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Cayman Islands Company
Registration No. FC 026602

LIBRA NO.2 LIMITED

Report and Financial Statements
30 September 2007

REPORT AND FINANCIAL STATEMENTS 2007

CONTENTS

REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P V Taylor	Executive Director
D C Nicholson	Executive Director

REGISTERED OFFICE

Marples Corporate Services Limited
PO Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

SOLICITORS

Eversheds LLP
Kett House
Station Road
Cambridge CB1 2JY

BANKERS

Barclays Bank PLC
South East Corporate Banking Centre
PO Box 112
Horsham
West Sussex RH12 1YQ

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
London

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements for the year ended 30 September 2007 Comparative figures are presented, under acquisition accounting principles for the period from the date of incorporation on 25 January to 30 September 2006

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law which would apply if the Company was incorporated in Great Britain)

PRINCIPAL ACTIVITY

The principal activity of the Group is the purchase and retention of freehold and long leasehold interests, in modern, purpose-built care homes

The principal activity of the Company is to act as a holding company, which conducts corporate activities on behalf of the Group The Directors intend to continue these activities in the forthcoming year

BUSINESS REVIEW

The Company was incorporated and registered in the Cayman Islands on 25 January 2006

Libra No 3 Limited, a subsidiary undertaking of the Company acquired 100% of the issued share capital of Libra CareCo Superholdco Limited (formerly 'Libra CareCo Offshore Superholdco Limited') and a minority interest in the issued share capital of Libra CareCo Holdings Limited on 3 March 2006 The consideration was paid in cash for £180 62million

The ultimate parent undertaking of the Company at that time was The Royal Bank of Scotland plc ('RBS') RBS provided the loan to finance the Libra acquisition and the repayment of external debts on 3 March 2006

On 17 November 2006, Care Homes No 1 Limited and Care Homes No 2 (Cayman) Limited (formerly 'Care Homes No 2 Limited') respectively terminated the AAA rated Swap Deposit Agreements with General Re Financial Product Corporation for £54 48 million and £82 67 million On the same date, Care Homes No 3 Limited terminated the AAA rated Zero Coupon Notes issued by European Investment Bank for £50 79 million The termination values were deposited in the General Investment Deposit Contracts with RBS for the period from 17 November to 4 December 2006 at compounded interest rate of 4 220140% per annum for Care Homes No 1 Limited, 4 812011% per annum for Care Homes No 2 (Cayman) Limited and 4 186857% per annum for Care Homes No 3 Limited

On 1 December 2006, NHP Securities No 1 Limited, Libra CareCo CH2 PropCo Limited and Libra CareCo CH3 PropCo Limited acquired 100% of the issued share capital of Care Homes No 1 Limited, Care Homes No 2 (Cayman) Limited and Care Homes No 3 Limited for price of £0 11 million, £0 40 million and £0 30 million respectively Since that date, Care Homes No 1 Limited, Care Homes No 2 (Cayman) Limited and its subsidiaries and Care Homes No 3 Limited and its subsidiaries have become the subsidiary undertakings of the Company

On 4 December 2006, Care Homes No 1 Limited, Care Homes No 2 (Cayman) Limited and Care Homes No 3 Limited novated their Secured Notes to The Royal Bank of Scotland plc at market value of £138 40 million, £320 71 million and £261 97 million respectively The novation was funded through loans from RBS

On 12 December 2006, Delta G-Co Limited and Starsign Limited, both companies incorporated and registered in the Isle of Man, jointly acquired a 100% issued share capital of Libra No 2 Limited from RBS A bank loan of £1,106 million was issued by RBS following the disposal of investment in Libra CareCo Superholdco Limited and a minority interest in Libra CareCo Holdings Limited

On 15 January 2007 CS Funding 1 Limited, a group undertaking of Credit Suisse issued a term loan of £1,172 million to Libra No 3 Limited The bank loan of £1,106 million from RBS was repaid immediately after the issue of the new bank loan with CS Funding 1 Limited

DIRECTORS' REPORT (continued)

RESULTS

The results of the Group for the year ended 30 September 2007 and for the period from the date of incorporation on 25 January to 30 September 2006 are set out in the consolidated profit and loss account on page 10

The principal Key Performance Indicators (KPIs) used by the Group to measure its own performance are shown below The accounting period for the Group for the previous period was from 25 January to 30 September 2006 but the comparative trading results included in the Group were effectively from 3 March 2006, the acquisition date of Libra CareCo Superholdco Limited and a minority interest in Libra CareCo Holdings Limited

	2007	2006	Increase/ (decrease)
Turnover	£68 3m	£38 9m	£29 4m
Operating profit excluding exceptional costs*	£65 4m	£37 7m	£27 7m
Operating cash flow after interest**	£(12 7m)	£(16 5)m	£3 8m
Shareholders' funds#	£87 9m	£137 4m	£(49 5)m

Group turnover for the year ended 30 September 2007 was £68 3m as compared to £38 9m for the preceding period ended 30 September 2006 Based on the fact that the prior accounting period was from 25 January to 30 September 2006 and the current accounting period is for the year ended 30 September 2007, the results for the previous period were pro-rated on the time apportionment basis, the annualised increase in Group turnover is £1 7m as opposed to £29 4m The adjusted 2006 Group turnover of £66 6m is calculated as the 2006 Group turnover of £38 9m plus rent excluded in that period of £27 7m due to a short accounting period This produced a favourable variance of 2 6%, which is calculated based on the adjusted 2006 Group turnover

*Operating profit excluding exceptional costs for the year ended 30 September 2007 is calculated as operating profit of £65 2m plus exceptional costs of £0 2m (period ended 30 September 2006 £37 7m plus £nil)

The effective improvement in operating profit excluding exceptional costs is £1 2m as compared to £27 7m This produced a favourable variance of 1 9%, which is calculated based on the adjusted 2006 operating profit excluding exceptional costs The adjusted 2006 operating profit excluding exceptional costs of £64 2m is calculated as operating profit excluding exceptional costs of £37 7m plus rent excluded in that period of £27 7m due to a short accounting period less operating costs excluded in that period of £1 2m The favourable variance is primarily due to favourable group turnover variance in the current year

**Operating cash flow after interest for the year ended 30 September 2007 is calculated as net cash inflow from operating activities of £66 1m less net cash outflow from returns on investment and servicing of finance of £78 8m (period ended 30 September 2006 £21 4m less £37 9m)

Shareholders funds have reduced from £137 4m at 30 September 2006 to £87 9m at 30 September 2007 The reduction in shareholders' funds was due to the following

(a) higher net interest payable and similar charges incurred in the current year by £88 6m principally due to the increase in interest payable on bank debts, exceptional write offs of bank facility costs of £11 1m and discount and issue costs on secured notes of £22 6m (see note 6 in the financial statements),

(b) the disposals of secured notes have resulted in total loss of £48 7m,

(c) mark to market valuations of Swap Deposit Agreements and Zero Coupon Notes were £8 4m lower than the carrying value at the date of termination,

(d) profit shared by The Royal Bank of Scotland plc for amount of £17 8m, and

DIRECTORS' REPORT (continued)

RESULTS (Continued)

(e) the overall reduction in shareholders' funds was offset by the improvement in the value of investment properties by £91 6m compared to the valuation at 30 September 2006 This is principally due to the third party tenants' strong covenants and continued improvement to their profitability on the Group owned homes

DIVIDENDS

The Company has proposed dividends in the sum of £89 0m for the year ended 30 September 2007 and the amounts were paid on 27 November 2007 (period from 25 January to 30 September 2006 £nil)

DIRECTORS

The following Directors served throughout the year

Directors		Date Appointed	Date Resigned
P V Taylor	Executive Director	12 December 2006	-
D C Nicholson	Executive Director	28 June 2007	-
R N Midmer	Executive Director	12 December 2006	28 June 2007
P Aubery	Executive Director	3 March 2006	12 December 2006
T V Castledine	Executive Director	3 March 2006	12 December 2006
S B Eighteen	Executive Director	3 March 2006	12 December 2006
A C Farnell	Executive Director	3 March 2006	12 December 2006
N S Moy	Executive Director	3 March 2006	12 December 2006

No Director has, or had, any interests in the shares of the Company or of any subsidiary undertaking R N Midmer had a service contract with NHP Management Limited, a subsidiary undertaking. He ceased his service contract on 30 June 2007 None of the other Directors hold a service contract with the Company or with any subsidiary undertakings There is no Company share option scheme in existence

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

FINANCIAL RISK MANAGEMENT

The Directors have the overall responsibilities for the Group in assessing risk and taking appropriate action

Cash flow risk
The Group used derivative financial instruments to reduce the exposure to interest rate movements in line with the Group's risk management policies as approved by the Board of Directors The interest rate swap agreement was signed with Credit Suisse on 15 January 2007 as disclosed in note 14 of the financial statements The Group does not use derivative financial instruments for speculative purposes

Credit risk
Credit risk is attributable to receivables in relation to rents receivable from third party tenants

The Group has no significant concentration of credit risk, with exposure ultimately spread over a large number of third party tenants

Liquidity risk
In order to maintain liquidity and to ensure that sufficient funds are available for ongoing operations and future developments, the Group has reserved £16 4m in an interest bearing cash reserve account and £0 3m in capital expenditure reserve account at 30 September 2007

DIRECTORS' REPORT (continued)

FINANCIAL RISK MANAGEMENT (Continued)

Prime risk

The Group has entered into a number of medium-term rental agreements with its tenants which are subject to fixed annual price increases

DEBT REFINANCING AND GOING CONCERN

As set out in note 13 to the financial statements, at 30 September 2007, the Group had a bank loan of £1,172,000,000 secured on the Group's investment properties and freehold land and buildings At 16 October 2008, the loan amounts remains outstanding The maturity date of the loan is on 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 The breach of the covenant crystallises the loan on 15 January 2009 The failure to comply with these covenants has resulted in a default in the £70 million term loan facility

The LTV test of 92 7% was met as at 30 September 2007, however, property values have fallen since that date and the Directors have been advised by their valuers, King Sturge, that they consider that as at 16 October 2008 the appropriate yield for the Group's property portfolio is 7 42%, and the value of the portfolio is c £931,000,000 after costs of 1 75%, on the basis of the properties being sold as a business, resulting in an LTV ratio of 126%

As a result of this, and because of two other minor breaches (see note 1), which unless waived will mean that the loan will not be extended, the Directors of the Company have initiated discussions with Capmark Services UK Limited ('Capmark') as Servicer under the securitisation structure which operates alongside the bank loan The Directors have offered to cooperate with Capmark to achieve a sensible negotiated reorganisation of the Group's affairs and a restructuring of its debts Capmark has indicated that it is willing to consider a reorganisation and debt restructuring and has agreed to work with the Group towards a standstill agreement to allow the parties time to put these into effect This is in the process of being negotiated Given these circumstances, the Directors do not currently believe there is a risk that the Company will go into insolvent liquidation, although this could change if these negotiations 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

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

PAYMENT TO CREDITORS

The Group's policy is to fix payment terms when agreeing the terms of each transaction It is the Group's general policy to pay suppliers in accordance with the agreed terms and conditions, provided that the supplier has complied with those terms The creditor's days for the Group at 30 September 2007, calculated in accordance with the Companies Act 1985 were 32 (2006 10) Creditor days for the Company at 30 September 2007 were nil (2006 nil)

EMPLOYMENT POLICY

The Group supports the principle of Equal Opportunities in employment and opposes all forms of unfair and unlawful discrimination The Group's employment policies are designed to attract, retain and motivate the very best people, recognising that this can be achieved only through offering equal opportunities regardless of gender, race, religion or disability

DIRECTORS' REPORT (continued)

THIRD PARTY INDEMNITY PROVISIONS

The Group 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

Each of the persons who is a Director at the date of approval of this report confirms that

1) so far as the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware, and

2) the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information 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

Deloitte & Touche LLP 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 the Board of Directors
And signed on behalf of the Board

D C Nicholson
Director
Date 17 October 2008

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 which would apply if the Company was incorporated in Great Britain) The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the Group and of the profit and loss of the Group for that period In preparing these financial statements, the Directors have elected 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, subject to any material departures disclosed and explained in the financial statements, 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 that 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 Group 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 Group and Parent Company financial statements of Libra No 2 Limited (the 'Company') for the year ended 30 September 2007, which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the consolidated reconciliation of movements in shareholders' funds, the consolidated note of historical cost profits and losses and the related notes 1 to 28 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 for 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, which would apply if the Company was incorporated in Great Britain) 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 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

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

We read the Directors' Report and consider the implications 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 Group and the Company's affairs as at 30 September 2007, and of the Group's 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 MEMBERS OF LIBRA NO.2 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 Group is in breach of the financial covenants in its loan agreement (as described in note 1) The Directors are in discussion with Capmark Services UK Limited regarding a resolution of the breach However, the outcome of these discussions and the timing of their conclusion are 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 Group'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 Group was unable to continue as a going concern as it is not practicable to determine or quantify them

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
Date 17 October 2008

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 September 2007

	Notes	Year ended 30 September 2007 £000	Period from 25 January to 30 September 2006 £000
TURNOVER AND GROSS PROFIT			
Continuing operations	2	68,254	38,901
Administrative expenses - ongoing		(2,850)	(1,213)
- exceptional	4	(215)	-
Total administrative expenses		(3,065)	(1,213)
OPERATING PROFIT			
Continuing operations	5	65,189	37,688
Loss on disposal of Secured Notes		(48,740)	-
Net loss on disposal of investments in Swap Deposit Agreements and Zero Coupon Notes		(8,363)	-
Loss on disposal of tangible fixed assets		(16)	(1)
Net interest payable and similar charges	6	(149,045)	(42,747)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(140,975)	(5,060)
Tax on loss on ordinary activities	7	(19)	(276)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED LOSS FOR THE FINANCIAL YEAR / PERIOD	16	(140,994)	(5,336)

Results are derived wholly from continuing operations

BALANCE SHEETS
at 30 September 2007

	Notes	Group 2007 £000	Group 2006 £000	Company 2007 £000	Company 2006 £000
TANGIBLE FIXED ASSETS					
Investment properties	9	1,286,565	1,195,000	-	-
Other fixed assets	9	735	755	-	-
		1,287,300	1,195,755	-	-
INVESTMENTS	10	-	194,858	187,659	77,339
TOTAL FIXED ASSETS		1,287,300	1,390,613	187,659	77,339
CURRENT ASSETS					
Debtors	11	92,287	3,878	105,183	8,507
Short term deposits		28,968	16,499	-	-
Cash at bank and in hand		403	461	-	-
		121,658	20,838	105,183	8,507
CREDITORS: amounts falling due within one year	12	(31,660)	(1,230,456)	(78,488)	(36,331)
NET CURRENT ASSETS / (LIABILITIES)		89,998	(1,209,618)	26,695	(27,824)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,377,298	180,995	214,354	49,515
CREDITORS: amounts falling due after more than one year	13	(1,289,364)	(43,600)	(126,420)	(43,600)
NET ASSETS		87,934	137,395	87,934	5,915
CAPITAL AND RESERVES					
Called up share capital	15	200	200	200	200
Revaluation reserve	16	234,064	142,531	110,320	-
Profit and loss account	16	(146,330)	(5,336)	(22,586)	5,715
TOTAL SHAREHOLDERS' FUNDS		87,934	137,395	87,934	5,915

These financial statements were approved and authorised for issue by the Board of Directors on 17 October 2008

Signed on behalf of the Board of Directors

D C Nicholson
Director

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 September 2007

	Note	Year ended 30 September 2007 £000	Period from 25 January to 30 September 2006 £000
Net cash inflow from operating activities	18	66,045	21,408
Return on investments and servicing finance			
Interest paid		(67,947)	(38,457)
Other similar charges paid		(17,784)	(5)
Interest received		6,970	676
Dividends paid		-	(135)
Net cash outflow from returns on investments and servicing of finance		**(78,761)**	**(37,921)**
Taxation			
Income tax paid		(31)	(1,531)
Corporation tax repaid / (paid)		646	(167)
Taxation repaid / (paid)		615	(1,698)
Capital expenditure and financial investments			
Purchase of tangible fixed assets		(95)	(20)
Proceeds on disposal of other fixed assets		-	1
Net cash outflow from investing activities		**(95)**	**(19)**
Acquisitions and disposals			
Net cash acquired with Libra CareCo Superholdco Limited and a minority interest in Libra CareCo Holdings Limited		-	9,167
Acquisition of Libra CareCo Superholdco Limited and a minority interest in Libra CareCo Holdings Limited		-	(180,616)
Proceeds from the disposal of Swap Deposit Agreements and Zero Coupon Notes		182,038	-
Acquisition of Care Homes Holding Limited		(40)	-
Disposal of Care Homes Holding Limited		40	-
Net cash inflow / (outflow) from acquisitions and disposals		**182,038**	**(171,449)**
Net cash inflow / (outflow) before use of liquid resources and financing		**169,842**	**(189,679)**
Management of liquid resources			
Short term deposit investment (net)		(12,469)	(3,598)
Net cash inflow / (outflow) before financing activities carried forward		**157,373**	**(193,277)**

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 September 2007

(Continued)

	Note	Year ended 30 September 2007 £000	Period from 25 January to 30 September 2006 £000
Net cash inflow / (outflow) before financing activities brought forward		**157,373**	**(193,277)**
Financing			
Loan finance			
Deep discount bonds repaid		-	(80,277)
Unsecured bonds repaid		-	(319)
Bank loans drawn down		1,810,935	546,035
Bank loans repaid		(1,105,601)	(325,000)
Issue of preference shares (at premium)		-	43,600
Secured Notes repaid		(751,169)	-
Less financing costs		(27,150)	-
Net cash (outflow) / inflow from the loan finance		(72,985)	184,039
Loan Notes			
Issue of loans to Delta G-Co Limited and Starsign Limited		(89,036)	-
Issue of loans by Delta G-Co Limited and Starsign Limited		4,590	-
Repaid of loan notes by Southern Cross Healthcare Limited		-	9,499
Loan issued by The Royal Bank of Scotland plc		40	-
Repaid of loan issued by the Royal Bank of Scotland plc		(40)	-
Net cash (outflow) / inflow from the issue of loans		(84,446)	9,499
Equity			
Issue of ordinary shares		-	200
Net cash inflow from equity financing		-	200
Net cash (outflow) / inflow from financing activities		**(157,431)**	**193,738**
(Decrease) / Increase in cash in the year / period	19	(58)	461

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 30 September 2007

	Notes	Year ended 30 September 2007 £000	Period from 25 January to 30 September 2006 £000
Loss for the year / period	16	(140,994)	(5,336)
Net surplus on revaluation of properties	16	91,533	142,531
Total recognised (loss) / gains for the year / period		(49,461)	137,195

CONSOLIDATED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
Year ended 30 September 2007

	Notes	Year ended 30 September 2007 £000	Period from 25 January to 30 September 2006 £000
Retained loss for the year / period	16	(140,994)	(5,336)
Issue of share capital		-	200
Net surplus on revaluation of properties	16	91,533	142,531
Net (decrease) / increase in shareholders' funds		(49,461)	137,395
Shareholders' funds at the beginning of year / period		137,395	-
Shareholders' funds at end of year / period		87,934	137,395

CONSOLIDATED NOTE OF HISTORICAL COST PROFITS AND LOSSES
Year ended 30 September 2007

	Year ended 30 September 2007 £000	Period from 25 January to 30 September 2006 £000
Loss on ordinary activities before taxation	(140,975)	(5,060)
Historical cost loss on ordinary activities before taxation	(140,975)	(5,060)
Historical cost loss retained for the year / period	(140,994)	(5,336)

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

1. ACCOUNTING POLICIES

Except as noted below, a summary of the principal accounting policies, all of which have been applied consistently during the current year and the previous period, is set out below

Basis of accounting – Going concern

At 30 September 2007, the Group had a bank loan of £1,172,000,000 secured on the Group's investment properties and freehold land and buildings At 16 October 2008, the loan amounts remains outstanding The Company declared a dividend on 27 November 2007 of £89,035,586 with the result that the Group is now in a net liability position Under the terms of its bank 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 The failure to comply with these covenants has resulted in a default in the £70 million term loan facility

The Directors have prepared cash flow forecasts throughout the life of the loan until the last covenant testing date, which is 15 October 2009, which show that the Group can meet its day to day cash needs including the payment of loan interest, even though the ICR covenant is not met towards the end of the testing period

The Directors have also considered the LTV test, and note that this had been met as at 30 September 2007 However, property values have fallen since that date and the Directors have been advised by their valuers, King Sturge, that they consider that as at 16 October 2008 the appropriate yield for the Group's property portfolio is 7 42%, and the value of the portfolio is c £931,000,000 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 Company will not therefore be in a position to extend the loan as at 15 January 2009 unless this breach, and two other minor breaches which remain unremedied, are waived The two minor breaches include the change of accounting reference date for the subsidiaries incorporated in the United Kingdom and the non-delivery of the audited financial statements within 150 days from the accounting period end The effect of the breach is that the loan becomes immediately repayable as at 15 January 2009

The Directors of the Company have initiated discussions with Capmark Services UK Limited ('Capmark') as Servicer under the securitisation structure which operates alongside the bank loan and have offered to cooperate with it to achieve a sensible negotiated reorganisation of the Group's affairs and a restructuring of its debts Capmark has indicated that it is willing to consider a reorganisation and debt restructuring and has agreed to work with the Group towards a standstill agreement to allow the parties time to put these into effect This is in the process of being negotiated Given these circumstances, the Directors do not currently believe there is a risk that the Company will go into insolvent liquidation, although this could change if these negotiations 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

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

Except as noted above, the consolidated financial statements are prepared under the historical cost convention, as modified by the revaluation of investment properties and land and buildings, and in accordance with all applicable United Kingdom law and accounting standards The consolidated financial statements incorporate the financial statement of the Company and its subsidiary undertakings for the year ended 30 September 2007 and the comparative figures are for the period from the date of incorporation on 25 January to 30 September 2006 The results of subsidiaries acquired, Libra CareCo Superholdco Limited (formerly 'Libra CareCo Offshore Superholdco Limited') and a minority interest in Libra CareCo Holdings Limited and their subsidiaries are consolidated for the period from 3 March 2006, the date of acquisition

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

1. **ACCOUNTING POLICIES (Continued)**

Basis of consolidation

Acquisitions are accounted for under the acquisition method

The financial statements consolidate the financial statements of the Company and its subsidiaries, together with those of Care Homes No 1 Limited, Care Homes No 2 (Cayman) Limited (formerly 'Care Homes No 2 Limited ') and Care Homes No 3 Limited (collectively 'Care Homes Group') Prior to 1 December 2006 Care Homes Group were not subsidiary undertakings of the Group, however, by reason of contractual arrangement between the Group and the Care Homes Group, under FRS 5 'Reporting the Substance of Transactions', the financial statements of Care Homes Group are required to be consolidated as part of the Group Summaries of the financial statements of Care Homes No 1 Limited, Care Homes No 2 (Cayman) Limited and Care Homes No 3 Limited before becoming the subsidiaries of the Company on 1 December 2006 are disclosed in notes 23 to 25 of the financial statements

Acquisition

Goodwill on acquisition of subsidiary undertakings, representing any excess of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and amortised on a straight line basis over its estimated useful life There is no goodwill arising from the acquisition of Libra No 3 Limited in the period ended 30 September 2006

Turnover

Turnover represents amount receivable for goods and services provided and are attributable to the principal activity of the Group Rental income includes a base pavement rent plus an additional turnover rent element calculated and recognised at the end of each individual lease anniversary year

Valuation of land and building

Investment properties

The cost of investment properties is purchase cost, any incidental costs of acquisition and the cost of capital improvements Investment properties represent freehold and long leasehold properties held for long term retention In accordance with SSAP No 19 'Accounting for Investment Properties', these investment properties are valued by King Sturge, the qualified external valuers (at 30 September 2006 the Directors) on a portfolio basis at Market Value The aggregate revaluation surplus or deficit is transferred to the revaluation reserve whilst any permanent diminution in value is charged to the profit and loss account

Other fixed assets – land and buildings

The residential properties are held to provide accommodation to care employees of Southern Cross Healthcare Group Limited, a tenant of the Group and are valued by King Sturge, the qualified external valuers at 30 September 2007 In previous period, these properties were recorded at cost

Capital expenditure on the investment properties portfolio assets

Capital expenditure incurred on a leased care home, which improves the physical condition above the level required in the lease and which enhances the property's value, is capitalised Otherwise such capital expenditure is charged to the profit and loss account

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

1. **ACCOUNTING POLICIES (Continued)**

Depreciation

In accordance with SSAP No 19, no depreciation is provided in respect of investment properties Under the terms of the Group's leases, freehold and long leasehold properties are required to be maintained to a high standard by its tenants

The fact that no depreciation is provided in respect of the investment properties is a departure from the requirements of the Companies Act 1985, which requires all fixed assets to be depreciated over their effective useful lives However, such properties are not held for consumption, but for investment, and the Directors consider that systematic depreciation would be inappropriate and would not give a true and fair view The accounting policy adopted and departure from the Companies Act 1985 are therefore necessary for the accounts to give a true and fair view Depreciation is one of the factors reflected in the annual revaluation, and amounts, which might otherwise have been charged, cannot be separately identified or quantified

Land and buildings within other fixed assets are depreciated in equal instalments over the estimated useful economic lives of each category of asset The amount of depreciation, the calculation of which is based on the valuation (previously based on cost) less estimated residual value, is charged to the profit and loss account with an appropriate adjustment made to the revaluation reserve by the transfer of a sum from the revaluation reserve to the profit and loss account The estimated useful lives are as follows

Freehold land	no depreciation
Freehold building	50 years

Other fixed assets are stated at cost less depreciation, which is provided at rates calculated to write off the cost in equal amounts over their anticipated useful lives as follows

Short leasehold improvements	remaining period of lease
Office equipment and fixtures	5 years
Motor vehicles	5 years

Investments and disposals

Investments held by the Company as fixed assets are revalued to the amounts of the underlying net assets of the individual subsidiaries (previously was stated at cost less provision for any impairment in value) Any surplus or deficit arising on revaluation is transferred to the revaluation reserve whilst any permanent diminution in value is charged to the profit and loss account

The profit or loss on disposal of investments arising from the difference between the carrying amount of the investment and the proceeds of sale was charged to the profit and loss account at the date of disposal

Taxation

Current tax, including UK corporation tax and foreign 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

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

1. **ACCOUNTING POLICIES (Continued)**

Secured Notes

The amount paid for the secured notes acquired from Libra CareCo Superholdco Limited and a minority interest in Libra CareCo Holding Limited is recorded at cost The profit or loss on disposal of secured notes arising from the difference between the cost and the redemption amount is charged to the profit and loss account at the date of redemption

Finance costs

Costs which are incurred directly in connection with the raising of bank loans and secured notes are amortised at a constant rate over the lives of the loan facility and secured notes in accordance with FRS 4 'Capital Instruments' The cost is written off fully when the existing facility is cancelled or when the secured notes are redeemed

Interest

Interest receivable and interest payable are recognised in the financial statements on an accruals basis Interest on Deposit Swap Agreements, Zero Coupon Bonds and Guaranteed Investment Contract is capitalised on a monthly basis over their respective lives Discount on secured notes, being interest paid in advance, are amortised over the lives of the secured notes or have been written off when the secured notes are redeemed

Foreign currencies

Transactions denominated in foreign currencies are recorded at the rates of exchange for sterling 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

Leased assets

Rental paid under operating leases are charged to the profit and loss account on an accrual basis over the life of the lease

Pension

The Group contributes to the personal pensions of their staff (including Directors) at rates of 10% to 20% of basic salary, which is charged to the profit and loss account as incurred

A stakeholder pension scheme exists for all staff of the Libra No 2 Limited Group

Financial instruments

The Group uses derivative financial instruments to reduce exposure to interest rate movements in line with the Group's risk management policies The Group does not enter into derivative financial instruments for speculative purposes Amounts payable or receivable in respect of the interest rate swaps are recognised as adjustments to interest expense over the period of the contracts

Redeemable Preference Shares

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

Bank loans

Interest-bearing bank loans are recorded at the proceeds received, net of direct issue costs

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

2. TURNOVER AND GROSS PROFIT

Turnover, which is stated net of value added tax, comprises the following from the Group's ordinary activities, which take place wholly within the United Kingdom

	Year ended 30 September 2007 £000	Period from 25 January to 30 September 2006 £000
Pavement rent	67,562	38,569
Turnover rent	563	243
Commissions and fees receivable	129	89
	68,254	38,901

3. STAFF COSTS

The aggregate payroll costs (including Director) were as follows

Group	Year ended 30 September 2007 £000	Period from 25 January to 30 September 2006 £000
Wages and salaries	525	387
Termination payments* - cash	215	-
Social security costs	65	56
Pension – defined contribution	61	47
	866	490

* Termination payments in respect of the Group's restructuring have been disclosed under note 4 'Exceptional costs'

For the period from 12 December 2006 to 28 June 2007, the period of which RN Midmer was a Director, he received £398,420 from the company This includes pension contribution of £30,917 and termination payment in cash amount of £204,170

For the period from 12 December 2006 to 28 June 2007, R N Midmer was a Director He received £398,420 from the Group This includes pension contribution of £30,917 and termination payment in cash amount of £204,170 These amounts have been included in the administrative expenses None of the other Directors during the year and at the year end received emoluments from the Company or the Group during the current and preceding year

Company

There are no staff costs incurred by the Company during the current year or in the preceding period All staff costs have been borne by NHP Management Limited, a group undertaking

Average number of employees (including Directors):

Group	Year ended 30 September 2007 No.	Period from 25 January to 30 September 2006 No.
Administrative	4	8
Director	1	-
	5	8

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

4. EXCEPTIONAL COSTS

The followıng exceptıonal costs have been ıncurred or provıded for and are ıncluded ın total admınıstratıve expenses

	Year ended 30 September 2007 £000	Perıod from 25 January to 30 September 2006 £000
Termınatıon payments	215	-

5. OPERATING PROFIT

Group operatıng profit ıs arrıved after chargıng

	Year ended 30 September 2007 £000	Period from 25 January to 30 September 2006 £000
Depreciatıon of other fixed assets	24	23
Operatıng lease rentals - buıldıngs	137	85
Audıtors' remuneratıon		
- Group audıt – current year	141	100
- Company audıt	12	5
- Audıtıng accounts of subsıdıarıes pursuant to regulatıons	9	7
- Tax servıces	107	49
	269	161

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

6. NET INTEREST PAYABLE AND SIMILAR CHARGES

Group	Year ended 30 September 2007 £000	Period from 25 January to 30 September 2006 £000
Interest receivable		
Interest receivable on deposits	945	696
Interest receivable on Guaranteed Investment Contracts	391	-
Interest receivable from Deposit Swap Agreements and Zero Coupon Notes	1,148	4,457
Other interest receivable	203	-
	2,687	5,153
Interest payable:		
Interest payable on bank loans	(81,072)	(22,132)
Interest payable on secured notes	(6,503)	(21,620)
Interest payable – shareholders loans	(221)	-
Interest payable on accrued dividend of preference shares	(680)	(109)
Dividends – redeemable preference shares	(5,232)	(3,174)
Other interest payable	(1)	(219)
Amortisation of discount and issue costs on secured notes*	(22,990)	(641)
Finance costs **	(35,033)	(5)
	(151,732)	(47,900)
Net interest payable and similar charges	(149,045)	(42,747)

* includes discount and issue costs on secured notes of £22,643,000 written off following the redemption of secured notes on 4 December 2006

** facility costs of £11,077,000 incurred in respect of facility agreement with The Royal Bank of Scotland plc have been written off to 'Finance costs' following the replacement of that facility with a new facility with CS Funding 1 Limited on 15 January 2007 (see note 12) Further to this, £17,778,000 was paid to The Royal Bank of Scotland plc under a profit share agreement

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

7. TAX ON LOSS ON ORDINARY ACTIVITIES

Group	Year ended 30 September 2007 £000	Period from 25 January to 30 September 2006 £000
Corporation tax	-	-
Income tax	19	192
Current tax charge	19	192
Deferred tax charge	-	84
Total tax charge on loss on ordinary activities	19	276
Effective tax rate	-	-

Reconciliation of current tax charge

Loss on ordinary activities before taxation	(140,975)	(5,060)
Tax on loss at standard rate of 30% (2006 30%)	(42,293)	(1,518)
Factors affecting the change		
Non-taxable income	(10,610)	(3,126)
Non deductible expenses	41,821	3,161
Capital allowances for period in excess of depreciation	(2,311)	(1,306)
Utilisation of brought forward losses	(2,934)	(93)
Imputed interest	1,739	-
Differences in tax rate	(7)	690
Increase in losses carried forward	14,614	2,384
Group tax charge for the current year / period	19	192

The tax credit for the year is lower than that resulting from applying the standard rate of corporation tax due to the inclusion of certain items in the profit and loss account which are not deductible for tax purposes and an increase in losses carried forward to future accounting periods

8. PARENT COMPANY PROFIT AND LOSS ACCOUNT

	Year ended 30 September 2007 £000	Period from 25 January to 30 September 2006 £000
(Loss) / Profit for the financial year / period, including dividends from subsidiary undertakings, after taxation	(28,301)	5,715

The Company has taken the advantage of section 230 of the Companies Act 1985 and consequently a profit and loss account for the Company alone is not presented

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

9. TANGIBLE FIXED ASSETS

Investment properties

Group	Freehold investment properties £000	Long leasehold investment properties £000	Total £000
Cost or valuation			
At 30 September 2006	1,163,810	31,190	1,195,000
Additions at cost	95	-	95
Disposals	(42)	-	(42)
Net surplus on revaluation	89,668	1,844	91,512
At 30 September 2007	1,253,531	33,034	1,286,565

Investment properties represent properties held for long term retention King Sturge, International Property Advisors, has valued the investment properties at 30 September 2007 (2006 by the Directors) at Market Value on a portfolio basis in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors

The Market Valuation of the investment properties valued by King Sturge was £1,337,265,000 if the properties were sold as a business at 30 September 2007

Other fixed assets

Group	Freehold Land and buildings £000	Short leasehold improvements £000	Office equipment, fixtures and fittings £000	Motor vehicles £000	Total £000
Cost or valuation					
At 30 September 2006	731	4	40	3	778
Disposals	-	(4)	(40)	(3)	(47)
Surplus in revaluation	4	-	-	-	4
At 30 September 2007	735	-	-	-	735
Accumulated depreciation					
At 30 September 2006	(6)	(1)	(13)	(3)	(23)
Charge for the year	(11)	(1)	(12)	-	(24)
Disposal	-	2	25	3	30
Transferred to revaluation reserve	17	-	-	-	17
At 30 September 2007	-	-	-	-	-
Net book value					
At 30 September 2007	735	-	-	-	735
At 30 September 2006	725	3	27	-	755

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

10. INVESTMENTS

Group	Care Homes 1 Deposit Swap Agreement £000	Care Homes 2 Deposit Swap Agreement £000	Care Homes 3 Zero Coupon Notes £000	Total £000
At 25 January 2006	-	-	-	-
Additions – on acquisition of Libra CareCo Superholdco Limited and a minority interest in Libra CareCo Holdings Limited	52,361	87,981	50,059	190,401
Accumulated compound interest for the period	1,252	2,035	1,170	4,457
At 30 September 2006	53,613	90,016	51,229	194,858
Accumulated compound interest for the year	318	536	294	1,148
Disposal	(53,931)	(90,552)	(51,523)	(196,006)
At 30 September 2007	-	-	-	-

Care Homes Deposit Swap Agreements and Zero Coupon Notes

Care Homes 1 Deposit Swap Agreement

The Deposit Swap Agreement of £52 36 million represented the premium paid by Care Homes 1 Limited in respect of an AAA rated Deposit Swap Agreement with General Re Financial Products Corporation, which together with accumulated interest, guaranteed to provide for the repayment of £132 74 million (or £100 0 million at nominal value) Class A1 and Class A2 Secured Notes in 2021

On 17 November 2006, Care Homes 1 terminated its AAA rated Swap Deposit Agreement with General Re Financial Product Corporation at terminated value of £54 48 million The full amount was deposited in a General Investment Deposit Contract with The Royal Bank of Scotland plc on 17 November 2006 at compounded interest rate of 4 220140% per annum, which guaranteed to provide for the repayment of the £132 74 million (the nominal value of which is £100 0 million) Secured Notes in April 2021

On 4 December 2006 Care Homes 1 terminated its General Investment Deposit Contract with The Royal Bank of Scotland plc and received an amount of £54 59 million The entire amount has been utilised towards the repayment of the Secured Notes on 4 December 2006

Care Homes 2 Deposit Swap Agreement

The Deposit Swap Agreement of £87 98 million represented the premium paid by Care Homes 2 in respect of an AAA rated Deposit Swap Agreement with General Re Financial Products Corporation, which together with accumulated interest, guaranteed to provide for the repayment of £208 36 million (the nominal value of which is £180 0 million) Class A Secured Notes in 2023

On 17 November 2006, Care Homes 2 terminated its AAA rated Swap Deposit Agreement with General Re Financial Product Corporation at terminated value of £82 37 million The full amount was deposited in a General Investment Deposit Contract with The Royal Bank of Scotland plc on 17 November 2006 at compounded interest rate of 4 812011% per annum, which guaranteed to provide for the repayment of the £208 36million (the nominal value of which is £180 0million) Class A Secured Notes in February 2023

On 4 December 2006 Care Homes 2 terminated its General Investment Deposit Contract with The Royal Bank of Scotland plc and received amount of £82 55 million The entire amount has been utilised towards the repayment of the Secured Notes on 4 December 2006

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

10. INVESTMENTS (continued)

Care Homes Deposit Swap Agreements and Zero Coupon Notes (Continued)

Care Homes 3 Zero Coupon Notes

The Zero Coupon Notes of £50 06 million represented the consideration paid by Care Homes 3 in respect of AAA rate Zero Coupon Notes issued by European Investment Bank, which together with accumulated interest, guaranteed to provide for the repayment of £159 30 million (or £128 0 million at nominal value) Class A Secured Notes in 2028

On 17 November 2006, Care Homes 3 terminated its AAA rated Zero Coupon Notes issued by European Investment Bank at terminated value of £50 79 million The full amount was deposited in a General Investment Deposit Contract with The Royal Bank of Scotland plc on 17 November 2006 at compounded interest rate of 4 186857% per annum, which guaranteed to provide for the repayment of the £159 30 million (or £128 0 million at nominal value) Class A Secured Notes in December 2028

On 4 December 2006 Care Homes 3 terminated its General Investment Deposit Contract with The Royal Bank of Scotland plc and received amount of £50 89 million The entire amount has been utilised towards the repayment of the Secured Notes on 4 December 2006

Company

	£000
At 25 January 2006	-
Shares in Libra No 3 Limited	77,339
At 30 September 2006	77,339
Surplus in revaluation	110,320
Shares in Care Homes Holding Limited	40
Disposal of Care Homes Holding Limited	(40)
At 30 September 2006 and 2007	187,659

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

The investment in Care Homes Holding Limited, a company incorporated in Great Britain and registered in England and Wales, was acquired on 29 November 2006 for £40,000, represented a 100% holding of the issued ordinary share capital of that company The investment was funded through a loan from The Royal Bank of Scotland plc On 5 December 2006 the Company disposed of the entire shareholding to The Royal Bank of Scotland plc for £40,033, resulting in a profit of £33 Following the sale, the loan from The Royal Bank of Scotland plc was repaid

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

10. INVESTMENTS (continued)

At 30 September 2007, 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	Great Britain	100%	Investment company in group undertaking with investment in care home properties
Libra CareCo CH2 PropCo Limited	Great Britain	100%	Investment in care home properties
Libra CareCo CH3 PropCo Holdco Limited	Great Britain	100%	Investment company in group undertaking with investment in care home properties
Libra CareCo CH3 PropCo Limited	Great Britain	100%	Investment in care home properties
Libra CareCo Holdings Limited	Great Britain	100%	Investment company in group undertaking with investment in care home properties
Libra CareCo Investments 1 Limited	Great Britain	100%	Investment company in group undertaking with investment in care home properties
Libra CareCo Investments 2 Limited	Great Britain	100%	Investment company in group undertaking with investment in care home properties
Libra GuaranteeCo Limited	Great Britain	100%	Investment company in group undertaking with investment in care home properties
Libra 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
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 5 Limited	Jersey	100%	Investment in care home properties
NHP Securities No 6 Limited	Great Britain	100%	Investment in care home properties
NHP Securities No 8 Limited	Jersey	100%	Investment in care home properties
NHP Securities No 9 Limited	Jersey	100%	Investment in overriding leases of care home properties
NHP Securities No 10 Limited	Jersey	100%	Investment in care home properties
NHP Securities No 11 Limited	Jersey	100%	Parent company of NHP Securities No 9 Limited
NHP Securities No 12 Limited	Jersey	100%	Investment in care home properties
NHP Management Limited	Great Britain	100%	Management of care home property portfolios
NHP Operations (York) Limited	Great Britain	100%	Care home property development
Care Homes No 1 Limited	Cayman Islands	100%	Investment in care home properties
Care Homes No 2 (Cayman) Limited (formerly 'Care Homes No 2 Limited')	Cayman Islands	100%	Investment in care home properties

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

10. INVESTMENTS (continued)

Name	Country of incorporation	% Holdings	Principal activity
Care Homes No 3 Limited	Cayman Islands	100%	Investment in care home properties
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 All others are held indirectly by the subsidiaries of Libra No 3 Limited

Shares held are ordinary shares except Libra No 2 Limited further held 100% issued 12% cumulative redeemable preference share capital of Libra No 3 Limited

On 1 December 2006, the following acquisitions took place

a) NHP Securities No 1 Limited acquired 100% of the issued share capital of Care Homes No 1 Limited, a company incorporated and registered in the Cayman Islands,

b) Libra CareCo CH2 PropCo Limited acquired 100% of the issued share capital of Care Homes No 2 (Cayman) Limited (formerly 'Care Homes No 2 Limited'), a company incorporated and registered in the Cayman Islands Care Homes No 2 Limited has in turn owned 100% issued 'A' and 'B' ordinary shares of £1 each in NHP Securities No 5 Limited and NHP Securities No 8 Limited,

c) Libra CareCo CH3 PropCo Limited acquired 100% of the issued share capital of Care Homes No 3 Limited, a company incorporated and registered in the Cayman Islands Care Homes No 3 Limited has in turn owned 100% issued 'A' and 'B' ordinary shares of £1 each in NHP Securities No 10 Limited and 100% issued share capital of NHP Securities No 12 Limited.

Summarised below are the financial information of the subsidiary undertakings

	Capital and Reserve at 30 September 2007 £	Profit / (Loss) for the year ended 30 September 2007 £
Libra No 3 Limited	114,858,675	(63,836,103)
Libra CareCo Superholdco Limited	(3,764,021)	27,455
Libra CareCo TopCo Limited	(18,970)	(7,495)
Libra CareCo Equity Co Limited	(19,005)	(7,529)
Libra CareCo CH2 PropCo Holdco Limited	1	-
Libra CareCo CH2 PropCo Limited	350,210,207	9,820,740
Libra CareCo CH3 PropCo Holdco Limited	1	-
Libra CareCo CH3 PropCo Limited	278,765,735	6,984,500
Libra CareCo Holdings Limited	2,110	-
Libra CareCo Investments 1 Limited	103,938,790	(5,075,358)
Libra CareCo Investments 2 Limited	96,262,526	9,261,344
Libra GuaranteeCo Limited	57,723	-
Libra CareCo Limited	(75,002,624)	(13,732,845)
NHP Limited	303,402,020	16,723,338
NHP Securities No 1 Limited	176,189,294	7,029,370
NHP Securities No 2 Limited	82,946,332	3,661,765
NHP Securities No 3 Limited	406,221,791	(1,403,096)
NHP Securities No 4 Limited	2	-
NHP Securities No 5 Limited	19,903	517

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

10. INVESTMENTS (continued)

	Capital and Reserve at 30 September 2007 £	Profit / (Loss) for the year ended 30 September 2007 £
NHP Securities No 6 Limited	31	(32)
NHP Securities No 8 Limited	16,262	570
NHP Securities No 9 Limited	15,124	5
NHP Securities No 10 Limited	9,768	(13,227)
NHP Securities No 11 Limited	3,120	(892)
NHP Securities No 12 Limited	6,131	499
NHP Management Limited	70,275	(201,443)
NHP Operations (York) Limited	2,152,456	4,748
LLNH Limited	1	1
Care Homes No 1 Limited	(1,284,038)	13,496,520
Care Homes No 2 (Cayman) Limited	(10,046,111)	30,266,875
Care Homes No 3 Limited	(29,929,466)	(539,969)
Ultima Holdings Limited	324,838	552
Ultima Healthcare Limited	4,688,125	61
Eton Hall Homes Limited	25,857	-
Ultima Care Limited	(5,306,986)	(29)
Platinum Healthcare Limited	111,649	(6)

11. DEBTORS

Group	2007 £000	2006 £000
Trade debtors	-	104
Other debtors	129	20
Amounts due by Delta G-Co Limited and Starsign Limited	89,036	-
Corporation tax	2,894	3,542
Prepayments and accrued income	228	212
	92,287	3,878

Company	2007 £000	2006 £000
Other debtors	123	-
Amounts due by Delta G-Co Limited and Starsign Limited	89,036	-
Amount due from group undertaking	-	2,942
Dividend receivable on 12% cumulative £0 01 preference shares	14,633	5,377
Interest receivable on accrued dividend of preference shares	1,390	188
Prepayment	1	-
	105,183	8,507

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007	2006
Group	**£000**	**£000**
Loan from The Royal Bank of Scotland plc	-	546,035
Class 1A Secured 8% Notes due 2021	-	81,948
Class A2 Secured 8 5% Notes due 2021	-	50,788
Less Unamortised issue costs	-	(1,741)
Unamortised discount on issue	-	(466)
Net Secured Notes – Care Homes No 1 Limited	-	130,529
Class A Secured 5 75% Notes due 2023	-	208,359
Class M Secured 6 65% Notes due 2025	-	71,220
Class B Secured 7 65% Notes due 2025	-	30,705
Less Unamortised issue costs	-	(5,123)
Unamortised discount on issue	-	(362)
Net Secured Notes – Care Homes No 2 (Cayman) Limited	-	304,799
Class A Secured 6 125% Notes due 2028	-	159,296
Class M Secured 7 125% Notes due 2030	-	55,379
Class B Secured 8 25% Notes due 2030	-	32,496
Less Unamortised issue costs	-	(13,335)
Unamortised discount on issue	-	(1,963)
Net Secured Notes – Care Homes No 3 Limited	-	231,873
Loan from Delta G-Co Limited and Starsign Limited	4,590	-
Other amounts due to Delta G-Co Limited and Starsign Limited	1,149	-
Interest payable – secured notes	-	9,836
Loan interest payable to Delta G-Co Limited and Starsign Limited	221	-
Interest payable – bank loans	15,590	2,718
Interest payable on accrued dividend of preference shares	786	106
Dividend payable on preference shares	8,271	3,039
Other creditors	318	644
Taxation and social security	16	28
Corporation tax	-	2
Income tax	101	113
Accruals and deferred income	618	734
	31,660	1,230,456

Loan from The Royal Bank of Scotland plc

On 3 March 2006 The Royal Bank of Scotland plc, the ultimate parent undertaking on that date, issued loan facility of £54 million to the Company The draw down amount was £33million at 30 September 2006 Further loan notes of £513million were issued by The Royal Bank of Scotland plc to Libra No 3 Limited, the Company's subsidiary undertaking The total loan notes issued were used to acquire a 100% shareholding in the issued share capital of Libra CareCo Superholdco Limited and a minority interest in the issued share capital of Libra CareCo Holdings Limited Part of the loan notes was used to repay the old bank debts issued to the subsidiary undertakings acquired

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

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

Loan notes due to The Royal Bank of Scotland plc

For the period from 1 October to 12 December 2006 The Royal Bank of Scotland plc has further issued loan of £560million to Libra No 2 Limited and its subsidiaries, principally to repay the Secured Notes as disclosed in the note below The loan had no fixed repayment date and carried interest at BBA LIBOR plus MLA costs per annum The loan was subsequently replaced by a new facility agreement with The Royal Bank of Scotland plc on 12 December 2006 as noted below

On 12 December 2006 The Royal Bank of Scotland plc sold its 100% shareholding in Libra No 2 Limited to Delta G-Co Limited and Starsign Limited In conjunction with the disposal, The Royal Bank of Scotland plc has issued a £1,106 million facility agreement to the Company and Libra No 3 Limited The amount was fully drawn down The £1,106 million facility consists of Tranche A £539 million, Tranche B £400 million, Tranche C £115 million, Tranche D £17 million and Tranche E £35 million The repayment date of Tranche A, B, C and E is on 15 April 2011 whereas the repayment date for Tranche D is eighteen months from the first utilisation date All tranches (except Tranche E) carry interest rate of LIBOR plus margin plus mandatory costs, if any, per annum The margin in relation to Tranche A is 1 2% per annum, Tranche B 2% per annum, Tranche C 4% per annum and Tranche D 2 5% per annum The interest rate for Tranche E is fixed at 6% per annum The £1,106 million facility agreement was repaid on 15 January 2007 following a new facility agreement signed with CS Funding 1Limited (see note 13)

Secured Notes

The Care Homes 1 Secured Notes are non-recourse to the Company and its group undertakings, and were secured, inter alia, by charges over the overriding leases and the rents receivable thereunder, over the Deposit Swap Agreement with General Re Financial Products Corporation, which at 30 September 2006 amounted to £53 6 million including accrued interest (see note 10), and over the cash and short term investment balances, which at 30 September 2006 amounted to £7 9 million

On 4 December 2006, the Care Homes 1 redeemed the entire £132 7 million Secured Notes, due 9 April 2021 at market value of £138 4 million

The Care Homes 2 Secured Notes are non-recourse to the Company and its group undertakings, and were secured, inter alia, by charges over the overriding leases and the rents receivable thereunder, over the Deposit Swap Agreement with General Re Financial Products Corporation, which at 30 September 2006 amounted to £90 0 million including accrued interest (see note 10), and over the cash and short term investment balances, which at 30 September 2006 amounted to £2 6 million

On 4 December 2006, Care Homes 2 redeemed the entire £310 3 million Secured Notes due 15 February 2003 and 15 February 2025 at market value of £320 7 million

The Care Homes 3 Secured Notes are non-recourse to the Company and its group undertakings, and were secured, inter alia, by charges over the overriding leases and the rents receivable thereunder, over the Zero Coupon Notes with European Investment Bank, which at 30 September 2006 amounted to £51 2 million including accrued interest (see note 10), and over the cash and short term investment balances, which at 30 September 2006 amounted to £6 0 million

On 4 December 2006, Care Homes 3 redeemed the entire £247 2 million Secured Notes due 15 December 2028 and 15 December 2030 at market value of £261 0million

Loan notes due to Delta G-Co Limited and Starsign Limited

On 13 December 2006 loan notes of £249,000 and £4,341,000 were issued by Delta G-Co Limited and Starsign Limited, the joint shareholders of the Company to finance part of the group restructuring costs in December 2006 The loans have no fixed repayment dates and carry interest at fixed rate of 6% per annum

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

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

Company	2007 £000	2006 £000
Loan from The Royal Bank of Scotland plc	-	33,041
Loan from Delta G-Co Limited and Starsign Limited	4,590	-
Amounts due to group undertakings	64,595	-
Loan interest payable to Delta G-Co Limited and Starsign Limited	221	-
Interest payable on accrued dividend of preference shares	786	106
Dividend payable on preference shares	8,271	3,039
Interest payable on loan from The Royal Bank of Scotland plc	-	136
Accruals	25	9
	78,488	36,331

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Group	2007 £000	2006 £000
Bank loan due between one and two years	1,172,000	-
Less Unamortised finance costs	(9,056)	-
	1,162,944	-
Bank loan due between one and two years	70,000	-
Cumulative interest capitalised	9,369	
Less Unamortised finance costs	(903)	-
	78,466	-
Interest payable on bank loan	4,354	-
12% Cumulative redeemable 43,600,557 preference shares at £0 01 each	436	436
Premium arising from the issue of 43,600,557 preference shares	43,164	43,164
	43,600	43,600
	1,289,364	43,600

Bank Loans

On 15 January 2007 a £1,172 million loan was fully drawn on a term loan facility agreement dated 15 January 2007 entered into by Libra No 3 Limited, a group undertaking with CS Funding 1 Limited, a group undertaking of Credit Suisse, London Branch The maturity date of the loan is on 15 January 2009 with final maturity date be extended to 15 January 2010 provided a notice is received by Credit Suisse, the security agent no later than 90 days before the maturity date of 15 January 2009 The loan bears interest at LIBOR plus margin plus mandatory cost The facility was secured by a fixed and floating charge on group assets and unlimited guarantee from its group undertakings

CS Funding 1 Limited's rights and obligations under the £1,172 million term loan agreement were ultimately transferred by way of novation to Titan Europe 2007-1 (NHP) Limited on 24 May 2007

Libra No 3 Limited has entered into a 10 year interest rate swap agreement with Credit Suisse for notional amount of £1,172 million, split into a 3 year from 15 January 2007 to 15 January 2010, and a forward 7 year from 15 January 2010 to 15 January 2017 It fixes the interest rate at 4.813% per annum. Mark to market valuation at 30 September 2007 was £52 57 million

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

13. CREDITORS· AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (Continued)

Bank Loans (Contınued)

On 15 January 2007 a further £70 mıllıon loan was fully drawn on a term loan facılıty agreement dated 15 January 2007 entered ınto by the Company and Credıt Suısse The maturıty date of the loan ıs on 15 February 2009 wıth a final maturıty date be extended to 15 February 2010 provıded a notıce ıs receıved by Credıt Suısse, the securıty agent no later than 90 days before the maturıty date of 15 February 2009 The loan bears ınterest at fixed rate of 26% per annum plus the applıcable mandatory cost Interest payable on each ınterest payment date 15 January, 15 Aprıl, 15 July and 15 October wıll be capıtalısed and added to the prıncıpal loan amount At 30 September 2007 the capıtalısed ınterest amount was £9,369,000

12% cumulatıve redeemable preference shares

Preference shares are 12% cumulatıve redeemable preference shares wıth a nomınal value of £0 01 each but ıssued at a premıum of £0 99 per share on 2 March 2006 The preference shareholders shall not be entıtled to vote at a general meetıng of the Company unless the busıness of the meetıng ıncludes the consıderatıon of a resolutıon for wındıng up the Company or for a reductıon ın the capıtal of the Company, or the purchase of any shares other than preference shares or any resolutıon dırectly or ındırectly modıfyıng or varyıng any of the specıal rıghts, prıvıleges or restrıctıons attached to the preference shares, ın whıch case the preference shareholders shall be entıtled to vote ın respect of such resolutıon The preference dıvıdend ıs accrued on daıly basıs at a rate of £0 12 per annum on each preference share and ıt ıs payable on redemptıon of the preference shares or the date fallıng 20 years from the date on whıch the preference shares are ıssued, whıchever ıs the earlıer The preference dıvıdend ınterest ıs accrued based on the accrued daıly but unpaıd preference dıvıdend at a rate of 12% per annum Preference dıvıdend ınterest ıs payable on the preference dıvıdend payment date

Company	**2007**	**2006**
	£000	**£000**
Term loan due between one and two years	70,000	-
Cumulatıve ınterest capıtalısed	9,369	-
Less Unamortısed finance costs	(903)	-
	78,466	-
Interest payable on bank loan	4,354	-
12% Cumulatıve redeemable 43,600,557 preference shares at £0 01 each	436	436
Premıum arısıng from the ıssue of 43,600,557 preference shares	43,164	43,164
	43,600	43,600
	126,420	43,600

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

14. DEFERRED TAXATION

Group

	Provided		Unprovided	
	2007	2006	2007	2006
	£000	£000	£000	£000
Accelerated depreciation over capital allowances	-	-	203	300
Losses carried forward	-	-	25,854	14,030
Revaluation of investment properties	-	-	(189,873)	(119,526)
	-	-	(163,816)	(105,196)

The value of assets qualifying for capital allowances to be used in the calculation of deferred tax is an apportionment of the total portfolio value

The deferred tax liability on the potential capital gain arising in relation to the revalued freeholds of £189,873,000 (2006 £119,526,000) is not recognised as the Group has no intention to sell these properties at this time and there is no binding agreement to dispose of them

Company

There is no provided or unprovided deferred tax in respect of the Company

15. CALLED UP SHARE CAPITAL

Company	**£000**
Authorised	
At date of incorporation on 25 January 2006	-
200,000 ordinary shares at £1 each	200
100,000,000 preference shares at 0 01 each	1,000
At 30 September 2006 and 2007	1,200
Called, allotted and fully paid·	
At date of incorporation on 25 January 2006	-
200,000 ordinary shares at £1 each	200
At 30 September 2006 and 2007	200

The redeemable preference shares are presented as a liability (see note 13) 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

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

16. RESERVES

Group	Revaluation reserve £000	Profit and loss account £000
At 25 January 2006	-	-
Net surplus on revaluation of properties	142,531	-
Retained loss for the period	-	(5,336)
At 30 September 2006	142,531	(5,336)
Surplus on revaluation of properties (note 9)	91,533	-
Retained loss for the year	-	(140,994)
At 30 September 2007	234,064	(146,330)

Company	Revaluation reserve £000	Profit and loss account £000
At 25 January 2006	-	-
Retained profit for the period	-	5,715
At 30 September 2006	-	5,715
Surplus on revaluation (note 10)	110,320	-
Retained loss for the year	-	(28,301)
At 30 September 2007	110,320	(22,586)

17. MOVEMENT IN SHAREHOLDERS' (DEFICIT) / FUNDS

Company	£000
At 25 January 2006	-
Issue of share capital	200
Retained profit for the period	5,715
At 30 September 2006	5,915
Surplus on revaluation	110,320
Retained loss for the year	(28,301)
At 30 September 2007	87,934

18. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOW

	2007 £000	2006 £000
Operating profit	65,189	37,688
Depreciation of other fixed assets	24	23
(Increase) / Decrease in debtors	(49)	5,602
Increase / (Decrease) in creditors	881	(21,905)
Net cash inflow from operating activities	66,045	21,408

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

19. ANALYSIS OF CHANGES IN NET DEBT

Group	At 30 September 2006 £000	Cash flow £000	Non-cash changes £000	At 30 September 2007 £000
Cash at bank and in hand	461	(58)	-	403
Net cash at bank and in hand	461	(58)	-	403
Short term deposit investments	16,499	12,469	-	28,968
Loan to Delta G-Co Limited and Starsign Limited	-	89,036	-	89,036
Loan from The Royal Bank of Scotland plc	(546,035)	546,035	-	-
Bank loans due between one and two years	-	(1,224,219)	(17,191)	(1,241,410)
Loan from Delta G-Co Limited and Starsign Limited	-	(4,590)	-	(4,590)
Preference shares	(43,600)	-	-	(43,600)
Secured Notes	(667,201)	751,169	(83,968)	-
	(1,239,876)	169,842	(101,159)	(1,171,193)

20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2007 £000	2006 £000
(Decrease) / Increase in cash during the period	(58)	461
Net cash outflow / (inflow) from debt financing activities	72,985	(184,039)
Net cash outflow / (inflow) from the issue on loan notes	84,446	(9,499)
Net cash outflow from management of liquid resources	12,469	3,598
Changes in net debt resulting from cash flows	169,842	(189,479)
Debts acquired with Libra CareCo Superholdco Limited and a minority interest in Libra CareCo Holdings Limited	-	(1,072,156)
Loan note acquired with Libra CareCo Superholdco Limited and a minority interest in Libra CareCo Holdings Limited	-	9,499
Short term deposit investment acquired with Libra CareCo Superholdco Limited and a minority interest in Libra CareCo Holdings Limited	-	12,901
Non-cash changes in net debt	(101,159)	(641)
Net debt at the beginning of year	(1,239,876)	-
Net debt at the end of the year/period	(1,171,193)	(1,239,876)

21. OPERATING LEASE COMMITMENTS

The Group had the following annual commitments under non-cancellable operating leases

	2007 £000	2006 £000
Office lease – expiring after more than five years	137	137

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

22. DISCLOSURES RELATING TO CARE HOMES NO. 1 LIMITED

By way of contractual arrangement between the Group and Care Homes No 1 Limited, under FRS 5 'Reporting the Substance of Transactions', a summary of the financial statements of Care Homes No 1 Limited for the periods from 1 October 2006 to 30 November 2006 (the date before becoming the subsidiary of the Group) and the previous period from 3 March 2006 (the acquisition date in Libra CareCo Superholdco Limited and a minority interest in Libra CareCo Holdings Limited) to 30 September 2006, which have been included in the financial statements of the Group, is as follows

Care Homes No.1 Limited	**At 30 September 2006 £000**
Balance sheet	
Fixed asset investments	
Overriding lease premiums, net of amortisation	47,352
Deposit Swap Agreement, including accumulated compound interest	53,612
Other net current assets	3,490
Creditors amount falling due within one year	
Class A1 and A2 Secured Notes, net of unamortised issue costs and discount	(130,529)
Shareholders' deficit	(26,075)

Profit and loss account	**Period from 1 October to 30 November 2006 £000**	**Period from 3 March to 30 September 2006 £000**
Turnover and gross profit	2,221	7,746
Net operating costs	(1,510)	(5,120)
Gain on disposal of Deposit Swap Agreement	549	-
Net interest payable and similar charges	(922)	(3,342)
Profit / (loss) for the period	338	(716)

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

23. DISCLOSURES RELATING TO CARE HOMES NO. 2 (CAYMAN) LIMITED

By way of contractual arrangement between the Group and Care Homes No 2 (Cayman) Limited, under FRS 5 'Reporting the Substance of Transactions', a summary of the financial statements of Care Homes No 2 (Cayman) Limited for the periods from 1 October 2006 to 30 November 2006 (the date before becoming the subsidiary of the Group) and the previous period from 3 March 2006 (the acquisition date in Libra CareCo Superholdco Limited and a minority interest in Libra CareCo Holdings Limited) to 30 September 2006, which have been included in the financial statements of the Group, is as follows

Care Homes No. 2 (Cayman) Limited	**At 30 September 2006 £000**
Balance sheet	
Fixed asset investments	
Overriding lease premiums, net of amortisation	138,959
Deposit Swap Agreement, including accumulated compound interest	90,016
Other net current liabilities	(2,094)
Creditors amount falling due within one year	
Class A1 and A2 Secured Notes, net of unamortised issue costs and discount	(304,798)
Shareholders' deficit	(77,917)

Profit and loss account	**Period from 1 October to 30 November 2006 £000**	**Period from 3 March to 30 September 2006 £000**
Turnover and gross profit	4,979	17,269
Net operating costs	(3,838)	(11,980)
Loss on the disposal of Deposit Swap Agreement	(8,182)	-
Net interest payable and similar charges	(2,042)	(7,834)
Taxation	(19)	(192)
Loss for the period	(9,102)	(2,737)

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

24. DISCLOSURES RELATING TO CARE HOMES NO. 3 LIMITED

By way of contractual arrangement between the Group and Care Homes No 3 Lımited, under FRS 5 'Reportıng the Substance of Transactıons', a summary of the financıal statements of Care Homes No 3 Lımited for the perıods from 1 October 2006 to 30 November 2006 (the date before becomıng the subsıdıary of the Group) and the prevıous perıod from 3 March 2006 (the acquısıtıon date ın Lıbra CareCo Superholdco Lımited and a mınorıty ınterest ın Lıbra CareCo Holdıngs Lımited) to 30 September 2006, whıch have been ıncluded ın the financıal statements of the Group, ıs as follows

Care Homes No. 3 Limıted	At 30 September 2006 £000
Balance sheet	
Fıxed asset ınvestments	
Overrıdıng lease premıums, net of amortısatıon	124,126
Zero Coupon Notes, ıncludıng accumulated compound ınterest	51,229
Other net current lıabılıtıes	(23,432)
Credıtors amount fallıng due wıthın one year	
Class A1 and A2 Secured Notes, net of unamortısed ıssue costs and dıscount	(231,873)
Shareholders' deficıt	(79,950)

Profit and loss account	Perıod from 1 October to 30 November 2006 £000	Perıod from 3 March to 30 September 2006 £000
Turnover and gross profit	3,947	13,706
Net operatıng costs	(2,621)	(8,570)
Loss on dısposal of Zero Coupon Notes	(730)	-
Net ınterest payable and sımılar charges	(2,136)	(7,395)
Loss for the perıod	(1,540)	(2,259)

25. CONTINGENT LIABILITIES AND GUARANTEES

Lıbra No 3 Lımited and all ıts subsıdıary undertakıngs are guarantors to a £1,172 mıllıon term loan facılıty agreement entered ınto by Lıbra No 3 Lımited wıth CS Fundıng 1 Lımited, a group undertakıng of Credıt Suısse on 15 January 2007 as dısclosed ın note 13 The facılıty ıs secured by a fixed and floatıng charge on group assets and unlımited guarantee from ıts group undertakıngs CS Fundıng 1 Lımited's rıghts and oblıgatıons under the £1,172 mıllıon term loan agreement were ultımately transferred by way of novatıon to Tıtan Europe 2007-1 (NHP) Lımited on 24 May 2007

26. RELATED PARTY TRANSACTIONS

There are no related party transactıons durıng the current year or precedıng perıod

27. POST BALANCE SHEET EVENTS

(a) On 27 November 2007 the Company receıved a dıvıdend of £73 0 mıllıon from Lıbra No 3 Lımited, a subsıdıary undertakıng, and

(b) The Company declared and paıd a dıvıdend ın the sum of £89 04 mıllıon to ıts shareholders, Delta G-Co Lımited and Starsıgn Lımited ın equal share of £44 52 mıllıon each

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

28. ULTIMATE PARENT COMPANY AND THE CONTROLLING PARTY

Libra No 2 Limited is jointly owned by Delta G-Co Limited and Starsign Limited is equal share The two corporate shareholders were incorporated and registered in the Isle of Man 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 of that company

Copies of the Group's consolidated financial statements to 30 September 2007, which include the results of the Company, are available from Libra Group at 25 Hanover Square, London W1S 1JF