

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

155(6)b

Please do not
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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

4813092

Name of company

* CARE PRINCIPLES GROUP LIMITED

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

* insert full name
of company

XWe o DAVID JOHN ROTH of 10 Lime Close, Burwell, Cambridgeshire, CB5 0JR
and AMANDA SARAH OSBOURNE SKULL of Steggles Barn, Whiting Street,
Bury St Edmunds, IP33 1NR together being

Ø insert name(s) and address(es) of all the directors

† delete as appropriate

~~XXXXXXXXXXXX~~ [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

- (c) something other than the above §

This company is ~~XXX~~ [a] holding company of* Erminecare Limited
(Company Number 03679001) _____ which is
proposing to give financial assistance in connection with the acquisition of shares
in ~~XXXXXXXXXX~~ CARE PRINCIPLES TOPCO LIMITED
(Company Number 05387989) _____ the holding company of this company] t

Presenter's name address and
reference (if any)
Herbert Smith LLP
Exchange House
Primrose Street
London
EC2A 2HS

For official Use
General Section

TUESDAY



LYJ2TTUK

LD6

16/10/2007

302

COMPANIES HOUSE

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

The assistance is to be given to (note 2) CP BIDCO LIMITED registered in the Cayman Islands with registered number 191800

Please see attached continuation sheet 2

† delete as appropriate

Please see attached continuation sheet 4

The value of any asset to be transferred to the person assisted is £ N11

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

~~X~~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)

[illegible]

And ~~X~~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

Declarants to sign below

Exchange House, Primrose Street
London

Grand Stair

on

Day	Month	Year
09	10	2007

J. R. V.

before me

ADRIAN BLOMFIELD

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

(SOLICITOR)

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**

Continuation Sheet 1

Unless otherwise defined within these Continuation Sheets, capitalised terms and expressions used in these Continuation Sheets are as defined in Continuation Sheet 4

26,000 fully paid ordinary shares of £0.01, 174,000 fully paid "A1" ordinary shares of 0.001p and one fully paid "A2" ordinary share of £0.01

Continuation Sheet 2

On 30 July 2007, CP BidCo Limited ("**BidCo**") acquired the entire existing share capital of Care Principles Topco Limited ("**CPTL**") (the "**Acquisition**") CPTL is the holding company of Care Principles Group Limited ("**CPGL**") and CPGL is the holding company of Erminecare Limited (the "**Company**")

In connection with the Acquisition, CP HoldCo3 Limited ("**HoldCo3**") (a holding company of BidCo), amongst others, entered into financing and security arrangements including, *inter alia*, a £251,500,000 bridge credit facilities agreement (the "**Bridge Facilities Agreement**") dated 30 July 2007

It is presently proposed that the Company enter into certain financing and security arrangements detailed in, *inter alia*, the documents described below

