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A/C 00400107

Particulars of a mortgage or charge

395

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



CHFP025

Please do not write in this margin

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

Pursuant to section 395 of the Companies Act 1985

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

For official use

Company number



4433255

Name of company

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

* insert full name of Company

Date of creation of the charge

10 June 2002

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

A debenture (the "Debenture") dated 10 June 2002 made by the Charging Company in favour of The Royal Bank of Scotland plc as trustee for the Secured Parties (the "Trustee").

Amount secured by the mortgage or charge

See Schedule 2.
Definitions are contained in Schedule 1.

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

Postcode

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

(Via CH London Counter)
Clifford Chance LLP
200 Aldersgate Street
London EC1A 4JJ

London-2/1209374/01

Time critical reference
KDH/R0021/04284

For official Use
Mortgage Section

Post room



LD7
COMPANIES HOUSE

LCF5FBQX

0408
17/06/02

Short particulars of all the property mortgaged or charged

See Schedule 3.

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)

NONE.

Signed

Clifford Chance

Date *17 June 2002*

On behalf of ~~[company]~~ ~~[mortgagee/chargee]~~ † Trustee

A fee of £10 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 Cheques and Postal Orders are to be made payable to **Companies House.**
- 6 The address of the Registrar of Companies is:-
Companies House, Crown Way, Cardiff CF4 3UZ

Please do not write in this binding margin

Particulars of a mortgage or charge (continued)

Continuation sheet No _____
to Form No 395 and 410 (Scot)

CHFP025

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

Company Number

4433255

Name of Company

PRIORY HEALTHCARE ACQUISITION CO. LIMITED (the "Charging Company")

Limited*

* delete if inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

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binding margin

**Please complete
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in black type, or
bold block lettering**

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binding margin

Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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

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

[Empty rectangular area for providing short particulars of all the property mortgaged or charged.]

*Schedules to Form 395 relating to the Debenture
entered into by Priory Healthcare Acquisition Co. Limited
(Company No 4433255) dated 10 June 2002*

SCHEDULE 1

DEFINITIONS

In this form 395:

"**Account**" means any credit balance from time to time on any account opened or maintained by the Charging Company with the Trustee or any other financial institution and all Related Rights.

"**Agent**" means The Royal Bank of Scotland plc and any person for the time being appointed as agent in accordance with the Senior Facilities Agreement.

"**Assigned Account**" means any Account opened or maintained by the Charging Company with the Trustee or any other financial institution details of which are set out in Schedule 6 (*Accounts*) to this Form (and any renewal or redesignation thereof) and any other Account that may from time to time be identified in writing as an Assigned Account by the Trustee and the Charging Company **provided that** each Mandatory Prepayment Account (as defined in the Senior Facilities Agreement) shall at all times be an Assigned Account.

"**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 Charging Company and each of its subsidiaries 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 Charging Company and each of its subsidiaries is not required to become an Additional Guarantor (as defined in the Senior Facilities Agreement) pursuant to clause 26.28 of the Senior Facilities Agreement.

"**Fee Letter**" means any letter or letters dated on or about the date of the Senior Facilities Agreement between The Royal Bank of Scotland plc as the arranger and the Charging Company (or the Agent and the Charging Company or the Trustee and the Charging Company) setting out any of the fees referred to in clause 16 of the Senior Facilities Agreement and any other agreement setting out fees referred to in clause 9.5 of the Senior Facilities Agreement.

"Finance Documents" means the Senior Facilities Agreement, any Guarantee, any Fee Letter, any accession letter which is substantially in the form set out in Schedule 6 to the Senior Facilities Agreement, any Transaction Security Document, a subordination agreement dated 10 June 2002 made between the Charging Company, the Trustee, the DH Funds as investors and Priory Healthcare Finance Co. Limited, any document relating to or evidencing the terms of any ancillary facility made available upon request in clause 9 of the Senior Facilities Agreement, any Hedging Agreement, 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 Charging Company.

"Guarantee" means (a) any guarantee substantially in the form set out in Schedule 10 to the Senior Facilities Agreement issued or to be issued under the revolving credit facility made available under paragraph (a) (ii) of clause 2.1 of the Senior Facilities Agreement or (b) any other guarantee or letter of credit, indemnity, or other instrument of suretyship or payment issued or to be issued by The Royal Bank of Scotland plc as the issuing bank under the revolving credit facility made available under paragraph (a) (ii) of clause 2.1 of the Senior Facilities Agreement and requested by the Charging Company and agreed by the Agent (with the prior consent of the Majority Lenders (as defined in the Senior Facilities Agreement)) and The Royal Bank of Scotland plc as the issuing bank.

"Hedging Agreement" means any agreement in the form agreed between the Charging Company and the Agent entered into or to be entered into by a member of the Charging Company and each of its subsidiaries and a Hedge Counterparty (as defined in the Senior Facilities Agreement) for the purpose of hedging interest rate liabilities in relation to the Facilities (as defined in the Senior Facilities Agreement) in accordance with the Hedging Strategy Letter (as defined in the Senior Facilities Agreement).

"Insurance Policy" means any policy of insurance (including life insurance or assurance) in which the Charging Company may from time to time have an interest.

"Intellectual Property" means any patents, trade marks, service marks, business names, copyrights, design rights, inventions, confidential information, knowhow and other intellectual property rights and interests, whether registered or unregistered, the benefit of all applications and rights to use such assets and all Related Rights.

"Investments" means:

- (a) any stocks, shares, debentures, securities and certificates of deposit (but not including the Shares),
- (b) all interests in collective investment schemes, and
- (c) all warrants, options and other rights to subscribe or acquire any of the investments described in (a) and (b) in each case,

whether held directly by or to the order of the Charging Company or by any trustee, nominee, fiduciary or clearance system on its behalf and all Related Rights (including all rights against any such trustee, nominee, fiduciary or clearance system).

"Monetary Claims" means any book and other debts and monetary claims owing to the Charging Company and any proceeds thereof (including any claims or sums of money deriving from or in relation to any Intellectual Property, any Investment, the proceeds of any Insurance Policy, any court order or judgment, any contract or agreement to which the Charging Company is a party and any other assets, property, rights or undertaking of the Charging Company).

"Real Property" means:

- (a) any freehold, leasehold or immovable property; and
- (b) any buildings, fixtures, fittings, fixed plant or machinery from time to time situated on or forming part of such freehold or leasehold property,

and includes all Related Rights.

"Related Rights" means, in relation to any asset,

- (a) the proceeds of sale of any part of that asset;
- (b) all rights under any licence, agreement for sale or agreement for lease in respect of that asset;
- (c) all rights, benefits, claims, contracts, warranties, remedies, security, indemnities or covenants for title in respect of that asset; and
- (d) any moneys and proceeds paid or payable in respect of that asset.

"Security Parties" means the Trustee, any Delegate, the Agent, each Lender as defined in the Senior Facilities Agreement, The Royal Bank of Scotland plc as issuing bank, each Ancillary Lender (as defined in the Senior Facilities Agreement) from time to time party to the Senior Facilities Agreement, each Hedging Counterparty as defined in the Senior Facilities Agreement and any other lender from time to time party to the Term Out Facility Documentation.

"Senior Facilities Agreement" means the senior facilities agreement dated as of 22 May 2002 made between the Charging Company, Priory Healthcare Finance Co. Limited, Priory Healthcare Investments Limited, The Royal Bank of Scotland plc as arranger, agent, issuing bank and trustee and the Original Lenders as defined therein as amended, varied, novated or supplemented from time to time.

"Shares" means all of the shares specified in Schedule 4 (*Details of Shares*) to this Form and all other shares held legally and/or beneficially by the Charging Company at any time except for (a) shares in any Dormant Subsidiary and (b) shares in any joint venture entity, whether in

the form of a company, unincorporated firm, undertaking, association or partnership or other entity.

"**Specific Contracts**" means each of the contracts specified in Schedule 5 (*Details of Specific Contracts*) to this Form.

"**Tangible Moveable Property**" means any plant, machinery, office equipment, computers, vehicles and other chattels (excluding any for the time being forming part of the Charging Company's stock in trade or work in progress) and all Related Rights.

"**Term Out Facility Documentation**" means the documentation pursuant to which the extension and amendment of the term loan facility (made available under paragraph (a)(i) of clause 2.1 of the Senior Facilities Agreement) is achieved under clause 12 of the Senior Facilities Agreement.

"**Transaction Security**" means security which any member of the Charging Company and each of its subsidiaries is required to grant pursuant to or in connection with any Finance Document to secure the obligations of any of the Charging Company, a Borrower (as defined in the Senior Facilities Agreement) or a Guarantor (as defined in the Senior Facilities Agreement) under any of the Finance Documents.

"**Transaction Security Documents**" means the Debenture, each accession deed thereto, the standard security granted or to be granted in relation to the property at 38-40 Mansionhouse Road, Glasgow G41 3DW in connection with the Senior Facilities Agreement, the trust agreement dated 10 June 2002 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, and any deeds of accession thereto and any other document creating or expressed to create Transaction Security.

SCHEDULE 2

AMOUNT SECURED BY THE MORTGAGE OR CHARGE

All financial obligations at any time due, owing or incurred by the Charging Company or any Borrower (as defined in the Senior Facilities Agreement) or any Guarantor (as defined in the Senior Facilities Agreement) 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 the Charging Company or any Borrower (as defined in the Senior Facilities Agreement) or any Guarantor (as defined in the Senior Facilities Agreement) to any Secured Party in respect of any further advances made under the Finance Documents.

SCHEDULE 3

SHORT PARTICULARS OF ALL THE PROPERTY CHARGED

ASSIGNMENTS, FIXED AND FLOATING CHARGES

In the Debenture the Charging Company:

- (a) charged with full title guarantee in favour of the Trustee by way of first fixed charge (which so far as it relates to land in England and Wales vested in the Charging Company at the date of the Debenture shall be a charge by way of legal mortgage) all the Charging Company's right, title and interest from time to time in and to:
- (i) the Real Property;
 - (ii) the Tangible Moveable Property;
 - (iii) the Accounts;
 - (iv) the Intellectual Property;
 - (v) and goodwill and rights in relation to the uncalled capital of the Charging Company;
 - (vi) the Investments;
 - (vii) the Shares, all dividends, interest and other monies payable in respect of the Shares and all other Related Rights (whether derived by way of redemption, bonus, preference, option, substitution or conversion or otherwise);
 - (viii) all Monetary Claims other than any claims which are otherwise subject to a fixed charge or assignment (at law or in equity) pursuant to the Debenture and all Related Rights.
- (b) assigned with full title guarantee to the Trustee all the Charging Company's right, title and interest from time to time in and to:
- (i) the proceeds of any Insurance Policy and all Related Rights in respect of any Insurance Policy;
 - (ii) each of the Specific Contracts;
 - (iii) all rights and claims in relation to any Assigned Account; and
 - (iv) all agreements, contracts, deeds, licences, undertakings, guarantees, covenants, warranties, representations and other documents (including all documents entered into now or in the future in order to enable the Trustee to perfect its rights thereunder or under the Debenture) entered into by or given to the Charging Company in respect of the Real Property including all:

- (1) claims, remedies, awards or judgments paid or payable to the Charging Company (including, without limitation, all liquidated and ascertained damages payable to the Charging Company in respect of the items referred to); and
- (2) guarantees, warranties, bonds and representations given or made by, and any rights or remedies against any designer, builder, contractor, professional adviser, sub-contractor, manufacturer, supplier or installer of any fixture, fitting, fixed plant or machinery,

in each case, relating to all or any part of the Real Property.

- (c) charged with full title guarantee in favour of the Trustee by way of first floating charge the whole of the Charging Company's undertaking and assets, present and future, wheresoever situated (including, without limitation, assets situated in or governed by the laws of Scotland), other than any assets validly and effectively charged or assigned (whether at law or in equity) by way of fixed security under the laws of England and Wales, or of the jurisdiction in which that asset is situated or by which it is governed, in favour of the Trustee as security for the secured obligations.

FURTHER ASSURANCE

The Debenture contains covenants for further assurance.

NEGATIVE PLEDGE

The Debenture contains a negative pledge.

SCHEDULE 4

DETAILS OF SHARES

1. All of the issued shares of Priory Healthcare Holdings Limited - a company incorporated under the law of England and Wales with registered number 03738107 comprising:
 - 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.
2. All of the issued shares of Priory Healthcare Services Limited - a company incorporated under the law of England and Wales with registered number 2188451 comprising:
 - 3,407,203 Ordinary shares.
3. All of the issued shares of Blenheim House Limited - a company incorporated under the law of England and Wales with registered number 03136041 comprising :-
 - 1,190,085,000 "A" Ordinary shares
 - 15,000 "B" Ordinary shares.
4. All of the issued shares of Farm Place Limited - a company incorporated under the law of England and Wales with registered number 2663868 comprising :-
 - 4 Ordinary shares.

SCHEDULE 5

DETAILS OF SPECIFIC CONTRACTS

The Sale and Purchase Agreement dated 22 May 2002 relating to the entire issued share capital of Priory Healthcare Holdings Limited and made between the Charging Company as purchaser, the Vendors (as defined therein) and others.

SCHEDULE 6

ACCOUNTS

Customer	Bank Details	Account No.	Account	Sort Code
Priory Healthcare Acquisition Co. Limited	The Royal Bank of Scotland PLC 2 Waterhouse Square 138-142 Holborn London EC1N 2TH	21798382	Holding Account	15-1000
Priory Healthcare Acquisition Co. Limited	The Royal Bank of Scotland PLC 2 Waterhouse Square 138-142 Holborn London EC1N 2TH	21798390	Mandatory Prepayment Account	15-1000

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**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 DEBENTURE (THE "DEBENTURE") MADE BY THE CHARGING COMPANY IN FAVOUR OF THE ROYAL BANK OF SCOTLAND PLC AS TRUSTEE FOR THE SECURED PARTIES (THE "TRUSTEE") DATED THE 10th JUNE 2002 AND CREATED BY PRIORY HEALTHCARE ACQUISITION CO LIMITED FOR SECURING ALL FINANCIAL OBLIGATIONS AT ANY TIME DUE, OWING OR INCURRED BY THE CHARGING COMPANY OR ANY BORROWER OR ANY GUARANTOR TO ANY SECURED PARTY 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 17th JUNE 2002.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 19th JUNE 2002.

LC
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THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House

— for the record —