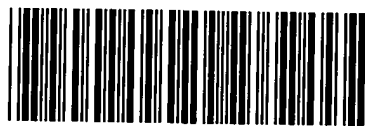


Registered number: 6182008

SIR WOODLAND LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014

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COMPANIES HOUSE

SIR WOODLAND LIMITED

COMPANY INFORMATION

DIRECTORS

N M Leslau
S L Gumm
T J Evans
P M Brown

COMPANY SECRETARY

S L Gumm

REGISTERED NUMBER

6182008

REGISTERED OFFICE

Cavendish House
18 Cavendish Square
London
W1G 0PJ

INDEPENDENT AUDITORS

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

SIR WOODLAND LIMITED

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Statement of total recognised gains and losses	7
Balance sheet	8
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SIR WOODLAND LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

The directors present their report and the financial statements for the nine month period ended 31 December 2014. During the period the company changed its name from P1 Woodland Limited to SIR Woodland Limited and its accounting reference date has been moved to 31 December to conform with the year end of the ultimate parent undertaking, so the results for the period comprise the nine months ended 31 December 2014.

RESULTS

The loss for the period after tax amounted to £671,636 (year ended 31 March 2014: profit of £631,180).

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company is property investment in the United Kingdom.

On 5 June 2014 the company's ultimate parent undertaking Secure Income REIT Plc ("SIR") listed on the Alternative Investment Market of the London Stock Exchange. SIR is a UK REIT specialising in generating long term, inflation protected, secure income from real estate investments. Further information about SIR can be obtained from its website, www.SecureIncomeREIT.co.uk.

The company elected to the UK REIT regime with effect from 5 June 2014. As a result, subject to continuing compliance with certain REIT rules, the company's property rental business is exempt from UK corporation tax with effect from 5 June 2014. Since entering the UK REIT regime, the directors consider that the company has continued to meet the relevant conditions required to retain REIT status.

Also effective from 5 June 2014, certain changes were made to the group's secured debt facilities such that the loans are now on interest only terms. The change in loan terms resulted in a liability of £11,850,000 for covenant release fees payable to the lender in 13 equal quarterly instalments, which became due as at 5 June 2014. The covenant release fees have been recharged between the SIR Hospital Holdings Limited group pro rata to rent received from each investment property. During the period the company was charged £450,712 for such fees.

The company owns an investment property leased to a tenant on a long term lease with an unexpired lease term at 31 December 2014 of 22.4 years. The lease contains fixed annual rental uplifts of 2.75% every May throughout the term. In addition, if open market rents are higher than the rent achieved by those fixed uplifts, an additional uplift will be achieved on a five yearly basis thereafter.

Certain management and performance fees charged to SIR by its investment advisor are recharged throughout the SIR group pro rata to rent received from each portfolio. During the period the company was charged £751,427 for such fees. These management fees and the covenant release fee of £450,712 set out above are the principal reasons for the £1,302,816 reduction in results during the period, with the company realising a loss of £671,636 in the period compared with a profit of £631,180 in the prior year.

Net assets have increased in the period by £2,522,364 as a result of a £3,194,000 increase in the valuation of the investment property, offset by the loss of £671,636. The investment property was independently valued at £30,666,000 at 31 December 2014, an increase of 11.6% against the prior year's valuation.

The directors are satisfied with the performance of the company in the period.

SIR WOODLAND LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

DIRECTORS

The directors who served during the period were:

N M Leslau
S L Gumm
T J Evans
P M Brown (appointed 7 July 2014)

PRINCIPAL RISKS AND UNCERTAINTIES

Property valuation movements

The company invests in commercial property and so is exposed to movements in property valuations, which are subjective and may vary as a result of a variety of factors, many of which are outside the control of the company. The company uses experienced external valuers, whose work is reviewed by a suitably qualified director before being approved by the board.

Tenant risk

During the period the company derived its rental income from one tenant and one guarantor. There can be no guarantee that they will remain able to comply with their obligations throughout the term of the lease.

