Company Registration No. 03512953

Ultima Holdings Limited

Report and Financial Statements

30 September 2009

REPORT AND FINANCIAL STATEMENTS 2009

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REPORT AND FINANCIAL STATEMENTS 2009

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J M JM Jensen
P H Thompson

COMPANY SECRETARY

L Pang

REGISTERED OFFICE

Lıberty House
222 Regent Street
London
W1B 5TR

DIRECTORS' REPORT

The Directors have pleasure in presenting the annual report and the unaudited financial statements for the year ended 30 September 2009

PRINCIPAL ACTIVITY

Ultima Holdings Limited is the parent company of a group of companies that was engaged in the operation of nursing and residential care homes Since April 2002, none of the group companies have traded, save for activities to clear up outstanding trade balances The Company has been dormant, as defined in Section 1169 of the Companies Act as of the the end of the previous financial year

DIRECTORS

The following Directors served during the year except as noted

	Date Appointed	Date Resigned
P H Thompson	6 November 2009	-
M J Grant	2 July 2009	6 November 2009
D C Nicholson	-	2 July 2009
J M J M Jensen	19 December 2008	-
P V Taylor	-	19 December 2008

The current Directors of the Company are detailed on page 1

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

As at 30 September 2009, the Group had a term loan of £70 million (the "**Mezzanine Loan**") and a term loan of £1,172 million (the "**Senior Loan**") secured on the Group's investment properties and freehold land and buildings As at 10 February 2010, the loan amounts remain outstanding The original final maturity date of the Senior Loan was 15 January 2009 and of the Mezzanine Loan was 15 February 2009 (each, the "**original final maturity date**"), with an option to extend these loans to 15 January 2010 and 15 February 2010 respectively (each, the "**final maturity date**"), in each case provided (among other things) that no default was outstanding at the original final maturity date

However, a fall in property values in the period to 30 September 2008 and a further fall in the period to 15 December 2008 resulted in the breach of, among other things, the loan to value ('LTV') financial covenant with respect to the Senior Loan (resulting in an automatic cross-default with respect to the Mezzanine Loan) As a result, the Group was not in a position to extend the loans to the final maturity date Other breaches of the terms of the loan documents, chiefly concerning information covenants, also resulted in defaults with respect to the Senior Loan and the Mezzanine Loan

Since 28 November 2008 the Directors of the Company have been in ongoing discussions with Capita Asset Services (UK) Limited ("**Capita**") (formerly Capmark Services UK Limited), the special servicer to the Senior Loan under the securitisation structure (which operates on a back-to-back basis with the Senior Loan) and have entered into a series of standstill agreements which suspend the rights of the creditors with respect to the Senior Loan and the Mezzanine Loan to enforce their rights under the loan documents and related security On 14 January 2010 a further standstill agreement was put in place, expiring 14 April 2010

DIRECTORS' REPORT (Continued)

GOING CONCERN (Continued)

As at 30 September 2009, the Directors were advised by their valuers, King Sturge LLP, that the appropriate yield for the Portfolio was 8 34%, and the value of the Portfolio was £849 65 million after costs of 1 75%, valued on the basis of the properties being sold as a business The LTV ratio at that time was 150 55% Due to a continued fall in property values and the default interest charges, the Group was in a net liability position of £579 86 million as at 30 September 2009

In late 2009 Capita engaged King Sturge LLP with a view to obtaining an updated property valuation According to this valuation, as at 23 December 2009 the appropriate yield for the Group's portfolio was 8%, and the value of the portfolio had improved by £36 57 million to £886 22 million after costs of 1 75%, valued on the basis of the properties being sold as a business As of 15 January 2010 the LTV ratio is 143 59%

Since January 2009, the Directors have been relying on a confirmation from Capita that for so long as discussions with respect to a potential reorganisation of the affairs of the Group and a restructuring of its debt obligations (the "**Potential Restructuring**") are continuing, and on the understanding that such funds shall not be applied in contravention of the terms relating to the Senior Loan, it is the intention of the creditors with respect to the Senior Loan 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) from the Senior Borrower's cash reserve account within a reasonable time upon request

Given these circumstances, the Directors do not currently expect the Company 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

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 and signed on behalf of the Directors

J M J M Jensen
Director
Date 11 February 2010
Liberty House
222 Regent Street
London
W1B 5TR

PROFIT AND LOSS ACCOUNT
Year ended 30 September 2009

	Note	2009 £	2008 £
Interest receivable and similar income		-	31
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	31
Tax on profit on ordinary activities	3	-	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND PROFIT FOR THE YEAR	8	-	31
Retained loss brought forward		(13,645,231)	(13,645,262)
Retained loss carried forward		(13,645,231)	(13,645,231)

There are no recognised gains or losses for the current financial or preceding year other than as stated in the profit and loss account Accordingly, no statement of total recognised gains and losses is presented

BALANCE SHEET
As at 30 September 2009

	Note	£	2009 £	£	2008 £
FIXED ASSETS					
Investments	4		4,688,611		4,688,611
CURRENT ASSETS					
Debtors	5	9,922		9,922	
		9,922		9,922	
CREDITORS. amounts falling due within one year	6	(4,373,664)		(4,373,664)	
NET CURRENT LIABILITIES			(4,363,742)		(4,363,742)
TOTAL ASSETS LESS CURRENT LIABILITIES			324,869		324,869
CAPITAL AND RESERVES					
Called up share capital	7		13,970,100		13,970,100
Profit and loss account			(13,645,231)		(13,645,231)
EQUITY SHAREHOLDERS' FUNDS	8		324,869		324,869

The Company did not trade during the current 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 2009, the annual financial statements have not been audited because the Company was entitled to exemption under section 480 of the Companies Act 2006 relating to dormant companies

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

(c) The Directors acknowledge their responsibilities for complying with the requirement of the Act with respect to accounting records and the preparation of accounts

These financial statements on pages 4 to 10 were approved and authorised for issue by the Board of Directors on 11 February 2010

J M J M Jensen
Director

P H Thompson
Director

NOTES TO THE ACCOUNTS
Year ended 30 September 2009

1. GOING CONCERN

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

As at 30 September 2009, Libra No 2 Limited (the Company's intermediate parent undertaking) (the "**Mezzanine Borrower**") had a term loan of £70 million (the "**Mezzanine Loan**") and Libra No 3 Limited (a subsidiary of the Mezzanine Borrower) (the "**Senior Borrower**") had a term loan of £1,172 million (the "**Senior Loan**") secured on the investment properties and freehold land and buildings (the "**Portfolio**") of the Mezzanine Borrower and its subsidiaries (the "**Group**") As at 10 February 2010, the loan amounts remain outstanding The original final maturity date of the Senior Loan was 15 January 2009 and of the Mezzanine Loan was 15 February 2009 (each, the "**original final maturity date**"), with an option to extend these loans to 15 January 2010 and 15 February 2010 respectively (each, the "**final maturity date**"), in each case provided (among other things) that no default was outstanding at the original final maturity date

However, a fall in property values in the period to 30 September 2008 and a further fall in the period to 15 December 2008 resulted in the breach of, among other things, the loan to value ('LTV') financial covenant with respect to the Senior Loan (resulting in an automatic cross-default with respect to the Mezzanine Loan) As a result, the Group was not in a position to extend the loans to the final maturity date Other breaches of the terms of the loan documents, chiefly concerning information covenants, also resulted in defaults with respect to the Senior Loan and the Mezzanine Loan

Under the terms of the respective loan documents, the Senior Borrower was required to make repayment of the Senior Loan on 15 January 2009 and the Mezzanine Borrower was required to make repayment of the Mezzanine Loan on 15 February 2009 These repayments were not made As a result, the respective borrowers have become liable for an additional 2% default interest with respect to the overdue amounts The default interest amounts have contributed to a breach of the interest cover ratio ('ICR') financial covenant in relation to the Senior Loan (resulting in an automatic cross-default with respect to the Mezzanine Loan)

Since 28 November 2008 the Directors of the Company have been in ongoing discussions with Capita Asset Services (UK) Limited ("**Capita**") (formerly Capmark Services UK Limited), the special servicer to the Senior Loan under the securitisation structure (which operates on a back-to-back basis with the Senior Loan) and have entered into a series of standstill agreements which suspend the rights of the creditors with respect to the Senior Loan and the Mezzanine Loan to enforce their rights under the loan documents and related security On 14 January 2010 a further standstill agreement was put in place, expiring 14 April 2010

As at 30 September 2009, the Directors were advised by their valuers, King Sturge LLP, that the appropriate yield for the Portfolio was 8 34%, and the value of the Portfolio was £849 65 million after costs of 1 75%, valued on the basis of the properties being sold as a business The LTV ratio at that time was 150 55% Due to a continued fall in property values and the default interest charges, the Group was in a net liability position of £579 86 million as at 30 September 2009

In late 2009 Capita engaged King Sturge LLP with a view to obtaining an updated property valuation According to this valuation, as at 23 December 2009 the appropriate yield for the Group's portfolio was 8%, and the value of the portfolio had improved by £36 57 million to £886 22 million after costs of 1 75%, valued on the basis of the properties being sold as a business As of 15 January 2010 the LTV ratio is 143 59%

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 have prepared cash flow forecasts covering the period to 28 February 2011 which indicate that there is a shortfall in the operational cash flow of the Company during that period The cash flow forecasts also indicate that the ICR test will continue not to be met throughout the testing period

NOTES TO THE ACCOUNTS
Year ended 30 September 2009

1. **GOING CONCERN (Continued)**

Since January 2009, the Directors have been relying on a confirmation from Capita that for so long as discussions with respect to a potential reorganisation of the affairs of the Group and a restructuring of its debt obligations (the "**Potential Restructuring**") are continuing, and on the understanding that such funds shall not be applied in contravention of the terms relating to the Senior Loan, it is the intention of the creditors with respect to the Senior Loan 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) from the Senior Borrower's cash reserve account within a reasonable time upon request

Given these circumstances, the Directors do not currently expect the Company 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

Nonetheless, at the present time, the Directors consider it appropriate to prepare the financial statements on a 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

2. **ACCOUNTING POLICIES**

Basis of accounting

The financial statements are prepared under the historical cost convention, in accordance with all applicable United Kingdom accounting standards The particular accounting policies adopted are described below

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

Exemption from consolidation

The Company is itself a subsidiary undertaking of Libra No 2 Limited, a company incorporated and registered in the Cayman Islands, and the Company is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006 These financial statements provide information about the Company as an individual undertaking and not about its group

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is provided in full on timing differences which have originated at the balance sheet date and which could give rise to an obligation to pay more or less tax in the future Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is not recognised in respect of gains and losses on revalued assets unless the company has entered into a binding agreement to sell the assets and the gains or losses have been recognised in the profit and loss account Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Interest

Interest receivable and interest payable are recognised in the financial statements on an accruals basis

NOTES TO THE ACCOUNTS
Year ended 30 September 2009

2. **ACCOUNTING POLICIES (Continued)**

Investments

Fixed asset investments are stated at cost less provision for diminution in value

Cash flow statement

As the Company is a wholly-owned subsidiary, it has taken exemption under the terms of Financial Reporting Standard 1 (revised 1996) 'Cash flow statements' from preparing a cash flow statement, as it is included in the consolidated financial statements of Libra No 2 Limited, which are publicly available

3. **TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2009 £	2008 £
Profit before tax	-	31
Tax on profit at standard rate of 29% (2007 30%)	-	9
Factors affecting tax charge		
Utilisation of tax losses brought forward	-	(9)
Current year tax charge	-	-

4. **FIXED ASSET INVESTMENTS**

	Shares in group undertakings and participating interests £	Loans to group undertakings and participating interests £	Total £
Cost			
At 1 October 2008 and 30 September 2009	12,408,682	4,928,112	17,336,794
Provision for diminution in value			
At 1 October 2008 and 30 September 2009	(7,720,071)	(4,928,112)	(12,648,183)
Net book value			
At 30 September 2009	4,688,611	-	4,688,611
At 30 September 2008	4,688,611	-	4,688,611

At 30 September 2009, the Company held investments in the following subsidiary undertakings

Name	Country of incorporation	% Holdings	Class of shares held
Ultima Healthcare Limited	Great Britain	100%	Ordinary
Platinum Healthcare Limited	Great Britain	100%	Ordinary
Eton Hall Homes Limited	Great Britain	100%	Ordinary
Ultima Care Limited *	Great Britain	100%	Ordinary

NOTES TO THE ACCOUNTS
Year ended 30 September 2009

4. FIXED ASSET INVESTMENTS (continued)

None of the above subsidiary undertakings have traded during the current or preceding year Previously they were trading as nursing and residential care homes

* Ultima Care Limited is a 100% subsidiary of Eton Hall Homes Limited

5. DEBTORS

	2009 £	2008 £
Amounts owed by group undertakings	9,922	9,922

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £	2008 £
Amounts owed to group undertaking	4,373,664	4,373,664

Included in amounts owed is a loan owed to a subsidiary undertaking of £3,753,000 This loan bears interest at a rate of 6% per annum No interest was charged during the current or preceding year

7 SHARE CAPITAL

	2009 £	2008 £
Authorised:		
100 "A" Ordinary shares of £1 each	100	100
11,029,900 "B" Ordinary Shares of £1 each	11,029,900	11,029,900
13,970,000 "C" Non-voting Ordinary Shares of £1 each	13,970,000	13,970,000
	25,000,000	25,000,000
Called up, allotted and fully paid:		
100 "A" Ordinary shares of £1 each	100	100
13,970,000 "C" Non-voting Ordinary Shares of £1 each	13,970,000	13,970,000
	13,970,100	13,970,100

"A" and "B" Ordinary Shares rank pari passu with the other in respect of the rights attaching to them At various times in the year ended 31 May 2001 13,970,000 of the authorised "B" Ordinary Shares of £1 each were converted and re-designated at 13,970,000 "C" non-voting Ordinary Shares of £1 each These were issued at par to NHP Securities No 3 Limited

NOTES TO THE ACCOUNTS
Year ended 30 September 2009

8. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	2009 £	2008 £
Profit for the year	-	31
Net increase in shareholders' funds	-	31
Shareholders' funds at the beginning of the year	324,869	324,838
Shareholders' funds at the end of the year	324,869	324,869

9. RELATED PARTY TRANSACTION

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

10. POST BALANCE SHEET EVENTS

On 20 October 2009 a standstill agreement was put in place until 14 January 2010, later extended to 14 April 2010 which suspends the ability of Capita Asset Services (UK) Limited (formerly 'Capmark Services UK Limited'), 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

11. CONTINGENT LIABILITIES

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 See further details in note 1 to the financial statements

12. PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The immediate parent undertaking is NHP Securities No 3 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 consolidated financial statements to 30 September 2009, which include the results of the Company, are available from Libra Group at Liberty House, 222 regent Street, London W1B 5TR