of Market Value. For completed properties, the primary source of evidence for property valuations is recent, comparable market transactions on an arms'-length basis having regard to whether the properties are let or unlet at the date of valuation. Property valuations are inherently subjective, as they are made on the basis of assumptions made by the directors which may not prove to be accurate when the properties are disposed.

NOTE 2—OPERATING LOSS

The operating loss is stated after charging:

	2016	2015
	£	£
Directors' remuneration and other benefits etc	<u>—</u>	<u>—</u>

Fees for audit services performed in 2017 are estimated to be £23,200 and will be paid in 2017. Fees for audit services performed in 2016 were £14,500. There were no fees for non-audit services.

NOTE 3—CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

	2016	2015
	£	£
Unrealised loss on revaluation of investment property	<u>6,925,000</u>	<u>147,516</u>

NOTE 4—TAXATION

Analysis of tax charges

The tax charges on the losses on ordinary activities for the periods were as follows:

	2016	2015
	£	£
Current tax:		
UK corporate tax	158,326	169,748
Deferred tax	45,940	48,960
Tax on loss on ordinary activities	<u>204,266</u>	<u>218,708</u>

CRIMSON DORSET PROPERTIES LIMITED (REGISTERED NUMBER: 09355855)
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 DECEMBER 2016

Reconciliation of total tax charges included in loss

The taxes assessed for the periods presented are higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2016	2015
	£	£
Loss on ordinary activities before tax	(7,929,314)	(1,031,393)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.0% in 2016 and 20.2% in 2015	(1,585,863)	(208,176)
Effects of:		
Expenses not deductible for tax purposes	1,835,979	442,476
Group relief/other reliefs	(45,850)	(15,142)
Tax rate changes	—	(450)
Total tax charge	<u>204,266</u>	<u>218,708</u>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016, respectively. This will reduce the company's future current tax charge accordingly. The deferred tax liability amounts at 31 December 2015 and 31 December 2016 have been calculated based on these rates.

NOTE 5—INVESTMENT PROPERTY

FAIR VALUE

	Total
	£
At 1 January 2016	57,000,000
Unrealised loss on investment	(6,925,000)
At 31 December 2016	<u>50,075,000</u>

This is the directors' determination of fair value and was calculated with the assistance of third party valuation services.

NOTE 6—DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Prepayments and accrued income	787	—
Trade debtors	7,753,161	3,351,418
Other debtors	—	338,877
Called up share capital not paid	1,000	1,000
	<u>7,754,948</u>	<u>3,691,295</u>

NOTE 7—CASH AT BANK

The balance of £1,400,000 relates entirely to restricted cash in both periods ended 31 December 2015 and 2016.

CRIMSON DORSET PROPERTIES LIMITED (REGISTERED NUMBER: 09355855)
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31 DECEMBER 2016

NOTE 8—CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Payments on account	1,400,000	1,400,000
Amounts owed to group undertakings	9,116,851	4,721,071
Tax	52,728	169,748
Accruals and deferred income	362,350	617
	<u>10,931,929</u>	<u>6,291,436</u>

Amounts owed to group undertakings are unsecured, interest bearing and repayable on demand.

NOTE 9—CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016	2015
	£	£
Other loans (see note 10)	<u>57,585,800</u>	<u>57,000,000</u>

NOTE 10— LOANS

An analysis of the maturity of loans is given below:

	2016	2015
	£	£
Amounts falling due in more than five years:		
Ventas, Inc. Notes	57,585,800	—
Shareholder Loan Notes	—	57,000,000
	<u>57,585,800</u>	<u>57,000,000</u>

In June 2016, the Shareholder Loan Notes from the company's direct parent (Crimson Dorset Limited; £57,000,000) were effectively settled. Also in June 2016, Crimson Dorset Limited novated its outstanding borrowings from Ventas, Inc. (the company's ultimate parent entity) to the company. The Ventas, Inc. Notes are repayable after 10 years and carry interest at a weighted average rate of 8% per annum.

NOTE 11— LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2016	2015
	£	£
Within one year	4,076,583	3,997,723
Between one and five years	16,306,332	15,990,890
In more than five years	12,569,464	16,325,034
	<u>32,952,379</u>	<u>36,313,647</u>

CRIMSON DORSET PROPERTIES LIMITED (REGISTERED NUMBER: 09355855)
 NOTES TO THE FINANCIAL STATEMENTS
 for the period ended 31 DECEMBER 2016

NOTE 12—PROVISION FOR LIABILITIES

	2016	2015
	£	£
Deferred tax		
Accelerated capital allowances	94,900	48,960
	<u>94,900</u>	<u>48,960</u>
	Deferred tax	
	£	£
Fixed asset timing differences	94,900	48,960
Ending balance	<u>94,900</u>	<u>48,960</u>

NOTE 13—CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	£
1,000	Ordinary	£1	1,000

1,000 Ordinary shares of £1 each were allotted and fully paid for cash at par as of the periods ending 31 December 2015 and 2016.

NOTE 14—RESERVES

	Retained Earnings
	£
At 1 January 2016	(1,250,101)
Deficit for the period	<u>(8,133,580)</u>
At 31 December 2016	<u>(9,383,681)</u>

NOTE 15—ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

Ventas, Inc. (incorporated in U.S.A.) is regarded by the directors as being the company's ultimate parent company and controlling party. Copies of their consolidated financial statements can be obtained from:

Ventas, Inc.
 353 North Clark Street
 Suite 3300
 Chicago
 Illinois
 60654 USA

NOTE 16—PARENT COMPANY

The immediate parent company is Crimson Dorset Limited, registered in the UK.