

**G**

CHFP025

COMPANIES FORM No. 155(6)b

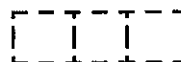
**Declaration by the directors  
of a holding company in  
relation to assistance for the  
acquisition of shares****155(6)b**Please do not  
write in this  
margin

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

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

For official use

Company number



04433255

Name of company

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

\* Priory Group Limited

\* insert full name  
of company☒ WeØ insert name(s) and  
address(es) of all  
the directorsSee paragraph 1 of the Appendix† delete as  
appropriate~~the sole director~~ [all the directors]† of the above company (hereinafter called 'this company') do  
solemnly and sincerely declare that:§ delete whichever  
is inappropriate

The business of this company is:

- (a) ~~that of a recognised bank, licensed institution within the meaning of the Banking Act 1985~~
- (b) ~~that of a person authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on insurance business in the United Kingdom~~
- (c) something other than the above§

This company is ~~not~~ [a] holding company of\* Priory Securitisation Holdings Limited  
(Company No. 04793915) (the "Financial Assistance Subsidiary") which is  
proposing to give financial assistance in connection with the acquisition of shares  
in ~~the company~~ [ Priory Healthcare Investments Limited,  
\_\_\_\_\_ the holding company of this company.]†

Presentor's name address and  
reference (if any) :Linklaters  
One Silk Street  
London  
EC2Y 8HQFor official Use  
General Section

Post room

LD3  
COMPANIES HOUSE47  
21/10/2005

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

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

The number and class of the shares acquired or to be acquired is: 981,167 Ordinary Shares,  
8,827,833 A Ordinary Shares, 1,177,833 Preference Shares and 425,000 B Ordinary Shares

The assistance is to be given to: (note 2) Priory Health No. 2 Limited, a company  
incorporated and registered in the Cayman Islands, whose registered address  
is at PO Box 309GT, Ugland House, South Church Street, George Town, Grand  
Cayman, Cayman Islands

The assistance will take the form of:

See paragraph 2 of the Appendix

The person who [has acquired] ~~will acquire~~† the shares is:  
Priory Health No. 2 Limited

† delete as  
appropriate

The principal terms on which the assistance will be given are:

See paragraph 3 of the Appendix

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 £ See paragraph 4 of the Appendix

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

Please do not write in this margin

The date on which the assistance is to be given is See paragraph 5 of the Appendix

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)


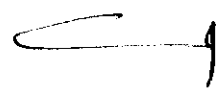
(a) ☒ We have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date]\* (note 3)

\* delete either (a) or (b) as appropriate

~~(b) ☒ It is intended to commence the winding up of this company within 12 months of that date, and we have formed the opinion that this company will be able to pay its debts in full within 12 months of the commencement of the winding up.]\* (note 3)~~

And ☒ 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 One Silk Street  
London  
EC2Y 8HQ

Declarants to sign below  
 

Day Month Year  
on 

|   |   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|---|
| 1 | 9 | 1 | 0 | 2 | 0 | 0 | 5 |
|---|---|---|---|---|---|---|---|

before me UMA MANDERFIELD Gloucestershire

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.
- 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  
Companies House  
37 Castle Terrace  
Edinburgh  
EH1 2EB

**Appendix  
Form 155(6)(b)**

Priory Group Limited  
(Company Number 4433255)  
(the "**Company**")

**1 List of Directors**

The names and addresses of all the directors of the Company are as follows:

Paul John Greensmith  
19 Chatsworth Road  
London W4 3HY

Chaitanya Bhupendra Patel  
Robin Hill  
Warren Lane  
Surrey KT22 0ST

**2 Form which assistance will take**

**2.1** In this Statutory Declaration the following expressions have, unless otherwise defined, the following meanings:

**"Acquiror"** means Priory Health No. 2 Limited;

**"Bridge Facility Agreement"** means the £665,000,000 credit agreement dated 5 July 2005 between, amongst others, the Acquiror, the Original Guarantors (as defined therein), ABN AMRO Bank N.V. London Branch (as arranger, facility agent and counterparty), ABN AMRO Bank N.V. Amsterdam Branch (as issuing bank) and ABN AMRO Bank N.V. London Branch (as original lender), as amended or restated from time to time;

**"Intra-Group Borrowers"** means Priory Health No. 2 Limited and certain of its subsidiaries (together the **"Intra-Group Borrowers"**);

**"Intra-Group Creditor"** means each of the Target, the Financial Assistance Subsidiary and certain other subsidiaries of the Target (together the **"Intra-Group Creditors"**);

**"Intra-Group Funding Agreement"** means the intra-group funding agreement to be entered into between the Intra-Group Creditors (including the Financial Assistance Subsidiary) and the Intra-Group Borrowers (including Priory Health No. 2 Limited);

**"Intra-Opco Group Debt"** means all Liabilities of any Opco Obligor to an Intra-Opco Group Creditor (as defined in the Opco Subordination Agreement);

**"Investor Debt"** means all Liabilities of any Opco Obligor to any Investor Creditor (as defined in the Opco Subordination Agreement) on a liquidation or other insolvency of any Opco Obligor;

**"Liability"** means any present or future liability (actual or contingent), together with:

- (a) any permitted refinancing, novation, deferral or extension of that liability;
- (b) any claim for breach of representation, warranty, undertaking, or on an event of default or under any indemnity in connection with that document or agreement;

- (c) any further advance which may be made under any agreement expressed to be supplemental to any document in respect of that liability, together with all related interest, fees and costs;
- (d) any claim for damages or restitution in the event of rescission of that liability or otherwise;
- (e) any claim flowing from any recovery by a payment or discharge in respect of that liability on grounds of preference or otherwise; and
- (f) any amount (such as post-insolvency interest) which would be included in any of the above but for its discharge, non-provability, unenforceability or non-allowability in any insolvency or other proceedings;

**"Member"** means a person who becomes a member of Propco under and in accordance with the Members Agreement.

**"Members Agreement"** means an agreement between each of the original members in respect of Propco.

**"Membership Interest"** means all of the Financial Assistance Subsidiary's rights, title, interest and benefit, present and future, in and to the Members Agreement and all of its interests as a member in Propco (under the Limited Liability Partnership Act 2000 or other law or regulations relating to limited liability partnerships), including the right to receive payment of any amounts which may become payable to it under the Members Agreement or in respect of Propco and all payments received by it thereunder or in respect thereof including, without limitation, all rights to serve notices and/or make demands under the Members Agreement and/or take such steps as are required to cause payments to become due and payable under the Members Agreement or in respect of Propco and all rights of action in respect of any breach of the Members Agreement and all rights to receive damages or obtain relief in respect thereof, but excluding any payment of profits or distribution of assets which has been made pursuant to and in accordance with the Finance Documents (as defined in the Propco Credit Agreement).

**"Membership Interest Charge"** means a security document to be entered into between the Chargors defined therein (including the Financial Assistance Subsidiary) and ABN AMRO Trustees Ltd as Security Agent;

**"Opco Borrower"** means each Original Borrower as defined in the Opco Credit Agreement;

**"Opco Credit Agreement"** means the £120,000,000 capital expenditure and working capital facilities agreement to be entered into between (among others) Priory Securitisation Limited, the Opco Borrowers, the Opco Guarantors, ABN AMRO Bank N.V., London Branch (as arranger and counterparty and issuing bank), the Opco Facility Agent and the Original Lenders as defined therein;

**"Opco Facility Agent"** means ABN AMRO Bank N.V., London Branch in its capacity as facility agent under the Opco Credit Agreement;

**"Opco Finance Party"** means a Lender, an Administrative Party or a Hedging Bank (as each term is defined in the Opco Credit Agreement);

**"Opco Group"** means Priory Securitisation Limited and its subsidiaries and Fanplate Limited and its subsidiaries;

**"Opco Guarantors"** means each Original Guarantor as defined in the Opco Credit Agreement;

**"Opco Obligor"** means an "Obligor" as defined in the Opco Subordination Agreement and includes the Financial Assistance Subsidiary;

**"Opco Senior Debt"** means all Liabilities payable or owing by any member of the Opco Group to an Opco Finance Party under or in connection with the Finance Documents (as defined in the Opco Credit Agreement);

**"Opco Subordinated Creditor"** means an Intra-Opco Group Creditor or an Investor Creditor (each as defined in the Opco Subordination Agreement);

**"Opco Subordinated Debt"** means the Intra-Opco Group Debt and the Investor Debt;

**"Opco Subordination Agreement"** means the subordination agreement to be entered into between, among others, Priory Securitisation Limited, the Opco Obligors, the Opco Subordinated Creditors and the Opco Facility Agent;

**"Propco"** means Priory Finance Property LLP (Partnership No. OC315650);

**"Propco Credit Agreement"** means the £575,000,000 credit agreement to be entered into between, among others Propco, ABN AMRO Bank N.V., London Branch (as arranger and original counterparty), the Propco Facility Agent, ABN AMRO Bank N.V., London Branch (as original lender) and the Security Agent;

**"Propco Facility Agent"** means ABN AMRO Bank N.V., London Branch in its capacity as facility agent under the Propco Credit Agreement;

**"Propco Secured Liabilities"** means all present and future obligations and liabilities (whether actual or contingent and whether jointly or severally or in any capacity whatsoever) of Propco or a Chargor (as defined in the Membership Interest Charge) to any Finance Party (as defined in the Propco Credit Agreement) under each Finance Document (as defined in the Propco Credit Agreement);

**"Propco Senior Debt"** means all Liabilities payable or owing by Propco to a Finance Party (as defined in the Propco Credit Agreement) under or in connection with the Finance Documents (as defined in the Propco Credit Agreement);

**"Propco Subordinated Creditor"** means each Original Subordinated Creditor (as defined in the Propco Subordination Agreement) and any person who becomes a Propco Subordinated Creditor in accordance with the terms of the Propco Subordination Agreement;

**"Propco Subordinated Debt"** means all Liabilities payable or owing by Propco to a Subordinated Creditor;

**"Propco Subordination Agreement"** means the subordination agreement to be entered into between Propco, the Propco Subordinated Creditors (including the Financial Assistance Subsidiary) and the Propco Facility Agent;

**"Receiver"** means an administrative receiver, receiver and manager or a receiver, in each case, appointed under the Membership Interest Charge;

**"Security Agent"** means ABN AMRO Trustees Limited as agent and trustee for the Finance Parties (as defined in the Propco Credit Agreement);

**"Security Assets"** means all assets of the Chargor (as defined in the Membership Interest Charge) the subject of any security created by the Membership Interest Charge.

**"Security Interest"** means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect;

**"Target"** means Priory Healthcare Investments Limited (registered number 04433250); and

**"Target Group"** means the Target and its subsidiaries.

**2.2** The financial assistance will take the form of:

**2.2.1** the execution, delivery and performance by the Financial Assistance Subsidiary of its obligations under the following documents (as the same may be amended, varied, supplemented or substituted from time to time) (together, the **"Assistance Documents"**):

- (i) the Opco Subordination Agreement pursuant to which the Financial Assistance Subsidiary will agree to enter into certain subordination arrangements and give certain undertakings with respect to the Opco Senior Debt;
- (ii) the Propco Subordination Agreement pursuant to which the Financial Assistance Subsidiary will agree to enter into certain subordination arrangements and give certain undertakings with respect to the Propco Senior Debt;
- (iii) the Intra-Group Funding Agreement pursuant to which the Financial Assistance Subsidiary may make loans available to the Intra-Group Borrowers for the purpose, inter alios, of paying, repaying or prepaying amounts owing under the Bridge Facility Agreement; and
- (iv) the Membership Interest Charge pursuant to which the Financial Assistance Subsidiary will grant a first fixed charge over its Membership Interest, and assignment of all of its present and future rights and benefits (if any) in respect of its Membership Interest under the Members Agreement.

**2.2.2** by the performance of any other acts or the execution of any other documents ancillary or otherwise relating to the Assistance Documents.

**3 Principal terms of the assistance given**

All capitalised terms in this paragraph 3 shall, unless contrary indication appears, have the same meanings given to them in paragraph 2.1.

The principal terms on which the financial assistance will be given are:

**3.1** By executing the Opco Subordination Agreement, and until such time as all amounts owing under the Finance Documents (as defined in the Opco Credit Agreement) have been repaid or prepaid in full:

**3.1.1** no Opco Subordinated Creditor will, among other things, (subject to certain exceptions):

- (i) demand or receive payment of, or any distribution in respect or on account of, any of the Opco Subordinated Debt in cash or in kind from an Opco Obligor or any other source;

- (ii) apply any money or assets in discharge of any Opco Subordinated Debt;
- (iii) discharge any of the Opco Subordinated Debt by set-off;
- (iv) allow to exist or receive any Security Interest (as defined in the Opco Subordination Agreement) for any of the Opco Subordinated Debt;
- (v) allow to exist or receive any guarantee or other assurance against loss in respect of any of the Opco Subordinated Debt;
- (vi) allow to exist or receive any guarantee or other assurance against loss in respect of Opco Subordinated Debt;
- (vii) allow any of the Opco Subordinated Debt to be evidenced by a negotiable instrument;
- (viii) take or omit to take any action which might impair the subordination achieved or intended to be achieved by the Opco Subordination Agreement;
- (ix) demand payment of any Opco Subordinated Debt;
- (x) accelerate any of the Opco Subordinated Debt or otherwise declare any of the Opco Subordinated Debt prematurely payable;
- (xi) enforce the Opco Subordinated Debt by attachment, set-off, execution or otherwise; or
- (xii) initiate or support or take any steps with a view to: any insolvency, liquidation, reorganisation, administration or dissolution proceedings; any voluntary arrangement or assignment for the benefit of creditors, or any similar proceedings involving any Opco Obligor, whether by petition, convening a meeting, voting for a resolution or otherwise; or otherwise exercise any remedy for the recovery of the Opco Subordinated Debt;

**3.1.2** each Opco Subordinated Creditor agrees that if:

- (i) it receives a payment or distribution in respect of any of the Opco Subordinated Debt from an Opco Obligor or any other source other than as allowed under the Opco Credit Agreement; or
- (ii) it receives the proceeds of any enforcement of any Security Interest (as defined in the Opco Subordination Agreement) or any guarantee or other assurance against financial loss for any Opco Subordinated Debt,

that Opco Subordinated Creditor must hold the amount received by it (up to a maximum of an amount equal to the Opco Senior Debt on trust for the Opco Finance Parties, and immediately pay that amount (up to that maximum) to the Opco Facility Agent for application against the Opco Senior Debt;

**3.1.3** each Opco Subordinated Creditor agrees that if, for any reason, any of the Opco Subordinated Debt is discharged in any manner other than as expressly permitted under the Opco Subordination Agreement, it must immediately pay an amount equal to the amount discharged to the Opco Facility Agent for application against the Opco Senior Debt;



- 3.1.4 each Opco Subordinated Creditor agrees that it shall hold all payments and distributions in cash or in kind received or receivable by it in respect of the Opco Subordinated Debt from the Insolvent Obligor (as defined in the Opco Subordination Agreement) or from any other source on trust for the Opco Finance Parties and pay and transfer such payments and distributions to the Opco Facility Agent for application against the Opco Senior Debt; and
  - 3.1.5 each Opco Subordinated Creditor makes certain representations and warranties to the Opco Finance Parties.
- 3.2 By executing the Propco Subordination Agreement, the Financial Assistance Subsidiary will, among other things:
- 3.2.1 not demand or receive payment of, or any distribution in respect or on account of, any of the Propco Subordinated Debt in cash or in kind from Propco or any other source (excepted as permitted under the Propco Subordination Agreement);
  - 3.2.2 not allow any Propco Subordinated Debt to be discharged (excepted as permitted under the Propco Subordination Agreement);
  - 3.2.3 not allow to exist or receive the benefit of any Security Interest, guarantee, indemnity or other assurance against loss in respect of any of the Propco Subordinated Debt (excepted as permitted under the Propco Subordination Agreement);
  - 3.2.4 not allow any of the Propco Subordinated Debt to be evidenced by a negotiable instrument;
  - 3.2.5 not allow any Propco Subordinated Debt to be subordinated to any person other than in accordance with the Propco Subordination Agreement;
  - 3.2.6 not take or omit to take any action which might impair the priority or subordination achieved or intended to be achieved by the Propco Subordination Agreement;
  - 3.2.7 if it receives a payment or distribution in respect of any of the Propco Subordinated Debt from Propco or any other source other than as permitted under the Propco Subordination Agreement, or it receives the proceeds of any enforcement of any Security Interest or any guarantee or other assurance against financial loss for any Propco Subordinated Debt, hold the amount received by it (up to a maximum of an amount equal to the Propco Senior Debt) on trust for the Finance Parties (as defined in the Propco Credit Agreement), and immediately pay that amount (up to that maximum) to the Propco Facility Agent for application against the Propco Senior Debt that it must hold the amount received by it (up to a maximum of an amount equal to the Propco Senior Debt on trust for the Finance Parties (as defined in the Propco Credit Agreement), and immediately pay that amount (up to that maximum) to the Propco Facility Agent for application against the Propco Senior Debt (as defined in the Propco Subordination Deed);
  - 3.2.8 initiate or support or take any steps with a view to any insolvency, liquidation, reorganisation, administration or dissolution proceedings, voluntary arrangement or assignment for the benefit of creditors or any similar proceedings involving Propco, whether by petition, convening a meeting, voting for a resolution or otherwise, or bring or support any legal proceedings against Propco (or any of its subsidiaries) or otherwise exercise any remedy for the recovery of the Propco Subordinated Debt;

- 3.2.9 agree that if, for any reason, any of the Propco Subordinated Debt is discharged in any manner other than as expressly permitted under the Propco Credit Agreement, it must immediately pay an amount equal to the amount discharged to the Propco Facility Agent for application against the Propco Senior Debt; and
  - 3.2.10 make representations and warranties to the extent required in Clause 8 of the Propco Subordination Agreement.
- 3.3 By executing the Intra-Group Funding Agreement, the Financial Assistance Subsidiary (amongst other things):
  - 3.3.1 may at any time make loans available to the Acquiror and members of the Target Group for general corporate purposes, including directly or indirectly funding the payment, repayment or prepayment of amounts owing under the Bridge Facility Agreement; and
  - 3.3.2 agree that the loans shall be repayable on such dates as may be agreed from time to time between it and the relevant borrower. Any interest accrued but not paid on the specified interest payment date shall be capitalised to the principal amount of the loan.
- 3.4 By executing the Membership Interest Charge, the Financial Assistance Subsidiary will, among other things:
  - 3.4.1 undertake to pay or discharge the Propco Secured Liabilities in the manner provided for in the Finance Documents (as defined in the Propco Credit Agreement);
  - 3.4.2 charge by way of first fixed charge its Membership Interest;
  - 3.4.3 other than any assets effectively charged in paragraph 3.4.2 above, assign and agree to assign by way of security all of its present and future rights and benefits (if any) in respect of its Membership Interest under the Members Agreement, including all moneys which at any time may be or become payable to the Financial Assistance Subsidiary pursuant thereto and the proceeds of any claims, awards and judgments which may at any time be receivable or received by the Financial Assistance Subsidiary pursuant thereto;
  - 3.4.4 to the extent that any right, title and interest described in 3.4.3 is not assignable or capable of assignment, such assignment shall only operate as an assignment of any and all proceeds, damages, compensation, remuneration, profit or income which the Financial Assistance Subsidiary may derive from such right, title or interest or be awarded or entitled to in respect thereof in each case as continuing security for the payment, discharge and performance of the Propco Secured Liabilities;
  - 3.4.5 indemnify each Finance Party (as defined in the Propco Credit Agreement), Receiver, attorney, manager, agent or other person appointed by the Security Agent against certain costs, claims, expenses and liabilities;
  - 3.4.6 at its own expense, take whatever action the Security Agent or a Receiver may require for:
    - (i) creating, perfecting or protecting any security intended to be created by the Membership Interest Charge; or

- (ii) facilitating the realisation of any Security Asset, or the exercise of any right, power or discretion exercisable, by the Security Agent or any Receiver or any of its delegates or sub delegates in respect of any Security Asset;

this includes:

- (i) the execution of any transfer, conveyance, assignment or assurance of any property, whether to the Security Agent or to its nominee;
- (ii) the execution of any documentation governed by any law applicable; or
- (iii) the giving of any notice, order or direction and the making of any registration, which in any case, the Security Agent may think expedient.

3.4.7 make certain representations to each Finance Party (as defined in the Propco Credit Agreement); and

3.4.8 undertake to comply with certain general undertakings.

**4 The amount of cash to be transferred to the person assisted**

Such sums as are payable under the Intra-Group Funding Agreement.

**5 Date on which the assistance is to be given**

The financial assistance is to be given on any date prior to 8 weeks from the date of this Statutory Declaration.

The Directors  
Priory Group Limited  
Priory House  
Randalls Way  
Leatherhead  
Surrey, KT22 7TP

14 October 2005

Dear Sirs

**Auditors' report to the directors of Priory Group Limited pursuant to Section 156(4) of the Companies Act 1985**

We have examined the attached statutory declaration of the directors of Priory Group Limited (the "Company") dated 14 October 2005 in connection with the proposal that the Company's subsidiary undertaking, Priory Securitisation Holdings Limited, should give financial assistance for the purchase of the following shares of the Company's holding company, Priory Healthcare Investments Limited:

|           |                        |
|-----------|------------------------|
| 981,167   | Ordinary shares;       |
| 8,827,833 | A Ordinary shares;     |
| 1,177,833 | Preference shares; and |
| 425,000   | B Ordinary shares      |

This report, including the opinion, has been prepared for and only for the Company and the Company's directors in accordance with Section 156 of the Companies Act 1985 and for no other purpose. We do not, in giving the opinion set out below, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.


**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 LLP  
Chartered Accountants and Registered Auditors