The lease guarantor is, however, a listed company with a capital structure considered appropriate by the board and with impressive long term earnings growth and share price track record. The board of the ultimate parent undertaking reviews the financial position of the tenant and guarantor at least every quarter, based on publicly available financial information and any other trading information which may be obtained under the terms of the lease, and the results of these reviews are available to the board for consideration.

Borrowing

The company has granted security to the SIR Hospital Holdings Limited group's lenders in the form of a mortgage over its investment property and fixed and floating charges over other assets.

There are no loan to value tests over the remaining term of the relevant bank loan facilities. The board of the ultimate parent undertaking reviews compliance with interest cover covenants every quarter, including look forward tests for at least twelve months to ensure that there is sufficient headroom on relevant loan covenants, and the results of these reviews are available to the board for consideration.

Tax risk

The company is subject to the UK REIT regime. A failure to comply with UK REIT conditions resulting in the loss of this status would make the company subject to UK corporation tax.

The board of the ultimate parent undertaking reviews compliance with the UK REIT rules every quarter, and the results of these reviews are available to the board for consideration.

Liquidity risk

Working capital must be managed to ensure that the company is able to meet its liabilities as they fall due.

Unless there is a tenant default (discussed under tenant risk above) the company's cash flows are generally highly predictable. Projections at least two years ahead are included in the SIR group budget and are reviewed by the board when the financial statements are approved.

SIR WOODLAND LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2014**

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 period. 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 they are aware, there is no relevant audit information of which the company's auditors are unaware, and
- they have 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 are sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to small companies' exemption.

This report was approved by the board on 29 July 2015 and signed on its behalf.



S L Gumm
Director

SIR WOODLAND LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIR WOODLAND LIMITED

We have audited the financial statements of SIR Woodland Limited for the nine month period ended 31 December 2014, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. 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 (FRC'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 FRC'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 at 31 December 2014 and of its loss for the period 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.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

SIR WOODLAND LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SIR WOODLAND LIMITED

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 prepare the financial statements and the directors' report in accordance with the small companies' regime and to the exemption from the requirement to prepare a strategic report.



Russell Field (senior statutory auditor)

for and on behalf of

BDO LLP, statutory auditor

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

2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

29 July 2015

SIR WOODLAND LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2014**

	Note	Nine months ended 31 December 2014 £	Year ended 31 March 2014 £
TURNOVER	1	1,358,546	1,763,797
Cost of sales		<u>(734)</u>	<u>(630)</u>
GROSS PROFIT		1,357,812	1,763,167
Administrative expenses		<u>(763,278)</u>	<u>-</u>
OPERATING PROFIT	2	594,534	1,763,167
Interest payable and similar charges	4	<u>(1,248,632)</u>	<u>(1,109,439)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		(654,098)	653,728
Tax on (loss)/profit on ordinary activities	5	<u>(17,538)</u>	<u>(22,548)</u>
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD		<u>(671,636)</u>	<u>631,180</u>

All amounts relate to continuing operations.

The notes on pages 9 to 15 form part of these financial statements.

There were no differences between historical cost (loss) / profit and reported (loss) / profit on ordinary activities for either period.

SIR WOODLAND LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE PERIOD ENDED 31 DECEMBER 2014**

	Note	Nine months ended 31 December 2014 £	Year ended 31 March 2014 £
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD		(671,636)	631,180
Unrealised surplus/(deficit) on revaluation of investment property	12	<u>3,194,000</u>	<u>(375,000)</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE PERIOD		<u>2,522,364</u>	<u>256,180</u>

The notes on pages 9 to 15 form part of these financial statements.

