

Declaration in relation to assistance for the acquisition of shares

155(6)a

CHFP025

Please do not 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

1 1 1 1 1 1 1 1 1 1

03225331

Name of company

*** SOUTHERN CROSS HEALTHCARE FACILITIES LIMITED**

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

* insert full name of company

X We Christopher Rutter of 15 The Dell, Bishop Auckland, County Durham DL14 7HJ;
Philip Henry Scott of The Old Vicarage, Newgate, Barnard Castle, DL12 8NW;
Graham Kevin Sizer of Old Salutation Barn, Low Street, Little Fencote, Northallerton DL7 9LR.

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

† delete as appropriate

~~XXXXXXXXXXXX~~ [all the directors]† of the above company do solemnly and sincerely declare that:

The business of the company is:

§ delete whichever is inappropriate

~~(a) that it is a recognised bank (as defined in section 127(1) of the Companies Act 1985)~~
~~(b) that it is a person authorised to accept deposits from the public in the United Kingdom~~
~~(c) that it is a person authorised to accept deposits from the public 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~~ ~~XXXXXXXXXXXXXXXXXXXX~~ company or companies identified in Part 1 of the attachment to this form (the "Attachment") ~~XXXXXX~~

The assistance is for the purpose ~~of the acquisition of shares in the company~~ set out in Part 2 of the Attachment.

The number and class of the shares acquired or to be acquired is: as detailed in Part 3 of the Attachment

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

Ashurst
Broadwalk House
5 Appold Street
London
EC2A 2HA
639 London/City
DPA/3509675

For official Use
General Section



3509675

The assistance is to be given to: (note 2) the person or persons identified in Part 4 of
the Attachment

Please do not
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margin

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

The assistance will take the form of:

Please see Part 5 of the Attachment

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

† delete as
appropriate

Please see Part 6 of the Attachment

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

Please see Part 7 of the Attachment

The amount of cash to be transferred to the person assisted is £ See Part 8 of the Attachment

The value of any asset to be transferred to the person assisted is £ See Part 9 of the Attachment

The date on which the assistance is to be given is See Part 10 of the Attachment

Please do not write in this margin

☒ 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)

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

delete either (a) or (b) as appropriate

(a) ☒ 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) ~~It is intended to commence the winding up of the company within 12 months of that date, and the directors 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 ☒ 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 ASHURST

Declarants to sign below

on

Day	Month	Year
17	09	2004

 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 or 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

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JCS

SOUTHERN CROSS HEALTHCARE FACILITIES LIMITED
Company Number 03225331
Attachments to Form 155(6)a

Part 1

The company is proposing to give financial assistance in connection with the following acquisitions of shares :

1. the acquisition of shares by Southern Cross Bidco Limited ("**Newco 4**") in Southern Cross Healthcare Holdings Limited, being a holding company of the company ("**Acquisition 1**");
2. the acquisition by Newco 4 of shares in Southern Cross Healthcare Limited, being a holding company of the company ("**Acquisition 2**");
3. the acquisition by Southern Cross Loanco Limited of shares in Southern Cross Healthcare Limited, being a holding company of the company ("**Acquisition 3**");

Part 2

The assistance is for the purpose of:

4. in respect of Acquisition 1, reducing or discharging a liability incurred for the purpose of that acquisition;
5. in respect of Acquisition 2, that acquisition;
6. in respect of Acquisition 3, reducing or discharging a liability incurred for the purpose of that acquisition.

Part 3

7. In respect of Acquisition 1, the number and class of shares to be acquired is 2,000,000 ordinary shares of 1 pence each;
8. In respect of Acquisition 2, the number and class of shares to be acquired is 4,238,265 ordinary shares of £1 each and 247,817 A ordinary shares of 1 pence each;
9. In respect of Acquisition 3, the number and class of shares acquired is 4,238,265 ordinary shares of £1 each and 247,817 A ordinary shares of 1 pence each;

Part 4

The assistance is to be given to:

10. in respect of Acquisition 1, Newco 4 (No. 05221235) of Broadwalk House, 5 Appold Street, London EC2A 2HA;
11. In respect of Acquisition 2, Newco 4 (No. 05221235) of Broadwalk House, 5 Appold Street, London EC2A 2HA;
12. In respect of Acquisition 3, Southern Cross Loanco Limited (04379999) of Unit 2G, First Floor, Enterprise House, Valley Street North, Darlington, County Durham, DL1 1GY;

Part 5

In respect of each of Acquisition 1, Acquisition 2 and Acquisition 3, the assistance will take the form of:

13. Guarantees

Guarantees and indemnities granted by the Company to the persons (the "**Financiers**") providing Newco 4 and others with:

- (a) loan facilities of initially up to about £145,000,000 pursuant to a senior facilities agreement dated 15 September 2004 (the "**Loan Agreement**"); and
- (b) interest rate hedging contracts and instruments (the "**Hedging Contracts**").

14. Security

Fixed and floating charges granted by the Company over all its assets and undertaking present and future by way of security for (inter alia) its obligations under the guarantees and indemnities referred to in paragraph 13 above.

15. Priority

Priority and subordination arrangements entered into by the Company with (among others) the Financiers pursuant to an intercreditor deed dated 15 September 2004 (the "**Intercreditor Document**").

16. Upstream Loan Facility

An intra-group loan facility granted by the Company along with other members of the group of companies of which it is a member in favour of Newco 4 pursuant to a facility letter dated on or about the date of this declaration.

Part 6

- 17. In respect of Acquisition 1, the person who has acquired the shares is Newco 4;
- 18. In respect of Acquisition 2, the person who will acquire the shares is Newco 4;
- 19. In respect of Acquisition 3, the person who has acquired the shares is Southern Cross Loanco Limited;

Part 7

In respect of each of Acquisition 1, Acquisition 2 and Acquisition 3, the principal terms on which the assistance will be given are:

20. Guarantees

- 20.1 The guarantees and indemnities referred to in paragraph 13 of Part 5 are recorded in clause 22 of the Loan Agreement and pursuant to which the Company jointly and severally with other members of the group of companies of which it is a member:

- (a) as principal obligor guarantees payment of monies owing (and performance of obligations undertaken) to the Financiers under the Loan Agreement and the

Hedging Contracts and various finance documents entered into in connection therewith (together the "**Finance Documents**");

- (b) guarantees to each Financier punctual performance by each other group company party to the Finance Documents (an "**Obligor**") of all that Obligor's obligations under the Finance Documents;
- (c) undertakes with each Financier that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, it will immediately on demand pay that amount as if it was the principal obligor; and
- (d) indemnifies each Financier immediately on demand against any cost, loss or liability suffered by that Financier for any reason if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal (whether or not such cost, loss or liability arises as a direct or indirect result of such unenforceability, invalidity or illegality)

21. Security

The security referred to in paragraph 14 of Part 5 is to be created by the Company becoming a party to a debenture (the "**Debenture**") in favour of Barclays Bank PLC as security agent (the "**Security Agent**") for the Financiers. By entering into the Debenture, the Company will (amongst other things):

- 21.1 as primary obligor and not merely as surety, covenant with the Security Agent that it will pay or discharge all outstandings under the Finance Documents at the times and in the manner provided in the relevant Finance Documents;
- 21.2 as beneficial owner and with full title guarantee, charge in favour of the Security Agent all its assets and undertakings by way of fixed and floating charges and/or assignment by way of security for the payment, discharge and performance of such outstandings;
- 21.3 undertake to, promptly do all such acts and execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Agent may reasonably specify and in such form as the Security Agent may reasonably require (in favour of the Security Agent or its nominee(s)) and consistent with the terms of the Debenture in order to:
 - (a) protect (or following an acceleration under the Loan Agreement, perfect) the security created or intended to be created under or evidenced by the Debenture (which may include the execution of a mortgage, charge, assignment or other Security over all or any of the assets which are, or are intended to be, the subject of the Debenture) or for the exercise of any rights, powers and remedies of the Security Agent or the Financiers provided by or pursuant to the Finance Documents or by law; and/or
 - (a) following an acceleration under the Loan Agreement facilitate the realisation of the assets which are, or are intended to be, the subject of the Debenture;
- 21.4 at the request of the Security Agent at anytime after an acceleration under the Loan Agreement take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection (after a default), protection or maintenance of any security conferred or intended to be conferred on the Security Agent or the Financiers by or pursuant to the Debenture, and promptly execute a legal mortgage, charge or assignment over any of the assets subject to or intended to be subject to any fixed security created by the Debenture in favour of the Security Agent in such form as the Security Agent may reasonably require.; and

21.5 permit the Security Agent and each Financier to set off any obligation due and payable by the Company to the Security Agent or the Financier against any obligation (whether or not due and payable) owed by the Security Agent or such Financier (as the case may be) to the Company.

22. Priority

By becoming a party to the Intercreditor Document, the Company (amongst other things) will:

22.1 covenant to pay the amounts owing under the Finance Documents; and

22.2 agree that any sums owed to it by way of intra-group loan by other members of its group will be subordinated to sums owed by such members of the group to the Financiers.

23. Upstream Loan

By executing the facility letter referred to in paragraph 16 of Part 5, the Company, together with other members of its group, will make available to Newco 4 a revolving loan facility of such amounts as are required from time to time by Newco 4 to make payments when due to (among others) the Financiers but on the basis that the Company will only be obliged to make advances under the facility letter if, inter alia, it has the cash resources and the Company is not in liquidation or administration or the subject of a creditor's voluntary arrangement.

24. Amendments

The Company's obligations as described above continue in relation to the Finance Documents as they may be amended, modified, varied or restated from time to time.

Part 8

25. In respect of Acquisition 1, the amount of cash to be transferred to the person assisted at the time of the giving of the financial assistance is nil. However, cash may become payable under the Upstream Loan Facility and/or under the other documents mentioned in Part 5;

26. In respect of Acquisition 2, the amount of cash to be transferred to the person assisted at the time of the giving of the financial assistance is nil. However, cash may become payable under the Upstream Loan Facility and/or under the other documents mentioned in Part 5;

27. In respect of Acquisition 3, the amount of cash to be transferred to the person assisted at the time of the giving of the financial assistance is nil. However, cash may become payable under the Upstream Loan Facility and/or under the other documents mentioned in Part 5;

Part 9

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

28. in respect of Acquisition 1, nil;

29. in respect of Acquisition 2, nil;

30. in respect of Acquisition 3, nil

Part 10

The date on which the assistance is to be given is:

31. in respect of Acquisition 1, within eight weeks of today's date;
32. in respect of Acquisition 2, within eight weeks of today's date;
33. in respect of Acquisition 3, within eight weeks of today's date.

The Directors
Southern Cross Healthcare Facilities Limited
c/o Southern Cross Healthcare Holdings Limited
Unit 2G, First Floor
Enterprise House
Valley Street North
Darlington
County Durham
DL1 1GY

17 September 2004

Dear Sirs

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

We have examined the attached statutory declaration of the directors of Southern Cross Healthcare Facilities Limited (the "Company") dated 17 September 2004 in connection with the proposal that the Company should give financial assistance as set out in the attached statutory declaration. This report, including the opinion, has been prepared for and only for the Company and the Company's directors in accordance with Section 156 of the Companies Act 1985 and for no other purpose. We do not, in giving the opinion set out below, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 LLP
Chartered Accountants and Registered Auditors