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CHFP025

COMPANIES FORM No. 155(6)b

Declaration by the directors of a holding company in relation to assistance for the acquisition of shares

155(6)b

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write in this
margin

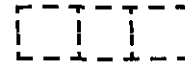
Pursuant to section 155(6) of the Companies Act 1985

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

To the Registrar of Companies
(Address overleaf - Note 5)

For official use

Company number



2706124

Name of company

Note
Please read the notes
on page 3 before
completing this form.

* CONQUEST CARE HOMES (PETERBOROUGH) LIMITED

* insert full name
of company

*/We ☒ Michael Anthony Stratford of 10 Anne Hathaway Drive, Churchdown,
Gloucester GL3 2PX and George Henry Blackoe of 4 Ridgeway, Nettleham,
Lincoln, Lincolnshire LN2 2TL

☒ insert name(s) and
address(es) of all
the directors

† delete as
appropriate

~~[the sole director]~~ [all the directors]† of the above company (hereinafter called 'this company') do
solemnly and sincerely declare that:

§ delete whichever
is inappropriate

The business of this company is:

- ~~(a) that of a recognised bank licensed institution within the meaning of the Banking Act 1979~~
~~(b) that of a person authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on
insurance business in the United Kingdom~~
(c) something other than the above§

This company is ~~the~~ [a] holding company of* Conquest Care Homes (March) Limited
(the "Company") which is

proposing to give financial assistance in connection with the acquisition of shares
in [this company] [namely Conquest Care Homes (Peterborough) Limited

~~the holding company of this company.~~†

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

Barlow Lyde & Gilbert
Beaufort House
15 St Botolph Street
London EC3A 7NJ

For official Use
General Section

Post room



0541
28/11/00

The assistance is for the purpose of ~~that acquisition~~ [reducing or discharging a liability incurred for the purpose of that acquisition].† (note 1)

Please do not write in this margin

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

The number and class of the shares acquired or to be acquired is: 102 Ordinary Shares of £1 each in this company

The assistance is to be given to: (note 2) CRAEGMOOR GROUP LIMITED (formerly known as Craegmoor Healthcare Company Limited) (No. 2825572) ("Craegmoor") whose registered office is at Hillcairnie, St Andrew's Road, Droitwich, Worcestershire, WR9 8DJ

The assistance will take the form of:

See Rider A

The person who [has acquired] ~~will acquire~~† the shares is: Craegmoor

† delete as appropriate

The principal terms on which the assistance will be given are:

See Rider B

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is Nil

The amount of cash to be transferred to the person assisted is £ Nil

The value of any asset to be transferred to the person assisted is £ Nil

Please do not
write in this
margin

The date on which the assistance is to be given is within 8 weeks of date hereof

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

I/We have formed the opinion, as regards this company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

(a) ~~I/We~~ We have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date]* (note 3)

* delete either (a) or
(b) as appropriate

(b) ~~It is intended to commence the winding up of this company within 12 months of that date; and I/we have formed the opinion that this company will be able to pay its debts in full within 12 months of the commencement of the winding up.]* (note 3)~~

And ~~I/we~~ we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at **BARLOW LYDE & GILBERT**
BEAUFORT HOUSE
15 ST. BOTOLPH STREET
LONDON, EC3A 7NJ

Declarants to sign below

M. A. Hutt
C. B. Seeger

Day Month Year
on **14 11 2000**

before me

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

ROBERT COTTINGHAM

NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985.
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.
- 5 The address for companies registered in England and Wales or Wales is:-

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ

or, for companies registered in Scotland:-

The Registrar of Companies
Companies House
37 Castle Terrace
Edinburgh
EH1 2EB

RIDER A

The Company will provide financial assistance by way of:

1. A facility agreement (the "**Issuer\Borrowers Facility Agreement**") to be dated no later than eight weeks after the date of this statutory declaration and made between, inter alia, Craegmoor Funding PLC (the "**Issuer**"), the Company, Craegmoor Holdings Limited (No. 3830300) ("**Holdings**"), Craegmoor Healthcare Company Limited (No. 3830455) ("**Healthcare**"), Parkcare Homes Limited (No. 2155276) ("**Parkcare**"), certain other subsidiaries of Holdings, (who together with Holdings, Healthcare and Parkcare are the "**Obligors**") and Prudential Trustee Company Limited (the "**Security Trustee**") pursuant to which:
 - 1.1 the Issuer will make available to the Company and certain other Obligors (subject to satisfaction of the conditions precedent and other conditions contained in the Issuer\Borrowers Facility Agreement) certain facilities (the "**Facilities**") subject to certain conditions as set out in the Issuer\Borrowers Facility Agreement;
 - 1.2 the Company will make certain representations and warranties to the Issuer, and enter into certain covenants with the Issuer in respect of the Issuer\Borrowers Facility Agreement and the Facilities;
 - 1.3 the Company will provide the Issuer with indemnities in favour of the Issuer relating to the Issuer\Borrowers Facility Agreement and the Facilities; and
 - 1.4 the Company will provide the Issuer with a guarantee and a subordination of its rights against the other Obligors in favour of the Issuer relating to the Issuer\Borrowers Facility Agreement and the Facilities.
2. A debenture (the "**Craegmoor Group Debenture**") to be dated not less than eight weeks after the date of this statutory declaration and made between, inter alia, the Company, Healthcare, Holdings, certain other subsidiaries of Holdings (who together with Healthcare, Holdings and Parkcare are the "**Obligors**") , the Issuer and the Security Trustee which contains:
 - 2.1 a covenant by the Company to pay and discharge its obligations under the Issuer\Borrowers Facility Agreement, the Expenses Loan Agreement (as defined in the Issuer/Borrowers Facility Agreement), the Bank Agreement (see below), the Craegmoor Group Debenture and any other Transaction Document (as defined in the Issuer\Borrowers Facility Agreement) to which the Company and certain other Obligors are a party;
 - 2.2 a covenant by the Company to observe, perform and satisfy its obligations and liabilities under the Issuer\Borrowers Facility Agreement, the Expenses Loan Agreement, the Bank Agreement, the Craegmoor Group Debenture and/or any other Transaction Document (as defined in the

Issuer\Borrowers Facility Agreement) to which the Company and other Obligor are a party;

- 2.3 a guarantee by the Company of prompt performance by each other Obligor (as defined in the Craegmoor Group Debenture) of all its obligations under each relevant Transaction Document; an undertaking from the Company with each Craegmoor Security Group Secured Party (as defined in the Craegmoor Group Debenture) to pay any amount not paid when due under or in connection with a Transaction Document to the relevant Craegmoor Security Group Secured Party as if the Company instead of that Obligor was expressed to be the principal Obligor; and an indemnity given by the Company to each Craegmoor Security Group Secured Party against any loss or liability suffered by it if any obligation guaranteed by or any guarantee of any Obligor is or becomes unenforceable, invalid or illegal;
 - 2.4 mortgages, charges and assignments by the Company of its property, assets and undertakings to the Security Trustee as continuous security for the payment or discharge of liabilities and outstandings of the Company to the Issuer;
 - 2.5 a subordination by the Company of its rights against, inter alia, other companies providing security thereunder in favour of the Issuer;
 - 2.6 certain representations by the Company to the Issuer;
 - 2.7 certain covenants by the Company in favour of the Security Trustee;
 - 2.8 a covenant by the Company to pay certain fees, costs and expenses in connection with the Craegmoor Group Debenture and an indemnity in respect of certain losses, actions, claims, costs, expenses, demands and liabilities in connection with the Craegmoor Group Debenture; and
 - 2.9 a covenant by the Company with the Security Trustee to execute further security as required by the Security Trustee.
3. A subscription agreement (the "**Subscription Agreement**") to be dated no later than eight weeks after the date of this statutory declaration and made between, inter alia, Barclays Bank PLC (the "**Lead Manager**"), the Issuer, the Company, Healthcare, Holdings, Parkcare and certain other subsidiaries of Holdings (who together with Healthcare, Holdings and Parkcare are the "**Obligors**") pursuant to which:
- 3.1 the Lead Manager and certain other managers which accede to the Subscription Agreement (who together with the Lead Manager are the "**Managers**") undertake to subscribe for certain notes to be issued by the Issuer subject to certain conditions;
 - 3.2 the Company, as an Obligor, together with certain other Obligors, undertakes:

- 3.2.1 to bear and pay stamp and other duties or taxes on or in connection with the execution and delivery of documents in connection with the notes to be issued by the Issuer;
 - 3.2.2 to perform all of their obligations under certain documents entered into in connection with the issue of the notes by the Issuer;
 - 3.3 the Company covenants to pay certain costs and expenses in connection with the notes to be issued by the Issuer, including the printing and distribution of the documents in connection with such notes, the admission of such notes to the Official List, the rating of such notes, the signing of the Subscription Agreement and the remuneration of the Note Trustee (as defined in the Subscription Agreement), the Security Trustee and the Agents (as defined in the Subscription Agreement) and the expenses incurred by them, in connection with such notes;
 - 3.4 the Company agrees to reimburse the Lead Manager for its disbursements, and other costs and expenses, incurred and to be incurred by the Lead Manager in connection with the preparation and management of the issue and distribution of the notes to be issued by the Issuer;
 - 3.5 the Company makes certain representations and warranties to the Managers in respect of, inter alia, information provided in connection with the issue of the notes by the Issuer; and
 - 3.6 the Company provides an indemnity to the Managers and their directors, officers, employees and controlling persons against losses, liabilities, costs, claims, actions, damages, expenses or demands which any of them may incur or which may be made against them in connection with any misrepresentation under the Subscription Agreement or any inaccuracy or omission in the information provided in the offering circular or presentations to investors for the issue of the notes by the Issuer.
4. A tax deed of covenant (the "**Tax Deed of Covenant**") to be dated not later than eight weeks after the date of this statutory declaration and made between the Issuer, the Company, CGL, certain other subsidiaries of CGL and the Security Trustee pursuant to which:
- 4.1 the Company makes certain representations, and enters into certain covenants with the Issuer and/or the Security Trustee; and
 - 4.2 the Company makes certain representations to the Issuer and the Security Trustee in respect of its tax status, and its tax liabilities and assets.
5. A bank agreement (the "**Bank Agreement**") to be dated no later than eight weeks after the date of this statutory declaration and made between, inter alia,

the Issuer, the Company, Healthcare, Parkcare certain other subsidiaries of Healthcare (who together with Healthcare, Parkcare and the Company are the "**Obligors**"), the Security Trustee and National Westminster Bank PLC (as the "**Account Bank**") pursuant to which:

- 5.1 the Company as an Obligor, together with the other Obligors agree jointly and severally to indemnify the Account Bank against certain losses, costs, damages, charges, expenses, actions, proceedings, claims or demands which the Account Bank may incur or suffer in connection with the Bank Agreement;
- 5.2 the Company as an Obligor, together with the other Obligors agree to pay to the Account Bank certain fees in respect of its services under the Bank Agreement; and
- 5.3 the Company as an Obligor, together with the other Obligors agree jointly and severally agree to indemnify the Account Bank for all costs and expenses incurred by the Account Bank in relation to any change in the identity of the Account Bank or the Security Trustee.

RIDER B

- 1 By executing the Issuer\Borrowers Facility Agreement:
 - 1.1 under Clause 13 the Company makes certain representations to the Issuer and the Security Trustee;
 - 1.2 under Clause 14.2 the Company undertakes to procure that Healthcare shall provide certain financial information to, inter alia, the Security Trustee;
 - 1.3 under Clauses 14.5 to 14.9 the Company undertakes to ensure that relevant financial information and documents are delivered to, inter alia, the Issuer on a timely basis; to furnish the Issuer and the Security Trustee with general information required to be filed with the Registrar of Companies or to be made available through the London Stock Exchange in respect of, inter alia, any Obligor (as defined in the Issuer\Borrowers Facility Agreement); to provide the Financial Advisor (as defined in the Issuer\Borrowers Facility Agreement) and the Asset Administrator (as defined in the Issuer\Borrowers Facility Agreement) with such information as they reasonably require to perform their duties pursuant to the Financial Advisory and Asset Administration Agreement (as defined in the Issuer\Borrowers Facility Agreement); to procure that the Issuer's Accounts are prepared in accordance with normal accountancy practice satisfying the requirements of the Finance Acts of 1994 and 1996; and to procure that the accounting year end of any New Subsidiary (as defined in the Issuer\Borrowers Facility Agreement) is changed to 31 December on or before 31 December of the year of such company is acquired;
 - 1.4 under Clause 15 the Company covenants and undertakes that a certain financial ratio covenant will not fall below a certain level;
 - 1.5 under Clause 16 the Company enters into certain positive covenants and certain negative covenants for the benefit of the Issuer and Security Trustee;
 - 1.6 under Clause 18.1(a) the Company agrees as a primary obligor and not merely as a surety to guarantee to the Issuer the due and punctual payment from time to time on demand of any and every sum or sums of money which the Obligors (other than, if applicable, itself) or any of them shall at any time be expressed to be or contemplated as being liable to pay to the Issuer under or pursuant to the Issuer\Borrowers Facility Agreement whether or not payable on any contingency and which shall not have been paid at the time such demand is made (the "**Guaranteed Amounts**");
 - 1.7 under Clause 18.1(b) the Company agrees as a primary obligation to indemnify the Issuer from time to time on demand from and against any loss incurred by the Issuer as a result of any of the obligations of the Obligors (as set out in Clause 18.1(a) of the Issuer\Borrowers Facility Agreement) or any of them being or becoming void, voidable, unenforceable or ineffective as against such Obligors or any of them for any reason whatsoever, whether or not known to the Issuer or any person, the amount of such loss being the amount which the person or persons suffering it would otherwise have been entitled to recover from such Obligor or any of them;

- 1.8 under Clause 18.7 the Company agrees that so long as any Obligor has any liability under the Issuer\Borrowers Facility Agreement:
- 1.8.1 not to take or accept any Security Interest (as defined in the Issuer\Borrowers Facility Agreement) from a Borrower (as defined in the Issuer\Borrowers Facility Agreement) or in relation to the Guaranteed Amounts from any third party without first obtaining the Security Trustee's written consent;
 - 1.8.2 after the occurrence and during the continuance of a Craegmoor Event of Default (as defined in the Issuer\Borrowers Facility Agreement), not without the Security Trustee's written consent to seek to recover nor accept any monies or other property nor exercise any rights in respect of any sum which may be or become due to the Company on any account by a Borrower or in relation to the Guaranteed Amounts from any third party nor claim, prove for or accept any payment in any composition by or any winding up of a Borrower or, in relation to the Guaranteed Amounts, any third party; and
 - 1.8.3 if, notwithstanding 1.8.1 and 1.8.2 above the Company holds or receives any such security, monies or property, to pay or transfer the same to the Security Trustee;
- 1.9 under Clause 18.8 the Company agrees not to exercise any rights which it may at any time have by reason of performance of its obligations under Clause 18 to be indemnified by any Borrower or other Obligor; to claim any contribution from any other Obligor of any Borrower's obligations under the Issuer\Borrowers Facility Agreement; and/or to take benefits of any rights of the Issuer and the Security Trustee under the Issuer\Borrowers Facility Agreement or in connection with the Issuer\Borrowers Facility Agreement;
- 1.10 under Clause 19.4 the Company agrees on demand to indemnify the Issuer against any loss or liability or increased cost that the Issuer incurs as a consequence of any payment of principal being received from any source otherwise than on an Interest Payment Date (as defined in the Issuer\Borrowers Facility Agreement) or an overdue amount being received otherwise than on its due date;
- 1.11 under Clause 19.5 the Company agrees jointly and severally with the other Obligors to indemnify on an after tax basis the Issuer:
- 1.11.1 against any costs, claim, loss, expense or liability together with any VAT thereon sustained or incurred by the Issuer as a consequence of the occurrence of a Craegmoor Event of Default or any default by an Obligor or any of them in the performance of any of its or their obligations in any of the Transaction Documents (as defined in the Issuer\Borrowers Facility Agreement);
 - 1.11.2 against any loss it may suffer as a result of its funding its portion of a Term Advance (as defined in the Issuer\Borrowers Facility Agreement)

requested by any Borrower thereunder but not made by reason of the operation of any one or more of the provisions thereof;

- 1.11.3 against any other loss or liability it may suffer by reason of having made the Term Facilities (as defined in the Issuer\Borrowers Facility Agreement) available or entering into the Issuer\Borrowers Facility Agreement or any other Transaction Document or enforcing any security granted pursuant to any of the Security Documents (as defined in the Issuer\Borrowers Facility Agreement); and
- 1.11.4 in respect of certain additional percentage payments in respect of a liquidity facility agreement between the Issuer, Barclays Bank PLC and the Security Trustee to be dated of even date with the Issuer\Borrowers Agreement (the "**Liquidity Facility Agreement**") or other amounts payable pursuant to certain clauses of the Liquidity Facility Agreement;
- 1.12 under Clause 21.1 the Company agrees on demand of the Security Trustee to reimburse the Craegmoor Security Group Secured Parties (as defined in the Issuer\Borrowers Facility Agreement) for costs and expenses together with VAT thereon properly incurred in or in connection with any actual or proposed amendment, waiver or restructuring of the Term Facilities requested by any Obligor;
- 1.13 all costs and expenses together with any VAT thereon incurred in or in connection with the preservation and/or enforcement of any of the rights of the Security Group Secured Parties under the Transaction Documents or any other documents referred to therein; and
- 1.14 under Clause 21.2 the Company agrees to pay all United Kingdom stamp, registration and other similar taxes to which the Transaction Documents or any judgment or decree given in connection with the Issuer\Borrowers Facility Agreement is or at any time may be subject and to indemnify the Craegmoor Security Group Secured Parties against any liabilities, costs, claims and expenses resulting from any failure to pay or any delay in paying any such tax.
- 2 By executing the Craegmoor Group Debenture:
 - 2.1 the Company covenants with and undertakes to the Security Trustee, pursuant to Clause 2.1, that it will:
 - 2.1.1 duly and punctually pay and discharge all monies and liabilities whatsoever which at the date of the Craegmoor Group Debenture or at any time thereafter may (whether before or after demand) become due, owing or payable to the Security Trustee or any of the other Craegmoor Group Secured Parties (as defined in the Craegmoor Group Debenture) by the Obligors actually or contingently under or in respect of the Issuer\Borrowers Facility Agreement, the Expenses Loan Agreement, the Bank Agreement, the Craegmoor Group Debenture or any other Transaction Documents to which any Obligor is a party; and

- 2.1.2 to observe and perform and satisfy all its other obligations and liabilities under the Issuer\Borrowers Facility Agreement, the Expenses Loan Agreement, the Bank Agreement, the Craegmoor Group Debenture and/or any other Transaction Document to which any Obligor is a party;
- 2.2 under Clause 2.3 the Company irrevocably, unconditionally, jointly and severally:
 - 2.2.1 as principal obligor guarantees to each relevant Craegmoor Security Group Secured Party prompt performance by each other Obligor of its obligations under each relevant Transaction Document other than the Issuer\Borrowers Facility Agreement;
 - 2.2.2 undertakes with each Craegmoor Security Secured Party that whenever an Obligor does not pay any amount when due under or in connection with the relevant Transaction Document, the Company shall forthwith on demand by the relevant Craegmoor Security Group Secured Party or the Security Trustee pay that amount to the relevant Craegmoor Security Group Secured Party or, after the service of a Craegmoor Security Group Enforcement Notice (as defined in the Craegmoor Group Debenture), the Security Trustee as if the Company instead of such Obligor were expressed to be the principal obligor; and
 - 2.2.3 indemnifies each Craegmoor Security Group Secured Party on demand against any loss or liability suffered by it if any obligation guaranteed by or any guarantee of the Company is or becomes unenforceable, invalid or illegal;
- 2.3 pursuant to Clause 3.4 the Company mortgages, charges and assigns all of its property, assets and undertaking to the Security Trustee as a continuing security for the payment or discharge of the Craegmoor Security Group Secured Amounts (as defined in the Craegmoor Group Debenture);
- 2.4 pursuant to Clause 3.11 the Company warrants to the Security Trustee that it is absolutely entitled to all of the property it mortgages, charges or assigns under the Craegmoor Group Debenture free from all Security Interests (as defined in the Craegmoor Group Debenture) and claims whatsoever except for any Permitted Security Interests (as defined in the Craegmoor Group Debenture);
- 2.5 under Clause 9.1 the Company undertakes jointly and severally with the other Obligors to each of the Craegmoor Security Group Secured Parties (including the Security Trustee) and each other that unless and until all amounts payable pursuant to the Issuer\Borrowers Facility Agreement and/or the Bank Agreement and/or the Expenses Loan Agreement and/or in the case of the Issuer the Notes (as defined in the Craegmoor Facility Agreement) have been satisfied in full that it shall not:-
 - 2.5.1 take any steps or pursue any action whatsoever for the purpose of recovering any debts due or owed to it by any other Obligor or the Issuer, as the case may be, or for enforcing its rights under the

Craegmoor Group Debenture or to direct the Security Trustee to do so;
or

- 2.5.2 petition or procure the petitioning for the winding up or administration of any Obligor or the Issuer or the appointment of an administrative receiver in respect of any Obligor or the Issuer;
- 2.6 under Clauses 10.1 to 10.7 the Company enters into certain covenants with the Security Trustee in respect of certain obligations;
- 2.7 under Clause 16.1 the Company jointly and severally covenants with and undertakes to the Security Trustee to reimburse or pay to the Security Trustee or the receiver of any Obligor the amount of all costs, charges, liabilities and expenses properly incurred or sustained by the Security Trustee or the receiver or any attorney, agent or manager of either of them in connection with:
 - 2.7.1 any investigation of title to or survey, inspection or valuation of the Craegmoor Security Group Charged Property (as defined in the Craegmoor Group Debenture) of the Company under or in connection with the Craegmoor Group Debenture and the preparation, registration or perfecting of the Craegmoor Group Debenture;
 - 2.7.2 the exercise or attempted exercise or the consideration of the exercise by or on behalf of the Security Trustee or the receiver of any of the powers of the Security Trustee or the receiver and the enforcement, preservation or attempted preservation of the Craegmoor Group Debenture or any of the Craegmoor Security Group Charged Property of any Obligor; or
 - 2.7.3 the carrying out of any other act or matter which the Security Trustee or the receiver may reasonably consider to be for the preservation, improvement or benefit of the Craegmoor Security Group Charged Property of any Obligor;
- 2.8 under Clause 16.2 the Company jointly and severally agrees to indemnify the Security Trustee and the receiver of any Obligor in full on an after tax basis from or against all losses, actions, claims, costs, expenses, demands and liabilities sustained or incurred by the Security Trustee or the receiver or by any person for whose liability, act or omission the Security Trustee or the receiver may be answerable in connection with anything done or omitted to be done under the Craegmoor Group Debenture or any other document, agreement or arrangement entered into between the relevant Obligor and the Security Trustee or in the exercise or purported exercise of the powers contained in the Craegmoor Group Debenture or occasioned by any breach by the relevant Obligor of any of its covenants or other obligations to the Security Trustee or in consequence of any payment in respect of the Craegmoor Security Group Secured Amounts being declared void or impeached for any reason whatsoever;
- 2.9 under Clause 16.3 the Company agrees to indemnify the Security Trustee and any receiver of a relevant Obligor from and against all claims and liabilities in

respect of VAT or similar tax payable in respect of all sums of whatsoever nature which are payable by an Obligor under the Craegmoor Group Debenture;

- 2.10 under Clause 17.1 the Company jointly and severally covenants with and undertakes to the Craegmoor Security Group Secured Parties and the Security Trustee to deposit with the Security Trustee all documents of title on property mortgaged and charged under the Craegmoor Group Debenture; to execute first or subsequent legal mortgages, standard securities, registered charges or equitable charges of freehold, heritable or leasehold properties subsequently acquired by the Company; to execute fixed mortgages, securities or charges in respect of the Craegmoor Security Group Charged Property which is for the time being subject to the floating charge contained in the Craegmoor Group Debenture; and to execute an assignment or assignation to the Security Trustee of all or any debts or monies payable to the Company;
 - 2.11 under Clause 17.2 the Company covenants with the Security Trustee on demand to execute any document and do any act or thing which the Security Trustee may specify with a view to registering, recording or perfecting any charge or security created or intended to be created by or pursuant to the Craegmoor Group Debenture or which the Security Trustee or the receiver may specify with a view to facilitating the exercise or proposed exercise of any of their powers or the realisation of any of the Craegmoor Security Group Charged Property;
 - 2.12 under Clause 17.3 the Company jointly and severally covenants and undertakes to register the charges contained in the Craegmoor Group Debenture against the registered title of any registered land or charge affected by the Craegmoor Group Debenture; to register each Craegmoor Security Group standard security in the Registers of Scotland; and to register the title of any Craegmoor Security Group Charged Property which becomes registerable by virtue of the charges secured on that title to that property pursuant to the Craegmoor Group Debenture.
- 3 By executing the Subscription Agreement:
- 3.1 in Clause 3.2 the Company jointly and severally undertakes with the Managers (as defined in the Subscription Agreement) to bear and pay stamp and other duties or taxes on or in connection with the execution and delivery of the Obligor Relevant Documents (as defined in the Subscription Agreement); and to perform all its obligations under each of the Obligor Relevant Documents which are required to be performed prior to or simultaneously with closing on the Closing Date (as defined in the Subscription Agreement);
 - 3.2 in Clause 5.1 the Company agrees jointly and severally with the other Obligors to bear and pay all costs and expenses incurred in connection with the printing, checking and initial delivery of the Notes (as defined in the Subscription Agreement), the printing and distribution of the final and preliminary offering circular, the printing and production of all other documents connected with the issue and distribution of the Notes, advertising, the admission of the Notes to the Official List maintained by the UK Listing Authority and to trading by the

London Stock Exchange Limited, the rating of the Notes by the Rating Agencies and the arrangements for signing the Subscription Agreement and to pay the remuneration of the Note Trustee (as defined in the Subscription Agreement), the Security Trustee and the Agents (as defined in the Subscription Agreement) and the expenses incurred by them;

