

COMPANIES FORM No. 155(6)b

Declaration by the directors of a holding company in relation to assistance for the acquisition of shares



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 Name of company

To the Registrar of Companies (Address overleaf - Note 5)

For official use	Company number	
	03893502	

*Insert full name

of company

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

Tinsert name(s) and address(es) of all the directors

* Priory Specialist Health Division Limited

±/We† See Appendix 1

SDelete as appropriate kka sole: directors][all the directors]§ of the above company (hereinafter called 'this company') do solemnly and sincerely declare that:

The business of this company is:

‡Delete whichever is inappropriate

(a) that of a frecognised bank Hicensed institution for thin the meaning of the Banking Aot/1979: ‡ (b) that of axpersomauthorised underxection 3 xor 4 of the Insurance Companies Act 1982 toxoerry. consinsurance business in the United Kingdom ‡

For official use

General Section

(c) something other than the above ‡

This company is [the][a] holding company of* Priory Specialist Health Limited

which is

proposing to give financial assistance in connection with the acquisition of shares in this company Priory Healthcare Holdings Limited

the holding company of this company.] §

Post room

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

Skadden, Arps, Slate, Meagher & Flom LLP One Canada Square, Canary Wharf, London, E14 5DS Ref: SNB

COMPANIES HOUSE

DX

Cog 155(6)(b)-1/3

The assistance is for the purpose of [that:acquisition:]reducing or discharging a liability incurred for the purpose of that acquisition].* (note 1)	Please do not write in this margin
The number and class of the shares acquired or to be acquired is: See Appendix 2	Please complete legibly, preferably in black type, or bold block lettering
The assistance is to be given to: (note 2) Priory Healthcare Acquisition Co Limited Priory House Leatherhead Surrey KT22 7TP	
The assistance will take the form of:	
See Appendix 3	
The person who [has acquired] [wilk acquire]* the shares is: Priory Healthcare Acquisition Co Limited	*Delete as appropriate
The principal terms on which the assistance will be given are:	
See Appendix 4	
The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is $_{ m nil}$.	

The amount of cash to be transferred to the person assisted is ${\tt f}$

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

Cog 155(6)(b)-2/3

Nil

Nil

Please do not write in this margin

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

Please complete legibly, preferably in black type, or bold block lettering *We have formed the opinion, as regards this 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)

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

- (a) II/We have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date] † (note 3)
- (b) Ht is intended to semmence the winding up of this company within \$2 months of that date; x and \(\text{we have formed the opinion that this company with be able to pay its debts in full within \$2 months of the commencement of the winding up \$\data\$ (note 3)

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

PRIORY HOUSE

RANDAILS WAY

Declared at LEATHERHEAD, SURREY

KT 12 2TD

Declarants to sign below

Day Month Year

2 | 3 | 1 | 2 | 2 | 0 | 0 | 2

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.

AND LOCATION

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

Appendix 1 - Form 155(6)(b)

Dr Chaitayna Bhupendra Patel of The Thatched House, Manor Way, Oxshott, Surrey, KT22 0HU

Mr Paul John Greensmith of 19 Chatsworth Road, London, W4 3HY

Appendix 2 – Form 155(6)(b)

86,031,339 A ordinary shares

30,412,224 special shares

13,593,413 ten per cent cumulative preference shares

10 B non-voting deferred shares

PRIORY SPECIALIST HEALTH DIVISION LIMITED

Company Number 03893502

Appendix 3 - Form 155(6)(b)

The execution by Priory Specialist Health Limited (the Vendor) of a sale and purchase agreement dated 23 December 2002 between the Vendor and Priory Hospitals Limited (the Purchaser) relating to the sale of the entire issued share capital of Farm Place Limited (the Shares) (the Sale and Purchase Agreement). This transaction is part of a wider group re-organisation (the Re-organisation) the objectives of which include resolving dividend block issues existing in the current group structure and achieving a corporate structure that will facilitate a future securitisation.

- 1.1 The execution of the Sale and Purchase Agreement by the Vendor (in particular, the provisions relating to the transfer of Shares at book value which is less than market value and consideration being left outstanding on intercompany account) would constitute financial assistance:
 - (a) within the meaning of sections 151(2) and 152 of the Act in connection with the acquisition by Priory Healthcare Acquisition Co Limited (**Priory**) of the entire issued share capital of Priory Healthcare Holdings Limited on 22 May 2002 (on the basis that one of the purposes of the Re-organisation is to achieve a corporate structure that will facilitate a future securitisation which will alter Priory's financial position).

PRIORY SPECIALIST HEALTH DIVISION LIMITED

Company Number 03893502

Appendix 4 - Form 155(6)(b)

Priory Specialist Health Limited (the **Vendor**) agrees to sell the Shares and Priory Hospitals Limited (the **Purchaser**) agrees to purchase the Shares on, *inter alia*, the following terms:

- 1.2 In consideration for the sale and transfer by the Vendor of the Shares, the Purchaser shall pay to the Vendor the book value of the Shares.
- 1.3 The consideration monies referred to in clause 1.2 shall be left outstanding as a debt payable on demand in writing made by the Vendor on the Purchaser at any time after the date of the Agreement.



PricewaterhouseCoopers
1 Embankment Place
London WC2N 6RH
Telephone +44 (0) 20 7583 5000
Facsimile +44 (0) 20 7822 4652

The Directors
Priory Specialist Health Division Limited
Priory House
Randalls Way
Leatherhead
Surrey
KT22 7TZ

23 December 2002

Our ref: NJH/3.14b

Dear Sirs

Auditors' report to the directors of Priory Specialist Health Division Limited pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of Priory Specialist Health Division Limited ("the Company") dated 23 December 2002 in connection with the proposal that the Company's subsidiary undertaking, Priory Specialist Health Limited should give financial assistance for the purchase of the following shares of the Company's holding company, Priory Healthcare Holdings Limited:

- 86,031,339 A ordinary shares;
- 30,412,224 special shares;
- 13,593,413 ten per cent cumulative preference shares; and
- 10 B non-voting deferred shares.

Pricewood rouse (orners

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

PricewaterhouseCoopers is the successor partnership to the UK firms of Price Waterhouse and Coopers & Lybrand. The principal place of business of PricewaterhouseCoopers and its associate partnerships, and of Coopers & Lybrand, is 1 Embankment Place, London WC2N 6RH. The principal place of business of Price Waterhouse is Southwark Towers, 32 London Bridge Street, London SE1 9SY. Lists of the partners' names are available for inspection at those places.



COMPANIES FORM No. 155(6)b

Declaration by the directors of a holding company in relation to assistance for the acquisition of shares



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 Name of company

To the Registrar of Companies (Address overleaf - Note 5)

For official use Company number 03893502

*Insert full name

*Insert full name of company

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

†Insert name(s) and address(es) of all the directors * Priory Specialist Health Division Limited

₩e[†] See Appendix 1

§Delete as appropriate kthe sole directors] of the above company (hereinafter called 'this company') do solemnly and sincerely declare that:

The business of this company is:

‡Delete whichever is inappropriate (a) that of a recognised bank) (licenseck institutions) swithin the tree and ing of the Banking Act 1979. \$
(b) that of a resonauthorised undersection 2 xor 4 of the Insurance Companies Act 1982 to corry on insurance business in the United Kingdom \$

(c) something other than the above \$\pm\$

This company is [the][a] holding company of* Priory Specialist Health Limited

which is

proposing to give financial assistance in connection with the acquisition of shares in this company! Priory Healtcare Holdings Limited

the holding company of this company.] §

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

Skadden, Arps, Slate, Meagher & Flom LLP One Canada Square, Canary Wharf, London, E14 5DS Ref: SNB For official use General Section

Post room

Cog 155(6)(b)-1/3

DX

•	
The assistance is for the purpose of [thatkacquisition][reducing or discharging a liability incurred for the purpose of that acquisition].* (note 1)	Please do not write in this margin
The number and class of the shares acquired or to be acquired is: See Appendix 2	Please complete legibly, preferably in black type, or bold block lettering
The assistance is to be given to: (note 2) Priory Healthcare Acquisition Co Limited Priory House Randalls Way Leatherhead, Surrey KT22 7TP	
The assistance will take the form of:	
See Appendix 3	
	*Delete as
The person who [has acquired] {	appropriate
The principal terms on which the assistance will be given are:	_
See Appendix 4	
The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is nil	

The amount of cash to be transferred to the person assisted is ${\bf f}$

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

Cog 155(6)(b)-2/3

Nil

25,000,000

Please do not write in this margin

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

Please complete legibly, preferably in black type, or bold block lettering #We have formed the opinion, as regards this 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)

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

- (a) I/We have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date] † (note 3)
- (d) It is intended to seem measure such that windings and show the set seem measure that with the set seems such that the set set set seems such that the set set seems set seems such that the set seems set seems such that the set seems seem

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

Priory Mouse, RANDAILS WAY LEATHERHEAD, SURREY

Declared at

Krin Ira

Declarants to sign below

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

before me

A Semmissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

ANDREW LOBECTER

Notes

SOLIC MOR

- 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:-

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or, for companies registered in Scotland:-

The Registrar of Companies 37 Castle Terrace Edinburgh EH1 2EB

Appendix 1 - Form 155(6)(b)

Dr Chaitayna Bhupendra Patel of The Thatched House, Manor Way, Oxshott, Surrey, KT22 0HU

Mr Paul John Greensmith of 19 Chatsworth Road, London, W4 3HY

Appendix 2 – Form 155(6)(b)

86,031,339 A ordinary shares

30,412,224 special shares

13,593,413 ten per cent cumulative preference shares

10 B non-voting deferred shares

PRIORY SPECIALIST HEALTH DIVISION LIMITED

Company Number 03893502

Appendix 3 - Form 155(6)(b)

The execution by Priory Specialist Health Limited (the Vendor) of a sale and purchase agreement dated 23 December 2002 between the Vendor and Priory Securitisation Limited (the Purchaser) relating to the sale of the entire issued share capital of Blenheim House Limited (the Shares) (the Sale and Purchase Agreement). This transaction is part of a wider group re-organisation (the Reorganisation) the objectives of which include resolving dividend block issues existing in the current group structure and achieving a corporate structure that will facilitate a future securitisation.

- 1.1 The execution of the Sale and Purchase Agreement by the Vendor (in particular, the provisions relating to the transfer of Shares at book value which is less than market value and consideration being left outstanding on intercompany account) would constitute financial assistance:
 - (a) within the meaning of sections 151(2) and 152 of the Act in connection with the acquisition by Priory Healthcare Acquisition Co Limited (**Priory**) of the entire issued share capital of Priory Healthcare Holdings Limited on 22 May 2002 (on the basis that one of the purposes of the Re-organisation is to achieve a corporate structure that will facilitate a future securitisation which will alter Priory's financial position).

PRIORY SPECIALIST HEALTH DIVISION LIMITED

Company Number 03893502

Appendix 4 - Form 155(6)(b)

Priory Specialist Health Limited (the **Vendor**) agrees to sell the Shares and Priory Securitisation Limited (the **Purchaser**) agrees to purchase the Shares on, *inter alia*, the following terms:

- 1.2 In consideration for the sale and transfer by the Vendor of the Shares, the Purchaser shall pay to the Vendor the book value of the Shares.
- 1.3 The consideration monies referred to in clause 1.2 shall be left outstanding as a debt payable on demand in writing made by the Vendor on the Purchaser at any time after the date of the Agreement.



PricewaterhouseCoopers
1 Embankment Place
London WC2N 6RH

Telephone +44 (0) 20 7583 5000 Facsimile +44 (0) 20 7822 4652

The Directors
Priory Specialist Health Division Limited
Priory House
Randalls Way
Leatherhead
Surrey
KT22 7TZ

23 December 2002

Our ref: NJH/3.11bA

Dear Sirs

Auditors' report to the directors of Priory Specialist Health Division Limited pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of Priory Specialist Health Division Limited ("the Company") dated 23 December 2002 in connection with the proposal that the Company's subsidiary undertaking, Priory Specialist Health Limited should give financial assistance for the purchase of the following shares of the Company's holding company, Priory Healthcare Holdings Limited:

- 86,031,339 A ordinary shares;
- 30,412,224 special shares;
- 13,593,413 ten per cent cumulative preference shares; and
- 10 B non-voting deferred shares.

Kraudohouse Coners

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

PricewaterhouseCoopers is the successor partnership to the UK firms of Price Waterhouse and Coopers & Lybrand. The principal place of business of PricewaterhouseCoopers and its associate partnerships, and of Coopers & Lybrand, is 1 Embankment Place, London WC2N 6RH. The principal place of business of Price Waterhouse is Southwark Towers, 32 London Bridge Street, London SEI 9SY. Lists of the partners' names are available for inspection at those places.



COMPANIES FORM No. 155(6)b

Declaration by the directors of a holding company in relation to assistance for the acquisition of shares



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	
	03893502	

*Insert full name of company

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

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

* Priory Specialist Health Division Limited

₩e[†] See Appendix 1

Name of company

§Delete as appropriate

[the sode: director][all the directors]§ of the above company (hereinafter called 'this company') do solemnly and sincerely declare that:

The business of this company is:

‡Delete whichever is inappropriate

(a) that of a frecognised bank | Hisenseckinstitution | Swithin the meaning of the Banking Aot x 1979x ‡ (b) that of axpersor authorised under section (2 x ox 4 of the Insurance Companies Act x 1982 to corry on tinsurance business in the United Kingdom ‡

(c) something other than the above ‡

This company is [the][a] holding company of* Priory Specialist Health Limited

which is

proposing to give financial assistance in connection with the acquisition of shares in hthis company! Priory Healthcare Holdings Limited

the holding company of this company.] §

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

Skadden, Arps, Slate,
Meagher & Flom LLP
One Canada Square, Canary
Wharf, London, E14 5DS
Ref: CND

Ref: SNB

DX

For official use General Section

Post room

The assistance is for the purpose of [that acquisition][reducing.coxdischarging.axliabilityxingumadxx Please do not write in for the purpose of that as quisition. * (note 1) this margin Please complete legibly, preferably in black type, or The number and class of the shares acquired or to be acquired is: See Appendix 2 bold block lettering The assistance is to be given to: (note 2) Priory Securitisation Limited Priory House Randalls Way Leatherhead, Surrey KT22 7TP The assistance will take the form of: See Appendix 3 *Delete as The person who [has acquired][will acquire]* the shares is: appropriate Priory Securitisation Limited The principal terms on which the assistance will be given are:

See Appendix 4

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is nil.

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 £

25,000,000

Cog 155(6)(b)-2/3

Please do not write in this margin

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

Please complete legibly, preferably in black type, or bold block lettering */We have formed the opinion, as regards this 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)

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

- (a) II/We have formed the opinion that this 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 seammence the winding-up of this company within \$2 months of that date; x and 4/we have formed the opinion that this company with be able to pay its debts in full within \$2 months of the company continues the winding sup. \$1 (note 3)

And I 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

PRIORY MOUSE, RANDAIIS WAY LEATHERHEAD, SURREY,

Declarants to sign below

av Month

Year

on 23

1 12 2101012

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.

SOLIC (TOR

- 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.
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Appendix 1 – Form 155(6)(b)

Dr Chaitayna Bhupendra Patel of The Thatched House, Manor Way, Oxshott, Surrey, KT22 0HU

Mr Paul John Greensmith of 19 Chatsworth Road, London, W4 3HY

Appendix 2 - Form 155(6)(b)

86,031,339 A ordinary shares 30,412,224 special shares 13,593,413 ten per cent cumulative preference shares 10 B non-voting deferred shares

Appendix 3 - Form 155(6)(b)

The execution by Priory Specialist Health Limited (the Vendor) of a sale and purchase agreement dated 23 December 2002 between the Vendor and Priory Securitisation Limited (the Purchaser) relating to the sale of the entire issued share capital of Blenheim House Limited (the Shares) (the Sale and Purchase Agreement). This transaction is part of a wider group re-organisation (the Reorganisation) the objectives of which include resolving dividend block issues existing in the current group structure and achieving a corporate structure that will facilitate a future securitisation.

- 1.1 The execution of the Sale and Purchase Agreement by the Vendor (in particular, the provisions relating to the transfer of Shares at book value which is less than market value and consideration being left outstanding on intercompany account) would constitute financial assistance:
 - (a) within the meaning of sections 151(1) and 152 of the Act in connection with the proposed acquisition by Priory Securitisation Limited of the Vendor holding company's shares in accordance with the planned Reorganisation.

PRIORY SPECIALIST HEALTH DIVISION LIMITED

Company Number 03893502

Appendix 4 - Form 155(6)(b)

Priory Specialist Health Limited (the **Vendor**) agrees to sell the Shares and Priory Securitisation Limited (the **Purchaser**) agrees to purchase the Shares on, *inter alia*, the following terms:

- 1.2 In consideration for the sale and transfer by the Vendor of the Shares, the Purchaser shall pay to the Vendor the book value of the Shares.
- 1.3 The consideration monies referred to in clause 1.2 shall be left outstanding as a debt payable on demand in writing made by the Vendor on the Purchaser at any time after the date of this Agreement.



PricewaterhouseCoopers
1 Embankment Place
London WC2N 6RH
Telephone +44 (0) 20 7583 5000
Facsimile +44 (0) 20 7822 4652

The Directors
Priory Specialist Health Division Limited
Priory House
Randalls Way
Leatherhead
Surrey
KT22 7TZ

23 December 2002

Our ref: NJH/3.11bR

Dear Sirs

Auditors' report to the directors of Priory Specialist Health Division Limited pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of Priory Specialist Health Division Limited ("the Company") dated 23 December 2002 in connection with the proposal that the Company's subsidiary undertaking, Priory Specialist Health Limited should give financial assistance for the purchase of the following shares of the Company's holding company, Priory Healthcare Holdings Limited:

- 86,031,339 A ordinary shares;
- 30,412,224 special shares;
- 13,593,413 ten per cent cumulative preference shares; and
- 10 B non-voting deferred shares.

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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

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COMPANIES FORM No. 155(6)b

Declaration by the directors of a holding company in relation to assistance for the acquisition of shares



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write in
this margin

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

Please complete legibly, preferably in black type, or To the Registrar of Companies (Address overleaf - Note 5)

For official use Company number 03893502

in black type, or bold block lettering

Name of company

*Insert full name of company

Note

* Priory Specialist Health Division Limited

Please read the notes on page 3 ±/

₩e[†] See Appendix 1

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

before completing this form

SDelete as appropriate

[the sole directors] of the above company (hereinafter called 'this company') do solemnly and sincerely declare that:

The business of this company is:

‡Delete whichever is inappropriate

(a) that of a frecognised bank) Historised kinstitution) Swithin the range and open the Banking Act 1979. ‡
(b) that of a person authorised kinder section 3 xxx4 of the Insurance Companies Act 1982 to companies on insurance business in the United Kinder †

(c) something other than the above ‡

This company is [the][a] holding company of* Priory Specialist Health Limited

which is

proposing to give financial assistance in connection with the acquisition of shares in [thisxcompany] Priory Healthcare Holdings Limited

the holding company of this company.] §

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

Skadden, Arps, Slate,
Meagher & Flom LLP
One Canada Square, Canary
Wharf, London, E14 5DS
Ref: SNB

DX

For official use General Section

Post room

Cog 155(6)(b)-1/3

The assistance is for the purpose of [that acquisition][reducingxoxxdischargingxaxliabilityxingumedxx Please do not write in for the purpose of that acquisition].* (note 1) this margin Please complete legibly, preferably The number and class of the shares acquired or to be acquired is: See Appendix 2 in black type, or bold block lettering The assistance is to be given to: (note 2) Priory Securitisation Limited Priory House Randalls Way Leatherhead, Surrey KT22 7TP The assistance will take the form of: See Appendix 3 *Delete as The person who [has:acquired][will acquire]* the shares is: appropriate Priory Securitisation Limited The principal terms on which the assistance will be given are: See Appendix 4

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is $_{\mbox{nil}}$.

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 £

14 T T

24,000,100

Cog 155(6)(b)-2/3

Please do not write in this margin

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

Please complete legibly, preferably in black type, or bold block lettering #We have formed the opinion, as regards this 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)

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

- (a) H/We have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date] † (note 3)
- (b) Ht is intended to commence the winding-up of this company within 12 months of that rists; x and two have formed the opinion that this company will be able to pay its debts in full within 12 months of the commence ment of the winding up 1 (note 3)

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

PRIORY HOUSE, KANDAIIS WAY LEATHERHEAD, SURREY

Declared at KT22 77

Declarants to sign below

Day Month Year 2 | 3 | 1 | 2 | 2 | 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.

SOLICITUR

- 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.
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- 5 The address for companies registered in England and Wales or Wales is:-

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or, for companies registered in Scotland:-

The Registrar of Companies 37 Castle Terrace Edinburgh EH1 2EB

Appendix 1 - Form 155(6)(b)

Dr Chaitayna Bhupendra Patel of The Thatched House, Manor Way, Oxshott, Surrey, KT22 0HU

Mr Paul John Greensmith of 19 Chatsworth Road, London, W4 3HY

Appendix 2 - Form 155(6)(b)

86,031,339 A ordinary shares 30,412,224 special shares 13,593,413 ten per cent cumulative preference shares 10 B non-voting deferred shares

Appendix 3 - Form 155(6)(b)

The execution by Priory Specialist Health Limited (the Vendor) of a sale and purchase agreement dated 23 December 2002 between the Vendor and Priory Securitisation Limited (the Purchaser) relating to the sale of the entire issued share capital of Libra Health Group Limited (the Shares) (the Sale and Purchase Agreement). This transaction is part of a wider group re-organisation (the Reorganisation) the objectives of which include resolving dividend block issues existing in the current group structure and achieving a corporate structure that will facilitate a future securitisation.

- 1.1 The execution of the Sale and Purchase Agreement by the Vendor (in particular, the provisions relating to the transfer of Shares at book value which is less than market value and consideration being left outstanding on intercompany account) would constitute financial assistance:
 - (a) within the meaning of sections 151(1) and 152 of the Act in connection with the proposed acquisition by Priory Securitisation Limited of the Vendor holding company's shares in accordance with the planned Reorganisation.

PRIORY SPECIALIST HEALTH DIVISION LIMITED

Company Number 03893502

Appendix 4 - Form 155(6)(b)

Priory Specialist Health Limited (the **Vendor**) agrees to sell the Shares and Priory Securitisation Limited (the **Purchaser**) agrees to purchase the Shares on, *inter alia*, the following terms:

- 1.2 In consideration for the sale and transfer by the Vendor of the Shares, the Purchaser shall pay to the Vendor the book value of the Shares.
- 1.3 The consideration monies referred to in clause 1.2 shall be left outstanding as a debt payable on demand in writing made by the Vendor on the Purchaser at any time after the date of this Agreement.



PricewaterhouseCoopers
1 Embankment Place
London WC2N 6RH
Telephone +44 (0) 20 7583 5000
Facsimile +44 (0) 20 7822 4652

The Directors
Priory Specialist Health Division Limited
Priory House
Randalls Way
Leatherhead
Surrey
KT22 7TZ

23 December 2002

Our ref: NJH/3.10bR

Dear Sirs

Auditors' report to the directors of Priory Specialist Health Division Limited pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of Priory Specialist Health Division Limited ("the Company") dated 23 December 2002 in connection with the proposal that the Company's subsidiary undertaking, Priory Specialist Health Limited should give financial assistance for the purchase of the following shares of the Company's holding company, Priory Healthcare Holdings Limited:

- 86,031,339 A ordinary shares;
- 30,412,224 special shares;
- 13,593,413 ten per cent cumulative preference shares; and

handeyours (colors

10 B non-voting deferred shares.

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

PricewaterhouseCoopers is the successor partnership to the UK firms of Price Waterhouse and Coopers & Lybrand. The principal place of business of Price Waterhouse Coopers and its associate partnerships, and of Coopers & Lybrand, is 1 Embankment Place, London WC2N 6RH. The principal place of business of Price Waterhouse is Southwark Towers, 32 London Bridge Street, London SE1 9SY. Lists of the partners' names are available for inspection at those places.



COMPANIES FORM No. 155(6)b

Declaration by the directors of a holding company in relation to assistance for the acquisition of shares



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)

Name of company

For official use	Company number	
	03893502	

*Insert full name of company

Note Please read the notes on page 3

before completing this form

address(es) of all the directors * Priory Specialist Health Division Limited

₩e†

See Appendix 1

§Delete as appropriate

[the sole: directors] of the above company (hereinafter called 'this company') do solemnly and sincerely declare that:

The business of this company is:

‡Delete whichever is inappropriate

(e) that of a personauthorised undersection (3 xox 4 of the Insurance Companies Act (1982) to companies on the United Kingdom ‡

(c) something other than the above ‡

This company is [the][a] holding company of* Priory Specialist Health Limited

which is

proposing to give financial assistance in connection with the acquisition of shares in hthis company Priory Healthcare Holdings Limited

the holding company of this company.] §

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

Skadden, Arps, Slate,
Meagher & Flom LLP
One Canada Square, Canary
Wharf, London, E14 5DS
Ref: 6NB

For official use General Section

Post room

Cog 155(6)(b)-1/3

DX

The assistance is for the purpose of [that acquisition][neglusing or discharging a liability incurred		Please do not write in
for the purpose of that acquisition].* (note 1)		this margin
The number and class of the shares acquired or to be acquired is:	See Appendix 2	Please complete legibly, preferably in black type, or bold block lettering
The assistance is to be given to: (note 2)		
Priory Healthcare Acquisition Co Limited Randalls Way Leatherhead Surrey KT22 7TP		
The assistance will take the form of:	<u> </u>	
See Appendix 3		
		l
		_
The person who [has acquired][will-acquire]* the shares is:		* Delete as
Priory Healthcare Acquisition Co Limited		appropriate
The principal terms on which the assistance will be given are:		
See Appendix 4		
		Ì
The amount (if any) by which the net assets of the company which is g reduced by giving it is \min	iving the assistance will be	
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 £

Cog 155(6)(b)-2/3

24,000,100

Please do not write in this margin

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

Please complete legibly, preferably in black type, or bold block lettering #We have formed the opinion, as regards this 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)

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

- (a) [I/We have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date] (note 3)
- (b) [this intended to commence the winding up of this company within xt2 months of that date; xxxxxx and t/we have formed the opinion that this company with be able to pay its debte in full within xxxxxx 12 months of the commencement of the winding up; xx froite 3)

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

PRIORY HOUSE, RANDAILS WAY

Declared at LEATHERHEAD, SURREY

Declarants to sign below

213 112 21 01 012

before me

A Gemmissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

ANDRON ROBOLTON

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

Appendix 1 - Form 155(6)(b)

Dr Chaitayna Bhupendra Patel of The Thatched House, Manor Way, Oxshott, Surrey, KT22 0HU

Mr Paul John Greensmith of 19 Chatsworth Road, London, W4 3HY

PRIORY SPECIALIST HEALTH DIVISION LIMITED Company Number 03893502

Appendix 2 - Form 155(6)(b)

86,031,339 A ordinary shares

30,412,224 special shares

13,593,413 ten per cent cumulative preference shares

10 B non-voting deferred shares

Company Number 03893502

Appendix 3 - Form 155(6)(b)

The execution by Priory Specialist Health Limited (the **Vendor**) of a sale and purchase agreement dated 23 December 2002 between the Vendor and Priory Securitisation Limited (the **Purchaser**) relating to the sale of the entire issued share capital of Libra Health Group Limited (the **Shares**) (the **Sale and Purchase Agreement**). This transaction is part of a wider group re-organisation (the **Reorganisation**) the objectives of which include resolving dividend block issues existing in the current group structure and achieving a corporate structure that will facilitate a future securitisation.

- 1.1 The execution of the Sale and Purchase Agreement by the Vendor (in particular, the provisions relating to the transfer of Shares at book value which is less than market value and consideration being left outstanding on intercompany account) would constitute financial assistance:
 - (a) within the meaning of sections 151(2) and 152 of the Act in connection with the acquisition by Priory Healthcare Acquisition Co Limited (**Priory**) of the entire issued share capital of Priory Healthcare Holdings Limited on 22 May 2002 (on the basis that one of the purposes of the Re-organisation is to achieve a corporate structure that will facilitate a future securitisation which will alter Priory's financial position).

Company Number 03893502

Appendix 4 - Form 155(6)(b)

Priory Specialist Health Limited (the **Vendor**) agrees to sell the Shares and Priory Securitisation Limited (the **Purchaser**) agrees to purchase the Shares on, *inter alia*, the following terms:

- 1.2 In consideration for the sale and transfer by the Vendor of the Shares, the Purchaser shall pay to the Vendor the book value of the Shares.
- 1.3 The consideration monies referred to in clause 1.2 shall be left outstanding as a debt payable on demand in writing made by the Vendor on the Purchaser at any time after the date of the Agreement.



PricewaterhouseCoopers 1 Embankment Place London WC2N 6RH Telephone +44 (0) 20 7583 5000 Facsimile +44 (0) 20 7822 4652

The Directors
Priory Specialist Health Division Limited
Priory House
Randalls Way
Leatherhead
Surrey
KT22 7TZ

23 December 2002

Our ref: NJH/3.10bA

Dear Sirs

Auditors' report to the directors of Priory Specialist Health Division Limited pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of Priory Specialist Health Division Limited ("the Company") dated 23 December 2002 in connection with the proposal that the Company's subsidiary undertaking, Priory Specialist Health Limited should give financial assistance for the purchase of the following shares of the Company's holding company, Priory Healthcare Holdings Limited:

- 86,031,339 A ordinary shares;
- 30,412,224 special shares;
- 13,593,413 ten per cent cumulative preference shares; and
- 10 B non-voting deferred shares.

mandonouse Cogners

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

PricewaterhouseCoopers is the successor partnership to the UK firms of Price Waterhouse and Coopers & Lybrand. The principal place of business of PricewaterhouseCoopers and its associate partnerships, and of Coopers & Lybrand, is 1 Embankment Place, London WC2N 6RH. The principal place of business of Price Waterhouse is Southwark Towers, 32 London Bridge Street, London SE1 9SY. Lists of the partners' names are available for inspection at those places.



COMPANIES FORM No. 155(6)b

Declaration by the directors of a holding company in relation to assistance for the acquisition of shares



For official use

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)

0	Company number	
	03893502	

*Insert full name of company

Note

Please read the notes on page 3 before completing this form

Tinsert name(s) and address(es) of all the directors

* Priory Specialist Health Division Limited

₩e[†] See Appendix 1

Name of company

§Delete as appropriate

[the sole director][all the directors]§ of the above company (hereinafter called 'this company') do solemnly and sincerely declare that:

The business of this company is:

‡Delete whichever is inappropriate

(c) something other than the above ‡

This company is [the][a] holding company of* Priory Specialist Health Limited

which is

the holding company of this company.] §

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

Skadden, Arps, Slate, Meagher & Flom LLP One Canada Square, Canary Wharf, London, E14 5DS

Ref: SNB

DX

For official use General Section	Post room	_
	1	

1	
The assistance is for the purpose of [thatkacquisition][reducing or discharging a liability incurred for the purpose of that acquisition].* (note 1)	Please do not write in this margin
The number and class of the shares acquired or to be acquired is: See Appendix 2	Please complete legibly, preferably in black type, or bold block letterin
The assistance is to be given to: (note 2) Priory Healthcare Acquisition Co Limited Priory House Randalls Way Leatherhead, Surrey KT22 7TP	
The assistance will take the form of:	•
See Appendix 3	
	*Delete as
The person who [has acquired] [wilk acquired] * the shares is: Priory Healthcare Acquisition Co Limited	appropriate
The principal terms on which the assistance will be given are:	
See Appendix 4	
The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is $_{ m Nil}$	

Cog 155(6)(b)-2/3

Nil

Nil

The amount of cash to be transferred to the person assisted is £

Please do not write in this margin

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

Please complete legibly, preferably in black type, or bold block lettering #We have formed the opinion, as regards this 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)

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

- (a) {\}/We have formed the opinion that this 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 semmense the winding-up of this company within \$2 months of that state; x xnirlshwaka ka kadeb ati yaqxorelda sattliw ynaqmosaink testanolniqo eak bennok evad swyk bna 12 months of the commence ment of the winding xup: 1 (note 3)

And twe 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 Leutherhead

Priory House, Randalls Way

Declarants to sign below

Month

Year

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. Andrew

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 Edinburah **EH1 2EB**

PRIORY SPECIALIST HEALTH DIVISION LIMITED Company Number 03893502

Appendix 1 – Form 155(6)(b)

Dr Chaitayna Bhupendra Patel of The Thatched House, Manor Way, Oxshott, Surrey, KT22 0HU

Mr Paul John Greensmith of 19 Chatsworth Road, London, W4 3HY

PRIORY SPECIALIST HEALTH DIVISION LIMITED Company Number 03893502

Appendix 2 – Form 155(6)(b)

86,031,339 A ordinary shares

30,412,224 special shares

13,593,413 ten per cent cumulative preference shares

10 B non-voting deferred shares

Company Number 03893502

Appendix 3 - Form 155(6)(b)

The execution by Priory Specialist Health Limited (the Vendor) of a sale and purchase agreement dated 23 December 2002 between the Vendor and Priory Healthcare Central Services Limited (the Purchaser) relating to the sale of the entire trade and assets of the procurement business (the Sale and Purchase Agreement). This transaction is part of a wider group re-organisation (the Re-organisation) the objectives of which include resolving dividend block issues existing in the current group structure and achieving a corporate structure that will facilitate a future securitisation.

- 1.1 The execution of the Sale and Purchase Agreement by the Vendor (in particular, the provisions relating to the transfer of assets at book value which is less than market value and consideration being left outstanding on intercompany account) would constitute financial assistance:
 - (a) within the meaning of sections 151(2) and 152 of the Act in connection with the acquisition by Priory Healthcare Acquisition Co Limited (**Priory**) of the entire issued share capital of Priory Healthcare Holdings Limited on 22 May 2002 (on the basis that one of the purposes of the Re-organisation is to achieve a corporate structure that will facilitate a future securitisation which will alter Priory's financial position).

Company Number 03893502

Appendix 4 - Form 155(6)(b)

Priory Specialist Health Limited (the **Vendor**) agrees to sell the Business and Priory Healthcare Central Services Limited (the **Purchaser**) agrees to purchase the Business on, *inter alia*, the following terms:

- 1.2 In consideration for the sale and transfer by the Vendor of the Business Assets, the Purchaser shall:
 - (a) pay to the Vendor the sum of £26,526; and
 - (b) assume responsibility for the satisfaction of all the Liabilities.
- 1.3 The cash sum referred to in clause 1.2 shall be left outstanding as a debt payable on demand in writing made by the Vendor on the Purchaser at any time after the date of this Agreement.



PricewaterhouseCoopers

1 Embankment Place London WC2N 6RH

Telephone +44 (0) 20 7583 5000 Facsimile +44 (0) 20 7822 4652

The Directors
Priory Specialist Health Division Limited
Priory House
Randalls Way
Leatherhead
Surrey
KT22 7TZ

23 December 2002

Our ref: NJH/2.6b

Dear Sirs

Auditors' report to the directors of Priory Specialist Health Division Limited pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of Priory Specialist Health Division Limited ("the Company") dated 23 December 2002 in connection with the proposal that the Company's subsidiary undertaking, Priory Specialist Health Limited should give financial assistance for the purchase of the following shares of the Company's holding company, Priory Healthcare Holdings Limited:

- 86,031,339 A ordinary shares;
- 30,412,224 special shares;
- 13,593,413 ten per cent cumulative preference shares; and
- 10 B non-voting deferred shares.

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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

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