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CHFP025

COMPANIES FORM No. 155(6)b

**Declaration by the directors  
of a holding company in  
relation to assistance for the  
acquisition of shares**

155(6)b

Please do not  
write in this  
margin

Pursuant to section 155(6) of the Companies Act 1985

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

To the Registrar of Companies  
(Address overleaf - Note 5)

For official use

Company number

[ ] [ ] [ ] [ ] [ ] [ ] [ ] [ ]

3830455

Name of company

**Note**  
Please read the notes  
on page 3 before  
completing this form

\* Craegmoor Healthcare Company Limited

\* insert full name  
of company

~~We~~ Please see Annexure A

Ø insert name(s) and  
address(es) of all  
the directors

† delete as  
appropriate

~~We~~ [all the directors]† of the above company (hereinafter called 'this company') do  
solemnly and sincerely declare that:

§ delete whichever  
is inappropriate

The business of this company is:

- (a) ~~that of a free public health licensed institution within the meaning of the Banking Act 1979~~  
(b) ~~that of an authorised insurance company within the meaning of the Insurance Companies Act 1982~~  
insurance business in the United Kingdom  
(c) something other than the above§

This company is ~~this~~ [a] holding company of\* Conquest Care Homes (March) Limited  
(Company No. 2669273) which is

proposing to give financial assistance in connection with the acquisition of shares

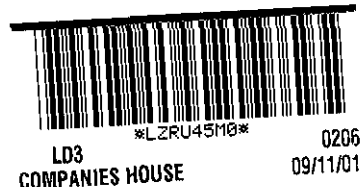
in ~~this company~~ Craegmoor Group Limited

Presenter's name address and  
reference (if any):

xTaylor Joynson Garrett  
Carmelite, 50 Victoria  
Embankment, Blackfriars,  
London, EC4Y 0DX

DX 41 London/Chancery

For official Use  
General Section



*1st EO. 22*  
The assistance is for the purpose of ~~that acquisition~~ [reducing or discharging a liability incurred for the purpose of that acquisition].† (note 1)

Please do not write in this margin

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

The number and class of the shares acquired or to be acquired is: 2,057,839 A Ordinary Shares  
244,778 B Convertible Shares; 20,033,909 C Ordinary Shares

The assistance is to be given to: (note 2) Craegmoor Group (No. 2) Limited  
(Company No. 04229516) whose registered office is at Carmelite, 50 Victoria Embankment, Blackfriars, London EC4Y 0DX

The assistance will take the form of:

Please see Annexure B

*1st EO. 22*  
The person who [has acquired] ~~will acquire~~ the shares is:  
Craegmoor No. 2 Limited (Company No. 04229516)

† delete as appropriate

The principal terms on which the assistance will be given are:

Please see Annexure C

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is Nil

The amount of cash to be transferred to the person assisted is £ Nil

The value of any asset to be transferred to the person assisted is £ Nil

Within 8 wks from the date hereof

X/We have formed the opinion, as regards this company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

(a) ~~X~~We have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date]\* (note 3)

[illegible]

Declared at

Declarants to sign below

DR. TWICH

W. A. Phillips

FD-302mm

Day Month Year

on 3 | 0 1 | 0 2 | 0 | 0 | 1

before me CSN CIAN S. Rhodes - Fin Spect.).

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

## NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985.
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.
- 5 The address for companies registered in England and Wales or Wales is:-

The Registrar of Companies  
Companies House  
Crown Way  
Cardiff  
CF14 3UZ

or, for companies registered in Scotland:-

The Registrar of Companies  
Companies House  
37 Castle Terrace  
Edinburgh  
EH1 2EB

**CRAEGMOOR HEALTHCARE COMPANY LIMITED**

**Company Number 3830455**

**(the "Company")**

**Annexure A - Form 155(6)b**

**DIRECTOR:**

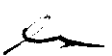
Michael Stratford

Frank Richardson

**ADDRESS:**

10 Anne Hathaway Drive  
Churchdown  
Gloucester  
GL3 2PX

1 Lakeside  
Cirencester Road  
Latton  
Swindon  
SN6 6DW



**CRAEGMOOR HEALTHCARE COMPANY LIMITED**

**Company Number 3830455**

**(the "Company")**

**Annexure B- Form 155(6)b**

1. Financial assistance will be provided by Conquest Care Homes (March) Limited pursuant to:
  - (a) a £200,000,000 instrument dated 27 July 2001 constituting floating rate secured subordinated loan notes 2013 between Craegmoor Limited as the Parent (1), Craegmoor No. 2 Limited as the Issuer (2), RBS Mezzanine Limited as the Mezzanine Arranger (3), RBS Mezzanine Limited as the Noteholders' Agent (4) and RBS Mezzanine Limited as the Security Agent (5) (the "**Instrument**") pursuant to which Craegmoor No. 2 Limited constituted Floating Rate Secured Subordinated Loan Notes 2013 in a nominal amount of £200,000,000 (of which £21,559,496 nominal amount was issued on the date of the Instrument pursuant to the Subscription Agreement (as defined below), and the remainder are authorised to be issued in lieu of interest in accordance with Condition 3 (Payment in kind) of the Instrument) subject to, and with the benefit of, the schedules to the Instrument or such Instrument as amended, varied, restated or acceded to from time to time (all such terms as defined in the Instrument);
  - (b) a subscription agreement dated 27 July 2001 between RBS Mezzanine Limited as the Mezzanine Arranger (1), the financial institutions listed therein as the Subscribers (2), RBS Mezzanine Limited as the Noteholders' Agent (3), RBS Mezzanine Limited as the Security Agent (4), Craegmoor No. 2 Limited as the Mezzanine Note Issuer (5), and Craegmoor Limited as the Parent (6) (the "**Subscription Agreement**") as such Subscription Agreement is amended, varied, restated or amended to from time to time (all such terms as defined in the Subscription Agreement); and
  - (c) an intercreditor deed (the "**Intercreditor Deed**") entered into, by way of an accession deed (the "**Intercreditor Accession Deed**") between, inter alios, the Company and certain of its subsidiaries, Conquest Care Homes (March) Limited as a New Obligor and RBS Mezzanine Limited as Security Agent and Noteholders Agent whereby Conquest Care Homes (March) Limited has agreed to become an Obligor under the Intercreditor Deed and to be bound by the terms of the Intercreditor Deed as an Obligor subject to the provision that Conquest Care Homes (March) Limited's obligations under the Intercreditor Deed shall not extend to any obligations which if they did so extend would cause the infringement of section 151 of the Companies Act 1985 (all such terms as defined in the Intercreditor Deed).
2. Such financial assistance will be given by way of Conquest Care Homes (March) Limited entering into the documents listed at (a) to (e) below:
  - (a) An accession deed (the "**Accession Deed**") between inter alios, Craegmoor Limited and certain of its subsidiaries, including the Company and Conquest Care Homes (March) Limited as New Obligors and RBS Mezzanine Limited as Noteholders' Agent and Security Agent for the Noteholders under the Note Finance Documents whereby each New Obligor agrees to enter into a



guarantee pursuant to the Instrument and to become an Obligor under the Intercreditor Deed and to be bound by the terms of the Intercreditor Deed as an Obligor increasing its obligations as set out in the Accession Deed (all such terms as defined in the Accession Deed);

- (b) A debenture (the "**Debenture**") to be entered into, by way of an accession deed (the "**Debenture Accession Deed**"), between, inter alios, Craegmoor Limited and certain of its subsidiaries including the Company and Conquest Care Homes (March) Limited as New Charging Companies and RBS Mezzanine Limited as Security Agent for itself and the other Secured Parties (all such terms as defined in the Debenture Accession Deed); and
- (c) A securitisation subordination deed (the "**Subordination Deed**") to be entered into between, inter alios, the Company and certain of its subsidiaries including the Conquest Care Homes (March) Limited as New Obligors, Prudential Trustee Company Limited as Senior Trustee and RBS Mezzanine Limited as Junior Agent (all such terms as defined in the Subordination Deed);
- (d) A warehouse subordination deed (the "**Warehouse Subordination Deed**") to be entered into between, inter alios, the Company and Conquest Care Homes (March) Limited, Barclays Bank as Senior Agent and RBS Mezzanine Limited as Junior Agent (all such terms as defined in the Warehouse Subordination Deed); and
- (e) An intra-group loan agreement as supplemented, amended and extended from time to time (the "**Intra-Group Loan Agreement**") to be made between, inter alios, the Company and Conquest Care Homes (March) Limited as Lender and the Purchaser as borrower under which the Conquest Care Homes (March) Limited would make available loan facilities to the Purchaser which may be used by the Purchaser to assist it in meeting its payment obligations under the Note Finance Documents (all such terms as defined in the Intra-Group Loan Agreement).

(in each case as each such document is amended, restated, varied or supplemented from time to time)



**CRAEGMOOR HEALTHCARE COMPANY LIMITED**

**Company Number 3830455**

**(the "Company")**

**Annexure C - Form 155(6)b**

1. By executing the Accession Deed and thereby, inter alia, acceding to the guarantee incorporated in the Instrument and to the Intercreditor Deed as referred to in paragraph 2(a) of Annexure B, Conquest Care Homes (March) Limited, inter alia:
  - (a) guarantees to each Note Finance Party punctual performance by each Obligor (other than Conquest Care Homes (March) Limited) of that Obligor's obligations under the Note Finance Documents (as defined therein);
  - (b) undertakes with each Note Finance Party that whenever an Obligor (other than Conquest Care Homes (March) Limited) guarantees to and does not pay any amount when due under or in connection with any Note Finance Document, that Conquest Care Homes (March) Limited shall immediately on demand pay that amount as if Conquest Care Homes (March) Limited was the principal obligor;
  - (c) indemnifies each Note Finance Party immediately on demand against any cost, loss or liability suffered by that Note Finance Party if the guarantee or any obligation given by it is or becomes unenforceable, invalid or illegal;
  - (d) agrees to extend the obligations undertaken by it under the Instrument and the Intercreditor Deed and all other Note Finance Documents to include, without limitation, all obligations of each of the Obligors. For the avoidance of doubt, none of the limitations set forth in paragraph 1.2(a) of schedule 6 (Guarantee and Security Provisions) of the Instrument shall apply and, any obligations in the Debenture and the Intercreditor Deed which may previously have been limited by virtue of the fact that they would have otherwise constituted a breach of section 151 of the Companies Act 1985 are no longer so limited;
  - (e) agrees to the ranking for all purposes and at all times that the Note Debt is in priority to the Investor Debt and Vendor Debt; and
  - (f) agrees to indemnify the creditors in respect of certain costs and expenses in respect of the Intercreditor Deed.

(all such terms as defined in the the Accession Deed)
2. By executing the Debenture Accession Deed and acceding to the Debenture as referred to in paragraph 2(b) of Annexure B Conquest Care Homes (March) Limited, together with other Charging Companies (subject to compliance with sections 151 -158 of the Companies Act 1985):
  - (a) as primary obligor (on a joint and several basis) covenants with the Security Agent (for the benefit of itself and the other Secured Parties (as defined therein)) that it will on demand pay the Indebtedness when it falls due for payment;



- (b) as security for the payment of the Indebtedness, charges in favour of the Security Agent with full title guarantee the following assets, both from the date of the Debenture and any time thereafter, from time to time owned by it or in which it has an interest;
- (i) by way of first legal mortgage all freehold and leasehold property (including the property specified in schedule 1 of the Debenture Accession Deed) together with all buildings and fixtures including trade fixtures) on that property; and
- (ii) by way of first fixed charge;
- (A) all other interests (not referred to in paragraph 2(b)(i) above) in any freehold and leasehold property, the buildings and fixtures (including trade fixtures) on that property, all proceeds of sale derived therefrom and the benefit of all warranties and covenants given in respect thereof and all licences to enter upon or use land and the benefit of all other agreements relating to land;
- (B) all the Subsidiary Shares and Investments and all corresponding Distribution Rights;
- (C) all plant, machinery, vehicles, computers, office and other equipment and the benefit of all contracts, licences and warranties relating thereto;
- (D) all Book Debts and all rights and claims against third parties in respect of such debts and claims;
- (E) all debts and monetary claims (other than Book Debts) and all rights against third parties in respect of such debts and claims;
- (F) all monies standing to the credit of its accounts including the Cash Collateral Accounts, the Nominated Accounts and the Collection Accounts) with any bank, financial institution or other person;
- (G) all its Intellectual Property Rights;
- (H) the benefit of all consents and agreements held by it in connection with the use of any of its assets;
- (I) its goodwill and uncalled capital;
- (J) if not effectively referred to in paragraph 2(c) below, all its rights and interests in (and claims under) the Assigned Agreements;
- (iii) by way of first floating charge, Conquest Care Homes (March) Limited charges with full title guarantee in favour of the Security Agent (for the benefit of itself and other Secured Parties) all its assets not effectively charged by way of first fixed charge as referred to in paragraph 2(b)(ii) above or assigned as referred to in paragraph 2(c) below , including





heritable property and all other assets in Scotland from the date of the Debenture and any time thereafter.

- (c) as further security for the payment of the Indebtedness, Conquest Care Homes (March) Limited assigns absolutely to the Security Agent all its rights, title and interest in the Assigned Agreements, provided that on payment or discharge in full of the Indebtedness the Security Agent will at the request and cost of Conquest Care Homes (March) Limited re-assign the Assigned Agreements to Conquest Care Homes (March) Limited (or as it shall direct)
- (d) covenants not to create or agree to create or permit to subsist any Security Interest over all or any part of the Charged Property.

(all such terms as defined in the Debenture Accession Deed)

3. By entering into the Subordination Deed as referred to in paragraph 2(c) of Annexure B Conquest Care Homes (March) Limited, inter alia;

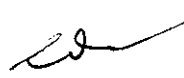
- (a) agrees to the ranking for all purposes and at all times of the Senior Debt in priority to the Junior Debt;
- (b) agrees that all security conferred on the Senior Finance Parties by the Senior Security Documents will for all purposes and at all times rank in priority to the security conferred on the Junior Finance Parties by the Junior Security Documents; and
- (c) agrees that upon the occurrence of an Insolvency Event in relation to an Obligor, for all purposes, the claims against that Obligor in respect of Junior Debt will be subordinated in right of payment to the claims against that Obligor in respect of the Senior Debt.
- (d) agrees to indemnify the creditors in respect of certain costs and expenses in respect of the Subordination Deed

(all such terms as defined in the Subordination Deed)

4. By entering into the Warehouse Subordination Deed as referred to in paragraph 2(d) of Annexure B Conquest Care Homes (March) Limited, inter alia;

- (a) agrees to the ranking for all purposes and at all times of the Senior Debt in priority to the Junior Debt;
- (b) agrees that all security conferred on the Senior Finance Parties by the Senior Security Documents will for all purposes and at all times rank in priority to the security conferred on the Junior Finance Parties by the Junior Security Documents;
- (c) agrees that upon the occurrence of an Insolvency Event in relation to an Obligor, for all purposes, the claims against that Obligor in respect of Junior Debt will be subordinated in right of payment to the claims against that Obligor in respect of the Senior Debt; and
- (d) agrees to indemnify the creditors in respect of certain costs and expenses in respect of the Warehouse Subordination Deed.

(all such terms as defined in the Warehouse Subordination Deed)



5. By executing the Intra-Group Loan Agreement Conquest Care Homes (March) Limited, inter alia, agrees to make available to, inter alios, the Purchaser certain loan facilities which may be used by the Purchaser in reducing or discharging liabilities incurred in connection with its acquisition of the entire issued share capital of the Target (all such terms as defined in the Intra-Group Loan Agreement).

**PricewaterhouseCoopers**

Temple Court  
35 Bull Street  
Birmingham B4 6JT  
Telephone +44 (0) 121 265 5000  
Facsimile +44 (0) 121 265 5050

The Directors  
Craegmoor Healthcare Company Limited  
"Hillcairnie"  
St Andrew's Road  
Droitwich  
Worcestershire WR9 8DJ

30 October 2001

Dear Sirs

**Auditors' report to the directors of Craegmoor Healthcare Company Limited  
pursuant to Section 156(4) of the Companies Act 1985**

We have examined the attached statutory declaration of the directors of Craegmoor Healthcare Company Limited ('the Company') dated 30 October 2001 in connection with the proposal that the Company's subsidiary undertaking, Conquest Care Homes (March) Limited, should give financial assistance for the purchase of shares in the Craegmoor Group Limited.

**Basis of opinion**

We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

**Opinion**

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in Section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.

Yours faithfully



PricewaterhouseCoopers  
*Chartered Accountants and Registered Auditors*

