

Registered number: 7179949

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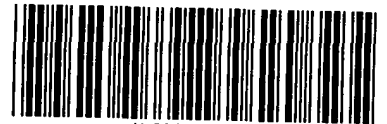
**MPG HOSPITAL PROPERTIES LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

WEDNESDAY



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**MPG HOSPITAL PROPERTIES LIMITED**

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**COMPANY INFORMATION**

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|                             |   |
|-----------------------------|---|
| <b>DIRECTORS</b>            | S L Gumm (resigned 18 August 2014)<br>J M J M Jensen<br>N M Leslau (resigned 18 August 2014)<br>M Pegler (appointed 18 August 2014)<br>F Karim (appointed 18 August 2014) |
| <b>COMPANY SECRETARY</b>    | Sanne Group Secretaries (UK) Limited  |
| <b>REGISTERED NUMBER</b>    | 7179949   |
| <b>REGISTERED OFFICE</b>    | 40 Berkeley Square<br>London<br>W1J 5AL   |
| <b>INDEPENDENT AUDITORS</b> | BDO LLP<br>2 City Place<br>Beehive Ring Road<br>Gatwick<br>West Sussex<br>RH6 0PA   |

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**MPG HOSPITAL PROPERTIES LIMITED**

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**MPG HOSPITAL PROPERTIES LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2014**

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The directors present their report and the financial statements for the year ended 31 March 2014.

**BASIS OF PREPARATION**

These financial statements have been prepared on a going concern basis, which assumes that the company will continue to meet its liabilities, as they fall due, for the foreseeable future. The directors have prepared cash flow forecasts which indicate, subject to the refinancing uncertainty detailed in note 1, that the company can continue as a going concern. The directors are confident that the sale or refinancing opportunities currently being explored by the company's parent undertaking will result in a satisfactory outcome for the group of which the company is a member and therefore that the going concern basis of preparation is appropriate.

**DIRECTORS**

The directors who served during the year were:

S L Gumm (resigned 18 August 2014)

J M J M Jensen

N M Leslau (resigned 18 August 2014)

**PRINCIPAL RISKS AND UNCERTAINTIES**

**Market factors**

The UK economic environment has improved markedly during the year, as have the property investment and lending markets. With the loan secured on the company's investment properties in the books of its parent undertaking due to mature in May 2015, the directors are closely monitoring these markets to determine whether to realise the value of those investment properties.

**Risk management objectives and policies**

The management of risk is integral to the company's approach to running its property investment activities and the financing arrangements of its parent undertaking. Cash resources generated from the company's operations, including those resulting from strict credit control over its short term debtors and creditors, are utilised in meeting the working capital requirements of the company and its parent undertaking.

The company does not have a bank account, so income and expenditure is received by its parent undertaking and accounted for through the intercompany loan balance. The company is therefore exposed to liquidity risk and credit risk with its parent undertaking. This is monitored by the directors and is not considered significant at the balance sheet date.

The leases entered into by the company contain rent review provisions whereby rental income is linked to the RPI. However, the reviews are 'upwards only' therefore deflation cannot have the effect of reducing rental income. In this way the company's affairs have been managed such that inflation presents opportunities on the upside, but no downside risks other than on its running costs which represent only a very small proportion of the company's net profits.

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**MPG HOSPITAL PROPERTIES LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2014**

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**DIRECTORS' RESPONSIBILITIES STATEMENT**

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of 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 judgments and accounting estimates that are reasonable and prudent;
- 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 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.

**DISCLOSURE OF INFORMATION TO AUDITORS**

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

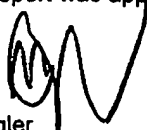
- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors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

**AUDITORS**

Under section 487(2) of the Companies Act 2006, BDO LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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

  
M Pegler  
Director

Date: 12 December 2014

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## MPG HOSPITAL PROPERTIES LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MPG HOSPITAL PROPERTIES LIMITED

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We have audited the financial statements of MPG Hospital Properties Limited for the year ended 31 March 2014, set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the directors' responsibilities statement, 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 Financial Reporting Council'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](http://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 at 31 March 2014 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.

#### EMPHASIS OF MATTER

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company's parent undertaking has a loan facility which expires in May 2015 and which is secured against the investment properties of the company. The directors of the parent undertaking are currently working with its lender, which is a related party, to explore sale or refinancing opportunities for the investment properties ahead of the loan repayment date. While the directors of the company are confident that a satisfactory outcome will be achieved, there can be no guarantees that this will be the case.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

#### OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**MPG HOSPITAL PROPERTIES LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MPG HOSPITAL PROPERTIES LIMITED**

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**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 or in preparing the directors' report.



Russell Field (senior statutory auditor)  
for and on behalf of  
**BDO LLP, statutory auditor**

Gatwick, United Kingdom

BDO LLP is a limited liability partnership registered in England & Wales (with registered number OC305127)

Date: 12 December 2014

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**MPG HOSPITAL PROPERTIES LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2014**

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|   | Note | 2014<br>£               | 2013<br>£             |
|---|------|-------------------------|-----------------------|
| <b>TURNOVER</b>                                 | 1    | <b>2,623,301</b>        | <b>2,550,014</b>      |
| Cost of sales                                   |      | <u>(5,981)</u>          | <u>(5,561)</u>        |
| <b>GROSS PROFIT</b>                             |      | <b>2,617,320</b>        | <b>2,544,453</b>      |
| Administrative expenses                         |      | <u>(14,570)</u>         | <u>(12,996)</u>       |
| <b>OPERATING PROFIT</b>                         | 2    | <b>2,602,750</b>        | <b>2,531,457</b>      |
| Interest receivable and similar income          |      | -                       | 174                   |
| Interest payable and similar charges            |      | <u>(1,294,619)</u>      | <u>(1,608,585)</u>    |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b> |      | <b>1,308,131</b>        | <b>923,046</b>        |
| Tax on profit on ordinary activities            | 3    | <u>(220,128)</u>        | <u>(221,531)</u>      |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>            | 8    | <u><b>1,088,003</b></u> | <u><b>701,515</b></u> |

All amounts relate to continuing operations.

The notes on pages 8 to 12 form part of these financial statements.



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**MPG HOSPITAL PROPERTIES LIMITED**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 MARCH 2014**

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|   | 2014<br>£                 | 2013<br>£                 |
|---|---------------------------|---------------------------|
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                              | <b>1,088,003</b>          | <b>701,515</b>            |
| Unrealised deficit on revaluation of investment properties        | <u>(2,600,000)</u>        | <u>(1,710,000)</u>        |
| <b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO<br/>THE YEAR</b> | <u><b>(1,511,997)</b></u> | <u><b>(1,008,485)</b></u> |

The notes on pages 8 to 12 form part of these financial statements.

**MPG HOSPITAL PROPERTIES LIMITED**  
**REGISTERED NUMBER: 7179949**

**BALANCE SHEET**  
**AS AT 31 MARCH 2014**

|   | Note | £                   | 2014<br>£           | £                   | 2013<br>£           |
|---|------|---------------------|---------------------|---------------------|---------------------|
| <b>FIXED ASSETS</b>                                   |      |                     |                     |                     |                     |
| Investment properties                                 | 4    |                     | 30,250,000          |                     | 32,850,000          |
| <b>CURRENT ASSETS</b>                                 |      |                     |                     |                     |                     |
| Debtors   | 5    | 1,155               |                     | 1,386               |                     |
| <b>CREDITORS: amounts falling due within one year</b> | 6    | <b>(28,584,320)</b> |                     | <b>(29,672,554)</b> |                     |
| <b>NET CURRENT LIABILITIES</b>                        |      |                     | <b>(28,583,165)</b> |                     | <b>(29,671,168)</b> |
| <b>NET ASSETS</b>                                     |      |                     | <b>1,666,835</b>    |                     | <b>3,178,832</b>    |
| <b>CAPITAL AND RESERVES</b>                           |      |                     |                     |                     |                     |
| Called up share capital                               | 7    |                     | 1                   |                     | 1                   |
| Revaluation reserve                                   | 8    |                     | (1,088,005)         |                     | 1,511,995           |
| Profit and loss account                               | 8    |                     | 2,754,839           |                     | 1,666,836           |
| <b>SHAREHOLDERS' FUNDS</b>                            | 9    |                     | <b>1,666,835</b>    |                     | <b>3,178,832</b>    |

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



**M Pegler**  
 Director

The notes on pages 8 to 12 form part of these financial statements.

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**MPG HOSPITAL PROPERTIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

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**1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and in accordance with applicable accounting standards.

**1.2 Going concern**

The financial statements have been prepared on a going concern basis, which assumes that the company will continue to realise its assets and discharge its liabilities in the normal course of business, for the foreseeable future. The company's parent undertaking has a loan facility which expires in May 2015 and is secured against the investment properties of the company. The directors of the parent undertaking are working alongside its lender, which is a related party, to explore sale or refinancing opportunities ahead of the loan repayment date. While the directors of the company are confident that a satisfactory outcome will be achieved, there can be no guarantees that this will be the case. As such, these conditions give rise to a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

**1.3 Turnover**

Turnover represents rent receivable at invoiced amounts net of VAT. Turnover is wholly attributable to the principal activity of the company and arises solely in the United Kingdom.

**1.4 Investment properties**

Investment properties are included in the balance sheet at Market Value at the balance sheet date. Market Value represents the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Aggregate surpluses or deficits arising on valuation are transferred to the revaluation reserve. Permanent diminutions in the value of the properties are charged directly to the profit and loss account.

Additions to investment properties include only costs of a capital nature. Costs such as interest and other property outgoings are treated as revenue expenditure and are written off as incurred.

In accordance with SSAP 19 (as amended), no depreciation or amortisation is provided in respect of freehold investment properties. This treatment is a departure from the requirements of the Companies Act 2006 concerning depreciation of fixed assets. However, the company's investment properties are held not for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

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**MPG HOSPITAL PROPERTIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Deferred tax**

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is unable to utilise existing capital losses; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

**1.6 Related party transactions**

The company has taken advantage of the exemption available to wholly owned subsidiary undertakings under FRS 8 not to disclose details of any transactions with entities that are included in the consolidated financial statements of MPG Hospital Holdings Limited.

**1.7 Cash flow statement**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within a group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

**2. OPERATING PROFIT**

The operating profit is stated after charging:

|                        | <b>2014</b>  | <b>2013</b>  |
|------------------------|--------------|--------------|
|                        | <b>£</b>     | <b>£</b>     |
| Auditors' remuneration | <b>3,475</b> | <b>3,950</b> |

During the year, no director received any emoluments (2013 - £NIL).

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**MPG HOSPITAL PROPERTIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

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**3. TAXATION**

|  | 2014           | 2013           |
|--|----------------|----------------|
|  | £              | £              |
| UK corporation tax charge on profit for the year | <u>220,128</u> | <u>221,531</u> |

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2013 - the same as) the standard rate of corporation tax in the UK of 23% (2013 - 24%). The differences are explained below:

|  | 2014             | 2013           |
|--|------------------|----------------|
|  | £                | £              |
| Profit on ordinary activities before tax   | <u>1,308,131</u> | <u>923,046</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013 - 24%) | 300,870          | 221,531        |
| <b>Effects of:</b>   |                  |                |
| Group relief received  | <u>(80,742)</u>  | -              |
| <b>Current tax charge for the year</b>   | <u>220,128</u>   | <u>221,531</u> |

**Factors that may affect future tax charges**

On 2 July 2013, the rate of UK corporation tax reduced to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015, which will reduce the levels of any current tax and deferred tax in future years.

**4. INVESTMENT PROPERTIES**

|                        | Freehold<br>£      |
|------------------------|--------------------|
| <b>Valuation</b>       |                    |
| At 1 April 2013        | 32,850,000         |
| Deficit on revaluation | <u>(2,600,000)</u> |
| At 31 March 2014       | <u>30,250,000</u>  |

The properties were valued as at 31 March 2014 by CBRE Limited, Commercial Real Estate Advisers, in their capacity as external valuers. The valuation was prepared on a fixed fee basis, independent of the portfolio value. The valuation was undertaken in accordance with the RICS Valuation - Professional Standards January 2014 on the basis of market value.

The historic cost of the investment properties is £31,338,005 (2013 - £31,338,005). The investment properties are held as security by a fixed charge in respect of loans provided to the company's parent undertaking.

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**MPG HOSPITAL PROPERTIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

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**5. DEBTORS**

|             | 2014         | 2013         |
|-------------|--------------|--------------|
|             | £            | £            |
| Prepayments | <u>1,155</u> | <u>1,386</u> |

**6. CREDITORS:  
Amounts falling due within one year**

|                                    | 2014              | 2013              |
|------------------------------------|-------------------|-------------------|
|                                    | £                 | £                 |
| Trade creditors                    | 3,780             | -                 |
| Amounts owed to parent undertaking | 27,767,543        | 28,977,654        |
| Corporation tax                    | 162,427           | 62,305            |
| VAT payable                        | 29,705            | 28,738            |
| Accruals and deferred income       | 620,865           | 603,857           |
|                                    | <u>28,584,320</u> | <u>29,672,554</u> |

Amounts owed to parent undertaking have no fixed repayment date and incur interest at a rate equivalent to that paid by the company's parent undertaking on its bank borrowings, which averaged 4.6% in the year (2013 - 5.5%).

**7. SHARE CAPITAL**

|   | 2014     | 2013     |
|---|----------|----------|
|   | £        | £        |
| <b>Allotted, called up and fully paid</b> |          |          |
| 1 ordinary share of £1                    | <u>1</u> | <u>1</u> |

**8. RESERVES**

|   | Revaluation<br>reserve | Profit and<br>loss account |
|---|------------------------|----------------------------|
|   | £                      | £                          |
| At 1 April 2013                               | 1,511,995              | 1,666,836                  |
| Profit for the financial year                 | -                      | 1,088,003                  |
| Deficit on revaluation of freehold properties | (2,600,000)            | -                          |
| At 31 March 2014                              | <u>(1,088,005)</u>     | <u>2,754,839</u>           |

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**MPG HOSPITAL PROPERTIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

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**9. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

|   | 2014             | 2013             |
|---|------------------|------------------|
|   | £                | £                |
| Opening shareholders' funds                       | 3,178,832        | 4,187,317        |
| Profit for the financial year                     | 1,088,003        | 701,515          |
| Other recognised gains and losses during the year | (2,600,000)      | (1,710,000)      |
|   | <u>1,666,835</u> | <u>3,178,832</u> |

**10. CONTROLLING PARTY INFORMATION**

At both the balance sheet date and the date of approval of these financial statements, the company was a wholly owned subsidiary of MPG Hospital Holdings Limited, which is registered in England & Wales. On each of those dates, MPG Hospital Holdings Limited was jointly controlled by Uberior Equity Limited and Max Investor Limited. During the year, Uberior Equity Limited sold its equity interest in MPG Hospital Holdings Limited to Remich Holding II S.à.r.l., a company incorporated in Luxembourg, conditional on completion of certain legal formalities which remain outstanding.

Copies of the consolidated financial statements of MPG Hospital Holdings Limited are available from 40 Berkeley Square, London, W1J 5AL.