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CHFP041

COMPANIES FORM No. 400

013306/10

400

Particulars of a mortgage or charge subject to which property has been acquired

Subject P
£ 10
COMPANIES HOUSE

A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge.

Please do not write in this margin

Pursuant to section 400 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 4)

For official use Company number

3

4433255

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

Name of company

* PRIORITY HEALTHCARE ACQUISITION CO LIMITED
(the "Charging Company").

*Insert full name of company

Date and description of the instrument (if any) creating or evidencing the mortgage or charge (note 1)

See Schedule 1.

Amount secured by the mortgage or charge See Schedule 2A.

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

The Royal Bank of Scotland plc, 135 Bishopsgate, London, EC2M 3UR, as Trustee, which expression shall include any person for the time being appointed as trustee or as an additional trustee.

Short particulars of the property mortgaged or charged

See Schedule 2B.

Continue overleaf as necessary

Presentor's name address and reference (if any):

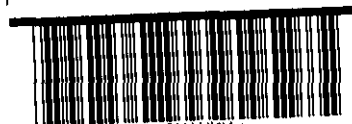
Skadden, Arps, Slate, Meagher & Flom LLP
One Canada Square, Canary Wharf, London, E14 5DS

Ref: SNB

Time critical reference

For official use
Mortgage Section

Post room



LD3 *LOGMAHKM* 0435
COMPANIES HOUSE 13/01/03

Short particulars of the property mortgaged or charged (continued)

Please do not write in this margin

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

[Empty box for short particulars of the property mortgaged or charged]

Date of the acquisition of the property 23 December 2002

Signed  Designation[‡] Director

Date 10/01/03

A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge. (See Note 3)

Notes

1. A description of the instrument, e.g., "Trust Deed", "Debenture", etc, as the case may be, should be given.
2. A verified copy of the instrument must be delivered with these particulars correctly completed to the Registrar of Companies within 21 days after the date of the completion of the acquisition of the property which is subject to the charge. 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. If the property is situated and the charge was created outside Great Britain, they must be delivered within 21 days after the date on which the copy of the instrument could in due course of post, and if despatched with due diligence have been received in the United Kingdom.

3. Cheques and Postal Orders are to be made payable to **Companies House**.
4. The address of the Registrar of Companies is:-

Companies House
Crown Way
Cardiff
CF14 3UZ

[‡] Insert Director, Secretary, Administrator, or Administrative Receiver as appropriate

Name of Company: PRIORY HEALTHCARE ACQUISITION CO LIMITED
Company Number: 4433255

SCHEDULE 1 TO COMPANIES FORM 400

DATE AND DESCRIPTION OF INSTRUMENT

A security accession deed pursuant to which certain companies acceded to a debenture (the "Debenture") dated 10 June 2002 in favour of The Royal Bank of Scotland plc as trustee for the Secured Parties (the "Trustee").

SCHEDULE 2A TO COMPANIES FORM 400

AMOUNT SECURED BY THE CHARGE

The charge secures the payment and discharge of the Secured Obligations.

Where:

"Secured Obligations" means all financial obligations at any time due, owing or incurred by any Obligor to any Secured Party under the Finance Documents and the Term Out Facility Documentation, whether present or future, actual or contingent (and whether incurred solely or jointly and whether as principal or surety or in some other capacity) and including for the avoidance of doubt, any liability of any Obligor to any Secured Party in respect of any further advances made under the Finance Documents.

And where:

"Finance Documents" means:

- (a) the Facility Agreement;
- (b) any Guarantee;
- (c) any Fee Letter;
- (d) any Accession Letter;
- (e) any Transaction Security Document;
- (f) the Subordination Agreement;
- (g) any Ancillary Document;
- (h) any Hedging Agreement;
- (i) any document as the Agent may specify (acting reasonably) to be entered into in relation to the cash cover for any Guarantee and any other document designated as a "Finance Document" by the Agent and the Company.

"Secured Parties" means:

- (a) the Trustee;
- (b) any Delegate;
- (c) the Agent;
- (d) each Lender;
- (e) the Issuing Bank;
- (f) each Ancillary Lender from time to time party to the Facility Agreement;
- (g) each Hedge Counterparty;
- (h) any other lender from time to time party to the Term Out Facility Documentation.

"Term Out Facility Documentation" means the documentation pursuant to which the extension and amendment of the Term Facility is achieved under Clause 12 (*Company's Term Out Option in relation the Term Facility Loans*) of the Facility Agreement.

And where:

"Accession Letter" means a document substantially in the form set out in Schedule 6 (*Form of Accession Letter*) of the Facility Agreement.

"Additional Borrower" means a company which becomes an Additional Borrower in accordance with Clause 29 (*Changes to the Obligors*) of the Facility Agreement.

"Additional Guarantor" means a company which becomes an Additional Guarantor in accordance with Clause 29 (*Changes to the Obligors*) of the Facility Agreement.

"Affiliate" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

"Agent" means the Royal Bank of Scotland.

"Agent's Spot Rate of Exchange" means the Agent's spot rate of exchange for the purchase of the relevant currency with the Base Currency in the London foreign exchange market at or about 11:00 a.m. on a particular day.

"Ancillary Commitment" means, in relation to an Ancillary Lender and an Ancillary Facility at any time, the Original Ancillary Commitment of such Ancillary Lender in relation to such Ancillary Facility to the extent not cancelled, reduced or extinguished under the Facility Agreement or the Ancillary Documents relating to that Ancillary Facility and as may be increased pursuant to Clause 9.6 (*Increase, reduction or cancellation of an Ancillary Facility*) of the Facility Agreement.

"Ancillary Document" means any document relating to or evidencing the terms of an Ancillary Facility.

"Ancillary Facility" means any ancillary facility made available upon request as described in Clause 9 (*Ancillary Facilities*) of the Facility Agreement.

"Ancillary Lender" means each Lender which agrees to become an Ancillary Lender and makes available one or more Ancillary Facilities in accordance with Clause 9 (*Ancillary Facilities*) of the Facility Agreement, but only for so long as any such Ancillary Facility is in operation or amounts are outstanding under any such Ancillary Facility.

"Ancillary Outstandings" means in relation to an Ancillary Lender and an Ancillary Facility at any time:

- (a) (if such Ancillary Facility takes the form of an overdraft facility or a short term loan facility) the principal amount outstanding under such facility;
- (b) (if such Ancillary Facility takes the form of a guarantee, bonding, documentary or letter of credit facility) the aggregate of the face amounts of each guarantee, bond or letter of credit issued under such facility as reduced by any prepayment or repayment in relation thereto; and
- (c) (if such Ancillary Facility takes any form other than as referred to in paragraphs (a) and (b) above) the amount fairly representing the then aggregate exposure (excluding interest fees, commissions and similar charges) of the Ancillary Lender under such Ancillary Facility as determined by such Ancillary Lender acting reasonably in accordance with the relevant Ancillary Documents or, in the absence of any relevant provision in such Ancillary Documents, in accordance with usual banking practice for facilities or accommodation of the same type as that Ancillary Facility.

"Arranger" means The Royal Bank of Scotland plc

"Base Currency" means Sterling.

"Base Currency Amount" means:

- (a) in relation to a Revolving Facility Utilisation, the amount specified in the Utilisation Request for that Revolving Facility Utilisation or (as the context may require) if less, the amount made available by the Lenders pursuant to that Utilisation Request (or, if the amount requested is not denominated in the Base Currency, that amount converted into the Base Currency at the Agent's Spot Rate of Exchange on the date which is three Business Days before the Revolving Facility Utilisation Date or, if later, on the date the Agent receives the Utilisation

Request) adjusted to reflect any repayment (other than a repayment arising from a change of currency), prepayment, consolidation or division of the Utilisation;

- (b) in relation to an Ancillary Commitment in respect of an Ancillary Facility, the amount in the Base Currency as determined pursuant to paragraph (d) of Clause 9.3 (*Request for an Ancillary Facility*) of the Facility Agreement or, as the case may be, paragraph (b) of Clause 9.6 (*Increase, reduction or cancellation of an Ancillary Facility*) of the Facility Agreement in each case adjusted to reflect any cancellation or reduction or extinguishment of that Ancillary Facility; and
- (c) in relation to any Ancillary Outstandings, the amount of such Ancillary Outstandings or, if the amount is not denominated in the Base Currency, that amount converted into the Base Currency at the rate last used pursuant to paragraph (b) above to calculate the Base Currency Amount of the Ancillary Commitment relative to such Ancillary Outstandings.

"Borrower" means the Company or an Additional Borrower unless it has ceased to be a Borrower in accordance with Clause 29 (*Changes to the Obligors*) of the Facility Agreement.

"Business Day" means a day (other than a Saturday or Sunday) on which banks are open for general business in London and:

- (a) (in relation to any date for payment or purchase of a currency other than euro) the principal financial centre of the country of that currency; or
- (b) (in relation to any date for payment or purchase of euro) any TARGET Day.

"Capex Facility" means the term loan facility made available under the Facility Agreement as described in paragraph (a)(iii) of Clause 2.2 (*The Facilities*) of the Facility Agreement.

"Capex Facility Commitment" means:

- (a) in relation to an Original Lender, the amount set opposite its name under the heading "Capex Facility Commitment" in Schedule 1 (*The Original Lenders*) of the Facility Agreement. and the amount of any other Capex Facility Commitment transferred to it under the Facility Agreement; and
- (b) in relation to any other Lender, the amount of any Capex Facility Commitment transferred to it under the Facility Agreement;

to the extent not cancelled, reduced or transferred by it under of the Facility Agreement.

"Capex Facility Loan" means a loan made or to be made under the Capex Facility or the principal amount outstanding for the time being of that loan.

"Closing Date" means the date on which Completion occurs.

"Commitment" means a Term Facility Commitment or Revolving Facility Commitment or Capex Facility Commitment.

"Company" means Priory Healthcare Acquisition Co Limited, registration number 4433255.

"Completion" means completion of the Target Acquisition in accordance with clause 3 of the Target Acquisition Agreement.

"Compliance Certificate" means a certificate substantially in the form set out in Schedule 8 (*Form of Compliance Certificate*) of the Facility Agreement.

"Debenture" means the debenture in the agreed form executed or to be executed or acceded to by each Obligor in connection with the Facility Agreement..

"Default" means at any time:

- (a) Event of Default; or
- (b) any event or circumstance specified in Clause 27 (*Events of Default*) of the Facility Agreement which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing in each case as provided in Clause 27 (*Events of Default*) of the Facility Agreement be an Event of Default; or
- (c) the financial condition of the Group being such that the delivery of the Financial Statements and/or Compliance Certificate in relation to any Relevant Period which has ended at such time would result in an Event of Default under paragraph (a) of Clause 27.2 (*Breach of certain obligation*) of the Facility Agreement.

"Delegate" means any delegate, agent, attorney or co-trustee appointed by the Trustee.

"Dormant Subsidiary" means Priory Healthcare Europe Limited; Jacques Hall Foundation Limited; Jacques Hall Limited; Public Health Solutions Limited; Priory Securitisation Limited; Priory Healthcare Finance Limited (Cayman Islands); Nottcor 6 Limited; Priory Behavioural Health Limited; Sturt House Clinic Limited; Employee Management Services Limited; Robinson Kay House (Bury) Limited; Priory Services for Young People (IOM) Limited; Priory Healthcare Central Services Limited; Community Addiction Services Limited; Medical Imaging (Essex) Limited; and any member of the Group which has gross assets not exceeding £5,000 (or its equivalent) and has gross liabilities not exceeding £1,000 (or its equivalent) **provided that** such member of the

Group is not required to become an Additional Guarantor pursuant to Clause 26.28 (*Dormant subsidiaries*) of the Facility Agreement.

"Event of Default" means any event of circumstance specified as such in Clause 27 (*Events of Default*) of the Facility Agreement.

"Facility" means the Term Facility or the Revolving Facility or the Capex Facility.

"Facility Agreement" means the £255,000,000 senior facilities agreement dated 22 May 2002 as amended on 10 June 2002 between Priory Healthcare Acquisition Co Limited as company and borrower, Priory Healthcare Finance Co Limited, Priory Healthcare Investments Limited and the Royal Bank of Scotland plc.

"Fee Letter" means any letter or letters dated on or about the date of the Facility Agreement between the Arranger and the Company (or the Agent and the Company or the Trustee and the Company) setting out any of the fees referred to in clause 16 (*Fees*) of the Facility Agreement and any other agreement setting out fees referred to in Clause 9.5 (*Interest, commission and fees on Ancillary Facilities*) of the Facility Agreement.

"Finance Co" means Priory Healthcare Finance Co Limited (registration number 4433253)

"Financial Statement" means a financial statement delivered pursuant to Clause 24.1 (*Financial statements*) of the Facility Agreement.

"Group" means:

- (a) for all purposes of the Facility Agreement other than Section 8 (*Representations, Warranties and Events of Default*) of the Facility Agreement, the Company and each of its Subsidiaries for the time being; and
- (b) for the purposes of Section 8 (*Representations, Warranties and Events of Default*) of the Facility Agreement, only, the Company and its Subsidiaries for the time being other than any Dormant Subsidiary.

"Guarantee" means (a) any guarantee substantially in the form set out in Schedule 10 (*Form of Guarantee*) of the Facility Agreement, issued or to be issued under the Revolving Facility or (b) any other guarantee or letter of credit, indemnity, or other instrument of suretyship or payment issued or to be issued by the Issuing Bank under the Revolving Facility and requested by the Company and agreed by the Agent (with prior consent of the Majority Lenders) and the Issuing Bank.

"Guarantor" means the Company or an Additional Guarantor, unless it has ceased to be a Guarantor in accordance with Clause 29 (*Changes to the Obligors*) of the Facility Agreement.

"Hedging Agreement" means any agreement in the form agreed between the Company and the Agent entered into or to be entered into by a member of the Group and a Hedge Counterparty for the purpose of hedging interest rate liabilities in relation to the Facilities in accordance with the Hedging Strategy Letter.

"Hedge Counterparty" means at any time a Lender or an Affiliate of a Lender which is a party to the Trust Agreement in its capacity as counterparty under a Hedging Agreement.

"Hedging Strategy Letter" means the letter in the agreed form between the Arranger and the Company describing the hedging arrangements to be entered into in respect of, *inter alia*, certain of the Facilities.

"Holding Company" means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

"Issuing Bank" means The Royal Bank of Scotland plc.

"Investors" mean Priory Healthcare Investments Limited (registration number 4433250)

"Lender" means (a) any Original Lender; and (b) any bank or financial institution which has become a Party in accordance with Clause 28 (*Changes to the Lenders*) of the Facility Agreement, which in each case has not ceased to be a Party in accordance with the terms of the Facility Agreement.

"Loan" means Term Facility Loan, a Revolving Facility Loan or a Capex Facility Loan (and, for the purposes of Schedule 4 (*Mandatory Cost Formulae*) of the Facility Agreement, includes any Unpaid Sum.)

"Majority Lenders" means:

- (a) for the purposes of paragraph (a) of Clause 39.1 (*Required Consents*) of the Facility Agreement and a waiver in relation to a proposed Utilisation (other than a Utilisation on the Closing Date) of the condition in Clause 4.2 (*Further Conditions Precedent*) of the Facility Agreement that no Default is continuing or would result from that Utilisation, a Lender or Lenders whose participations in that Utilisation (assuming that that Utilisation would occur) would aggregate more than 66 2/3 per cent of the Base Currency Amount of that Utilisation; and
- (b) in any other case, a Lender or Lenders whose Commitments aggregate more than 66 2/3 per cent of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 66 2/3 per cent of the Total Commitments immediately prior to that reduction.)

"Obligor" means the Company or a Borrower or a Guarantor.

"Original Ancillary Commitment" has the meaning given to it in paragraph (d) of clause 9.3 (*Request for an Ancillary Facility*) of the Facility Agreement.

"Original Lenders" means The Financial Institutions

"Party" means a party to the Facility.

"Relevant Period" means each period of twelve months ending on the last day of the Company's financial year and each period of twelve months ending on the last day of each Financial Quarter of the Company's financial year.

"Revolving Facility" means the revolving credit facility made available under the Facility Agreement as described in paragraph (a)(ii) of clause 2.1 (*The Facilities*) of the Facility Agreement.

"Revolving Facility Commitment" means:

- (a) in relation to an Original Lender, the amount set in the Base Currency opposite its name under the heading "Revolving Facility Commitment" in Schedule 1 (*The Original Lenders*) of the Facility Agreement and the amount in the Base Currency of any other Revolving Facility Commitment transferred to it under the Facility Agreement; and
- (b) in relation to any other Lender, the amount in the Base Currency of any Revolving Facility Commitment transferred to it under the Facility,

to the extent not cancelled, reduced or transferred by it under the Facility.

"Revolving Facility Loan" means a loan made or to be made under the Revolving Facility or the principal amount outstanding for the time being of that loan (but, for the avoidance of doubt, does not include any Guarantee)

"Revolving Facility Utilisation" means a Revolving Facility Loan or a Guarantee.

"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.

"Scottish Security Document" means the standard security granted or to be granted in relation to the Property at 38-40 Mansion House Road, Glasgow G41 3DW in connection with the Facility Agreement.

"Subordination Agreement" means the subordination agreement to be entered into in connection with the Facility Agreement and made between the Company, The Royal Bank of Scotland plc as trustee, the Investors and Finance Co.

"Subsidiary" means a subsidiary undertaking within the meaning of Section 258 of the Companies Act 1985.

"Target" means Priory Healthcare Holdings Limited, a company incorporated under the law of England and Wales with registered number 03738107.

"Target Acquisition" means the acquisition by the Company of the Target Shares on the terms of the Target Acquisition Documents.

"Target Acquisition Agreement" means the sale and purchase agreement in the agreed form dated on or about the date of the Facility Agreement relating to the sale and purchase of the Target Shares and made between the Company, the Vendors and others.

"Target Acquisition Documents" means the Target Acquisition Agreement, the Vendor Disclosure Letter, all documents to be executed pursuant to the Target Acquisition Agreement on or before the Closing Date in the form attached to or agreed for the purposes of the Target Acquisition Agreement and each other document (if any) identified in writing by the Company and the Agent as a Target Acquisition Document.

"TARGET Day" means any day on which TARGET is open for the settlement of payments in euro.

"Target Shares" means all of the shares of Target.

"TARGET" means Trans-European Automated Real-time Gross Settlement Express Transfer payment system.

"Term Facility" means the term loan facility made available under the Facility Agreement as described in paragraph (a)(i) of Clause 2.1 (*The Facilities*) of the Facility Agreement.

"Term Facility Commitment" means:

- (a) in relation to an Original Lender, the amount set opposite its name under the heading "Term Facility Commitment" in Schedule 1 (*The Original Lenders*) of the Facility Agreement and the amount of any other Term Facility Commitment transferred to it under the Facility; and
- (b) in relation to any other Lender, the amount of any Term Facility Commitment transferred to it under the Facility,

to the extent not cancelled, reduced or transferred by it under the Facility.

"Term Facility Loan" means a loan made or to be made under the Term Facility or the principal amount outstanding for the time being of that loan.

"Term Out Option" shall have the same meaning given to it in Clause 12. (*Company's Term Out Option in Relation to Term Facility Loans*) of the Facility Agreement.

"The Financial Institutions" means the financial institutions listed in schedule 1 of the of the Facility Agreement.

"Total Commitments" means the aggregate of the Total Term Facility Commitments, the Total Revolving Facility Commitments and the Total Capex Facility Commitments, being £255,000,000 at the date of the Facility.

"Total Capex Facility Commitments" means the aggregate of the Capex Facility Commitments, being £55,000,000 at the date of the Facility.

"Total Revolving Facility Commitments" means the aggregate of the Revolving Facility Commitments, being £10,000,000 at the date of the Facility.

"Total Term Facility Commitments", means the aggregate of the Term Facility Commitments being, £190,000,000 at the date of the Facility Agreement.

"Transaction Security" means Security which any member of the Group is required to grant pursuant to or in connection with any Finance Document to secure the obligations of any of the Obligor under any of the Finance Documents.

"Transaction Security Documents" means the Debenture, each accession deed thereto, the Scottish Security Document, the Trust Agreement and any deeds of accession thereto and any other document creating or expressed to create Transaction Security.

"Trust Agreement" means the agreement dated 10 June 2002 and made between the Royal Bank of Scotland plc as trustee and agent, the obligors referred to therein and the financial institutions named therein as secured parties.

"Trustee" means the Royal Bank of Scotland plc

"Unpaid Sum" means any sum due and payable but unpaid by an Obligor under the Finance Documents.

"Utilisation" means Loan or a Guarantee.

"Utilisation Request" means a notice substantially in the form set out in Part I of Schedule 3 (*Requests*) of the Facility Agreement.

"Vendors" has the meaning given to it in the Target Acquisition Agreement.

"Vendor Disclosure Letter" means the Disclosure Letter as such term is defined in the Target Acquisition Agreement.

SCHEDULE 2B TO COMPANIES FORM 400

SHORT PARTICULARS OF THE PROPERTY CHARGED

The Charging Company hereby charges the Charged Portfolio, with full title guarantee and by way of first fixed charge, in favour of the Trustee for the payment and discharge of all of the Secured Obligations

The Charging Company undertakes that it shall not, at any time during the subsistence of the Debenture, create or permit to subsist any security interest over all or any part of the Charged Portfolio other than a Permitted Security.

No Obligor shall (and the Company shall ensure that no member of the Group will):

- (i) sell, transfer or otherwise dispose of any of its assets in terms whereby they are or may be leased to or re-acquired by an Obligor or and member of the Group; or
- (ii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of account.

Where:

"Charged Portfolio" means the Shares and the Related Assets.

"Permitted Security" means any Security permitted under Clause 26.3 (*Negative Pledge*) of the Facility Agreement.

"Related Assets" means all dividend, interest and other monies payable in respect of the Shares and all other rights, benefits and proceeds in respect of or derived from the Shares (whether by way of redemption, bonus, preference, option, substitution, conversion or otherwise)

"Shares" means all of the shares in the share capital of Priory Healthcare Europe Limited, Priory Securitisation Limited, Highbank Private Hospital Limited, Community Addiction Services Limited, Medical Imaging (Essex) Limited, Care Continuums Limited, Employee Management Services Limited, Public Health Solutions Limited, Nottcor 6 Limited, Sturt House Clinic Limited, Priory Behavioural Health Limited, Jacques Hall Foundation Limited, Jacques Hall Limited and The Nottingham Clinic Limited held by, to the order or on behalf of the Charging Company.

FILE COPY



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

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

COMPANY No. 04433255

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A SECURITY ACCESSION DEED FOR ALL MONIES DUE OR TO BECOME DUE FROM ANY OBLIGOR TO ANY SECURED PARTY UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE SECURED ON THE PROPERTY ACQUIRED BY PRIORY HEALTHCARE ACQUISITION CO LIMITED ON THE 23rd DECEMBER 2002 WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 13th JANUARY 2003.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 16th JANUARY 2003.

P. Cer



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House

— for the record —