SIR WOODLAND LIMITED
REGISTERED NUMBER: 6182008

BALANCE SHEET
AS AT 31 DECEMBER 2014

		31 December 2014	31 March 2014
	Note	£	£
FIXED ASSETS			
Investment property	7	30,666,000	27,472,000
CURRENT ASSETS			
Debtors: amounts falling due after more than one year	8	1	17,539
Debtors: amounts falling due within one year	8	148	145
		<u>149</u>	<u>17,684</u>
CREDITORS: amounts falling due within one year	9	<u>(418,821)</u>	<u>(414,936)</u>
NET CURRENT LIABILITIES		<u>(418,672)</u>	<u>(397,252)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>30,247,328</u>	<u>27,074,748</u>
CREDITORS: amounts falling due after more than one year	10	<u>(24,261,192)</u>	<u>(23,610,976)</u>
NET ASSETS		<u><u>5,986,136</u></u>	<u><u>3,463,772</u></u>
CAPITAL AND RESERVES			
Called up share capital	11	1	1
Revaluation reserve	12	4,654,802	1,460,802
Profit and loss account	12	1,331,333	2,002,969
SHAREHOLDERS' FUNDS	13	<u><u>5,986,136</u></u>	<u><u>3,463,772</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 July 2015.


S L Gumm
 Director

The notes on pages 9 to 15 form part of these financial statements.

SIR WOODLAND LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2014

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 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the 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.

1.3 Turnover

Turnover represents rents receivable during the year from the letting of the investment property at invoiced amounts excluding any value added tax. The whole of the turnover is attributable to the principal activity of the company and arose within the United Kingdom.

1.4 Investment properties

Investment properties are included in the balance sheet at their open market value at the balance sheet date, on the basis of an annual valuation. 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 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.

SIR WOODLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES (continued)

1.5 Deferred tax

The company elected to enter into the UK REIT regime with effect from 5 June 2014. As a result, subject to continuing compliance with certain REIT rules, the company's rental business is exempt from UK corporation tax with effect from that date.

In the prior year and until 5 June 2014 deferred tax balances were recognised in respect of all timing differences that had originated but not reversed by the balance sheet date, except that deferred tax was not recognised on timing differences arising on revaluations of the investment property unless the company had entered into a binding sale agreement and was unable to utilise existing capital losses. The recognition of deferred tax assets was limited to the extent that the company anticipated making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances were not discounted.

2. OPERATING PROFIT

The operating profit is stated after charging:

	Nine months ended 31 December 2014	Year ended 31 March 2014
	£	£
Auditors' remuneration	2,077	-

For the year ended 31 March 2014 the auditor's remuneration of £1,350 was borne by a fellow group company.

3. STAFF COSTS

The company has no employees and no director received any remuneration during the period (year ended 31 March 2014: £nil).

4. INTEREST PAYABLE

	Nine months ended 31 December 2014	Year ended 31 March 2014
	£	£
On amounts owed to group undertakings	797,920	1,109,439
Apportioned covenant release fee	450,712	-
	1,248,632	1,109,439

SIR WOODLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

5. TAX

	Nine months ended 31 December 2014 £	Year ended 31 March 2014 £
Analysis of tax charge in the period		
Current tax (see note below)		
UK corporation tax charge on (loss)/profit for the period	-	-
Deferred tax		
Origination and reversal of timing differences	-	22,548
Release of deferred tax provision on conversion to REIT status	17,538	-
Total deferred tax (see note 6)	17,538	22,548
Tax on (loss)/profit on ordinary activities	17,538	22,548

Factors affecting tax charge for the period

The tax assessed for the period is higher than (31 March 2014: lower than) the standard rate of corporation tax in the UK of 21% (31 March 2014: 23%). The differences are explained below:

	Nine months ended 31 December 2014 £	Year ended 31 March 2014 £
(Loss)/profit on ordinary activities before tax	(654,098)	653,728
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21% (31 March 2014: 23%)	(137,361)	150,357
Effects of:		
Capital allowances for period in excess of depreciation	(11)	(81)
Utilisation of tax losses	(18,415)	(40,086)
Movement in tax losses carried forward	-	20,168
Losses from qualifying rental business not taxable	164,564	-
Transfer pricing adjustment	4,357	28,069
Group relief claimed	(13,134)	(158,427)
Current tax charge for the period (see note above)	-	-

The company has losses available to carry forward of £nil (31 March 2014: £87,689)

SIR WOODLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

6. DEFERRED TAX

Provided deferred tax asset:

	31 December 2014 £	31 March 2014 £
At beginning of period	17,538	40,086
Charge to the profit and loss account	(17,538)	(22,548)
At end of period	<u><u>-</u></u>	<u><u>17,538</u></u>

The deferred tax balance is made up as follows:

	31 December 2014 £	31 March 2014 £
Tax losses carried forward	<u><u>-</u></u>	<u><u>17,538</u></u>

Unprovided deferred tax liability:

	31 December 2014 £	31 March 2014 £
Arising on the carrying value of investment properties over their indexed base cost at 20% (31 March 2014: 20%)	<u><u>-</u></u>	<u><u>3,727,118</u></u>

Deferred tax balances have been measured at tax rates substantively enacted at the balance sheet date.

SIR WOODLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

7. INVESTMENT PROPERTY

	Freehold investment property £
Valuation	
At 1 April 2014	27,472,000
Surplus on revaluation	3,194,000
	<hr/>
At 31 December 2014	30,666,000

The property was independently valued at 31 December 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 property value, and was undertaken in accordance with the RICS Valuation - Professional Standards January 2014 on the basis of open market value, supported by reference to market evidence of transaction prices for similar properties. At 31 March 2014 the company's investment property was valued by N M Leslau BSc (Hons) FRICS, a chartered surveyor and director of the company, on the basis of open market value.

The historical cost of the property is £26,011,198 (31 March 2014: £26,011,198).

A charge over the company's assets, including the investment property, has been granted to the group's lenders as part of the security for bank borrowings provided to SIR Hospital Holdings Limited.

8. DEBTORS

	31 December 2014 £	31 March 2014 £
Due after more than one year		
Amounts owed by group undertakings	1	1
Deferred tax asset (see note 6)	-	17,538
	<hr/>	<hr/>
	1	17,539
	<hr/>	<hr/>
Due within one year		
Prepayments and accrued income	148	145
	<hr/>	<hr/>

The amounts owed by group undertakings are unsecured and repayable on demand.

SIR WOODLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

9. CREDITORS:
Amounts falling due within one year

	31 December 2014	31 March 2014
	£	£
Accruals and deferred income	418,821	414,936

10. CREDITORS:
Amounts falling due after more than one year

	31 December 2014	31 March 2014
	£	£
Amounts owed to group undertakings	24,261,192	23,610,976

The amounts owed to group undertakings are unsecured, bear interest at a rate of 6.5% and are repayable on demand. Accrued interest of £7,665,935 (31 March 2014: £7,303,089) is included in the balance at 31 December 2014.

11. SHARE CAPITAL

	31 December 2014	31 March 2014
	£	£
Allotted, called up and fully paid		
1 ordinary share of £1	1	1

12. RESERVES

	Revaluation reserve	Profit and loss account
	£	£
At 1 April 2014	1,460,802	2,002,969
Loss for the financial period	-	(671,636)
Surplus on revaluation of investment property	3,194,000	-
At 31 December 2014	4,654,802	1,331,333

SIR WOODLAND LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2014**

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 December 2014 £	31 March 2014 £
Opening shareholders' funds	3,463,772	3,207,592
(Loss)/profit for the financial period	(671,636)	631,180
Other recognised gains and losses during the period	3,194,000	(375,000)
Closing shareholders' funds	<u>5,986,136</u>	<u>3,463,772</u>

14. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available to wholly owned subsidiary undertakings under FRS 8 not to disclose any transactions with entities that are included in the consolidated financial statements of Secure Income REIT Plc.

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate parent undertaking is SIR Hospitals Propco Limited which is a wholly owned subsidiary of SIR Hospital Holdings Limited. The ultimate parent undertaking is Secure Income REIT Plc. The consolidated financial statements of Secure Income REIT Plc are available to the public and may be obtained from the Company Secretary, Cavendish House, 18 Cavendish Square, London W1G 0PJ or at the website www.SecureIncomeREIT.co.uk.

16. CONTINGENT LIABILITIES

The company has entered into an agreement with the lender to guarantee the loans made to SIR Hospital Holdings Limited. At 31 December 2014 these bank loans amounted to £608,920,240 (31 March 2014: £610,413,788).