Company Registration No. 3417993

NHP SECURITIES NO. 4 LIMITED

Report and Financial Statements

30 September 2008

REPORT AND FINANCIAL STATEMENTS 2008

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REPORT AND FINANCIAL STATEMENTS 2008

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J M J M Jensen
D C Nicholson

REGISTERED OFFICE

25 Hanover Square
London W1S 1JF

DIRECTORS' REPORT

The Directors have pleasure in presenting their annual report and the unaudited financial statements for the year ended 30 September 2008.

PRINCIPAL ACTIVITY

The principal activity of the Company is the holding of a 50.01 per cent interest in the LLNHP Partnership. The Company is one of the two partners in the LLNHP Partnership. Other than the holding of interest in the LLNHP Partnership, the Company has been dormant, as defined in section 249AA of the Companies Act 1985, throughout the current and preceding years.

The principal activity of the LLNHP Partnership was the holding of freehold interests in modern purpose-built care homes, which were leased back to care home operators. The LLNHP Partnership is dormant throughout the current and preceding years. No further trading is proposed.

DIRECTORS

The following Directors served during the year except as noted:

	Date Appointed	Date Resigned
P V Taylor	12 December 2006	19 December 2008
D C Nicholson	-	-
J M J M Jensen	19 December 2008	-

The current Directors of the Company are detailed on page 1. No Director has, or had, any interests in the shares of the Company. No Director holds a service contract with the Company and there is no Company share option scheme in existence.

The Company has made qualifying third party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force to the date of this report.

GOING CONCERN

At 30 September 2008, the Group had bank loans of £1,172m (the 'Senior loan') and £70m (the 'Term Loan Facility') secured on the Group's investment properties and freehold land and buildings.

As at 29 September 2008, the portfolio was valued by King Sturge LLP at £929,776,000 (assuming costs of 1.75%). This results in a loan to value ratio of 126%, which puts the senior loan in breach of its Loan to Value ('LTV') covenant of 92.7%. There are also a number of breaches of other covenants to the loan, which mainly relate to the provision of information. Further, in the light of deteriorating conditions in the real estate investment market, another valuation was commissioned which shows that as at 15 December 2008 the value of the portfolio had dropped to £863,304,000 (assuming costs of 1.75%). This further diminution has not been reflected in the financial statements.

In addition, at 15 January 2009, the loan amounts remained outstanding. The maturity date of the senior loan was 15 January 2009 (the original final maturity date) with an option to extend the loan to 15 January 2010 provided no default was outstanding at the original final maturity date. This failure to repay on the maturity date was an event of default which meant that the loan became instantly repayable.

As a result, the Directors of the Company commenced discussions with the loan Special Servicer, Capmark Services UK Limited ('Capmark'), about how best to resolve this situation. On 25 November 2008 a standstill agreement was put in place until 14 January 2009, and then further extended by all parties to 14 April 2009, which suspends the ability of Capmark and others to exercise their rights in relation to certain specified events of default. This allows the Group time in which to negotiate a solution to the problem of the breached covenants without threat of foreclosure.

The £70m term loan facility is also in breach as a result of the above. The lenders of this loan have also entered into the standstill agreement and have thus suspended their ability to exercise any rights they may have.

There is a provision in the standstill agreement for a Chief Restructuring Officer to be appointed to the board of the Group, whose role would be to represent the Company and Libra No. 3 Limited, its subsidiary undertaking, in its negotiations between the lenders and the Special Servicer. The Chief Restructuring Officer was appointed on 19 December 2008.

DIRECTORS' REPORT

(Continued)

GOING CONCERN (Continued)

Further, the Directors have received an undertaking from Capmark that the cash flow required to operate the Group until the refinancing has been concluded will be forthcoming. The undertaking states that it is the intention of the Senior Creditors to provide the Group with the funds it requires to make payments falling due as a consequence of the Group carrying on its business, including without limitation (a) day-to-day operating costs; (b) restructuring costs; and (c) other exceptional costs incurred in relation to the Potential Restructuring.

Given these circumstances, the Directors do not currently believe there is a risk that the Group will go into insolvent liquidation, although this could change if the negotiations envisaged by the standstill agreement were to fail. Given the above, there is a material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nonetheless, at the present time, the Directors consider it appropriate to prepare the financial statements on the going concern basis. In the event that a going concern basis should become inappropriate, the assets of the Group would be written down to their recoverable value and provision made for any further liabilities that may arise. At this time it is not practicable to quantify such adjustments. See further details in note 1 to the financial statements.

Approved by the Board of Directors
and signed on behalf of the Board

D C Nicholson
Director
Date: 20 January 2009

CONSOLIDATED BALANCE SHEET
30 September 2008

	Notes	2008 £	2007 £
CURRENT ASSETS			
Cash at bank and in hand		1,002	1,002
NET CURRENT ASSETS		1,002	1,002
TOTAL ASSETS LESS CURRENT LIABILITIES		1,002	1,002
Equity minority interest	4	(499)	(499)
NET ASSETS		503	503
CAPITAL AND RESERVES			
Called up share capital	5	2	2
Profit and loss account	6	501	501
EQUITY SHAREHOLDERS' FUNDS		503	503

These financial statements were approved, by the Board of Directors, on 20 January 2009.

Signed on behalf of the Board of Directors

D C Nicholson
Director

COMPANY BALANCE SHEET
30 September 2008

	Notes	2008 £	2007 £
CURRENT ASSETS			
Cash at bank and in hand		2	2
NET CURRENT ASSETS		2	2
NET ASSETS		2	2
CAPITAL AND RESERVES			
Called up share capital	5	2	2
Profit and loss account	6	-	-
EQUITY SHAREHOLDERS' FUNDS		2	2

The Company did not trade during the current or preceding year and has made neither profit nor loss, nor any other recognised gain or loss.

Statement of Directors:

(a) For the year ended 30 September 2008, the annual financial statements have not been audited because Company is entitled to exemption under section 249AA(1) of the Companies Act 1985 relating to dormant companies;

(b) Members have not required the Company to obtain an audit in accordance with section 249B(2) of the Companies Act 1985;

(c) the Directors acknowledge their responsibilities for:

(i) ensuring the Company keeps accounting records which comply with section 221 of the Companies Act 1985, and

(ii) preparing financial statements that give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of its profit and loss for the financial year, in accordance with requirements of section 226 of the Companies Act 1985, and which otherwise comply with the requirements of that Act relating to financial statements, so far as applicable to the Company.

These financial statements on pages 4 to 7 were approved by the Board of Directors on 20 January 2009.

Signed on behalf of the Board of Directors

D C Nicholson
Director

J M J M Jensen
Director

NOTES TO THE ACCOUNTS
Year ended 30 September 2008

1. GOING CONCERN

The Company is a guarantor for a loan entered into by another group company.

At 30 September 2008, the Group had bank loans of £1,172 million (the 'Senior Loan') and £70 million (the 'Term Loan Facility') secured on the Group's investment properties and freehold land and buildings. At 16 January 2009, the loan amounts remain outstanding. The maturity date of the senior loan was 15 January 2009 (the original final maturity date) with an option to extend the loan to 15 January 2010 provided no default is outstanding at the original final maturity date.

Libra No. 2 Limited, the Company's ultimate parent company declared a dividend on 27 November 2007 of £89,035,586, and there was a deficit on the revaluation of properties of £392,665,000 in the year ended 30 September 2008. As a result, the Group is now in a net liability position.

Under the terms of the Senior Loan, the Group has to comply with a number of financial covenants, of which the two most material are a Loan to Value ('LTV') covenant and an Interest Cover Ratio ('ICR') covenant. Further, in order for the Group to continue to trade as a going concern, the Directors of each of the entities in the Group need to be satisfied that they will continue to be able to meet their operating costs and expenses as they fall due.

The Directors of the Company, who are also the directors of Libra No. 3 Limited, a group undertaking and also the borrower to the bank loan, have prepared cash flow forecasts covering the period to 31 March 2010 which show that there is a shortfall in the operational cash flow of the Company in the period. However, the Directors have received an undertaking from Capmark Services UK Limited ('Capmark'), the Special Servicer to the Senior Loan, that the cash flow required to operate the Group will be forthcoming whilst discussions with respect to the Potential Restructuring are continuing. The cash flow forecasts also indicate that the ICR test will not be met throughout the testing period. The undertaking states that it is the intention of the Senior Creditors to provide the Group with the funds it requires to make payments falling due as a consequence of the Group carrying on its business, including without limitation (a) day-to-day operating costs and expenses; (b) restructuring costs; and (c) other exceptional costs incurred in relation to the Potential Restructuring.

The Directors have also considered the LTV test, and note that this was not met as at 30 September 2008. The Directors have been advised by their valuers, King Sturge LLP, that they consider that as at 29 September 2008 the appropriate yield for the Group's property portfolio is 7.42%, and the value of the portfolio is £929,767,000 after costs of 1.75%, on the basis of the properties being sold as a business, resulting in an LTV ratio of 126%.

This breaches the LTV covenant which is set at 92.7%, and the Group was not therefore in a position to obtain the extension of the loan as at 15 January 2009 unless this breach, and other breaches chiefly concerning information covenants which remain unremedied, had been waived. The effect of these breaches was that the loan became immediately repayable as at 15 January 2009. The failure to comply with these covenants has also resulted in a default in the £70million term loan facility.

However, the Directors of the Company have initiated discussions with Capmark under the securitisation structure which operates alongside the bank loan and have entered into a standstill agreement which suspends the rights and remedies of the loan servicer against specified breaches of the loan until 14 April 2009.

Given these circumstances, the Directors do not currently believe there is a risk that the Company will go into insolvent liquidation, although this could change if the negotiations for which the standstill agreement allows were to fail. Given the above, there is a material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nonetheless, at the present time, the Directors consider it appropriate to prepare the financial statements on the going concern basis. In the event that a going concern basis should become inappropriate, the assets of the Group would be written down to their recoverable value and provision made for any further liabilities that may arise. At this time it is not practicable to quantify such adjustments.

NOTES TO THE ACCOUNTS
Year ended 30 September 2008

2. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with all applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. The financial statements are in compliance with the Companies Act 1985.

The Group did not trade during the current year and prior year and incurred no expenses and accordingly no profit and loss account is submitted. The Company and the Group had no employees during the year or preceding year.

The accounting policies have been followed consistently during the current and previous years.

Basis of consolidation

The financial statements consolidate the financial statements of the Company and those of the LLNHP Partnership (the "Partnership"). The Partnership has taken advantage of the qualifying partnerships exemption under regulation 7 of the Partnerships and Unlimited Companies (Accounts) Regulations 1993.

3. INVESTMENTS

The Company has a 50.01% holding in the LLNHP Partnership, which is dormant. The original investment, representing a capital contribution, has been fully repaid and hence is carried at £nil (2007: £nil). Any future profits of the Partnership will continue to be shared between the partners in accordance with the provisions of the Partnership Deed dated 27 October 1997.

4. EQUITY MINORITY INTEREST

Equity minority interest represents LLNH Limited's 49.99% holding in the LLNHP Partnership.

5. SHARE CAPITAL

Group and Company	2008 £	2007 £
Authorised:		
100 ordinary shares at £1 each	100	100
Called up, allotted and fully paid:		
2 ordinary shares at £1 each	2	2

6. RESERVES

	Profit and loss account £
Group	
At 1 October 2007 and 30 September 2008	501
Company	
At 1 October 2007 and 30 September 2008	-

NOTES TO THE ACCOUNTS
Year ended 30 September 2008

7. RELATED PARTY TRANSACTIONS

The exemption under Financial Reporting Standard No. 8 "Related Party Disclosures" has been taken and consequently, transactions with other undertakings within the Libra No. 2 Limited group have not been disclosed in these financial statements.

8. GUARANTEE

The Company is one of the guarantors to a £1,172 million term loan facility agreement entered into by Libra No. 3 Limited with CS Funding 1 Limited, a group undertaking of Credit Suisse on 15 January 2007. The facility is secured by a fixed and floating charge on group assets and unlimited guarantee from its group undertakings. CS Funding 1 Limited's rights and obligations under the £1,172 million term loan agreement were ultimately transferred by way of novation to Titan Europe 2007-1 (NHP) Limited on 24 May 2007.

9. POST BALANCE SHEET EVENTS

On 25 November 2008 a standstill agreement was put in place until 14 January 2009 and later extended until 14 April 2009, which suspends the ability of Capmark, the loan servicer to exercise its rights in relation to certain specified events of default. Also, it allows the Company time to negotiate a solution to the problem of the breached covenants without threat of foreclosure. See further details in note 1 to the financial statements

10. PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The immediate parent undertaking is NHP Limited, a company incorporated in Great Britain and registered in England and Wales.

The ultimate parent undertaking is Delta Commercial Property LP, a limited partnership incorporated and registered in the Isle of Man. In the opinion of the Directors, there is no ultimate controlling party in that company.

The results of the Company are consolidated within Libra No. 2 Limited, its intermediate parent undertaking, a company incorporated and registered in the Cayman Islands. Libra No. 2 Limited is both the smallest and largest group including the Company for which consolidated accounts are prepared.

Copies of the Libra No. 2 Limited group consolidated financial statements to 30 September 2008, which include the results of the Company, are available from Libra Group at, 25 Hanover Square, London, W1S 1JF