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CHFP041

COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge.

Please do not
write in
this margin

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

* Insert full name
of company

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)

For official use Company number

00400071

4+

04229516

Name of company

* Craegmoor No. 2 Limited (the *Chargor*)

Date of creation of the charge

11 March 2006

Description of the instrument (if any) creating or evidencing the charge (note 2)

Debenture (the *Debenture*) dated 11 March 2006 between the Chargor and Barclays Bank PLC (the *Security Agent*) as security agent and trustee for itself and the Lenders

Amount secured by the mortgage or charge

For a description of the amount secured by the Debenture please see Continuation Sheet Number 1 attached to this Form 395.

All capitalised terms used in this Form 395 shall have the meaning given to them in Continuation Sheet Number 3 unless defined elsewhere in this Form 395.

Names and addresses of the mortgagees or persons entitled to the charge

BARCLAYS BANK PLC
5 The North Colonnade, Canary Wharf, London,

Postcode E14 5HP

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

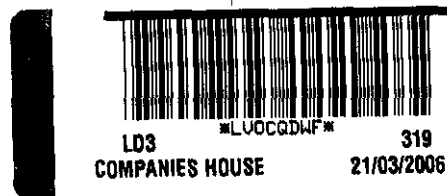
FRESHFIELDS BRUCKHAUS
DERINGER
65 FLEET STREET, LONDON
ENGLAND
UNITED KINGDOM EC4Y 1HS
~~DX-23 LONDON/CHANCERY LANE~~

Time critical reference
DGW/KT/123072/0066

For official use (06/2005)

Mortgage Section

Post room



Short particulars of all the property mortgaged or charged

For short particulars of all the property charged please see Continuation Sheet Number 2 attached to this Form 395.

Please do not write in this margin

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

A fee is payable to Companies House in respect of each register entry for a mortgage or charge. (See Note 5)

Particulars as to commission allowance or discount (note 3)

Nil

Signed

Redhelm Brubaker-Denger

Date

21.03.06

On behalf of ~~company~~ (mortgagee/chargee)

Notes

†Delete as appropriate

1. The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
2. A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
3. In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his:
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
4. If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
5. A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge. Cheques and Postal Orders are to be made payable to **Companies House**.
6. The address of the Registrar of Companies is:- Companies House, Crown Way, Cardiff CF4 3UZ.

CRAEGMOOR NO.2 LIMITED

Company number 4229516

Debenture

CONTINUATION SHEET NUMBER 1

AMOUNT SECURED BY THE MORTGAGE OR CHARGE

All present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to the Lenders (or any of them) under each or any of the Finance Documents together with all costs, charges and expenses incurred by any Lender in connection with the protection, preservation or enforcement (in the case of protection or preservation, to the extent such costs, charges and expenses are reasonable) of its respective rights under the Finance Documents or any other document evidencing or securing any such liabilities; provided that, in relation to the Chargor, the secured liabilities shall be limited to the extent (and only to the extent) necessary to avoid contravention by the Chargor of the provisions of section 151 of the Companies Act 1985 (the *Secured Liabilities*).

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CONTINUATION SHEET NUMBER 2

SHORT PARTICULARS OF ALL PROPERTY MORTGAGED OR CHARGED

Fixed Charge

1.1 The Chargor with full title guarantee hereby charges with the payment or discharge of all moneys and liabilities hereby covenanted to be paid or discharged pursuant to Clause 2 (*Covenant to Pay*) of the Debenture by the Chargor:

- (a) by way of legal mortgage all the freehold and leasehold property of the Chargor the title to which is registered at H. M. Land Registry and which is described in Continuation Sheet 4 hereto together with all buildings, fixtures (including trade fixtures) and fixed plant and machinery from time to time thereon;
- (b) by way of legal mortgage all other freehold and leasehold property of the Chargor now vested in it (whether or not registered at H. M. Land Registry) together with all buildings, fixtures (including trade fixtures) and fixed plant and machinery from time to time thereon;
- (c) by way of first fixed charge all future freehold and leasehold property of the Chargor together with all buildings, fixtures (including trade fixtures) and fixed plant and machinery from time to time thereon and all the goodwill and uncalled capital for the time being of the Chargor;
- (d) by way of first fixed charge all book debts (including, without limitation, the Intra-Group Loan Agreement) and other debts now and from time to time due or owing to the Chargor;
- (e) by way of first fixed charge the benefit of all present and future licences, permissions, consents and authorisations (statutory or otherwise) held in connection with its business or the use of any of the freehold or leasehold property specified in Sub-Clause (a) above and the right to recover and receive all compensation which may at any time become payable to it in respect thereof; and
- (f) by way of first fixed charge all stocks, shares, debentures, bonds, warrants, coupons or other securities and investments now or in the future owned by the Chargor from time to time.

Floating Charge

- 1.2 (a) The Chargor with full title guarantee hereby charges with the payment or discharge of all moneys and liabilities hereby covenanted to be paid or

discharged pursuant to Clause 2 (*Covenant to Pay*) by the Chargor by way of a first floating charge the undertaking and all other assets of the Chargor whatsoever and wheresoever both present and future but so that the Chargor is not to be at liberty to create any mortgage or charge upon and so that no lien shall in any case or in any manner arise on or affect any part of the Security Assets either in priority to or pari passu with the charge hereby created and further that the Chargor shall have no power without the consent of the Security Agent to part with or dispose of any part of such Security Assets except by way of sale in the ordinary course of its business.

- (b) The floating charges created by the Chargor pursuant to Clause 4.2(a) (*Floating Charge*) of the Debenture are "qualifying floating charges" for the purposes of paragraph 14.2(a) of Schedule B1 of the Insolvency Act 1986, as amended by the Enterprise Act 2002.

2. FURTHER ASSURANCE

Any debentures, mortgages or charges hereafter created by the Chargor (otherwise than in favour of the Security Agent) shall be expressed to be subject to this Debenture. The Chargor shall subject to the rights of any prior mortgagee deposit with the Security Agent and the Security Agent during the continuance of this security shall be entitled to hold all deeds and documents of title relating to the freehold and leasehold property of the Chargor for the time being and the Chargor shall on demand in writing made to the Chargor by the Security Agent at the cost of the Chargor execute a valid legal mortgage of any freehold and leasehold properties acquired by it after the date hereof and the fixed plant and machinery thereon to secure the payment or discharge to the Security Agent of the moneys and liabilities hereby secured such legal mortgage to be in the form of the Supplemental Legal Mortgage or in such form as the Security Agent may require but on terms no more onerous than this Debenture.

3. Security

Without limiting the scope of Clause 4.1(f) (*Fixed Charge*) of the Debenture, the Chargor hereby declares that the shares and executed blank stock transfer forms relating thereto deposited with or transferred to the Security Agent or trustees for or nominees of the Security Agent and specified in Schedule 3 (Shares) of the Debenture (the **Shares** which expression shall include any further shares referred to in clause 7.6 (*Additional Shares*) of the Debenture) are so deposited or transferred to secure the payment or discharge of all moneys and liabilities hereby agreed to be paid or discharged by the Chargor pursuant to Clause 2 (*Covenant to Pay*) of the Debenture. The Shares are warranted by the Chargor to be within the Chargor's own disposition and control and to be free from any prior Encumbrance.

4. Additional Security

If at any time any further or other Shares and executed blank stock transfer forms shall be deposited or transferred by the Chargor to the Security Agent or its trustees or nominees in substitution for or in addition to the Shares specified in Schedule 3 (*Shares*) of the Debenture such Shares shall thereupon be deemed to be a part of the Shares for the purposes of this Debenture and shall forthwith become subject to all the

terms hereof and the warranties contained in Clause 7.6 (*Additional Shares*) of the Debenture shall be deemed to apply to such substituted or additional Shares.

CONTINUATION SHEET NUMBER 3

DEFINITIONS

Additional Guarantor means any other member of the Warehouse Group that becomes party to the Warehouse Facility Agreement as a Guarantor pursuant to a Guarantor Accession Agreement;

Advance means the principal amount of each borrowing under the Warehouse Facility Agreement or the principal amount of such borrowing outstanding from time to time;

Approved Company means the entire issued share capital of a limited liability company incorporated in England and Wales or in Scotland whose sole business activities comprise owning and running Care Homes satisfying the criteria agreed from time to time between by the Obligors' Agent and the Facility Agent and which is approved in writing by the Facility Agent;

Arranger means Barclays Bank PLC in its capacity as Arranger under the Warehouse Facility Agreement;

Bank means each of the following:

(a) each bank whose name is set out in Schedule B (*Bank, Facility Office and Notice Details*) of the Warehouse Facility Agreement;

(b) each bank to which rights and/or obligations are assigned or transferred under the Warehouse Facility Agreement pursuant to Clause 27 (*Assignments, Transfer and Substitution*) of the Warehouse Facility Agreement or which assumes rights and obligations pursuant to a Substitution Certificate; and

(c) any successor or successors in title to any of the foregoing,

provided that upon (i) termination in full of all the Commitments of any Bank, and (ii) irrevocable payment in full of all amounts which may be or become payable to such Bank under the Finance Documents, such Bank shall not be regarded as being a Bank for the purposes of determining whether any provision of any of the Finance Documents requiring consultation with or the consent or approval of or instructions from the Banks or any of them or the Majority Banks has been complied with;

Borrower means the Parent and/or CHL and, as the context requires and in relation to any Advance, the borrower of such Advance;

Care Homes means a nursing home, residential home or specialist care home providing medical or social care which may be required to be registered by a Health Authority or a Local Authority under the Relevant Act and includes the Freehold Care Homes and Leasehold Care Homes.;

CHC means Craegmoor Healthcare Company Limited (No. 3830455).;

CHL means Craegmoor Homes Limited;

Commitment in relation to a Bank means (subject to Clause 6.1 (*Mandatory Cancellation*) of the Warehouse Facility Agreement) an amount appearing and designated as such against that Bank's name in Schedule B (*Bank, Facility Office and Notice Details*) of the Warehouse Facility Agreement or in the Substitution Certificate or other document by which it became party to or acquired rights under the Warehouse Facility Agreement, as reduced or increased by substitution or transfer pursuant to Clause 27 (*Assignments, Transfer and Substitution*) of the Warehouse Facility Agreement and any Substitution Certificates to which such Bank is party, and to the extent not cancelled, reduced or terminated under this Agreement.;

Facility Agent means Barclays Bank PLC under the Warehouse Facility Agreement and its permitted successors and assigns;

Finance Documents means the Warehouse Facility Agreement, any Guarantor Accession Agreement, the Servicing Agreement and the Security Documents and any other document designated as such by the Facility Agent and the Obligors' Agent together;

Freehold Care Homes means the Care Homes listed in Schedule H Part I (*Freehold Care Homes*) of the Warehouse Facility Agreement, and any other Care Home freehold title to which is owned by a member of the Warehouse Group.

Guarantor means each of the Borrowers and each Additional Guarantor;

Guarantor Accession Agreement means an agreement substantially in the form of Schedule F (*Guarantor Accession Agreement*) of the Warehouse Facility Agreement made pursuant to Clause 18 (*Additional Guarantors*) of the Warehouse Facility Agreement;

Health Authority means a health authority in England and Wales or a health board (or, where applicable, local authority) in Scotland;

Intra-Group Loan Agreement means the intra-group loan agreement dated on or about the date hereof whereunder the Chargor is to make available an intra-group loan to Craegmoor Group Limited;

Leasehold Care Homes means the Care Homes listed in Schedule I Part II (*Leasehold Care Homes*) of the Warehouse Facility Agreement, and any other Care Home leasehold title to which is owned by a member of the Warehouse Group.

Lender means each of the Facility Agent, the Security Agent, the Arranger and the Banks party to or having an interest under the Finance Documents from time to time, (together the **Lenders**);

Local Authority means a local authority in England and Wales or a local authority in Scotland;

Majority Banks means a Bank or Banks the aggregate amount of whose Commitments at the relevant time represents by value more than sixty-six and two-thirds per cent. (66 2/3%) of the aggregate Commitments at such time;

Obligor means each Borrower and each Guarantor;

Obligors' Agent means CHL appointed to act on behalf of each Obligor pursuant to Clause 2.3 (b) (*CHL as Obligor's Agent*) of the Warehouse Facility Agreement;

Parent means Craegmoor Group Limited;

Relevant Act means:

(a) in the case of a Care Home located in England or Wales, the Mental Health Act 1983, the Childrens Act 1989, the Registered Homes Act 1984 or the Care Standards Act 2000; and

(b) in the case of a Care Home located in Scotland, the Nursing Homes Registration (Scotland) Act 1938 (as amended) or (as applicable) the Social Work (Scotland) Act 1968;

Security Assets means all assets of the Chargor the subject of any security created by the Debenture;

Security Documents means the Share Pledge and the Debenture dated 16 October 2003 between CHL and the Security Agent together with such other documents (if any) as may be required to be entered into by the Parent and/or any member of the Warehouse Group pursuant to Clause 17 (*Guarantee*) or 18 (*Additional Guarantors*) of the Warehouse Facility Agreement or pursuant to the terms of any other Finance Document or the Share Pledge, the Debenture or any such documents;

Servicing Agreement means the servicing agreement between the Parent, the Security Agent, CHL and CHC;

Share Pledge means the mortgage of securities dated 16 October 2003 between the Parent and the Security Agent in respect of the entire issued share capital in CHL;

Subsidiary means:

(a) a subsidiary within the meaning of Section 736 of the Companies Act 1985, as amended by Section 144 of the Companies Act 1989; and

(b) unless the context otherwise requires, a subsidiary undertaking within the meaning of Section 21 of the Companies Act 1989.

Substitution Certificate means a certificate in the form of Schedule D (*Substitution Certificate*) of the Warehouse Facility Agreement;

Supplemental Legal Mortgage means a supplemental legal mortgage in the form set out in Schedule 2 (*Form of Supplemental Legal Mortgage*) of the Debenture;

Warehouse Facility Agreement means the term loan facility agreement dated 16 October 2003 as amended or restated from time to time; and

Warehouse Group means the Parent and its Subsidiaries (excluding Craegmoor Investments Limited and its Subsidiaries) and Approved Companies purchased from time to time by the Parent as contemplated by Clause 3.1 (*Purpose*) of the Warehouse Facility Agreement, including, for the avoidance of doubt, Craegmoor Homes Limited, Craegmoor Facilities Company No.2 Limited, Greymount Properties Limited, Highway (Burnley) Limited, Hometrack Limited, Cranley Limited and Speciality Care Limited.

CRAEGMOOR NO.2 LIMITED
Company number 4229516
Debenture

CONTINUATION SHEET NUMBER 4

DETAILS OF REGISTERED LAND

None

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 04229516

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEBENTURE DATED THE 11th MARCH 2006 AND CREATED BY CRAEGMOOR NO. 2 LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM EACH OBLIGOR TO THE LENDERS (OR ANY OF THEM) ON ANY ACCOUNT WHATSOEVER UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 21st MARCH 2006.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 23rd MARCH 2006.

Pangels



Companies House

— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES