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COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

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

CHFP025

Please do not write in this margin

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

Pursuant to section 395 of the Companies Act 1985

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

For official use

Company number



02006031

Name of company

* Community Care Limited (the "Chargor")

Date of creation of the charge

13 July 2006

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

A debenture dated 13 July 2006 (the "OpCo Debenture") made by the Chargor in favour of The Royal Bank of Scotland plc as Security Trustee for the Secured Parties (the "Security Trustee")

Amount secured by the mortgage or charge

see Schedule 1 (Definitions) and Schedule 2 (Amount Secured by the Mortgage or Charge)

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

The Royal Bank of Scotland plc, 9th Floor, 280 Bishopsgate, London, as Security Trustee

Postcode EC2M 4RB

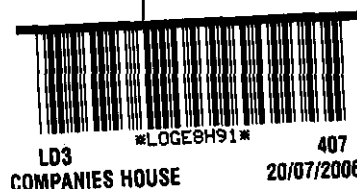
Presentor's name address and reference (if any):

Clifford Chance

Limited Liability Partnership
10 Upper Bank Street
London
E14 5JJ

For official Use (06/2005)
Mortgage Section

Post room



Time critical reference

VP/70-40037161/KDH

Short particulars of all the property mortgaged or charged

See Schedule 1 (Definitions) and Schedule 3 (Short Particulars of all the Property Charged)

Please do not write in this margin

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

Particulars as to commission allowance or discount (note 3)

None

Signed **CLIFFORD CHANCE LLP**

Date 20 July 2006

On behalf of ~~XXXXXXXXXXXX~~ [chargee] †

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

† delete as appropriate

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage", or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
(a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
(b) procuring or agreeing to procure subscriptions, whether absolute or conditional, for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge. Cheques and Postal Orders must be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is: Companies House, Crown Way, Cardiff CF14 3UZ

**Schedules to Form 395 relating to the OpCo Debenture dated 13 July 2006 made by,
among others, Community Care Limited in favour of The Royal Bank of Scotland plc as
Security Trustee**

**SCHEDULE 1
DEFINITIONS**

In this form 395:

"Account" means any account opened or maintained by a Chargor with the Security Trustee or any other person (and any replacement account or subdivision or subaccount of that account), the debt or debts represented thereby and all Related Rights.

"Accounting Principles" means generally accepted accounting principles in the United Kingdom (including if applicable, in the case of Barchester Healthcare Homes Limited and the Barchester Group, IFRS).

"Assignment of Rents" means an assignment of rental income governed by the laws of Scotland and granted in favour of the Security Trustee.

"Assigned Account" means any Account that may from time to time be identified in writing as an Assigned Account by the Security Trustee.

"Barchester" means Barchester Healthcare Limited.

"Barchester Group" means TopCo and all of its Subsidiaries from time to time.

"Beneficiary" means each Bridge Finance Party and each Bridge Overdraft Bank and
"Beneficiaries" means all of them.

"Bridge Accession Letter" means a document substantially in the form set out in Schedule 6 (*Form of Accession Letter*) to the Bridge Facility Agreement.

"Bridge Additional Borrower" means a company which becomes a Bridge Borrower in accordance with Clause 27 (*Changes to the Obligors*) of the Bridge Facility Agreement.

"Bridge Additional Guarantor" means a company which becomes a Bridge Guarantor in accordance with Clause 27 (*Changes to the Obligors*) of the Bridge Facility Agreement.

"Bridge Agent" means The Royal Bank of Scotland plc as agent for the other Bridge Finance Parties.

"Bridge Arranger" means The Royal Bank of Scotland as mandated lead arranger.

"Bridge Borrower" means Barchester or a Bridge Additional Borrower unless it has ceased to be a Bridge Borrower in accordance with Clause 27 (*Changes to the Obligors*) of the Bridge Facility Agreement.

"Bridge Facility" means the term loan facility made available under the Bridge Facility Agreement as described in Clause 2.1 (*The Facility*) of the Bridge Facility Agreement.

"Bridge Facility Agreement" means the facility agreement dated 13 July 2006 made between, among others, Barchester as original borrower, the Subsidiaries of Grove Limited as original guarantors, The Royal Bank of Scotland plc as arranger, original lender, agent and security trustee as amended, varied, novated or supplemented from time to time.

"Bridge Fee Letter" means any letter or letters dated 13 July 2006 between the Bridge Arranger and/or the Bridge Agent and/or the Bridge Security Trustee and Barchester setting out any of the fees referred to in Clause 13 (*Fees*) of the Bridge Facility Agreement.

"Bridge Finance Documents" means: the Bridge Facility Agreement;

- (b) each Bridge Security Document;
- (c) the OpCo Trust Agreement;
- (d) the PropCo Trust Agreement;
- (e) each Bridge Transfer Certificate;
- (f) each Bridge Fee Letter;
- (g) each Bridge Hedge Document;
- (h) each Bridge Utilisation Request;
- (i) the Intercreditor and Subordination Agreement;
- (j) each Bridge Accession Letter;
- (k) the Tax Deed of Covenant;
- (l) the Grove Tax Deed Charge;
- (m) the TopCo Tax Deed Charge;
- (n) the PropCo HoldCo Tax Deed Charge;
- (o) the TopCo Priority Letter;
- (p) each MRA Priority Agreement; and
- (q) any document designated as such by the Bridge Agent and Barchester.

each as defined in the Bridge Facility Agreement.

"Bridge Finance Party" means the Bridge Agent, the Bridge Arranger, the Bridge Security Trustee, each Bridge Hedge Counterparty and the Bridge Lenders.

"Bridge Guarantee Documents" means the Bridge Finance Documents and the Bridge Overdraft Documents.

"Bridge Guarantor" means a Bridge Original Guarantor or a Bridge Additional Guarantor, unless it has ceased to be a Bridge Guarantor in accordance with Clause 27 (*Changes to the Obligors*) of the Bridge Facility Agreement.

"Bridge Hedge Counterparty" means the Bridge Original Hedge Counterparty and any person who accedes to the Bridge Facility Agreement as a Bridge Hedge Counterparty pursuant to Clause 26.7 (*New Hedge Counterparties and Overdraft Banks*) unless it has ceased to be a Bridge Hedge Counterparty in accordance with Clause 26.9 (*Release of PropCo Hedge Counterparty*) of the Bridge Facility Agreement.

"Bridge Hedge Documents" means each of the following:

- (a) until the OpCo / PropCo Utilisation Date, each PropCo Hedge Document; and
- (b) any document recording or evidencing the terms of a Bridge Hedge Transaction.

"Bridge Hedge Transaction" means any swap, cap, floor, collar, option or other transaction (or any combination) entered into by a member of the Group in relation to the Bridge Facility, and includes:

- (a) the interest rate swap entered into by a member of the Group with the Bridge Original Hedge Counterparty in respect of a notional amount of approximately £16,000,000;
- (b) the interest rate swap entered into by a member of the Group with the Bridge Original Hedge Counterparty in respect of a notional amount of approximately £45,000,000; and
- (c) the interest rate swap entered into by a member of the Group with the Bridge Original Hedge Counterparty in respect of a notional amount of £2,000,000.

"Bridge Legal Charge" means each legal charge entered or to be entered into by a Bridge Obligor in favour of the Bridge Security Trustee in the agreed form.

"Bridge Lender" means:

- (a) any Bridge Original Lender; and
- (b) any person which has become a Bridge Party as a Bridge Lender in accordance with Clause 26 (*Changes to the Lenders and the Overdraft Banks*) of the Bridge Facility Agreement,

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

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

"Bridge Obligor" means Barchester and the Bridge Guarantors.

"Bridge Original Guarantors" means the Subsidiaries of Grove Limited listed in Part III of Schedule 1 (*The Original Parties*) to the Bridge Facility Agreement as original guarantors (together with Barchester).

"Bridge Original Hedge Counterparty" means The Royal Bank of Scotland plc as counterparty to the Bridge Hedge Documents.

"Bridge Original Lender" means the financial institution listed in Part I of Schedule 1 (*The Original Parties*) to the Bridge Facility Agreement as lender.

"Bridge Original Overdraft Bank" means The Royal Bank of Scotland plc as overdraft bank.

"Bridge Overdraft Bank" means each Bridge Original Overdraft Bank and any person who accedes to the Bridge Facility Agreement as a Bridge Overdraft Bank pursuant to Clause 26.7 (*New Hedge Counterparties and Overdraft Banks*) of the Bridge Facility Agreement.

"Bridge Overdraft Documents" means any documents from time to time setting out the terms of any Bridge Overdraft Facility and designated as such by the relevant Bridge Overdraft Bank and Barchester.

"Bridge Overdraft Facilities" means each of:

- (a) the overdraft / working capital facility made available by the Bridge Original Overdraft Bank to the Group pursuant to the working capital facility letter dated 13 July 2006 between the Bridge Overdraft Bank and Barchester or any other overdraft facility made available by the Bridge Original Overdraft Bank to the Group in replacement thereof; and
- (b) any new overdraft facility made available by a Bridge Overdraft Bank to any member of the Group from time to time.

"Bridge Party" means a party to the Bridge Facility Agreement or to any other Bridge Finance Document.

"Bridge Secured Obligations" means all present and future obligations and liabilities (whether actual or contingent, whether owed jointly, severally or in any other capacity whatsoever and whether originally incurred by any Bridge Obligor or by some other person) of each Bridge Obligor to the Bridge Finance Parties or Bridge Overdraft Banks (or any of them) under each of the Bridge Guarantee Documents except for any obligation or liability which, if it were so included, would cause that obligation or liability or any of the Security in respect thereof, to be unlawful or prohibited by any applicable law each as defined in the Bridge Facility Agreement.

"Bridge Secured Parties" means the Beneficiaries as defined in the Bridge Facility Agreement.

"Bridge Security Document" means:

- (a) the PropCo Debenture;
- (b) the OpCo Debenture;
- (c) any Bridge Legal Charge;
- (d) each Scottish Security Document;
- (e) each Jersey Security Document;
- (f) each Guernsey Security Document;
- (g) each Share Charge;
- (h) any other document evidencing or creating Security to secure any Bridge Secured Obligation; and
- (i) any other document designated as such by the Bridge Security Trustee and a Bridge Obligor.

"Bridge Security Trustee" means The Royal Bank of Scotland plc as security trustee in relation to the PropCo Security (the **"Security Trustee"**) and, together with the "OpCo Security Trustee.

"Bridge Transfer Certificate" means a certificate substantially in the form set out in Schedule 5 (*Form of Transfer Certificate*) to the Bridge Facility Agreement or any other form agreed between the Bridge Agent and Barchester.

"Bridge Utilisation Request" means a notice substantially in the relevant form set out in Part I of Schedule 3 (*Requests*) to the Bridge Facility Agreement.

"Charged Property" means all the assets and undertaking of each Chargor which from time to time are the subject of the security created or expressed to be created in favour of the Security Trustee by or pursuant to PropCo Debenture and any Mortgage.

"Chargors" means each of the persons listed in Schedule 1 (*The Initial Chargors*) of the PropCo Debenture and any other member of the Grove Group which has become a Chargor by executing a Security Accession Deed and "Chargor" means any of them.

"Continuing Debt" means Financial Indebtedness arising under:

- (a) the Existing Eurobonds; or
- (b) the Existing Grove Facility.

"Cure Property" has the meaning given in Clause 21.8(a)(iii) (*Cure Rights - LTVR*) of the PropCo Facility Agreement.

"Disposal Proceeds Account" means the account maintained by Bluehood Limited in accordance with Clause 20.1(a)(i) (*Designation of Control Accounts*) of the PropCo Facility

Agreement and includes its interest in any replacement account or sub-division or sub-account of that account.

"Existing Eurobonds" means the £50,000,000 floating rate unsecured loan notes due 2009 of Barchester constituted by a deed poll dated 3 February 2005.

"Existing Grove Facility" means the loan facility in an amount of approximately £50,000,000 made available by the Parent to Barchester.

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) monies borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the Accounting Principles, be treated as a finance lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (h) above.

"General Account" means the account maintained by Bluehood Limited in accordance with Clause 20.1(a)(v) (*Designation of Control Accounts*) of the PropCo Facility Agreement and includes its interest in any replacement account or sub-division or sub-account of that account.

"Group" means Barchester and each of its Subsidiaries for the time being and Property HoldCo and each of its Subsidiaries for the time being.

"Grove Group" means Grove Limited, a company incorporated in Jersey with company number 74757, and each of its Subsidiaries from time to time.

"Grove Tax Deed Charge" means the Jersey law security interest agreement dated 13 July 2006 by which Grove Limited grants security to the Bluehood Limited over its shares in TopCo in respect of its obligations under the Tax Deed of Covenant.

"Guernsey Security Document" means the security interest agreement dated 13 July 2006 granted in respect of the shares in Avalon (Guernsey) Limited in favour of the Bridge Security Trustee under which Security is created as security for the Bridge Secured Obligations and the OpCo Secured Obligations.

"Head Lease" means any Lease by virtue of which a PropCo Obligor holds an interest in a Property.

"Hedge Counterparty" means the Original Tranche A1 Hedge Counterparty, the Original Tranche A2 Counterparty, the Original Tranche B Hedge Counterparty the Original Tranche C Counterparty, the Original LPI Hedge Counterparty and any person appointed as a Hedge Counterparty pursuant to Clause 25.6 (*New Hedge Counterparties*) of the PropCo Facility Agreement.

"Hedge Documents" means the Bridge Hedge Documents and the PropCo Hedge Documents.

"Hedging Collateral Account" means any account maintained by Bluehood Limited in accordance with Clause 20.10 (*Hedging Collateral Account*) of the PropCo Facility Agreement and includes its interest in any replacement account or sub account or sub division of that account.

"IFRS" means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

"Initial Property" means, subject to Clause 2.2 (*Consent Properties*) of the PropCo Facility Agreement, each Property listed in Schedule 7 (*Initial Properties*) to the PropCo Facility Agreement and as more particularly defined in the PropCo Security Documents.

"Instructing Agent" means the Tranche A1 Agent until the Tranche A1 Discharge Date, the Tranche A2 Agent until the Tranche A2 Discharge Date, the Tranche B Agent until the Tranche B Discharge Date and thereafter the Tranche C Agent.

"Insurance Policy" means any policy of insurance (including life insurance or assurance) in which each Chargor may from time to time have an interest.

"Insurance Proceeds Account" means the account maintained by Bluehood Limited in accordance with Clause 20.1(a)(iii) (*Designation of Control Accounts*) of the PropCo Facility Agreement and includes its interest in any replacement account or sub-division or sub-account of that account.

"Intellectual Property" means any patents, trade marks, service marks, designs, business names, copyrights, design rights, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests, whether registered or unregistered, the benefit of all applications and rights to use such assets and all Related Rights.

"Intercreditor and Subordination Agreement" means the intercreditor and subordination agreement dated 13 July 2006 under which the claims of the relevant creditors in respect of the Continuing Debt are subordinated to the claims of the Bridge Finance Parties and OpCo Finance Parties under the relevant Finance Documents and certain intercreditor terms are agreed between them.

"Intercreditor Deed" means the intercreditor deed relating to the PropCo Loans dated 13 July 2006 and made between, amongst others, Bluehood Limited, the PropCo Original Lenders, the Original Tranche A1 Hedge Counterparty, the Original Tranche A2 Hedge Counterparty, the Original Tranche B Hedge Counterparty, the Original Tranche C Hedge Counterparty, each PropCo Agent and the Security Trustee.

"Investments" means:

- (a) any stocks, shares, debentures, securities and certificates of deposit (but not including the Shares);
- (b) all interests in collective investment schemes; and
- (c) all warrants, options and other rights to subscribe or acquire any of the investments described in (a) and (b),

in each case whether held directly by or to the order of any Chargor or by any trustee, nominee, fiduciary or clearance system on its behalf and all Related Rights (including all rights against any such trustee, nominee, fiduciary or clearance system).

"Issuing Bank" means each OpCo Lender identified as an Issuing Bank and any other OpCo Lender which has notified the OpCo Agent that it has agreed to Barchester's request to be an Issuing Bank pursuant to the terms of the OpCo Facility Agreement (and if more than one OpCo Lender has so agreed, such OpCo Lenders shall be referred to, whether acting individually or together, as the "Issuing Bank") provided that, in respect of an OpCo Letter of Credit issued or to be issued pursuant to the terms of the OpCo Facility Agreement, the "Issuing Bank" shall be the Issuing Bank which has issued or agreed to issue that OpCo Letter of Credit.

"Jersey Property" means a Property situated in Jersey.

"Jersey Security Document" means:

- (a) the Grove Tax Deed Charge; and
- (b) the sole judicial hypothec (as defined by the law of Jersey) over that part of the property "Lakeside", La Rue de la Commune, St Peter, Jersey, comprising a care home and access road and a sole judicial hypothec (as defined by the law of Jersey) over the contract-lease of the said part of the property by Lakeside Residential Home Limited to the OpCo Tenant in respect of the Jersey Property.

"Lease" means any present or future lease, underlease, sub-lease, licence, tenancy or right to occupy all or any part of a Property and any agreement for the grant of any of the foregoing.

"LPI Hedge Document" means any document evidencing an LPI Hedge Transaction.

"LPI Hedge Transaction" means the indexation hedging transaction pursuant to which the Original LPI Hedge Counterparty pays fixed amounts and Bluehood Limited pays floating amounts determined by reference to changes in the retail price index.

"Maintenance Reserve Account" means each maintenance reserve account maintained by the OpCo Tenant pursuant to the terms of the OpCo Leases.

"Maintenance Reserve Account Charge" means each charge, mortgage or other security in respect of a Maintenance Reserve Account held by OpCo pursuant to the terms of the OpCo Leases.

"Monetary Claims" means any book and other debts and monetary claims owing to each Chargor and any proceeds of such debts and claims (including any claims or sums of money deriving from or in relation to any Intellectual Property, any Investment, the proceeds of any Insurance Policy, any court order or judgment, any contract or agreement to which that Chargor is a party and any other assets, property, rights or undertaking of that Chargor).

"Mortgage" means a mortgage or legal charge in respect of all or any part of the Real Property in favour of the Security Trustee in accordance with Clause 6 (*Further Assurance*) of the PropCo Debenture substantially in the form of Schedule 5 (*Form of Legal Mortgage*) to the PropCo Debenture.

"MRA Priority Agreement" means the priority agreement entered into or to be entered into pursuant to which the **Bridge Finance Parties**, the OpCo Finance Parties and any Tenant Mortgagee agree with PropCo and the Security Trustee that any security held by them in respect of the Maintenance Reserve Account ranks in priority behind the relevant Maintenance Reserve Account Charge and any security held by the Security Trustee in respect of PropCo's interest and rights in the Maintenance Reserve Account, and that they will not enforce their security in respect of the Maintenance Reserve Account without the consent of PropCo and the Security Trustee.

"Occupational Lease" means each OpCo Lease and any other Lease to which a PropCo Obligor's interest in a Property may be directly subject from time to time.

"OpCo" means Barchester Healthcare Homes Limited (registered number 2849519).

"OpCo Accession Letter" means a document substantially in the form set out in Schedule 7 (*Form of Accession Letter*) to the OpCo Facility Agreement.

"OpCo Additional Borrower" means a company which becomes an OpCo Borrower in accordance with Clause 28 (*Changes to the Obligors*) of the OpCo Facility Agreement.

"OpCo Additional Guarantor" means a company which becomes an OpCo Guarantor in accordance with Clause 28 (*Changes to the Obligors*) of the OpCo Facility Agreement.

"OpCo Agent" means The Royal Bank of Scotland plc as agent of the other OpCo Finance Parties.

"OpCo Arranger" means The Royal Bank of Scotland plc as mandated lead arranger.

"OpCo Borrower" means the **OpCo Original Borrower** or an **OpCo Additional Borrower** unless it has ceased to be an **OpCo Borrower** in accordance with Clause 28 (*Changes to the Obligors*) of the OpCo Facility Agreement.

"OpCo Debenture" means the debenture dated 13 July 2006 granted by each OpCo Obligor in favour of the OpCo Security Trustee under which fixed and floating charges are created over the assets of each chargor as security for the Bridge Secured Obligations and the OpCo Secured Obligations.

"OpCo Facility A" means the term loan facility made available under OpCo Facility Agreement as described in paragraph (a)(i) of Clause 2 (*The Facilities*) of the OpCo Facility Agreement.

"OpCo Facility Agreement" means the facility agreement dated 13 July 2006 between The Royal Bank of Scotland plc as arranger, agent, security trustee and original lender, OpCo as borrower and certain of its subsidiaries as guarantors under which, following the occurrence of the Trigger Event, certain loan facilities will be made available to OpCo.

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

"OpCo Facility B" means the term loan facility made available under OpCo Facility Agreement as described in paragraph (a)(ii) of Clause 2 (*The Facilities*) of the OpCo Facility Agreement.

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

"OpCo Fee Letter" means any letter or letters dated 13 July 2006 between the OpCo Arranger and/or the OpCo Agent and/or the OpCo Security Trustee and Barchester setting out any of the fees referred to in Clause 15 (*Fees*) of the OpCo Facility Agreement.

"OpCo Finance Documents" means each of:

- (a) the OpCo Facility Agreement;
- (b) each OpCo Security Document;
- (c) the OpCo Trust Agreement;
- (d) each OpCo Transfer Certificate;
- (e) each OpCo Fee Letter;
- (f) each OpCo Hedge Document;
- (g) each OpCo Utilisation Request;
- (h) the Intercreditor and Subordination Agreement;

- (i) each OpCo Accession Letter;
- (j) the TopCo Priority Letter;
- (k) each MRA Priority Agreement; and
- (l) any document designated as such by the OpCo Agent and Barchester.

"OpCo Finance Party" means the OpCo Agent, the OpCo Arranger, the OpCo Security Trustee, the Issuing Bank, each OpCo Hedge Counterparty and the OpCo Lenders.

"OpCo Group" means TopCo and its subsidiaries from time to time.

"OpCo Guarantor" means an OpCo Original Guarantor or an OpCo Additional Guarantor, unless it has ceased to be a OpCo Guarantor in accordance with Clause 28 (*Changes to the Obligors*) of the OpCo Facility Agreement.

"OpCo Hedge Counterparty" means the OpCo Original Hedge Counterparty and any person who accedes to the OpCo Facility Agreement as an OpCo Hedge Counterparty pursuant to Clause 27.7 (*New Hedge Counterparties*) of the OpCo Facility Agreement.

"OpCo Hedge Documents" means each document recording or evidencing the terms of an OpCo Hedge Transaction.

"OpCo Hedge Transaction" means any swap, cap, floor, collar, option or other transaction (or any combination) entered into by a member of the Group in relation to the OpCo Facility Agreement, and includes:

- (a) the interest rate swap entered into by a member of the Group with the OpCo Original Hedge Counterparty in respect of a notional amount of approximately £16,000,000;
- (b) the interest rate swap entered into by a member of the Group with the OpCo Original Hedge Counterparty in respect of a notional amount of approximately £45,000,000; and
- (c) the interest rate swap entered into by a member of the Group with the OpCo Original Hedge Counterparty in respect of a notional amount of approximately £2,000,000.

"OpCo Lease" means each of:

- (a) the lease of the English Properties to be entered into between Bluehood Limited and Barchester Healthcare Homes Limited and Barchester Nominee (No. 1) Limited on or before the PropCo Utilisation Date;
- (b) the lease of the Scottish Properties to be entered into between Bluehood Limited and Barchester Healthcare Homes Limited and Barchester Nominee (No. 1) Limited on or before the PropCo Utilisation Date; and

- (c) the lease of the Jersey Property to be entered into between Bluehood Limited and Barchester Healthcare Homes Limited and Barchester Nominee (No. 1) Limited on or before the PropCo Utilisation Date,

and any supplemental lease granted pursuant to the terms of any Substitution Agreement, each in agreed form.

"OpCo Legal Charge" means each legal charge entered or to be entered into by an OpCo Obligor in favour of the OpCo Security Trustee in the agreed form.

"OpCo Lender" means:

- (a) any OpCo Original Lender; and
- (b) any person which has become an OpCo Party as an OpCo Lender in accordance with Clause 27 (*Changes to the Lenders*) of the OpCo Facility Agreement,

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

"OpCo Letter of Credit" means:

- (a) a letter of credit, substantially in the form set out in Schedule 4 (*Form of Letter of Credit*) to the OpCo Facility Agreement or in any other form requested by Barchester and agreed by the **OpCo Agent** and the Issuing Bank; or
- (b) any guarantee, indemnity or other instrument in a form requested by an OpCo Borrower (or Barchester on its behalf) and agreed by the OpCo Agent and the Issuing Bank.

"OpCo Loan" means an OpCo Term Loan or an OpCo Revolving Facility Loan.

"OpCo Obligor" means each of the **OpCo Borrowers** and the **OpCo Guarantors**.

"OpCo Original Borrower" means Barchester Healthcare Homes Limited (registration number 2859519).

"OpCo Original Guarantors" means the Subsidiaries of Grove Limited listed in Part III of Schedule 1 (*The Original Parties*) to the OpCo Facility Agreement as original guarantors (together with the OpCo Original Borrower).

"OpCo Original Hedge Counterparty" means The Royal Bank of Scotland plc as counterparty to the OpCo Hedge Documents.

"OpCo Original Lender" means the financial institution listed in Part I of Schedule 1 (*The Original Parties*) to the OpCo Facility Agreement as lender.

"OpCo Party" means a party to the OpCo Facility Agreement or to any other OpCo Finance Document.

"OpCo / PropCo Utilisation Date" means the date of the first "OpCo Utilisation" as defined in and pursuant to the OpCo Facility Agreement and the first "PropCo Utilisation" as defined in and pursuant to the PropCo Facility Agreement.

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

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

"OpCo Secured Obligations" means all present and future obligations and liabilities (whether actual or contingent, whether owed jointly, severally or in any other capacity whatsoever and whether originally incurred by any OpCo Obligor or by some other person) of each OpCo Obligor to the OpCo Finance Parties (or any of them) under each of the OpCo Finance Documents except for any obligation or liability which, if it were so included, would cause that obligation or liability or any of the Security in respect thereof, to be unlawful or prohibited by any applicable law (as defined in the OpCo Facility Agreement).

"OpCo Security" means the Security granted to secure the Bridge Secured Obligations and the OpCo Secured Obligations.

"OpCo Security Document" means:

- (a) the OpCo Debenture;
- (b) any OpCo Legal Charge;
- (c) each Scottish Security Document;
- (d) each Jersey Security Document;
- (e) each Guernsey Security Document;
- (f) the OpCo Share Charge;
- (g) any other document evidencing or creating Security to secure any OpCo Secured Obligation; and

any other document designated as such by the OpCo Security Trustee and an OpCo Obligor.

"OpCo Security Trustee" means The Royal Bank of Scotland plc as security trustee in relation to the OpCo Security.

"OpCo Share Charge" means the charge dated 13 July 2006 granted by TopCo in favour of the Bridge Security Trustee under which a charge is created over the shares of Barchester as security for the Bridge Secured Obligations and the OpCo Secured Obligations.

"OpCo Tenant" means a tenant under an OpCo Lease.

"OpCo Term Loan" means an OpCo Facility A Loan or an OpCo Facility B Loan.

"OpCo Transfer Certificate" means a certificate substantially in the form set out in Schedule 6 (*Form of Transfer Certificate*) to the OpCo Facility Agreement or any other form agreed between the OpCo Agent and Barchester.

"OpCo Trust Agreement" means the trust agreement dated 13 July 2006 relating to the OpCo Security.

"OpCo Utilisation" means an OpCo Loan or an OpCo Letter of Credit.

"OpCo Utilisation Date" means the date on which an OpCo Utilisation is made.

"OpCo Utilisation Request" means a notice substantially in the relevant form set out in Part I of Schedule 3 (*Requests*) to the OpCo Facility Agreement.

"Original LPI Hedge Counterparty" means The Royal Bank of Scotland plc as counterparty to the LPI Hedge Documents.

"Original Tranche A1 Hedge Counterparty" means The Royal Bank of Scotland plc as counterparty to the Tranche A1 Hedge Documents.

"Original Tranche A2 Hedge Counterparty" means The Royal Bank of Scotland plc as counterparty to the Tranche A2 Hedge Documents.

"Original Tranche B Hedge Counterparty" means The Royal Bank of Scotland plc as counterparty to the Tranche B Hedge Documents.

"Original Tranche C Hedge Counterparty" means The Royal Bank of Scotland plc as counterparty to the Tranche C Hedge Documents.

"Parent" means Grove Limited, a company incorporated in Jersey with registration number 74757.

"PropCo" means Bluehood Limited (registered number 5828394).

"PropCo Accession Letter" means a document substantially in the form set out in Schedule 6 (*Form of Accession Letter*) to the PropCo Facility Agreement.

"PropCo Agent" means the Tranche A1 Agent, the Tranche A2 Agent, the Tranche B Agent and the Tranche C Agent (including that person when acting in the capacity of Instructing Agent).

"PropCo Arranger" means The Royal Bank of Scotland plc as the mandated lead arranger of each PropCo Facility.

"PropCo Control Account" means each of the Disposal Proceeds Account, Receipts Account, Insurance Proceeds Account, Rectification Account, Maintenance Reserve Account, General Account, VAT Account and any Hedging Collateral Account.

"PropCo Debenture" means each fixed and floating charge debenture entered or to be entered into by a PropCo Obligor and/or TopCo in favour of the Security Trustee in the agreed form.

"PropCo Facility" means each of the Tranche A1 Facility, the Tranche A2 Facility, the Tranche B Facility or the Tranche C Facility.

"PropCo Facility Agreement" means the facility agreement dated 13 July 2006 made between, among others, Bluehood Limited, the persons listed therein as PropCo Original Guarantors and PropCo Original Lenders and The Royal Bank of Scotland plc as PropCo Arranger, the Tranche A1 Agent, the Tranche A2 Agent, Tranche B Agent, Tranche C Agent and the Security Trustee, each as defined in the PropCo Facility Agreement as amended, varied, novated or supplemented from time to time.

"PropCo Fee Letter" means any letter or letters dated 13 July 2006 between the PropCo Arranger and/or a PropCo Agent and/or the Security Trustee and Bluehood Limited setting out any of the fees referred to in Clause 11 (*Fees*) of the PropCo Facility Agreement.

"PropCo Finance Documents" means:

- (a) the PropCo Facility Agreement;
- (b) each PropCo Security Document;
- (c) the PropCo Trust Agreement;
- (d) each PropCo Subordination Agreement;
- (e) each PropCo Transfer Certificate
- (f) each PropCo Fee Letter;
- (g) each PropCo Hedge Document;
- (h) the Tax and Costs Facility Deed;
- (i) the TopCo Priority Letter;
- (j) each PropCo Utilisation Request;
- (k) each Substitution Agreement;
- (l) the Intercreditor Deed;
- (m) the MRA Priority Agreement;
- (n) each PropCo Margin Letter;
- (o) the Tax Deed of Covenant;
- (p) each PropCo Accession Letter; and
- (q) any document designated as such by the Instructing Agent and Bluehood Limited.

each as defined in the PropCo Facility Agreement.

"PropCo Finance Party" means each PropCo Agent, the PropCo Arranger, the Security Trustee, each PropCo Hedge Counterparty and the PropCo Lenders.

"PropCo Guarantor" means each of the persons identified as a PropCo Original Guarantor in Part 2 of Schedule 1 (*Original Parties*) to the PropCo Facility Agreement and each PropCo New Obligor.

"PropCo Hedge Counterparty" means the Original Tranche A1 Hedge Counterparty, the Original Tranche A2 Counterparty, the Original Tranche B Hedge Counterparty the Original Tranche C Counterparty, the Original LPI Hedge Counterparty and any person appointed as a PropCo Hedge Counterparty pursuant to Clause 25.6 (*New Hedge Counterparties*) of the PropCo Facility Agreement.

"PropCo Hedge Document" means a Tranche A1 Hedge Document, a Tranche A2 Hedge Document, a Tranche B Hedge Document, a Tranche C Hedge Document or an LPI Hedge Document.

"PropCo HoldCo Tax Deed Charge" means a second ranking English law share charge over all the shares of the Bluehood Limited granted by Property Holdco in favour of the Bluehood Limited in agreed form.

"PropCo Legal Charge" means each legal charge entered or to be entered into by a PropCo Obligor over an English Property in favour of the Security Trustee in the agreed form.

"PropCo Lender" means:

- (a) any PropCo Original Lender; and
- (b) any person which has become a PropCo Party as a PropCo Lender in accordance with Clause 25 (*Changes to Finance Parties*) of the PropCo Facility Agreement,

which, in each case, has not ceased to be a party in accordance with the terms of the PropCo Facility Agreement.

"PropCo Loan" means a Tranche A1 Loan, a Tranche A2 Loan, a Tranche B Loan or a Tranche C Loan.

"PropCo Margin Letter" means each margin letter dated 13 July 2006 and made between Bluehood Limited and the PropCo Arranger.

"PropCo New Lender" has the meaning given to it by Clause 25.1 (*Assignment and transfers by the Lenders*) of the PropCo Facility Agreement.

"PropCo New Obligor" means any person which at any time becomes a PropCo New Obligor in accordance with Clause 26.2 (*New Obligors*) of the PropCo Facility Agreement.

"PropCo Obligors" means Bluehood Limited and the PropCo Guarantors (each a **"PropCo Obligor"**).

"PropCo Original Guarantors" means the persons listed in Part II of Schedule 1 (*Original Parties*) to the PropCo Facility Agreement (each a **"PropCo Original Guarantor"**).

"PropCo Original Lenders" means the persons listed in Part I of Schedule 1 (*Original Parties*) to the PropCo Facility Agreement.

"PropCo Party" means a party to the PropCo Facility Agreement or to any other PropCo Finance Document.

"PropCo Secured Obligations" means all present and future obligations and liabilities (whether actual or contingent, whether owed jointly, severally or in any other capacity whatsoever and whether originally incurred by any PropCo Obligor or by some other person) of each PropCo Obligor to the PropCo Finance Parties (or any of them) under each of the PropCo Finance Documents except for any obligation or liability which, if it were so included, would cause that obligation or liability or any of (as defined in the PropCo Facility Agreement).

"PropCo Secured Parties" means the PropCo Finance Parties as defined in the PropCo Facility Agreement.

"PropCo Security" means the Security granted to secure the Bridge Secured Obligations and the PropCo Secured Obligations.

"PropCo Security Document" means:

- (a) each PropCo Debenture;
- (b) any PropCo Legal Charge;
- (c) each Scottish Security Document;
- (d) each Jersey Security Document;
- (e) each PropCo Shares Charge;
- (f) the TopCo Tax Deed Charge;
- (g) the PropCo HoldCo Tax Deed Charge;
- (h) any Securitisation Floating Charge Debenture;
- (i) any other document evidencing or creating Security to secure any PropCo Secured Obligation; and
- (j) any other document designated as such by the Security Trustee and a PropCo Obligor.

"PropCo Share Charge" means the charge dated 13 July 2006 granted by TopCo in favour of the Bridge Security Trustee under which a charge is created over the shares of Property HoldCo as security for the Bridge Secured Obligations and the PropCo Secured Obligations.

"PropCo Subordination Agreement" means the deed of subordination in agreed form made between, amongst others, Bluehood Limited, the PropCo Obligors and members of the OpCo Group as subordinated creditors and the Security Trustee.

"PropCo Transfer Certificate" means a certificate substantially in the form set out in Schedule 5 (*Form of Transfer Certificate*) to the PropCo Facility Agreement or any other form agreed between the Instructing Agent and Bluehood Limited.

"PropCo Trust Agreement" means the trust agreement dated 13 July 2006 between, amongst others, Bluehood Limited, the Security Trustee, each PropCo Agent and each PropCo Original Lender.

"PropCo Utilisation" means a utilisation of a PropCo Facility.

"PropCo Utilisation Date" means the date of a PropCo Utilisation, being the date on which a PropCo Loan is to be made.

"PropCo Utilisation Request" means a notice substantially in the form set out in Schedule 3 (*Utilisation Request*) to the PropCo Facility Agreement.

"Property" means:

- (a) each Initial Property;
- (b) any Replacement Property; and
- (c) any Cure Property,

but any such property shall cease to be included in this definition if that property is irrevocably released from the Security constituted under the PropCo Finance Documents.

"Property HoldCo" means Barchester Holdco Limited (registered number 5843985).

"Property Sale Agreement" means each sale agreement for sale and lease relating to the transfer of Initial Properties (and related furniture, fittings and equipment) to Bluehood Limited and the grant of each OpCo Lease, in agreed form.

"Real Property" means:

- (a) any freehold, leasehold, heritable or immovable property including the freehold and leasehold property in England and Wales specified in Schedule 6 (*List of Mortgaged Property*) to the PropCo Debenture (and Schedule 1 (*Details of Mortgaged Property*) to the PropCo Debenture) to each Mortgage; and
- (b) any buildings, fixtures, fittings, fixed plant or machinery from time to time situated on or forming part of such freehold, heritable or leasehold property,

and includes all Related Rights.

"Receipts Account" means the account maintained by Bluehood Limited in accordance with Clause 20.1(a)(ii) (*Designation of Control Accounts*) of the PropCo Facility Agreement and includes its interest in any replacement account or sub-division or sub-account of that account.

"Receiver" means a receiver or receiver and manager or, where permitted by law, an administrative receiver of the whole or any part of the Charged Property and that term will include any appointee made under a joint and/or several appointment.

"Rectification Account" means the account maintained by Bluehood Limited in accordance with Clause 20.2(a)(iv) (*Designation of Control Accounts*) of the PropCo Facility Agreement and includes its interest in any replacement account or sub-division or sub-account of that account.

"Related Rights" means, in relation to any asset:

- (a) the proceeds of sale of any part of that asset;
- (b) all rights under any licence, agreement for sale or agreement for lease in respect of that asset;
- (c) all rights, powers, benefits, claims, contracts, warranties, remedies, security, guarantees, indemnities, undertakings or covenants for title in respect of that asset; and
- (d) any monies and proceeds paid or payable in respect of that asset.

"Rental Income" means all sums paid or payable to or for the benefit of any PropCo Obligor arising from the letting, use or occupation of all or any part of any Property, including, without limitation:

- (a) rents, licence fees and equivalent sums reserved or made payable;
- (b) sums received from any deposit held as security for performance of any tenant's obligations;
- (c) fixtures, fittings and equipment;
- (d) proceeds of insurance in respect of loss of rent or interest on rent;
- (e) receipts from or the value of consideration given for the grant, surrender, renunciation or variation of any Lease;
- (f) any service charge payments;
- (g) proceeds paid for a breach of undertaking or covenant or dilapidations under any Lease in relation to a Property and for expenses incurred in relation to any such breach and which in the case of a breach of a repeating undertaking or covenant is not applied towards the remedy of that breach or the payment of those expenses;
- (h) any contribution to a sinking fund paid by a tenant under an Occupational Lease;

- (i) any contribution by a tenant of a Property to ground rent due under any Head Lease;
- (j) any payment from a guarantor or other surety in respect of any of the items listed in this definition;
- (k) interest, damages or compensation in respect of any of the items in the definition; and

to the extent not already part of the amounts referred to in paragraphs (a) to (c) above, any amount in respect of or which represents VAT.

"Replacement Property" means a property which is substituted for a Substituted Property in accordance with the terms of the Substitution Agreement, and thereby becomes a Property for the purposes of the PropCo Facility Agreement.

"Scottish Floating Charge" means a floating charge governed by the laws of Scotland and granted in favour of the Security Trustee.

"Scottish Security" means a standard security and/or Scottish Floating Charge and/or an Assignment of Rents.

"Scottish Security Document" means each Scottish Floating Charge and each Standard Security and each Assignment of Rents in the agreed form in relation to Property situated in Scotland.

"Secured Parties" means the Security Trustee, any Receiver or Delegate (as defined in the PropCo Trust Agreement) each Bridge Secured Party and each PropCo Secured Party **provided that** in the case of each Bridge Secured Party and each PropCo Secured Party such person is party to or has acceded to the PropCo Trust Agreement in accordance with its terms.

"Securitisation" means any securitisation or transaction of broadly equivalent economic effect relating to, or made by reference to, the whole or any part of any PropCo Loan (whether with or without other loans) and **"Securitized"** and similar expressions shall be construed accordingly.

"Securitisation Floating Charge Debenture" means the floating charge debenture in the agreed form to be entered into by each PropCo Obligor and TopCo in favour of the Security Trustee at the time of any Securitisation.

"Security" means a mortgage, standard security, charge (fixed or floating), pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement entered into to create or confer security over any asset.

"Security Accession Deed" means a deed of accession executed by a member of the Grove Group in substantially in the form set out in Schedule 2 to the PropCo Debenture pursuant to which such member of the Grove Group becomes a party to the PropCo Debenture as a Chargor.

"Shares" means all of the shares in the capital of each of the companies specified in Column B of the table set out in Schedule 3 (*Details of Shares*) to the PropCo Debenture held by, to the order or on behalf of each company specified in relation thereto in Column A of the table set out in Schedule 3 (*Details of Shares*) to the PropCo Debenture at any time.

"Share Charge" means each of the following:

- (a) the PropCo Share Charge; and
- (b) the OpCo Share Charge.

"Specific Contracts" means each Hedge Document, each Property Sale Agreement, the Tax and Costs Facility Deed and each Maintenance Reserve Account Charge.

"Standard Security" means each standard security, governed by Scots law, granted by Bluehood Limited in favour of the Security Trustee in the agreed form in relation to Property situated in Scotland.

"Subsidiary" means a subsidiary within the meaning of Section 736 of the Companies Act 1985 and includes a subsidiary undertaking within the meaning of section 258 of the Companies Act 1985.

"Substituted Property" means a property which is substituted by a Replacement Property in accordance with the terms of the Substitution Agreement, and thereby ceases to be a Property for the purposes of the PropCo Facility Agreement.

"Substitution Agreement" means:

- (a) the substitution agreement in the agreed form relating to the substitution of English Properties; and
- (b) the substitution agreement in the agreed form relating to the substitution of Scottish Properties,

both to be entered into on or before the PropCo Utilisation Date between, amongst others, Bluehood Limited and the Security Trustee.

"Tangible Moveable Property" means any plant, machinery, office equipment, computers, vehicles and other chattels (excluding any for the time being forming part of each Chargor's stock in trade or work in progress) and all Related Rights.

"Tax and Costs Facility Deed" means the tax and costs facility deed entered or to be entered into between, amongst others, the PropCo Obligors, each OpCo Guarantor and the Security Trustee.

"Tax Deed of Covenant" means the tax deed of covenant entered or to be entered into between, amongst others, PropCo, Property HoldCo, TopCo and the Parent.

"Tenant Mortgagee" has the meaning given to it in the OpCo Lease.

"TopCo" means Barchester Holdco (Jersey) Limited a company incorporated in Jersey with incorporation number 93880.

"TopCo Priority Letter" means the priority letter to be entered into between amongst others, the OpCo Security Trustee and the Security Trustee dated on or after 13 July 2006.

"TopCo Tax Deed Charge" means a second ranking English law share charge over all the issued shares in Property HoldCo granted by TopCo in favour of the Bluehood Limited in agreed form.

"Tranche A1 Agent" means The Royal Bank of Scotland plc as agent for the Tranche A1 Lenders.

"Tranche A1 Commitment" means:

- (a) in relation to a PropCo Lender, the amount in Sterling set opposite its name under the heading "Tranche A1 Commitment" in Part I of Schedule 1 (*Original Parties*) and the amount of any other Tranche A1 Commitment transferred to it under the PropCo Facility Agreement; and
- (b) in relation to any PropCo New Lender, the amount in Sterling of any Tranche A1 Commitment transferred to it under the PropCo Facility Agreement,

to the extent not cancelled, reduced, increased or transferred under the PropCo Facility Agreement.

"Tranche A1 Discharge Date" means the date on which all Tranche A1 Loans and other amounts owing to the Tranche A1 Lenders under the PropCo Finance Documents have been unconditionally and irrevocably repaid and paid and the aggregate Tranche A1 Commitments equal zero.

"Tranche A1 Facility" means the term loan facility made available to Bluehood Limited pursuant to Clause 2.1 (a) (*The Facilities*) of the PropCo Facility Agreement.

"Tranche A1 Hedge Counterparty" means the Original Tranche A1 Hedge Counterparty and any person appointed as a Hedge Counterparty pursuant to Clause 25.6 (*New Hedge Counterparties*) of the PropCo Facility Agreement in connection with, or otherwise relating to, the Tranche A1 Loans.

"Tranche A1 Hedge Documents" means any document recording or evidencing the terms of any Tranche A1 Hedge Transaction, including:

- (a) an ISDA Master Agreement, schedule and credit support annex made between the Tranche A1 Hedge Counterparty and Bluehood Limited; and
- (b) each confirmation pursuant to that ISDA Master Agreement relating to a Tranche A1 Hedge Transaction.

"Tranche A1 Hedge Transaction" means any swap, cap, floor, collar, option or other transaction (or any combination) entered into by Bluehood Limited and a Tranche A1 Hedge Counterparty in connection with the Tranche A1 Facility.

"Tranche A1 Lender" means a PropCo Lender which has a Tranche A1 Commitment.

"Tranche A1 Loan" means the loan made or to be made under the Tranche A1 Facility or the principal amount outstanding for the time being of that loan.

"Tranche A2 Agent" means The Royal Bank of Scotland plc as agent for the Tranche A2 Lenders.

"Tranche A2 Commitment" means:

- (a) in relation to a PropCo Lender, the amount in Sterling set opposite its name under the heading "Tranche A2 Commitment" in Part I of Schedule 1 (*Original Parties*) to the PropCo Facility Agreement and the amount of any other Tranche A2 Commitment transferred to it under the PropCo Facility Agreement; and
- (b) in relation to any PropCo New Lender, the amount in Sterling of any Tranche A2 Commitment transferred to it under the PropCo Facility Agreement,

to the extent not cancelled, reduced, increased or transferred under the PropCo Facility Agreement.

"Tranche A2 Discharge Date" means the date on which all Tranche A2 Loans and other amounts owing to the Tranche A2 Lenders under the PropCo Finance Documents have been unconditionally and irrevocably repaid and paid and the aggregate Tranche A2 Commitments equal zero.

"Tranche A2 Facility" means the term loan facility made available to Bluehood Limited pursuant to Clause 2.1(b) (*The Facilities*) of the PropCo Facility Agreement.

"Tranche A2 Hedge Counterparty" means the Original Tranche A2 Hedge Counterparty and any person appointed as a Hedge Counterparty pursuant to Clause 25.6 (*New Hedge Counterparties*) of the PropCo Facility Agreement in connection with, or otherwise relating to, the Tranche A2 Loans.

"Tranche A2 Hedge Documents" means any document recording or evidencing the terms of any Tranche A2 Hedge Transaction, including:

- (a) an ISDA Master Agreement, schedule made between the Tranche A2 Hedge Counterparty and Bluehood Limited; and
- (b) each confirmation made pursuant to that ISDA Master Agreement relating to a Tranche A2 Hedge Transaction.

"Tranche A2 Hedge Transaction" means any swap, cap, floor, collar, option or other transaction (or any combination) entered into by Bluehood Limited and a Tranche A2 Hedge Counterparty in connection with the Tranche A2 Facility.

"Tranche A2 Lender" means a PropCo Lender which has a Tranche A2 Commitment.

"Tranche A2 Loan" means the loan made or to be made under the Tranche A2 Facility or the principal amount outstanding for the time being of that loan.

"Tranche B Agent" means The Royal Bank of Scotland plc as agent for the Tranche B Lenders.

"Tranche B Commitment" means:

- (a) in relation to a PropCo Lender, the amount in Sterling set opposite its name under the heading "Tranche B Commitment" in Part I of Schedule 1 (*Original Parties*) to the PropCo Facility Agreement and the amount of any other Tranche B Commitment transferred to it under the PropCo Facility Agreement; and
- (b) in relation to any PropCo New Lender, the amount in Sterling of any Tranche B Commitment transferred to it under the PropCo Facility Agreement,

to the extent not cancelled, reduced, increased or transferred under the PropCo Facility Agreement.

"Tranche B Discharge Date" means the date on which all Tranche B Loans and other amounts owing to the Tranche B Lenders under the PropCo Finance Documents have been unconditionally and irrevocably repaid and paid and the aggregate Tranche B Commitments equal zero.

"Tranche B Facility" means the term loan facility made available under Clause 2.1(c) (*The Facilities*) of the PropCo Facility Agreement.

"Tranche B Hedge Counterparty" means the Original Tranche B Hedge Counterparty and any person appointed as a Hedge Counterparty pursuant to Clause 25.6 (*New Hedge Counterparties*) of the PropCo Facility Agreement and any counterparty to any Hedge Document entered into by Bluehood Limited in connection with, or otherwise relating to, the Tranche B Loans.

"Tranche B Hedge Documents" means any document recording or evidencing the terms of any Tranche B Hedge Transaction, including:

- (a) an ISDA Master Agreement and schedule made between the Tranche B Hedge Counterparty and Bluehood Limited; and
- (b) each confirmation made pursuant to that ISDA Master Agreement relating to a Tranche B Hedge Transaction.

"Tranche B Hedge Transaction" means any swap, cap, floor, collar, option or other transaction (or any combination) entered into by Bluehood Limited and a Tranche B Hedge Counterparty in connection with the Tranche B Facility.

"Tranche B Lender" a PropCo Lender which has a Tranche B Commitment.

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

"Tranche C Agent" means The Royal Bank of Scotland plc as agent for the Tranche C Lenders.

"Tranche C Commitment" means:

- (a) in relation to a PropCo Lender, the amount in Sterling set opposite its name under the heading "Tranche C Commitment" in Part I of Schedule 1 (*Original Parties*) to the PropCo Facility Agreement and the amount of any other Tranche C Commitment transferred to it under the PropCo Facility Agreement; and
- (b) in relation to any PropCo New Lender, the amount in Sterling of any Tranche C Commitment transferred to it under the PropCo Facility Agreement,

"Tranche C Facility" means the term loan facility made available under Clause 2.1(d) (*The Facilities*) of the PropCo Facility Agreement.

"Tranche C Hedge Counterparty" means the Original Tranche C Hedge Counterparty and any person appointed as a Hedge Counterparty pursuant to Clause 25.6 (*New Hedge Counterparties*) of the PropCo Facility Agreement and any counterparty to any Hedge Document entered into by Bluehood Limited in connection with, or otherwise relating to, the Tranche C Loans.

"Tranche C Hedge Documents" means any document recording or evidencing the terms of any Tranche C Hedge Transaction including:

- (a) an ISDA Master Agreement and schedule made between the Tranche C Hedge Counterparty and Bluehood Limited; and
- (b) each confirmation made pursuant to that ISDA Master Agreement relating to a Tranche C Hedge Transaction.

"Tranche C Hedge Transaction" means any swap, cap, floor, collar, option or other transaction (or any combination) entered into by Bluehood Limited and a Tranche C Hedge Counterparty in connection with the Tranche C Facility.

"Tranche C Lender" means a PropCo Lender which has a Tranche C Commitment.

"Tranche C Loan" means the loan made or to be made under the Tranche C Facility or the principal amount outstanding for the time being of that loan.

"Trigger Event" means receipt of a certificate satisfactory to the PropCo Arranger from Deloitte & Touche confirming that OpCo has achieved rent cover of 130% on the basis of the level of adjusted 2006 six month look back EBITDAR generated by the Properties (annualised) compared to the contractual rent payable by the OpCo Tenants in the first year of the OpCo Lease (£66,000,000).

"**VAT**" means value added tax as imposed by the VATA and any other tax of a similar fiscal nature whether imposed in the United Kingdom (instead of or in addition to value added tax) or elsewhere from time to time.

"**VATA**" means the United Kingdom Value Added Tax Act 1994.

"**VAT Account**" means the account maintained by Bluehood Limited in accordance with Clause 20.1(a)(vi) (*Designation of Control Accounts*) of the PropCo Facility Agreement and includes its interest in any replacement account or sub-division or sub-account of that account.

SCHEDULE 2
AMOUNT SECURED BY THE MORTGAGE OR CHARGE

Each Chargor covenanted and undertook to with the Security Trustee as trustee for the Secured Parties that it shall on demand of the Security Trustee discharge all of the Bridge Secured Obligations in accordance with the Bridge Finance Documents and the OpCo Secured Obligations in accordance with the OpCo Finance Documents, including any liability in respect of any further advances made under the Bridge Finance Documents or the OpCo Finance Documents, whether present or future, actual or contingent (and whether incurred solely or jointly and whether as principal or as surety or in some other capacity) provided that neither such covenant or undertaking nor the security constituted by the OpCo Debenture or any Mortgage or any Scottish Security shall extend to or include any liability or sum which would, but for this proviso, cause such covenant or undertaking or security to be unlawful or prohibited by any applicable law.

SCHEDULE 3

SHORT PARTICULARS OF ALL THE PROPERTY MORTGAGED OR CHARGED

FIXED CHARGES, ASSIGNMENTS AND FLOATING CHARGES

In the PropCo Debenture each Chargor:

- (a) charged with full title guarantee in favour of the Security Trustee as trustee for the Secured Parties with the payment and discharge of the Bridge Secured Obligations up to and including the OpCo Utilisation Date and the OpCo Secured Obligations thereafter, by way of first fixed charge (which so far as it relates to land in England and Wales vested in each Chargor at the date of the OpCo Debenture (or, if later, the date on which such Chargor acceded as party to the OpCo Debenture) shall be a charge by way of legal mortgage) all the Chargor's right, title and interest from time to time in and to each of the following assets (subject to obtaining any necessary consent to such mortgage or fixed charge from any third party):
 - (i) the Real Property (other than any Real Property situated in Scotland);
 - (ii) the Tangible Moveable Property (other than any Tangible Moveable Property situated in Scotland);
 - (iii) the Accounts;
 - (iv) the Intellectual Property;
 - (v) any goodwill and rights in relation to the uncalled capital of each Chargor;
 - (vi) any rent deposits and all Related Rights (other than any rent deposits and rental rights in relation to Real Property situated in Scotland);
 - (vii) the Investments;
 - (viii) the Shares, all dividends, interest and other monies payable in respect of the Shares and all other Related Rights (whether derived by way of redemption, bonus, preference, option, substitution, conversion or otherwise); and
 - (ix) all Monetary Claims and all Related Rights other than any claims which are otherwise subject to a fixed charge or assignment (at law or in equity) pursuant to the OpCo Debenture.
- (b) assigned and agreed to assign absolutely with full title guarantee to the Security Trustee as trustee for the Secured Parties as security for the payment and discharge of the OpCo Secured Obligations all the Chargor's right, title and interest from time to time in and to each of the following assets (subject to obtaining any necessary consent to such assignment from any third party):
 - (i) the proceeds of any Insurance Policy and all Related Rights;
 - (ii) all rights and claims in relation to any Assigned Account;

- (iii) the Specific Contracts (other than specific contracts which related to Real Property situated in Scotland); and
 - (iv) any Rental Income (other than Rental Income in relation to any Real Property situated in Scotland) and all Related Rights.
- (c) charged with full title guarantee in favour of the Security Trustee as trustee for the Secured Parties with the payment and discharge of the OpCo Secured Obligations by way of first floating charge all present and future assets and undertaking of that Chargor.
- (d) Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created pursuant to the OpCo Debenture.

FURTHER ASSURANCE

The OpCo Debenture contains covenants for further assurance.

NEGATIVE PLEDGE

The OpCo Debenture contains a negative pledge.

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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. 02006031

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEBENTURE DATED THE 13th JULY 2006 AND CREATED BY COMMUNITY CARE LIMITED FOR SECURING THE BRIDGE SECURED OBLIGATIONS BEING ALL MONIES DUE OR TO BECOME DUE FROM EACH BRIDGE OBLIGOR TO THE BRIDGE FINANCE PARTIES OR BRIDGE OVERDRAFT BANKS (OR ANY OF THEM) AND THE OPCO SECURED OBLIGATIONS BEING ALL MONIES DUE OR TO BECOME DUE FROM EACH OPCO OBLIGOR TO THE OPCO FINANCE PARTIES (OR ANY OF THEM) UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 20th JULY 2006.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 25th JULY 2006.

P. Cens



Companies House

— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES