

**GA HC REIT II CH U.K. Senior Housing Portfolio Limited  
(formerly – Caring Homes Healthcare Group Limited)**

**Report and Financial Statements**

31 December 2013

TUESDAY



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## **GA HC REIT II CH U.K. Senior Housing Portfolio Limited**

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### **Directors**

J C Bingham  
M C Schnaier  
M Streiff

### **Secretary**

Sanne Group (UK) Limited

### **Auditors**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

### **Registered Office**

C/O Sanne Group  
1 Berkeley Street  
London  
W1J 8DJ (until 31 March 2014)

C/O Sanne Group  
2nd Floor Pollen House  
10 Cork Street  
London  
W1S 3NP

## **Strategic report**

The directors present their Strategic report for the period ended 31 December 2013

### **Principal activities and review of the business**

The principal activity of the company up to and including 10 September 2013 was that of the provision of care home services, after which, the company's trade and certain assets were transferred to companies controlled by the previous operator (Myriad Healthcare Limited). The principal activity of the company at the balance sheet date is investment in and leasing of care home assets.

The company changed its name from Caring Homes Healthcare Group Limited to GA HC REIT II CH U.K. Senior Housing Portfolio Limited on 11 September 2013.

### **Overview of discontinued operations**

The company provided residential and nursing care to the elderly, frail and people with dementia. The homes are principally located in the South of England with clusters in East Anglia and Scotland. Up to and including 10 September 2013, the company operated 41 homes with 2,044 beds and through two wholly owned subsidiary undertakings operating a further 3 homes with 101 beds, two of which are situated in Jersey.

The company's philosophy and commitment was to deliver quality accredited, person-centred care which enables service users to maximise their independence and achieve the best possible quality of life. In this respect, service quality is a critical area and management has adopted a comprehensive and rigorous quality assurance framework which focuses on the resident experience as well as meeting regulatory standards.

Every home operated by the company was internally inspected using a similar approach to that used by external regulators and in addition incorporates additional requirements that reflect key areas of corporate governance.

The company placed a great emphasis on having a skilled and well-motivated workforce and recognises that they form a critical factor in the successful operation of the homes and future business development. A key part of this is to maximise staff retention which generates benefits in both the quality of care delivery and business development. The recruitment and retention of high quality staff was a challenge for all organisations in the sector and company had made significant progress in these areas as a result of a significant investment in Human Resources.

### **Overview of continuing operations**

On 11 September 2013, the company executed an agreement to transfer the trade which was the operation of care homes and certain assets to the previous operator, Myriad Healthcare Limited and became solely an investor in care home assets. This enabled the company to repay the previous debt facilities with the previous operator. On the same date, the company entered into a long term lease agreement with the previous operator to lease the care home assets.

### **Review of results**

The key financial and other performance indicators during the period were as follows:

The turnover for the period amounted to £42,100,000 (year ended 31 March 2013 – £74,065,000). The operating profit for the period amounted to £8,006,000 (year ended 31 March 2013 – £4,319,000). The profit for the period, after taxation amounted to £3,468,000 (year ended 31 March 2013 – loss £3,736,000).

Net assets for the period were £73,725,000 (year ended 31 March 2013 – £73,996,000).

## **Strategic report**

### **Principal risks and uncertainties**

#### **Financial risk management objectives and policies**

The company's activities expose it to a number of financial risks including credit risk, cash flow risk, interest risk and liquidity risk. The company does not use derivative financial instruments for speculative purposes. The principal business risks have been outlined below.

#### **Cash flow risk**

Interest-bearing liabilities are held at fixed rates, which limit the company's exposure.

#### **Credit risk**

The company's principal financial assets are cash, intercompany receivables and trade receivables.

The company's credit risk is primarily attributable to its trade receivables, which relate to rental income from one single tenant. The company mitigates the risk of default from this tenant by monitoring whether rent is being paid in line with the agreed due dates.

#### **Liquidity risk**

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company primarily relies on intercompany financing from its parent. Such financing is provided as required.

By order of the Board



J C Bingham  
Director  
10 September 2014

# **GA HC REIT II CH U.K. Senior Housing Portfolio Limited**

Registered No 04258255

## **Directors' report**

The directors present their Directors' report for the 9 months ended 31 December 2013

### **Dividends**

During the year a dividend of £45 million was declared and paid

The directors do not recommend a final dividend (year ended 31 March 2013 – £nil)

### **Future developments**

The directors aim to maintain the management policies which will result in the company's steady growth over the foreseeable future as property prices increase over time where the company's investment properties are maintained to a high standard of repair. The company has lease agreements in place for each of the properties, with upward annual increases of 2.5%

### **Going concern**

After performing their assessment and making appropriate enquiries, the directors have a reasonable expectation that the company will remain a going concern for the foreseeable future and accordingly, the financial statements have been prepared on a going concern basis. The results and conclusions of the going concern assessment are described in more detail in note 1 of the financial statements.

### **Fixed assets**

The company previously adopted a policy of annual revaluation for Fully Operational Trading Units ("FOTU") which includes land. During the year following the transfer of the trade and certain assets to the previous operator, the company's fixed assets are now regarded as Investment property since these are held with a long term view to capital appreciation and rental income. As at 31 December 2013, the aggregate value of the company's investment property was £279 million (31 March 2013 – £245 million). The Fully Operational Trading Units were professionally valued by Colliers International, Chartered Surveyors, London at 31 March 2013.

The Company's investment properties were valued by the directors as at 31 December 2013.

### **Financial instruments**

The company makes no use of financial instruments to manage its risks.

### **Directors**

The directors who served the company during the period and subsequently were as follows:

|               |                               |
|---------------|-------------------------------|
| P A K Jeffery | (Resigned 11 September 2013)  |
| N B Schofield | (Resigned 11 September 2013)  |
| P M Hill      | (Resigned 11 September 2013)  |
| J C Bingham   | (Appointed 11 September 2013) |
| M C Schnaier  | (Appointed 11 September 2013) |
| M Streiff     | (Appointed 11 September 2013) |

### **Employee consultation**

During the period to 10 September 2013, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

## **Directors' report**

### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

### **Disclosure of information to the auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### **Auditors**

Deloitte LLP resigned as auditors on 14 January 2014 and Ernst & Young LLP was appointed in their place.

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



J C Bingham  
Director

10 September 2014

## **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic report, 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

# **Independent auditor's report**

## **to the members of GA HC REIT II CH U.K. Senior Housing Portfolio Limited**

We have audited the financial statements of GA HC REIT II CH U K Senior Housing Portfolio Limited for the 9 months ended 31 December 2013 which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Note of historical cost profit and losses, the Balance sheet and the related notes 1 to 23. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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 and Financial Statements 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 the 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 2013 and of its profit 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 Strategic report and Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.



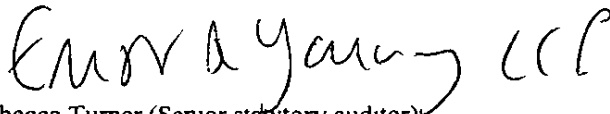
## **Independent auditor's report**

**to the members of GA HC REIT II CH U.K. Senior Housing Portfolio 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



Rebecca Turner (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
12th September 2014

## Profit and loss account

for the period ended 31 December 2013

|  |       | 9 months<br>ended<br>31 December<br>2013<br>£000 | Year<br>ended<br>31 March<br>2013<br>£000 |
|--|-------|--|---|
|  | Notes |  |   |
| <b>Turnover</b>  | 1,2   |  |   |
| Continuing operations  |       | 7,399  | –   |
| Discontinued operations  |       | 34,701   | 74,065                                    |
|  |       | <u>42,100</u>                                    | <u>74,065</u>                             |
| Administrative expenses – continuing                                     |       | (130)  | –   |
| – discontinued   |       | (33,964)   | (70,879)                                  |
| Other operating income – discontinued                                    |       | –  | 1,133                                     |
|  |       | <u>–</u>   | <u>1,133</u>                              |
| <b>Operating profit</b>  | 3     |  |   |
| Continuing operations  |       | 7,269  | –   |
| Discontinued operations  |       | 737  | 4,319                                     |
|  |       | <u>7,269</u>                                     | <u>4,319</u>                              |
| Other exceptional items  | 5     | 3,458  | (28,161)                                  |
|  |       | <u>3,458</u>                                     | <u>(28,161)</u>                           |
| <b>Profit/(loss) on ordinary activities before interest and taxation</b> |       | 11,464   | (23,842)                                  |
| Income from fixed asset investments                                      | 7     | –  | 41,092                                    |
| Interest receivable and similar income                                   |       | –  | 2   |
| Interest payable and similar charges                                     | 9     | (7,723)  | (12,204)                                  |
|  |       | <u>(7,723)</u>                                   | <u>(12,204)</u>                           |
| <b>Profit on ordinary activities before taxation</b>                     |       | 3,741  | 5,048                                     |
| Tax  | 10    | (273)  | (8,784)                                   |
|  |       | <u>(273)</u>                                     | <u>(8,784)</u>                            |
| <b>Profit/(loss) for the financial period/year</b>                       | 19    | <u>3,468</u>                                     | <u>(3,736)</u>                            |

The prior year profit and loss account has been represented to show discontinued operations on a consistent basis to that of the current period

## Statement of total recognised gains and losses

for the period ended 31 December 2013

|  | 9 months<br>ended<br>31 December<br>2013<br>£000 | Year<br>ended<br>31 March<br>2013<br>£000 |
|--|--|---|
| <b>Profit/(loss) for the financial period/year</b>                   | 3,468  | (3,736)                                   |
| Unrealised surplus on revaluation of investment properties           | 41,261   | 6,796                                     |
| <b>Total recognised gains and losses relating to the period/year</b> | <u>44,729</u>                                    | <u>3,060</u>                              |

## Note of historical cost profits and losses

for the period ended 31 December 2013

|  | 9 months<br>ended<br>31 December<br>2013<br>£000 | Year<br>ended<br>31 March<br>2013<br>£000 |
|--|--|---|
| <b>Profit on ordinary activities before taxation</b>   | 3,468  | 5,048                                     |
| Difference between a historical cost depreciation charge and the actual depreciation charge for the period calculated on the revalued amount | 332  | 677                                       |
| <b>Historical cost profit on ordinary activities before taxation</b>   | <u>3,800</u>                                     | <u>5,725</u>                              |
| <b>Historical profit/(loss) for the period after taxation</b>  | <u>3,800</u>                                     | <u>(3,059)</u>                            |

