

Declaration by the directors of a holding company in relation to assistance for the acquisition of shares

Please do not
write in
this margin

Pursuant to section 155(6) of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 5)

For official use

Company number

03893502

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

Name of company

*Insert full name
of company

* Priory Specialist Health Division Limited

Note
Please read the
notes on page 3
before completing
this form

*We† See Appendix 1

†Insert name(s) and
address(es) of all
the directors

§Delete as
appropriate

~~the sole director~~ [all the directors]§ of the above company (hereinafter called 'this company') do
solemnly and sincerely declare that:

The business of this company is:

‡Delete whichever
is inappropriate

- (a) ~~that of a recognised bank~~ [licensed institution]§ within the meaning of the Banking Act 1979; ‡
- (b) ~~that of a person authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on insurance business in the United Kingdom~~ ‡
- (c) something other than the above ‡

This company is ~~the~~ [a] holding company of* Highbank Healthcare Limited

which is

proposing to give financial assistance in connection with the acquisition of shares

in ~~this company~~ [Priory Healthcare Holdings Limited

the holding company of this company.]§

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

Skadden, Arps, Slate,
Meagher & Flom LLP
One Canada Square, Canary
Wharf, London, E14 5DS
Ref: **SNB**
DX

For official use
General Section

Post room



LD7
COMPANIES HOUSE

0059
21/01/03

The assistance is for the purpose of [~~that acquisition]~~ reducing or discharging a liability incurred for the purpose of that acquisition].* (note 1)

Please do not write in this margin

The number and class of the shares acquired or to be acquired is: See Appendix 2

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

The assistance is to be given to: (note 2)

Priory Healthcare Acquisition Co Limited
Priory House
Randalls Way
Leatherhead, Surrey KT22 7TP

The assistance will take the form of:

See Appendix 3

The person who [~~has acquired]~~ [~~will acquire]~~* the shares is:

*Delete as appropriate

Priory Healthcare Acquisition Co Limited

The principal terms on which the assistance will be given are:

See Appendix 4

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is nil.

The amount of cash to be transferred to the person assisted is £ Nil

The value of any asset to be transferred to the person assisted is £ 351,000

Please do not write in this margin

The date on which the assistance is to be given is within 8 weeks of the date hereof

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

~~W~~We have formed the opinion, as regards this company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

† Delete either (a) or (b) as appropriate

(a) ~~W~~We have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date] † (note 3)

~~(b) It is intended to commence the winding up of this company within 12 months of that date, and I/we have formed the opinion that this company will be able to pay its debts in full within 12 months of the commencement of the winding up. † (note 3)~~

And ~~w~~e make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at *PRIORY HOUSE, RANDALLS WAY
LEATHERMEAD, SURREY
KT22 7TP*

Declarants to sign below

on

Day	Month	Year
213	112	210102

before me

A ~~Commissioner for Oaths or Notary Public or Justice of the Peace or a~~ Solicitor having the powers conferred on a Commissioner for Oaths. *ANDREW ROBERTSON*

Notes

SOLICITOR

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.
- 3 Contingent and prospective liabilities of the company are to be taken into account see section 156(3) of the Companies Act 1985.
- 4 The auditors' report required by section 156(4) of the Companies Act 1985 must be annexed to this form.
- 5 The address for companies registered in England and Wales or Wales is:-
The Registrar of Companies
Companies House
Crown Way
Cardiff CF14 3UZ
or, for companies registered in Scotland:-
The Registrar of Companies
37 Castle Terrace
Edinburgh
EH1 2EB

PRIORY SPECIALIST HEALTH DIVISION LIMITED
Company Number 103893502

Appendix 1 – Form 155(6)(b)

Dr Chaitayna Bhupendra Patel of The Thatched House, Manor Way, Oxshott, Surrey,
KT22 0HU

Mr Paul John Greensmith of 19 Chatsworth Road, London, W4 3HY

PRIORY SPECIALIST HEALTH DIVISION LIMITED
Company Number 103893502

Appendix 2 – Form 155(6)(b)

86,031,339 A ordinary shares

30,412,224 special shares

13,593,413 ten per cent cumulative preference shares

10 B non-voting deferred shares

PRIORY SPECIALIST HEALTH DIVISION LIMITED

Company Number 103893502

Appendix 3 - Form 155(6)(b)

The execution by Highbank Healthcare Limited (the **Vendor**) of a sale and purchase agreement dated 23 December 2002 between the Vendor and Priory Healthcare Acquisition Co Limited (the **Purchaser**) relating to the sale of the entire issued share capital of Highbank Private Hospital Limited (the **Shares**) (the **Sale and Purchase Agreement**). This transaction is part of a wider group re-organisation (the **Re-organisation**) the objectives of which include resolving dividend block issues existing in the current group structure and achieving a corporate structure that will facilitate a future securitisation.

- 1.1 The execution of the Sale and Purchase Agreement by the Vendor (in particular, the provision relating to consideration being left outstanding on intercompany account) would constitute financial assistance:
 - (a) within the meaning of sections 151(2) and 152 of the Act in connection with the acquisition by Priory Healthcare Acquisition Co Limited (**Priory**) of the entire issued share capital of Priory Healthcare Holdings Limited on 22 May 2002 (on the basis that one of the purposes of the Re-organisation is to achieve a corporate structure that will facilitate a future securitisation which will alter Priory's financial position).

PRIORY SPECIALIST HEALTH DIVISION LIMITED

Company Number 103893502

Appendix 4 - Form 155(6)(b)

Highbank Healthcare Limited (the **Vendor**) agrees to sell the Shares and Priory Healthcare Acquisition Co Limited (the **Purchaser**) agrees to purchase the Shares on, *inter alia*, the following terms:

- 1.2 In consideration for the sale and transfer by the Vendor of the Shares, the Purchaser shall pay to the Vendor the market value of the Shares.
- 1.3 The consideration monies referred to in clause 1.2 shall be left outstanding as a debt payable on demand in writing made by the Vendor on the Purchaser at any time after the date of the Agreement.

The Directors
Priory Specialist Health Division Limited
Priory House
Randalls Way
Leatherhead
Surrey
KT22 7TZ

23 December 2002

Our ref: NJH/3.9b

Dear Sirs

**Auditors' report to the directors of Priory Specialist Health Division Limited
pursuant to Section 156(4) of the Companies Act 1985**

We have examined the attached statutory declaration of the directors of Priory Specialist Health Division Limited ("the Company") dated 23 December 2002 in connection with the proposal that the Company's subsidiary undertaking, Highbank Health Care Limited should give financial assistance for the purchase of the following shares of the Company's holding company, Priory Healthcare Holdings Limited:

- 86,031,339 A ordinary shares;
- 30,412,224 special shares;
- 13,593,413 ten per cent cumulative preference shares; and
- 10 B non-voting deferred shares.

Basis of opinion

We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in Section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.

Yours faithfully



PricewaterhouseCoopers