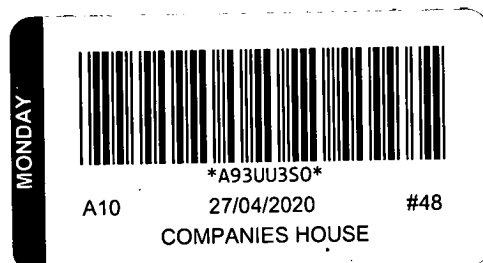


NHP SECURITIES NO. 4 LIMITED

Annual Report and Unaudited Financial Statements

For the year ended 30 September 2019



**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 SEPTEMBER 2019**

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**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR
ENDED 30 SEPTEMBER 2019**

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr J Hutchens (resigned 5 February 2020)
Mr D Smith

COMPANY SECRETARY

D Smith

REGISTERED OFFICE

Southgate House
Archer Street
Darlington
County Durham
DL3 6AH

DIRECTORS' REPORT

The Directors have pleasure in presenting their annual report and the unaudited financial statements for the year ended 30 September 2019.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company has been dormant as defined in section 1169 of the Companies Act 2006 throughout the year and preceding financial year. It is anticipated that the company will remain dormant for the foreseeable future. Key performance indicators are not considered necessary for an understanding of the development, performance or position of the business of the company. There are no risks or uncertainties facing the company including those within the context of the use of financial instruments.

DIRECTORS

The directors who served throughout the year were as follows:

Mr J Hutchens (resigned 5 February 2020)
Mr D Smith

The current Directors of the Company are detailed on page 1.

THIRD-PARTY INDEMNITY PROVISIONS

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force to the date of this report.

GOING CONCERN AND COVID-19

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Directors have performed a going concern assessment for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through funding from its parent, FC Skyfall Upper Midco Limited. The company is part of the FC Skyfall Upper Midco Limited group of companies (the "Group"). The company meets its day to day working capital requirements from cash resources and intercompany balances with other Group companies. Therefore the going concern assessment of the company is dependent on that of the Group as a whole.

FC Skyfall Upper Midco Limited has indicated its intention to continue to make available such funds as are needed by the company at the balance sheet date for 12 months from the date of approval of these financial statements. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, subject to the uncertainty described below, they have no reason to believe that it will not do so. A material uncertainty exists in the Group in respect of going concern as there is a risk of breach of financial covenants on its term loans in a COVID-19 downside scenario.

The Group's directors have prepared detailed cash flow and covenant compliance forecasts for the Group for the period to 30 September 2024. Net debt levels, servicing costs, working capital and covenant requirements are closely monitored and managed in accordance to the Group's objectives, policies and processes, and these have each been considered as part of these forecasts. At 30 September 2019 the Group was financed by £12.2m of cash, £264.7m of terms loans and £14.0m of loan notes with related parties. There are financial covenants on the term loans.

Excluding the potential impact of COVID-19 which is considered below, these cash flow forecasts and projections indicate that, taking into account reasonably possible downsides in trading performance, the Group will have adequate resources to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

The Group's directors have separately considered the uncertainty as to the future impact of COVID-19 on the going concern assessment.

DIRECTORS' REPORT (Continued)

GOING CONCERN AND COVID-19 (Continued)

To date across the Group the impact has been that occupancy rates have remained stable, death rates within the Group's care homes have not materially differed to historical rates and the Group has received a number of requests from NHS and LA to block book beds. However the Group's directors cannot predict the longer term impact of the crisis including:

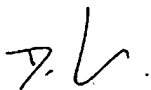
- (i) what the NHS demand for vacant beds will be;
- (ii) what the impact of the crisis will be on the death rate and occupancy levels within the Group's care homes; and
- (iii) what the impact of self-isolation, care home isolation and other social distancing measures will have on payroll costs.

The current predictions of the impact of the virus on UK death rates vary widely but should the more pessimistic estimates prove correct, assuming the current high demand for beds from the NHS reduces and payroll costs are significantly increased, there would be a significant impact on the Group's profitability and cashflows and the Group would be at risk of breaching its financial covenants on the loans. Therefore the Group would require support from the banks by way of a covenant waiver or deferral.

Whilst the Group's directors believe that the Group would continue to have the support of its shareholders and the banks in these circumstances, there is no certainty that this would be the case. The Group's directors consider the specific downside scenario impact of COVID-19 on the Group's occupancy levels and cashflows to be so significant that it represents a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business. The directors of the Company have assessed the conclusions reached by the Group's directors and agree with their conclusion.

Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Approved by the Board and signed on its behalf by:



Mr D Smith
Director
Date: 3 April 2020
Southgate House
Archer Street
Darlington
County Durham DL3 6AH

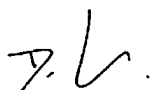
CONSOLIDATED BALANCE SHEET
As at 30 September 2019

	Notes	2019 £	2018 £
CURRENT ASSETS			
Cash at bank and in hand		1,002	1,002
NET CURRENT ASSETS			
		1,002	1,002
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,002	1,002
Equity minority interest	5	(499)	(499)
NET ASSETS			
		503	503
CAPITAL AND RESERVES			
Called-up share capital	6	2	2
Profit and loss account	7	501	501
SHAREHOLDERS' FUNDS			
		503	503

The Company Registration number is 03417993.

These financial statements were approved and authorised for issue by the Board of Directors on 3 April 2020.

Signed on behalf of the Board of Directors



Mr D Smith
Director

COMPANY BALANCE SHEET
As at 30 September 2019

	Notes	2019 £	2018 £
CURRENT ASSETS			
Cash at bank and in hand		2	2
		<u>2</u>	<u>2</u>
NET CURRENT ASSETS			
		2	2
		<u>2</u>	<u>2</u>
NET ASSETS			
		2	2
		<u>2</u>	<u>2</u>
CAPITAL AND RESERVES			
Called up share capital	6	2	2
		<u>2</u>	<u>2</u>
EQUITY SHAREHOLDERS' FUNDS			
		2	2
		<u>2</u>	<u>2</u>

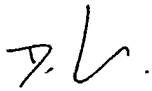
NHP Securities No. 4 Limited (registered number 03417993) did not trade during the current or preceding year and has made neither profit nor loss, nor any other items of comprehensive income. There have been no movements in shareholders' funds during the current or preceding financial year. For the year ending 30 September 2019 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements on pages 4 to 9 were approved and authorised for issue by the Board of Directors on 3 April 2020.

Signed on behalf of the Board of Directors



Mr D Smith
Director
Date: 3 April 2020

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2019

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom and accounting standards. The particular accounting policies adopted are described below and they have been applied consistently during the year and the preceding year.

The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1. The Company is dormant.

The Group did not trade during the current year and preceding year and incurred no expenses and accordingly no profit and loss account is submitted. The Company had no employees during the year or preceding year.

The accounting policies have been followed consistently during the current and previous years.

Basis of consolidation

The financial statements consolidate the financial statements of the Company and those of the LLNHP Partnership (the "Partnership"). The Partnership has taken advantage of the qualifying partnerships exemption under regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993.

GOING CONCERN AND COVID-19

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

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Excluding the potential impact of COVID-19 which is considered below, these cash flow forecasts and projections indicate that, taking into account reasonably possible downsides in trading performance, the Group will have adequate resources to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

The Group's directors have separately considered the uncertainty as to the future impact of COVID-19 on the going concern assessment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2019

1. ACCOUNTING POLICIES (Continued)

GOING CONCERN AND COVID-19 (Continued)

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- a. what the NHS demand for vacant beds will be;
- b. what the impact of the crisis will be on the death rate and occupancy levels within the Group's care homes; and
- c. what the impact of self-isolation, care home isolation and other social distancing measures will have on payroll costs.

The current predictions of the impact of the virus on UK death rates vary widely but should the more pessimistic estimates prove correct, assuming the current high demand for beds from the NHS reduces and payroll costs are significantly increased, there would be a significant impact on the Group's profitability and cashflows and the Group would be at risk of breaching its financial covenants on the loans. Therefore the Group would require support from the banks by way of a covenant waiver or deferral.

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Based on these indications the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

2. PROFIT AND LOSS ACCOUNT

No profit and loss account is presented with these financial statements because the Company has not received income, incurred expenditure or recognised any comprehensive income during either the current year or the preceding financial year. There have been no movements in shareholders' funds during the current year or the preceding financial year and therefore no statement of equity has been included.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company had no employees during the current and preceding year.

None of the Directors received emoluments in relation to their services to the Company during the current or preceding year. Directors' emoluments have been borne by HC-One Limited, a group undertaking, in the current and preceding year, and were not recharged to the Company.

4. INVESTMENTS

The Company has a 50.01% holding in the LLNHP Partnership, which is dormant. The original investment, representing a capital contribution, has been fully repaid and hence is carried at £nil (2015: £nil). Any future profits of the Partnership will continue to be shared between the partners in accordance with the provisions of the Partnership Deed dated 27 October 1997.

5. EQUITY MINORITY INTEREST

Equity minority interest represents LLNH Limited's 49.99% holding in the LLNHP Partnership.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

6. CALLED-UP SHARE CAPITAL

Group and Company	2019	2018
	£	£
Called-up, allotted and fully paid:		
2 ordinary shares at £1 each	2	2
	<u>2</u>	<u>2</u>

7. RESERVES - PROFIT AND LOSS ACCOUNT

	Profit and loss account £
Group	
At 1 October 2018 and 30 September 2019	<u>501</u>
Company	
At 1 October 2018 and 30 September 2019	<u>-</u>

8. SUBSEQUENT EVENTS

No subsequent events are noted between the year ended 30 September 2019 and to the date of signing of this report.

9. RELATED PARTY TRANSACTIONS

The Company has taken exemption provided under FRS 102 to not disclose intercompany transactions with other group undertakings within the FC Skyfall Upper Midco Limited group.

There are no transactions between the Company and the Directors during the current year or the preceding year.

The cost of the annual return fee was borne by NHP Management Limited, a group undertaking, in the current and preceding year, without any right of reimbursement.

No other related party transaction is noted.

10. CONTINGENT LIABILITIES

The Company and its group undertakings are guarantors to a facility agreement entered into by FC Skyfall Bidco Limited, the Company's intermediate parent undertakings. The facility is secured by a fixed and floating charge over the group assets and unlimited guarantee from its group undertakings. As at 3 April 2020, the outstanding loan amount is £254.2m.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 September 2019

11. ULTIMATE CONTROLLING PARTY

The immediate parent undertaking is NHP Limited, a company incorporated in the United Kingdom and registered in England and Wales. In the opinion of the Directors, the Company's ultimate parent company and ultimate controlling party is FC Skyfall LP, a limited partnership incorporated and registered in the Cayman Islands.

The largest group into which these financial statements are consolidated is FC Skyfall Holdco 3 Limited with registered office at c/o Trident Trust Company (Cayman) Limited, One Capital Place, Shedden Road, PO Box 847, George Town, Grand Cayman KY-1103.

The smallest group in which the results of the Company are consolidated is that headed by FC Skyfall Upper Midco Limited, a company incorporated in England and Wales. The registered address of FC Skyfall Upper Midco Limited is 25 Canada Square, Level 37, London, England, E14 5LQ.

Copies of financial statements of all the companies for the year ended 30 September 2019 are available from Companies House at Crown Way, Cardiff, Wales, CF14 3UZ.