

LIBRA CARECO HOLDINGS LIMITED

Report and unaudited Financial Statements
30 September 2012

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LIBRA CARECO HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

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REPORT AND FINANCIAL STATEMENTS 2012

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J M J M Jensen

P H Thompson

COMPANY SECRETARY

L Pang

REGISTERED OFFICE

Liberty House
222 Regent Street
London
W1B 5TR

DIRECTORS' REPORT

The Directors have pleasure in presenting their annual report on the affairs of the Company and the unaudited financial statements for the year ended 30 September 2012

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Company has been dormant as defined in section 1169 of the Companies Act 2006 throughout the year and preceding financial year. It is anticipated that the Company will remain dormant for the foreseeable future. Key performance indicators are not considered necessary for an understanding of the development, performance or position of the business of the Company. There are no risks or uncertainties facing the Company including those within the context of the use of financial instruments.

DIRECTORS

The following Directors served throughout the year

	<u>Date Appointed</u>
P H Thompson	6 November 2009
J M J M Jensen	19 December 2008

GOING CONCERN

The Company is a guarantor for a loan entered into by another Group company and is also reliant on the Company's parent undertaking, LIBRA No 2 Limited and its subsidiaries (the "Group") to continue as a going concern due to its recurring losses and net current liability position. Nevertheless, the Group has been in technical breach of its loan covenants since 15 December 2008 due to the fall in property values and the Directors of the Company and of the Group have been in restructuring negotiations with its lenders since 28 November 2008 and have entered into a series of standstill agreements which suspend the rights of creditors with respect to the Senior Loan and the Mezzanine Loan to enforce their rights under the loan documents and related security. On 14 January 2013, a further standstill agreement was put in place, expiring 12 April 2013.

The Group now controls both the property and the operations of over 240 care homes and can therefore ensure that HC-One is able to operate those homes without the burden of uneconomic rent obligations. Whilst the Group must resolve its outstanding debts in the medium term, the Directors of the Company and of the Group have advised Capita Asset Services (UK) Limited ('Capita'), the Servicer and the Special Servicer to the Senior Loan that the Group intend to continue to withhold amounts of rental from debt service albeit at a lower level than previously, to ensure that HC-One remains properly funded. This would allow HC-One to stabilise its business and to complete a comprehensive programme of capital investment with a view to enhancing the value of the Group and improve future recoveries for the Group's lenders.

In the opinion of the Directors of the Company and of the Group, the long-term value of the Group will only be achieved through supporting the care home operations at HC-One.

On 12 February 2013 the Libra Group lenders have confirmed by a support letter that it is their intention to provide the Group with the funds it requires including, without limitation, reasonable (a) day-to-day operating costs and expenses, (b) restructuring and/or disposal costs, (c) other exceptional costs incurred in relation to the Disposal Options and/or the Potential Restructuring (as defined in note 1), and (d) ensuring that HC-One has sufficient funds to ensure continuity of care services at the homes and investment for the future in accordance with the HC-One business plan dated 18 October 2012. Based on this assumption, the Group have prepared a forecast cash flow up to 30 September 2015 which demonstrates that the Group remains cash positive throughout the period to that date.

Given these circumstances along with other matters disclosed in note 1, the Directors do not currently expect the Company to go into insolvent liquidation but there is a material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern, which casts the same doubt as to the Company's ability to continue as a going concern. Nonetheless, at the present time, the Directors consider it appropriate to prepare the financial statements on the going concern basis. See further details in note 1 to the financial statements.

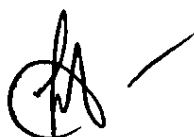
DIRECTORS' REPORT

(Continued)

POST BALANCE SHEET EVENTS

Details of significant events since the balance sheet date are contained in note 8 to the financial statements

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, appearing to be 'J M J M Jensen', with a long horizontal stroke extending to the right.

J M J M Jensen
Director
Date 27 February 2013
Liberty House
222 Regent Street
London
W1B 5TR

LIBRACARECO HOLDINGS LIMITED

BALANCE SHEET 30 September 2012

	Notes	2012 £	2011 £
INVESTMENT	3	-	-
NET ASSETS		-	-
CAPITAL AND RESERVES			
Called up share capital	4	2,110	2,110
Profit and loss account		(2,110)	(2,110)
SHAREHOLDERS' FUNDS		-	-

LIBRA CARECO HOLDINGS LIMITED (registered number 5296574) did not trade during the current or preceding period and has made neither profit nor loss, nor any other recognised gain or loss

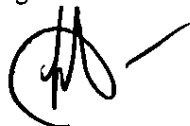
For the year ending 30 September 2012 the Company was entitled to exemption from audit under section 480 of the Companies Act 2006 relating to dormant companies

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These financial statements on pages 3 to 8 were approved and authorised for issue by the Board of Directors on 27 February 2013

Signed on behalf of the Board of Directors



J M J M Jensen
Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2012

1. GOING CONCERN

The Company is a guarantor for a term loan entered into by another Group company

The Group has been in breach of the covenants on its term loans since November 2008 and as at 30 September 2012 and at 27 February 2013 the term loan amounts remain outstanding (see note 15 of LIBRA No 2 Limited's 30 September 2012 financial statements for further details) Since November 2008 the term loans have been under a series of standstill agreements and on 14 January 2013 a further standstill agreement was put in place, expiring on 12 April 2013

During the year, HC-One Limited ("HC-One"), a new subsidiary undertaking of the Group was formed to operate care homes On 31 October 2011 HC-One took over the operation of 247 care homes owned by the Group through assignment of the operating leases from Southern Cross Healthcare Group plc ("Southern Cross") following the conclusion of its restructuring process

In order to protect the Group's investment and ensure funds were available to underwrite a substantial investment programme in its care homes to maintain and improve the quality of care in them, the Directors of the Company and of the Group have retained some of the rental income monies received from the Group's tenants during 2011 and 2012 through a series of non-full interest payments (which had been acknowledged in the standstill agreements) to the Group's lenders This has enabled the Group to provide a total amount of £55 million to HC-One by way of capital contribution of £5 million and inter-company loans of £25 million in October 2011 and a further inter-company loan of £25 million in December 2012

The Group now controls both the property and the operations of over 240 care homes and can therefore ensure that HC-One is able to operate those homes without the burden of uneconomic rent obligations Whilst the Group must resolve its outstanding debts in the medium term, the Directors of the Company and of the Group have advised Capita Asset Services (UK) Limited ('Capita'), the Servicer and the Special Servicer to the Senior Loan that the Group intend to continue to withhold amounts of rental from debt service albeit at a lower level than previously, to ensure that HC-One remains properly funded This would allow HC-One to stabilise its business and to complete a comprehensive programme of capital investment with a view to enhancing the value of the Group and improve future recoveries for the Group's lenders

In the opinion of the Directors of the Company and of the Group, the long-term value of the Group will only be achieved through supporting the care home operations at HC-One

The discussions with respect to restructuring the term loan of the Company and of the Group with its lenders are on-going (the *Potential Restructuring*)

The Directors of the Group and of the Company and Capita continue to explore methods to maximise recoveries to the lenders, including the sale of the whole or part of the Group and/or properties (the *Disposal Options*)

On 12 February 2013 the Libra Group lenders have confirmed by a support letter that it is their intention to provide the Group with the funds it requires including, without limitation, reasonable (a) day-to-day operating costs and expenses, (b) restructuring and/or disposal costs, (c) other exceptional costs incurred in relation to the Disposal Options and/or the Potential Restructuring, and (d) ensuring that HC-One has sufficient funds to ensure continuity of care services at the homes and investment for the future in accordance with the HC-One business plan dated 18 October 2012 Based on this assumption, the Group have prepared a forecast cash flow up to 30 September 2015 which demonstrates that the Group remains cash positive throughout the period to that date

Given these circumstances, the Directors do not currently expect the Group to go into insolvent liquidation, although this position could change if the negotiations for which the current standstill agreement allows were to fail Given the above, there is a material uncertainty which may cast significant doubt as to the Group's ability to continue as a going concern and therefore indicate that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business which have a consequential impact on the Company

At the present time, the Directors consider it appropriate to prepare the Group and the Company financial statements on the going concern basis In the event that the going concern basis should become inappropriate, the assets of the Group and the Company would be written down to their recoverable value and provision made for any further liabilities that may arise At this time it is not practicable to quantify such adjustments

NOTES TO THE FINANCIAL STATEMENTS**Year ended 30 September 2012****2. ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards

Exemption from consolidation

The Company is itself a subsidiary undertaking of LIBRA No 2 Limited, a company incorporated and registered in the Cayman Islands, and the Company is exempt from the requirement to prepare group accounts by virtue of section 401 of the Companies Act 2006. These financial statements provide information about the Company as an individual undertaking and not about its group.

Cash flow statement

As the Company is a wholly-owned subsidiary, it has taken exemption under the terms of Financial Reporting Standard 1 (revised 1996) 'Cash flow statements' from preparing cash flow statement, as it is included in the consolidated financial statements of LIBRA No 2 Limited, which is publicly available.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

3. PROFIT AND LOSS ACCOUNT

No profit and loss account is presented with these financial statements because the Company has not received income, incurred expenditure or recognised any gains or losses during either the year under review or the preceding financial year. There have been no movements in shareholders' funds during the year under review or the preceding financial year.

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The Company had no employees during the current and preceding year.

None of the Directors received emoluments in relation to their services to the Company during the current or preceding year. Directors' emoluments have been borne by NHP Management Limited, a group undertaking during the current and preceding year.

5. INVESTMENT

	Shares in subsidiary undertakings £
Cost	
At 1 October 2011 and September 2012	2,060
Provision	
At 1 October 2011	(2,060)
Provision for the year	-
At 30 September 2012	(2,060)
Net book value	
At 30 September 2012	-
At 30 September 2011	-

LIBRA CARECO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2012

5. INVESTMENT (Continued)

At 30 September 2012, the Company held investments directly or indirectly in the following principal subsidiary undertakings

Name	Country of incorporation	% Holdings	Principal activity
Libra CareCo Investments 1 Limited*	Great Britain	100%	Parent company of Libra Investments 2 Limited
Libra CareCo Investments 2 Limited	Great Britain	100%	Parent company of Libra CareCo Limited and Libra GuaranteeCo Limited
Libra GuaranteeCo Limited	Great Britain	100%	Investment company in group undertaking with investment in care home properties
Libra CareCo Limited	Great Britain	100%	Parent company of NHP Limited
NHP Limited	Great Britain	100%	Parent company of subsidiary undertakings with investment in care home properties
NHP Securities No 1 Limited	Great Britain	100%	Investment in care home properties
NHP Securities No 2 Limited	Great Britain	100%	Investment in care home properties
NHP Securities No 3 Limited	Great Britain	100%	Investment in care home properties
NHP Securities No 4 Limited	Great Britain	100%	Partner in LLNHP Partnership
NHP Securities No 6 Limited	Great Britain	100%	Investment in care home properties
NHP Securities No 9 Limited	Jersey	100%	Investment in overriding leases of care home properties
NHP Securities No 11 Limited	Jersey	100%	Parent company of NHP Securities No 9 Limited
NHP Management Limited	Great Britain	100%	Management of care home property portfolios
NHP Operations (York) Limited	Great Britain	100%	Care home property development
LLNH Limited	Great Britain	100%	Partner in LLHNP Partnership
Care Homes No 1 Limited	Cayman Islands	100%	Investment in care home properties
Ultima Holdings Limited	Great Britain	100%	Immediate parent company of Ultima Group undertakings
Ultima Healthcare Limited	Great Britain	100%	Care home operator
Eton Hall Homes Limited	Great Britain	100%	Care home operator
Ultima Care Limited	Great Britain	100%	Care home operator
Platinum Healthcare Limited	Great Britain	100%	Care home operator

* held directly by Libra CareCo Holdings Limited

All shares held are ordinary shares

6. SHARE CAPITAL

	2012 £	2011 £
Called, allotted and fully paid:		
211,000 ordinary shares at 1p each	<u>2,110</u>	<u>2,110</u>

7 RELATED PARTY TRANSACTIONS

The exemption under Financial Reporting Standard No 8 "Related Party Disclosures" has been taken and consequently, transactions with other undertakings within the LIBRA No 2 Limited group have not been disclosed in these financial statements

There are no other related party transactions requiring disclosure in the current or preceding year

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2012

8. POST BALANCE SHEET EVENTS

On 14 January 2013 a standstill agreement was put in place until 12 April 2013 which suspends the ability of Capita Asset Services (UK) Limited, the loan servicer to exercise its rights in relation to certain specified events of default. Also, it allows the Group time to negotiate a solution to the problem of the breached covenants without threat of foreclosure.

9. CONTINGENT LIABILITIES AND GUARANTEES

The Company is one of the guarantors to a £1,172 million term loan facility agreement entered into by LIBRA No 3 Limited with CS Funding 1 Limited, a group undertaking of Credit Suisse on 15 January 2007. The facility is secured by a fixed and floating charge on group assets and unlimited guarantee from its group undertakings. On 4 April 2007 CS Funding 1 Limited's rights and obligations under the £1,172 million term loan agreement were assigned to Libra NHP (2007) Limited, who in turn assigned £638 million to Titan Europe 2007-1 (NHP) Limited on 24 May 2007.

10. PARENT UNDERTAKINGS

The immediate parent undertaking is Libra CareCo Equity Co Limited, a company incorporated and registered in the Cayman Islands.

The ultimate parent undertaking is Delta Commercial Property LP, a limited partnership incorporated and registered in the Isle of Man.

The results of the Company are consolidated within LIBRA No 2 Limited, its intermediate parent undertaking, a company incorporated and registered in the Cayman Islands. LIBRA No 2 Limited is both the smallest and largest group including the Company for which consolidated accounts are prepared.

Copies of the LIBRA No 2 Limited group consolidated financial statements to 30 September 2012, which include the results of the Company, are available from the Companies House at Crown Way, Cardiff, Wales CF14 3UZ.