REGISTERED NUMBER: 05099525 (England and Wales)

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

FOR

PRIMA 200 FUNDCO NO 1 LIMITED

CONTENTS OF THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2013

PRIMA 200 FUNDCO NO 1 LIMITED

COMPANY INFORMATION
for the Year Ended 31 December 2013

DIRECTORS:	R Laing R G E Williams J R Taylor J E Keyte A J Matthews M Dyer Dr A Pursey M Grinonneau
SECRETARY:	R G E Williams
REGISTERED OFFICE:	5 The Triangle Wildwood Drive Worcester Worcestershire WR5 2QX
REGISTERED NUMBER:	05099525 (England and Wales)
AUDITORS:	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors Cornwall Court 19 Cornwall Street Birmingham West Midlands B3 2DT

PRIMA 200 FUNDCO NO 1 LIMITED (REGISTERED NUMBER: 05099525)

REPORT OF THE DIRECTORS
for the Year Ended 31 December 2013

The directors present their report with the audited financial statements of the company for the year ended 31 December 2013

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of managing its portfolio of properties in the North Staffordshire and Stoke on Trent areas as part of the government sponsored Local Improvement Finance Trust (LIFT) initiative

REVIEW OF BUSINESS
The company invests in primary healthcare infrastructure properties in the North Staffordshire and Stoke on Trent areas

There was an increase in the value of the investment properties in 2013, which is reflected in the value reported in the financial statements

The company has a portfolio of five operational investment properties for which a full year of rental income was received during the year

The directors anticipate the current level of activity to continue in the year to 31 December 2014

It is anticipated that future developments will be owned by related Fundcos and therefore no further properties will be added to the portfolio

The principal risks and uncertainties of the business relate predominantly to tenant default on rental payments As tenancies are predominantly with Community Health Partnerships Limited, the risk of tenant default is considered to be low

The company performs to key performance indicators as set by its parent company

DIVIDENDS
No dividends will be distributed for the year ended 31 December 2013 (2012 - £Nil)

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2013 to the date of this report

R Laing
R G E Williams
J R Taylor
J E Keyte
A J Matthews
M Dyer
Dr A Pursey

Other changes in directors holding office are as follows

Dr S A Raper - resigned 1 October 2013
M Grinonneau - appointed 1 October 2013

Directors were not remunerated by Prima 200 Fundco No 1 Limited, but by their respective employing entities

FINANCIAL RISK MANAGEMENT

The company's financial risk management objective is broadly to seek to make neither a profit nor a loss from exposure to interest rate risk Its policy is to finance working capital through retained earnings and to finance fixed assets through fixed rate borrowings for the term of five years The current facility expires on 30 April 2015 and it is intended to refinance this facility by this date

The company's hedging strategy is to enter into fixed rate loans and financial instruments in the form of interest rate swaps and RPI revenue swaps in order to manage its exposure to interest rate and inflation rate risk as required These financial instruments are held for the purposes of hedging through the entire term of the relevant loan or lease and are not intended to be traded, so that the company's exposure to price risk of financial instruments is minimal Further as the counterparties to all financial instruments are its bankers and its parent company, the company is also exposed to minimal credit risk or liquidity risk in respect of these instruments

The company's lease revenues and most of its costs were linked to inflation at the inception of the respective projects The financing structure, which includes a portion of the lease income being subject to an RPI revenue swap and senior loan repayment profiles were structured such that the company would continue to meet its covenants in a low inflation environment, resulting in the company being largely but not wholly insensitive to inflation

The directors do not consider any other risks attaching to the use of financial instruments to be material to an assessment of its financial position or profit

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 judgements and accounting estimates that are reasonable and prudent,
- state whether applicable 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 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

REPORT OF THE DIRECTORS
for the Year Ended 31 December 2013

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF:

R G E Williams - Director

Date 27 MARCH 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRIMA 200 FUNDCO NO 1 LIMITED

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion the financial statements, defined below

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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

This opinion is to be read in the context of what we say in the remainder of this report

What we have audited

The financial statements, which are prepared by Prima 200 Fundco No 1 Limited, comprise

- the balance sheet as at 31 December 2013,
- the profit and loss account and statement of total recognised gains and losses for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

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)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates In making such estimates, they have made assumptions and considered future events

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error

This includes an assessment of

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed,
- the reasonableness of significant accounting estimates made by the directors, and
- the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the Report of the Directors and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRIMA 200 FUNDCO NO 1 LIMITED

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made We have no exceptions to report arising from this responsibility

Entitlement to exemptions
Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report We have no exceptions to report arising from this responsibility

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors
As explained more fully in the Statement of Directors' Responsibilities, 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 ISAs (UK & Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Paul Nott

Paul Nott (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

Date 27 March 2014

PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2013

	Notes	31 12 13 £	31 12 12 £
TURNOVER		1,949,013	1,886,652
Administrative expenses		317,651	294,024
OPERATING PROFIT	3	1,631,362	1,592,628
Interest receivable and similar income		5,371	4,791
		1,636,733	1,597,419
Interest payable and similar charges	4	1,419,931	1,416,175
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		216,802	181,244
Tax on profit on ordinary activities	5	281	16,591
PROFIT FOR THE FINANCIAL YEAR		216,521	164,653

CONTINUING OPERATIONS
None of the company's activities were acquired or discontinued during the current year or previous year

The notes form part of these financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the Year Ended 31 December 2013

	31 12 13	31 12 12
	£	£
PROFIT FOR THE FINANCIAL YEAR	216,521	164,653
Revaluation in the year (Note 6)	449,000	576,039
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	665,521	740,692

The notes form part of these financial statements

PRIMA 200 FUNDCO NO 1 LIMITED (REGISTERED NUMBER: 05099525)

BALANCE SHEET
31 December 2013

	Notes	31 12 13 £	31 12 13 £	31 12 12 £	31 12 12 £
FIXED ASSETS					
Investments	6		24,730,001		24,281,001
CURRENT ASSETS					
Debtors	7	15,712		298,952	
Cash at bank		1,819,554		1,137,111	
		1,835,266		1,436,063	
CREDITORS					
Amounts falling due within one year	8	442,372		162,221	
NET CURRENT ASSETS			1,392,894		1,273,842
TOTAL ASSETS LESS CURRENT LIABILITIES			26,122,895		25,554,843
CREDITORS					
Amounts falling due after more than one year	9		(18,549,325)		(18,647,075)
PROVISIONS FOR LIABILITIES	12		(330,556)		(330,275)
NET ASSETS			7,243,014		6,577,493
CAPITAL AND RESERVES					
Called up share capital	13		1		1
Revaluation reserve	14		6,056,459		5,607,459
Profit and loss account	14		1,186,554		970,033
SHAREHOLDERS' FUNDS	17		7,243,014		6,577,493

The financial statements were approved and authorised for issue by the Board of Directors on 27 MARCH 2014 and were signed on its behalf by

R Laing - Director

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2013

1 ACCOUNTING POLICIES

Accounting convention
The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and in accordance with the Companies Act 2006, applicable accounting standards in the United Kingdom and on a going concern basis

Cashflow exemption
The company, being a small company in accordance with section 384 of the Companies Act 2006, is exempt from the requirement to draw up a cashflow statement

Turnover
Turnover represents revenue recognised by the company in respect of rental income falling due during the year, excluding value added tax Rental income is recognised in the period to which it relates

The whole of the turnover is attributable to one class of business and arose in the United Kingdom

Sales and purchase pass-through transactions for which the company does not have significant risk and reward are shown net in the profit and loss account

Deferred tax
As required by Financial Reporting Standard Number 19 "Deferred Tax", full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation, except for those timing differences in respect of which the standard specifies that deferred tax should not be recognised Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse Deferred tax assets and liabilities are not discounted

Debt finance costs
Debt finance costs are netted off the relevant debt balance and are amortised over the life of the loan

Fixed asset investments
Fixed Asset Investments represent completed investment properties

Completed investment properties are included in the balance sheet at their open market value in accordance with Statement of Standard Accounting Practice No 19 (SSAP 19) and are not depreciated This treatment is contrary to the Companies Act 2006 which states that fixed assets should be depreciated but is, in the opinion of the directors, necessary in order to give a true and fair view of the financial position of the company

Investment properties are revalued annually by an independent surveyor

Interest
Interest on junior loans from the parent company is charged on a quarterly basis and accrued for on the balance sheet Interest payments are made to the parent company on a semi-annual basis

Interest on senior loans is charged on a quarterly basis and accrued for on the balance sheet Interest payments are made to the funder on a semi-annual basis

Financial instruments
Interest rate swaps are used to hedge the company's exposure to movements in interest rates The interest payable on such swaps is accrued in the same way as interest arising on the related borrowings