- 1 an accession letter (the "**Accession Letter**") to be entered into by the Company and CP HoldCo2 Limited (the "**Parent**") pursuant to which the Company would accede to the Bridge Facilities Agreement as a Borrower and a Guarantor,
- 2 an obligor accession deed (the "**Obligor Accession Deed**") to be entered into by the Company and Barclays Bank PLC (the "Security Trustee") pursuant to which the Company would accede to an intercreditor agreement made between, amongst others, the Security Trustee, the Parent and HoldCo3 dated 30 July 2007 (the "**Intercreditor Agreement**") as an Obligor on the terms set out therein,
- 3 a debenture to be entered into by, amongst others, the Company and CPTL as chargors in favour of the Security Trustee (the "**Debenture**"),
- 4 a legal charge to be entered into by the Company in favour of the Security Trustee in respect of the property known as Rose Lodge, Langley Court, Underhill Street, Oldbury (the "**Rose Lodge Property**") (the "**Rose Lodge Legal Charge**"),
- 5 a legal charge to be entered into by the Company in favour of the Security Trustee in respect of the property known as Ridgeway, Chapel Lane, Newton, Wisbech (the "**Ridgeway Property**") (the "**Ridgeway Legal Charge**"),
- 6 a legal charge to be entered into by the Company in favour of the Security Trustee in respect of the property known as Conifer Lodge, 134 North Brink, Wisbech (the "**Conifer Lodge Property**") (the "**Conifer Lodge Legal Charge**"),
- 7 a legal charge to be entered into by the Company in favour of the Security Trustee in respect of the property known as King's Delph, Marex House, Oilmils Road, Pondersbridge (the "**King's Delph Property**") (the "**King's Delph Legal Charge**"),
- 8 a legal charge to be entered into by the Company in favour of the Security Trustee in respect of the property known as Ermine Lodge, High Street, Redbourne, Gainsborough (the "**Ermine Lodge Property**") (the "**Ermine Lodge Legal Charge**"),
- 9 a legal charge to be entered into by the Company in favour of the Security Trustee in respect of the property known as The Cherry Trees, 90 Hungate Road, Emneth, Norfolk (the "**Cherry Trees Property**") (the "**Cherry Trees Legal Charge**"),

- 10 a legal charge to be entered into by the Company in favour of the Security Trustee in respect of the property known as Middlestead House, 96 Draycott Road, Derby (the "**Middlestead House Property**") (the "**Middlestead House Legal Charge**"),
- 11 a legal charge to be entered into by the Company in favour of the Security Trustee in respect of the property known as Mansfield House, 9 Second Avenue, Nottingham (the "**Mansfield House Property**") (the "**Mansfield House Legal Charge**"),
- 12 a legal charge to be entered into by the Company in favour of the Security Trustee in respect of the property known as Orton Mere, 547 Oundle Road, Longueville (the "**Orton Mere Property**") (the "**Orton Mere Legal Charge**"),
- 13 a legal charge to be entered into by the Company in favour of the Security Trustee in respect of the property known as James House, Little Hill, Chudleigh (the "**James House Property**") (the "**James House Legal Charge**"),
- 14 a legal charge to be entered into by the Company in favour of the Security Trustee in respect of the property known as Hurnsfield Nursing Home, Hurnsfield, Grantham (the "**Hurnsfield Property**") (the "**Hurnsfield Legal Charge**"), and
- 15 an intragroup loan agreement under which the Company, Care Principles Group Limited, Care Principles Holdings Limited, Care Principles Limited, Care Principles Development Limited and CPTL as Lenders (as defined therein) would make available to the Company, Care Principles Group Limited, Care Principles Holdings Limited, Care Principles Limited, Care Principles Development Limited and CPTL as Borrowers (as defined therein) certain Advances (as defined therein) (the "**Intragroup Loan Agreement**")

The financial assistance to be given by the Company will take the form of

- 1 The Company being a Guarantor and thereby guaranteeing and granting indemnities in respect of, amongst other things, obligations and amounts payable under the Bridge Facility Agreement and the other Finance Documents,
- 2 The Company being an Obligor under and as defined in, and being bound by the terms of the Intercreditor Agreement pursuant to which, inter alia, the Subordinated Liabilities are postponed and subordinated to the Senior Liabilities
- 3 The Company being a Chargor under and as defined in, and being bound by the terms of the Debenture pursuant to which the Company grants security in respect of the satisfaction of the Secured Obligations, including fixed and floating charges over all or substantially all of its assets and undertaking (on the terms more particularly detailed therein) in respect thereof,
- 4 The Company being a Chargor under and as defined in, and being bound by the terms of the Rose Lodge Legal Charge pursuant to which the Company grants security in respect of the satisfaction of the Secured Obligations, including a first legal mortgage over the Rose Lodge Property (on the terms more particularly detailed therein) in respect thereof,
- 5 The Company being a Chargor under and as defined in, and being bound by the terms of the Ridgeway Legal Charge pursuant to which the Company grants security in respect of the satisfaction of the Secured Obligations, including a first legal mortgage over the Ridgeway Property (on the terms more particularly detailed therein) in respect thereof,

- 6 The Company being a Chargor under and as defined in, and being bound by the terms of the Conifer Lodge Legal Charge pursuant to which the Company grants security in respect of the satisfaction of the Secured Obligations, including a first legal mortgage over the Conifer Lodge Property (on the terms more particularly detailed therein) in respect thereof,
- 7 The Company being a Chargor under and as defined in, and being bound by the terms of the King's Delph Legal Charge pursuant to which the Company grants security in respect of the satisfaction of the Secured Obligations, including a first legal mortgage over the King's Delph Property (on the terms more particularly detailed therein) in respect thereof,
- 8 The Company being a Chargor under and as defined in, and being bound by the terms of the Ermine Lodge Legal Charge pursuant to which the Company grants security in respect of the satisfaction of the Secured Obligations, including a first legal mortgage over the Ermine Lodge Property (on the terms more particularly detailed therein) in respect thereof,
- 9 The Company being a Chargor under and as defined in, and being bound by the terms of the Cherry Trees Legal Charge pursuant to which the Company grants security in respect of the satisfaction of the Secured Obligations, including a first legal mortgage over the Cherry Trees Property (on the terms more particularly detailed therein) in respect thereof,
- 10 The Company being a Chargor under and as defined in, and being bound by the terms of the Middlestead House Legal Charge pursuant to which the Company grants security in respect of the satisfaction of the Secured Obligations, including a first legal mortgage over the Middlestead House Property (on the terms more particularly detailed therein) in respect thereof,
- 11 The Company being a Chargor under and as defined in, and being bound by the terms of the Mansfield House Legal Charge pursuant to which the Company grants security in respect of the satisfaction of the Secured Obligations, including a first legal mortgage over the Mansfield House Property (on the terms more particularly detailed therein) in respect thereof,
- 12 The Company being a Chargor under and as defined in, and being bound by the terms of the Orton Mere Legal Charge pursuant to which the Company grants security in respect of the satisfaction of the Secured Obligations, including a first legal mortgage over the Orton Mere Property (on the terms more particularly detailed therein) in respect thereof,
- 13 The Company being a Chargor under and as defined in, and being bound by the terms of the James House Legal Charge pursuant to which the Company grants security in respect of the satisfaction of the Secured Obligations, including a first legal mortgage over the James House Property (on the terms more particularly detailed therein) in respect thereof,
- 14 The Company being a Chargor under and as defined in, and being bound by the terms of the Hurnsfield Legal Charge pursuant to which the Company grants security in respect of the satisfaction of the Secured Obligations, including a first legal mortgage over the Hurnsfield Property (on the terms more particularly detailed therein) in respect thereof,
- 15 The Company being a Lender under and as defined in, and being bound by the terms of the Intragroup Loan Agreement pursuant to which the Company (in its capacity as a Lender (as defined therein)) would make available Advances (as defined therein) to the Borrowers (as defined therein), and

- 16 The Company being a Borrower under and as defined in, and being bound by the terms of the Intragroup Loan Agreement pursuant to which the Company (in its capacity as a Borrower (as defined therein)) would be liable to repay any Advances (as defined therein) and would be liable to pay interest to the relevant Lender (as defined therein) on any outstanding Advances (as defined therein)

Company Care Principles Group Limited
Continuation Sheets (Form 155(6)(b))

Continuation Sheet 3

CP BIDCO LIMITED (Registered in the Cayman Islands with registered number 191800), having its registered address at C/O Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman, KY1-9002, Cayman Islands

Continuation Sheet 4

1. PRINCIPLE TERMS OF THE BRIDGE FACILITIES AGREEMENT:

1.1 Guarantee and Indemnity

Pursuant to the Accession Letter, the Company will become a party to the Bridge Facilities Agreement as a Guarantor. The Company as a Guarantor, amongst other things, will irrevocably and unconditionally and jointly and severally

- (a) guarantee to each Finance Party punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents,
- (b) undertake with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, the Company shall immediately on demand pay that amount as if it was the principal obligor, and
- (c) indemnifies each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover

1.2 Continuing Guarantee

The guarantee described in paragraph 1.1 above is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part

1.3 Reinstatement

If any payment by an Obligor or any discharge given by a Finance Party (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event

- (a) the liability of each Obligor shall continue as if the payment, discharge, avoidance or reduction had not occurred, and
- (b) each Finance Party shall be entitled to recover the value or amount of that security or payment from each Obligor, as if the payment, discharge, avoidance or reduction had not occurred

1.4 Waiver of defences

The obligations of each Guarantor (including the Company) under Clause 21 of the Bridge Facilities Agreement will not be affected by an act, omission, matter or thing which, but for Clause 21 of the Bridge Facilities Agreement, would reduce, release or prejudice any of its obligations under Clause 21 of the Bridge Facilities Agreement (without limitation and whether or not known to it or any Finance Party) including

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person,

- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group,
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security,
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person,
- (e) any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatsoever nature) or replacement of a Finance Document or any other document or security,
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security, or
- (g) any insolvency or similar proceedings

1 5 Guarantor Intent

Without prejudice to the generality of Clause 21 4 (*Waiver of Defences*) of the Bridge Facilities Agreement, each Guarantor expressly confirms that it intends that the guarantee shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following acquisitions of any nature, increasing working capital, enabling investor distributions to be made, carrying out restructurings, refinancing existing facilities, refinancing any other indebtedness, making facilities available to new borrowers, any other variation or extension of the purposes for which any such facility or amount might be made available from time to time, and any fees, costs and/or expenses associated with any of the foregoing

1 6 Immediate recourse

Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under Clause 21 of the Bridge Facilities Agreement. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary

1 7 Appropriations

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same, and

- (b) hold in an interest-bearing suspense account any money received from any Guarantor or on account of any Guarantor's liability under this Clause 21 of the Bridge Facilities Agreement

1 8 Deferral of Guarantors' rights

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents

1 8 1 to be indemnified by an Obligor,

1 8 2 to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents, and/or

1 8 3 to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party

1 9 By executing the Accession Letter, the Company will become liable, as a Guarantor, to pay certain fees

1 10 By executing the Accession letter the Company makes a number of representations to each Finance Party and undertakes to comply with certain undertakings, including (i) an undertaking not to create or allow to exist any security interest over any of its assets (subject to certain exceptions) and (ii) an undertaking not to dispose of any of its assets (subject to certain exceptions)

2. PRINCIPLE TERMS OF THE INTERCREDITOR AGREEMENT

2 1 By executing the Obligor Accession Deed the Company, among other things, will enter into arrangements for the postponement and subordination of the Subordinated Liabilities to the Senior Liabilities and will give certain undertakings, representations and indemnities in connection therewith and agrees to (i) various restrictions on its right to require or accept the payment or repayment of certain monies which may otherwise be due to it or to enforce repayment of monies, (ii) restrictions on its ability to take or enforce security for amounts owing to it, (iii) restrictions on the operation of subrogation, (iv) restrictions on its ability to deal with certain debts and receivables, and (v) the subordination of its claims on insolvency and restrictions of certain of its rights in certain insolvencies

2 2 Without prejudice to the generality of the foregoing, by executing the Obligor Accession Deed the Company covenants with the Security Trustee that

2 2 1 it will not pay, repay, redeem or acquire any of the Subordinated Liabilities (and no Subordinated Lender may receive or accept any payment or discharge in respect of the Subordinated Liabilities) at any time unless that action is permitted under Clause 6 (*Permitted Payments*) of the Intercreditor Agreement or if the prior consent of the Majority Senior Creditors is obtained,

- 2 2 2 may not take, accept or receive the benefit of any Security (as defined in the Intercreditor Agreement), guarantee, indemnity or other assurance against loss from any member of the Group in respect of any of the Subordinated Liabilities,
- 2 2 3 may not amend the terms of any of the documents or instruments pursuant to which the Subordinated Liabilities are constituted unless the prior consent of the Majority Senior Creditors is obtained,
- 2 2 4 may not pay, repay, redeem or acquire the Hedging Liabilities (as defined in the Intercreditor Agreement) at any time unless that action is permitted under Clause 6 (*Permitted Payments*) of the Intercreditor Agreement or if the prior consent of the Majority Senior Creditors is obtained,
- 2 2 5 it will not make any payments in respect of the Subordinated Liabilities (or otherwise discharge any of the Subordinated Liabilities) at any time prior to the discharge in full of the Senior Liabilities unless either
- (A) the prior consent of the Majority Senior Creditors is obtained, or
- (B) (in respect only of the Subordinated Liabilities owed to the Parent) the payment is a Permitted Payment or a Permitted Transaction (each as defined in the Bridge Facilities Agreement) and at the time such payment is made no Event of Default has occurred which is continuing and no Event of Default would occur as a result of such payment,
- 2 2 6 it shall not be entitled to take any Enforcement Action (as such term is defined in the Intercreditor Agreement) in respect of any Subordinated Liabilities unless all Senior Liabilities have been repaid and discharged in full,
- 2 2 7 it agrees to turn over amounts received or recovered by it, or discharged by way of set off, combination of accounts or otherwise, in certain circumstances,
- 2 2 8 agree to certain restrictions on its ability to amend, vary, waive, supplement, release, discharge or allow to be superseded any provision of the Transaction Security or the documents governing the Subordinated Liabilities,
- 2 2 9 if it receives or recovers any sum which, under the terms of any of the Finance Documents, should have been paid to the Security Trustee, that sum shall be held on trust for the Security Trustee or, if this trust cannot be given effect to, the Company shall pay an amount equal to that receipt or recovery to the Security Trustee, in each case to be held on trust by the Security Trustee for application in accordance with the terms of the Intercreditor Agreement,
- 2 2 10 to the extent permitted under applicable law and subject to Clause 12 (*Application of Proceeds*) of the Intercreditor Agreement, it waives all rights it may otherwise have to require that the Transaction Security be enforced in any particular order or manner or at any particular time or that any sum received or recovered from any person, or by virtue of the enforcement of any of the Transaction Security or of any other security interest, which is capable of being applied in or towards discharge of any of the Secured Obligations is so applied,
- 2 2 11 it shall within 3 Business Days of demand, indemnify the Security Trustee and every Receiver and Delegate against any cost, loss or liability (together with any applicable VAT) incurred by any of them in relation to or arising out of

- (a) any failure by the Parent to comply with obligations under Clause 16 (*Fees and Expenses*) of the Intercreditor Agreement,
 - (b) the taking, holding, protection or enforcement of the Transaction Security,
 - (c) the exercise of any of the rights, powers, and discretions vested in any of them by the Finance Documents or by law,
 - (d) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents, or
 - (e) which otherwise relate to any of the Transaction Security or the performance of the terms of the Intercreditor Agreement (otherwise than as a result of its gross negligence or wilful misconduct)
- 2 2 12 the provisions of the Intercreditor Agreement will not be affected by an act, omission, matter or thing which, but for Clause 20 3 of the Intercreditor Agreement, would reduce, release or prejudice the subordination and priorities in the Intercreditor Agreement including
- (a) any time, waiver or consent granted to, or composition with any person,
 - (b) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any Transaction Security,
 - (c) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any person,
 - (d) any amendment (however fundamental) or replacement of a Finance Document or any other document or security,
 - (e) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security, or
 - (f) any intermediate payment or discharge of any of the Liabilities of the Senior Creditors in whole or in part
- 2 2 13 except as otherwise provided in the Intercreditor Agreement, the priorities referred to in Clause 2 (*Ranking and Priority*) thereof will
- (a) not be affected by any reduction or increase in the principal amount secured by the Transaction Security in respect of the Liabilities of the Senior Creditors or by any intermediate reduction or increase in, amendment or variation to any of the Finance Documents, or by any variation or satisfaction of, any of the Liabilities or any other circumstances,

- (b) apply regardless of the order in which or dates upon which the Finance Documents and the Intercreditor Agreement are executed or registered or notice of them is given to any person, and
- (c) secure the Liabilities of the Senior Creditors in the order specified, regardless of the date upon which any of the Liabilities arise or of any fluctuations in the amount of any of the Liabilities outstanding

3. PRINCIPLE TERMS OF THE DEBENTURE

3.1 Covenant To Pay

By executing the Debenture the Company covenants with the Security Trustee (as trustee for the Finance Parties) to pay, discharge and satisfy the Secured Obligations in accordance with their respective terms and to indemnify the Finance Parties against any losses, costs, charges, expenses and liabilities arising from any breach or failure to pay, discharge and satisfy the Secured Obligations in accordance with their respective terms

3.2 Fixed Security

3.2.1 Mortgage

By executing the Debenture the Company charges with full title guarantee in favour of the Security Trustee (as trustee for the Finance Parties), with the payment and discharge of the Secured Obligations, by way of first legal mortgage, the Mortgaged Property

3.2.2 Assignment by way of Security

By executing the Debenture the Company assigns and agrees to assign absolutely with full title guarantee to the Security Trustee (as trustee for the Finance Parties) (to the extent not validly and effectively charged by way of first legal mortgage pursuant to Clause 3.1 (*Mortgage*) of the Debenture and to the fullest extent assignable or capable of assignment without infringing any contractual provision restricting the same, as security for the payment and discharge of the Secured Obligations, all of its right, title and interest from time to time in and to each of the following assets

- (a) any agreements, contracts, deeds, leases, licences, undertakings, guarantees, covenants, warranties, representations and other documents entered into by, given to or otherwise benefiting the Company in respect of the Real Property,
- (b) all sums paid or payable and any other consideration given in money or money's worth for the disposal of an interest in all or part of any Real Property and the right to make demand for and receive the same, and
- (c) any Insurance Policies and all proceeds paid or payable thereunder

3.2.3 Fixed charges

By executing the Debenture the Company charges with full title guarantee in favour of the Security Trustee (as trustee for the Finance Parties) (to the extent not validly and effectively charged by way of first legal mortgage pursuant to

Clause 3 1 (*Mortgage*) of the Debenture or assigned pursuant to Clause 3 2 (*Assignment by way of Security*) of the Debenture) with the payment and discharge of the Secured Obligations, by way of first fixed charge, all of its rights, title and interest from time to time in and to each of the following assets

- (a) the Real Property and all Related Rights,
- (b) each of its present and future accounts with any bank, building society, financial institution or other person (including any replacement account or sub-division or sub-account of that account) and the debt or debts represented thereby,
- (c) each of its present and future interest or currency rate swap, cap, floor, collar or option transactions, all proceeds paid or payable thereunder and all Related Rights,
- (d) book and other debts and monetary claims owing to it and any proceeds of those debts and claims and all Related Rights,
- (e) patents, trade marks, service marks, designs, business names, copyrights, design rights, moral rights, inventions, confidential information, know-how and other intellectual property rights and interests to which it is entitled, whether registered or unregistered, the benefit of all applications and its rights to use such assets and all Related Rights,
- (f) plant, machinery, office equipment, computers, vehicles and other chattels (excluding any for the time being forming part of the Company's stock in trade or work in progress) and all Related Rights,
- (g) goodwill and rights and claims in relation to its uncalled share capital,
- (h) rights to recover any VAT on any supplies made to it relating to the Charged Assets and any sums so recovered (where appropriate),
- (i) Shares and Related Rights,
- (j) stocks, shares, debentures, securities and certificates of deposit, all interests in collective investment schemes and partnerships and all warrants, options and rights to subscribe for any investment whether held by or on behalf of the Company and all Related Rights, and
- (k) each of the assets which are specified in Clause 3 2 (*Assignment by way of Security*) of the Debenture as described in paragraph 2 2 above

3 3 Floating Charge

- 3 3 1 By executing the Debenture the Company with full title guarantee charges in favour of the Security Trustee (as trustee for the Finance Parties), with the payment and discharge of the Secured Obligations, by way of first floating charge all present and future assets and undertaking of the Company
- 3 3 2 The floating charge created by Clause 4 1 (*Floating Charge*) of the Debenture above shall be deferred in point of priority to all fixed Security validly and effectively created by that Chargor under the Finance Documents in favour of the

Security Trustee (as trustee for the Finance Parties) as security for the Secured Obligations

3 3 3 Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by Clause 4 1 (*Floating Charge*) of the Debenture

4. PRINCIPLE TERMS OF THE ROSE LODGE LEGAL CHARGE

By executing the Rose Lodge Legal Charge the Company charges with full title guarantee in favour of the Security Trustee (as trustee for the Finance Parties), with the payment and discharge of the Secured Obligations, by way of first legal mortgage, the Rose Lodge Property

5. PRINCIPLE TERMS OF THE RIDGEWAY LEGAL CHARGE

By executing the Ridgeway Legal Charge the Company charges with full title guarantee in favour of the Security Trustee (as trustee for the Finance Parties), with the payment and discharge of the Secured Obligations, by way of first legal mortgage, the Ridgeway Property

6. PRINCIPLE TERMS OF THE CONIFER LODGE LEGAL CHARGE

By executing the Conifer Lodge Legal Charge the Company charges with full title guarantee in favour of the Security Trustee (as trustee for the Finance Parties), with the payment and discharge of the Secured Obligations, by way of first legal mortgage, the Conifer Lodge Property

7. PRINCIPLE TERMS OF THE KING'S DELPH LEGAL CHARGE

By executing the King's Delph Legal Charge the Company charges with full title guarantee in favour of the Security Trustee (as trustee for the Finance Parties), with the payment and discharge of the Secured Obligations, by way of first legal mortgage, the King's Delph Property

8. PRINCIPLE TERMS OF THE ERMINE LODGE LEGAL CHARGE

By executing the Ermine Lodge Legal Charge the Company charges with full title guarantee in favour of the Security Trustee (as trustee for the Finance Parties), with the payment and discharge of the Secured Obligations, by way of first legal mortgage, the Ermine Lodge Property

9. PRINCIPLE TERMS OF THE CHERRY TREES LEGAL CHARGE

By executing the Cherry Trees Legal Charge the Company charges with full title guarantee in favour of the Security Trustee (as trustee for the Finance Parties), with the payment and discharge of the Secured Obligations, by way of first legal mortgage, the Cherry Trees Property

10. PRINCIPLE TERMS OF THE MIDDLESTEAD HOUSE LEGAL CHARGE

By executing the Middlestead House Legal Charge the Company charges with full title guarantee in favour of the Security Trustee (as trustee for the Finance Parties), with the

payment and discharge of the Secured Obligations, by way of first legal mortgage, the Middlestead House Property

11. PRINCIPLE TERMS OF THE MANSFIELD HOUSE LEGAL CHARGE

By executing the Mansfield House Legal Charge the Company charges with full title guarantee in favour of the Security Trustee (as trustee for the Finance Parties), with the payment and discharge of the Secured Obligations, by way of first legal mortgage, the Mansfield House Property

12. PRINCIPLE TERMS OF THE ORTON MERE LEGAL CHARGE

By executing the Orton Mere Legal Charge the Company charges with full title guarantee in favour of the Security Trustee (as trustee for the Finance Parties), with the payment and discharge of the Secured Obligations, by way of first legal mortgage, the Orton Mere Property

13. PRINCIPLE TERMS OF THE JAMES HOUSE LEGAL CHARGE

By executing the James House Legal Charge the Company charges with full title guarantee in favour of the Security Trustee (as trustee for the Finance Parties), with the payment and discharge of the Secured Obligations, by way of first legal mortgage, the James House Property

14. PRINCIPLE TERMS OF THE HUMNSFIELD LEGAL CHARGE

By executing the Hurnsfield Legal Charge the Company charges with full title guarantee in favour of the Security Trustee (as trustee for the Finance Parties), with the payment and discharge of the Secured Obligations, by way of first legal mortgage, the Hurnsfield Property

15. PRINCIPLE TERMS OF THE INTRAGROUP LOAN AGREEMENT

15.1 By executing the Intragroup Loan Agreement, the Company (in its capacity as a Lender (as defined therein)) will make available Advances (as defined therein) to the Borrowers (as defined therein)

15.2 By executing the Intragroup Loan Agreement, the Company (in its capacity as a Borrower (as defined therein)) will be liable to repay any Advances (as defined therein) and would be liable to pay interest to the relevant Lender (as defined therein) on any outstanding Advances (as defined therein)

16. REPRESENTATIONS AND WARRANTIES

Under the Bridge Facilities Agreement and the other Finance Documents, the Company will give a number of representations, warranties and undertakings in favour of the Finance Parties

Definitions

"Chargors" has the meaning given to it in the Debenture

"Delegate" has the meaning given to it in the Intercreditor Agreement

"Event of Default" has the meaning given to it in the Intercreditor Agreement

"Finance Document" has the meaning given to it in the Bridge Facilities Agreement

"Finance Party" has the meaning given to it in the Bridge Facilities Agreement

"Guarantor" has the meaning given to it in the Bridge Facilities Agreement

"Insurance Policies" has the meaning given to it in the Bridge Facilities Agreement

"Liabilities" has the meaning given to it in the Intercreditor Agreement

"Majority Senior Creditors" has the meaning given to it in the Intercreditor Agreement

"Mortgaged Property" has the meaning given to it in the Debenture

"Obligor" has the meaning given to it in the Bridge Facilities Agreement

"Real Property" has the meaning given to it in the Debenture

"Receiver" has the meaning given to it in the Intercreditor Agreement

"Related Rights" has the meaning given to it in the Debenture

"Secured Obligations" has the meaning given to it in the Debenture

"Senior Liabilities" has the meaning given to it in the Intercreditor Agreement

"Shares" has the meaning given to it in the Debenture

"Subordinated Liabilities" has the meaning given to it in the Intercreditor Agreement

"Subordinated Lender" has the meaning given to it in the Intercreditor Agreement

"Transaction Security" has the meaning given to it in the Intercreditor Agreement

"VAT" has the meaning given to it in the Bridge Facilities Agreement

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF CARE PRINCIPLES GROUP LIMITED ("THE COMPANY") PURSUANT TO SECTION 156(4) OF THE COMPANIES ACT 1985

We have examined the attached statutory declaration of the directors dated 9 October 2007 in connection with the proposal that the Company's subsidiary Erminecare Limited should give financial assistance for the purchase of 26,000 fully paid ordinary shares of £0.01, 174,000 fully paid "A1" ordinary shares of £0.001p and one fully paid "A2" ordinary share of £0.01 in Care Principles Topco Limited

This report is made solely to the directors of the Company for the purpose of section 156(4) of the Companies Act 1985. Our work has been undertaken so that we might state to the directors of the Company those matters that we are required to state to them in an auditors' report under that section and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the opinions that we have formed.

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 is unreasonable in all the circumstances.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London

9 October 2007