Company Registration No. 3429499

LLNH LIMITED

Report and unaudited Financial Statements

30 September2011

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REPORT AND FINANCIAL STATEMENTS 2011

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REPORT AND FINANCIAL STATEMENTS 2011

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J M J M Jensen
P H Thompson

COMPANY SECRETARY

L Pang

REGISTERED OFFICE

Liberty House
222 Regent Street
London
W1BS5TR

DIRECTORS' REPORT

The Directors present their annual report on the affairs of the company, together with the unaudited financial statements, for the year ended 30 September 2011

PRINCIPAL ACTIVITY

The principal activity of the Company is the holding of a 49 99 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 1169 of the Companies Act 2006 throughout the year and preceding financial year It is anticipated that the Company will remain dormant for the foreseeable future Key performance indicators are not considered necessary for an understanding of the development, performance or position of the business of the Company There are no risks or uncertainties facing the Company including those within the context of the use of financial instruments

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
P H Thompson	6 November 2009
J M J M Jensen	19 December 2008

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

The Company is a guarantor for a loan entered into by another group company and is also reliant on the Group to continue as a going concern due to its recurring losses and net current liability position Nevertheless, the Group has been in technical breach of its loan covenants since 15 December 2008 due to the fall in property values and the Directors of the Company have been in restructuring negotiations with its lenders since 28 November 2008 and have entered into a series of standstill agreements which suspend the rights of creditors in respect to the Senior Loan and the Mezzanine Loan to enforce their rights under the loan documents and related security On 13 January 2012, a further standstill agreement was put in place, expiring 13 April 2012

Given these circumstances along with other matters disclosed in note 1, the Directors do not currently expect the Company to go into insolvent liquidation but there is a material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern, which casts the same doubt as to the Company's ability to continue as a going concern Nonetheless, at the present time, the Directors consider it appropriate to prepare the financial statements on the going concern basis See further details in note 1 to the financial statements

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

J M J M Jensen
Director
Date 17 February 2012
Liberty House
222 Regent Street
London
W1B 5TR

BALANCE SHEET
30 September 2011

	Note	2011 £	2010 £
CURRENT ASSETS			
Cash at bank and in hand		1	1
NET CURRENT ASSETS		1	1
NET ASSETS		1	1
CAPITAL AND RESERVES			
Called up share capital	3	1	1
Profit and loss account		-	-
EQUITY SHAREHOLDERS' FUNDS		1	1

LLNH LIMITED (registered number 3429499) did not trade during the current or preceding period and has made neither profit nor loss, nor any other recognised gain or loss

For the year ending 30 Septmber 2011 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These financial statements on pages 3 to 7 were approved and authorised for issue by the Board of Directors on 17 February 2012

Signed on behalf of the Board of Directors

J M J M Jensen
Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2011

1. GOING CONCERN

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

The Group has been in breach of the covenants on its term loans since November 2008 and as at 30 September 2011 and at 17 February 2012 the term loan amounts remain outstanding (see note 14 of the LIBRA No 2 Limited's 30 September 2011 financial statements for further details) Since November 2008 the term loans have been under a series of standstill agreements and on 13 January 2012 a further standstill agreement was put in place, expiring on 13 April 2012

During the year, HC-One Limited ("HC-One"), a new subsidiary undertaking of the Group was formed as a new care home operator On 31 October 2011 HC-One took over the operation of 242 care homes through assignment of the operating leases from Southern Cross Healthcare Group plc ("Southern Cross") following the conclusion of its restructuring process (the *Southern Cross Restructuring*)

In order to protect the Group's investment and ensure funds were available to underwrite a substantial investment programme in the quality of care in its care homes, the Directors of the Company and of the Group have retained the rental income monies received from the Group's tenants during 2011 through a series of non full interest payments (which have been acknowledged in the standstill agreements) to the Group's lenders This has enabled the Group to provide a total amount of £30 million to HC-One by way of capital contribution and inter-company loans in October 2011 Furthermore, the rents payable by HC-One were reset at £40 million per annum, which is on average 38% below the previous amount charged to Southern Cross

Unlike Southern Cross, the Group now controls both the property and the operations of 242 care homes and can therefore ensure that HC-One is able to operate those homes without the burden of uneconomic rent obligations As announced by the Libra Group lenders on 1 November 2011, the Group intends the level of rent payable by HC-One to be reviewed periodically in line with the trading performance of the business

The discussions with respect to restructuring the term loan of the Company and of the Group with its lenders are on-going (the *Potential Restructuring*)

The Directors of the Group and of the Company and Capita Asset Services (UK) Limited, the Special Servicer to the senior loan continue to explore methods to maximise recoveries to the lenders, including the sale of the whole or part of the Group and/or the properties (the *Disposal Options*)

Whilst the Group must resolve its outstanding debts in the medium term, in the opinion of the Directors of the Company and of the Group, the financing of the Group's operating company, HC-One is secure and will not be compromised, since the long-term value of the Group can only be achieved through the success of the care home operations at HC-One

The Libra Group lenders have confirmed by a letter that it is their intention to provide the Group with the funds it requires including, without limitation, reasonable (a) day-to-day operating costs and expenses, (b) restructuring and/or disposal costs, (c) other exceptional costs incurred in relation to the Southern Cross Restructuring, the Disposal Options and/or the Potential Restructuring, and (d) ensuring that HC-One has sufficient funds to ensure continuity of care services at the homes and investment for the future Based on this assumption, the Directors have prepared a forecast cash flow up to 30 June 2013 which reveals that the Group remains cash positive throughout the period to that date

Given these circumstances, the Directors do not currently expect the Group to go into insolvent liquidation, although this position could change if the negotiations for which the current 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 indicate that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business

At the present time, the Directors consider it appropriate to prepare the Group and Company financial statements on the going concern basis In the event that the going concern basis should become inappropriate, the assets of the Group and the Company 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 FINANCIAL STATEMENTS
Year ended 30 September 2011

2. INVESTMENTS

The Company has a 49 99% 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 (2010 £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 The results of the Partnership are consolidated in the financial statements of NHP Securities No 4 Limited

3 PROFIT AND LOSS ACCOUNT

No profit and loss account is presented with these financial statements because the Company has not received income, incurred expenditure or recognised any gains or losses during either the year under review or the preceding financial year There have been no movements in shareholders' funds during the year under review or the preceding financial year

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Company had no employees during the current and preceding year

None of the Directors received emoluments in relation to their services to the Company during the current or preceding year Directors' emoluments have been borne by NHP Management Limited, a group undertaking during the current and preceding year

5. CALLED UP SHARE CAPITAL

	2011 £	2010 £
Called up, allotted and fully paid:		
1 Ordinary Share of £1	1	1

6. CONTINGENT LIABILITIES AND GUARANTEES

The Company is one of the guarantors to a £1,172 million term loan facility agreement entered into by LIBRA No 3 Limited, a group undertaking 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 On 4 April 2007 CS Funding 1 Limited's rights and obligations under the £1,172 million term loan agreement were assigned to Libra NHP (2007) Limited, who in turn assigned £638 million to Titan Europe 2007-1 (NHP) Limited on 24 May 2007

7. POST BALANCE SHEET EVENTS

On 13 January 2012 a standstill agreement was put in place until 13 April 2012 which suspends the ability of Capita Asset Services (UK) Limited, the loan servicer to exercise its rights in relation to certain specified events of default Also, it allows the Group time to negotiate a solution to the problem of the breached covenants without threat of foreclosure

8. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard No 8 "Related Party Disclosures', transactions with other undertakings within the LIBRA No 2 Limited group have not been disclosed in these financial statements

No other related party transaction is noted

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2011

9. 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

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 2011, which include the results of the Company, are available from the Companies House at Crown Way, Cardiff, Wales CF14 3UZ