RPI swaps are used to hedge the company's exposure to movements in inflation by fixing a portion of the lease revenue which is inflation linked Amounts payable and receivable are recognised within turnover on an accruals basis

2 STAFF COSTS

There were no employees for the year ended 31 December 2013 nor for the year ended 31 December 2012

continued

3 OPERATING PROFIT

The operating profit is stated after charging

	31 12 13	31 12.12
	£	£
Auditors' remuneration	4,490	4,655
Directors' remuneration	-	-

4 INTEREST PAYABLE AND SIMILAR CHARGES

	31 12 13	31 12.12
	£	£
Amortisation of finance costs	83,328	83,785
Senior loan interest	1,066,663	1,072,561
Loan stock interest	269,940	259,829
	1,419,931	1,416,175

5 TAXATION

Analysis of the tax charge
The tax charge on the profit on ordinary activities for the year was as follows

	31 12 13	31 12 12
	£	£
Deferred tax	281	16,591
Tax on profit on ordinary activities	281	16,591

Factors affecting the tax charge
The tax assessed for the year is lower than the standard rate of corporation tax in the UK The difference is explained below

	31 12 13	31 12 12
	£	£
Profit on ordinary activities before tax	216,802	181,244
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23 250% (2012 - 24 500%)	50,406	44,405
Effects of		
Losses brought forward utilised	(85,786)	(134,804)
Losses carried forward	35,380	90,399
Current tax charge	-	-

continued

5 **TAXATION - continued**

Factors that may affect future tax charges
The Finance Act 2012 which was enacted on 17 July 2012 included legislation which reduced the main rate of corporation tax from 24% to 23% on 1 April 2013 In addition the Finance Act 2013 which was given royal assent and therefore enacted on 17 July 2013 included legislation reducing the main rate of corporation tax from 23% to 21% from 1 April 2014 and also reducing the main rate of corporation tax from 21% to 20% from 1 April 2015

Based on the enacted changes to the main rate of corporation tax at the reporting date, current tax has been calculated at a blended rate of 23 25% (2012 - 24 5%) Closing balances on deferred tax assets and liabilities have been calculated using the substantively enacted tax rates above

6 **FIXED ASSET INVESTMENTS**

	Investment properties £
COST OR VALUATION	
At 1 January 2013	24,281,001
Revaluations	449,000
At 31 December 2013	24,730,001
NET BOOK VALUE	
At 31 December 2013	24,730,001
At 31 December 2012	24,281,001

Cost or valuation at 31 December 2013 is represented by

	Investment properties £
Valuation in 2006	835,609
Valuation in 2007	959,244
Valuation in 2008	(125,433)
Valuation in 2009	170,000
Valuation in 2010	2,583,000
Valuation in 2011	609,000
Valuation in 2012	576,039
Valuation in 2013	449,000
Cost	18,673,542
	24,730,001

Fixed asset investments represent investment properties

Included in the cost of investment properties at 31 December 2013 is £1,333,582 (2012 - £1,333,582) of capitalised finance costs

All investment properties were revalued during the year

Investment properties were revalued as at 31 December 2013, in accordance with the company's accounting policy, by external valuers, GVA Grimley Ltd, Chartered Surveyors The valuation was carried out on a Market Value basis as defined by the Royal Institute of Chartered Surveyors (RICS) Valuations Standards, 7th Edition ("the Red Book") assuming that the properties would be sold subject to existing leases

continued

7 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 13	31 12 12
	£	£
Trade debtors	2,181	285,523
Prepayments and accrued income	13,531	13,429
	15,712	298,952

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 12 13	31.12 12
	£	£
Bank loans and overdrafts (see note 10)	274,016	-
Trade creditors	19,146	1,464
VAT	85,811	85,903
Other creditors	8,330	6.718
Deferred income	26,117	25,126
Accrued expenses	28,952	43.010
	442,372	162,221

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 12 13	31 12 12
	£	£
Bank loans (see note 10)	16,188,125	16,374,083
Amounts owed to parent undertaking	2,361,200	2,272,992
	18,549,325	18,647,075

Amounts owed to parent undertaking represent Junior loans with a fixed interest rate of 12% and are repayable in more than 5 years

10 LOANS

An analysis of the maturity of loans is given below

	31 12 13	31 12 12
	£	£
Amounts falling due within one year or on demand		
Bank loans	356,657	-
Unamortised finance costs	(82,641)	-
	274,016	-
Amounts falling due between one and two years		
Bank loans - 1-2 years	16,215,351	-
Unamortised finance costs - 1-2 years	(27,226)	-
	16,188,125	-

continued

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2013

10 LOANS - continued

	31 12 13	31 12 12
	£	£
Amounts falling due between two and five years		
Bank loans - 2-5 years	-	16,567,278
Unamortised finance costs - 2-5 years	-	(193,195)
	-	16,374,083

Interest rate swaps are held on all bank loans which convert the borrowings from rates linked to LIBOR to a fixed rate The fair value of interest rate swaps at 31 December 2013 is a liability of £3,065,676 (2012 - £1,211,079)

The company also holds RPI swaps which convert a portion of the inflation linked lease revenue to a fixed inflation rate The fair value of RPI swaps at 31 December 2013 is a liability of £1,954,685 (2012 - £5,122,297)

These financial instruments are held for the purposes of hedging through the entire term of the relevant loan or lease and are not intended to be traded, so that the company's exposure to price risk of financial instruments is minimal

11 SECURED DEBTS

The following secured debts are included within creditors

	31 12 13	31 12 12
	£	£
Bank loans	16,572,008	16,567,278

The loans are secured by fixed and floating charges over the company's investment properties and other assets.

12 PROVISIONS FOR LIABILITIES

	31 12 13	31 12 12
	£	£
Deferred tax	330,556	330,275

	Deferred tax
	£
Balance at 1 January 2013	330,275
Tax rate change to prior year	(43,079)
Losses utilised	43,360
Balance at 31 December 2013	330,556

The deferred tax liability of £330,556 is represented by a deferred tax liability of £94,275 and £266,716 relating to accelerated capital allowances and capitalised interest respectively and a deferred tax asset of £30,435 in respect of unutilised losses

13 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid

Number	Class	Nominal value	31 12 13	31 12 12
			£	£
1	Ordinary	£1	1	1

continued

14 RESERVES

	Profit and loss account £	Revaluation reserve £	Totals £
At 1 January 2013	970,033	5,607,459	6,577,492
Profit for the year	216,521		216,521
Revaluation in the year	-	449,000	449,000
At 31 December 2013	1,186,554	6,056,459	7,243,013

15 ULTIMATE PARENT COMPANY

The immediate parent company is Prima 200 Limited There is no controlling party

16 RELATED PARTY DISCLOSURES

In accordance with FRS 8 Related Party Disclosures, transactions and individual balances with group companies are not disclosed as 100% of their voting rights are held within the group

Prima 200 Limited is Prima 200 Fundco No 1 Limited's immediate parent company

Up until 31 March 2013 North Staffordshire Primary Care Trust, Stoke-on-Trent NHS Primary Care Trust and Community Heath Partnerships ("CHP") all had an interest in the Prima 200 Limited joint venture with Prime LIFT Investments Limited

During the year, following a restructure within the NHS on 1 April 2013, the voting rights and shareholdings held in Prima 200 Limited by the Primary Care Trusts were transferred to CHP, leaving CHP and Prime LIFT Investments Limited as the only parties with an interest in the joint venture

Prime (UK) Investments Limited and Prime Operations Limited are both wholly owned subsidiaries of Prime Plc

Prime Operations Limited owns 100% of the share capital of Prime (UK) Developments Limited and One Creative Environments Limited

PPP Leasing Limited is a 100% subsidiary of Prime (UK) Investments Limited

Company name	Nature	2013	2012
Other trading debtor / (creditor) balances at 31 December 2013			
North Staffordshire Primary Care Trust		-	278,246
Stoke-on-Trent Primary Care Trust		-	7,277
Community Health Partnerships		2,181	-
Sales to / (Purchases from) related parties during the financial year			
North Staffordshire Primary Care Trust	Rent & disbursements	166,520	656,663
Stoke-on-Trent Primary Care Trust	Rent & disbursements	413,763	1,618,496
Community Health Partnerships	Rent & disbursements	1,787,105	-
Prime Group Companies	Services & disbursements	-	82
Prime Group Companies	Services & disbursements	(72,146)	(56,709)

The sales and purchases transactions with related parties are all stated inclusive of VAT

continued

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 12 13	31 12 12
	£	£
Profit for the financial year	216,521	164,653
Other recognised gains and losses relating to the year (net)	449,000	576,039
Net addition to shareholders' funds	665,521	740,692
Opening shareholders' funds	6,577,493	5,836,801
Closing shareholders' funds	7,243,014	6,577,493