Company Registration No. 3287957

NHP SECURITIES NO.3 LIMITED

Report and Financial Statements

30 September 2012

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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

BANKERS

Barclays Bank PLC
South East Corporate Banking Centre
PO Box 112
Horsham
West Sussex RH12 1YQ

SOLICITORS

Eversheds LLP
Eversheds House
70 Great Bridgewater Street
Manchester M1 5ES

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
London

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 30 September 2012

The Directors' Report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption

PRINCIPAL ACTIVITIES

The Company receives rental income from three residential buildings The Directors intend to continue these activities in the forthcoming year.

BUSINESS REVIEW

In the year to 30 September 2012, the Company has continued the receipt of rental income from the residential buildings and this will continue in the foreseeable future

RESULTS

The results for the year ended 30 September 2012 are set out in the profit and loss account on page 7

DIVIDENDS

During the year, the Company declared and paid a dividend of £nil (2011 £nil)

DIRECTORS

The following Directors served throughout the year and subsequently, except as noted

	Date Appointed
P H Thompson	6 November 2011
J M J M Jensen	19 December 2008

The current Directors of the Company are detailed on page 1

The company has made qualifying third party indemnity provisions for the benefit of its Directors, which were made during the year and remain in force to the date of this report

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

DIRECTORS' REPORT

(Continued)

GOING CONCERN (Continued)

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

POST BALANCE SHEET EVENTS

Details of significant events since the balance sheet date are contained in note 15 to the financial statements

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that

- so far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have indicated their willingness to be re-appointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting

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

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company Law requires the Directors to prepare financial statements for each financial year Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under Company Law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period In preparing these financial statements, the Directors are required to

(a) select suitable accounting policies and then apply them consistently,

(b) make judgements and accounting estimates that are reasonable and prudent,

(c) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and

(d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NHP SECURITIES NO.3 LIMITED

We have audited the financial statements of NHP Securities No 3 Limited for the year ended 30 September 2012, which comprise the Profit and Loss account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Deficit and the related Notes1 to 17 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 September 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NHP SECURITIES NO. 3 LIMITED (Continued)

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern The Company incurred a net loss of £13,708,764 for the year ended 30 September 2012 and, as of that date, the Company's current liabilities exceeded its current assets by £242,302,351 Thus the Company is reliant on the Group to continue as a going concern

The Group is in breach of the financial covenants in its loan agreement (as described in note 16 of the LIBRA No 2 Limited financial statements) The Directors are in discussion with Capita Asset Services (UK) Limited regarding a resolution of the breach However, the outcome of these discussions and the timing of their conclusion are uncertain

These conditions, along with other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you, if in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report

Mark Beddy

Mark Beddy (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Date 27 February 2013

PROFIT & LOSS ACCOUNT
Year ended 30 September 2012

	Notes	2012 £	2011 £
TURNOVER AND GROSS PROFIT	3	6,316	22,281
Other administrative expenses	4	(19,544,542)	(17,933,163)
OPERATING LOSS		(19,538,226)	(17,910,882)
Profit on sale of tangible fixed asset		32,947	-
Amount written off investment		-	(1)
Net interest receivable and similar income	5	5,796,515	4,738,862
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(13,708,764)	(13,172,021)
Tax on loss on ordinary activities	6	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE YEAR	13	(13,708,764)	(13,172,021)

Results are derived wholly from continuing operations

BALANCE SHEET
at 30 September 2012

	Notes	2012	2011
		£	£
TANGIBLE FIXED ASSETS			
Land and buildings	7	405,000	540,000
INVESTMENTS	8	-	-
TOTAL FIXED ASSETS		405,000	540,000
CURRENT ASSETS			
Debtors			
- due within one year	9	4,265	9,658
Cash at bank and in hand		96,744	331,392
		101,009	341,050
CREDITORS: amounts falling due within one year	11	(242,403,360)	(229,076,081)
NET CURRENT LIABILITIES		(242,302,351)	(228,735,031)
NET LIABILITIES		(241,897,351)	(228,195,031)
CAPITAL AND RESERVES			
Called up share capital	12	2	2
Revaluation reserve	13	9,298	2,854
Profit and loss account	13	(241,906,651)	(228,197,887)
SHAREHOLDERS' DEFICIT		(241,897,351)	(228,195,031)

These financial statements were approved and authorised for issue by the Board of Directors on 27 February 2013
The Company Registration number is 3287957

Signed on behalf of the Board of Directors

J M J M Jensen
Director

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 30 September 2012

	Note	2012 £	2011 £
Loss for the year		(13,708,764)	(13,172,021)
Net surplus on revaluation of property interests	12	6,444	8,893
Total recognised losses for the year		(13,702,320)	(13,163,128)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT
Year ended 30 September 2012

	Note	2012 £	2011 £
Loss for the year		(13,708,764)	(13,172,021)
Net surplus on revaluation of property interests	12	6,444	8,893
Net decrease in shareholders' deficit		(13,702,320)	(13,163,128)
Shareholders' deficit funds at the beginning of the year		(228,195,031)	(215,031,903)
Shareholders' deficit at the end of the year		(241,897,351)	(228,195,031)

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 16 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

Basis of accounting

The financial statements are prepared under the historical cost convention, as modified by the revaluation of the other fixed assets The particular accounting policies adopted are described below The financial statements are prepared in accordance with applicable United Kingdom accounting standards

The accounting policies have been followed consistently during the current and previous 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 401 of the Companies Act 2006 These financial statements provide information about the Company as an individual undertaking and not about its group

Turnover

Turnover represent amounts receivable on rental accommodation due in the normal course of business, net of Value Added Tax The Company recognises turnover when the amount can be reliably measured and when there is a right to consideration Turnover is recorded at the value of consideration due

Other fixed assets – land and buildings

The residential properties are held to provide accommodation to care employees of HC-One Limited, a care home operator

Depreciation

Land and buildings are depreciated in equal instalments over the estimated useful economic lives of each category of asset The amount of depreciation, the calculation of which is based on the valuation less estimated residual value, is charged to the profit and loss account with an appropriate adjustment made to the revaluation reserve by the transfer of a sum from the revaluation reserve to the profit and loss account The estimated useful economic lives are as follows

Freehold land	no depreciation
Freehold buildings	50 years

Investments

Investments held as fixed assets are stated at cost less provision for impairment

Taxation

Current 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

Interest

Interest receivable and interest payable are recognised in the financial statements on an accruals basis

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2012

2. ACCOUNTING POLICIES (Continued)

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 are publicly available

3 TURNOVER AND GROSS PROFIT

Turnover, which is stated net of value added tax, comprises the following from the Company's ordinary activities, which take place wholly within the United Kingdom

	2012 £	2011 £
Rental income - Southern Cross Healthcare Group Limited	6,316	22,229
Commissions and fees received	-	52
	6,316	22,281

4. ADMINISTRATIVE EXPENSES

The Company had no employees during the current or 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

Administrative expenses include

	2012 £	2011 £
Group management fees	61,378	100,464
Depreciation on land and building	8,484	8,893
Reversal of impairment provision	-	(309,151)
Provision for doubtful debts – group undertakings*	19,454,447	18,222,770
Fees payable to the Company's auditor for the audit of the annual accounts	9,600	7,200
Tax adviser fees payable to the Company's auditor	5,000	6,000

*Provision for doubtful debts totalled £19,454,447was in respect of other amounts owed by group undertakings during the year (30 September 2011 £18,222,770)

5. NET INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £	2011 £
Interest payable to NHP Limited on subordinated loan notes	(13,328,738)	(13,292,318)
Finance (costs) / income	(108)	4
Interest receivable on bank deposits	202	184
Interest receivable on loan notes to group undertakings	19,125,159	18,030,992
	5,796,515	4,738,862

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2012

6 TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	2012 £	2011 £
Corporation tax credit		
Current year	-	-
Prior year	-	-
Total tax credit	-	-
Loss before tax	(13,708,764)	(13,172,021)
Tax on loss at standard rate of 25% (2011 27%)	(3,427,191)	(3,556,445)
Factors affecting tax charge		
Non taxable income	(600,719)	(441,994)
Non-deductible provisions	4,863,612	4,920,147
Profit on disposal	(8,237)	-
Depreciation in excess of capital allowances	2,121	2,401
Group relief for nil consideration	(829,586)	(924,109)
Current tax charge	-	-

The tax charge for the current year is higher than that resulting from applying the standard rate of corporation tax due to certain expenditure being disallowable for tax purposes

7. TANGIBLE FIXED ASSETS

	Land and buildings £
Cost or Valuation	
At 1 October 2011	540,000
Surplus on revaluation of properties (see note 12)	-
Disposal	(135,000)
At 30 September 2012	405,000
Depreciation	
At 1 October 2011	-
Charge	(8,484)
Disposal	2,040
Transfer to revaluation reserve (see note 12)	6,444
At 30 September 2012	-
Net book value at 30 September 2012	405,000
Net book value at 30 September 2011	540,000

Land and buildings are stated at market value as at 30 September 2012 as valued by professionally qualified external valuers The land and buildings were valued by Jones Lang LaSalle, Chartered Surveyors The valuations have been prepared in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors In their valuation report, Jones Lang LaSalle have confirmed that the opinions and values stated therein represent their objective view as at 30 September 2012

The Directors have reviewed Jones Lang LaSalle's valuation at 30 September 2012 and have considered that no permanent diminution is required on the land and buildings

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2012

8. INVESTMENTS

	At 30 September 2011 £	Additions £	Repayments £	At 30 September 2012 £
Shares in subsidiary undertaking				
At cost or valuation				
Ultima Holdings Limited	1	-	-	**1**
Subordinated loan notes investment in				
Libra 3 Limited	5,500,000	-	-	**5,500,000**
Care Homes No 2 Limited	2,088,016	2,167	-	**2,090,183**
Care Homes No 3 Limited	23,841,468	-	-	**23,841,468**
NHP Operations (York) Limited	1,125,961	-	(463,756)	**662,205**
Libra CareCo CH2 PropCo Limited	72,106,107	-	-	**72,106,107**
Libra CareCo CH3 PropCo Limited	47,707,425	-	-	**47,707,425**
Libra CareCo Ltd **	330,414,624	-	-	**330,414,624**
	482,783,601	2,167	(463,756)	**482,322,012**
Provision for impairment	(482,783,602)	(2,167)	463,756	**(482,322,013)**
Total	-	-	-	**-**

Shares in subsidiary undertaking

The Company holds 100% of the issued ordinary share capital of Ultima Holdings Limited, a company incorporated in Great Britain Ultima Holdings Limited and its subsidiary undertakings have not traded during the current or preceding year Previously they were trading as nursing and residential care homes

The Company has invested in 13,970,000 'C' Ordinary Shares in Ultima Holdings Limited which were retained at a £nil value at 30 September 2012 (2011 £nil) The shares carry no voting rights Ultima Holdings Limited and its subsidiary undertakings have not traded during the current or preceding year Previously they were trading as nursing and residential care homes

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

Name	Country of incorporation	% Holdings	Principal activity
Ultima Holdings Limited *	Great Britain	100%	Immediate parent company of Ulitma Group undertakings
Ultima Healthcare Limited	Great Britain	100%	Previously, a care home operator, now dormant
Eton Hall Homes Limited	Great Britain	100%	Previously, a care home operator, now dormant
Ultima Care Limited	Great Britain	100%	Previously, a care home operator, now dormant
Platinum Healthcare Limited	Great Britain	100%	Previously, a care home operator, now dormant

* held directly by NHP Securities No 3 Limited

All shares held are ordinary shares

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2012

8. INVESTMENTS (Continued)

Shares in subsidiary undertaking (Continued)

Subordinated loan notes investment

£2,090,183 (2011 £2,088,233) of the loan notes were owed from Care Homes No 2 (Cayman) Limited The loan notes are repayable on 2 January 2026 and also bear interest at 8 91% per annum The investment in the loan notes in Care Homes No 2 (Cayman) Limited has been written down in full as its current liabilities exceeded its current assets by £173,826,547 as at 30 September 2012

The loan notes of £23,841,468 due by Care Homes No 3 Limited, which represent the consideration payable for the financing of overriding leases, have no fixed repayment dates and bear interest at 6 60% per annum The investment in the loan notes in Care Homes No 3 Limited has been written down in full as its current liabilities exceeded its current assets by £155,423,288 as at 30 September 2012

The loan notes of £662,205 (2011 £1,125,961) were owed from NHP Operations (York) Limited, a group undertaking to enable that company to finance its care home development The loan notes have no fixed repayment date and bear interest at 9 25% per annum The investment in the loan notes in NHP Operations (York) Limited has been written down in full as its current liabilities exceeded its current assets by £4,057,699 as at 30 September 2012

The loan notes of £72,106,137 and £47,707,425 due by Libra CareCo CH2 PropCo Limited and Libra CareCo CH3 PropCo Limited respectively have no fixed repayment dates and bear interest at daily 12 month LIBOR plus 2% The loan notes were issued to finance part consideration for the purchase of the interests in freehold and long leasehold residual properties The investment in the loan notes in Libra CareCo CH2 PropCo Limited has been written down in full as its current liabilities exceeded its current assets by £291,581,645 as at 30 September 2012, equally for the investment in the loan notes in Libra CareCo CH3 PropCo Limited, where its current liabilities exceeded its current assets by £220,214,198 as at 30 September 2012

On 3 March 2006, a loan note of £5,500,000 was issued by LIBRA No 3 Limited to enable that company to repay cash to the preference shares holders of Libra No 2 Limited, the intermediate parent undertaking of the Company The loan note has no fixed repayment date and bears interest at LIBOR plus 2% per annum The investment in the loan notes in LIBRA No 3 Limited has been written down in full as its current liabilities exceeded its current assets by £1,863,973,522 as at 30 September 2012

On 28 September 2011, a loan note of £330,414,624 for prior advances was made to Libra CareCo Limited, a group undertaking which enabled it to repay bank and inter-company debts The interest rate charged was at LIBOR plus 2% per annum, repayable on demand The investment in the loan notes in Libra CareCo Limited has been written down in full as its current liabilities exceeded its current assets by £624,458,209 as at 30 September 2012

The Company and all its group undertakings are guarantors to a £1,172 million term loan facility agreement entered by LIBRA No 3 Limited, a group undertaking with CS Funding 1 Limited, a group undertaking of Credit Suisse on 15 January 2007 As disclosed in note 1, since November 2008, the Senior Loan has been under a series of standstill agreements

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2012

9 DEBTORS

	2012	2011
	£	£
Amounts fallıng due wıthın one year		
Other debtors	4,265	9,658
	4,265	9,658

The amounts presented ın the balance sheet are net of allowances for doubtful receıvable

10. PROVISIONS FOR LIABILITIES

	Provıded		Unprovıded	
	2012	2011	2012	2011
Deferred taxatıon	£	£	£	£
Accelerated capıtal allowances	-	-	-	-
Revaluatıon of ınvestment propertıes	-	-	(25,609)	-
	-	-	(25,609)	-

No deferred tax asset has been recognısed on the potentıal capıtal loss arısıng ın relatıon to the revalued freeholds

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Loan notes due to NHP Lımıted	163,084,558	163,084,558
Amounts owed to group undertakıngs	17,312,265	17,312,721
Interest on loan notes payable to NHP Lımıted, a group undertakıng	62,001,537	48,672,802
Accruals and deferred ıncome	5,000	6,000
	242,403,360	229,076,081

Loan notes

Sınce 1997 NHP Lımıted has transferred proceeds from equıty ıssues ın consıderatıon of loan notes to enable the Company to finance asset acquısıtıons The loan notes of £140,289,814 have no fixed repayment dates and bear ınterest at 8 5% per annum (2011 8 5%) In 2002, followıng a Rıghts Issue by NHP Lımıted, the Company ıssued a further £32,254,764 of subordınated loan notes, bearıng ınterest at 6 0% per annum, ın consıderatıon of a further transfer of funds These loan notes have no fixed repayment date An amount of £9,460,020 was repaıd ın prevıous year

Amounts owed to group undertakıngs

Amounts owed to group undertakıngs have no repayment date and are due on demand bearıng no ınterest

12 CALLED UP SHARE CAPITAL

	2012	2011
	£	£
Called up, allotted and fully paıd.		
2 ordınary shares at £1 each	2	2

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2012

13. RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 October 2011	2,854	(228,197,887)
Net surplus on revaluation of land and building	-	-
Loss for the year	-	(13,708,764)
At 30 September 2012	2,854	(241,906,651)

14. 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, a group undertaking 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

15. POST BALANCE SHEET EVENTS

a) On 20 December 2012 the Company together with its group undertakings Care Homes No 1 Limited, Care Homes No 2 (Cayman) Limited and NHP (Operations) York Limited had provided total loans of £25m to HC-One Limited, a group undertaking, at interest rate of LIBOR plus 4% per annum The loan is due for repayment on 31 December 2015 The purpose of the loans was to finance the general corporate and working capital of HC-One Limited The maturity date of the Inter-Company Loan Agreement dated 28 October 2011 for the £30m loan has been extended by one year to 31 December 2015

b) 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

c) On 25 January 2013 the Company together with HC-One Limited and some of its other group undertakings entered into a Deed of Amendment to the Agreement for the Provision of Management Services with Court Cavendish Healthcare Management Services Limited dated 29 September 2011 for the provision of management services to HC-One Limited, a care home operator, with effect from 1 January 2013, at management fees of £2 5 million per annum (excluding VAT)

16. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard No 8 "Related Party Disclosures", transactions with other undertakings within the LIBRA No 2 Limited group have not been disclosed in these financial statements

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 September 2012

17. PARENT UNDERTAKINGS

The immediate parent undertaking is NHP Limited, a company incorporated in Great Britain and registered in England and Wales

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