

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 the Global Exchange Market thereof.

Additional Information Release

The Group has 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 Materials contain forward looking statements and speak as of the date to which they were prepared. While the Note Issuers believe that the Materials reflect reasonably held expectations of the Group at the time that they were prepared, they have not been updated to reflect new information, subsequent events or otherwise, as more fully set forth in the Materials. The forward-looking statements reflect various 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. Investors in the Notes should not place undue reliance on the forward-looking statements included in the Materials. Except as required by law, the Note Issuers expressly undertake no obligation to publically update or revise any of the Materials or other forward-looking statements.

This notice is given by:

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Elli Investments Limited ("Group")

9 May 2018

Information Statement



Disclaimer

This information statement ("**Information Statement**") is comprised of information that has been prepared by Elli Investments Limited (the "**Company**" and together with its consolidated subsidiaries, the "**Group**") for information purposes only. This Information Statement does not constitute financial product, investment, tax, accounting or legal advice, a recommendation to invest in the securities of the Company 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 Company or any other Group company 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" or an "advertisement" 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 were prepared in May 2018 and speak as of such date, unless stated otherwise. The forward-looking statements 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. Forward-looking statements as a general matter are all statements other than statements as to historical facts or present facts or circumstances. The words "believe," "expect," "anticipate," "intend," "may," "plan," "estimate," "will," "should," "could," "aim" or "might," or, in each case, their negative, or similar expressions, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Such forward-looking statements reflect expectations of the Group at the time that they were prepared, they have not been updated to reflect new information, subsequent events or otherwise. The forward-looking statements reflect various 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 Group believes that the expectations reflected in the forward-looking statements were reasonable, 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, as result of, among others: general economic trends and trends in the healthcare industry, the Group's reliance on publicly-funded entities in the United Kingdom for a substantial proportion of its revenue, changes in fee rates, changes in demand for the Group's services, cost increases, capacity increases and declines in occupancy rates, any deficiency in the quality of the Group's services or perception of that quality, changes in health care and social care policies and failure to comply with medical, health and safety and environmental laws and regulations, the Group's involvement in legal proceedings, the high level of competition in the industry in which the Group operates, disruption due to failure of the Group's information systems or other operational risks and factors affecting the Group's leverage and its ability to service debt. The Group undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law or regulation. 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 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 current business plan. As stated above, our expectations and the underlying assumptions relating to the information contained in the Information Statement may change. However neither the Company 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 the date hereof. The Company 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.



Group and Business 2018 Actuals and Reforecast

As indicated in the Group FY17 year end investor call on 27 April 2018, the Group has produced an FY18 reforecast by business as set out below

	Group				FSHC				bk				THG			
	Q118A	Q218F	Q318F	Q418F	Q118A	Q218F	Q318F	Q418F	Q118A	Q218F	Q318F	Q418F	Q118A	Q218F	Q318F	Q418F
Effective beds	16,259	16,106	16,106	16,106	13,359	13,206	13,206	13,206	2,210	2,210	2,210	2,210	690	690	690	690
Occupancy %	87.7%	87.6%	89.2%	90.0%	88.2%	88.1%	89.8%	90.7%	86.6%	85.8%	86.9%	87.0%	82.2%	82.8%	84.8%	85.5%
Revenue (£m)	155.3	157.2	160.4	162.1	105.6	107.0	109.4	110.6	25.0	25.3	25.7	25.8	24.7	24.9	25.3	25.7
Own staff (£m)	(93.3)	(94.2)	(93.6)	(95.0)	(64.0)	(64.6)	(63.6)	(64.6)	(13.7)	(13.9)	(13.9)	(14.2)	(15.5)	(15.8)	(16.1)	(16.3)
Agency (£m)	(11.0)	(10.2)	(10.1)	(9.3)	(7.5)	(7.1)	(7.0)	(6.1)	(0.5)	(0.4)	(0.5)	(0.5)	(3.0)	(2.6)	(2.6)	(2.7)
Expenses (£m)	(22.9)	(21.2)	(20.5)	(21.8)	(16.5)	(15.4)	(14.8)	(15.7)	(3.5)	(3.0)	(2.9)	(3.2)	(2.9)	(2.7)	(2.8)	(2.9)
Rent (£m)	(12.9)	(12.9)	(13.0)	(13.0)	(9.5)	(9.5)	(9.5)	(9.5)	(2.1)	(2.1)	(2.1)	(2.1)	(1.3)	(1.3)	(1.4)	(1.4)
Central costs (£m)	(10.3)	(10.2)	(10.0)	(9.3)	(6.4)	(6.4)	(6.2)	(5.5)	(2.0)	(2.0)	(2.0)	(2.0)	(1.8)	(1.8)	(1.8)	(1.8)
Other net income (£m)	0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.2	0.2

Notes:

- 1) Unless stated above or within these notes, other line items set out in the 2018 Budget information statement published on 26 January 2018 (the "Budget Information Statement") are not expected to be materially different for the full year, notwithstanding quarterly phasing differences
- 2) Group level cash restructuring and other exceptional costs in 2018 are forecast to be £10.3m higher than set out in the Budget Information Statement (excluding any brought forward exceptional costs)
- 3) Q1 2018 is management's unaudited preliminary view of Q1 2018 and does not include statutory adjustments, such as the non-cash onerous lease provision unwind
- 4) The Forecast was finalised on 9 May 2018 and does not include the impact of any potential restructuring. The following, among others, are the key risk factors to the Forecast:
 - Occupancy may be negatively impacted by, amongst other things, the following: (i) an above seasonal average death rate arising from severe seasonal illnesses as has been experienced by the Group in Q1 2018, (ii) reduced admissions which can be a function of, for example, local authority budget constraints, the inability to tender for new contracts and adverse publicity
 - Agency is a significant cost for the Group driven by underlying sector issues and short-term operational pressure and remains stubbornly high compared to the Budget Information Statement. There continues to be a shortage of nurses in the UK which has been made worse by uncertainty relating to Brexit. This can be exacerbated in the short term by illness and adverse publicity
 - Exceptional costs associated with the Group's ongoing restructuring are material costs for the Group. These costs will increase should the restructuring process either increase in complexity requiring additional advisors or extend beyond the timeframe forecast by the business. In addition, the increased publicity surrounding the restructuring process may lead to adverse working capital movements

