

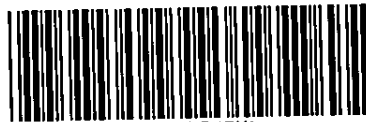
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NHP SECURITIES NO.12 LIMITED

Report and Financial Statements

30 September 2007

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REPORT AND FINANCIAL STATEMENTS 2007

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REPORT AND FINANCIAL STATEMENTS 2007

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P V Taylor
D C Nicholson

SECRETARY

Dominion Corporate Services Limited

REGISTERED OFFICE

47 Esplanade
St Helier
Jersey
JE1 0BD

SOLICITORS

Eversheds LLP
Kett House
Station Road
Cambridge CB1 2JY

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 statements 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 and of the profit and loss of the Company for that period In preparing these 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 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 applicable for overseas companies They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NHP SECURITIES NO.12 LIMITED

We have audited the financial statements of NHP Securities No 12 Limited for the year ended 30 September 2007, which comprise of the profit and loss account, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 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 for 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 judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 September 2007 and of its profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NHP SECURITIES NO.12 LIMITED

(Continued)

Emphasis of matter – Going concern

Without qualifying our opinion, we draw attention to the disclosures made in note 2 of the financial statements concerning the Group's ability to continue as a going concern

The Company is a guarantor for a loan agreement entered into by another group company. The group is in breach of the financial covenants in its loan agreement (as described in note 2). The Directors are in discussions with Capmark Services UK Limited regarding a resolution of the breach. However, the outcome of these discussions and the timing of their conclusion is uncertain.

These conditions, along with other matters as set forth in note 2, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Directors have prepared the financial statements on the going concern basis. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern as it is not practicable to determine or quantify them.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

United Kingdom

Date 17 October 2008

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2007

	Note	2007 £	2006 £
TURNOVER AND GROSS PROFIT	3	500	500
OPERATING PROFIT	4	500	500
Net interest (payable) / receivable	5	(1)	63
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		499	563
Tax on profit on ordinary activities	6	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT FOR THE FINANCIAL YEAR	9	499	563

Turnover and operating profit is wholly derived from continuing operations

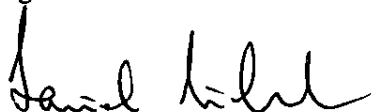
There are no recognised gains or losses in the current or preceding year other than as stated above No statement of recognised gains or losses has, therefore been presented

BALANCE SHEET
30 September 2007

	Note	2007 £	2006 £
CURRENT ASSETS			
Debtors	7	6,131	2,523
Cash at bank and in hand		-	3,109
NET ASSETS		<u>6,131</u>	<u>5,632</u>
CAPITAL AND RESERVES			
Called up share capital	8	2	2
Profit and loss account		<u>6,129</u>	<u>5,630</u>
SHAREHOLDERS' FUNDS	9	<u>6,131</u>	<u>5,632</u>

The 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

NOTES TO THE ACCOUNTS

Year ended 30 September 2007

1. GENERAL

NHP Securities No 12 Limited was incorporated in Jersey as an exempted company. On 1 December 2006 the Company registered a branch in England and Wales. The Company has presented the financial statements for the year from 1 October 2006 to 30 September 2007 as opposed to for the period from the branch registration date on 1 December 2006.

2. ACCOUNTING POLICIES

Basis of accounting – Going concern

The Company is a guarantor for a loan entered into by another group company.

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 amount remains outstanding. Libra No 2 Limited, the Company's ultimate parent 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 of the Company, who are also the directors of Libra No 3 Limited, a group undertaking and also the borrower to the bank loan, have prepared cash flow forecasts 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 Libra No 3 Limited 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.

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 Company (specifically amounts due from group undertakings) would be written down to their recoverable value, provision made for any further liabilities that may arise and to reclassify non-current assets and liabilities as current assets and liabilities. The financial statements do not include any adjustments that would result from the withdrawal of support from the Company's parent. At this time it is not practicable to quantify such adjustments.

Except as noted above, the financial statements are prepared in accordance with accounting standards applicable law in the United Kingdom. The particular accounting policies adopted are described below.

NOTES TO THE ACCOUNTS

Year ended 30 September 2007

2. ACCOUNTING POLICIES (Continued)

Accounting convention

The financial statements are prepared under the historical cost convention

Interest

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

3. TURNOVER AND GROSS PROFIT

Turnover represents a trustee fee arising from the Company's non-beneficial interest in long leasehold interests which are wholly within the United Kingdom

4. OPERATING PROFIT

The Company had no employees during the current or preceding year

No Directors' fees have been charged to the profit and loss account Directors' fees have been borne by Care Homes No 3 Limited in both the current and preceding year

Operating profit is stated after taking into account the following income

	2007 £	2006 £
Trustee fee due from Care Homes No 3 Limited	500	500

No audit fees have been charged to the profit and loss account Audit fees of £500 have been borne by Care Homes No 3 Limited in the current and preceding year

5. NET INTEREST (PAYABLE) / RECEIVABLE

	2007 £	2006 £
Interest receivable on deposits	24	63
Finance costs	(25)	-
	(1)	63

NOTES TO THE ACCOUNTS
Year ended 30 September 2007

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007 £	2006 £
Corporation tax charge	-	-
Profit before tax	499	563
Tax on profit at standard rate of 19% (2006 19%)	95	107
Factors affecting charge		
Non taxable income	(16)	(107)
Group relief for nil consideration	(79)	-
	-	-

The company became UK resident for tax purposes on 1 December 2006 and is liable to UK corporation tax on its income from that date

7. DEBTORS

	2007 £	2006 £
Current account amounts due from group undertakings	6,131	2,523

8. CALLED UP SHARE CAPITAL

	2007 £	2006 £
Authorised		
2 Ordinary shares of £1 each	2	2
Called up, allotted and fully paid:		
2 Ordinary shares of £1 each	2	2
All of the shares are fully paid		

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit for the year	499	563
Net increase in shareholders' funds	499	563
Shareholders' funds at the beginning of the year	5,632	5,069
Shareholders' funds at the end of the year	6,131	5,632

10. CONTINGENT LIABILITIES

The Company is one of the guarantors to a £1,172 million term loan facility agreement entered into by Libra No 3 Limited with CS Funding 1 Limited, a group undertaking of Credit Suisse on 15 January 2007 as disclosed in note 14. The facility is secured by a fixed and floating charge on group assets and unlimited

NOTES TO THE ACCOUNTS

Year ended 30 September 2007

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

11 RELATED PARTY TRANSACTIONS

In accordance with FRS No 8 "Related Party Disclosures", transactions with other undertakings in the Libra No 2 Limited Group (previously Care Homes No 2 Limited) have not been disclosed in these financial statements Prior to 1 December 2006 Care Homes No 2 Limited and its subsidiaries are consolidated as part of Libra No 2 Limited (previously "Libra CareCo Offshore Superholdco Limited") group by reason of contractual arrangements between the parties, in accordance with Financial Reporting Standard No 5 "Reporting the Substance of Transactions" As of 1 December 2006 Care Homes No 2 (Cayman) Limited and its subsidiaries are subsidiary undertaking of Libra No 2 Limited The exemption under FRS No 8 "Related Party Disclosure" has been taken and consequently transactions with other undertakings within Libra No 2 Limited group have not been disclosed in the financial statements

12. ULTIMATE PARENT COMPANY

At 30 September 2007 the immediate parent company and ultimate parent company and controlling party is Care Homes No 3 Limited, a company incorporated in the Cayman Islands

The 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 in that company

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

Copies of the Libra No 2 Limited group consolidated financial statements to 30 September 2007, which include the results of the Company, are available from Libra Group at 25 Hanover Square, London, W1S 1JF