

## ANNOUNCEMENT

£350,000,000 of 8.750% Senior Secured Notes due 2019

£175,000,000 of 12.250% Senior Notes due 2020

(Collectively referred to as the "**Notes**")

(ISIN: XS0794786011 / ISIN: XS0794785633

ISIN: XS0794787415 / ISIN: XS0794787175)

Issued by Elli Finance (UK) plc and Elli Investments Limited (the "**Note Issuers**")

The Notes are admitted to the Official list of the Irish Stock Exchange and to trading on its regulated market.

### Capital Structure Update

As previously announced, Terra Firma and FSHC Group Holdings Limited (the "**Parent**") and certain stakeholders including, amongst others, H/2 Capital Partners ("**H/2**") and HCP Inc. ("**HCP**") have, over the past six months, been actively engaged in discussions and efforts to bring about a consensual solution to the capital structure of the Note Issuers and their subsidiaries (the "**Group**"). H/2 has informed the Parent that H/2's affiliates currently own a majority of the Group's 8.75% Senior Secured Notes due 2019 (ISIN: XS0794786011/ISIN: XS0794785633). HCP has informed the Parent that HCP currently owns £138.5 million of the Group's 12.25% Senior Notes due 2020 (ISIN: XS0794787415/ISIN: XS0794787175) and £28 million of the £40 million Term Loan Credit Facility originally dated 29 April 2012 (as amended and restated) and due December 2017.

As part of the discussions with various existing stakeholders, non-binding and confidential discussions and proposals, including but not limited to restructuring the debt and capital structure and the provision of new funding to refinance existing liabilities, have been exchanged although, to date, no agreement has been reached with any stakeholder.

In order to facilitate ongoing discussions and provide parity of information between the Group's stakeholders we have published certain materials today (the "**Materials**") which are available on the investor section of the Four Seasons Health Care website and which are enclosed with this announcement.

The Directors are reassured that Terra Firma, the Parent, H/2 and other stakeholders remain actively and positively engaged in efforts to bring about a consensual solution and Terra Firma and the Parent will continue to consider all options available with respect to seeking a capital structure more appropriate to the long-term requirements of the Group. We will update you on key developments at the appropriate stages.

*The Materials contain forward looking statements and were prepared in October 2016 and speak as of such date. While the Note Issuers believe that the Materials reflect reasonably held expectations of the Parent at the time that they were prepared, they have not been updated to reflect new information, subsequent events or otherwise. At the end of 2016 the High Yield Bond Group had a cash balance of £33m and revenue was marginally ahead of forecast. Investors in the Notes should not place undue reliance on the Materials or the forward-looking statements included therein. The Note Issuers and the Parent expressly undertake no obligation, and do not intend to publically update or revise any of the Materials or other forward-looking statements.*

This notice is given by:

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SK9 1BU

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This announcement has been issued through the Companies Announcement Service of the Irish Stock Exchange.

END

Strictly Private & Confidential

**Elli Investments Limited ("HYBG")**

28 February 2017

# Information Statement



# Disclaimer

This information statement ("**Information Statement**") is comprised of information that has been prepared by FSHC Group Holdings Limited (the "**Parent**") for information purposes only.

This Information Statement contains materials that were prepared in October 2016 and speak as of such date. While Elli Finance (UK) Plc ("**Finance**") and Elli Investments Limited ("**Investments**"), (the "**Note Issuers**") believe that the Information Statement reflects reasonably held expectations of the Parent at the time they were prepared, these have not been updated to reflect new information, subsequent events or otherwise. Investors in the £350,000,000 of 8.75% Senior Secured Notes due 2019 issued by Finance and the £175,000,000 of 12.25% Senior Notes due 2020 issued by Investments are cautioned not to place undue reliance on this Information Statement or the materials included herein.

This Information Statement does not constitute financial product, investment, tax, accounting or legal advice, a recommendation to invest in the securities of the Parent or its subsidiaries or any other person, or an invitation or an inducement to engage in investment activity with any person. This Information Statement has been prepared without taking into account the objectives, financial situation or needs of any particular recipient of this Information Statement, and consequently the information contained in this Information Statement may not be sufficient or appropriate for the purpose for which a recipient might use it. Any such recipients should conduct their own due diligence, consider the appropriateness of the information in this Information Statement having regard to their own objectives, financial situation and needs, and seek financial, legal, accounting and tax advice appropriate to their particular circumstances. No representation, warranty or undertaking (whether express or implied) is made by the Parent or any of its subsidiaries (the "**Group**") as to the completeness, accuracy or fairness of the information contained in this Information Statement or that this Information Statement is suitable for the recipient's purposes.

This Information Statement contains a brief overview of solely the matters to which it relates and does not purport to provide an exhaustive summary of all relevant issues, nor does it constitute a "Prospectus" for the purposes of Directive 2003/71/EC.

This Information Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities of the Group or any other person in the United States or any other jurisdiction.

This Information Statement includes statements, estimates, opinions and projections with respect to anticipated future performance of the Group ("**forward-looking statements**") which reflect various assumptions concerning anticipated results taken from the Group's current business plan or from public sources which have not been independently verified or assessed by the Group and which may or may not prove to be correct. Such forward-looking statements reflect the Parent's expectations as of October 2016, based on the Group's then current business plan and various other assumptions and involve significant risks and uncertainties and should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved. Although the Parent and the Group believes that the expectations reflected in the forward-looking statements were reasonable at that time, the Group can give no assurances that they will materialise or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements. Such forward-looking statements only speak as of October 2016. It is up to the recipient of this Information Statement to make its own assessment of the validity of such forward-looking statements and assumptions and no liability is accepted by any Group company, or the directors, officers, employees, agents, partners, affiliates, managers and professional (including financial and legal) advisers of the Parent or any Group company (together, the "**Group Parties**") or any other person in respect of the achievement of such forward-looking statements and assumptions.

The information contained in this Information Statement is provided at this time only in order to provide recipients with a snapshot of the Group's business plan as of October 2016. As stated above, our expectations and the underlying assumptions relating to the information contained in the Information Statement may change. However neither the Parent nor any other Group company intends to update the information contained in this Information Statement going forward or provide any further information relating to the future performance of the Group.

The delivery of this Information Statement does not imply that the information herein is correct as at any time subsequent to October 2016. The Parent or any other Group company expressly undertakes no obligation whatsoever to update or revise any of the information, forward-looking statements or the conclusions contained herein or to reflect new events or circumstances or to correct any inaccuracies which may become apparent subsequent to the date hereof other than as required by law or regulation.

This Information Statement has not been reviewed or approved by any rating agency, note trustee, the Irish Stock Exchange or any other person. To the fullest extent permitted by law, the Group Parties will have no tortious, contractual or any other liability to any person in connection with the use of this Information Statement. The Group Parties accept no liability whatsoever to any person, regardless of the form of action, including for any lost profits or lost opportunity, or for any indirect, special, consequential, incidental or punitive damages arising from any use of this Information Statement, its contents or preparation or otherwise in connection with it, even if any Group Party has been advised of the possibility of such damages.



# HYBG Business Plan Assumptions to 2019

	2013A	2014A	2015A	2016F	2017P	2018P	2019P
Effective Beds (#)	23,710	23,073	22,015	19,732	17,022	16,991	16,992
Occupancy (%)	86.8%	86.8%	85.0%	87.6%	89.5%	90.8%	91.2%
Total Revenue (£m)	705.6	708.8	684.1	678.4	652.1	671.3	692.9
Payroll (% of Total Revenue)	61.9%	65.1%	67.4%	64.6%	62.7%	63.0%	62.9%
Total Expenses (% of Total Revenue)	14.0%	14.3%	14.5%	14.1%	13.5%	13.2%	13.1%
Rent (% of Total Revenue)	7.1%	7.0%	7.2%	7.8%	8.2%	7.9%	7.9%
Central Costs (% of Total Revenue)	4.2%	5.1%	5.7%	5.9%	5.7%	5.4%	5.4%
Other Net Income (% of Total Revenue)	0.5%	0.5%	0.5%	0.3%	0.1%	0.1%	0.1%
Change in Working Capital (% of Total Revenue) <sup>(1)</sup>	0.7%	2.2%	3.3%	(0.4%)	(0.4%)	(0.1%)	(0.1%)
Capex (% of Total Revenue)	(4.3%)	(5.4%)	(6.8%)	(7.0%)	(4.5%)	(4.3%)	(4.1%)
Exceptionals (% of Total Revenue) <sup>(1)(2)</sup>	(1.3%)	(2.7%)	(5.0%)	(4.0%)	(2.5%)	(0.7%)	(0.6%)
Disposals (% of Total Revenue)	(2.0%)	1.8%	6.4%	7.9%	2.2%	-	-

Notes: (1) All income statement revenue and expense items shown as positive percentages. Cash flow items shown as a positive or negative percentage respectively based on cash flow impact. (2) Per the 2015 statutory accounts, a non-cash movement in provisions amounting to 2.8% of revenue is recognised in working capital in Q4 2015. (3) A property impairment which was recognised in the 2015 statutory accounts is excluded here. (4) 2016F figures comprise eight months of actuals and four months of forecast.



# FSHC Business Plan Assumptions to 2019

	2013A	2014A	2015A	2016F	2017P	2018P	2019P
Effective Beds (#)	19,593	18,971	18,066	16,475	14,029	13,993	13,993
Occupancy (%)	87.1%	87.2%	85.3%	88.1%	90.0%	91.3%	91.7%
Total Revenue (£m)	497.1	496.0	474.6	477.9	447.6	461.2	476.2
Payroll (% of Total Revenue)	61.4%	64.9%	68.1%	64.2%	62.7%	63.2%	63.2%
Total Expenses (% of Total Revenue)	14.7%	15.0%	15.4%	15.0%	14.3%	14.0%	13.9%
Rent (% of Total Revenue)	7.6%	7.4%	7.7%	8.4%	8.7%	8.4%	8.4%
Central Costs (% of Total Revenue)	4.1%	5.0%	5.6%	5.5%	5.4%	5.0%	4.9%
Other Net Income (% of Total Revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Change in Working Capital (% of Total Revenue)	0.9%	2.3%	3.5%	(0.2%)	(0.5%)	(0.2%)	(0.2%)
Capex (% of Total Revenue)	(4.1%)	(4.6%)	(5.2%)	(5.1%)	(4.8%)	(4.7%)	(4.3%)
Exceptionals (% of Total Revenue)	(1.9%)	(2.9%)	(6.8%)	(5.0%)	(2.8%)	(0.6%)	(0.6%)
Disposals (% of Total Revenue)	(2.9%)	2.6%	6.8%	7.8%	2.9%	-	-

Notes: (1) All income statement revenue and expense items shown as positive percentages. Cash flow items shown as a positive or negative percentage respectively based on cash flow impact. (2) Per the 2015 statutory accounts, a non-cash movement in provisions amounting to 2.8% of revenue is recognised in working capital in Q4 2015. (3) A property impairment which was recognised in the 2015 statutory accounts is excluded here. (4) 2016F figures comprise eight months of actuals and four months of forecast.



# brighterkind (HYBG) Business Plan Assumptions to 2019

	2013A	2014A	2015A	2016F	2017P	2018P	2019P
Effective Beds (#)	2,664	2,676	2,704	2,245	2,209	2,209	2,209
Occupancy (%)	91.6%	90.2%	85.0%	87.3%	88.4%	89.9%	91.1%
Total Revenue (£m)	89.8	93.4	93.6	90.3	98.6	102.8	108.5
Payroll (% of Total Revenue)	55.6%	58.2%	60.1%	58.8%	56.8%	56.0%	55.1%
Total Expenses (% of Total Revenue)	13.3%	13.5%	13.6%	13.2%	12.1%	11.8%	11.5%
Rent (% of Total Revenue)	10.9%	10.6%	10.5%	8.8%	8.4%	8.2%	8.0%
Central Costs (% of Total Revenue)	5.6%	6.5%	6.7%	7.3%	6.9%	6.8%	6.6%
Other Net Income (% of Total Revenue)	-	-	-	-	-	-	-
Change in Working Capital (% of Total Revenue)	1.1%	2.9%	4.3%	0.6%	(0.1%)	(0.1%)	(0.1%)
Capex (% of Total Revenue)	(5.8%)	(10.6%)	(15.4%)	(15.5%)	(3.4%)	(3.4%)	(3.3%)
Exceptionals (% of Total Revenue)	0.3%	(0.8%)	(1.2%)	(1.1%)	(0.6%)	(0.5%)	(0.5%)
Disposals (% of Total Revenue)	-	-	11.8%	9.3%	-	-	-

Notes: (1) All income statement revenue and expense items shown as positive percentages. Cash flow items shown as a positive or negative percentage respectively based on cash flow impact. (2) Per the 2015 statutory accounts, a non-cash movement in provisions amounting to 2.8% of revenue is recognised in working capital in Q4 2015. (3) A property impairment which was recognised in the 2015 statutory accounts is excluded here. (4) 2016F figures comprise eight months of actuals and four months of forecast.



# THG Business Plan Assumptions to 2019

	2013A	2014A	2015A	2016F	2017P	2018P	2019P
Effective Beds (#)	1,454	1,427	1,245	1,012	784	789	790
Occupancy (%)	75.2%	75.5%	80.5%	80.8%	82.8%	84.1%	84.1%
Total Revenue (£m)	118.7	119.4	115.9	110.2	105.9	107.4	108.2
Payroll (% of Total Revenue)	68.5%	71.2%	70.7%	71.1%	68.2%	68.6%	69.3%
Total Expenses (% of Total Revenue)	11.9%	12.1%	11.2%	11.2%	11.1%	11.2%	11.2%
Rent (% of Total Revenue)	3.8%	3.9%	4.6%	4.7%	5.5%	5.4%	5.4%
Central Costs (% of Total Revenue)	3.5%	4.2%	5.2%	6.3%	6.3%	6.1%	6.0%
Other Net Income (% of Total Revenue)	0.7%	0.7%	0.6%	0.7%	0.8%	0.7%	0.7%
Change in Working Capital (% of Total Revenue)	0.9%	2.4%	3.6%	(0.4%)	0.0%	0.0%	0.0%
Capex (% of Total Revenue)	(4.2%)	(4.8%)	(6.6%)	(8.5%)	(4.2%)	(3.9%)	(3.9%)
Exceptionals (% of Total Revenue)	(0.5%)	(3.6%)	(0.9%)	(2.2%)	(2.6%)	(0.8%)	(0.8%)
Disposals (% of Total Revenue)	-	-	0.4%	7.2%	1.7%	-	-

Notes: (1) All income statement revenue and expense items shown as positive percentages. Cash flow items shown as a positive or negative percentage respectively based on cash flow impact. (2) Per the 2015 statutory accounts, a non-cash movement in provisions amounting to 2.8% of revenue is recognised in working capital in Q4 2015. (3) A property impairment which was recognised in the 2015 statutory accounts is excluded here. (4) 2016F figures comprise eight months of actuals and four months of forecast.





# Summary of Leasehold Estate

## Summary of Leasehold Estate (by EBITDARM Quartile)

(£ in '000. Quartiles based on 2015 EBITDARM Cover)			FY2013A					FY2014A					FY2015A				
Quartile	Description	# of Homes	EBITDARM	Rent	Maint. Capex	EBITDARM Cover (x)	EBITDARM M.Capex Cover (x)	EBITDARM	Rent	Maint. Capex	EBITDARM Cover (x)	EBITDARM M.Capex Cover (x)	EBITDARM	Rent	Maint. Capex	EBITDARM Cover (x)	EBITDARM M.Capex Cover (x)
1	Greater than or equal to: 2.0x	22	11,134	(4,767)	(1,744)	2.3x	2.0x	11,097	(4,933)	(1,724)	2.2x	1.9x	14,446	(5,447)	(1,064)	2.7x	2.5x
2	Between: 1.0x and: 2.0x	90	32,715	(20,966)	(5,451)	1.6x	1.3x	31,512	(20,956)	(5,442)	1.5x	1.2x	29,894	(20,228)	(5,973)	1.5x	1.2x
3	Between: 0.0x and: 1.0x	45	13,712	(13,966)	(2,768)	1.0x	0.8x	9,651	(14,700)	(2,271)	0.7x	0.5x	7,321	(15,035)	(2,974)	0.5x	0.3x
4	Less than or equal to: 0.0x	15	3,248	(3,103)	(815)	1.0x	0.8x	1,243	(3,015)	(720)	0.4x	0.2x	(1,171)	(2,781)	(622)	(0.4x)	(0.6x)
<b>Subtotal: Open Homes</b>		<b>172</b>	<b>60,808</b>	<b>(42,802)</b>	<b>(10,778)</b>	<b>1.4x</b>	<b>1.2x</b>	<b>53,504</b>	<b>(43,604)</b>	<b>(10,156)</b>	<b>1.2x</b>	<b>1.0x</b>	<b>50,490</b>	<b>(43,491)</b>	<b>(10,633)</b>	<b>1.2x</b>	<b>0.9x</b>
	Closed Homes (rent still paid):	20	1,706	(3,607)	(855)	NM	NM	500	(3,726)	(606)	NM	NM	(827)	(3,564)	(536)	NM	NM
<b>Subtotal: Open Homes + Closed Homes</b>		<b>192</b>	<b>62,513</b>	<b>(46,409)</b>	<b>(11,633)</b>	<b>1.3x</b>	<b>1.1x</b>	<b>54,003</b>	<b>(47,330)</b>	<b>(10,762)</b>	<b>1.1x</b>	<b>0.9x</b>	<b>49,663</b>	<b>(47,055)</b>	<b>(11,169)</b>	<b>1.1x</b>	<b>0.8x</b>

## Summary of Leasehold Estate (by Landlord)

(£ in '000)			FY2013A					FY2014A					FY2015A				
Landlord	# of Homes	EBITDARM	Rent	Maint. Capex	EBITDARM Cover (x)	EBITDARM M.Capex Cover (x)	EBITDARM	Rent	Maint. Capex	EBITDARM Cover (x)	EBITDARM M.Capex Cover (x)	EBITDARM	Rent	Maint. Capex	EBITDARM Cover (x)	EBITDARM M.Capex Cover (x)	
Landlord 1	64	18,848	(16,692)	(3,642)	1.1x	0.9x	15,478	(17,143)	(2,981)	0.9x	0.7x	14,437	(17,569)	(3,341)	0.8x	0.6x	
Landlord 2	60	16,795	(10,851)	(3,005)	1.5x	1.3x	15,782	(10,503)	(3,425)	1.5x	1.2x	12,935	(9,067)	(3,196)	1.4x	1.1x	
Landlord 3	11	2,858	(3,346)	(604)	0.9x	0.7x	2,451	(3,430)	(563)	0.7x	0.6x	1,607	(3,515)	(907)	0.5x	0.2x	
Landlord 4	10	2,957	(1,711)	(887)	1.7x	1.2x	1,021	(1,962)	(1,152)	0.5x	(0.1x)	3,580	(2,188)	(469)	1.6x	1.4x	
Landlord 5	9	4,964	(2,528)	(730)	2.0x	1.7x	5,028	(2,587)	(437)	1.9x	1.8x	5,072	(2,646)	(457)	1.9x	1.7x	
Landlord 6	7	2,807	(1,900)	(450)	1.5x	1.2x	2,334	(1,957)	(383)	1.2x	1.0x	2,277	(2,008)	(596)	1.1x	0.8x	
Landlord 7	2	954	(720)	(314)	1.3x	0.9x	1,122	(739)	(120)	1.5x	1.4x	950	(753)	(160)	1.3x	1.0x	
Landlord 8	2	1,772	(693)	(174)	2.6x	2.3x	1,619	(696)	(201)	2.3x	2.0x	1,403	(761)	(178)	1.8x	1.6x	
Landlord 9	2	1,746	(927)	(204)	1.9x	1.7x	1,196	(953)	(100)	1.3x	1.2x	1,128	(979)	(75)	1.2x	1.1x	
Remaining Landlords	25	8,811	(7,039)	(1,624)	1.3x	1.0x	7,972	(7,362)	(1,400)	1.1x	0.9x	6,273	(7,568)	(1,790)	0.8x	0.6x	
<b>Total</b>	<b>192</b>	<b>62,513</b>	<b>(46,409)</b>	<b>(11,633)</b>	<b>1.3x</b>	<b>1.1x</b>	<b>54,003</b>	<b>(47,330)</b>	<b>(10,762)</b>	<b>1.1x</b>	<b>0.9x</b>	<b>49,663</b>	<b>(47,055)</b>	<b>(11,169)</b>	<b>1.1x</b>	<b>0.8x</b>	

Note: (1) Tables show operating and closed leasehold homes in the estate as at 30 June 2016.