- 3.3 pursuant to Clause 5.2 the Company agrees jointly and severally to reimburse Barclays Bank PLC (as the "**Lead Manager**") for its disbursements including travelling, telephone, facsimile, postage and other costs and expenses incurred and to be incurred by the Lead Manager in connection with the preparation and management of the issue and distribution of the Notes;
 - 3.4 under Clause 6.2 the Company makes representations and warranties to the Managers in respect of information and statements contained in the offering circular for the Notes, the information contained in the investor presentations for the Notes and other representations and warranties to be given under the Issuer\Borrowers Facility Agreement and the Tax Deed of Covenant (each as defined in the Subscription Agreement); and
 - 3.5 pursuant to Clause 6.3 the Company jointly and severally undertakes to indemnify the Managers and their respective directors, officers, employees and controlling persons against any losses, liabilities, costs, claims, actions, damages, expenses or demands which any of them may incur or which may be made against any of them, as a result of or in relation to any actual or alleged misrepresentation in or actual or alleged breach of any of the representations or warranties of the Issuer or any Obligor in the Subscription Agreement; or resulting or arising from any actual or alleged inaccuracy in or actual or alleged omission from the offering circular or the investor presentations, and to reimburse any such persons for all costs, charges and expenses which they may pay or incur in connection with investigating, disputing or defending any such action or claim.
- 4 By executing the Tax Deed of Covenant:
- 4.1 under Clause 3 the Company makes certain representations, and enters into certain covenants with the Issuer and/or the Security Trustee in respect of, inter alia, its residency for tax purposes in the United Kingdom; and its compliance with, and the existence of liabilities under, tax legislation of the United Kingdom, in connection with the Income and Corporation Taxes Act 1988, the Value Added Tax Act 1984, the Taxation of Chargeable Gains Act 1982 and certain other legislation and regulations; and
 - 4.2 under Clause 4 the Company represents to the Issuer and the Security Trustee in respect of its residency in the United Kingdom for United Kingdom tax purposes; that it has not surrendered to any company which is not a Charging Obligor (as defined in the Tax Deed of Covenant) any amounts which are available for surrender by way of group relief under the Income and Corporation Taxes Act 1988; and that it will duly and punctually pay and discharge all Taxes (as defined in the Tax Deed of Covenant) imposed upon it or its assets.

- 5 By executing the Bank Agreement:
- 5.1 under Clause 3.2 the Company undertakes to procure that each of the Craegmoor Security Group Bank Accounts (as defined in the Bank Agreement) and instructions and mandates in relation to them will continue to be operative and will not be changed without the prior written consent of the Security Trustee;
 - 5.2 under Clause 3.3 the Company undertakes that it will not create or permit to subsist any Security Interest (as defined in the Bank Agreement) over any of the Craegmoor Security Group Bank Accounts other than any Security Interest created under or pursuant to the Craegmoor Group Debenture or any rights of set-off, bankers' liens or the like arising by operation of law;
 - 5.3 under Clause 3.7 the Company jointly and severally indemnifies the Account Bank (as defined under the Bank Agreement) against any loss, cost, damage, charge, expense, action, proceeding, claim or demand suffered or incurred by or made or brought against the Account Bank in complying with or relying upon any consent, notice, direction or other communication delivered pursuant to and in accordance with the Bank Agreement and or the relevant mandate;
 - 5.4 under Clause 10.1 the Company agrees to pay to the Account Bank for its services under the Bank Agreement the fees in respect of its services and on such dates as shall be agreed in writing between the Obligors (as defined in the Bank Agreement) (including the Company) and the Account Bank; and
 - 5.5 under Clause 17.2 the Company agrees to jointly and severally indemnify the Account Bank for its costs and expenses incurred by the Account Bank in relation to any change in the identity of the Account Bank or the Security Trustee or the appointment of an additional Security Trustee in accordance with the provisions of the Issuer Deed of Charge (as defined in the Bank Agreement) and the Craegmoor Group Debenture.

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14 November 2000

Dear Sirs

Auditors' report to the directors of Conquest Care Homes (Peterborough) Limited pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of Conquest Care Homes (Peterborough) Limited ('the company') dated 14 November 2000 in connection with the proposal that the company's subsidiary undertaking, Conquest Care Homes (March) Limited should give financial assistance for the purpose of reducing, or discharging liabilities incurred in connection with the acquisition of a company's shares or the acquisition of shares in the holding company of a company.

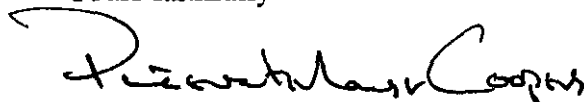
Basis of opinion

We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in Section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.

Yours faithfully



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors