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COMPANIES FORM No. 395

Particulars of a mortgage or charge

003676/611

395

A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge.

CHFP025

Please do not write in this margin

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

*insert full name of Company

Pursuant to section 395 of the Companies Act 1985

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

For official use

Company number

[4][][][]

6244878

Name of company

* Priory Secure Services Limited (the **Chargor**).

Date of creation of the charge

27 May 2009.

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

A security agreement dated 27 May 2009 between, amongst others, the Chargor and the Security Agent (as defined below) (the **Deed**).

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 capacity whatsoever) of each Obligor to any Finance Party under each Finance Document to which an Obligor is a party (the **Secured Liabilities**).

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

The Royal Bank of Scotland plc, 280 Bishopsgate, London as agent and trustee for the Finance Parties (the **Security Agent**).

Postcode EC2M 4RB

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

Allen & Overy LLP
One Bishops Square
London
E1 6AD

EMIG/KKTH 11398-03404 BK:11506098

Time critical reference

For official Use (06/2005)

Mortgage Section

Post room

TUESDAY



LD4

02/06/2009

COMPANIES HOUSE

73

Short particulars of all the property mortgaged or charged

Please see attached continuation sheets.

Please do not write in this margin

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

Particulars as to commission allowance or discount (note 3)

Nil.

Signed *Allen & Overy LLP*

Date *1/6/09*

On behalf of ~~XXXXXXXXXXXX~~ (chargee) †

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

† 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 A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge. Cheques and Postal Orders must be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is: Companies House, Crown Way, Cardiff CF14 3UZ

1. CREATION OF SECURITY

1.1 General

- (a) All the security created under the Deed:
- (i) is created in favour of the Security Agent;
 - (ii) is created over present and future assets of each Chargor;
 - (iii) is security for the payment of all the Secured Liabilities; and
 - (iv) is made with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994.
- (b) If the rights of a Chargor under a document cannot be secured without the consent of a party to that document:
- (i) that Chargor must notify the Security Agent promptly;
 - (ii) the security created by the Deed will secure all amounts which that Chargor may receive, or has received, under that document but exclude the document itself; and
 - (iii) unless the Security Agent otherwise requires, that Chargor must use reasonable endeavours to obtain the consent of the relevant party to that document being secured under the Deed.
- (c) The Security Agent holds the benefit of the Deed on trust for the Finance Parties.

1.2 Land

- (a) Each Chargor charges:
- (i) by way of a first legal mortgage all estates or interests in any freehold or leasehold property now owned by it; this includes the real property (if any) specified in schedule 2 (Property) of the Deed opposite its name; and
 - (ii) to the extent that they are not the subject of a mortgage under subparagraph (a)(i) of subclause 2.2 (Land) of the Deed by way of first fixed charge all estates or interests in any freehold or leasehold property,
- but in each case excluding any estates or interest in freehold or leasehold property situated in Scotland.
- (b) A reference in subclause 2.2 (Land) of the Deed to a mortgage or charge of any freehold or leasehold property includes:
- (i) all buildings, fixtures, fittings and fixed plant and machinery on that property; and
 - (ii) the benefit of any covenants for title given or entered into by any predecessor in title of a Chargor in respect of that property or any moneys paid or payable in respect of those covenants.

1.3 Investments

(a) Each Chargor charges:

- (i) by way of a first legal mortgage all shares in any member of the Group (other than itself) owned by it or held by any nominee on its behalf; this includes the shares specified in schedule 3 (Shares) of the Deed opposite its name; and
- (ii) (to the extent that they are not the subject of a mortgage under subparagraph (a)(i) of subclause 1.3 (Investments) of the Deed) by way of a first fixed charge its interest in all shares, stocks, debentures, bonds or other securities and investments owned by it or held by any nominee on its behalf.

(b) A reference in subclause 1.3 (Investments) of the Deed to a mortgage or charge of any stock, share, debenture, bond or other security includes:

- (i) any dividend or interest paid or payable in relation to it; and
- (ii) any right, money or property accruing or offered at any time in relation to it by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise.

1.4 Membership Interests

(a) Each Chargor charges:

- (i) by way of first legal mortgage all Membership Interests owned by it and their Related Rights; and
- (ii) by way of first fixed charge:
 - (A) (to the extent that they are not the subject of an effective mortgage under subparagraph (a)(i) of subclause 2.4 (Membership Interests) all Membership Interests owned by it and their Related Rights; and
 - (B) (to the extent they do not fall within sub-subparagraph (B) of subparagraph (a)(ii) of subclause 2.4 (Membership Interests) of the Deed) its rights and benefits under all Members' Agreements to which it is a party.

1.5 Plant and machinery

Each Chargor charges by way of a first fixed charge all plant and machinery owned by it and its interest in any plant or machinery in its possession in each case located in England and Wales.

1.6 Credit Balances

Each Chargor charges by way of first fixed charge all of its rights in respect of any amount standing to the credit of any blocked account referred to in clause 12.5 (Mandatory Prepayment) of the Credit Agreement.

1.7 Members' Agreements

To the extent they are not the subject of a mortgage or charge under subclause 2.4 (Membership Interests) of the Deed, each Chargor assigns absolutely, subject to a proviso for re-assignment on redemption, all of its rights in respect of all Membership Interests held by it and their Related Rights

and under any Members' Agreement to which it is a party, including all moneys which at any time may be or become payable to that Chargor pursuant thereto and the proceeds of any claims, awards and judgments which may at any time be receivable or received by the Chargor pursuant thereto.

1.8 Insurances

Subject, in the case of buildings insurance only, to the interests of Propco under the Leases (and any funder of Propco), each Chargor assigns absolutely, subject to a proviso for re-assignment on redemption, all of its rights in respect of any contract or policy of insurance taken out by it or on its behalf or in which it has an interest.

1.9 Intellectual property

Each Chargor charges by way of a first fixed charge, all of its rights in respect of:

- (a) any know-how, patent, trade mark, service mark, design, business name, topographical or similar right; this includes the trademarks specified in schedule 4 (Intellectual Property Rights) of the Deed opposite its name;
- (b) any copyright or other intellectual property monopoly right; or
- (c) any interest (including by way of licence) in any of the above,

in each case whether registered or not and including all applications for the same.

1.10 Other contracts

Each Chargor assigns absolutely, subject to a proviso for re-assignment on redemption, all of its rights in respect of any agreement to which it is a party except to the extent that it is subject to any fixed security created under any other term of clause 2 (Creation of Security) of the Deed; this includes the agreements (if any) specified in schedule 5 (Relevant Contracts) of the Deed under its name under the heading **Relevant Contracts**.

1.11 Miscellaneous

Each Chargor charges by way of first fixed charge:

- (a) any beneficial interest, claim or entitlement it has in any pension fund;
- (b) its goodwill;
- (c) the benefit of any authorisation (statutory or otherwise) held in connection with its use of any Security Asset;
- (d) the right to recover and receive compensation which may be payable to it in respect of any authorization referred to in paragraph (c) of subclause 2.11 (Miscellaneous) of the Deed; and
- (e) its uncalled capital.

1.12 Floating charge

Each Chargor charges by way of a first floating charge all its assets not at any time otherwise effectively mortgaged, charged or assigned by way of fixed mortgage, charge or assignment under subclause 2.12 (Floating Charge) of the Deed:

- (a) Except as provided below, the Security Agent may by notice to a Chargor convert the floating charge created by that Chargor under subclause 2.12 (Floating Charge) of the Deed into a fixed charge as regards any of that Chargor's assets specified in that notice, if:
 - (i) an Event of Default is continuing; or
 - (ii) the Security Agent considers those assets to be in danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in jeopardy.
- (b) The floating charge created by subclause 2.12 (Floating Charge) of the Deed may not be converted into a fixed charge solely by reason of:
 - (i) the obtaining of a moratorium; or
 - (ii) anything done with a view to obtaining a moratorium,
under the Insolvency Act 2000.
- (c) The floating charge created by subclause 2.12 (Floating Charge) of the Deed will automatically convert into a fixed charge over all of a Chargor's assets if an administrator is appointed or the Security Agent receives notice of an intention to appoint an administrator.
- (d) The floating charge created by subclause 2.12 (Floating Charge) of the Deed is a **qualifying floating charge** for the purpose of paragraph 14 of Schedule B1 to the Insolvency Act 1986.

