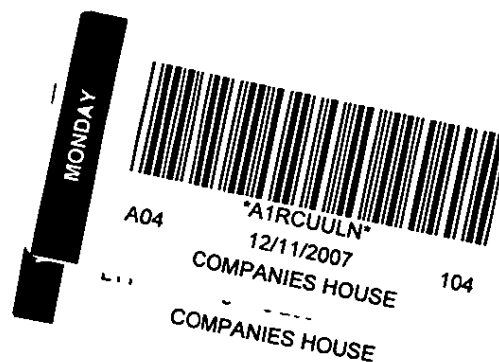


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LIBRA NO. 2 LIMITED

Report and Financial Statements

**From the date of incorporation on 25 January 2006
to 30 September 2006**



REPORT AND FINANCIAL STATEMENTS 2006

CONTENTS	Page
Officers and professional advisers	1
Statement of directors' responsibilities	2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes to the accounts	7

REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P V Taylor	Executive Director
D Nicholson	Executive Director

REGISTERED OFFICE

M & C Corporate Services Limited
PO Box 1093 CT
Queensgate House
South Church Street
Grand Cayman
Cayman Islands

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
London

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit and loss of the Company for that period. 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 UK 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 applicable to overseas companies. They are also responsible for the system of internal control, 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 MEMBERS OF LIBRA NO. 2 LIMITED

We have audited the financial statements of Libra No 2 Limited for the period from the date of incorporation on 25 January 2006 to 30 September 2006, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 18. 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 236 of the Companies Act 1985 applicable to overseas companies. 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 preparing 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 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 applicable to overseas companies.

In addition 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 explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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 judgments 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 2006 and of its profit for the period from date of incorporation on 25 January 2006 to 30 September 2006, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985 applicable to overseas companies.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

31 October 2007

PROFIT AND LOSS ACCOUNT
Period ended 30 September 2006

	Notes	Period from 25 January to 30 September 2006 £
Administrative expenses	2	(8,000)
OPERATING LOSS		(8,000)
Interest receivable and similar income	3	9,902,218
Interest payable and similar charges	4	(4,179,593)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,714,625
Tax on profit on ordinary activities	5	-
Profit on ordinary activities after taxation and retained profit for the financial period		5,714,625

Operating loss is wholly derived from continuing operations

There are no recognised gains or losses for the current period 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 2006

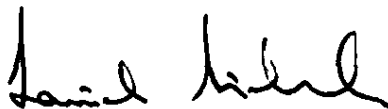
	Notes	£	2006 £
FIXED ASSETS			
Investment	6		77,339,087
CURRENT ASSETS			
Debtors	7	8,506,849	
		<u>8,506,849</u>	
CREDITORS amounts falling due within one year	8	(36,330,754)	
NET CURRENT LIABILITIES			<u>(27,823,905)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			49,515,182
CREDITORS: amount falling due after more than one year	9		<u>(43,600,557)</u>
NET ASSETS			<u><u>5,914,625</u></u>
CAPITAL AND RESERVES			
Called up share capital	10		200,000
Profit and loss account	11		<u>5,714,625</u>
SHAREHOLDERS' FUNDS	12		<u><u>5,914,625</u></u>

These financial statements were approved by the Board of Directors on 31st October 2007

Signed on behalf of the Board of Directors



P V Taylor
 Director



D Nicholson
 Director

CASH FLOW STATEMENT
PERIOD ENDED 30 September 2006

	Notes	Period from 25 January 2006 30 September 2006 £
Net cash outflow from operating activities	13	(2,942,109)
Return on investments and servicing finance		
Interest paid		(762,694)
Interest received		-
Dividends received		4,337,478
Preference dividends paid		(135,320)
Net cash inflow from returns on investments and servicing of finance		<u>3,439,464</u>
Financial investments		
Acquisition of Libra No 3 Limited		(77,339,087)
Net cash outflow from investing activities		<u>(77,339,087)</u>
Net cash outflow before financing		<u>(76,841,732)</u>
Financing		
Issue of loan notes by The Royal Bank of Scotland plc		33,041,175
Net cash inflow from the issue of loan notes		<u>33,041,175</u>
Issue of shares		
Issue of ordinary shares		200,000
Issue of preference shares (at premium)		47,800,557
Redemption of preference shares		(4,200,000)
Net cash inflow from issue of shares		<u>43,800,557</u>
Net cash inflow from financing activities		<u>76,841,732</u>
Change in cash in the period	14	<u>-</u>

NOTES TO THE ACCOUNTS
Period ended 30 September 2006

1. ACCOUNTING POLICIES

Basis of accounting

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 applicable to overseas companies. The particular accounting policies adopted are described below.

The accounting policies have been followed consistently during the current period.

Exemption from consolidation

The Company is at the end of the financial period the wholly-owned subsidiary of another body corporate incorporated in Great Britain and there is no requirement to prepare group financial statements.

Taxation

Current tax, including UK corporation 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.

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions. All monetary assets and liabilities in foreign currencies are expressed in sterling at the year end rates. Gains and losses arising from the movements in exchange rates during the period are dealt with in the profit and loss account.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Interest

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

Redeemable Preference Shares

Redeemable preference shares are classified according to the substance of the contractual arrangements entered into.

NOTES TO THE ACCOUNTS
Period ended 30 September 2006

2. ADMINISTRATIVE EXPENSES

The Company had no employees during the current period

The Directors at year ended 30 September 2006 are executives of The Royal Bank of Scotland plc, the ultimate parent company. None of them received emoluments directly from the Company during the current period

Administrative expenses include

	Period from 25 January 2006 to 30 September 2006 £
Audit remuneration	
- Company audit fees current period	5,000
- Tax compliance services	3,000
	<hr/>

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period from 25 January 2006 to 30 September 2006 £
Dividend receivable on 200,000 ordinary shares of £1 each	4,337,478
12% cumulative £0.01 preference shares	5,376,489
Interest receivable on accrued dividend of preference shares	188,251
	<hr/>
	9,902,218
	<hr/>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 25 January 2006 to 30 September 2006 £
Interest payable on loan from The Royal Bank of Scotland	(896,813)
Interest payable on accrued dividend of preference shares	(108,561)
Dividends – redeemable preference shares	(3,174,219)
	<hr/>
	(4,179,593)
	<hr/>

NOTES TO THE ACCOUNTS
Period ended 30 September 2006

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	Period from 25 January 2006 to 30 September 2006 £
Corporation tax	-
Profit before tax	5,714,625
Tax on profit at standard rate of 30%	1,714,387
Factors affecting tax charge	
Non taxable income	(2,970,665)
Non deductible expenditure	984,834
Increase in losses carried forward	271,444
Current tax charge	-

The tax credit for the period is lower than that resulting from applying the standard rate of corporation tax due to an increase in losses carried forward for tax purposes

6 INVESTMENT

	2006 £
Cost	
At 25 January 2006	-
Acquisition of Libra No 3 Limited	77,339,087
At 30 September 2006	77,339,087

The investment in Libra No 3 Limited, a company incorporated in the Cayman Islands, was acquired on 3 March 2006 and comprises a 100% holding of its issued ordinary and preference share capital. The Company acquired 200,000 ordinary shares at £1 each and 77,139,087 12% preference shares at £1 each, including a share premium of £0.99 per preference share.

NOTES TO THE ACCOUNTS
Period ended 30 September 2006

6 INVESTMENT (Continued)

At 30 September 2006, the Company held investments either directly or indirectly in the following principal subsidiary undertakings

Name	Country of incorporation	% Holdings	Principal activity
Libra No 3 Limited*	Cayman Islands	100%	Investment company in group undertaking with investment in care home properties
Libra CareCo Offshore Superholdco Limited (formerly 'TBG CareCo Offshore Superholdco Limited')	Cayman Islands	100%	Investment company in group undertaking with investment in care home properties
Libra CareCo Offshore TopCo Limited (formerly 'TBG CareCo Offshore TopCo Limited')	Cayman Islands	100%	Investment company in group undertaking with investment in care home properties
Libra CareCo Offshore Equity Co Limited (formerly 'TBG CareCo Offshore Equity Co Limited')	Cayman Islands	100%	Investment company in group undertaking with investment in care home properties
Libra CareCo CH2 PropCo Holdco Limited (formerly 'TBG CareCo CH2 PropCo Holdco Limited')	Great Britain	100%	Investment company in group undertaking with investment in care home properties
Libra CareCo CH2 PropCo Limited (formerly 'TBG CareCo CH2 PropCo Limited')	Great Britain	100%	Investment in care home properties
Libra CareCo CH3 PropCo Holdco Limited (formerly 'TBG CareCo CH3 PropCo Holdco Limited')	Great Britain	100%	Investment company in group undertaking with investment in care home properties
Libra CareCo CH3 PropCo Limited (formerly 'TBG CareCo CH3 PropCo Limited')	Great Britain	100%	Investment in care home properties
Libra CareCo Holdings Limited (formerly 'TBG CareCo Holdings Limited')	Great Britain	100%	Investment company in group undertaking with investment in care home properties
Libra CareCo Investments 1 Limited (formerly 'TBG CareCo Investments 1 Limited')	Great Britain	100%	Investment company in group undertaking with investment in care home properties
Libra CareCo Investments 2 Limited (formerly 'TBG CareCo Investments 2 Limited')	Great Britain	100%	Investment company in group undertaking with investment in care home properties
Libra GuaranteeCo Limited (formerly 'TBG CareCo GuaranteeCo Limited')	Great Britain	100%	Investment company in group undertaking with investment in care home properties
Libra CareCo Limited (formerly 'TBG CareCo Limited')	Great Britain	100%	Parent company of subsidiary undertakings with investment in care home properties
NHP Limited	Great Britain	100%	Parent company of subsidiary undertakings with investment in care home properties
NHP Securities No 1 Limited	Great Britain	100%	Investment in care home properties
NHP Securities No 2 Limited	Great Britain	100%	Investment in care home properties

NOTES TO THE ACCOUNTS
Period ended 30 September 2006

	Country of incorporation	% Holdings	Principal activity
6 INVESTMENT (Continued)			
Name			
NHP Securities No 3 Limited	Great Britain	100%	Investment in care home properties
NHP Securities No 4 Limited	Great Britain	100%	Partner in LLNHP Partnership
NHP Securities No 6 Limited	Great Britain	100%	Investment in care home properties
NHP Securities No 9 Limited	Jersey	100%	Investment in overriding leases of care home properties
NHP Securities No 11 Limited	Jersey	100%	Parent company of NHP Securities No 9 Limited
NHP Management Limited	Great Britain	100%	Management of care home property portfolios
NHP Operations (York) Limited	Great Britain	100%	Care home property development
LLNH Limited	Great Britain	100%	Partner in LLHNP Partnership
Ultima Holdings Limited	Great Britain	100%	Immediate parent company of Ultima Group undertakings
Ultima Healthcare Limited	Great Britain	100%	Care home operator
Eton Hall Homes Limited	Great Britain	100%	Care home operator
Ultima Care Limited	Great Britain	100%	Care home operator
Platinum Healthcare Limited	Great Britain	100%	Care home operator

* 100% held directly by Libra No 2 Limited

7 DEBTORS

	2006 £
Amount due from Libra No 3 Limited	2,942,109
Dividend receivable on 12% cumulative £0.01 preference shares	5,376,489
Interest receivable on accrued dividend of preference shares	188,251
	<u>8,506,849</u>

8. CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £
Loan notes due to The Royal Bank of Scotland plc	33,041,175
Interest payable on accrued dividend of preference shares	106,403
Dividend payable on preference shares	3,038,899
Interest payable on loan from The Royal Bank of Scotland plc	136,277
Accruals	8,000
	<u>36,330,754</u>

NOTES TO THE ACCOUNTS
Period ended 30 September 2006

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (Continued)

Loan notes due to The Royal Bank of Scotland plc

On 3 March 2006 The Royal Bank of Scotland plc, an ultimate parent undertaking on that date, issued loan facility of £54 million of which as at 30 September 2006, the drawn down amount was £33,041,175. The loan notes were to enable the Company to acquire a 100% shareholdings in the issued share capital of Libra No 3 Limited. The loan notes have no fixed repayment date and carry interest at BBA LIBOR plus MLA costs per annum.

9. CREDITORS: AMOUNT FALLING DUE AFTER MORE THAN ONE YEAR

	2006 £
12% Cumulative redeemable 43,600,557 preference shares at £0.01 each	436,006
Premium arising from the issue of 43,600,557 preference shares	43,164,551
	<u>43,600,557</u>

Preference shares are 12% cumulative redeemable preference shares with a nominal value of £0.01 each but issued at a premium of £0.99 per share on 2 March 2006. The preference shareholders shall not be entitled to vote at a general meeting of the Company unless the business of the meeting includes the consideration of a resolution for winding up the Company or for a reduction in the capital of the Company, or the purchase of any shares other than preference shares or any resolution directly or indirectly modifying or varying any of the special rights, privileges or restrictions attached to the preference shares, in which case the preference shareholders shall be entitled to vote in respect of such resolution. The preference dividend is accrued on daily basis at a rate of £0.12 per annum on each preference share and it is payable on redemption of the preference shares or the date falling 20 years from the date on which the preference shares are issued, whichever is the earlier. The preference dividend interest is accrued based on the accrued daily but unpaid preference dividend at a rate of 12% per annum. Preference dividend interest is payable on the preference dividend payment date.

NOTES TO THE ACCOUNTS
Period ended 30 September 2006

10. CALLED UP SHARE CAPITAL

	2006 £
Authorised:	
At date of incorporation on 25 January 2006	-
200,000 ordinary shares at £1 each	200,000
100,000,000 preference shares at 0.01 each	1,000,000
	<hr/>
At 30 September 2006	1,200,000
	<hr/>
Called up, allotted and fully paid	
At date of incorporation on 25 January 2006	-
200,000 ordinary shares at £1 each	200,000
	<hr/>
At 30 September 2006	200,000
	<hr/>

The redeemable preference shares are presented as a liability (see note 9) and accordingly are excluded from called up share capital in the balance sheet

On 25 January 2006, the Company allotted 200,000 ordinary shares with nominal value of £1 each in connection with the acquisition of Libra No. 3 Limited. The consideration was fully received.

11. RESERVES

	Profit and Loss Account £
At 25 January 2006	-
Retained profit for the period	5,714,625
	<hr/>
At 30 September 2006	5,714,625
	<hr/>

12. MOVEMENT IN SHAREHOLDERS' FUNDS

	2006 £
At 25 January 2006	-
Issued of ordinary shares	200,000
Retained profit for the period	5,714,625
	<hr/>
At 30 September 2006	5,914,625
	<hr/>

13. RECONCILIATION OF OPERATING LOSS TO OPERATING CASH FLOW

	2006 £
Operating loss	(8,000)
Increase in debtors	(2,942,109)
Increase in creditors	8,000
	<hr/>
Net cash outflow from operating activities	(2,942,109)
	<hr/>

NOTES TO THE ACCOUNTS
Period ended 30 September 2006

14. ANALYSIS OF CHANGES IN NET FUND

	At 25 January 2006 £	Cash flow £	Non-cash changes £	At 30 September 2006 £
Cash at bank and in hand	-	-	-	-
Net cash at bank and in hand	-	-	-	-
Loan notes from The Royal Bank of Scotland plc	-	(33,041,175)	-	(33,041,175)
	-	(33,041,175)	-	(33,041,175)

15 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUND

	2006 £
Change in cash during the period	-
Net cash inflow from the issue on loan notes	(33,041,175)
Changes in net fund resulting from cash flows	(33,041,175)
Net fund at the beginning of period	-
Net fund at the end of the period	(33,041,175)

16 POST BALANCE SHEET EVENTS

- a) On 12 December 2006 Delta Commercial Property LP, a limited partnership incorporated in the Isle of Man acquired a 100% issued share capital of the Company from The Royal Bank of Scotland plc
- b) The Company, together with Libra No 3 Limited (together, the borrowers), its subsidiary undertaking, entered into a facility agreement of £1,106 million with The Royal Bank of Scotland plc (the lender) on 12 December 2006. The facility agreement was subsequently replaced by a new term loan facility agreement as has been disclosed in note 16 (c)
- c) On 15 January 2007 the Company entered into a £1,172 million term loan facility agreement entered with Credit Suisse

17. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard No 8 "Related Party Disclosures", transactions with other undertakings within the Libra No 3 Limited, its subsidiary undertaking have not been disclosed in these financial statements

18 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The immediate parent undertaking is Primemoderm Limited, a company incorporated in the Great Britain and registered in England and Wales. The ultimate parent undertaking and controlling party at 30 September 2006 is The Royal Bank of Scotland plc, a company incorporated in Great Britain and registered in Scotland

As of 12 December 2006, the new ultimate and 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 of that company