Company Registration No. 3779937

Platinum Healthcare Limited

Report and Financial Statements

30 September 2008

Target Winters Limited

REPORT AND FINANCIAL STATEMENTS 2008

CONTENTS

REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J M J M Jensen
D C Nicholson

REGISTERED OFFICE

25 Hanover Square
London
W1S 1JF

BANKERS

Barclays Bank Plc
2 High Street
Chelmsford
Essex
CM1 1BG

AUDITORS

Target Winters
29 Ludgate Hill
London
EC4M 7JE

DIRECTORS' REPORT

The Directors have pleasure in presenting the annual report and the audited financial statements for the year ended 30 September 2008.

The Directors report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

PRINCIPAL ACTIVITY

The principal activity of the company was that of an operator of nursing and residential care homes. The company ceased to trade on 30 April 2002 upon the transfer of the operation of the last two remaining homes to a third party operator, save for the realisation and settlement of its remaining assets and liabilities.

BUSINESS REVIEW

The results for the year to 30 September 2008 are set out on page 7 of the financial statements.

DIVIDENDS

No dividends in respect of the year are proposed (2007 - £nil).

GOING CONCERN

At 30 September 2008, the Group, of which Platinum Healthcare Limited is a member, had bank loans of £1,172m (the 'Senior loan') and £70m (the 'Term Loan Facility') secured on the Group's investment properties and freehold land and buildings.

As at 29 September 2008, the portfolio was valued by King Sturge LLP at £929,776,000 (assuming costs of 1.75%). This results in a loan to value ratio of 126%, which puts the senior loan in breach of its Loan to Value ('LTV') covenant of 92.7%. There are also a number of breaches of other covenants to the loan, which mainly relate to the provision of information. Further, in the light of deteriorating conditions in the real estate investment market, another valuation was commissioned which shows that as at 15 December 2008 the value of the portfolio had dropped to £863,304,000 (assuming costs of 1.75%). This further diminution has not been reflected in the financial statements.

In addition, at 15 January 2009, the loan amounts remained outstanding. The maturity date of the senior loan was 15 January 2009 (the original final maturity date) with an option to extend the loan to 15 January 2010 provided no default was outstanding at the original final maturity date. This failure to repay on the maturity date was an event of default which meant that the loan became instantly repayable.

As a result, the Directors of the Group commenced discussions with the loan Special Servicer, Capmark Services UK Limited ('Capmark'), about how best to resolve this situation. On 25 November 2008 a standstill agreement was put in place until 14 January 2009, and then further extended by all parties to 14 April 2009, which suspends the ability of Capmark and others to exercise their rights in relation to certain specified events of default. This allows the Group time in which to negotiate a solution to the problem of the breached covenants without threat of foreclosure.

The £70m term loan facility is also in breach as a result of the above. The lenders of this loan have also entered into the standstill agreement and have thus suspended their ability to exercise any rights they may have.

There is a provision in the standstill agreement for a Chief Restructuring Officer to be appointed to the board of the Group, whose role would be to represent the Company and Libra No. 3 Limited, its subsidiary undertaking, in its negotiations between the lenders and the Special Servicer. The Chief Restructuring Officer was appointed on 19 December 2008.

Further, the Directors have received an undertaking from Capmark that the cash flow required to operate the Group until the refinancing has been concluded will be forthcoming. The undertaking states that it is the intention of the Senior Creditors to provide the Group and the Company with the funds it requires to make payments falling due as a consequence of the Group carrying on its business, including without limitation (a) day-to-day operating costs; (b) restructuring costs; and (c) other exceptional costs incurred in relation to the Potential Restructuring.

DIRECTORS' REPORT

(Continued)

GOING CONCERN (Continued)

Given these circumstances, the Directors do not currently believe there is a risk that the Group and the Company will go into insolvent liquidation, although this could change if the negotiations envisaged by the standstill agreement were to fail. Given the above, there is a material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Company is dependant on the Group in order to recover its' inter-group assets and therefore, meet its' liabilities as they fall due.

Nonetheless, at the present time, the Directors consider it appropriate to prepare the financial statements on the going concern basis. In the event that a going concern basis should become inappropriate, the assets of the Group would be written down to their recoverable value and provision made for any further liabilities that may arise. At this time it is not practicable to quantify such adjustments. See further details in note 1 to the financial statements.

DIRECTORS

The following Directors served throughout the year except as noted:

Directors	Date Appointed	Date Resigned
P V Taylor	-	19 December 2008
D C Nicholson	-	-
J M Jensen	19 December 2008	-

The current Directors of the Company are detailed on page 1.

No Director has, or has had any interests in the shares of the Company. No Director holds a service contract with the Company and there is no Company share option scheme in existence.

None of the Directors has had any interests in the shares of the ultimate parent undertaking, Delta Commercial Property LP.

The Company has made qualifying third party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force to the date of this report.

AUDITORS

In the case of each of the persons who are Directors of the Company at the date when this report is approved:

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the Company's auditors are unware; and

- each of the Directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Target Winters Limited have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by and signed on behalf of the Directors

D C Nicholson
Director
Date: 20 January 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements. The Directors have chosen to prepare the accounts for the Company in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the Directors to prepare such financial statements for each financial year which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of affairs of the Company and of the profit or loss of the Company for that year and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the Directors are required to:

(a) select suitable accounting policies and then apply them consistently;

(b) make judgements and estimates that are reasonable and prudent;

(c) state whether applicable accounting standards have been followed; and

(d) 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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 AUDITORS' REPORT
TO THE SHAREHOLDERS OF PLATINUM HEALTHCARE LIMITED

We have audited the financial statements of Platinum Healthcare Limited for the year ended 30 September 2008, which comprise of the profit and loss account, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In additions we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanation we require for our audit, or if information specified by law regarding directors' remumeration and other transactions is not disclosed.

We read the Directors' Report and consider the implication for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 September 2008and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF PLATINUM HEALTHCARE LIMITED (Continued)

Emphasis of matter – Going concern

Without qualifying our opinion, we draw attention to the disclosures made in note 1 of the financial statements concerning the Group's ability to continue as a going concern.

The Company is a guarantor for a loan agreement entered into by another group company. The group is in breach of the financial covenants in its loan agreement (as described in note 1). The Directors are in discussions with Capmark Services UK Limited regarding a resolution of the breach. However, the outcome of these discussions and the timing of their conclusion is uncertain.

These conditions, along with other matters as set forth in note 1, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors have prepared the financial statements on the going concern basis. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern as it is not practicable to determine or quantify them.

Target Winters Limited

Target Winters Limited
Chartered accountants and registered auditors
London
Date: 20 January 2009

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2008

	Note	2008 £	2007 £
OPERATING PROFIT		-	-
Net interest payable and similar charges	3	(14)	(6)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(14)	(6)
Tax on loss on ordinary activities	4	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	8	(14)	(6)
Retained profit brought forward		111,647	111,653
Retained profit carried forward		111,633	111,647

There are no recognised gains or losses for the current financial or preceding year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

BALANCE SHEET
As at 30 September 2008

	Note		2008		2007
		£	£	£	£
CURRENT ASSETS					
Debtors	5	171,603		171,603	
Cash at bank and in hand		-		9	
			171,603		171,612
CREDITORS: amounts falling due within one year	6		(59,968)		(59,963)
NET ASSETS			111,635		111,649
CAPITAL AND RESERVES					
Called up share capital	7		2		2
Profit and loss account			111,633		111,647
EQUITY SHAREHOLDERS' FUNDS	8		111,635		111,649

These financial statements were approved by the Directors on 20 January 2009.

D C Nicholson
Director

J M J M Jensen
Director

NOTES TO THE ACCOUNTS
Year ended 30 September 2008

1. GOING CONCERN

The Company is a guarantor for a loan entered into by another group company (see note 11).

At 30 September 2008, the Group, of which Platinum Healthcare Limtied is a member, had bank loans of £1,172 million (the 'Senior Loan') and £70 million (the 'Term Loan Facility') secured on the Group's investment properties and freehold land and buildings. At 16 January 2009, the loan amounts remain outstanding. The maturity date of the senior loan was 15 January 2009 (the original final maturity date) with an option to extend the loan to 15 January 2010 provided no default is outstanding at the original final maturity date.

Libra No. 2 Limited, the Company's ultimate parent company declared a dividend on 27 November 2007 of £89,035,586, and there was a deficit on the revaluation of properties of £392,665,000 in the year ended 30 September 2008. As a result, the Group is now in a net liability position.

Under the terms of the Senior Loan, the Group has to comply with a number of financial covenants, of which the two most material are a Loan to Value ('LTV') covenant and an Interest Cover Ratio ('ICR') covenant. Further, in order for the Group to continue to trade as a going concern, the Directors of each of the entities in the Group need to be satisfied that they will continue to be able to meet their operating costs and expenses as they fall due.

The Directors of the Company, who are also the directors of Libra No. 3 Limited, a group undertaking and also the borrower to the bank loan, have prepared cash flow forecasts covering the period to 31 March 2010 which show that there is a shortfall in the operational cash flow of the Company in the period. However, the Directors have received an undertaking from Capmark Services UK Limited ('Capmark'), the Special Servicer to the Senior Loan, that the cash flow required to operate the Group will be forthcoming whilst discussions with respect to the Potential Restructuring are continuing. The cash flow forecasts also indicate that the ICR test will not be met throughout the testing period. The undertaking states that it is the intention of the Senior Creditors to provide the Group and the Company with the funds it requires to make payments falling due as a consequence of the Group carrying on its business, including without limitation(a) day-to-day operating costs and expenses; (b) restructuring costs; and (c) other exceptional costs incurred in relation to the Potential Restructuring.

The Directors have also considered the LTV test, and note that this was not met as at 30 September 2008. The Directors have been advised by their valuers, King Sturge LLP, that they consider that as at 29 September 2008 the appropriate yield for the Group's property portfolio is 7.42%, and the value of the portfolio is £929,767,000 after costs of 1.75%, on the basis of the properties being sold as a business, resulting in an LTV ratio of 126%.

This breaches the LTV covenant which is set at 92.7%, and the Group was not therefore in a position to obtain the extension of the loan as at 15 January 2009 unless this breach, and other breaches chiefly concerning information covenants which remain unremedied, had been waived. The effect of these breaches was that the loan became immediately repayable as at 15 January 2009. The failure to comply with these covenants has also resulted in a default in the £70 million term loan facility.

However, the Directors of the Group have initiated discussions with Capmark under the securitisation structure which operates alongside the bank loan and have entered into a standstill agreement which suspends the rights and remedies of the loan servicer against specified breaches of the loan until 14 April 2009.

Given these circumstances, the Directors do not currently believe there is a risk that the Group and the Company will go into insolvent liquidation, although this could change if the negotiations for which the standstill agreement allows were to fail. Given the above, there is a material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Company is dependant on the Group in order to recover its' inter-group assets and therefore, meet its' liabilities as they fall due.

Nonetheless, at the present time, the Directors consider it appropriate to prepare the financial statements on the going concern basis. In the event that a going concern basis should become inappropriate, the assets of the Group and the Company would be written down to their recoverable value and provision made for any further liabilities that may arise. At this time it is not practicable to quantify such adjustments.

NOTES TO THE ACCOUNTS
Year ended 30 September 2008

2. ACCOUNTING POLICIES

Except as stated above, the financial statements are prepared under the historical cost convention, in accordance with all applicable United Kingdom accounting standards and in compliance with the Companies Act 1985. The particular accounting policies adopted are described below.

The accounting policies have been followed consistently duringthe current and precious years.

Interest

Interest receivable and interest payable are recognised in the financial statements on an accruals basis.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which have originated at the balance sheet date and which could give rise to an obligation to pay more or less tax in the future. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not recognised in respect of gains and losses on revalued assets unless the company has entered into a binding agreement to sell the assets and the gains or losses have been recognised in the profit and loss account. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

3. NET INTEREST PAYMENT AND SIMILAR CHARGES

	2008 £	2007 £
Interest income	(18)	2
Bank charges	32	4
	14	6

NOTES TO THE ACCOUNTS
Year ended 30 September 2008

4. TAX ON LOSS ON ORDINARY ACTIVITIES

	2008 £	2007 £
UK corporation tax	-	-
Loss before tax	(14)	(6)
Tax on loss at standard rate of 29% (2007: 30%)	(4)	(2)
Factors affecting tax charge:		
Increase in tax losses carried forward	4	2
Prior year tax adjustment	-	-
Current year tax charge	-	-

5. DEBTORS

	2008 £	2007 £
Amounts owed by group undertakings	171,603	171,603

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Trade creditors	51,857	51,857
Other creditors	1,115	1,115
Amounts owed to group undertaking	6,996	6,991
	59,968	59,963

7. SHARE CAPITAL

	2008 £	2007 £
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
Called up, allotted and fully paid:		
2 Ordinary shares of £1 each	2	2

NOTES TO THE ACCOUNTS
Year ended 30 September 2008

8. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	2008 £	2007 £
Loss for the year after taxation	(14)	(6)
Net decrease in shareholders' funds	(14)	(6)
Shareholders' funds at the beginning of the year	111,649	111,655
Shareholders' fund at the end of the year	111,635	111,649

9. RELATED PARTY TRANSACTION

In accordance with Financial Reporting Standard No.8 "Related Party Disclosures", transactions with other undertakings within the Libra No. 2 Limited group have not been disclosed in the financial statements.

10. POST BALANCE SHEET EVENTS

On 25 November 2008 a standstill agreement was put in place until 14 January 2009 and later extended until 14 April 2009, which suspends the ability of Capmark, the loan servicer (see note 11) to exercise its rights in relation to certain specified events of default. Also, it allows the Group and the Company time to negotiate a solution to the problem of the breached covenants without threat of foreclosure. See further details in note 1 to the financial statements.

11. CONTINGENT LIABILITIES

The Company is one of the guarantors to a £1,172 million term loan facility agreement entered into by Libra No. 3 Limited, a subsidiary undertaking of the Company's intermediate parent undertaking, Libra No. 2 Limited with Credit Suisse on 15 January 2007.

12. PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The immediate parent undertaking is Ultima Holdings Limited, a company incorporated in Great Britain and registered in England and Wales.

The ultimate parent undertaking is Delta Commercial Property LP, a limited partnership incorporated and registered in the Isle of Man. In the opinion of the Directors, there is no ultimate controlling party in that company.

The results of the Company are consolidated within Libra No. 2 Limited, its intermediate parent undertaking, a company incorporated and registered in the Cayman Islands. Libra No. 2 Limited is both the smallest and largest group including the Company for which consolidated accounts are prepared.

Copies of the Libra No. 2 Limited group consolidated financial statements to 30 September 2008, which include the results of the Company, are available from Libra Group at 25 Hanover Square, London, W1S 1JF.