

**Declaration in relation to assistance for the acquisition of shares.**

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

Please do not write in this margin

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

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03189363

Name of company

\* PRIORY HEALTHCARE LIMITED

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

\* Insert full name of company

X We†

Chai Patel of The Thatched House, Manor Way, Oxshott, Surrey KT22 0HU

† Insert name(s) and address(es) of all the directors

Anthony Heywood of Woodhill, Cross in Hand, Nr Heathfield, East Sussex TN21 0TP

Stephen Purse of 36 Newry Road, Twickenham, London TW1 1PL

MG1

§ Delete as appropriate

[the sole director] [all the directors] § of the above company do solemnly and sincerely declare that:

The business of the 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 †

The company is proposing to give financial assistance in connection with the acquisition of shares in the [company] ~~company's holding company. §~~The assistance is for the purpose of [that acquisition] ~~reducing or discharging a liability incurred for the purpose of that acquisition].~~

The number and class of the shares acquired or to be acquired is: 2,544,576 'B' Ordinary Shares and 225,000 'D' Ordinary Shares both of 10p each and 25,000,000 Deferred Shares of £0.0001 each

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

FRESHFIELDS  
65 Fleet Street  
London EC4Y 1HS  
DX LDE No. 23/London Chancery Lane 23For official use  
General Section

Post room



The assistance is to be given to: (note 2)

Westminster Specialist Health Limited of Kings Court, 41-51 Kingston Road, Leatherhead, Surrey KT22 7SL ("WSH")

Please do not write in this margin

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

The assistance will take the form of:

See Appendix 1 attached.

The person who [has acquired][will acquire]\* the shares is:

Westminster Specialist Health Limited

\*Delete as appropriate

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

See Appendix 2 attached

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

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

Please do not  
write in  
this margin

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

† Delete either (a) or  
(b) as appropriate

~~X~~/We have formed the opinion, as regards the 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) ~~X~~/We have formed the opinion that the company will be able to pay its debts as they fall due during the year immediately following that date] † (note 3)

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

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

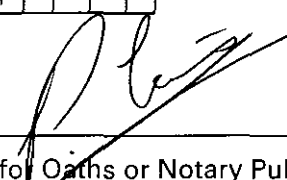
Declared at Freshfields, 65 Fleet Street, London

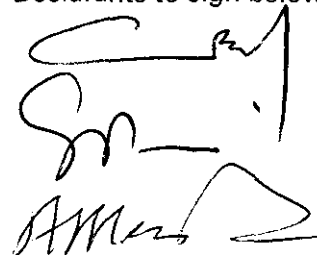
Declarants to sign below

on 

Day		Month		Year	
3	1	0	1	2	0
0		0		0	

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.



## 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 is:-

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

or, for companies registered in Scotland:-

The Registrar of Companies  
37 Castle Terrace  
Edinburgh  
EH1 2EB

APPENDIX 1 – Form of Financial Assistance

**PRIORY HEALTHCARE LIMITED**

**(Company number 03189363)**

Priory Healthcare Limited (the *Company*) will provide financial assistance by way of:

1. acceding to (in its capacity as Guarantor) a Senior Facility Agreement dated 24 December 1999 and made between, inter alia, WSH, certain other subsidiaries of WSH and the Company as Guarantors, Barclays Capital (as Arranger), Greenwich Natwest Limited (as Arranger), National Westminster Bank Plc (in its separate capacities as Facility Agent and Security Agent) (*Natwest*), and the Original Banks referred to therein (the *Senior Facility Agreement*);
2. acceding to (in its capacity as Guarantor) a Mezzanine Facility Agreement dated 24 December 1999 and made between, inter alia, WSH, certain other subsidiaries of WSH and the Company as Guarantors, Barclays Capital (as Arranger), Natwest (as Security Agent) and Barclays (as Facility Agent and Original Lender) (the *Mezzanine Facility Agreement* and together with the Senior Facility Agreement, the *Facility Agreements*).
3. a Debenture entered into by, inter alia, WSH, the Company, certain other subsidiaries of WSH and the Company and Natwest (as Security Agent) (the *Debenture*).
4. a Priority Agreement entered into by, inter alia, WSH, the Company, certain other subsidiaries of WSH and the Company, the Senior Creditors, the Hedging Banks, the Mezzanine Creditors, the Investors, and Barclays (the *Priority Agreement*).
5. Guarantor Accession Agreements relating to the Senior Facility Agreement and the Mezzanine Facility Agreement to be entered into by the Company and the existing parties to the Facility Agreements (the *Accession Agreements*).
6. an Intra-Group Loan Agreement to be entered into by WSH, the Company and certain other subsidiaries of WSH and the Company (the *Intra-Group Loan Agreement*).

7. a Loan Stock Instrument to be entered into by the Company (the *Loan Stock Instrument*).

**APPENDIX 2 – Principal terms upon which the financial assistance will be given**

**PRIORY HEALTHCARE LIMITED**

**(Company number 03189363)**

**Senior Facility Agreement**

1. By acceding to the Senior Facility Agreement, the Company will give an irrevocable and unconditional joint and several guarantee in favour of each Finance Party (as defined in the Senior Facility Agreement) of prompt performance by each of the Obligor (as defined in the Senior Facility Agreement) of all its payment obligations under the Senior Finance Documents (as defined in the Senior Facility Agreement) and the payment of all sums payable to such Finance Party by each other Obligor under the Finance Documents as they become due.
2. By acceding to the Senior Facility Agreement, if and whenever any other Obligor does not pay any amount when due from it under or in connection with any Senior Finance Document, the Company will on demand pay such amount as if it, rather than the Obligor, were expressed to be the primary obligor, together with interest on that sum at the rate per annum from time to time payable by the other Obligor on that sum from the date when that sum becomes payable by the Company under the Senior Facility Agreement until payment of that sum in full.
3. By acceding to the Senior Facility Agreement, the Company will, on demand, indemnify each Finance Party against any loss or liability suffered by it under any Senior Finance Agreement as a result of any obligation guaranteed by such Obligor being or becoming unenforceable, invalid or illegal.

**Mezzanine Facility Agreement**

4. By acceding to the Mezzanine Facility Agreement, the Company will give an irrevocable and unconditional joint and several guarantee in favour of each Finance Party (as defined in the Mezzanine Facility Agreement) of prompt performance by each of the Obligor (as defined in the Mezzanine Facility Agreement) of all its payment obligations under the Mezzanine Finance Documents (as defined in the Mezzanine Facility Agreement) and the payment of all sums payable to such Finance Party by each other Obligor under the Finance Documents as they become due.

5. By acceding to the Mezzanine Facility Agreement, if and whenever any other Obligor does not pay any amount when due from it under or in connection with any Mezzanine Finance Document, the Company will on demand pay such amount as if it, rather than the Obligor, were expressed to be the primary obligor, together with interest on that sum at the rate per annum from time to time payable by the other Obligor on that sum from the date when that sum becomes payable by the Company under the Mezzanine Facility Agreement until payment of that sum in full.
6. By acceding to the Mezzanine Facility Agreement, the Company will, on demand, indemnify each Finance Party against any loss or liability suffered by it under any Mezzanine Finance Agreement as a result of any obligation guaranteed by such Obligor being or becoming unenforceable, invalid or illegal.

### **Debenture**

7. By executing the Debenture, the Company will with full title guarantee as security for the payment, discharge and performance of all Secured Liabilities (as defined in the Debenture) at any time owed or due to the Lenders (as defined in the Debenture), charge 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, 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;
  - (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, wheresoever situate now 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;
  - (c) by way of first fixed charge:
    - (i) 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;

- (ii) all plant, machinery, computers and vehicles now or in the future owned by it and its interest in any plant, machinery, computers or vehicles in its possession other than any for the time being part of such Chargor'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 with any bank, financial institution or other person and the debts represented thereby;
- (iv) 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 enjoyed or held by it in relation to any of the foregoing including in each case the proceeds of the same;
- (vi) all of its rights and benefits under each of the Relevant Agreements (as defined in the Debenture), all bills of exchange and other negotiable instruments held by it, and any distributorship or agreement for the licensing of Intellectual Property Rights (as defined in the Debenture) 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 (as defined in the Debenture) 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 owned by it, subject to any necessary third party's consent to such charge being obtained; and

- (xii) all stocks, shares, debentures, bonds, warrants, coupons or other securities and investments now or in the future owned by any Chargor.
8. By executing the Debenture, each Chargor, as sole beneficial owner and with full title guarantee mortgages and charges to the Security Agent all Group Shares (as defined in the Debenture) held now or in the future by it and/or any nominee on its behalf and mortgages and charges and agrees to mortgage and charge to the Security Agent all the Related Rights (as defined in the Debenture) accruing to all or any of the Group Shares held now or in the future by it and/or any nominee on its behalf.
9. By executing the Debenture, each Chargor as beneficial owner and with full title guarantee assigns and agrees to assign to the Security Agent all its right, title and interest (if any) in and to:
- (i) the Insurances;
  - (ii) the Acquisition Agreements;
  - (iii) the Hedging Agreements; and
  - (vi) the Intra-Group Loan Agreement;
10. By executing the Debenture, each Chargor as beneficial owner and with full title guarantee charges in favour of the Security Agent by way of a first floating charge all its undertaking and assets whatsoever and wheresoever both present and future, subject always to all mortgages, fixed charges and assignments created by or pursuant to the Debenture.

### **Priority Agreement**

11. By executing the Priority Agreement, the Company will agree, inter alia, to:
- (a) subordinate its right to repayment of any moneys due to it from other Obligors (as defined therein) in certain circumstances;
  - (b) provide for the ranking of priority between creditors of the Obligors; and
  - (c) indemnify the Agent (as defined therein) and the Banks (as defined therein) for certain cash, claims, expenses and liabilities under the Priority Agreement.

### **Intra-Group Loan Agreement**

12. By executing the Intra-Group Loan Agreement the Company will undertake to lend to WSH, upon WSH's request, such amount as is required by WSH in order to meet its payment obligations under the Facility Agreements provided that the lending of such an amount will not leave the Company unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986.

### **Loan Stock Instrument**

13. By executing the Loan Stock Instrument the Company will issue to WSH loan stock to be redeemed by the Company in 2010.

### **Accession Agreements**

13. By executing the Accession Agreements the Company, as mentioned above, will become a party to the Facility Agreements.



**KPMG Audit Plc**

PO Box 486  
1 Puddle Dock  
London EC4V 3PD  
United Kingdom

Tel +44 (0)171 311 2186  
Fax +44 (0)171 311 2582  
Telex 8811541 KPMGLO G  
DX 38050 Blackfriars

**Private & confidential**

The Directors  
Priory Healthcare Limited  
Kings Court  
41-51 Kingston Road  
Leatherhead  
Surrey  
KT22 7SZ

Our ref lc/631

Contact Keith Durward  
0171 311 2186

31 January 2000

Dear Sirs

**Auditors' report to the directors of Priory Healthcare Limited pursuant to Section 156(4) of the Companies Act 1985**

We have examined the attached statutory declaration of the directors dated 31 January 2000 in connection with the proposal that the company should give financial assistance for the purchase of 100% of the company's ordinary shares. We have enquired into the state of the company's affairs in order to review the bases for the statutory declaration.

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

*KPMG Audit Plc*



KPMG Audit Plc, a company  
incorporated under the UK Companies  
Acts, is a member of KPMG  
International, a Swiss association

KPMG Audit Plc is  
registered to carry on audit  
work by the Institute of  
Chartered Accountants in

England and Wales.  
Registered in England  
Number 3110745

Registered office  
8 Salisbury Square,  
London EC4Y 8BB