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

*insert full name
of Company

COMPANIES FORM No. 395

Particulars of a mortgage or charge

214130

395

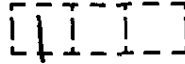
A fee of £13 is payable to Companies House in respect
of each register entry for a mortgage or charge.

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)

For official use

Company number



05797257

Name of company

* Southern Cross (Nerston) Limited (the "Charging Company")

Date of creation of the charge

21 August 2008 (the "Charge Date")

Description of the instrument (if any) creating or evidencing the charge (note 2)

Deed of accession and charge dated 21 August 2008 made between, amongst others, the Charging Company (1) in favour of Barclays Bank PLC (2) (in its capacity as Security Agent for the Beneficiaries (as defined in the attached Schedule)) (the "Accession Deed") to a debenture dated 29 February 2008 (as further defined in the attached Schedule).

Amount secured by the mortgage or charge

The Secured Sums (as defined in the attached Schedule)

References to any Finance Document including references to such Finance Document as varied in any manner from time to time, even if changes are made to the composition of the parties to such document or to the nature or amount of any facilities made available under such document

Names and addresses of the mortgagees or persons entitled to the charge

Barclays Bank PLC (in its capacity as Security Agent for the Beneficiaries (as defined in the attached Schedule))
5 The North Colonnade, Canary Wharf, London

Postcode E14 4BB

Presentor's name address and
reference (if any)

Lovells LLP
Atlantic House
Holborn Viaduct
London
EC1A 2FG

F3SM/030BA 69651 2012484

Time critical reference

For official Use (06/2005)

Mortgage Section

Post room

TUESDAY



LIHDC2S3

LD2

02/09/2008

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COMPANIES HOUSE

Short particulars of all the property mortgaged or charged

See Part II of the attached Schedule.

Part III of the attached Schedule refers to covenants by, and restrictions on, the Charging Company which protect and further define the charges created by the Accession Deed and which must be read as part of those charges

Please do not write in this margin

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

Particulars as to commission allowance or discount (note 3)

Not applicable

Signed

Laells LLP

Date *28*

August 2008

On behalf of ~~XXXXXX~~ [mortgagee/chargee] †

A fee is payable to Companies House in respect of each register entry for a mortgage or charge (See Note 5)

† delete as appropriate

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395) If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398) A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No 398 is submitted
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage", or "Legal charge", etc, as the case may be, should be given
- 3 In this section there should be inserted the amount or rate per cent of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his,
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return The rate of interest payable under the terms of the debentures should not be entered
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet
- 5 A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge Cheques and Postal Orders must be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is **Companies House, Crown Way, Cardiff CF14 3UZ**

SCHEDULE TO FORM 395 FOR SOUTHERN CROSS (NERSTON) LIMITED

Part I

Definitions

In this Schedule, references to Clauses and Schedules are to Clauses of, and Schedules to, the Accession Deed unless otherwise specified. References in this Schedule to the Accession Deed or to any other document (including any Finance Document) include reference to the Accession Deed, or to such other document, as varied in any manner from time to time. In this Form 395 the following expressions have the following meanings respectively set out below:

"Account Bank" means Barclays Bank PLC acting through its branch at 5 The North Colonnade, Canary Wharf, London E14 4BB, each other bank with which the Charging Company is permitted to have a bank account under the Facilities Agreement or such other bank as the Security Agent may from time to time specify.

"Act" means the Companies Act 1985.

"Agent" means Barclays Bank PLC acting as agent for the Finance Parties in accordance with the terms of the Facilities Agreement.

"Assets" means all the Charging Company's undertaking, property, assets, revenues and rights of every description, or any part of them.

"Beneficiary" means each Senior Finance Party from time to time and any Receiver or Delegate (each term as defined in the Facilities Agreement).

"Collection Account" means the Charging Company's accounts with the Account Bank and/or such other accounts as the Parent and the Security Agent shall agree into which the Charging Company is required pursuant to Clause 6.1 (*Collection Account*) of the Debenture to pay its Receivables.

"Debenture" means the debenture dated 29 February 2008 between Southern Cross Healthcare Group PLC and the companies listed in Schedule 1 therein as Chargors in favour of Barclays Bank PLC (as Security Agent) (each term as defined therein).

"Declared Default" means the Agent first exercising its rights under Clause 27.16 (*Acceleration*) of the Facilities Agreement.

"Derivative Rights" means all dividends, interest or distributions and all other rights and benefits of an income nature accruing at any time in respect of any Investments.

"Event of Default" means an Event of Default under and as defined in the Facilities Agreement.

"Excluded Investments" means the Investments in Southern Cross Operations Limited and Southern Cross Operations No. 2 Limited held by Highfield Holdings Limited to the extent that the Investments in Southern Cross Operations Limited are prohibited from being charged by Quercus (Nursing Homes) Limited pursuant to a share charge dated 31 January 2001 and to the extent that the Investments in Southern Cross Operations No. 2 Limited are prohibited from being charged by Quintain (No 5) Limited pursuant to a share charge dated 19 January 2001.

"Excluded Shares" means

- (a) all shares acquired by the Charging Company after the Closing Date (including by way of subscription for shares) in relation to a Cash Funded Acquisition, Debt

Funded Acquisition or Permitted Development for a period from the date of such acquisition until the earlier of (a) the date falling 6 Months after the date of the acquisition, and (b) the date of disposal of such shares, and

- (b) any Target Shares and any shares in the Avery Purchaser for a period from the date of completion of the Avery Acquisition until the earlier of (a) the date falling 4 Months after the date of the acquisition, and (b) the date of disposal of such shares,

(each term as defined in the Facilities Agreement)

"Facilities Agreement" means the facilities agreement dated 6 June 2007 (as amended and restated on 29 February 2008 and as further amended on 27 June 2008 and 24 July 2008) between Southern Cross Healthcare Group PLC (as the Parent), the companies listed as Original Borrowers, the companies listed as Original Guarantors, Barclays Capital (as Arranger and Bookrunner) and Barclays Bank PLC (as Original Lender, Agent, Security Agent and Issuing Bank) (each term as defined therein)

"Finance Document" means the Facilities Agreement, any Accession Letter, any Hedging Agreements, any Ancillary Document, any Letter of Credit, any Compliance Certificate, any Fee Letter, any Selection Notice, the Syndication Letter, any Transaction Security Document, any Utilisation Request and any other document designated as such by the Agent and the Parent (each term as defined in the Facilities Agreement)

"Finance Party" means the Agent, the Arranger, the Bookrunner, a Hedge Counterparty, the Security Agent, a Lender, the Issuing Bank or any Ancillary Lender (each term as defined in the Facilities Agreement)

"Fixed Security Asset" means an Asset for the time being comprised within an assignment created by Clause 3 (*Assignments*) or within a mortgage or fixed charge created by Clause 4 (*Fixed security*)

"Floating Charge Asset" means an Asset for the time being comprised within the floating charge created by Clause 5 (*Creation of floating charge*) but, if it is also a Fixed Security Asset only in so far as concerns the floating charge over that Asset

"Group" means the Parent and its Subsidiaries for the time being

"Hedge Counterparty" means a Lender or an Affiliate of a Lender which enters into a Hedging Agreement (each term as defined in the Facilities Agreement)

"Hedging Agreements" means any master agreement, confirmation, schedule or other agreement in agreed form entered into or to be entered into by the Parent and each other Borrower of Facility A Loans and a Hedge Counterparty for the purpose of hedging interest rate liabilities in relation to the Term Facilities (each term as defined in the Facilities Agreement)

"Insurance Policy" means any contract or policy of insurance of the Charging Company (including all cover notes) of whatever nature which are from time to time taken out by or on behalf of the Charging Company or (to the extent of its interest) in which the Charging Company has an interest at any time

"Intellectual Property" means all the Charging Company's patents (including supplementary protection certificates), utility models, registered and unregistered trade marks (including service marks), rights in passing off, copyright, database rights, registered and unregistered rights in designs (including in relation to semiconductor

products) and, in each case, any extensions and renewals of, and any applications for, such rights

"Investments" means all shares, stock, debentures, debenture stock, bonds and other investments (as listed in Part III of the Financial Services and Markets Act 2000 (Regulated Activities Order 2001, SI 2001/544 (as amended))), whether certificated or uncertificated and whether in registered or bearer form, including all depository interests representing any of them and including all rights and benefits of a capital nature accruing at any time in respect of any Investments by way of redemption, repayment, substitution, exchange, bonus or preference, option, rights or otherwise

"Land" means freehold and leasehold, and any other estate in, land and (outside England and Wales) immovable property and in each case all buildings and structures upon and all things affixed to Land (excluding trade and tenant's fixtures)

"Material Land" means any leasehold property from time to time owned by the Charging Company which has a market value of more than £200,000 and contains no forfeiture provisions or which is of strategic or operational significance to the Group

"Obligor" means the Parent, a Borrower, a Guarantor or a Chargor (each term as defined in the Facilities Agreement)

"Parent" means Southern Cross Healthcare Group PLC a limited liability company incorporated in England and Wales under the Act with registered number 5328138

"Permitted Disposal" has the meaning given to it in the Facilities Agreement

"Permitted Security" has the meaning given to it in the Facilities Agreement

"Permitted Transaction" has the meaning given to it in the Facilities Agreement

"Receivables" means all the Charging Company's sums of money receivable by it at any time consisting of or payable under or derived from any Asset described in Clause 4 (*Fixed security*)