2. RESTRICTIONS ON DEALINGS

No Chargor may:

- (a) create or permit to subsist any Security on any Security Asset; or
- (b) sell, transfer, licence, lease or otherwise dispose of any Security Asset,

except as expressly allowed under the Credit Agreement.

In this Form 395:

Accession Letter means a document substantially in the form set out in schedule 7 (Form of Accession Letter) to the Credit Agreement.

Acquisition means:

- (a) a Major Acquisition; or
- (b) a Minor Acquisition.

Acquisition Costs means, in relation to any acquisition:

- (a) the purchase price (including any deferred payments and taking into account the discharge of any liabilities in respect thereof) of any Property, entity or business being acquired including such part of such purchase price as represents VAT, but only to the extent that the person making that acquisition determines (acting reasonably and in good faith) that it will not be entitled to a credit in respect of, or repayment of, such VAT from a tax authority;

- (b) all sums required to refinance any indebtedness owed by any entity or business which is the subject of an acquisition at the time of such acquisition; and
- (c) all reasonable fees and out-of-pocket costs and expenses properly incurred including (in each case) such part of such fees, costs and expenses as represents VAT, but only to the extent that the person making that acquisition determines (acting reasonably and in good faith) that it will not be entitled to a credit in respect of or repayment of such VAT from a tax authority, and stamp duty land tax, stamp, registration and other documentary taxes and duties properly incurred in connection with the acquisition.

Acquisition Facility means the term loan facility made available under the Credit Agreement as described in paragraph (a)(iii) of clause 2.1 (The Facilities) of the Credit Agreement.

Acquisition Facility Borrower means the Company or any Additional Acquisition Facility Borrower.

Acquisition Facility Commitment means:

- (a) in relation to an Original Lender, the amount set opposite its name under the heading "Acquisition Facility Commitment" in part 2 of schedule 1 (The Original Parties) of the Credit Agreement and the amount of any other Acquisition Facility Commitment transferred to it under the Credit Agreement; and
- (b) in relation to any other Lender, the amount of any Acquisition Facility Commitment transferred to it under the Credit Agreement,

to the extent not cancelled, reduced or transferred by it under the Credit Agreement or increased under clause 4 (Additional Commitments) of the Credit Agreement.

Acquisition Facility Lender means a Lender with Acquisition Facility Commitments or which has participated in an Acquisition Loan.

Acquisition Facility Property means any of:

- (a) an Initial Acquisition Facility Property; or
- (b) any Property acquired after the date of the Credit Agreement as a result of a Permitted Bank Funded Property/Business Acquisition or a Permitted Equity Funded Property/Business Acquisition (including, for the avoidance of doubt, the Wednesfield Property).

Acquisition Loan means any Loan drawn under the Acquisition Facility on the Closing Date or any other Loan drawn under the Acquisition Facility the purpose of which (as stated in the Utilisation Request) is to finance or refinance (in part or in whole) an Acquisition.

Additional Acquisition Facility Borrower means a company which becomes a Borrower under the Acquisition Facility in accordance with clause 30 (Changes to the Obligors) of the Credit Agreement.

Additional Chargor means a member of the Group which becomes a Chargor by executing a Deed of Accession.

Additional Guarantor means a company which becomes a Guarantor in accordance with clause 30 (Changes to the Obligors) of the Credit Agreement.

Additional Lender has the meaning given to it in clause 29.11 (Additional Lenders) of the Credit Agreement.

Affiliate means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

Aggregate Churn Amount means, at any time, the aggregate amount equal to the lower of, in respect of each Acquisition Facility Property which is or has been the subject of a Property Disposal:

- (a) the Acquisition Costs in respect of the Acquisition involving that Acquisition Facility Property; and
- (b) the Disposal Proceeds in respect of a Property Disposal involving that Acquisition Facility Property.

Aggregate Major Acquisitions Threshold means:

- (a) £65,000,000 at any time during the period of six months after a Major Acquisition was made in accordance with the Credit Agreement where the Acquisition Costs of that Major Acquisition were higher than £25,000,000; and
- (b) at any other time, £50,000,000.

Agreement for Lease means any agreement by any Obligor to grant a Lease of all or part of its interest in any Property.

Ancillary Document means each document relating to or evidencing the terms of an Ancillary Facility.

Ancillary Facility means any ancillary facility made available by an Ancillary Lender in accordance with clause 9 (Ancillary Facilities) of the Credit Agreement

Ancillary Lender means each Lender which makes available an Ancillary Facility in accordance with clause 9 (Ancillary Facilities) of the Credit Agreement.

Arranger means The Royal Bank of Scotland plc as Mandated Lead Arranger.

Borrower means the Company, a Revolving Facility Borrower or an Acquisition Facility Borrower unless it has ceased to be a Borrower in accordance with clause 30 (Changes to the Obligors) of the Credit Agreement.

Business means any going concern business which is or is to be acquired pursuant to a Permitted Property/Business Acquisition in the care homes, psychiatric hospitals or educational sectors which owns a freehold or long leasehold property.

Chargor means an Original Chargor and any Additional Chargor.

Closing Date means the date on which the Facilities are first utilised.

Commitment means a Facility A Commitment, Facility B Commitment, Acquisition Facility Commitment or Revolving Facility Commitment.

Company means Priory Central Services Limited (registered in England and Wales with registered number 04391278).

Compliance Certificate means a certificate substantially in the form set out in schedule 9 (Form of Compliance Certificate) to the Credit Agreement.

Coombe House Property means the property specified in part 1 of schedule 14 (Property) of the Credit Agreement under the heading "Coombe House Property".

Counterparty Accession Agreement means a letter, substantially in the form of schedule 13 (Form of Hedge Counterparty Accession Agreement) of the Credit Agreement, with such amendments as the Facility Agent may approve or reasonably require.

Coxlease Property means the property specified in part 1 of schedule 14 (Property) of the Credit Agreement under the heading "Coxlease Property".

Credit Agreement means the senior term loan, senior acquisition and working capital facilities agreement dated 22 May 2009 between (among others) Priory Central Services Limited and the Security Agent.

Deed of Accession means a deed substantially in the form of schedule 7 (Form of Deed of Accession) of the Deed.

Disposal Proceeds has the meaning given to it in paragraph (c) of clause 26.16 (Disposals) of the Credit Agreement.

Event of Default means any event or circumstance specified as such in clause 28 (Events of Default) of the Credit Agreement.

Existing Property means a real estate asset of the Group listed in part 1 or part 2 of schedule 14 (Properties) of the Credit Agreement.

Facility means a Term Facility or the Revolving Facility.

Facility A means the term loan facility made available under the Credit Agreement as described in paragraph (a)(i) of clause 2.1 (The Facilities) of the Credit Agreement.

Facility A Commitment means:

- (a) in relation to an Original Lender, the amount set opposite its name under the heading "Facility A Commitment" in part 2 of schedule 1 (The Original Parties) and the amount of any other Facility A Commitment transferred to it under the Credit Agreement; and
- (b) in relation to any other Lender, the amount of any Facility A Commitment transferred to it under the Credit Agreement,

to the extent not cancelled, reduced or transferred by it under the Credit Agreement.

Facility A Loan means a loan made or to be made under Facility A or the principal amount outstanding for the time being of that loan.

Facility Agent means The Royal Bank of Scotland plc.

Facility B means the term loan facility made available under the Credit Agreement as described in paragraph (a)(ii) of clause 2.1 (The Facilities) of the Credit Agreement.

Facility B Commitment means:

- (a) in relation to an Original Lender, the amount set opposite its name under the heading "Facility B Commitment" in part 2 of schedule 1 (The Original Parties) and the amount of any other Facility B Commitment transferred to it under the Credit Agreement; and
- (b) in relation to any other Lender, the amount of any Facility B Commitment transferred to it under the Credit Agreement,

to the extent not cancelled, reduced or transferred by it under the Credit Agreement.

Facility B Loan means a loan made or to be made under Facility B or the principal amount outstanding for the time being of that loan.

Fee Letter means:

- (a) any letter or letters dated on or about the date of the Credit Agreement between the Arranger and the Parent (or the Facility Agent and the Parent or the Security Agent and the Parent) setting out any of the fees referred to in clause 16 (Fees) of the Credit Agreement; and
- (b) any agreement setting out fees payable to a Finance Party referred to in clause 16.6 (Fees payable in respect of Letters of Credit) or clause 16.7 (Interest, commission and fees on Ancillary Facilities) of the Credit Agreement or under any other Finance Document.

Finance Document means the Credit Agreement, any Accession Letter, any Ancillary Document, the Margin Side Letter, any Lender Accession Agreement, any Compliance Certificate, any Fee Letter, any Hedging Agreement, the Hedging Letter, the Mandate Letter, any Subordination Agreement, any Resignation Letter, any Counterparty Accession Agreement, any Selection Notice, any Transaction Security Document, any Utilisation Request and any other document designated as a "Finance Document" by the Facility Agent and the Parent.

Finance Party means the Facility Agent, the Arranger, the Security Agent, a Lender, the Issuing Bank, a Hedge Counterparty or any Ancillary Lender.

Garston Limited means Garston Limited as trustee of the D Wormald No. 2 Trust, in its capacity as partner of the Northwood Development Partnership.

Group means the Parent and each of its Subsidiaries for the time being.

Guarantor means an Original Guarantor or an Additional Guarantor, unless it has ceased to be a Guarantor in accordance with clause 30 (Changes to the Obligors) of the Credit Agreement.

Hedge Counterparty means the Original Hedge Counterparty or any person which has become a party to the Credit Agreement as a Hedge Counterparty in accordance with clause 29.12 (Additional Hedge Counterparties).

Hedging Agreement means any master agreement, confirmation, schedule or other agreement entered into or to be entered into by any Obligor and a Hedge Counterparty for the purpose of hedging interest rate liabilities in relation to the Term Facilities in accordance with the Hedging Letter delivered to the Facility Agent under clause 5.1 (Initial conditions precedent) of the Credit Agreement.

Hedging Letter has the meaning given to that term in part 1 of schedule 2 (Conditions Precedent) of the Credit Agreement.

Holding Company means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

Initial Acquisition Facility Property means:

- (a) the Coxlease Property;
- (b) the Coombe House Property; and
- (c) the Stoke Property.

Issuing bank means The Royal Bank of Scotland plc.

Lease means any present or future lease, underlease, sub-lease, licence, tenancy or right to occupy in each case howsoever described whether on a fixed term or periodic basis governing the use or occupation of any freehold or leasehold property or any part of it and includes any Agreement for Lease.

Lender means:

- (a) any Original Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Party in accordance with clause 29 (Changes to the Lenders) of the Credit Agreement,

which in each case has not ceased to be a Party in accordance with the terms of the Credit Agreement.

Lender Accession Agreement means an agreement, substantially in the form of schedule 12 (Form of Lender Accession Agreement) of the Credit Agreement in respect of any accession of an Additional Lender under clause 29.11 (Additional Lenders) of the Credit Agreement with such amendments as the Facility Agent may approve or reasonably require or any other form agreed between the Facility Agent and the Parent.

Limited Liability Partnership means:

- (a) Stoke Trustee LLP, with registered number OC344877;
- (b) Stoke Trustee (No.2) LLP, with registered number OC3451000; and
- (c) any other limited liability partnership duly incorporated under the Limited Partnership Act 2000.

Loan means a Term Loan or a Revolving Facility Loan.

Major Acquisition means the acquisition of a Property or a Business whether by way of asset purchase or the purchase of the entire issued share capital or other ownership interests in an entity which owns (or whose Subsidiary owns) such Property or Business, where either:

- (a) the Acquisition Costs are equal to or more than £7,500,000; or
- (b) the Acquisition Costs when aggregated with:

- (i) the Acquisition Costs of all other Permitted Property/Business Acquisitions made after the date of the Credit Agreement; **LESS**
- (ii) the Aggregate Churn Amount,

is equal to or more than the Aggregate Major Acquisitions Threshold at the time of completion of that acquisition.

Majority Acquisition Facility Lenders means an Acquisition Facility Lender or Acquisition Facility Lenders whose Commitments aggregate more than $66\frac{2}{3}\%$ of the Total Acquisition Facility Commitments (or, if the Total Acquisition Facility Commitments have been reduced to zero, aggregated more than $66\frac{2}{3}\%$ of the Total Acquisition Facility Commitments immediately prior to that reduction).

Mandate Letter means the best efforts letter dated on or about the date of the Credit Agreement between The Royal Bank of Scotland plc (as Mandated Lead Arranger) and the Parent (for itself and as Obligor's Agent).

Mandated Lead Arranger means the Royal Bank of Scotland plc.

Margin means:

- (a) subject to the terms of the Margin Side Letter, in relation to any Facility A Loan, 5.50 per cent. per annum;
- (b) in relation to any Facility B Loan, 4.00 per cent. per annum;
- (c) in relation to any Acquisition Loan, 3.25 per cent. per annum;
- (d) in relation to any Revolving Facility Loan, 3.25 per cent. per annum;
- (e) in relation to any Unpaid Sum relating or referable to a Facility, the rate per annum which is applicable to that Facility; and
- (f) in relation to any other Unpaid Sum, 5.50 per cent. per annum.

Margin Side Letter means the letter dated on or about the date of the Credit Agreement between the Company and The Royal Bank of Scotland Plc setting out certain provisions relating to the calculation of the Margin.

Members' Agreement means:

- (a) the deed dated 23 April 2009 between Starbury Limited, Garston Limited, Priory (Stoke 2) Limited and Stoke Trustee LLP;
- (b) the deed dated 23 April 2009 between Starbury Limited, Garston Limited, Priory (Stoke 2) Limited and Stoke Trustee (No.2) LLP; or
- (c) any other agreement, deed or instrument setting out the rights and obligations of the members of a Limited Liability Partnership.

Membership Interest means each Chorgor's interest in a Limited Liability Partnership (whether arising under the relevant Members' Agreement, the Limited Liability Partnership Act 2000 (or other law or regulation relating to limited liability partnerships) or otherwise), including, without

limitation, all of its interest in the capital of, all of its rights to receive the profits of, and all of its rights to receive any distributions of assets, of that Limited Liability Partnership.

Minor Acquisition means the acquisition of a Property or a Business whether by way of asset purchase or the purchase of the entire issued share capital or other ownership interests in an entity which owns (or whose Subsidiary owns) such Property or Business, which is not a Major Acquisition.

Obligor means a Borrower or a Guarantor.

Obligors' Agent means the Parent, appointed to act on behalf of each Obligor in relation to the Finance Documents pursuant to clause 2.3 (Obligors' Agent) of the Credit Agreement.

Original Chargor means the companies listed in schedule 1 (Original Chargors) of the Deed.

Original Guarantor means the entities listed in part 1 of schedule 1 (The Original Parties) of the Credit Agreement as original guarantors.

Original Hedge Counterparty means The Royal Bank of Scotland plc as counterparty to the hedging arrangements.

Original Lender means The Royal Bank of Scotland plc.

Parent means Priory Holdings Company No.1 Limited (registered in the Cayman Islands with registered number MC 187000).

Party means a party to the Credit Agreement.

Permitted Bank Funded Property/Business Acquisition means any Acquisition by an Acquisition Facility Borrower where the Acquisition Costs have been financed or refinanced in part by way of an Acquisition Loan and where, in respect of that Acquisition:

- (a) the Facility Agent has confirmed that it has received all of the documents and other evidence listed part 3 of schedule 2 (Conditions Precedent) of the Credit Agreement, to the extent applicable; and
- (b) in respect of a Major Acquisition only:
 - (i) where the Acquisition Costs of that Major Acquisition are equal to or less than £20,000,000, the Majority Acquisition Facility Lenders; or
 - (ii) where the Acquisition Costs of that Major Acquisition are greater than £20,000,000, the Acquisition Facility Lenders,

have given their prior consent to the completion of that Acquisition.

Permitted Equity Funded Property/Business Acquisition means any Acquisition by an Obligor, the Acquisition Costs of which have not been financed (or refinanced) in part by an Acquisition Loan and where, in respect of that Acquisition;

- (a) the Facility Agent has confirmed that it has received all of the documents and other evidence listed in part 3 of schedule 2 (Conditions Precedent) of the Credit Agreement, to the extent applicable; and

- (b) in respect of a Major Acquisition only, the Majority Acquisition Facility Lenders have given their prior consent to the completion of that Acquisition.

Permitted Property/Business Acquisition means:

- (a) a Permitted Equity Funded Property/Business Acquisition; or
- (b) a Permitted Bank Funded Property/Business Acquisition.

Propco means Priory Finance Property LLP (registered in England and Wales number OC315650).

Property means:

- (a) each Existing Property;
- (b) each Acquisition Facility Property; and
- (c) any other present or future freehold or long leasehold property (excluding, for the avoidance of doubt, any occupational lease at a rack rent granted without a premium) in which a member of the Group has or acquires or will acquire an interest;

and, in each case, includes any buildings, fixtures, fittings, fixed plant or machinery from time to time situated on or forming part of that freehold, leasehold or immovable property.

Property Disposal means a disposal by an Obligor of a Property or its interest in an entity which owns a Property or an interest in a Property (other than the granting of a Lease).

Related Rights means:

- (a) any dividend, distribution or interest paid or payable in relation to its Membership Interest; and
- (b) any stock, shares, securities, right, money or property accruing or offered at any time (whether by right of redemption, substitution, exchange, bonus or preference, under option rights or otherwise) to or in respect of any of its Membership Interests or in substitution or exchange or otherwise derived from any of its Membership Interests.

Resignation Letter means a letter substantially in the form set out in schedule 8 (Form of Resignation Letter) of the Credit Agreement.

Revolving Facility means the revolving credit facility made available under the Credit Agreement as described in paragraph (a)(iv) of clause 2.1 (The Facilities).

Revolving Facility Borrower means the Company or, in respect of an Ancillary Facility only, any Affiliate of the Company that becomes a borrower of that Ancillary Facility with the approval of the relevant Lender pursuant to clause 9.9 (Affiliates of Borrowers) of the Credit Agreement.

Revolving Facility Commitment means:

- (a) in relation to an Original Lender, the amount set opposite its name under the heading "Revolving Facility Commitment" in part 2 of schedule 1 (The Original Parties) and the amount of any other Revolving Facility Commitment transferred to it under the Credit Agreement; and

(b) in relation to any other Lender, the amount of any Revolving Facility Commitment transferred to it under the Credit Agreement,

to the extent not cancelled, reduced or transferred by it under the Credit Agreement.

Revolving Facility Loan means a loan made or to be made under the Revolving Facility or the principal amount outstanding for the time being of that loan.

Security means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

Security Agreement means a security agreement substantially in the agreed form with such amendments as the Facility Agent may approve or reasonably require.

Security Assets means all assets of each Chargor the subject of any security created by the Deed.

Selection Notice means a notice substantially in the form set out in part 3 of schedule 3 (Requests) of the Credit Agreement in accordance with clause 14 (Interest Periods) of the Credit Agreement in relation to a Term Facility.

Starbury Limited means Starbury Limited as trustee of the D Wormald No. 1 Trust, in its capacity as partner of the Northwood Development Partnership.

Stoke Members Security Agreement means the security agreement dated on or about the date of the Credit Agreement between the Security Agent, Starbury Limited and Garston Limited.

Stoke Property means the property known as the land and buildings at Ubblerley Road and the land on the north east side of Dawlish Drive, Stoke on Trent, comprised in a lease dated 24 April 2009 and made between (1) Starbury Limited as trustee of the D. Wormald No.1 Trust and Garston Limited as trustee of D. Wormald Trust No.2 Limited in their capacity as the partner of Northwood Developments Partnership and (2) Stoke Trustee LLP and Stoke Trustee (No.2) LLP.

Stoke Property Security Agreement means the security agreement dated on or about the date of the Credit Agreement between the Security Agent and the Stoke Trustees, securing the legal interest in the Stoke Property.

Stoke Trustees means Stoke Trustee LLP and Stoke Trustee (No. 2) LLP.

Subordination Agreement means a subordination agreement, substantially in the agreed form with such amendments as the Facility Agent may approve or reasonably require.

Subsidiary means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

Supplemental Security Agreement means a supplemental security agreement entered into by an Obligor substantially in the agreed form, with such amendments as the Facility Agent may approve or reasonably require.

Term Facility means Facility A, Facility B or the Acquisition Facility.

Term Loan means a Facility A Loan, a Facility B Loan or an Acquisition Loan.

Third Party Security Agreement means a security agreement entered into by an entity which is not an Obligor, as chargor, substantially in the agreed form with such amendments as the Facility Agent may approve or reasonably require.

Total Acquisition Facility Commitments means the aggregate of the Acquisition Facility Commitments, being £21,934,500 at the date of the Credit Agreement.

Transaction Security Document means:

- (a) a Security Agreement;
- (b) the Wednesfield Property Security Agreement;
- (c) the Wednesfield Members Security Agreement;
- (d) the Stoke Property Security Agreement;
- (e) the Stoke Members Security Agreement;
- (f) a Supplemental Security Agreement;
- (g) a Third Party Security Agreement; and
- (h) any other document evidencing or creating security over any asset and designated as such by the Facility Agent and the Parent.

Unpaid Sum means any sum due and payable but unpaid by an Obligor under the Finance Documents.

Utilisation Request means a notice substantially in the relevant form set out in part 1 of schedule 3 (Requests) of the Credit Agreement.

VAT means value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature.

Wednesfield Members Security Agreement means the security agreement to be entered into in connection with the Acquisition of the Wednesfield Property between the Security Agent, Starbury Limited and Garston Limited.

Wednesfield Property means the freehold property known as the land and buildings at "Former" New Crown Hotel, Nordley Road, Wednesfield WV11 1PX with registration number SF49891.

Wednesfield Property Security Agreement means the security agreement in the agreed form to be entered into in connection with the Acquisition of the Wednesfield Property between the Security Agent and the Wednesfield Trustees, securing the legal interest in the Wednesfield Property.

Wednesfield Trustees means Wednesfield Trustee LLP and Wednesfield Trustee (No. 2) LLP.



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

**COMPANY NO. 6244878
CHARGE NO. 4**

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES
HEREBY CERTIFIES THAT A SECURITY AGREEMENT DATED 27
MAY 2009 AND CREATED BY PRIORY SECURE SERVICES
LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME
DUE FROM EACH OBLIGOR TO ANY FINANCE PARTY ON ANY
ACCOUNT WHATSOEVER 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 2 JUNE 2009

GIVEN AT COMPANIES HOUSE, CARDIFF THE 9 JUNE 2009

PO
JEL



Companies House
— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES