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*insert full name
of company

COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies

For official use

Company number

[16]

1825148

Name of company

* London Parkcare Limited (the "Company")

Date of creation of the charge

20 December 1996

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

See Schedule A

Amount secured by the mortgage or charge

See Schedule B

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

Craegmoor Finance PLC (the "Issuer") of "Hillcairnie", St Andrews Road,
Droitwich, Worcestershire, WR9 8DJ

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

Clifford Chance
200 Aldersgate Street
London
EC1A 4JJ

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Time critical reference
MRD/E3682/0034

For official use
Mortgage Section

Post room



Short particulars of all the property mortgaged or charged

See Schedule C

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Particulars as to commission allowance or discount (note 3)

None

Signed Clifford Chance

Date 23/12/96

On behalf of [company] [~~mortgagee/chargee~~][†]

[†] delete as
appropriate

NOTES

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.

SCHEDULE A

London Parkcare Limited
Company No. 01825148

A deed of charge ("**The Craegmoor Group Debenture**") dated 20 December 1996 and made between Parkcare Homes Limited ("**Parkcare**"), Craegmoor Healthcare Company Limited ("**Craegmoor**"), Craegmoor Finance PLC (the "**Issuer**"), Bankers Trust Company Limited (the "**Security Trustee**") and Boughton Manor Nursing Home Limited, Comfort Services Limited, Ferguson Care Limited, London Parkcare Limited, Southbank Private Nursing Home Limited, Southern Counties Care Limited, Ty-Craig Nursing Home Limited, Yorkshire Care Homes Limited and Yorkshire Parkcare Company Limited (together the "**Charging Subsidiaries**").

Amount Secured

The moneys and liabilities which the Company jointly and severally covenants in clause 2.3 of the Craegmoor Group Debenture (as set out below) to pay, discharge, observe, perform and satisfy and all claims, demands and damages for breach of any such covenant (the "**Charging Subsidiaries Secured Amounts**"):

"2.3 **Charging Subsidiary Covenant:** Each Charging Subsidiary covenants with the Issuer that it will:

- (a) pay and discharge all moneys and liabilities whatsoever which now are or at any time hereafter may (whether before or after demand) become due, owing or payable to the Issuer by the Charging Subsidiary, actually or contingently, under or in respect of the Parkcare/Issuer Loan Agreement and/or any Guarantor Accession Deed to which it is a party and/or any Debenture to which it is a party and/or this Deed; and
- (b) observe, perform and satisfy all its other obligations and liabilities under the Parkcare/Issuer Loan Agreement and/or any Guarantor Accession Deed to which it is a party and/or any Debenture to which it is a party and/or this Deed."

Definitions

In this Form 395:

Words and expressions defined in the Parkcare/Issuer Loan Agreement shall have the same meaning where used in this Deed including, without limitation, the Recitals hereof. In addition, in this Deed, the following words and expressions have, except where the context otherwise requires, the meanings respectively shown opposite them:

Bank Austria Bank Account means the account maintained with Bank Austria, London Branch;

Bank of Scotland Bank Account means the account maintained with Bank of Scotland, Cheltenham Branch;

Business Reserve Account means the account maintained with National Westminster Bank, Cheltenham Branch;

Care Contracts means:

- (a) each of the long term and block funding contracts in full force and effect at the date of this Deed for the provision of care services to which a member of the Craegmoor Group is a party; and
- (b) each spot contract relating to the provision of specific care services to be provided to specific patients in the Craegmoor Group Nursing Homes; and

- (c) all future contracts for the provision of long term or spot care services to be entered into by any company in the Craegmoor Group at any time during the Security Period and which will be in such form as would at that time be acceptable to a reasonably prudent owner and operator of nursing care, residential care or specialist care homes;

Charged Property means the Craegmoor Charged Property, the Parkcare Charged Property and the Charging Subsidiary Charged Property; and references to ***the Charged Property*** include references to any part of it;

Charging Subsidiary Charged Property means in relation to any Charging Subsidiary, all of the property, assets, undertaking and rights for the time being comprised in or subject to the Security Interest provided by such Charging Subsidiary which are the subject of a Security Interest pursuant to the terms of this Deed; and references to ***the Charging Subsidiary Charged Property*** include references to any part of it;

Charging Subsidiary Secured Amounts means in relation to a Charging Subsidiary, the moneys and liabilities which the Charging Subsidiary jointly and severally covenants in clause 2.3 of this Deed to pay, discharge, observe, perform and satisfy and all claims, demands and damages for breach of any such covenant; and references to ***the Charging Subsidiary Secured Amounts*** in relation to the Charging Subsidiary include references to any of them;

Craegmoor Business Reserve Account means the account maintained with National Westminster Bank, Cheltenham Bank;

Craegmoor Charged Property means all of the property, assets, undertaking and rights for the time being comprised in or subject to the Security Interest provided by Craegmoor which are the subject of a Security Interest pursuant to the terms of this Deed; and references to ***the Craegmoor Charged Property*** include references to any part of it;

Craegmoor Group means the Issuer, Craegmoor, Parkcare and the Charging Subsidiaries;

Craegmoor Secured Amounts means the moneys and liabilities which Craegmoor covenants to pay, discharge, observe, perform and satisfy and all claims, demands and damages for breach of any such covenant; and references to ***the Craegmoor Secured Amounts*** include references to any of them;

this Deed means the Craegmoor Group Debenture and the schedules thereto and any other document by which, pursuant to any of its provisions or otherwise, any company in the Craegmoor Group may grant a Security Interest to the Security Trustee in respect of the Secured Amounts, as, in each case, from time to time varied, amended or novated in any manner or respect whatsoever, and ***charges contained in this Deed*** and ***Security Interests contained in this Deed*** and similar expressions shall be construed accordingly;

FRN Trustee means the Bankers Trustee Company Limited or such person or other persons for the time being acting as a trustee or trustees for the Noteholders pursuant to the Trust Deed;

SCHEDULE B

London Parkcare Limited
Company No. 01825148

Group Bank Account means each of:

- (a) the Craegmoor Treasury Reserve Account;
- (b) the Craegmoor Business Reserve Account;
- (c) the Head Office Operating Account;
- (d) each Business Reserve Account;
- (e) each Home Account;
- (f) the Bank Austria Bank Account; and
- (g) the Bank of Scotland Bank Account;

Head Office Operating Account means the account maintained with National Westminster Bank, Cheltenham Branch;

Home Account means the account maintained with National Westminster Bank, Cheltenham Branch;

Insurance Policies means each of the insurance policies (and any cover notes in respect thereof) pursuant to which either the Craegmoor Group or any company in the Craegmoor Group is an insured party and in respect of which those that are currently in force and effect are listed in Schedule 3 to this Form 395 and all other insurance policies at any time in the future taken out by the Craegmoor Group or by any company in the Craegmoor Group, either in addition to or by way of renewal, extension, variation, supplement, amendment or endorsement of such insurance policies;

Investments means shares, stocks, options, debentures, bonds, warrants, certificates and other securities other than Original Securities;

Original Securities means the securities listed in Schedule 2 to this Form 395 and any other securities which, with the prior written consent of the Security Trustee, may be substituted therefor;

Parkcare Charged Property means all of the property, assets, undertaking and rights for the time being comprised in or subject to the Security Interest provided by Parkcare which are the subject of a Security Interest pursuant to the terms of this Deed; and references to *the Parkcare Charged Property* includes references to any part of it;

Parkcare/Issuer Loan Agreement means the agreement of even date herewith between Parkcare, Craegmoor, the Charging Subsidiaries named therein, the Issuer, the Security Trustee, the Agent Bank and the Credit Manager;

SCHEDULE B

London Parkcare Limited
Company No. 01825148

Parkcare Secured Amounts means the moneys and liabilities which Parkcare covenants to pay, discharge, observe, perform and satisfy and all claims, demands and damages for breach of any such covenant; and references to *the Parkcare Secured Amounts* include references to any of them;

Receiver means, in relation to a company in any Craegmoor Group, either (i) a partner or partners in Deloitte & Touche appointed as administrative receiver, receiver, manager or receiver and manager of the Charged Property of that company pursuant to this Deed and upon terms set out in the Administration Agreement or (ii) if a partner or partners of Deloitte & Touche are not so appointed or have resigned from such appointment, any person or persons appointed (and any additional person or persons appointed or substituted) as administrative receiver, receiver, manager, or receiver and manager of the Charged Property of that company by the Security Trustee under this Deed or otherwise;

Secured Amounts means the Craegmoor Secured Amounts, the Parkcare Secured Amounts and the Charging Subsidiary Secured Amounts; and

Trust Deed means the Trust Deed dated 20 December 1996 made between the Issuer and the FRN Trustee.

SCHEDULE C

London Parkcare Limited
Company No. 01825148

Particulars of property charged or mortgaged

1. The Company, with full title guarantee and subject to clause 4, hereby mortgages, charges and assigns to the Issuer as a continuing security for the payment or discharge of the Charging Subsidiary Secured Amounts:
 - (a) by way of first legal mortgage:
 - (i) all freehold or leasehold property described in Schedule 1 to this Form 395 which applies in relation to that Charging Subsidiary;
 - (ii) all estates or interests in any freehold or leasehold property now belonging to it; and
 - (b) by way of first fixed equitable mortgage the Original Securities listed in Schedule 2 to this Form 395 which applies in relation to that Charging Subsidiary and all its rights and options to acquire Original Securities for the time being owned by it and all rights in respect of or incidental or ancillary thereto; and
 - (c) by way of first fixed security, conveys, charges and assigns (to the extent it is not the subject of an effective mortgage under clause 1(a) above):
 - (i) all estates and interests in any freehold or leasehold property now or hereafter belonging to it;
 - (ii) all of its right, title, interest and benefit, present and future, in and to all sums of money which may now be or hereafter are, from time to time, standing to the credit of each Group Bank Account which is maintained in its name and which is operated and controlled by it or pursuant to its instructions, and any other bank account or deposit account which it may hold, from time to time, together with all interest accruing from time to time thereon and all debts represented thereby;
 - (iii) all of its right, title, interest and benefit, present and future, in and to all sums of money which may now be or hereafter at any time and from time to time are paid to it under or pursuant to the terms of any of the Care Contracts to which it is a party together with all interest accruing from time to time and paid in respect thereof;
 - (iv) all of its right, title, benefit, power and interest, present or future, to, in and under the Insurance Policies under which it is an insured party and to all claims and proceeds paid in respect of them;
 - (v) all of its right, title, interest and benefit, present and future in, to and under each of the Relevant Documents to which it is a party and all other contracts,

SCHEDULE C**London Parkcare Limited
Company No. 01825148**

agreements, deeds, instruments and documents to which it is a party (other than in respect of any Care Contracts) including, without limitation, all contracts, conveyances, deeds, agreements and instruments entered into by it in connection with or relating to the acquisition of any Craegmoor Group Nursing Home and the benefit of all reports, valuations, surveys, notices and consents received in respect thereof and all right to receive payment of any amounts which may become payable to it thereunder and all rights to serve notices and/or make demands thereunder and/or to take such steps as are required to cause payments to become due and payable thereunder and all rights of action in respect of any breach thereof and all rights to receive damages or obtain relief in respect thereof;

- (vi) all plant and equipment owned by it and its interest in any plant or equipment;
- (vii) other than in respect of money due but unpaid under Care Contracts to which it is a party and to all proceeds arising but are unpaid from Care Contracts which are the subject of clause 1(c)(iii) above, all book debts and other debts (including rent), the proceeds of the same and all moneys and liabilities whatsoever for the time being due, owing or otherwise payable to it (including the benefit of any judgment or order to pay a sum of money) and the benefit of any Security Interests, rights, guarantees and securities for the time being held by it in respect of any of the foregoing;
- (viii) all bills of exchange, letters of credit issued in its favour, promissory notes and negotiable instruments of any description at any time owned or held by it and all rights and benefits under any distributorship or similar agreements entered into by it;
- (ix) all Investments held by it and, whether accrued now or accruing in the future, rights and options to acquire Investments and all rights in respect of or incidental thereto including all dividends, interest and other distributions paid or payable and all accretions, benefits and advantages;
- (x) all of its present and future goodwill and to its uncalled capital for the time being;
- (xi) all of its present and future rights in intellectual property including all know-how, patents, trademarks, service marks, designs, business names, topographical or similar rights, copyrights and other intellectual property monopoly rights and interests (including by licence) owned or held by it, whether registered or not and including all applications for the same and including all fees, royalties and other rights derived therefrom or incidental thereto;

SCHEDULE C

London Parkcare Limited
Company No. 01825148

- (xii) all of its right, title, interest and benefit, present and future, in and under any management or other contracts now or in the future entered into by it in relation to the management of its interest in any freehold or leasehold property belonging to it and the redevelopment of such property or any of it;
 - (xiii) any beneficial interest, claim or entitlement of it in any pension fund; and
 - (xiv) the benefit of all licences, consents and authorisations (statutory or otherwise) held in connection with its business or the use of the Charged Property and the right to recover and receive all compensation which may be payable to it in respect of them;
- (d) by way of first floating charge, the whole of its undertaking and all its property, assets and rights, whatsoever and wheresoever, both present and future (including all stock in trade and including all freehold and leasehold property) other than any property or assets from time to time or for the time being the subject of fixed charges pursuant to this clause or otherwise effectively assigned by way of security.

Release of Charged Property

2.1 On the irrevocable and unconditional payment or discharge by the Issuer of all the Secured Amounts, the Security Trustee shall at the request and cost of the companies in the Craegmoor Group (jointly and severally) release or reassign the Charged Property to, or to the order of, the relevant companies in the Craegmoor Group.

2.2 On the making at any time by Craegmoor, Parkcare or any Charging Subsidiary as the case may be, of a Permitted Disposal pursuant to clause 10.3(b) of the Parkcare/Issuer Loan Agreement, the Security Trustee shall, if so requested by and at the cost of Craegmoor, Parkcare or any Charging Subsidiary, as the case may be, but without being responsible for any loss, costs, claims or liabilities occasioned by so acting upon such request, release and reassign from the fixed Security Interests constituted by this Deed the relevant assets or property which are the subject of the Permitted Disposal, subject to and in accordance with the provisions of the Parkcare/Issuer Loan Agreement and this Deed.

Covenant for further assurance

Each company in the Craegmoor Group further covenants with the Security Trustee from time to time (and, for the purposes mentioned in paragraph (a) below, notwithstanding that the Security Trustee may not have served a demand for payment of the Secured Amounts) upon demand to execute, at the company in the Craegmoor Group's own cost, any document or do any act or thing which:

- (a) the Security Trustee may specify with a view to perfecting any charge or security created or intended to be created by this Deed; or

SCHEDULE C

London Parkcare Limited
Company No. 01825148

- (b) the Security Trustee or the Receiver may specify with a view to facilitating the exercise or the proposed exercise of any of their powers or the realisation of any of the Charged Property.

Negative Pledge

Each Company in the Craegmoor Group hereby jointly and severally undertakes that, for so long as any Secured Amounts remain outstanding, it shall not (without the written consent of the Security Trustee):

- (i) create or permit to exist over all or part of the Charged Property (or any interest therein) any Security Interest (other than under this Deed) whether ranking prior to, pari passu with or behind the security contained herein save in respect of Permitted Security Interests;
- (ii) sell, transfer, lend, license, lease or otherwise dispose of the Charged Property or any interest therein or attempt or agree to so dispose; or
- (iii) permit any person other than the Security Trustee to be registered as or become the holder of the Original Securities.

SCHEDULE 1**London Parkcare Limited**
Company No. 01825148

Name of Property	Address	County	Title Number
Avon House, Kensington	Avon House, Allen Street, Kensington	Greater London	NGL 76622

SCHEDULE 2**London Parkcare Limited**
Company No. 01825148**Part 1: Craegmoor**

Company	Authorised Share Capital	Issued Share Capital
Parkcare Homes Limited	£50,000	£20,000
London Parkcare Limited	£50,000	£100
Ty Craig Nursing Home Limited	£3,000	£3,000
Southbank Private Nursing Home Limited	£500,000	£25,000
Yorkshire Parkcare Company Limited	£500,000	£91,117.50
Boughton Manor Nursing Home Limited	£1,000	£2
Southern Counties Care Limited	£500,000	£300,000
Ferguson Care Limited	£100	£100
Comfort Services Limited	£1,000	£2

Part 2: Yorkshire Parkcare

Company	Authorised Share Capital	Issued Share Capital
Yorkshire Care Homes Limited	£100,000	£0.30

SCHEDULE 3

London Parkcare Limited
Company No. 01825148

Insurance Policies

Insurer	Insured	Period of Insurance	Type of Insurance
GA Bonus PLC	Craegmoor Healthcare Company Limited and/or subsidiary companies	25/9/1996- 04/04/1997	General Insurance
Ajax Insurance Association Limited	Craegmoor Healthcare Company Limited	05/04/1996- 05/04/1997	General Insurance
Commercial Union Assurance Company PLC	Craegmoor Healthcare Company Limited	04/05/1996- 04/05/1997	Office Insurance
General Accident Life	Craegmoor Healthcare Company Limited	25/08/1994- 25/7/1999	Keyman Insurance
Sun Alliance Insurance Group, Life Division	Craegmoor Healthcare Company Limited	13/05/1995- 13/05/1999	Keyman Insurance

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CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 01825148

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEED OF CHARGE DATED THE 20th DECEMBER 1996 AND CREATED BY LONDON PARKCARE LIMITED FOR SECURING (A) ALL MONIES DUE OR TO BECOME DUE FROM EACH CHARGING SUBSIDIARY (AS DEFINED) TO CRAEGMOOR FINANCE PLC (THE "ISSUER") UNDER OR IN RESPECT OF THE PARKCARE/ISSUER LOAN AGREEMENT AND/OR ANY GUARANTOR ACCESSION DEED TO WHICH IT IS A PARTY AND/OR ANY DEBENTURE TO WHICH IT IS A PARTY AND/OR THIS DEED; AND (B) OBSERVE, PERFORM AND SATISFY ALL ITS OTHER OBLIGATIONS AND LIABILITIES UNDER THE PARKCARE/ISSUER LOAN AGREEMENT AND/OR ANY GUARANTOR ACCESSION DEED TO WHICH IT IS A PARTY AND/OR ANY DEBENTURE TO WHICH IT IS A PARTY AND/OR THIS DEED WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 23rd DECEMBER 1996.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 2nd JANUARY 1997.

G. L. OWENS

for the Registrar of Companies

LC Oh
2-1-96



COMPANIES HOUSE

HC026B