"Secured Sums" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to all or any of the Beneficiaries under (and as defined in) each or any of the Finance Documents, in each case together with

- (a) all costs, charges and expenses incurred by any Beneficiary in connection with the protection, preservation or enforcement of its rights under any Finance Document, and
- (b) all moneys, obligations and liabilities due, owing or incurred in respect of any variations or increases in the amount or composition of the facilities provided under any Finance Document or the obligations and liabilities imposed under such documents

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect

"Security Agent" means Barclays Bank PLC acting as security agent and trustee for the Beneficiaries including any successor appointed by the Beneficiaries pursuant to the Finance Documents

"Security Restriction" means a negative pledge or other restriction on creating first ranking security in favour of the Lenders (as defined in the Facilities Agreement)

"Senior Finance Party" means the Agent, the Security Agent, the Arranger, the Lenders, the Issuing Bank, a Hedge Counterparty and any Ancillary Lender (each term as defined in the Facilities Agreement)

"Specified Investments" means, in relation to the Charging Company, all Investments other than any Excluded Shares and the Excluded Investments which at any time

- (a) represent a holding in a Subsidiary of the Charging Company or an undertaking which would be its subsidiary undertaking if in section 258(2)(a) of the Act "30 per cent or more" were substituted for "a majority",
- (b) are held in the name of the Security Agent or its nominee or to its order, or
- (c) the Charging Company has deposited certificates for with the Security Agent or which, if uncertificated, are held in an escrow or other account in favour of the Security Agent or its nominee

"Subsidiary" means a subsidiary within the meaning of Section 736 of the Act

Part II

Particulars of property mortgaged or charged

- 1 By Clause 3 (*Assignments*), the Charging Company, with full title guarantee, as security for the payment or discharge of all Secured Sums, assigned absolutely to the Security Agent to the extent applicable to it
 - (i) all of its rights, title and interest from time to time in respect of any sums payable to it pursuant to the Insurance Policies, and
 - (ii) all its rights, title and interest from time to time in respect of the Hedging Agreement,provided that on payment or discharge in full of the Secured Sums the Security Agent will at the request and cost of the Charging Company reassign any of the Insurance Policies and/or the Hedging Agreement to the Charging Company (or as it shall direct)
- 2 By Clause 4 1 (*Fixed Security*), the Charging Company, with full title guarantee, as security for the payment or discharge of all Secured Sums, charged to the Security Agent
 - (a) by way of fixed charge
 - (i) subject to Clause 4 2, all Land which was at the Charge Date, or in the future becomes, its property,
 - (ii) subject to Clause 4 2, all interests and rights in or relating to Land or the proceeds of sale of Land at the Charge Date or in the future belonging to it,
 - (iii) subject to Clause 4 2, all plant and machinery at the Charge Date or in the future attached to any Land which, or an interest in which, is charged by it under Clause 4 1 (a) (i) or (ii),

- (iv) subject to Clause 4 2, all rental and other income and all debts and claims at the Charge Date or in the future due or owing to it under or in connection with any lease, agreement or licence relating to Land,
- (v) all Specified Investments which are at the Charge Date, or in the future become, its property,
- (vi) all Derivative Rights at the Charge Date or in the future accruing in respect of its Specified Investments,
- (vii) to the extent not assigned pursuant to Clause 3(a)(i), all insurance or assurance contracts or policies at the Charge Date or in the future held by or otherwise benefiting it which relate to Fixed Security Assets or which are at the Charge Date or in the future deposited by it with the Security Agent, together with all its rights and interests in such contracts and policies (including the benefit of all claims arising and all money payable under them and payable to the Charging Company) apart from any claims which are otherwise subject to a fixed charge or assignment (at law or in equity) in the Accession Deed,
- (viii) all its goodwill and uncalled capital for the time being,
- (ix) all Intellectual Property belonging to it at the Charge Date or in the future, including any Intellectual Property to which it is not absolutely entitled or to which it is entitled together with others,
- (x) the benefit of all agreements and licences at the Charge Date or in the future entered into or enjoyed by it relating to the use or exploitation of any Intellectual Property in any part of the world,
- (xi) all its rights at the Charge Date or in the future in relation to trade secrets, confidential information and knowhow in any part of the world,
- (xii) all its rights and causes of action in respect of infringement(s) (past, present or future) of the rights referred to in sub-paragraphs (b)(ix) to (xi) inclusive of Clause 4 1,
- (xiii) all trade debts at the Charge Date or in the future owing to it,
- (xiv) all debts owing to it by another member of the Group,
- (xv) all other debts at the Charge Date or in the future owing to it, excluding those arising on fluctuating accounts with other members of the Group,
- (xvi) the benefit of all instruments, guarantees, charges, pledges and other security and all other rights and remedies available to it in respect of any Fixed Security Asset except to the extent that such items are for the time being effectively assigned under Clause 3 (*Assignments*),
- (xvii) all rights, money or property accruing or payable to it at the Charge Date or in the future under or by virtue of a Fixed Security Asset except to the extent that such rights, money or property are for the time being effectively assigned or charged by fixed charge under the foregoing provisions of the Accession Deed, and

- (xviii) the benefit of all licences, consents and authorisations held in connection with its business or the use of any Asset and the right to recover and receive all compensation which may be payable in respect of them

2 2 By Clause 4 2, the Charging Company agreed that there shall be excluded from the charge created by Clause 4 1 (*Fixed Security*) and from the operation of clause 8 (*Further Assurance*) of the Debenture any leasehold property held by the Charging Company which is subject to a Security Restriction until the relevant condition or waiver has been satisfied or obtained

2 3 By Clause 5 (*Creation of floating charge*), the Charging Company, with full title guarantee, charged to the Security Agent as security for the payment or discharge of all Secured Sums, by way of floating charge

- (a) all its Assets, except to the extent that such Assets are for the time being effectively assigned by way of security referred to in paragraph 1 above or charged by any fixed charge referred to in paragraph 2 above, including any Assets comprised within a charge which is reconverted under Clause 4 4 (*Reconversion*) of the Debenture, and

- (b) without exception, all its Assets in so far as they are for the time being situated in Scotland or otherwise governed by Scots law,

but in each case so that the Charging Company shall not create any Security (except Permitted Security) over any Floating Charge Asset (whether having priority over, or ranking *pari passu* with or subject to, this floating charge) or take any other step referred to in paragraph 2 of Part III of this Schedule (*Negative pledge and other restrictions*) with respect to any Floating Charge Asset, and the Charging Company shall not, without the consent of the Security Agent, sell, transfer, part with or dispose of any Floating Charge Asset except by way of a Permitted Disposal or Permitted Transaction

Part III

Covenants and Restrictions

1 COLLECTION OF RECEIVABLES

1 1 By Clause 6 1 (*Collection Account*) of the Debenture, the Charging Company agreed to collect and realise all its Receivables and, immediately on receipt, pay all money so collected into the Collection Accounts. The Charging Company agreed, pending such payment, to hold all money so received upon trust for the Security Agent

1 2 By Clause 6 3 (*No derogation*) of the Debenture, the Charging Company agreed that it would not, without the Security Agent's prior written consent, purport to charge, factor, discount, assign, postpone, subordinate, release or waive its rights in respect of any Receivable in favour of any person or do or omit to do anything which might delay or prejudice its full recovery, other than in relation to the commutation of Receivables with its customers in the ordinary course of business

2 NEGATIVE PLEDGE AND OTHER RESTRICTIONS

2 1 By Clause 7 (*Negative pledge and other restrictions*) of the Debenture the Charging Company agreed that it would not, without the prior written consent of the Security Agent

- (a) (with the exception of Permitted Security) create or agree or attempt to create, or permit to subsist, any Security or any trust over any of its Assets, or

- (b) (with the exception of Permitted Disposals and Permitted Transactions) sell, assign, lease, license or sub-license, or grant any interest in, any of its Fixed Security Assets, or part with possession or ownership of them, or purport or agree to do so
- 2.2 By Clause 11.4 (*Negative Covenants*) of the Debenture the Charging Company covenanted with the Security Agent that it would not, without the prior written consent of the Security Agent consent to its Specified Investments being consolidated, sub-divided or converted or any rights attached to them being varied (except by way of a Permitted Transaction)



**CERTIFICATE OF THE REGISTRATION
OF A MORTGAGE OR CHARGE**

Pursuant to section 401(2) of the Companies Act 1985

**COMPANY NO. 5797257
CHARGE NO. 1**

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES
HEREBY CERTIFIES THAT A DEED OF ACCESSION AND
CHARGE DATED 21 AUGUST 2008 AND CREATED BY
SOUTHERN CROSS (NERSTON) LIMITED FOR SECURING ALL
MONIES DUE OR TO BECOME DUE FROM EACH OBLIGOR TO
ALL OR ANY OF THE BENEFICIARIES ON ANY ACCOUNT
WHATSOEVER UNDER THE TERMS OF THE AFOREMENTIONED
INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS
REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE
COMPANIES ACT 1985 ON THE 2 SEPTEMBER 2008

GIVEN AT COMPANIES HOUSE, CARDIFF THE 3 SEPTEMBER
2008

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Companies House
— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES