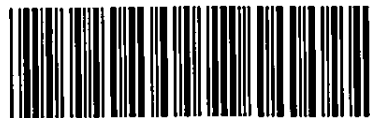


LIBRA CARECO HOLDINGS LIMITED

Report and Financial Statements

30 September 2009

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REPORT AND FINANCIAL STATEMENTS 2009

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REPORT AND FINANCIAL STATEMENTS 2009

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 2009

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The Company has been dormant, as defined in Section 1169 of the Companies Act 2006, throughout the year and the preceding 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 performance and 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 statements.

DIRECTORS

The following Directors served throughout the year

	<u>Date Appointed</u>	<u>Date Resigned</u>
P H Thompson	6 November 2009	-
M J Grant	2 July 2009	6 November 2009
D C Nicholson	-	2 July 2009
J M J M Jensen	19 December 2008	-
P V Taylor	-	19 December 2008

The current Directors of the Company are detailed on page 1

GOING CONCERN

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

As at 30 September 2009, the Group had a term loan of £70 million (the "Mezzanine Loan") and a term loan of £1,172 million (the "Senior Loan") secured on the Group's investment properties and freehold land and buildings. As at 10 February 2010, the loan amounts remain outstanding. The original final maturity date of the Senior Loan was 15 January 2009 and of the Mezzanine Loan was 15 February 2009 (each, the "original final maturity date"), with an option to extend these loans to 15 January 2010 and 15 February 2010 respectively (each, the "final maturity date"), in each case provided (among other things) that no default was outstanding at the original final maturity date.

However, a fall in property values in the period to 30 September 2008 and a further fall in the period to 15 December 2008 resulted in the breach of, among other things, the loan to value ('LTV') financial covenant with respect to the Senior Loan (resulting in an automatic cross-default with respect to the Mezzanine Loan). As a result, the Group was not in a position to extend the loans to the final maturity date. Other breaches of the terms of the loan documents, chiefly concerning information covenants, also resulted in defaults with respect to the Senior Loan and the Mezzanine Loan.

Since 28 November 2008 the Directors of the Company have been in ongoing discussions with Capita Asset Services (UK) Limited ("Capita") (formerly Capmark Services UK Limited), the special servicer to the Senior Loan under the securitisation structure (which operates on a back-to-back basis with the Senior Loan) and have entered into a series of standstill agreements which suspend the rights of the 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 2010 a further standstill agreement was put in place, expiring 14 April 2010.

As at 30 September 2009, the Directors were advised by their valuers, King Sturge LLP, that the appropriate yield for the Portfolio was 8.34%, and the value of the Portfolio was £849.65 million after costs of 1.75%, valued on the basis of the properties being sold as a business. The LTV ratio at that time was 150.55%. Due to a continued fall in property values and the default interest charges, the Group was in a net liability position of £579.86 million as at 30 September 2009.

DIRECTORS' REPORT

(Continued)

GOING CONCERN (Continued)

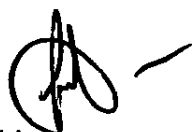
In late 2009 Capita engaged King Sturge LLP with a view to obtaining an updated property valuation. According to this valuation, as at 23 December 2009 the appropriate yield for the Group's portfolio was 8%, and the value of the portfolio had improved by £36.57 million to £886.22 million after costs of 1.75%, valued on the basis of the properties being sold as a business. As of 15 January 2010 the LTV ratio is 143.59%.

Since January 2009, the Directors have been relying on a confirmation from Capita that for so long as discussions with respect to a potential reorganisation of the affairs of the Group and a restructuring of its debt obligations (the "Potential Restructuring") are continuing, and on the understanding that such funds shall not be applied in contravention of the terms relating to the Senior Loan, it is the intention of the creditors with respect to the Senior Loan to provide the Group with the funds it requires to make payments falling due as a consequence of the Group carrying on its business (including, without limitation, (a) day to day operating costs and expenses, (b) restructuring costs, and (c) other exceptional costs incurred in relation to the Potential Restructuring) from the Senior Borrower's cash reserve account within a reasonable time upon request.

Given these circumstances, the Directors do not currently expect the Company 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.

Nonetheless, at the present time, the Directors consider it appropriate to prepare the financial statements on the going concern basis. In the event that a going concern basis should become inappropriate, the assets of the Group 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. See further details in note 1 to the financial statements.

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



J M J M Jensen
Director
Liberty House
222 Regent Street
London
W1B 5TR
Date 11 February 2010

LIBRA CARECO HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 30 September 2009

		Year ended 30 September 2009 £	Year ended 30 September 2008 £
	Notes		
Administrative expenses		-	(50)
Amount written off investment		-	(2,060)
OPERATING LOSS	3	-	(2,110)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		-	(2,110)
Tax on loss on ordinary activities	4	-	-
LOSS FOR THE YEAR		-	(2,110)

There are no recognised gains or losses for the current or preceding year other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

BALANCE SHEET
30 September 2009

	Notes	2009 £	2008 £
INVESTMENT	5	-	-
NET ASSETS		-	-
CAPITAL AND RESERVES			
Called up share capital	6	2,110	2,110
Profit and loss account	7	(2,110)	(2,110)
SHAREHOLDERS' FUNDS		-	-

The Company did not trade during the current or preceding year and has made neither profit nor loss, nor any other recognised gain or loss

Statement of Directors

- (a) For the year ended 30 September 2009, the annual financial statements have not been audited because the Company was entitled to exemption under section 480 of the Companies Act 2006 relating to dormant companies
- (b) The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476
- (c) The Directors acknowledge their responsibilities for complying with the requirement of the Act with respect to accounting records and the preparation of accounts

These financial statements on pages 4 to 11 were approved and authorised for issue by the Board of Directors on 11 February 2010

Signed on behalf of the Board of Directors



J M J M Jensen
Director



P H Thompson
Director

NOTES TO THE ACCOUNTS

Year ended 30 September 2009

1 GOING CONCERN

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

As at 30 September 2009, Libra No 2 Limited (the Company's intermediate parent undertaking) (the "**Mezzanine Borrower**") had a term loan of £70 million (the "**Mezzanine Loan**") and Libra No 3 Limited (a subsidiary of the Mezzanine Borrower) (the "**Senior Borrower**") had a term loan of £1,172 million (the "**Senior Loan**") secured on the investment properties and freehold land and buildings (the "**Portfolio**") of the Mezzanine Borrower and its subsidiaries (the "**Group**"). As at 10 February 2010, the loan amounts remain outstanding. The original final maturity date of the Senior Loan was 15 January 2009 and of the Mezzanine Loan was 15 February 2009 (each, the "**original final maturity date**"), with an option to extend these loans to 15 January 2010 and 15 February 2010 respectively (each, the "**final maturity date**"), in each case provided (among other things) that no default was outstanding at the original final maturity date.

However, a fall in property values in the period to 30 September 2008 and a further fall in the period to 15 December 2008 resulted in the breach of, among other things, the loan to value ('LTV') financial covenant with respect to the Senior Loan (resulting in an automatic cross-default with respect to the Mezzanine Loan). As a result, the Group was not in a position to extend the loans to the final maturity date. Other breaches of the terms of the loan documents, chiefly concerning information covenants, also resulted in defaults with respect to the Senior Loan and the Mezzanine Loan.

Under the terms of the respective loan documents, the Senior Borrower was required to make repayment of the Senior Loan on 15 January 2009 and the Mezzanine Borrower was required to make repayment of the Mezzanine Loan on 15 February 2009. These repayments were not made. As a result, the respective borrowers have become liable for an additional 2% default interest with respect to the overdue amounts. The default interest amounts have contributed to a breach of the interest cover ratio ('ICR') financial covenant in relation to the Senior Loan (resulting in an automatic cross-default with respect to the Mezzanine Loan).

Since 28 November 2008 the Directors of the Company have been in ongoing discussions with Capita Asset Services (UK) Limited ("**Capita**") (formerly Capmark Services UK Limited), the special servicer to the Senior Loan under the securitisation structure (which operates on a back-to-back basis with the Senior Loan) and have entered into a series of standstill agreements which suspend the rights of the 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 2010 a further standstill agreement was put in place, expiring 14 April 2010.

As at 30 September 2009, the Directors were advised by their valuers, King Sturge LLP, that the appropriate yield for the Portfolio was 8.34%, and the value of the Portfolio was £849.65 million after costs of 1.75%, valued on the basis of the properties being sold as a business. The LTV ratio at that time was 150.55%. Due to a continued fall in property values and the default interest charges, the Group was in a net liability position of £579.86 million as at 30 September 2009.

In late 2009 Capita engaged King Sturge LLP with a view to obtaining an updated property valuation. According to this valuation, as at 23 December 2009 the appropriate yield for the Group's portfolio was 8%, and the value of the portfolio had improved by £36.57 million to £886.22 million after costs of 1.75%, valued on the basis of the properties being sold as a business. As of 15 January 2010 the LTV ratio is 143.59%.

In order for the Group to continue to trade as a going concern, the Directors of each of the entities in the Group need to be satisfied that they will continue to be able to meet their operating costs and expenses as they fall due. The Directors have prepared cash flow forecasts covering the period to 28 February 2011 which indicate that there is a shortfall in the operational cash flow of the Company during that period. The cash flow forecasts also indicate that the ICR test will continue not to be met throughout the testing period.

NOTES TO THE ACCOUNTS
Year ended 30 September 2009

1. GOING CONCERN (Continued)

Since January 2009, the Directors have been relying on a confirmation from Capita that for so long as discussions with respect to a potential reorganisation of the affairs of the Group and a restructuring of its debt obligations (the "Potential Restructuring") are continuing, and on the understanding that such funds shall not be applied in contravention of the terms relating to the Senior Loan, it is the intention of the creditors with respect to the Senior Loan to provide the Group with the funds it requires to make payments falling due as a consequence of the Group carrying on its business (including, without limitation, (a) day to day operating costs and expenses, (b) restructuring costs, and (c) other exceptional costs incurred in relation to the Potential Restructuring) from the Senior Borrower's cash reserve account within a reasonable time upon request

Given these circumstances, the Directors do not currently expect the Company 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.

Nonetheless, at the present time, the Directors consider it appropriate to prepare the financial statements on a going concern basis. In the event that a going concern basis should become inappropriate, the assets of the Group 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.

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. They have been applied consistently throughout the current and preceding year.

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 400 of the Companies Act 2006. These financial statements provide information about the Company as an individual undertaking and not about its group.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which have originated at the balance sheet date and which could give rise to an obligation to pay more or less tax in the future. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is not recognised in respect of gains and losses on revalued assets unless the company has entered into a binding agreement to sell the assets and the gains or losses have been recognised in the profit and loss account. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

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.

NOTES TO THE ACCOUNTS
Year ended 30 September 2009

3. OPERATING LOSS

None of the Directors received emoluments directly from the Company during the current or preceding year

Fees payable to the Company's auditors for the audit of the Company's annual accounts of £500 for the current year (2008 £500) have been borne by NHP Management Limited, a group undertaking

Other administrative expenses include

	Year ended 30 September 2009	Year ended 30 September 2008
	£	£
Provision of doubtful debts – group undertakings	-	50

4. TAX ON LOSS ON ORDINARY ACTIVITIES

	Year ended 30 September 2009	Year ended 30 September 2008
	£	£
Corporation tax charge	-	-
Total tax charge	-	-
Loss before tax	-	(2,110)
Tax on loss at standard rate of 28% (2008 29%)	-	(612)
Factors affecting tax charge		
Impairment of investments	-	597
Non deductible provisions	-	15
Current tax charge	-	-

The tax charge for the current year is higher than that resulting from applying the standard rate of corporation tax principally because certain items of expenditure are not deductible for tax purposes

LIBRA CARECO HOLDINGS LIMITED

NOTES TO THE ACCOUNTS Year ended 30 September 2009

5. INVESTMENT

	Shares in subsidiary undertakings £
Cost	
At 1 October 2008 and September 2009	2,060
Provision	
At 1 October 2008	(2,060)
Provision for the year	-
At 30 September 2009	(2,060)
Net book value:	
At 30 September 2009	-
At 30 September 2008	-

At 30 September 2009, 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 LLNHP 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

NOTES TO THE ACCOUNTS
Year ended 30 September 2009

6. SHARE CAPITAL

	2009 £	2008 £
Authorised		
1,000,000 ordinary shares at 1p each	10,000	10,000
Called, allotted and fully paid		
211,000 ordinary shares at 1p each	2,110	2,110

7. RESERVES

	£
At 1 October 2008	(2,110)
Loss for the year	-
At 30 September 2009	(2,110)

8. 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

9. POST BALANCE SHEET EVENTS

On 20 October 2009 a standstill agreement was put in place until 14 January 2010, later extended to 14 April 2010 which suspends the ability of Capita Asset Services (UK) Limited (formerly 'Capmark Services (UK) Limited'), the loan servicer to exercise its rights in relation to certain specified events of default. Also, it allows the Company time to negotiate a solution to the problem of the breached covenants without threat of foreclosure. See further details in note 1 to the financial statements

10. 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. See further details in note 1 to the financial statements

12. PARENT UNDERTAKINGS AND CONTROLLING PARTIES

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

The ultimate and 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 2009, which include the results of the Company, are available from Libra Group at Liberty House, 222 Regent House, London W1B 5TR