

**THE COMPANIES ACT 1985**  
**PRIVATE COMPANY LIMITED BY SHARES**

**WRITTEN RESOLUTION**

of

**AVALON NURSING HOMES LIMITED**  
**("the Company")**

**Passed on : 12<sup>th</sup> February 2003**



We, at the date hereof being all the members of the Company who would be entitled to attend and vote at a General Meeting of the Company, hereby unanimously agree that the following resolutions be passed as written resolutions of the Company pursuant to Section 381A of the Companies Act 1985 (the "Act"), namely:

**SPECIAL RESOLUTIONS**

- 1 That the objects clause of the Memorandum of Association of the Company be altered by the insertion of an additional clause as follows:  
  
"3.(s) If and only to the extent permitted by the Companies Act 1985, to give whether directly or indirectly, any kind of financial assistance (as defined in section 152(1)(a) of the Companies Act 1985) for any such purpose as is specified in section 151(1) and/or section 151(2) of the Companies Act 1985."
- 2 That the existing clause 3(s) of the Memorandum of Association of the Company be re-numbered 3(t).
- 3 That the giving of financial assistance (as defined in section 152 of the Companies Act 1985 (the "Act")) by the Company to Barchester Healthcare Homes Limited ("the Buyer") for the purpose of the acquisition of shares in the Company as described in the statutory declaration made pursuant to section 155(6) of the Act, a copy of which is attached, be and is hereby approved.
- 4 That the Company approves and the Company be and is hereby authorised to execute the following documents (together the "Security Documents"), copies of which are attached, in favour of The Royal Bank of Scotland Public Limited Company (the "Bank"):

4.1.1 a debenture (the "Debenture") between the Company and the Bank containing fixed and floating charges over the whole of the Company's property, undertaking and assets;

4.1.2 an unlimited guarantee (the "Guarantee") pursuant to which the Company will guarantee the payment of, amongst other things, all moneys and liabilities due or incurred by the Buyer to the Bank;

4.1.3 a legal charge, in favour of the Bank (the "Legal Charge") over the Company's following properties:

4.1.3.1 Aschcombe House Nursing Home, Worting Road, Basingstoke, Hants RG1 7YU;

4.1.3.2 High Habberley Nursing Home, Habberley Road, Habberley, Kidderminster, Worcs DY11 5RJ;

4.1.3.3 Hollyfields Nursing Home, Habberley Road, Habberley, Kidderminster, Worcs DY11 5RJ; and

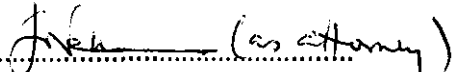
4.1.3.4 St Thomas' Nursing Home, St Thomas' Close, Basingstoke, Hants, RG21 2NW.

5 That the execution of the Security Documents and the assumption of its obligations thereunder is in the best interests of the Company and the approval of the Company to enter into the Security Documents is given and authorised notwithstanding that the Company is entering into some of the Security Documents for the purposes of, amongst other things, assisting the Buyer to acquire the Company's shares.

6 That the resolutions shall have effect notwithstanding any provision of the Company's articles of association.

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**Avalon (Guernsey) Limited**

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Date

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 (as attorney)

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12.2.03

**Susan Newman**

Date

John (as attorney)

**Karin Lewis**

12.02.03

Date

John

**Michael Newman**

12.02.03

Date

John (as attorney)

12.02.03

**Blaise Lewis**

Date

[Signature]

12.02.03

**Colin Atkinson**

Date

[Signature] (as attorney)

12.02.03

**June Atkinson**

Date

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**SPECIAL RESOLUTIONS**

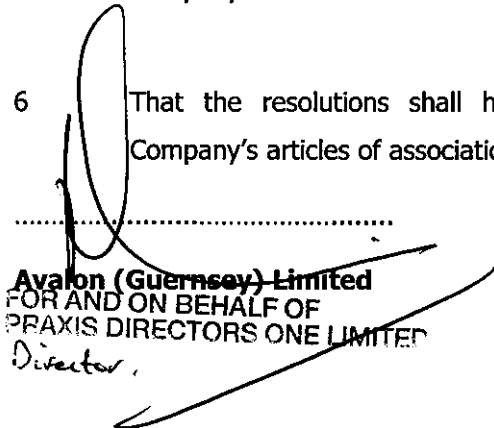
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  - 4.1.3.3 Hollyfields Nursing Home, Habbarley Road, Habbarley, Kidderminster, Worcs DY11 5RJ; and
  - 4.1.3.4 St Thomas' Nursing Home, St Thomas' Close, Basingstoke, Hants, RG21 2NW.

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6 That the resolutions shall have effect notwithstanding any provision of the Company's articles of association.

  
Avalon (Guernsey) Limited  
FOR AND ON BEHALF OF  
PRAXIS DIRECTORS ONE LIMITED  
Director.

12/02/2003  
Date

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**Susan Newman**

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Date

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**Karin Lewis**

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Date

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**Michael Newman**

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Date

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**Blaise Lewis**

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Date

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**Colin Atkinson**

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Date

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**June Atkinson**

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Date