**Balance sheet**

at 31 December 2013

|   |       | 31 December<br>2013 | 31 March<br>2013 |
|---|-------|---------------------|------------------|
|   | Notes | £000                | £000             |
| <b>Fixed assets</b>   |       |                     |                  |
| Intangible assets   | 11    | –                   | (1,843)          |
| Tangible assets   | 12    | 278,766             | 252,340          |
| Investments   | 13    | 2,103               | 4,953            |
|   |       | <u>280,869</u>      | <u>255,450</u>   |
| <b>Current assets</b>   |       |                     |                  |
| Stocks  | 14    | –                   | 144              |
| Debtors   | 15    | 15,590              | 120,359          |
| Cash at bank and in hand  |       | 3,602               | 643              |
|   |       | <u>19,192</u>       | <u>121,146</u>   |
| <b>Creditors</b> : amounts falling due within one year          | 16    | <u>(5,736)</u>      | <u>(302,060)</u> |
| <b>Net current assets/(liabilities)</b>                         |       | <u>13,456</u>       | <u>(180,914)</u> |
| <b>Total assets less current liabilities</b>                    |       | <u>294,325</u>      | <u>74,536</u>    |
| <b>Creditors</b> : amounts falling due after more than one year | 17    | (220,392)           | (150)            |
| <b>Provisions for liabilities</b>                               |       |                     |                  |
| Deferred tax  | 10(c) | <u>(208)</u>        | <u>(390)</u>     |
| <b>Net assets</b>   |       | <u>73,725</u>       | <u>73,996</u>    |
| <b>Capital and reserves</b>                                     |       |                     |                  |
| Called up share capital   | 18    | –                   | –                |
| Share premium account   | 19    | 1,000               | 1,000            |
| Revaluation reserve   | 19    | 65,533              | 24,604           |
| Profit and loss account   | 19    | 7,192               | 48,392           |
| <b>Shareholders' funds</b>                                      | 20    | <u>73,725</u>       | <u>73,996</u>    |

The financial statements were approved, authorised and signed on behalf of the board on 10 September 2014



J C Bingham  
Director

10 September 2014

## **Notes to the financial statements**

**at 31 December 2013**

### **1. Accounting policies**

#### ***Basis of preparation***

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards

#### ***Going concern***

Based on the current and forecast probability and the fact that the company has net current assets, the directors believe it is appropriate to prepare the financial statements on a going concern basis. The company earned a profit after tax of £3,468,000 for the current year (2013 – net current assets of £13,456,000)

In forming their conclusion on the going concern basis of preparation, the directors have taken into account the forecast operating and financing cash flows of the company for a period of at least 12 months from the date of approval of the financial statements. As a result of their assessment of the forecasts, the directors are satisfied that the going concern basis of preparation is appropriate for the statutory financial statements for the year ended 31 December 2013.

#### ***Equity Instruments***

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

#### ***Segment information***

In the opinion of the directors, there is one class of business in the period from 1 April 2013 to 11 September 2013, the provision of care home services. In the period from 11 September 2013 to 31 December 2013 the directors consider there to be one class of business, investment in care home assets. The geographic origin of turnover is wholly within the UK.

#### ***Bank borrowings***

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

#### ***Group financial statements***

The company is itself a subsidiary company and is exempt from the requirement to prepare group financial statements by virtue of section 401 of the Companies Act 2006 as consolidated financial statements are prepared by the ultimate parent undertaking Griffin-American Healthcare REIT II, Inc., a company incorporated in the United States of America. These financial statements therefore present information about the company as an individual undertaking and not about its group.

#### ***Statement of cash flows***

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

#### ***Turnover***

Turnover related to discontinued operations represents sales and services to third party customers in the health and social care sector, stated net of any applicable Value Added Tax. Revenue was recognised when the services were provided, with any fees invoiced in advance included within deferred income until the service was completed.

Turnover related to continuing operations represents rental income from care home assets. Any lease incentives granted to tenants to enter into a lease are spread over the period ending on the earlier of the lease expiry or the date at which it is expected prevailing market rental will be payable.

## Notes to the financial statements

at 31 December 2013

### 1. Accounting policies (continued)

#### *Intangible fixed assets and amortisation*

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

Negative goodwill is similarly included in the balance sheet and is credited to profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale over its estimated useful life of 20 years.

The carrying values of intangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land and assets in the course of construction at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

|                                |   |                              |
|--------------------------------|---|------------------------------|
| Fully operational trading unit | – | 3% per annum                 |
| Short-term leasehold property  | – | Over the period of the lease |
| Motor vehicles                 | – | 25% per annum                |
| Computer equipment             | – | 33% per annum                |

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Revaluation of tangible fixed assets*

Individual fully operational trading units and assets under construction are revalued every year with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. A deficit which represents a clear consumption of economic benefits is charged to the profit and loss account regardless of any such previous surplus.

Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss account as a movement on reserves. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation reserve is also transferred to the profit and loss account as a movement on reserves.

#### *Investment Properties*

In accordance with SSAP 19 'Accounting for investment properties', investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, except where a deficit on an individual investment property is expected to be permanent in which case it is charged (or credited, where a deficit is reversed) to the profit and loss account for the period.

Depreciation is not provided in respect of freehold investment property where the unexpired term of the lease is more than 20 years. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19.

## **Notes to the financial statements**

**at 31 December 2013**

### **1. Accounting policies (continued)**

#### ***Investments***

Investments held as fixed assets and are shown at cost less provision for impairment

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

#### ***Stocks***

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads

#### ***Deferred taxation***

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### ***Leasing and hire purchase commitments***

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

#### ***Operating leases***

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the period until the earlier date of when the rent is expected to be adjusted to the prevailing market rate or the lease expiry

## Notes to the financial statements

at 31 December 2013

### 1. Accounting policies (continued)

#### Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period up to 11 September 2013

### 2. Turnover

The whole of the turnover is attributable to the UK and to the company's principal activities which were sales and services to third party customers in the health and social care sector until 11 September 2013 after which the principal activity became rental of care home assets

### 3. Operating profit

This is stated after charging/(crediting)

|  | <i>9 months<br/>ended<br/>31 December<br/>2013<br/>£000</i> | <i>Year<br/>ended<br/>31 March<br/>2013<br/>£000</i> |
|--|---|--|
| Depreciation of tangible fixed assets – Owned by company | 2,705   | 6,213  |
| – held under finance leases                              | 96  | 146  |
| Amortisation of positive goodwill                        | –   | 41   |
| Amortisation of negative goodwill                        | –   | (241)  |
| Intercompany waiver                                      | –   | 679  |
| Operating lease rentals                                  |   |  |
| – Land and buildings                                     | 150   | 199  |

### 4. Auditor's remuneration

|  | <i>9 months<br/>ended<br/>31 December<br/>2013<br/>£000</i> | <i>Year<br/>ended<br/>31 March<br/>2013<br/>£000</i> |
|--|---|--|
| Fees payable to the company's auditor – audit of the company's annual financial statements | 38  | 132  |

In the current and previous period no non audit services were provided by the company's auditor



## Notes to the financial statements

at 31 December 2013

### 5. Exceptional items

|  | <i>9 months<br/>ended<br/>31 December<br/>2013<br/>£000</i> | <i>Year<br/>ended<br/>31 March<br/>2013<br/>£000</i> |
|--|---|--|
| Profit on disposal of fixed assets                     | 1,615   | –  |
| Write back of previously recognised goodwill (note 11) | 1,843   | –  |
| Impairment of investments                              | –   | (28,161)   |
|  | <u>3,458</u>  | <u>(28,161)</u>                                      |

On 10 September 2013, the company disposed of tangible fixed assets with a net book value of £12,892k for consideration of £14,507k, which resulted in a profit on disposal of £1,615k

Positive and negative goodwill recognised in connection with historical acquisitions is no longer recoverable through ongoing trade following the transfer of the trade to the previous operator. Impairment of investments in the prior year related to Caring Homes Healthcare Group Limited. There has been no impairment in the value of the subsidiary companies in the current year.

### 6. Directors' remuneration

|                      | <i>9 months<br/>ended<br/>31 December<br/>2013<br/>£000</i> | <i>Year<br/>ended<br/>31 March<br/>2013<br/>£000</i> |
|----------------------|---|--|
| Directors emoluments | <u>126</u>  | <u>352</u>   |

The highest paid director received remuneration of £79,000 (year ended 31 March 2013 – £333,000)

From 11 September 2013, directors' remuneration was charged as part of fees of £20,325 levied for corporate administration services by Sanne Group (UK) Limited. Further details are described in note 22

### 7. Income from fixed asset investments

|                                     | <i>9 months<br/>ended<br/>31 December<br/>2013<br/>£000</i> | <i>Year<br/>ended<br/>31 March<br/>2013<br/>£000</i> |
|-------------------------------------|---|--|
| Income from fixed asset investments | <u>–</u>  | <u>41,092</u>  |

Income from fixed asset investments is in relation to dividends received from subsidiary companies in the prior year

## **Notes to the financial statements**

**at 31 December 2013**

### **8. Staff costs**

|                       | <i>9 months<br/>ended<br/>31 December<br/>2013<br/>£000</i> | <i>Year<br/>ended<br/>31 March<br/>2013<br/>£000</i> |
|-----------------------|---|--|
| Wages and salaries    | 19,314  | 42,992   |
| Social security costs | 1,658   | 3,618  |
| Other pension costs   | 88  | 92   |
|                       | <u>21,060</u>   | <u>46,702</u>  |

The average monthly number of employees during the period was made up as follows

|                               | <i>No</i>    | <i>No</i>    |
|-------------------------------|--------------|--------------|
| Nurses, catering and domestic | 2,643        | 2,748        |
| Managerial and administration | 180          | 180          |
|                               | <u>2,823</u> | <u>2,928</u> |

The employee information above only relates to the period to 11 September 2013

### **9. Interest payable and similar charges**

|   | <i>9 months<br/>ended<br/>31 December<br/>2013<br/>£000</i> | <i>Year<br/>ended<br/>31 March<br/>2013<br/>£000</i> |
|---|---|--|
| On finance leases and hire purchase contracts | —   | 45   |
| Interest charged on intercompany loans        | 7,723   | 12,158   |
| Other interest payable                        | —   | 1  |
|   | <u>7,723</u>  | <u>12,204</u>  |

## Notes to the financial statements

at 31 December 2013

## 10. Tax

## (a) Tax on profit on ordinary activities

The tax charge is made up as follows

|  | 9 months<br>ended<br>31 December<br>2013<br>£000 | Year<br>ended<br>31 March<br>2013<br>£000 |
|--|--|---|
| <b>Current tax.</b>                                  |  |   |
| UK corporation tax on the profit for the period/year | 65   | –   |
| <b>Deferred tax</b>                                  |  |   |
| Adjustments in respect of previous periods           | –  | 4,810                                     |
| Origination and reversal of timing differences       | (131)  | 3,974                                     |
| Effect of tax rate change on opening balance         | (51)   | –   |
| Total deferred tax (note 10(c))                      | (182)  | 8,784                                     |
| Tax on profit on ordinary activities (note 10(b))    | (117)  | 8,784                                     |

## (b) Factors affecting the current tax charge for the period

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 23% (year ended 31 March 2013 – 24%) The differences are explained below

|  | 9 months<br>ended<br>31 December<br>2013<br>£000 | Year<br>ended<br>31 March<br>2013<br>£000 |
|--|--|---|
| Profit on ordinary activities before tax   | 3,741  | 5,048                                     |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (year ended 31 March 2013 – 24%) | 860  | 1,212                                     |
| <i>Effects of</i>  |  |   |
| Non-tax deductible amortisation of goodwill and impairment   | (576)  | (48)                                      |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                                      | 1  | 7,075                                     |
| Capital allowances in excess of depreciation   | (108)  | (1,099)                                   |
| Depreciation on assets not eligible for capital allowances   | –  | 1,205                                     |
| Other adjustments, reliefs and transfers   | (80)   | 189                                       |
| Non-taxable income   | –  | (9,828)                                   |
| Fixed asset profit on disposal   | (372)  | –   |
| Tax losses carried forward on which no deferred tax recognised   | –  | 883                                       |
| Losses arising in the period   | 440  | –   |
| Group relief claimed   | (100)  | 459                                       |
| Current tax for the period (note 10(a))  | (65)   | –   |

## Notes to the financial statements

at 31 December 2013

### 10. Tax (continued)

(c) Deferred tax

|  | <i>9 months<br/>ended<br/>31 December<br/>2013</i> | <i>Year<br/>ended<br/>31 March<br/>2013</i> |
|--|--|---|
|  | <i>£000</i>  | <i>£000</i>                                 |
| Opening balance                            | 390  | 8,863                                       |
| (Charge)/Credit to profit and loss account | (182)  | (8,764)                                     |
| Transfers and prior year adjustment        |  | (469)                                       |
| Closing balance                            | <u>208</u>   | <u>390</u>                                  |

The deferred taxation balance is made up as follows

|                                | <i>9 months<br/>ended<br/>31 December<br/>2013</i> | <i>Year<br/>ended<br/>31 March<br/>2013</i> |
|--------------------------------|--|---|
|                                | <i>£000</i>  | <i>£000</i>                                 |
| Accelerated capital allowances | (208)  | (6,600)                                     |
| Tax losses carried forward     |  | 6,210                                       |
|                                | <u>(208)</u>                                       | <u>(390)</u>                                |

(d) Factors that may affect future tax charges

The standard rate of UK corporation tax became 23% on 1 April 2013. The Finance Act 2013 which was substantively enacted on 2 July 2013 provides that the main rate of corporation tax will further reduce to 21% from 1 April 2014 and to 20% from 1 April 2015.

## Notes to the financial statements

at 31 December 2013

### 11. Intangible fixed assets

|                                      | <i>Positive<br/>goodwill<br/>£000</i> | <i>Negative<br/>goodwill<br/>£000</i> | <i>Total<br/>£000</i> |
|--------------------------------------|---------------------------------------|---------------------------------------|-----------------------|
| Cost                                 |                                       |                                       |                       |
| At 1 April 2013 and 31 December 2013 | 894                                   | (3,837)                               | (2,943)               |
| Amortisation                         |                                       |                                       |                       |
| At 1 April 2013                      | (231)                                 | 1,331                                 | 1,100                 |
| Amortisation                         | –                                     | –                                     | –                     |
| Amount (written off)/back            | (663)                                 | 2,506                                 | 1,843                 |
| At 31 December 2013                  | (894)                                 | 3,837                                 | 2,943                 |
| Net book value                       |                                       |                                       |                       |
| At 31 December 2013                  | –                                     | –                                     | –                     |
| At 1 April 2013                      | 663                                   | (2,506)                               | (1,843)               |

Following the transfer of the company's trade and assets on 10 September 2013, positive and negative goodwill will no longer be recovered through enhanced revenue or depreciation charges. Therefore all amounts have been (written off)/back to the profit and loss account (note 5)

## Notes to the financial statements

at 31 December 2013

### 12. Tangible fixed assets

|                          | <i>Investment<br/>property</i> | <i>Fully<br/>operational<br/>trading<br/>units</i> | <i>Long-term<br/>leasehold<br/>property</i> | <i>Motor<br/>vehicles</i> | <i>Computer<br/>equipment</i> | <i>Assets held<br/>for<br/>development</i> | <i>Total</i> |
|--------------------------|--------------------------------|--|---|---------------------------|-------------------------------|--|--------------|
|                          | £000                           | £000   | £000  | £000                      | £000                          | £000                                       | £000         |
| Cost or valuation        |                                |  |   |                           |                               |  |              |
| At 1 April 2013          | –                              | 244,501  | 762   | 1,977                     | 2,395                         | 5,409                                      | 255,044      |
| Additions                | –                              | 594  | –   | 128                       | 56                            | 80   | 858          |
| Disposals                | –                              | (5,070)  | (762)                                       | (2,105)                   | (2,451)                       | (5,489)                                    | (15,877)     |
| Transfer between classes | 240,025                        | (240,025)  | –   | –                         | –                             | –  | –            |
| Revaluation surplus      | 41,261                         | –  | –   | –                         | –                             | –  | 41,261       |
| At 31 December 2013      | 281,286                        | –  | –   | –                         | –                             | –  | 281,286      |
| Depreciation             |                                |  |   |                           |                               |  |              |
| At 1 April 2013          | –                              | –  | 474   | 1,054                     | 1,176                         | –  | 2,704        |
| Charge for the period    | –                              | 2,520  | 17  | 96                        | 168                           | –  | 2,801        |
| Transfer                 | 2,520                          | (2,520)  | –   | –                         | –                             | –  | –            |
| Disposal                 | –                              | –  | (491)                                       | (1,150)                   | (1,344)                       | –  | (2,985)      |
| At 31 December 2013      | 2,520                          | –  | –   | –                         | –                             | –  | 2,520        |
| Net book value           |                                |  |   |                           |                               |  |              |
| At 31 December 2013      | 278,766                        | –  | –   | –                         | –                             | –  | 278,766      |
| At 1 April 2013          | –                              | 244,501  | 288   | 923                       | 1,219                         | 5,409                                      | 252,340      |

The Fully Operational Trading Units were valued by Colliers International, Chartered Surveyors, London at 31 March 2013

The Fully Operational trading units were reclassified to investment property on 11 September 2013 when the company sold its trade and certain assets and retained freehold and long leasehold property for rental income and capital appreciation

## Notes to the financial statements

at 31 December 2013

### 12. Tangible fixed assets (continued)

Investment property was valued by the directors as at 31 December 2013 and is based on observable transactions in the market and by reference to the fair value of the consideration paid for the investment property portfolio on 11 September 2013

The carrying value of the company's investment property as at 31 December 2013 is as follows

|   | £000           |
|---|----------------|
| Net book value of tangible fixed assets     | 278,766        |
| Amount included in accrued income (note 15) | 1,206          |
| Open Market valuation at 31 December 2013   | <u>279,972</u> |

Included within the Investment Property / Fully Operational Trading Units is land with a net book value of £44,267,000 (31 March 2013 – £43,022,409)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

|                | 31 December<br>2013<br>£000 | 31 March<br>2013<br>£000 |
|----------------|-----------------------------|--------------------------|
| Motor vehicles | <u>—</u>                    | <u>923</u>               |

### 13. Investments

|                                      | Subsidiary<br>undertakings<br>£000 |
|--------------------------------------|------------------------------------|
| Cost                                 |                                    |
| At 1 April 2013                      | 33,114                             |
| Disposals                            | (2,850)                            |
| At 31 December 2013                  | <u>30,264</u>                      |
| Impairment                           |                                    |
| At 1 April 2013 and 31 December 2013 | <u>28,161</u>                      |
| Net book value                       |                                    |
| At 31 December 2013                  | <u>2,103</u>                       |
| At 1 April 2013                      | <u>4,953</u>                       |

On 10 September 2013 the company sold its subsidiary undertaking, South London Nursing Homes Limited for consideration of £2,850,000 which was equal to its net book value

| Subsidiary undertakings                | Class of<br>share | Holding<br>% |
|--|-------------------|--------------|
| Principal Activity - Dormant companies |                   |              |
| Greenacres Homes Limited               | Ordinary          | 100          |
| Greenacres Property Company Limited    | Ordinary          | 100          |

## Notes to the financial statements

at 31 December 2013

### 13. Investments (continued)

| <i>Subsidiary undertaking</i>                   | <i>Class of share</i> | <i>Holding %</i> |
|---|-----------------------|------------------|
| <i>Principal Activity - Dormant companies</i>   |                       |                  |
| Cedar House (Norwich) Limited                   | Ordinary              | 100              |
| Cedar House (Yelverton) Limited                 | Ordinary              | 100              |
| Ascot House Care Home Limited                   | Ordinary              | 100              |
| Ascot House Property Company Limited            | Ordinary              | 100              |
| Claydon House Limited                           | Ordinary              | 100              |
| TIC (Training in Care) Limited                  | Ordinary              | 100              |
| Kingsclear House Limited                        | Ordinary              | 100              |
| Dormy House (Sunningdale) Limited               | Ordinary              | 100              |
| Denham Manor Holdings Limited                   | Ordinary              | 100              |
| Kippington Healthcare Limited                   | Ordinary              | 100              |
| Oakdene Care Limited                            | Ordinary              | 100              |
| Walstead Place Limited                          | Ordinary              | 100              |
| Rectory House (Sompting) Limited                | Ordinary              | 100              |
| Firtree Care Limited                            | Ordinary              | 100              |
| County and Suburban Care Limited                | Ordinary              | 100              |
| Moorlands Lightwater Limited                    | Ordinary              | 100              |
| Kingdom Care (Beechwood) Limited                | Ordinary              | 100              |
| Kingdom Care (Cabarfeidh) Limited               | Ordinary              | 100              |
| Kingdom Care (Forth Bay) Limited                | Ordinary              | 100              |
| Kingdom Care (Hillview) Limited                 | Ordinary              | 100              |
| Kingdom Care (Kincaidine) Limited               | Ordinary              | 100              |
| Kingdom Care Nursing Home Group Limited         | Ordinary              | 100              |
| East Hill (Liss) Limited                        | Ordinary              | 100              |
| Marchglen Care Centre Limited                   | Ordinary              | 100              |
| Rendlesham Care Limited                         | Ordinary              | 100              |
| Healthcare Central Limited                      | Ordinary              | 100              |
| Huntercombe Hall Limited                        | Ordinary              | 100              |
| Coxhill Manor Limited                           | Ordinary              | 100              |
| Coppice Lea (Merstham) Limited                  | Ordinary              | 100              |
| Assured Healthcare Limited                      | Ordinary              | 100              |
| Harley Healthcare Limited                       | Ordinary              | 100              |
| Harley Healthcare Nursing Homes Limited         | Ordinary              | 100              |
| Gildawood Court Residential Homes Limited       | Ordinary              | 100              |
| Cranmer Court Limited                           | Ordinary              | 100              |
| Caring Homes Propco Limited                     | Ordinary              | 100              |
| Hulcott Limited                                 | Ordinary              | 100              |
| Ferfoot Limited                                 | Ordinary              | 100              |
| Quality Care (Wiltshire) Limited                | Ordinary              | 100              |
| Abbeystead (Reading) Limited                    | Ordinary              | 100              |
| The Harebeating Care Company (Holdings) Limited | Ordinary              | 100              |
| The Harebeating Care Company Limited            | Ordinary              | 100              |
| St Georges Care Home Limited                    | Ordinary              | 100              |



## Notes to the financial statements

at 31 December 2013

## 13. Investments (continued)

| <i>Subsidiary undertaking</i>   | <i>Class of share</i> | <i>Holding %</i> |
|---|-----------------------|------------------|
| <b><i>Principal Activity - Dormant companies</i></b>                                      |                       |                  |
| Guildcare (Campden) Limited   | Ordinary              | 100              |
| Affirmative Care Limited  | Ordinary              | 100              |
| Scoonie House Limited   | Ordinary              | 100              |
| Oaken Holt Care Limited   | Ordinary              | 100              |
| Caring Homes (Bexhill) Limited  | Ordinary              | 100              |
| Willow Care Limited   | Ordinary              | 100              |
| Strathview Care Home Limited  | Ordinary              | 100              |
| St George's Nursing Homes Limited   | Ordinary              | 100              |
| Caring Homes Limited  | Ordinary              | 100              |
| Marchglen Property Company Limited  | Ordinary              | 100              |
| <b><i>Principal Activity - Investment in care home assets</i></b>                         |                       |                  |
| GA HC REIT II CH U K Walstead Limited (Formerly, Walstead Place Residential Home Limited) | Ordinary              | 100              |
| GA HC REIT II CH U K L'Hermitage Limited (Formerly, Caring Homes (L'Hermitage) Limited)   | Ordinary              | 100              |

All subsidiary undertakings are registered and incorporated in the United Kingdom with the exception of GA HC REIT II CH U K L'Hermitage Limited which is registered and incorporated in Jersey. The address of GA HC REIT II CH U K L'Hermitage Limited's principal place of business is 13 Castle Street, St Helier, Jersey, JE4 5UT.

The above subsidiaries, with the exception of GA HC REIT II CH U K Walstead Limited and GA HC REIT II CH U K L'Hermitage Limited, have been dormant through the financial year. Accordingly, these subsidiaries have taken the exemption under sections 394A and 448A of the Companies Act 2006 to prepare and file individual accounts.

## 14. Stocks

|                                     | <i>31 December<br/>2013<br/>£000</i> | <i>31 March<br/>2013<br/>£000</i> |
|-------------------------------------|--------------------------------------|-----------------------------------|
| Finished goods and goods for resale | —                                    | 144                               |

## 15. Debtors

|                                    | <i>31 December<br/>2013<br/>£000</i> | <i>31 March<br/>2013<br/>£000</i> |
|------------------------------------|--------------------------------------|-----------------------------------|
| Trade debtors                      | —                                    | 2,648                             |
| Amounts owed by group undertakings | 14,340                               | 116,440                           |
| Other debtors                      | —                                    | 610                               |
| Prepayments and accrued income     | 1,250                                | 604                               |
| Tax recoverable                    | —                                    | 57                                |

## Notes to the financial statements

at 31 December 2013

|   | 15,590 | 120,359 |
|---|--------|---------|
| <b>15. Debtors (continued)</b>  |        |         |
| Included in prepayments and accrued income are lease incentive assets of £1,206,000 (31 March 2013 -- £nil) which are due after more than one year                      |        |         |
| Included within amounts owed by group undertakings is £223,500 (31 March 2013 -- £nil) of cash held on behalf of Walstead and L'Hermitage, which is repayable on demand |        |         |

**16. Creditors: amounts falling due within one year**

|  | <i>31 December<br/>2013<br/>£000</i> | <i>31 March<br/>2013<br/>£000</i> |
|--|--------------------------------------|-----------------------------------|
| Bank loans and overdrafts  | —                                    | 240                               |
| Net obligations under finance leases and hire purchase contracts | —                                    | 192                               |
| Trade creditors  | —                                    | 1,105                             |
| Amounts owed to group undertakings                               | 5,614                                | 294,337                           |
| Other taxes and social security costs                            | —                                    | 1,446                             |
| Other creditors  | —                                    | 18                                |
| Accruals and deferred income                                     | 122                                  | 4,722                             |
|  | <u>5,736</u>                         | <u>302,060</u>                    |

**17. Creditors: amounts falling due after more than one year**

|  | <i>31 December<br/>2013<br/>£000</i> | <i>31 March<br/>2013<br/>£000</i> |
|--|--------------------------------------|-----------------------------------|
| Loan notes due to parent undertakings                            | 220,392                              | —                                 |
| Net obligations under finance leases and hire purchase contracts | —                                    | 150                               |
|  | <u>220,392</u>                       | <u>150</u>                        |

Obligations for finance leases and hire purchase contracts and loan notes, included above, are payable as follows

|                            | <i>31 December<br/>2013<br/>£000</i> | <i>31 March<br/>2013<br/>£000</i> |
|----------------------------|--------------------------------------|-----------------------------------|
| Between one and five years | —                                    | 150                               |
| After five years           | 220,392                              | —                                 |
| Total                      | <u>220,392</u>                       | <u>150</u>                        |

Griffin-American Healthcare REIT II, Inc. has advanced an interest bearing loan under a senior promissory note amounting to £164,175,000. The interest rate is 6% per annum with interest payable quarterly unless at the discretion of company, the interest is deferred in exchange for the issuance of a further loan note. The principal balance together with any remaining accrued unpaid interest is due to be repaid in full on 15 December 2023.

Griffin-American Healthcare REIT II, Inc. has also advanced an interest bearing loan under a promissory note amounting to £56,217,023. The interest rate is 14% per annum with interest payable quarterly unless at the discretion of company, the interest is deferred in exchange for the issuance of a further loan note.

## Notes to the financial statements

at 31 December 2013

The principle balance together with any remaining accrued unpaid interest is due to be repaid in full on 15 December 2023

### 18 Issued share capital

|   | 31 December<br>2013 |             | 31 March<br>2013 |             |
|---|---------------------|-------------|------------------|-------------|
| <i>Allotted, called up and fully paid</i> | <i>No</i>           | <i>£000</i> | <i>No</i>        | <i>£000</i> |
| Ordinary shares of £1 each                | 100                 | —           | 100              | —           |

### 19. Movements on reserves

|   | <i>Share<br/>premium<br/>account<br/>£000</i> | <i>Revaluation<br/>reserve<br/>£000</i> | <i>Profit and<br/>loss account<br/>£000</i> |
|---|---|---|---|
| At 1 April 2013                               | 1,000   | 24,604                                  | 48,392                                      |
| Profit for the period                         | —   | —                                       | 3,468                                       |
| Surplus on revaluation of investment property | —   | 41,261                                  | —   |
| Transfer of depreciation                      | —   | (332)                                   | 332   |
| Dividends declared and paid                   | —   | —                                       | (45,000)                                    |
| At 31 December 2013                           | 1,000   | 65,533                                  | 7,192                                       |

### 20. Reconciliation of shareholder's funds

|  | 31 December<br>2013<br>£000 | 31 March<br>2013<br>£000 |
|--|-----------------------------|--------------------------|
| Opening shareholder's funds                              | 73,996                      | 70,936                   |
| Profit/(loss) for the period/year                        | 3,468                       | (3,736)                  |
| Other recognised gains and losses during the period/year | 41,261                      | 6,796                    |
| Dividends declared and paid                              | (45,000)                    | —                        |
| Closing shareholder's funds                              | 73,725                      | 73,996                   |

### 21. Other financial commitments

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as set out below

|                               | <i>Land and buildings</i> |                 |
|-------------------------------|---------------------------|-----------------|
|                               | <i>31 December</i>        | <i>31 March</i> |
|                               | <i>2013</i>               | <i>2013</i>     |
|                               | <i>£000</i>               | <i>£000</i>     |
| Operating leases which expire |                           |                 |
| Over five years               | —                         | 564             |

On 10 September 2013 the company transferred commitments under operating leases to the new care home operator

## **Notes to the financial statements**

**at 31 December 2013**

### **22. Related party transactions**

As a wholly owned subsidiary undertaking of Griffin-American Healthcare REIT II, Inc the company has taken the exemption available under FRS 8 'Related Party Transactions' and not disclosed transactions with other members of the group

MC Schnaier and J C Bingham who are directors of the company are employees of Sanne Group (UK) Limited, the company's corporate administrator. During the period the company was charged fees of £20,325 for services provided which included £1,141 in respect of Directors' services

### **23. Ultimate parent undertaking and controlling party**

The company's immediate parent undertaking is GA HC REIT II U.K. SH Acquisition Ltd, by virtue of its 100% shareholding

For the period up to and including 10 September 2013 the ultimate parent undertaking was Myriad Healthcare Limited which is registered in England and Wales and the ultimate controlling party was P A K Jeffery, a director of the company and of the ultimate parent undertaking

From 11 September 2013 the company became a wholly owned subsidiary undertaking of Griffin-American Healthcare REIT II, Inc which is registered in the United States of America, and is the ultimate controlling party of the company

The largest and smallest group of undertakings for which group financial statements will be drawn up is that headed by Griffin-American Healthcare REIT, Inc. Copies of the group financial statements are available from Griffin-American Healthcare REIT, Inc's Headquarters, 18191 Von Karman Avenue, Suite 300, Irvine, CA 92612 or from the corporate website at [www.griffincapital.com/griffin-american-healthcare-reit-ii](http://www.griffincapital.com/griffin-american-healthcare-reit-ii)