



COMPANIES FORM No. 155(6)a

Declaration in relation to assistance for the acquisition of shares

155(6)a

CHFP025

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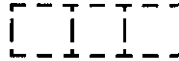
Pursuant to section 155(6) of the Companies Act 1985

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

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

For official use

Company number



2706124

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

Name of company

\* Conquest Care Homes (Peterborough) Limited (the "Company")

\* insert full name of company

We Michael Anthony Stratford of 10 Anne Hathaway Drive, Churchdown, Gloucester, GL3 2PX, Alan Thomas of 21 Manor Rise, Reepham, Lincoln, Lincolnshire, LN3 4GA and Carol Mary Artis of Hall Bank, Clifford Hall, Burton in Lonsdale, North Yorkshire, LA6 3LW

insert name(s) and address(es) of all the directors

delete as appropriate

[The sole director] all the directors of the above company do solemnly and sincerely declare that:

The business of the company is:

delete whichever is inappropriate

(a) that of a person authorised under section 1 of the Companies Act 1985 to carry on

(b) that of a person authorised under section 3 of 4 of the Insurance Companies Act 1982 to carry on

insurance business in the United Kingdom

(c) something other than the above

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

[company] [conquest care homes] Limited

The assistance is for the purpose of [reducing or discharging a liability incurred for the purpose of that acquisition]

The number and class of the shares acquired or to be acquired is: 204 ordinary shares of £1 each

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

Barlow Lyde & Gilbert Beaufort House 15 St Botolph Street London EC3A 7NJ DX 155 London 3111151

For official Use General Section

Post room



LD4 COMPANIES HOUSE #L283LNL8\* 0243 18/08/03

The assistance is to be given to: (note 2) CRAEGMOOR GROUP LIMITED (formerly known as  
Craegmoor Healthcare Company Limited) (No. 2825572) ("Craegmoor") whose  
registered office is at Hillcairnie, St Andrews Road, Droitwich,  
Worcestershire, WR9 8DJ

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

The assistance will take the form of:

See Rider A

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

† delete as  
appropriate

Craegmoor

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

See Rider B

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 £ Nil

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

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We have formed the opinion, as regards the 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)

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

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

\* delete either (a) or (b) as appropriate

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

And  we 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

London

Declarants to sign below

Day Month Year

on 

06	08	20	03
----	----	----	----

before me [Signature]

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

NOTES

- 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

*MJD*

## RIDER A

The financial assistance given by the Company will take the form of:

1. The execution, delivery and performance of a facility agreement (the "**Issuer/Borrowers Facility Agreement**") to be dated no later than eight weeks after the date of this statutory declaration and made between, inter alia, Craegmoor Funding (No.2) Limited (Cayman Islands No. CR-125919) (the "**Issuer**"), the Company, Craegmoor Investments Limited (No. 4790555) ("**Investments**") certain subsidiaries of Investments (the "**Investments Borrowers**"), Craegmoor Healthcare Company Limited (No. 3830455) ("**CHCL**"), Craegmoor Holdings Limited (No. 3830300) ("**Holdings**"), certain subsidiaries of Holdings (the "**Holdings Borrowers**") (the Investments Borrowers and the Holdings Borrowers together, the "**Borrowers**"), Prudential Trustee Company Limited (in its capacity as the "**Borrower Security Trustee**") and MBIA Assurance S.A. ("**MBIA**") pursuant to which:
  - 1.1 the Issuer will make available to the Borrowers (subject to satisfaction of the conditions precedent and other conditions contained in the Issuer/Borrowers Facility Agreement) certain facilities (the "**Facilities**") subject to certain conditions as set out in the Issuer/Borrowers Facility Agreement, the proceeds of which facilities may be used wholly or in part, directly or indirectly, in connection with the repayment of indebtedness incurred in connection with the acquisition of shares in the Company and/or a company of which the Company is a direct or indirect subsidiary;
  - 1.2 the Company will provide the Issuer with indemnities in favour of the Issuer relating to the Issuer/Borrowers Facility Agreement and the Facilities and agrees jointly and severally with the other Borrowers to pay the various fees, costs and expenses set out in the Issuer/Borrowers Facility Agreement in an amount determined by Investments; and
  - 1.3 the Company will provide the Issuer with a guarantee and indemnity in respect of the obligations of the other Borrowers and agrees not to compete with the Issuer in relation to claims against the other Borrowers and other subsidiaries of Investments and/or Holdings which are not Borrowers (the Borrowers, such other subsidiaries of Investments and/or Holdings which are not Borrowers, the Company, Investments, CHCL and Holdings together, the "**Obligors**").
2. The execution, delivery and performance of a debenture (the "**Borrower Deed of Charge**") to be dated no later than eight weeks after the date of this statutory declaration and made between, inter alia, the Company, Investments, CHCL, Holdings, certain other Obligors, the Issuer, Barclays Bank PLC and National Westminster Bank PLC (in their capacity as the "**Account Banks**" and each an "**Account Bank**"), Barclays Bank PLC (in its capacity as the "**Expenses Loan Provider**"), the Borrower Security Trustee and MBIA which contains:

- 2.1 a covenant by the Company to pay and discharge its obligations under the Issuer/Borrowers Facility Agreement, the Bank Agreement (as defined in the Issuer/Borrowers Facility Agreement), the Expenses Loan Agreement (as defined in the Issuer/Borrowers Facility Agreement), the Borrower Deed of Charge, the Subscription Agreement (as defined in the Issuer/Borrowers Facility Agreement), the Guarantee and Reimbursement Agreement (as defined in the Issuer/Borrowers Facility Agreement) and any other Transaction Document (as defined in the Issuer/Borrowers Facility Agreement) to which the Company and certain other Obligor are a party;
  - 2.2 a covenant by the Company to observe, perform and satisfy its obligations and liabilities under the Issuer/Borrowers Facility Agreement, the Bank Agreement, the Expenses Loan Agreement, the Borrower Deed of Charge, the Subscription Agreement, the Guarantee and Reimbursement Agreement and/or any other Transaction Document to which the Company and the Obligor are a party;
  - 2.3 a guarantee by the Company of prompt performance by each other Obligor of all its obligations under each relevant Transaction Document; an undertaking from the Company with each Borrower Secured Creditor (as defined in the Borrower Deed of Charge) to pay any amount not paid when due under or in connection with a Transaction Document to the relevant Borrower Secured Creditor as if the Company instead of that Obligor was expressed to be the principal Obligor; and an indemnity by the Company to each Borrower Secured Creditor against any loss or liability suffered by it if any obligation guaranteed by or any guarantee of any Obligor is or becomes unenforceable, invalid or illegal;
  - 2.4 mortgages, charges and assignments by the Company of its property, assets and undertakings to the Borrower Security Trustee as continuous security for the payment or discharge of liabilities and outstandings of the Company to the Issuer pursuant to or in connection with the Transaction Documents (as defined in the Issuer/Borrowers Facility Agreement);
  - 2.5 a subordination by the Company of its rights against, inter alia, other companies providing security thereunder in favour of the Issuer;
  - 2.6 a covenant by the Company to pay certain fees, costs and expenses in connection with the Borrower Deed of Charge and an indemnity in respect of certain losses, actions, claims, costs, expenses, demands and liabilities in connection with the Borrower Deed of Charge; and
  - 2.7 a covenant by the Company with the Borrower Security Trustee to execute further security as required by the Borrower Security Trustee.
3. The execution, delivery and performance of a subscription agreement (the "**Subscription Agreement**") dated on or about the date hereof and in any event no later than eight weeks after the date of this statutory declaration pursuant to which certain obligations of the Company thereunder will become effective no later than eight weeks after the date of this statutory declaration

and made between, inter alia, Barclays Bank PLC (the "**Lead Manager**"), MBIA, the Issuer, the Company, Investments, CHCL, Holdings, Parkcare Homes Limited (No. 2155276) ("**Parkcare**"), Parkcare Homes (No.2) Limited (No. 4000281) ("**PH2**") and the Obligors pursuant to which:

- 3.1 the Lead Manager and certain other managers which accede to the Subscription Agreement (who together with the Lead Manager are the "**Managers**") undertake to subscribe for certain notes to be issued by the Issuer subject to certain conditions;
- 3.2 the Company, as an Obligor, together with certain other Obligors, undertakes:
  - 3.2.1 to execute each of the documents to which it is a party in connection with the issue of the notes by the Issuer (the "**Obligor Transaction Documents**") and to satisfy the conditions precedent to them;
  - 3.2.2 to bear and pay stamp and other similar documentary duties or taxes on or in connection with the execution and delivery of the Subscription Agreement and the Obligor Transaction Documents; and
  - 3.2.3 to perform all of their obligations under the Obligor Transaction Documents;
- 3.3 the Company jointly and severally undertakes to procure that the Issuer will bear and pay all and any fees, charges, costs and duties and any stamp and other similar documentary taxes or duties, including interest and penalties, arising from or in connection with the issue and delivery of the notes and the execution and delivery of the Subscription Agreement and the Transaction Documents to which the Issuer is a party;
- 3.4 the Company agrees to pay, or reimburse the Managers on demand for, all costs and expenses incurred in connection with the printing, execution, issue, authentication, checking and initial delivery of the notes, the printing and distribution of the offering circular and the preliminary offering circular for the notes, and any other documents relating to the issue, subscription and delivery of the notes, the costs of obtaining and maintaining the listing of the notes on the Luxembourg Stock Exchange and the costs of obtaining and maintaining a rating for the notes from the rating agencies for the notes;
- 3.5 the Company jointly agrees to pay the remuneration and expenses of the Managers, the Note Trustee (as defined in the Subscription Agreement), the Agents (as defined in the Subscription Agreement) and the other agents appointed pursuant to the Agency Agreement, the Servicer (as defined in the Subscription Agreement) and the Liquidity Facility Provider (as defined in the Subscription Agreement), the fees and expenses of MBIA in relation to the notes and the fees and

expenses (including legal fees) of the Account Bank (as defined in the Subscription Agreement); and

- 3.6 the Company jointly and severally with the other obligors under the Subscription Agreement provides an indemnity to the Managers and MBIA and their affiliates, directors, officers, employees and controlling persons against losses, liabilities, costs, damages, expenses, claims, actions or demands which any of them may suffer as a result of or in relation to any actual or alleged breach of any of the representations, warranties or undertakings of the Issuer and/or any of the representations, warranties or undertakings of the Issuer and/or any obligor in the Subscription Agreement or from any actual or alleged inaccuracy in or actual or alleged omission from the preliminary offering circular, offering circular (other than the information provided by MBIA) or any amendment or supplemental thereto.
4. The execution, delivery and performance of a bank agreement (the "**Bank Agreement**") to be dated no later than eight weeks after the date of this statutory declaration and made between, inter alia, the Issuer, CHCL (in its capacity as the "**Servicer**"), the Company, the Obligors, the Borrower Security Trustee, Prudential Trustee Company Limited (in its capacity as the "**Issuer Security Trustee**"), National Westminster Bank PLC ("**NatWest**" and an "**Account Bank**") and Barclays Bank PLC ("**Barclays**" and an "**Account Bank**") pursuant to which:
    - 4.1 the Company as an Obligor, together with the other Obligors, agrees jointly and severally to indemnify the Account Banks against certain losses, costs, damages, charges, expenses, actions, proceedings, claims or demands which the Account Banks may incur or suffer in connection with the Bank Agreement;
    - 4.2 the Company as an Obligor, together with the other Obligors, agrees to pay to the Account Banks certain fees in respect of their services under the Bank Agreement; and
    - 4.3 the Company as an Obligor, together with the other Obligors agrees jointly and severally agree to indemnify the Account Banks for all costs and expenses incurred by the Account Banks in relation to any change in the identity of the Account Banks, the Borrower Security Trustee or the Issuer Security Trustee.
  - 5 The execution, delivery and performance of a securitisation subordination deed (the "**Securitisation Subordination Deed**") to be dated no later than eight weeks after the date of this statutory declaration and made between, inter alia, CHCL, the Company, the Obligors, the Borrower Security Trustee and Prudential Trustee Company Limited (in its capacity as trustee for the holders of certain junior mezzanine notes (the "**Junior Notes**") issued by Craegmoor No.2 Limited (No. 4229516) ("**Craegmoor No. 2**")) pursuant to which the Company agrees:

- 5.1 that it will not and it will procure that none of its subsidiaries will make any payment of the Junior Notes, or create or permit to subsist any guarantee or security interest for the Junior Notes without the prior written consent of the Borrower Security Trustee;
- 5.2 to fully indemnify (a) each holder of the Junior Notes on demand for any payment or distribution it is obliged to pay over to the Borrower Security Trustee which it has received prior to the date on which the senior debt (being the notes to be issued by the Issuer) the security for which the Borrower Security Trustee is trustee is finally discharged and repaid in full; and (b) the Borrower Security Trustee for any loss, cost, expense or liability it may incur in entering into the Securitisation Subordination Deed or taking any action under the Securitisation Subordination Deed; and
- 5.3 to pay each of the holders of the notes to be issued by the Issuer and the holders of the Junior Notes on demand any proper costs and expenses which such party may reasonably incur in connection with that party's rights under the Securitisation Subordination Deed, and stamp and other taxes or duties, in connection with the Securitisation Subordination Deed.
- 6 The execution, delivery and performance of a guarantee and reimbursement agreement (the "**Guarantee and Reimbursement Agreement**") to be dated no later than eight weeks after the date of this statutory declaration and made between, inter alia, the Issuer, the Company, the Borrowers, the other Obligor, the Borrower Security Trustee, the Issuer Security Trustee and MBIA pursuant to which:
- (i) the Company provides an indemnity to MBIA and its directors, employees and affiliates and each person who controls MBIA from and against any and all losses, costs, expenses, actions, claims, proceedings, demands, damages, liabilities, charges and other amounts which any of them may incur or which may be made against any of them arising out of or in relation to or in connection with or in respect of any representation or warranty failing to be true or correct when given by or any breach of any of the agreements, indemnities and/or covenants of any Obligor under the Guarantee and Reimbursement Agreement;
  - (ii) the Company covenants with MBIA to take action as deemed reasonably necessary by MBIA to preserve, enforce, perfect or maintain the perfection in MBIA's favour of its rights, interests and remedies under the Operative Documents (as defined in the Guarantee and Reimbursement Agreement), and to take such action at its own expense as MBIA may from time to time reasonably request in connection therewith;
  - (iii) the Company agrees to indemnify and/or reimburse MBIA in respect of certain taxes incurred by MBIA in connection with the Guarantee and



Reimbursement Agreement and the Operative Documents (as defined in the Guarantee and Reimbursement Agreement).

- 7 The execution, delivery and performance of a financial advisory and asset administration agreement (the "**Financial Advisory and Asset Administration Agreement**") to be dated no later than eight weeks after the date of this statutory declaration and made between, inter alia, the Issuer, the Borrowers, the other Obligors, the Borrower Security Trustee, the Issuer Security Trustee, the Note Trustee, MBIA, the Servicer, the Financial Adviser and the Asset Administrator pursuant to which the Company and the other Obligors agree to jointly indemnify any retiring and any new Financial Advisers and/or Asset Administrator for all costs and expenses incurred by such person pursuant to the provisions of this agreement relating to changes in the Financial Advisers and/or the Asset Administrator..

and the performance of any other acts or the execution of any other documents, as the same shall be amended, supplemented, novated and/or replaced from time to time, ancillary or otherwise relating to the above documents.

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## RIDER B

In this Rider B, the definitions contained in Rider A will apply. All clause references in this Rider B relate to clause numbers contained in the drafts of documents available for inspection as at the date of this declaration.

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

- 1 By executing the Issuer/Borrowers Facility Agreement:
  - 1.1 under clause 18.1(a) the Company as principal obligor, guarantees to the Issuer the due and punctual payment and discharge of all monies and all liabilities which now are or at any time hereafter may (whether before or after demand) become due, owing or payable to the Issuer, actually or contingently, by the Borrowers in respect of the Issuer/Borrowers Facility Agreement (the "Guaranteed Amounts") and prompt performance of all the Guaranteed Amounts;
  - 1.2 under clause 18.1(b) the Company undertakes with the Issuer that whenever a Borrower does not pay any of the Guaranteed Amounts when due, that the Company shall forthwith on demand by the Issuer pay the relevant amount to the Issuer as if the Company instead of such Borrower were expressed to be the principal obligor;
  - 1.3 under clause 18.1(c) the Company indemnifies the Issuer on demand against any loss or liability suffered by it if any of the Guaranteed Amounts is or becomes unenforceable, invalid or illegal;
  - 1.4 under clause 18.6 the Company agrees that until all amounts which may be or become payable by the Obligor under or in connection with the Issuer/Borrowers Facility Agreement have been irrevocably paid in full the Company shall not, after a claim has been made or by virtue of any payment or performance by it under clause 18.1:
    - 1.4.1 be subrogated to any rights, security or money held, received or receivable by the Issuer, MBIA (for so long as MBIA is the Note Controlling Party) and the Borrower Security Trustee or be entitled to any right of contribution or indemnity in respect of any payment made or monies received on account of the Company's liability under clause 18.1;
    - 1.4.2 claim rank, prove or rate as a creditor of any Obligor or its estate in competition with the Issuer; or
    - 1.4.3 receive, claim or have the benefit of any payment, distribution or security from or on account of any Obligor or exercise any right of set-off as against any Obligor,unless the Borrower Security Trustee (as directed by MBIA (for as long as MBIA is the Note Controlling Party) otherwise specifically directs. The Company shall hold in trust for and forthwith pay or

transfer to the Borrower Security Trustee or as directed by the Borrower Security Trustee (as directed by MBIA (for so long as MBIA is the Note Controlling Party)) for the relevant Borrower Secured Creditor any payment or distribution or benefit of security received by it contrary to clause 18.6;

- 1.5 under clause 21.1 the Company agrees on demand of the Borrower Security Trustee (as directed by MBIA (for so long as MBIA is the Note Controlling Party)) to reimburse the Borrower Secured Creditors for costs and expenses together with VAT thereon properly incurred in or in connection with any actual or proposed amendment, waiver or restructuring of the Term Facilities requested by any Obligor; and all costs and expenses together with any VAT thereon incurred in or in connection with the preservation and/or enforcement of any of the rights of the Borrower Secured Creditors under the Transaction Documents or any other documents referred to therein;
- 1.6 under clause 21.2 the Company agrees to pay all United Kingdom, Cayman Island, Belgium or Luxembourg stamp, registration and other similar taxes to which the Transaction Documents or any judgment or decree given in connection with the Issuer/Borrowers Facility Agreement is or at any time may be subject and to indemnify on a full and after tax basis the Borrower Secured Creditors against any liabilities, costs, claims and expenses resulting from any failure to pay or any delay in paying any such tax;
- 1.7 under clause 23.1 the Company undertakes to indemnify on an after tax basis the Issuer:
  - 1.7.1 against any cost, claim, loss, expense (including legal fees) or liability together with any VAT thereon which it may sustain or incur as a consequence of the occurrence of any Borrower Event of Default or any default by an Obligor in the performance of any of its or their obligations in any of the Transaction Documents;
  - 1.7.2 against any loss it may suffer as a result of its funding its portion of a Term Advance requested by any Borrower thereunder but not made by reason of the operation of any one or more of the provisions thereof;
  - 1.7.3 against any other loss or liability it may suffer by reason of having made the Term Facilities available or entering into the Issuer/Borrowers Facility Agreement or any other Transaction Document or enforcing any security granted pursuant to any of the Borrower Security Documents; and
  - 1.7.4 in respect of certain additional payments in respect of the Liquidity Facility Agreement or any amount payable pursuant to certain clauses of the Liquidity Facility Agreement;
- 1.8 under clause 23.2 the Company agrees on demand to indemnify the Issuer against any loss or liability or increased cost that the Issuer incurs as a consequence of any payment of principal being received otherwise than on its due date; and

1.9 under clause 7.10 the Company (if a Borrower) agrees to pay to the Issuer on a joint and several basis with the other Borrowers, in an amount determined by Investments the several fees and the other costs, charges, liabilities and expenses due and payable under the several Transaction Documents specified in clause 7.10

(all terms as defined in the Issuer/Borrower Facility Agreement).

2 By executing the Borrower Deed of Charge:

2.1 the Company covenants with and undertakes to the Borrower Security Trustee, pursuant to clause 2.1, that it will:

2.1.1 duly and punctually pay and discharge all monies and liabilities whatsoever which at the date of the Issuer Deed of Charge or at any time thereafter may (whether before or after demand) become due, owing or payable to the Borrower Security Trustee (for its own account or as trustee for the Borrower Secured Creditors) or any of the other Borrower Secured Creditors (whether solely or jointly, as principal or surety) by the Obligors actually or contingently under or in respect of the Transaction Documents; and

2.1.2 to observe, perform and satisfy all its other obligations and liabilities under the Transaction Documents;

2.2 under clause 2.2 the Company irrevocably, unconditionally, jointly and severally:

2.2.1 as principal obligor guarantees to each relevant Borrower Secured Creditor prompt payment when due by each Initial Borrower of all the Borrower Secured Amounts;

2.2.2 undertakes with each Borrower Secured Creditor that whenever an Initial Borrower does not pay any of the Borrower Secured Amounts when due the Company shall forthwith on demand by the relevant Borrower Secured Creditor or the Borrower Security Trustee pay the relevant amount to the relevant Borrower Secured Creditor or, after the service of an Initial Borrower Enforcement Notice, to the Borrower Security Trustee as if the Company instead of such Initial Borrower were expressed to be the principal obligor; and

2.2.3 indemnifies each Borrower Secured Creditor on demand against any loss or liability suffered by it if any of the Borrower Secured Amounts is or becomes unenforceable, invalid or illegal;

2.3 pursuant to clauses 3 and 4 the Company mortgages, charges and assigns all of its property, assets and undertaking to the Borrower Security Trustee as a continuing security for the payment or discharge of the Borrower Secured Amounts;

2.4 under clause 10.1 the Company undertakes jointly and severally to each of the Borrower Secured Creditors (including the Borrower Security Trustee) and

- each other that unless and until all Borrower Secured Amounts have been satisfied in full that it shall not:
- 2.4.1 take any steps or pursue any action whatsoever for the purpose of recovering any debts due or owed to it by any other Obligor or the Issuer, as the case may be; or
  - 2.4.2 petition or procure the petitioning for the winding up or administration of any Obligor or the Issuer or the appointment of an administrative receiver in respect of any Obligor or the Issuer;
- 2.5 under clause 17.1 the Company jointly and severally covenants with the Borrower Security Trustee to reimburse or pay to the Borrower Security Trustee or the receiver of any Obligor (on the basis of a full indemnity) the amount of all costs, charges and expenses properly incurred or sustained by the Borrower Security Trustee or the Receiver in connection with:
- 2.5.1 any investigation of title to or survey, inspection or valuation of any Permitted Business acquired after the date of the Borrower Deed of Charge by any Obligor under or in connection therewith and the preparation, registration or perfecting of the Borrower Deed of Charge or any other document entered into between any Obligor and the Borrower Security Trustee;
  - 2.5.2 any investigation of title to or any survey, inspection or valuation of the Borrower Charged Property;
  - 2.5.3 the exercise or attempted exercise or the consideration of the exercise by or on behalf of the Borrower Security Trustee or the Receiver of any of the powers of the Borrower Security Trustee or the Receiver and the enforcement, preservation or attempted preservation of the Borrower Deed of Charge or any of the Borrower Charged Property; or
  - 2.5.4 the carrying out of any other act or matter which the Borrower Security Trustee or the Receiver may reasonably consider to be for the preservation, improvement or benefit of the Borrower Charged Property;
- 2.6 under clause 17.2 the Company jointly and severally agrees to indemnify the Borrower Security Trustee and the Receiver of any Obligor from or against all losses, actions, claims, costs, expenses, demands and liabilities sustained or incurred by the Borrower Security Trustee or the Receiver or by any person for whose liability, act or omission the Borrower Security Trustee or the Receiver may be answerable in connection with anything done or omitted to be done under the Borrower Deed of Charge or any other Transaction Document to which such entity is a party, or in the exercise or purported exercise of the powers contained in the Borrower Deed of Charge or occasioned by any breach by any Obligor of any of its covenants or other obligations to the Borrower Security Trustee or in consequence of any payment in respect of the Borrower Secured Amounts being declared void or impeached for any reason whatsoever;

- 2.7 under clause 17.3 the Company agrees to indemnify the Borrower Security Trustee and any Receiver of each Obligor from and against all claims and liabilities in respect of VAT or similar tax payable in respect of all sums of whatsoever nature which are payable by an Obligor under the Borrower Deed of Charge;
- 2.8 under clause 18.1 the Company jointly and severally covenants with and undertakes to the Borrower Secured Creditors and the Borrower Security Trustee at the cost of the Company if the Borrower Security Trustee or the Receiver requires to execute first or subsequent legal mortgages, standard securities, assignments, assignations or charges in terms specified by the Borrower Security Trustee or the Receiver of any freehold, heritable or leasehold properties or shares in any company subsequently acquired by the Company; and
- 2.9 under clause 18.2 the Company covenants with the Borrower Security Trustee on demand to execute at the cost of the Company if the Borrower Security Trustee or the Receiver requires any document and do any act or thing which the Borrower Security Trustee or the Receiver may specify with a view to registering or perfecting any charge or security created or intended to be created by or pursuant to the Borrower Deed of Charge or which the Borrower Security Trustee or the receiver may specify with a view to facilitating the exercise or proposed exercise of any of their powers or the realisation of any of the Borrower Charged Property, or protecting the Security Interests created by or pursuant to the Borrower Deed of Charge,

(all terms as defined in the Borrower Deed of Charge).

3 By executing the Subscription Agreement:

- 3.1 in clause 3.2 the Company jointly and severally undertakes with the Managers and MBIA to execute each of the Obligor Transaction Documents and satisfy the conditions precedent to them; to bear and pay stamp or other similar documentary duties or taxes on or in connection with the execution and delivery of the Subscription Agreement and the Obligor Transaction Documents; and to perform all its obligations under each of the Obligor Transaction Documents which are required to be performed on prior to or simultaneously with closing on the Closing Date;
- 3.2 in clause 3.4 the Company jointly and severally undertakes to procure that the Issuer will bear and pay all and any fees, charges, costs and duties and any stamp and other similar documentary taxes or duties, including interest and penalties, arising from or in connection with the issue and delivery of the Notes and the execution and delivery of the Subscription Agreement and the Issuer Transaction Documents;
- 3.3 in clause 5.1 the Company agrees to pay, or reimburse the Managers on demand for, all costs and expenses incurred in connection with the printing, execution, issue, authentication, checking and initial delivery of the Notes, the printing and distribution of the Offering Circular and the Preliminary Offering Circular, and any other documents relating to the issue, subscription and

delivery of the Notes, the cost of obtaining and maintaining the listing of the Notes on the Luxembourg Stock Exchange and the costs of obtaining and maintaining a rating for the Notes from the Rating Agencies;

- 3.4 in clause 5.2 the Company jointly agrees to pay the remuneration and expenses of the Managers, the Note Trustee, the Agents and the other agents appointed pursuant to the Agency Agreement, the Service and the Liquidity Facility Provider and the fees and expenses of MBIA (including certain fees in relation to the Commitment Letter signed by MBIA);
- 3.5 in clause 5.3 the Company agrees to pay the fees and expenses (including legal fees) of the Account Bank; and
- 3.6 in clause 6.4 the Company jointly and severally undertakes to indemnify the Manager and MBIA and their respective affiliates, directors, officers, employees and controlling persons against any losses, liabilities, costs, damages, expenses, claims, actions or demands which any of them may suffer as a result of or in relation to any actual or alleged breach of any of the representations, warranties or undertakings of the Issuer and/or any Obligor in the Subscription Agreement or from any actual or alleged inaccuracy in or actual or alleged omission from the Preliminary Offering Circular, the Offering Circular (other than the MBIA Information) or any amendment or supplemental thereto,

(all terms as defined in the Subscription Agreement)

4 By executing the Bank Agreement:

- 4.1 under clause 5.7 the Company jointly and severally indemnifies each Account Bank against any loss, cost, damage, charge, expense, action, proceeding, claim or demand suffered or incurred by or made or brought against such Account Bank in complying with or relying upon any consent, notice, direction or other communication delivered pursuant to and in accordance with the Bank Agreement and or the relevant Mandate;
- 4.2 under clause 12.1 the Company agrees to pay to each Account Bank for its services under the Bank Agreement the fees in respect of its services and on such dates as shall be agreed in writing between the Obligors and the relevant Account Bank; and
- 4.3 under clause 19.2 the Company agrees to jointly and severally indemnify each Account Bank for the costs and expenses incurred by such Account Bank in relation to any change in the identity of such Account Bank, the Borrower Security Trustee or the Issuer or the appointment of an additional security trustee in accordance with the provisions of the Issuer Deed of Charge or the Borrower Deed of Charge,

(all terms as defined in the Bank Agreement).

5 By entering into the Securitisation Subordination Deed:

- 5.1 under clause 5.1 the Company agrees that it will not and it will procure that none of its Subsidiaries will make any payment of the Junior Debt, or create or permit to subsist any guarantee or Security Interest for the Junior Debt without the prior written consent of the Senior Trustee;
- 5.2 under clause 5.7.2 the Company agrees to fully indemnify (a) each Junior Finance Party on demand for any payment or distribution it is obliged to pay over to the Senior Trustee which it has received prior to the Senior Discharge Date; and (b) the Senior Trustee for any loss, cost, expense or liability it may incur in entering into the Securitisation Subordination Deed or taking any action under the Securitisation Subordination Deed; and
- 5.3 under clause 13.1 the Company agrees to pay each of the Creditors on demand any proper costs and expenses which such party may reasonably incur in connection with that party's rights under the Securitisation Deed, and stamp and other taxes or duties, in connection with the Securitisation Subordination Deed,

(all terms as defined in the Securitisation Subordination Deed).

6 By executing the Guarantee and Reimbursement Agreement:

- 6.1 under clause 3.5, the Company agrees on a joint and several basis with the other Obligors to indemnify and hold harmless MBIA and its directors, employees and affiliates and persons which control MBIA from, and against, all and all losses, costs, expenses, actions, claims, proceedings, demands, damages, liabilities, charges and other amounts which any of them may incur or which may be made against any of them arising out of or in relation to or in connection with or in respect of any representation or warranty failing to be true or correct when given by or any breach of any of the agreements, indemnities and/or covenants of any Obligor in the Guarantee and Reimbursement Agreement; and
- 6.2 under clause 6.2 the Company agrees that it will take from time to time all actions reasonably deemed necessary by MBIA to preserve, enforce, perfect or maintain the perfection in MBIA's favour of the interest, rights and remedies of MBIA under the Operative Documents,

(all such terms as defined in the Guarantee and Reimbursement Agreement).

7 By executing the Financial Advisory and Asset Administration Agreement, the Company agrees under clause 16.2 on a joint and several basis with the other Obligors to indemnify any retiring and any new Financial Adviser and/or Asset Administrator for all costs and expenses incurred by such person pursuant to the provisions of clause 16.1 relating to changes in the Financial Adviser and/or the Asset Administrator (all such terms as defined in the Financial Advisory and Asset Administration Agreement).



*MDE*

## **ADDENDUM TO RIDER B**

The terms upon which the financial assistance to be given by the Company and referred to in section 1.1 of Rider A to this declaration will comprise interest bearing and/or non interest bearing intercompany loans to be made to certain other Obligors in accordance with the funds flow statements, "Steps Paper" and financial assistance memorandum considered by the directors at the time of making this declaration.

The Directors  
Conquest Care Homes (Peterborough) Ltd  
c/o Craegmoor Limited  
Hillcairnie  
St Andrews Road  
Droitwich  
Worcestershire  
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Temple Court  
35 Bull Street  
Birmingham B4 6JT  
Telephone +44 (0) 121 265 5000  
Facsimile +44 (0) 121 265 5050

6 August 2003

Our ref: AA26

Dear Sirs

**Auditors' report to the directors of Conquest Care Homes (Peterborough) Ltd pursuant to Section 156(4) of the Companies Act 1985**

We have examined the attached statutory declaration of the directors of Conquest Care Homes (Peterborough) Ltd ("the Company") dated 6 August 2003 in connection with the proposal that the Company should give financial assistance for the purchase of the shares of the Company and/or for the purpose of reducing or discharging a liability incurred in the purchase of such shares.

This report, including the opinion, has been prepared for and only for the Company and the Company's directors in accordance with Section 156 of the Companies Act 1985 and for no other purpose. We do not, in giving the opinion set out below, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

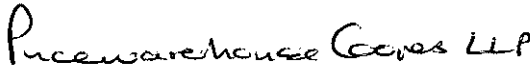
**Basis of opinion**

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 LLP  
*Chartered Accountants and Registered Auditors*