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CHFP041

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in black type or
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lettering

* Insert full name
of company

COMPANIES FORM No. 395

Particulars of a mortgage or charge

Pursuant to section 395 of the Companies Act 1985

A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge.

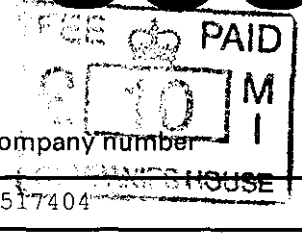
To the Registrar of Companies
(Address overleaf - Note 6)

For official use Company number

3

3517404

395



Name of company

* CRANLEY LIMITED (the "Company")

Date of creation of the charge

17 October 2003

Description of the instrument (if any) creating or evidencing the charge (note 2)

MEMORANDUM OF DEPOSIT OF SECURITIES ("the Memorandum")

Amount secured by the mortgage or charge

All present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to the Lenders (or any of them) under each or any of the Finance Documents together with all costs, charges and expenses incurred by any Lender in connection with the protection, preservation or enforcement (in the case of protection or preservation, to the extent such costs, charges and expenses are reasonable) of its respective rights under the the Finance Documents or any other document evidencing or securing any such liabilities (the "Secured Liabilities").

Names and addresses of the mortgagees or persons entitled to the charge

Barclays Bank PLC

54 Lombard Street
London

Postcode EX3V 9EX

Presentor's name, address and
reference (if any):

Simon Bishop & Partners
"Hillcairnie"
St Andrew's Road WR9 8DJ
DX 19923 Droitwich

For official use
Mortgage section

Post room



Time critical reference

Short particulars of all the property mortgaged or charged

The Company charged by way of the Memorandum the following:

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- (a) 2 ordinary shares of £1 each in Highway (Burnley) Limited
(Reg.no. 2693859) ("the Securities")
- (b) executed blank stock transfer form;
- (c) any bonus stock or shares or other new securities of a similar nature
from the date of the Memorandum until the discharge of all
liabilities under the Finance Documents; and
- (d) all dividends and interest and all rights moneys or property accruing
or offered at any time by way of redemption bonus, preference option
or otherwise in respect of the Securities

Please complete
legibly, preferably
in black type or
bold block
lettering

Please refer to Schedule 1 for the definitions of terms used in this form
395 and in Schedule 1

A fee of £10 is
payable to
Companies House
in respect of each
register entry for a
mortgage or
charge.
(See Note 5)

Particulars as to commission allowance or discount (note 3)

Not applicable

Signed Simon Bishop and Partners

Date 6-11-03

On behalf of [company] [mortgage/charge]*

*Delete as
appropriate

Notes.

1. The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
2. A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
3. In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional, for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
4. If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
5. Cheques and Postal Orders are to be made payable to **Companies House**.
6. The address of the Registrar of Companies is:-
Companies House, Crown Way, Cardiff CF4 3UZ.

SCHEDULE 1

CRANLEY LIMITED
(Company no: 3517404)

Definitions of the terms used in form 395 and Schedule 1, as used in the Debenture

Accession Agreement: a Guarantor Accession Agreement;

Additional Guarantor: any other member of the Warehouse Group that becomes party to the Warehouse Facility Agreement as a Guarantor pursuant to a Guarantor Accession Agreement;

Advance: the principal amount of each borrowing under the Warehouse Facility Agreement or the principal amount of such borrowing outstanding from time to time;

Approved Company: the entire issued share capital of a limited liability company incorporated in England and Wales or in Scotland whose sole business activities comprise owning and running Care Homes satisfying the criteria agreed from time to time between the Obligors' Agent and the Facility Agent and which is approved in writing by the Facility Agent;

Arranger: Barclays Bank plc in its capacity as arranger under the Warehouse Facility Agreement;

Bank: each of the following:

- (a) each bank whose name is set out in Schedule B to the Warehouse Facility Agreement;
- (b) each bank to which rights and/or obligations under the Warehouse Facility Agreement are assigned or transferred or which assumes rights and obligations pursuant to a Substitution Certificate; and
- (c) any successor or successors in title to any of the foregoing,

provided that upon (i) termination in full of all the Commitments of any Bank, and (ii) irrevocable payment in full of all amounts which may be or become payable to such Bank under the Finance Documents, such Bank shall not be regarded as being a Bank for the purposes of determining whether any provision of any of the Finance Documents requiring consultation with or the consent or approval of or instructions from the Banks or any of them or the majority banks has been complied with;

Borrower: the Parent and/or the CHL and, as the context requires and in relation to any Advance, the borrower of such Advance

SCHEDULE 1

CRANLEY LIMITED
(Company no: 3517404)

Definitions of the terms used in form 395 and Schedule 1, as used in the Debenture

Care Homes: a nursing home, residential home or specialist care home providing medical or social care which may be required to be registered by a Health Authority or a Local Authority under the Relevant Act;

CHC: Craegmoor Healthcare Company Limited (No. 3830455);

CHL: Craegmoor Homes Limited, a company incorporated in England and Wales (No. 4790588);

Commitment: in relation to a Bank means (subject to clause 6.1 of the Warehouse Facility Agreement) an amount appearing and designated as such against the Bank's name in Schedule B of the Warehouse Facility Agreement or in the Substitution Certificate or other document, by which it became party to or acquired rights under the Warehouse Facility Agreement, as reduced or increased by substitution or transfer pursuant to clause 27 of the Warehouse Facility Agreement and any Substitution Certificates to which the Bank is party, and to the extent not cancelled, reduced or terminated under the Warehouse Facility Agreement;

Debenture: means the debenture dated 16 October 2003 between Craegmoor Homes Limited;

Facility Agent: Barclays Bank PLC as facility agent under the Warehouse Facility Agreement and its permitted successors and assigns;

Finance Documents: the Warehouse Facility Agreement, any Guarantor Accession Agreement, the Servicing Agreement and the Security Documents and any other document designated as such by the Facility Agent and the Obligors' Agent together and any and each other agreement or instrument supplementing or amending any of such documents;

Guarantor: each of the Borrowers and each Additional Guarantor;

Guarantor Accession Agreement: an agreement substantially in the form of Schedule F of the Warehouse Facility Agreement;

Health Authority: means a health authority in England and Wales or a health board (or, where applicable, local authority) in Scotland;

SCHEDULE 1

CRANLEY LIMITED
(Company no: 3517404)

Definitions of the terms used in form 395 and Schedule 1, as used in the Debenture

Lender: each of the Facility Agent, the Security Agent, the Arranger and the Banks party to or having an interest under the Finance Documents from time to time (together the Lenders);

Local Authority: means a local authority in England and Wales or a local authority in Scotland;

Majority Banks: means a Bank or Banks the aggregate amount of whose Commitments at the relevant time represents by value more than sixty-six and two-thirds per cent. (66 2/3%) of the aggregate Commitments at such time;

Obligor: each Borrower and each Guarantor;

Obligor's Agent: CHL, appointed to act on behalf of each Obligor pursuant to clause 2.3(b) of the Warehouse Facility Agreement;

Parent: Craegmoor Group Limited (formerly Craegmoor Healthcare Company Limited) a company incorporated in England and Wales (No.2825572)

Relevant Act means:

(a) in the case of a Care Home located in England or Wales, the Mental Health Act 1983, the Childrens Act 1989, the Registered Homes Act 1984 or the Care Standards Act 2000; and

(b) in the case of a Care Home located in Scotland, the Nursing Homes Registration (Scotland) Act 1938 (as amended) or (as applicable) the Social Work (Scotland) Act 1968.

Security Agent: Barclays Bank plc as security agent and trustee for itself and the Lenders;

Security Assets: all assets of the Company the subject of any security created by the Memorandum;

Security Documents: means the Share Pledge and the Debenture together with such other documents (if any) as may be required to be entered into by the Parent and/or any member of the Warehouse Group pursuant to clause 17 and 18 of the Warehouse Facility Agreement or pursuant to the terms of any other Finance Document or the Share Pledge, the Debenture or any such documents;

SCHEDULE 1

CRANLEY LIMITED
(Company no: 3517404)

Definitions of the terms used in form 395 and Schedule 1, as used in the Debenture

Servicing Agreement: means the servicing agreement in a form to be agreed to be entered into between the Parent, the Security Agent, CHL and CHC;

Share Pledge: means the mortgage of securities dated 16 October 2003 between the Parent and the Security Agent in respect of the entire issued share capital in CHL;

Substitution Certificate: a certificate in the form of Schedule D of the Warehouse Facility Agreement;

Supplemental Legal Mortgage: a supplemental legal mortgage in the form set out in Schedule 2 of the Debenture;

Warehouse Facility Agreement: the £60,000,000 term loan facility agreement dated the 16 October 2003 between Craegmoor Homes Limited, Craegmoor Group Limited and the Security Agent, together with each Accession Agreement and Substitution Certificate relating thereto and any and each other agreement or instrument supplementing or amending it; and

Warehouse Group: means that group of companies consisting of CHL and Approved Companies purchased from time to time by the Parent as contemplated by clause 3.1(a) of the Warehouse Facility Agreement.

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 03517404

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A MEMORANDUM OF DEPOSIT OF SECURITIES DATED THE 17th OCTOBER 2003 AND CREATED BY CRANLEY LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM EACH OBLIGOR TO THE LENDERS (OR ANY OF THEM) UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 6th NOVEMBER 2003.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 10th NOVEMBER 2003.

PO
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THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House

— for the record —