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COMPANIES FORM No. 395

Particulars of a mortgage or charge

104668
4/60x16
NW

395

A fee of £10 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

* insert full name of Company

Pursuant to section 395 of the Companies Act 1985

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

For official use Company number

112

3189363

Name of company

* PRIORY HEALTHCARE LIMITED (the "Company")

Date of creation of the charge

31st January, 2000

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

Debenture between the Company, the Chargors (as defined therein) and National Westminster Bank Plc (the "Security Agent") as agent and trustee for itself and each of the Lenders as amended by a supplemental deed dated 10th February, 2000 between the Company, the Chargors and the Security Agent (together the "Debenture").

Amount secured by the mortgage or charge

All present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to the Lenders (or any of them) under each or any of the Senior Finance Documents and the Mezzanine Finance Documents together with all costs, charges and expenses incurred by any Lender in connection with the protection, preservation or enforcement of its respective rights under the Senior Finance Documents or the Mezzanine Finance Documents (as the case may be) or any other document evidencing or securing any such liabilities (the "Secured Liabilities") PROVIDED THAT no obligation or liability shall be included in the definition of "Secured Liabilities" to the extent that, if it were so included, the Debenture (or any part thereof) would constitute unlawful financial assistance within the meaning of Sections 151 and 152 of the Companies Act 1985.

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

National Westminster Bank Plc of 41 Lothbury, London as security agent for itself and the Lenders

Postcode EC2P 2BP

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

Allen & Overy
One New Change
London
EC4M 9QQ

BK: 723247/723275

Time critical reference

For official Use
Mortgage Section

Post room



Short particulars of all the property mortgaged or charged

1. Pursuant to the terms of the Debenture, the Company as beneficial owner and with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994 as security for the payment, discharge and performance of all Secured Liabilities at any time owed or due to the Lenders (or any of them), charges in favour of the Security Agent (as agent and trustee for the Lenders):

(a) by way of a first legal mortgage all the property (if any) now belonging to it and specified in Schedule A to this Companies Form M395, together with all buildings and Fixtures thereon, the proceeds of sale of all or any part thereof and the benefit of any covenants for title given or entered into by any predecessor in title and any moneys paid or payable in respect of such covenants subject, in the case of any leasehold properties, to any necessary third party's consent to such mortgage being obtained;

(See continuation sheet 1)

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Particulars as to commission allowance or discount (note 3)

Nil

Signed

Allen & Overy

Date

17/2/00

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

A fee of £10 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 Cheques and Postal Orders are to be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is:-
Companies House, Crown Way, Cardiff CF4 3UZ

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Particulars of a mortgage or charge (continued)

Continuation sheet No 1
to Form No 395 and 410 (Scot)

CHFP025

Please complete
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Company Number

3189363

Name of Company

PRIORY HEALTHCARE LIMITED (the "Company")

~~limited~~*

* delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

**Please complete
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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

**Please complete
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(b) by way of first legal mortgage all estates or interests in any freehold or leasehold property and any rights under any licence or other agreement or document which gives the Company a right to occupy or use property, (except any Security Assets specified in paragraph (a) above) wheresoever situate belonging to it at the date of the Debenture together with all buildings and Fixtures thereon, the proceeds of sale of all or any part thereof and the benefit of any covenants for title given or entered into by any predecessor in title and any moneys paid or payable in respect of such covenants subject, in the case of any leasehold properties, to any necessary third party's consent to such mortgage being obtained;

(c) by way of first fixed charge:

(i) (to the extent that the same are not the subject of a mortgage under paragraphs (a) and/or (b) above) all present and future estates or interests in any freehold or leasehold property and any rights under any licence or other agreement or document which gives the Company a right to occupy or use property, wheresoever situate now or hereafter belonging to it together with all buildings and Fixtures thereon, the proceeds of sale of all or any part thereof and the benefit of any covenants for title given or entered into by any predecessor in title and any moneys paid or payable in respect of such covenants, subject, in the case of any leasehold properties, to any necessary third party's consent to such charge being obtained;

(ii) all plant, machinery, computers and vehicles owned by it at the date of the Debenture or in the future and, subject to any necessary third party's consent to such charge being obtained, its interest in any plant, machinery, computers or vehicles in its possession other than any for the time being part of the Company's stock in trade or work in progress;

(iii) all moneys (including interest) from time to time standing to the credit of each of its present and future accounts (including, without limitation, the Security Accounts, but excluding the Cash Collateral Prepayment Account) with any bank, financial institution or other person and the debts represented thereby, provided that without prejudice to any other provision of Clause 4 of the Debenture, any such monies paid out of such accounts without breaching the terms of the Senior Finance Documents or the Mezzanine Finance Documents and not paid into another such account in the name of the Company shall be released from the fixed charge effected by this sub-paragraph (iii) upon the proceeds being so paid out;

(iv) (to the extent not effectively assigned under Clause 4.3 of the Debenture) all benefits in respect of the Insurances and all claims and returns of premiums in respect thereof;

(v) all of its present and future book and other debts, all other moneys due and owing to it or which may become due and owing to it at any time in the future and the benefit of all rights, securities and guarantees of any nature whatsoever now or at any time enjoyed or held by it in relation to any of the foregoing including in each case the proceeds of the same, provided that without prejudice to any other provision of Clause 4 of the Debenture (and in particular but without limitation to sub-paragraph (iii) above) such proceeds shall be released automatically from the fixed charge effected by this sub-paragraph (v) upon those proceeds being credited to any Security Account;

(see continuation sheet 2)

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Particulars of a mortgage or charge (continued)

Continuation sheet No 2
to Form No 395 and 410 (Scot)

CHFP025

Please complete
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Company Number

3189363

Name of Company

PRIORY HEALTHCARE LIMITED (the "Company")

~~limited~~

* delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

**Please complete
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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

**Please complete
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(vi) (to the extent that the same do not fall within any other sub-paragraph of this paragraph (c) and are not effectively assigned under Clause 4.3 of the Debenture) all of its rights and benefits under each of the Relevant Agreements, all bills of exchange and other negotiable instruments held by it, and (subject to any necessary third party's consent to such charge being obtained) any distributorship or agreement for the licensing of Intellectual Property Rights or similar agreements entered into by it and any letters of credit issued in its favour;

(vii) any beneficial interest, claim or entitlement of it to any assets of any pension fund;

(viii) its present and future goodwill;

(ix) the benefit of all present and future licences, permissions, consents and authorisations (statutory or otherwise) held in connection with its business or the use of any of the Security Assets specified in paragraphs (a) and (b) and sub-paragraph (i) above and the right to recover and receive all compensation which may at any time become payable to it in respect thereof;

(x) its present and future uncalled capital;

(xi) all its present and future Intellectual Property Rights (including, without limitation, any rights and interest of the Company in those patents and trade marks and designs, if any, specified in Schedule B to this Companies Form M395 owned by it, subject to any necessary third party's consent to such charge being obtained. To the extent that any such Intellectual Property Rights are not capable of being charged (whether by reason of lack of any such consent as aforesaid or otherwise) the charge thereof described in Clause 4.1(c)(xi) of the Debenture shall operate as an assignment of any and all damages, compensation, remuneration, profit, rent or income which the Company may derive therefrom or be awarded or entitled to in respect thereof, as continuing security for the payment, discharge and performance of the Secured Liabilities; and

(xii) all stocks, shares, debentures, bonds, warrants, coupons or other securities and investments now or in the future owned by the Company that Chargor from time to time not charged pursuant to Clause 4.2 of the Debenture,

provided that any property or assets situate in Scotland and any property or assets the rights in and to which are governed by the laws of Scotland shall be excluded from the mortgages and charges created or effected by paragraphs (a) to (c) inclusive above.

2. Pursuant to the terms of the Debenture, the Company, as sole beneficial owner and with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994, hereby as continuing security for the payment, discharge and performance of all the Secured Liabilities at any time owed or due to the Lenders (or any of them):

(a) mortgages and charges and agrees to mortgage and charge to the Security Agent (as agent and trustee as aforesaid) all Group Shares held now or in the future by it and/or any nominee on its behalf, the same to be a security by way of a first mortgage; and

(see continuation sheet 3)

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Particulars of a mortgage or charge (continued)

Continuation sheet No 3
to Form No 395 and 410 (Scot)

CHFP025

Please complete
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Company Number

3189363

Name of Company

PRIORY HEALTHCARE LIMITED (the "Company")

~~limited~~*

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Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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(b) mortgages and charges and agrees to mortgage and charge to the Security Agent (as agent and trustee as aforesaid) all the Related Rights accruing to all or any of the Group Shares held now or in the future by it and/or any nominee on its behalf, the same to be a security by way of a first mortgage or charge.

PROVIDED THAT:

(i) whilst no Declared Default exists, all dividends and other distributions paid or payable as referred to in paragraph (b) above may be paid directly to the relevant Chargor free from the security created hereunder (in which case the Security Agent or its nominee shall promptly execute any necessary dividend mandate) and, if paid directly to the Security Agent, shall be paid promptly by it to the relevant Chargor;

(ii) whilst no Declared Default exists, the Security Agent shall use all its reasonable endeavours to forward to the relevant Chargor all material notices, correspondence and/or other communication it receives in relation to the Group Shares; and

(iii) subject to Clause 10.2 of the Debenture, whilst no Declared Default exists, all voting rights attaching to the relevant Group Shares may be exercised by the relevant Chargor or, where the shares have been registered in the name of the Security Agent or its nominee, as the relevant Chargor may direct in writing, and the Security Agent and any nominee of the Security Agent in whose name such Group Shares are registered shall execute any form of proxy or other document reasonably required in order for the relevant Chargor to do so.

3.(a) Pursuant to the terms of the Debenture, the Company as beneficial owner and with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994, as continuing security for the payment, discharge and performance of the Secured Liabilities at any time owed or due to the Lenders (or any of them), hereby assigns and agrees to assign to the Security Agent (as agent and trustee for the Lenders) all its right, title and interest (if any) in and to:

- (i) the Insurances;
- (ii) the Acquisition Agreements;
- (iii) the Hedging Agreements;
- (iv) the Intra-Group Loan Agreement; and
- (v) the SHS Loan Agreement.

(b) To the extent that any such right, title and interest described in paragraphs (a) is not assignable or capable of assignment, the assignment thereof described in paragraph (a) shall operate as:

- (i) in the case of the Insurances, an assignment of any and all proceeds of the Insurances received by the Company; and
- (ii) in the case of the other Relevant Agreements, an assignment of any and all damages, compensation, remuneration, profit, rent or income which the Company may derive therefrom or be awarded or entitled to in respect thereof,

in each case as continuing security for the payment, discharge and performance of the Secured Liabilities at any time owed or due to the Lenders (or any of them).

(see continuation sheet 4)

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Particulars of a mortgage or charge (continued)

Continuation sheet No 4
to Form No 395 and 410 (Scot)

CHFP025

Please complete
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Company Number

3189363

Name of Company

PRIORY HEALTHCARE LIMITED (the "Company")

~~limited~~

* delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

**Please complete
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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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(c) Whilst no Declared Default exists (i) the Security Agent shall permit the relevant Chargor to exercise its rights (other than to receive payment of money) under any Relevant Agreement to which it is party, PROVIDED THAT the exercise of these rights in the manner proposed would not result in a Default under the terms of the Senior Finance Documents or the Mezzanine Finance Documents, and (ii) any payments received by the Security Agent under or in respect of the Relevant Agreements by virtue of the Debenture shall be paid by the Security Agent to the relevant Chargor save to the extent required by the terms of the Senior Facility Agreement, the Mezzanine Facility Agreement or, as the case may be, the Priority Agreement to be applied against any of the Secured Liabilities which are then due and payable (or as a result of such receipt become due and payable).

4. Pursuant to the terms of the Debenture, the Company as beneficial owner and with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994, as security for the payment, discharge and performance of the Secured Liabilities, charges in favour of the Security Agent (as agent and trustee as aforesaid) by way of a first floating charge all its undertaking and assets whatsoever and wheresoever both present and future (including, without limitation, any undertaking and assets situated in Scotland (whether or not the same may be mortgaged or charged by way of standard security)), subject always to all mortgages, fixed charges and assignments created by or pursuant to Clause 4 of the Debenture or any other provision of Debenture.

5. Pursuant to the terms of the Debenture:

(a) the Security Agent may by notice to any Chargor convert the floating charge hereby created into a specific charge as regards all or any of such Chargor's assets, rights and property (except to the extent that any such conversion is ineffective under the laws of Scotland in respect of any such assets, rights and property situated in Scotland) specified in the notice:

(i) if a Declared Default has occurred; or

(ii) if the Security Agent in good faith considers such assets, rights or property to be in danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in immediate jeopardy; or

(iii) if such Chargor fails to comply, or takes or threatens to take any action which in the reasonable opinion of the Security Agent is likely to result in it failing to comply with its obligations under Clause 5.2 of the Debenture.

(b) The floating charge under the Debenture created shall (in addition to the circumstances in which the same will occur under general law) automatically be converted into a fixed charge over the assets, rights and property of any Chargor on the convening of any meeting of the members of such Chargor to consider a resolution to wind such Chargor up (or not to wind such Chargor up) PROVIDED THAT Clause 5.3(b) of the Debenture shall not apply to any of the Chargor's undertaking and assets situate in Scotland if, and to the extent that, a Receiver would not be capable of exercising his powers in Scotland pursuant to Section 72 of the Insolvency Act 1986 by reason of such automatic conversion.

(see continuation sheet 5)

Continuation Sheet 5
Companies Form 395
Priory Healthcare Limited
Company No. 3189363

- (c) The giving by the Security Agent of a notice pursuant to Clause 5.3(a) of the Debenture in relation to any class of any Chargor's assets, rights and property shall not be construed as a waiver or abandonment of the Security Agent's rights to give other similar notices in respect of any other class of assets or of any other of the rights of the Lenders (or any of them) under the Debenture or under any of the other Senior Finance Documents and/or Mezzanine Finance Documents.

In the Debenture, the Company undertakes to each Lender that, save as expressly permitted under the terms of the Debenture, the Senior Facility Agreement and the Mezzanine Facility Agreement it will not:

- (a) create or permit to subsist any Encumbrance over all or any of its assets, rights or property other than pursuant to the Debenture or any other Security Document; or
- (b) part with, lease, sell, transfer, assign or otherwise dispose of or agree to part with, lease, sell, transfer, assign or otherwise dispose of all or any part of its assets, rights or property or any interest therein.

The following terms used in this Companies Form M395 have the meanings set out below:

"Account Bank" means any one of Barclays Bank PLC, Lloyds TSB Bank plc, National Westminster Bank Plc or The Royal Bank of Scotland Plc provided that they shall only remain as Account Banks for so long as they are Approved Banks or may be changed to any other bank or financial institution at any time with the agreement of Westminster Specialist Health Limited (as Obligors' Agent) and the Security Agent but, in each case, such change shall only become effective upon the proposed new Account Bank agreeing with the Security Agent and Westminster Specialist Health Limited (as Obligors' Agent), in a manner satisfactory to the Security Agent (acting reasonably), to fulfil the role of Account Bank.

"Acquisition" means the acquisition of the Acquired Assets (as defined in the Senior Facility Agreement) and the refinancing of the Refinancing Debt (as defined in the Senior Facility Agreement) by Westminster Specialist Health Limited provided for in the Acquisition Agreements and the acquisition of SHS (as defined in the Senior Facility Agreement);

"Acquisition Agreements" means the Sale and Purchase Agreement and the Tax Deed, as defined in the Sale and Purchase Agreement and all transfers and other instruments made pursuant to any thereof;

"Ancillary Bank" means any Bank which becomes an Ancillary Bank pursuant to the Senior Facility Agreement;

"Approved Bank" has the meaning given to that term in the Senior Facility Agreement until the Senior Discharge Date and thereafter the meaning given to that term in the Mezzanine Facility Agreement;

"Arrangers" means Barclays Capital and Greenwich NatWest Limited as arrangers of the facilities to be provided under the Senior Facility Agreement and Barclays Capital as arranger of the facilities provided under the Mezzanine Facility Agreement;

"Banks" means Barclays Bank PLC, NatWest Acquisition Finance and National Westminster Bank Plc and any bank to which rights and/or obligations are assigned or transferred in accordance with the Senior Facility Agreement or which assumes rights and obligations pursuant to a Substitution Certificate (as defined in the Senior Facility Agreement);

"Beneficiary" means a holder of a Loan Note from time to time;

"Cash Collateral Prepayment Account" means any and each account opened with the Facility Agent referred to in Clause 10.8 of the Senior Facility Agreement;

"Charged Account" means the account to be opened on or prior to the first Utilisation Date by the Company with the Security Agent in the Company's name to the credit of which the Security Deposit will be deposited;

"Chargor" means each of Westminster Specialist Health Limited, Westminster Specialist Health Division Limited, Priory Healthcare Limited, Priory Healthcare Services Limited, Priory Hospitals Limited, Priory Childcare Services Limited, Care Continuums Limited, Blenheim House Limited, Libra Health Group Limited, Farm Place Limited, Libra Health Limited, Libra Nursing Homes Limited, Ticehurst House Private Clinic Limited, Robinson Kay House (Bury) Limited, Highbank Health Care Limited and The Nottingham Clinic Limited and each company which becomes a party to the Debentures;

"Closing Date" means 31st January, 2000 being the date on which closing occurred pursuant to the Acquisition Agreement;

"Collateral Account" means each account maintained from time to time by a Chargor at such branch of the Account Bank as the Security Agent may from time to time approve being, at the Closing Date, those accounts with the Account Bank identified in a letter dated the Closing Date from the Company for itself and as agent for the other Chargors to the Security Agent and countersigned by the Security Agent for the purposes of identification;

"Declared Default" means an Event of Default which has resulted in the Senior Agent serving notice under any provision of Clause 24.2 of the Senior Facility Agreement and/or the Mezzanine Agent serving notice under any provision of Clause 22.2 of the Mezzanine Facility Agreement;

"Deed of Accession" means a deed substantially in the form of Schedule 7 of the Debenture executed, or to be executed, by a Chargor;

"Default" has the meaning given to that term in the Senior Facility Agreement and/or the meaning given to that term in the Mezzanine Facility Agreement (as the case may be);

"Default Rate" means, until the Senior Discharge Date, at any time, a rate determined in accordance with Clause 12.3 of the Senior Facility Agreement and, thereafter, a rate determined in accordance with Clause 10.4 of the Mezzanine Facility Agreement;

"Documentary Credit Bank" has the meaning given to that term in the Senior Facility Agreement;

"Encumbrance" means any standard security, assignation in security, bond and floating charge, mortgage, pledge, lien, charge, assignment for the purpose of providing security, hypothecation, right in security, security interest or trust arrangement for the purpose of providing security, and any other security agreement or other arrangement having the effect of providing security (including, without limitation, the deposit of monies or property with a person with the primary intention of affording such person a right of set-off or lien);

"Event of Default" has the meaning given to that term in the Senior Facility Agreement and/or the meaning given to that term in the Mezzanine Facility Agreement (as the case may be);

"Fixtures" means, in relation to any freehold or leasehold property charged by or pursuant to this security, all fixtures and fittings (including trade fixtures and fittings) and fixed plant and machinery from time to time thereon owned by any Chargor;

"Group" means Westminster Specialist Health Limited and its Subsidiaries from time to time;

"Group Shares" means all shares specified in Schedule C or in the Schedule to any Deed of Accession or, when used in relation to a particular Chargor, such of those shares as are specified against its name in Schedule C or as are specified in the Schedule to a Deed of Accession to which it is party, together in each case with all other stocks, shares, debentures, bonds, warrants, coupons or other securities and investments now or in the future owned by any or (when used in relation to a particular Chargor) that Chargor from time to time but excluding any shares held in Total Renal Care (UK) Limited (Company Number: 03353201);

"Hedging Agreements" means any and all interest rate swap and/or interest rate cap and/or other hedging agreements entered into or committed to be entered into by any member of the Group as have been (and/or as may hereafter be) agreed in writing between Westminster Specialist Health Limited and the Facility Agent to constitute the Hedging Agreements, including without limitation, those contemplated by Clause 5.1(e) of the Senior Facility Agreement;

"Hedging Banks" has the meaning given to that term in the Priority Agreement;

"Insurances" means all contracts and policies of insurance (including, for the avoidance of doubt all cover notes) of whatever nature which are from time to time taken out by or on behalf of any Chargor or (to the extent of such interest) in which any Chargor has an interest;

"Intellectual Property Rights" means all know-how, patents, trade marks, service marks, designs, business names, domain names, topographical or similar rights, copyrights and other intellectual property rights and any interests (including by way of licence) in any of the foregoing (in each case whether registered or not and including all applications for the same);

"Intra-Group Loan Agreement" means the loan agreement dated 31st January, 2000 between Westminster Specialist Health Limited on the one hand and those of its Subsidiaries originally party to the Debenture on the other;

"Issuing Bank" means National Westminster Bank Plc;

"Lender" means each of the Senior Agent, the Security Agent, the Arrangers, the Banks, the Issuing Bank, each Ancillary Bank, the Documentary Credit Bank and the Hedging Banks parties to or having an interest under the Senior Finance Documents from time to time and each of the Security Agent, the Arranger, the Mezzanine Agent and the Mezzanine Lenders parties to or having an interest under the Mezzanine Finance Documents from time to time (together the **"Lenders"**);

"Loan Note" means any loan note issued by Westminster Specialist Health Limited pursuant to the Acquisition of Target;

"Loan Note Guarantee" means the guarantee to be issued by the Issuing Bank in favour of the Beneficiaries in respect of the Loan Notes in the agreed form;

"Mezzanine Agent" means Barclays Bank PLC as facility agent for the Mezzanine Lenders under the Mezzanine Facility Agreement and any of its permitted successors or assigns;

"Mezzanine Discharge Date" has the meaning given to that term in the Priority Agreement;

"Mezzanine Facility Agreement" means the facility agreement dated 24th December, 1999 between, amongst others, the Company and Barclays Bank PLC as Mezzanine Agent and National Westminster Bank Plc as Security Agent, as supplemented and amended from time to time;

"Mezzanine Finance Documents" has the meaning given to that term in the Mezzanine Facility Agreement and includes any and each other agreement or instrument supplementing or amending any of such documents;

"Mezzanine Lenders" means each of the Mezzanine Agent, the Security Agent, Barclays Capital as the Arranger and each of the banks and financial institutions party to the Mezzanine Facility Agreement as Lenders from time to time;

"Obligor" means each Obligor under, and as defined in, the Senior Facility Agreement and each Obligor under, and as defined in, the Mezzanine Facility Agreement;

"Outstanding Liability Amount" has the meaning given to that term in the Senior Facility Agreement;

"Premises" means all buildings and erections for the time being comprised within the definition of "Security Assets";

"Priority Agreement" means an agreement dated 31st January, 2000 made between the Chargors, the Lenders and others providing for the ranking and relative priorities of certain obligations of, amongst others, the Chargors;

"Realisations Account" means each account maintained from time to time by or in the name of the Chargors or any of them for the purposes of Clause 13.2 of the Debenture at such branch or branches of an Account Bank as the Security Agent may from time to time approve;

"Receiver" means a receiver and manager or (if the Security Agent so specifies in the relevant appointment) a receiver;

"Related Rights" means, in relation to the Group Shares, all dividends and other distributions paid or payable after the date hereof on all or any of the Group Shares and all stocks, shares, securities (and the dividends or interest thereon), rights, money or property accruing or offered at any time by way of redemption, bonus, preference, option rights or otherwise to or in respect of any of the Group Shares or in substitution or exchange for any of the Group Shares;

"Relevant Agreements" means each agreement or instrument assigned or purported to be assigned pursuant to Clause 4.3 of the Debenture and/or any Deed of Accession together with any and each other agreement or instrument supplementing or amending any such agreement or contract;

"Sale and Purchase Agreement" has the meaning given to that term in the Senior Facility Agreement;

"Security Accounts" means the Collateral Accounts and the Realisations Accounts;

"Security Assets" means all assets, rights and property of the Chargors or any of them the subject of any security created by or pursuant to the Debenture and includes, for the avoidance of doubt, each Chargor's rights to or interests in any chose in action and the Security Shares and the Security Deposit;

"Security Deposit" has the meaning given to that term in the Senior Facility Agreement;

"Security Documents" means the Debenture, each Deed of Accession and every other document entered into by the Chargors or any Subsidiary of any Chargor pursuant to the Debenture and/or Clause 20.4 (Security) of the Senior Facility Agreement and/or Clause 18.3 (Security) of the Mezzanine Facility Agreement;

"Security Shares" means the Group Shares and the Related Rights and, in the case of each Chargor, means such of the Group Shares as are held by it at the relevant time, together with all Related Rights in respect thereof;

"Senior Agent" means National Westminster Bank Plc in its capacity as facility agent under the Senior Facility Agreement and its permitted successors and assigns;

"Senior Discharge Date" has the meaning given to that term in the Priority Agreement;

"Senior Facility Agreement" means the facility agreement dated 24th December, 1999 between, amongst others, the Company and National Westminster Bank Plc as Senior Agent and Security Agent, as supplemented and amended from time to time;

"Senior Finance Documents" has the meaning given to that term in the Senior Facility Agreement;

"Share Mortgages" means the mortgages and charges created or purported to be created by Clause 4.2 hereof and/or by any Deed of Accession;

"SHS Loan Agreement" means the loan agreement, and any and each other agreement or instrument supplementing or amending it, documenting the non-interest bearing loans aggregating not more than £12,100,000 to Libra Health Limited, Farm Place Limited, Blenheim House Limited and Highbank Health Care Limited by Westminster Health Care (UK) Limited, Westminster Health Care Investments Limited and Northminster Limited which on or before the date of this Debenture have been assigned to Westminster Specialist Health Division Limited;

"Subsidiaries" has the meaning given to that term in the Senior Facility Agreement;

"Target" means Priory Healthcare Limited a company incorporated under the laws of England and Wales (Company No. 03189363);

"Utilisation Date" has the meaning given to that term in the Senior Facility Agreement.

SCHEDULE A
Part I

Freehold Property

1. All that freehold property known as Eden Grove School, Chapell Street, Bolton and registered at HM Land Registry with absolute title under title number CU113771.
2. All that freehold property known as The Cottage and Marchwood Park Preparatory School, Marchwood Park, Hampshire and registered at HM Land Registry with absolute title under title numbers HP274005 and HP274006.
3. All that freehold property known as Lynbrook Clinic, Chobham Road, Woking, Surrey and registered at HM Land Registry with absolute title under title number SY648215 and SY638506.
4. All that freehold property known as Sturt House Clinic, Sturts Lane, Walton on the Hill, Surrey and registered at HM Land Registry with absolute title under title numbers SY567305 and SY280588.
5. All that freehold property known as The Priory, Priory Lane, Roehampton and 9 and 11 Upper Richmond Road West, Roehampton and registered at HM Land Registry with absolute title under title number SGL172131.
6. All that freehold property known as Heath House, Purdown, Bristol and registered at HM Land Registry with absolute title under title number AV204454.
7. All that freehold property known as Jacques Hall, Harwich Road, Bradfield, Manningtree, and registered at HM Land Registry with absolute title under title number EX494805.
8. All that freehold property known as St Dymphna, Ransom Road, St. Ann's, Nottingham and registered at HM Land Registry with absolute title under title numbers NT220908 and NT292439.
9. All that freehold property known as Springfield Dukes and Springfield Dukes Cottages, Springfield Green, Chelmsford, Essex and registered at HM Land Registry with absolute title under title number EX448034.
10. All that freehold property known as Grovelands House, The Bourne, Southgate and registered at HM Land Registry with absolute title under title numbers EGL159651 and EGL224063.
11. All that freehold property known as Altrincham Hospital, Altrincham, Cheshire and registered at HM Land Registry with absolute title under title number GM32147.
12. All that freehold property known as Hayes Grove, Hayes, Bromley, Kent and registered at HM Land Registry with absolute title under title number SGL586784.
13. All that freehold property known as Priory Manor Nursing Home, known as Lancashire Priory Hospital, Rosemary Lane, Bartle, Preston and registered at HM Land Registry with absolute title under title number LA789130.
14. All that freehold property known as Farm Place, Stone Street, Ockley, Dorking and registered at HM Land Registry with absolute title under title number SY219625.

Continuation Sheet 11
Companies Form 395
Priory Healthcare Limited
Company No. 3189363

15. All that freehold property known as 25 Brighton Road, Salfords, Redhill, Surrey and registered at HM Land Registry with absolute title under title number SY387946.
16. All that freehold property known as Brimpton Road, Thatcham and registered at HM Land Registry with absolute title under title number BK335895.
17. All that freehold property known as Sketchley Hall, Manor Way, Burbage, Leicestershire and registered at HM Land Registry with absolute title under title number LT267038.
18. All that freehold property known as Blenheim House, Chadwick Drive, Eaglestone, Milton Keynes and registered at HM Land Registry with absolute title under title number BM240154.
19. All that freehold property known as Ticehurst House Estate, Ticehurst and registered at HM Land Registry with absolute title under title number ESX235200.
20. All that freehold property known as White Oaks, Tottingworth, Park, Heathfield, Wealdon, East Sussex and registered at HM Land Registry with absolute title under title number ESX89771.
21. All that freehold property known as Unsted Park Hospital, Munstead Heath, Godalming and registered at HM Land Registry with absolute title under title number SY412405.
22. All that freehold property known as Robinson Kay House, Walmersley Road, Bury, Greater Manchester and registered at HM Land Registry with absolute title under title number GM548330.
23. All that freehold property known as Highbank, Walshaw Lane, Bury and registered at HM Land Registry with absolute title under title numbers LA155742 and GM485743.
24. All that freehold property known as The Towers, 18 Egerton Road, Bexhill On Sea, East Sussex and registered at HM Land Registry with absolute title under title number ESX224669.
25. All that freehold property known as Birkhill Innhams Wood, Crowborough and registered at HM Land Registry with absolute title under title number ESX73102.
26. All that freehold property known as Ticehurst Clinic, 14-18 New Church Road, Hove and registered at HM Land Registry with absolute title under title numbers SX141057 and ESX60984.

Part II

Leasehold Property

1. All that leasehold property known as 21 - 23 Woodburn Road, Edgbaston, Birmingham and registered at HM Land Registry with absolute title under title number WM636441.
2. All that unregistered leasehold property known as Hampden House, 2-4 Palatine Road, Didsbury, Manchester.
3. All that unregistered leasehold property relating to the North Wing, Ground Floor, Broadwater Park, Denham, Uxbridge, Middlesex.

Part III

Excluded properties and property interests

1. All that unregistered leasehold property known as Angus Nursing Home, 22-24 Sackville Gardens, Hove, East Sussex.
2. Lee House, Highfield Road, Edgbaston, Birmingham B15 3ED.
3. 45 The Parade, Cardiff CF2 3AB.
4. Bredon House, 321 Tetenhall Road, Wolverhampton WV6 0JZ.
5. 2 Clarendon Road, Westbourne, Bournemouth BH4 8AH.
6. Unit 8, Shelley Farm, Ower, Romsey, Hampshire.
7. Churchill Clinic, 80 Lambeth Road, London.
8. Springfield Hospital, Glenbury Road, London.

SCHEDULE B

Intellectual Property Rights

Trade Mark Number	Trade Mark	Owner
2117780- (sub-part 2117772A)	(Leaning Gyroscope ordinary writing)	Priory Healthcare Limited
2117780- (sub-part 2117772B)	(Leaning Gyroscope stylised writing)	Priory Healthcare Limited
1558642	Priory Hospitals Group (and arches device) (Class 5)	Priory Hospitals Limited
1558643	Priory Hospitals Group (and arches device) (Class 36)	Priory Hospitals Limited
1558644	Priory Hospitals Group (and arches device) (Class 42)	Priory Hospitals Limited

SCHEDULE C

Group Shares

Chargor	Name of Company in which Shares are held	Name of Nominee (if any) by whom Shares are held	Class of Shares held	Number of Shares held
Westminster Specialist Health Division Limited	Westminster Specialist Health Limited		Ordinary	5,250,010,001
Westminster Specialist Health Limited	Highbank Health Care Limited		Ordinary	100
Westminster Specialist Health Limited	Libra Health Group Limited		Ordinary	
Westminster Specialist Health Limited	Farm Place Limited		Ordinary	7,300,000 4
Westminster Specialist Health Limited	Blenheim House Limited		"A" ordinary "B" ordinary	1,190,085,000 15, 000

Continuation Sheet 15
Companies Form 395
Priority Healthcare Limited
Company No. 3189363

Chargor	Name of Company in which Shares are held	Name of Nominee (if any) by whom Shares are held	Class of Shares held	Number of Shares held
Westminster Specialist Health Limited	Priority Healthcare Limited		"B" ordinary	2, 544, 576
			"D" ordinary	225, 000
			Deferred	25, 000, 000
Highbank Health Care Limited	Highbank Private Hospital Limited		Ordinary	100
Highbank Health Care Limited	Robinson Kay House (Bury) Limited		Ordinary	2
Libra Health Group Limited	Libra Health Limited		Ordinary	200
Libra Health Limited	Ticehurst House Private Clinic		Ordinary	336, 000
			4% cumulative	13, 200
			2.5% non cumulative	336, 000
Libra Health Limited	Libra Nursing Homes Limited		Ordinary	1, 100
			4% cumulative preference	100
			2.5% non-cumulative preference	1, 100

Continuation Sheet 16
Companies Form 395
Priory Healthcare Limited
Company No. 3189363

Chargor	Name of Company in which Shares are held	Name of Nominee (if any) by whom Shares are held	Class of Shares held	Number of Shares held
Priory Healthcare Limited	Priory Healthcare Services Limited		Ordinary	3, 407, 203
			US\$ bearer	16, 106, 313
Priory Healthcare Services Limited	Priory Hospitals Limited		Ordinary	2, 759, 689
Priory Hospitals Limited	The Nottingham Clinic Limited		Ordinary	200
Priory Hospitals Limited	Priory Behavioural Health Limited		Ordinary	2
Priory Hospitals Limited	Priory Childcare Services Limited		Ordinary	2
Priory Hospitals Limited	Employee Management Services Limited		Ordinary	1, 000
Priory Hospitals Limited	Care Continuums Limited		Ordinary	2
Priory Hospitals Limited	Nottcor 6 Limited		Ordinary	2
Priory Hospitals Limited	Sturt House Clinic Limited		"A" Ordinary	10, 000
Priory Hospitals Limited	Sturt House Clinic Limited		"B" Ordinary	10,000
Priory Hospitals Limited	Sturt House Clinic Limited		"C" Preference	230,000

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Continuation Sheet 17
Companies Form 395
Priory Healthcare Limited
Company No. 3189363

Chargor	Name of Company in which Shares are held	Name of Nominee (if any) by whom Shares are held	Class of Shares held	Number of Shares held
Priory Hospitals Limited	Jacques Hall Foundation Limited		Ordinary	2
Priory Hospitals Limited	Jacques Hall Limited		Ordinary	2
Priory Hospitals Limited	Public Health Solutions Limited		Ordinary	2
Priory Healthcare Limited	Priory Healthcare Europe Limited		Ordinary	2
Priory Hospitals Limited	Community Addiction Services Limited		Ordinary	100

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 03189363

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEBENTURE AS AMENDED BY A SUPPLEMENTAL DEED DATED 10 FEBRUARY 2000 DATED THE 31st JANUARY 2000 AND CREATED BY PRIORY HEALTHCARE LIMITED FOR SECURING ALL PRESENT AND FUTURE OBLIGATIONS AND LIABILITIES (WHETHER ACTUAL OR CONTINGENT AND WHETHER OWED JOINTLY OR SEVERALLY OR IN ANY OTHER CAPACITY WHATSOEVER) OF EACH OBLIGOR (AS DEFINED) TO THE LENDERS (OR ANY OF THEM) UNDER EACH OR ANY OF THE SENIOR FINANCE DOCUMENTS AND THE MEZZANINE FINANCE DOCUMENTS WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 17th FEBRUARY 2000.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 22nd FEBRUARY 2000.



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



COMPANIES HOUSE

Jw
4/c