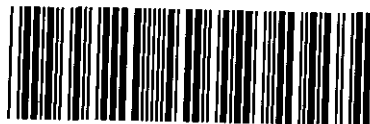


**HEALTHCARE PROPERTIES (OXFORD) LIMITED**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2006**

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**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

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**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

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**DIRECTORS**

Dr. Lanfranconi  
Mr. R. Borg  
Mr. R. Beney

**SECRETARY**

Mr. R. Borg

**REGISTERED OFFICE**

31a St James's Square  
London SW1Y 4JR

**REGISTERED NUMBER**

4556634

**INDEPENDENT AUDITORS**

PricewaterhouseCoopers CI LLP  
National Westminster House  
Le Truchot  
St Peter Port  
Guernsey GY1 4ND

**PRINCIPAL BANKERS**

Bank of Scotland  
Bishopsgate Exchange  
155 Bishopsgate  
London EC2M 3YB

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

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The directors present their report and the audited financial statements to the shareholders for the year ended 31 December 2006.

**PRINCIPAL ACTIVITY**

The Company's principal activity is that of an investment company. The profit and loss account is set out on page 5.

**RESULTS**

The profit for the year is shown on page 5.

**DIVIDENDS**

The directors do not propose a dividend for the year ended 31 December 2006 (2005: nil).

**DIRECTORS**

The directors of the Company at 31 December 2006 were:

Dr. Lanfranchi  
Mr. R. Borg  
Mr. R. Beney

**SECRETARY**

The secretary of the Company at 31 December 2006 was Mr. R. Borg who had been secretary for the whole of the year then ended.

**DIRECTORS' INTERESTS**

The following directors' interests in the shares of the company were as stated below:

	<b>Ordinary Shares of £1 each</b>	
	<b>December 31</b>	
	<b>2006</b>	<b>2005</b>
Dr. Lanfranchi	Nil	Nil
Mr. R. Borg	Nil	Nil
Mr. R. Beney	Nil	Nil

**INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers CI LLP, have indicated their willingness to continue in office, and a resolution to reappoint them as auditors to the Company will be proposed at the annual general meeting.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with applicable United Kingdom law and United Kingdom Accounting Standards, of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

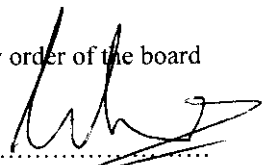
The directors confirm that they have complied with the above requirements in preparing the financial statements.

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

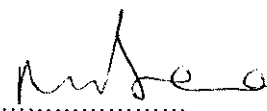
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The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with The Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

  
.....  
Director

Date: 2nd May 2007

  
.....  
Director

Date: 2nd May 2007

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEALTHCARE PROPERTIES (OXFORD) LIMITED

We have audited the financial statements of Healthcare Properties (Oxford) Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Directors' Report.

### Basis of audit opinion

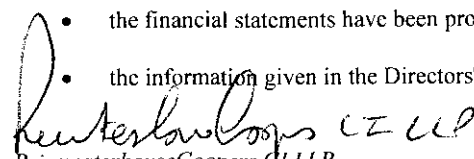

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Accounting Standards, of the state of the Company's affairs as at 31 December 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with The Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

  
PricewaterhouseCoopers  LLP  
Chartered Accountants  
Guernsey, Channel Islands  
22 May 2007

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

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	NOTE	2006	2005
		£	£
<b>Rent receivable</b>	1,2	2,266,907	1,867,355
Administrative expenses		(877,570)	(741,944)
<b>Operating profit</b>	3	1,389,337	1,125,411
Investment income	4	-	7,116,475
Other interest receivable and similar income		8,721	4,314
Permanent diminution in value of investments	5	-	(6,711,197)
Amortisation of Negative Goodwill		74,604	49,374
Interest payable and similar charges	6	(1,231,904)	(927,745)
<b>Profit on ordinary activities before taxation</b>		240,758	656,632
Taxation	7	(80,642)	(86,699)
<b>Profit for the year after taxation</b>		160,116	569,933

There is no difference between the profit for the year as stated above and its historical cost equivalent.

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006	2005
		£	£
<b>Profit for the financial year</b>		160,116	569,933
Movement in unrealised surplus on revaluation of properties	8, 16	4,258,780	2,523,301
<b>Total recognised gains for the year</b>		<u>4,418,896</u>	<u>3,093,234</u>

The notes on pages 8 to 15 form part of these financial statements.



**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2006**

	Notes	2006 £	2005 £
<b>FIXED ASSETS</b>			
Investment Property	8	32,014,006	27,755,226
Investments	9	1,527,478	1,527,478
Negative goodwill	10	(397,873)	(472,476)
		<u>33,143,611</u>	<u>28,810,228</u>
<b>NON-CURRENT ASSETS</b>			
Accrued income	1	936,587	661,925
<b>CURRENT ASSETS</b>			
Debtors	11	1,021,632	549,951
Cash at bank and in hand		104,733	273,221
		<u>1,126,365</u>	<u>823,172</u>
<b>CREDITORS: amounts falling due within one year</b>	12	(3,410,675)	(2,565,208)
<b>NET CURRENT LIABILITIES</b>		<u>(2,284,310)</u>	<u>(1,742,036)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>31,795,888</u>	<u>27,730,117</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13	(18,920,862)	(19,165,907)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	(3,245,660)	(3,171,371)
<b>NET ASSETS</b>		<u>9,629,366</u>	<u>5,392,839</u>
<b>CAPITAL AND RESERVES</b>			
Share Capital	15	1	1
Revaluation Reserve	16	8,756,959	4,680,548
Profit and Loss Account	16	872,406	712,290
<b>TOTAL CAPITAL AND RESERVES</b>	17	<u>9,629,366</u>	<u>5,392,839</u>

The financial statements on pages 5 to 15 were approved by the board of directors on 24 May 2007 and were signed on its behalf by:

Director .....

Director .....

The notes on pages 8 to 15 form part of these financial statements.

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

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**1. PRINCIPAL ACCOUNTING POLICIES**

**1.1 Basis of preparation**

The financial statements have been prepared under the historical cost convention as modified to include investment properties at valuation, and in accordance with applicable United Kingdom accounting standards.

**1.2 Rental income**

Rental income is accounted for on an accruals basis in accordance with UITF 28 whereby benefits to lessees, in the form of rent free periods and other incentives are treated as reductions in the overall return on the leases. Operating lease incentives are recognised on a straight line basis over the shorter of the lease term or the period up to the initial rent review date. The total rent receivable under a lease in which the lessees have received incentives are recognised on a straight line basis over the shorter of the entire term of lease or the period from the lease inception to the date of the first rent review and not from the date that the rents become payable. As a result until rentals paid under a lease actually exceed the rent accrued on a straight line basis over the relevant period, the Company shall recognise accrued rents receivable in the Profit and Loss Account. The corresponding asset is reflected in non-current assets in the Balance Sheet.

**1.3 Other income**

All other income is accounted for on an accruals basis.

**1.4 Deferred taxation**

Provision for deferred tax is made in respect of all timing differences that have originated but not reversed by the balance sheet date. Any provisions for deferred taxes are not discounted. Deferred tax assets are only recognised where there is a reasonable probability that the asset will crystallise in the foreseeable future.

**1.5 Investment properties**

The investment properties are stated at market value. Increases in the carrying value of investment properties are credited to the revaluation reserve in shareholder's equity. Decreases that offset previous increases of the same investment property are charged against the revaluation reserve whilst all other decreases are charged to the profit and loss account.

On disposal, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account. Amounts in revaluation reserve relating to the investment are transferred to retained earnings and disclosed in the statement of total recognised gains and losses.

Acquisition and disposal of properties are considered to have taken place where, by the end of the accounting period, there is a legally binding, unconditional and irrevocable contract and legal completion has taken place subsequently.

In accordance with SSAP 19, no depreciation or amortisation is provided in respect of freehold properties or leasehold properties which have unexpired terms in excess of twenty years.

**1.6 Borrowings**

Borrowings are initially recognised as the proceeds received, net of issue costs incurred. Debt arrangement fees which therefore qualify to be treated as issue costs are deducted from the gross amount of bank borrowings and are amortised to the profit and loss account over the period of the borrowings as a component of the interest payable. Other finance costs are written off as they are incurred.

**1.7 Investments**

Investments are stated at cost less provision for any permanent diminution in value.

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

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**1. PRINCIPAL ACCOUNTING POLICIES....(continued)**

**1.8 Cash flow statement**

Under Financial Reporting Standard No 1 (Revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

**2. TURNOVER**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

**3. OPERATING PROFIT**

	2006	2005
	£	£
Operating profit is stated after charging:		
Auditors' remuneration	19,450	16,713
	<hr/>	<hr/>

**4. INVESTMENT INCOME**

	2006	2005
	£	£
Dividend income from subsidiary	-	7,116,475
	<hr/>	<hr/>

**5. PERMANENT DIMINUTION IN VALUE OF INVESTMENT**

	2006	2005
	£	£
Amounts written off investment in subsidiary		
- permanent diminution in value	-	6,711,197
	<hr/>	<hr/>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2006	2005
	£	£
On loans repayable after 5 years	1,231,904	927,745
	<hr/>	<hr/>

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**7. TAXATION**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Current tax	6,353	-
Deferred tax (Note 14)	74,289	86,699
	<u>80,642</u>	<u>86,699</u>
Profit on ordinary activities before tax	<u>240,758</u>	<u>656,632</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005: 30%)	72,227	196,990
Effects of:		
Disallowed management charge	148,677	62,756
Income not subject to tax	(70,269)	(2,225,172)
Expenses not deductible for tax purposes	-	2,013,359
Accelerated capital allowances	(70,650)	-
Utilisation of tax losses	(73,632)	(47,933)
Current tax charge for the year	<u>6,353</u>	<u>-</u>

**8. INVESTMENT PROPERTY**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
As at 1 January 2006	27,755,226	9,324,807
Additions (capitalised acquisition costs)	-	43,706
Additions	-	15,863,412
Movement in unrealised surplus on revaluation of properties	4,258,780	2,523,301
Valuation as at 31 December 2006	<u>32,014,006</u>	<u>27,755,226</u>

A full valuation of the property was made at 31 December 2006 by Colliers CRE, Chartered Surveyors and International Property Consultants ('Colliers'), on an investment value basis. It is the management's opinion that this valuation reflects the fair value of the investment properties as at 31 December 2006. On a historical cost basis, the properties would be included at an original cost of £19,583,593 (2005 - £19,583,593). As disclosed in note 13, the company has created a fixed charge over the property.

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**9. INVESTMENTS**

	2006 £	2005 £
Balance brought forward	1,527,478	857,476
Additions during the year	-	7,381,199
Provisions for permanent diminution in value	-	(6,711,197)
Balance carried forward	<u>1,527,478</u>	<u>1,527,478</u>

The investments are in the Company's subsidiaries, The Manor House Nursing Home Limited and Hollygarth Care Homes Limited, which represent the aggregate of the share capital and share premium account of those subsidiaries, and in the preference share capital of European Care (England) Limited (see below).

**Holdings of more than 20%**

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
<b>Subsidiary undertakings</b>			
The Manor House Nursing Home Limited	England	Ordinary	100
Hollygarth Care Home Limited	England	Ordinary	100
<b>Other significant interests</b>			
European Care (England) Limited	England	Preference	100

The aggregate amount of capital and reserves and the results of the subsidiary undertakings for the last relevant financial year were as follows:

	Capital and reserves	Result for the year
	2006 £	2006 £
The Manor House Nursing Home Limited	482,476	-
Hollygarth Care Homes Limited	663,341	-
	<u>1,145,817</u>	<u>-</u>

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**9. INVESTMENTS....(continued)**

The investments amounting to £1,527,478 (2005 - £1,527,478) comprised of:

- i) £482,476 (2005: £482,476) representing 11,500 Ordinary A shares of 1p and 300 Ordinary B shares of 1p each in The Manor House Nursing Home Limited.
- ii) £670,002 (2005: £670,002) representing 67,002 Ordinary shares of £1 in Hollygarth Care Homes Limited.
- iii) £375,000 (2005: £375,000) representing 375,000 preference shares of £1 each in European Care (England) Limited.

During the year, Healthcare Properties (Oxford) Limited received £2,019,342 (2005 - £1,566,593) in rental income and business fees income from European Care (England) Limited under the terms of a long term lease.

**10. NEGATIVE GOODWILL**

	2006	2005
	£	£
Balance Brought Forward	472,476	-
Additions	-	522,210
Amortisation	(74,603)	(49,734)
	<hr/>	<hr/>
Balance Carried Forward	397,873	472,476
	<hr/>	<hr/>

On 5 May 2005, the Company acquired 100% of the share capital of Hollygarth Care Homes Limited. On the same day the assets and the business were leased to a third party operator under a 7 year lease. The negative goodwill is being amortised over the life of the lease.

Details of net assets acquired and negative goodwill are as follows:-

	2005
	£
Purchase consideration:	
- Cash paid	12,213,240
- Direct costs relating to acquisition	805,831
	<hr/>
Total purchase consideration	13,019,071
Fair value of net assets acquired	13,541,282
Negative goodwill	522,211
	<hr/>

**11. DEBTORS**

	2006	2005
	£	£
Prepayments and accrued income	87,166	27,098
Loans	648,410	500,000
Amounts due from other group companies	25,468	8,434
Other debtors	260,588	14,419
	<hr/>	<hr/>
	1,021,632	549,951
	<hr/>	<hr/>

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**11. DEBTORS....(continued)**

Amounts due from other group companies were £16,989, (2005 - £7,191) from Healthcare Properties (Ashlea) Limited, £6,955 (2005 - £19) from Healthcare Properties UK Limited, £300 from Public Service Properties Investments Limited (formerly USI Group Holdings Limited) (2005 - £nil) and £1,224 (2005 - £1,224) from Healthcare Properties Etzelgut Limited.

**12. CREDITORS: amounts falling due within one year**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Bank Loans and overdrafts	703,266	709,465
Amounts due to other group companies	2,543,261	1,710,518
Other creditors	9,930	12,860
Accruals	154,218	132,365
	<u>3,410,675</u>	<u>2,565,208</u>

Amounts owed to other group companies were £362,476 (2005 - £362,476) to The Manor House Nursing Home Limited, £1,622,914 (2005 - £1,083,318) to USI Group Holdings Limited, £15,500 (2005 - £nil) to Healthcare Properties Ashlea Limited and £542,371 (2005 - £264,724) to Hollygarth Care Homes Limited. These balances are repayable on demand and are subject to interest charges as agreed from time to time.

**13. CREDITORS: amounts falling due after one year**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Bank loan	16,724,892	16,969,937
Other loans	2,195,970	2,195,970
	<u>18,920,862</u>	<u>19,165,907</u>

The Company entered into a facility agreement in May 2005 for an aggregate amount of £12,765,000 with the Bank of Scotland. The loan requires payment of interest only during the first three years and 50% amortisation of the principal during years 4-10 of the facility with the balance 50% repayable at maturity in May 2015.

The Company entered into a facility agreement in December 2002 for an amount of £5,250,000 with the Bank of Scotland. The facility is repayable over twenty years and, by execution of an interest rate swap agreement; the interest rate is fixed for the duration of the facility. The loan may be repaid prior to maturity in accordance with the terms of the facility agreement. The company issued a debenture to the bank in respect of all assets of the Company.

The Company also has borrowings of £2,195,970 (2005 - £2,195,970) from its immediate holding company, Healthcare Properties (Ashlea) Limited, which is repayable with the permission of the Bank of Scotland. This loan is unsecured and interest free.

**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**13. CREDITORS: amounts falling due after one year....(continued)**

The maturity of the bank loan facilities due after one year are as follows:

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Due within 1 year	703,266	709,465
Due after 1 year but before 2 years	245,045	245,046
Due after 2 years but before 5 years	3,470,283	3,014,429
Due after 5 years	13,009,565	13,710,462
Total bank borrowings due after 1 year	16,724,893	16,969,937
Total bank borrowings	17,428,159	17,679,402

**14. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Balance brought forward	3,171,371	120,008
Deferred tax on straight line lease income	74,289	86,699
Deferred tax on business combinations	-	2,964,664
Balance carried forward	3,245,660	3,171,371

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property were sold and not the holding company. The total amount un-provided for is £2,142,073 (2005 - £812,247). At present, it is not envisaged that any tax will become payable in the foreseeable future.

**15. SHARE CAPITAL**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Authorised:</b>		
<b>Equity interests:</b>		
100 Ordinary shares of £1 each	100	100
<b>Allotted, called up and fully paid:</b>		
<b>Equity interests:</b>		
1 Ordinary share of £1 each	1	1



**HEALTHCARE PROPERTIES (OXFORD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

**16. STATEMENT OF MOVEMENTS ON RESERVES**

	<b>REVALUATION RESERVE</b>	<b>PROFIT AND LOSS ACCOUNT</b>
	<b>£</b>	<b>£</b>
Balance brought forward	4,680,548	712,290
Retained profit for the year	-	160,116
Revaluation during the year	4,076,411	-
Balance carried forward	<u>8,756,959</u>	<u>872,406</u>

**17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	160,116	569,933
Other recognised gains and losses	4,076,411	2,523,301
Net addition to shareholders' funds	<u>4,236,527</u>	<u>3,093,234</u>
Opening shareholders' funds	5,392,839	2,299,605
Closing shareholders' funds	<u>9,629,366</u>	<u>5,392,839</u>

**18. EMPLOYEES**

**Number of employees**

There were no employees during the period apart from the directors.

**19. IMMEDIATE AND ULTIMATE CONTROLLING PARTY**

The immediate controlling company is Healthcare Properties (Ashlea) Limited, a company registered in Guernsey, Channel Islands. In the opinion of the directors, the ultimate controlling company is Public Service Properties Investments Limited (formerly USI Group Holdings Limited); a company registered in the British Virgin Islands.

Public Service Properties Investments Limited (formerly USI Group Holdings Limited) has issued a letter to the Company confirming that it has the means to continue to support the normal financial obligations of the Company.

**20. RELATED PARTY TRANSACTIONS**

The Company was charged management fees by group companies of £815,296 (2005 - £488,319) by Public Service Properties Investments Limited (formerly USI Group Holdings Limited), £nil (2005 - £nil) by USI Healthcare Investment Company Limited and £10,500 (2005 - £5,000) by Healthcare Properties (Ashlea) Limited, for services rendered during the course of the year ended 31 December 2006. The amounts remaining unpaid to and from Group companies at 31 December 2006 are detailed in Notes 11, 12 & 13.