

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 (in administration) and Elli Investments Limited (in administration) (the "**Issuers**", and together with their subsidiaries the "**Group**")

The Notes are admitted to the Official List of the Irish Stock Exchange, but remain suspended from trading on the Global Exchange Market.

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 publicly update or revise any of the Materials or other forward-looking statements.

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Elli Investments Limited – in administration (“Group”)

24 February 2020

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Slide 12 (Restructuring update and administrations update) and slide 13 (FY 2020 Forecast Funding Requirement on Full Sale Scenario), which were prepared in February 2020 and speak as of such date, unless stated otherwise, contain various forward-looking statements that reflect management's views with respect to future events and anticipated financial and operational performance. Forward-looking statements as a general matter are all statements other than statements as to historical facts or present facts or circumstances. Such statements are made on the basis of assumptions and expectations that we currently believe are reasonable but could prove to be wrong. 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. Forward-looking statements include, among other things, statements relating to our strategy, outlook and growth prospects, our operational and financial targets, our liquidity, capital resources and capital expenditure, our planned investments, the expectations as to future growth in demand for our services, general economic trends and trends in the healthcare industry, the impact of regulations on us and our operations and the competitive environment in which we operate. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we 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.

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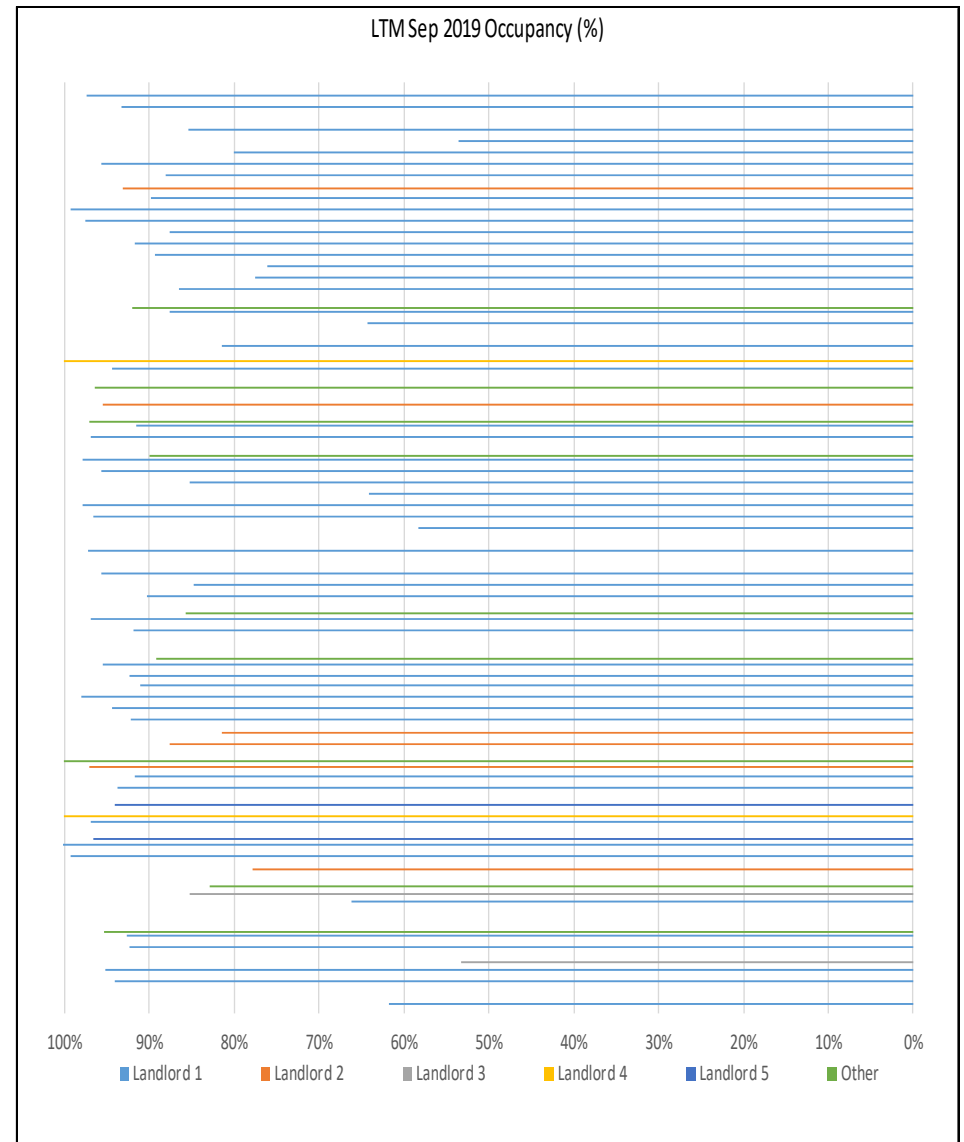
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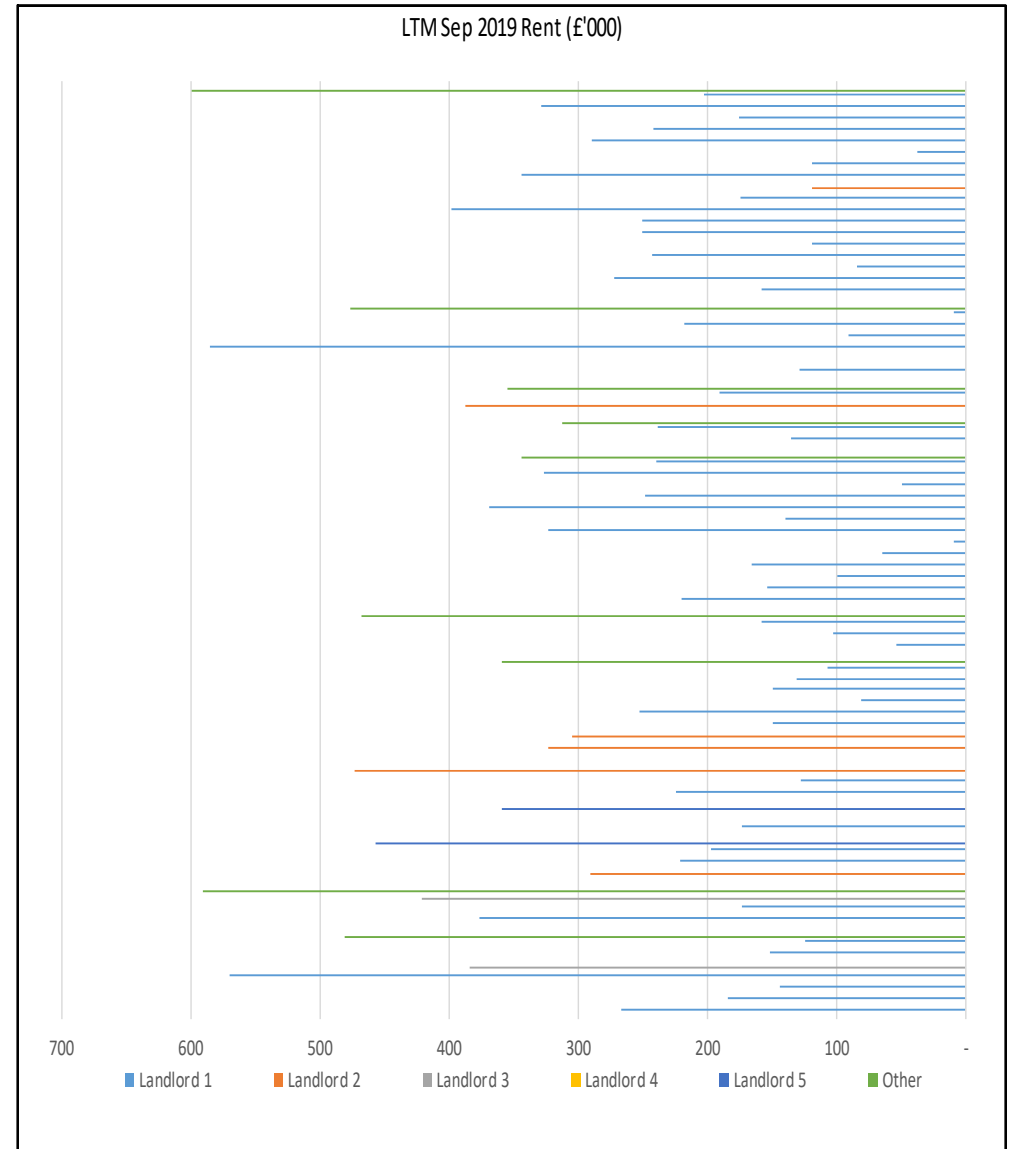
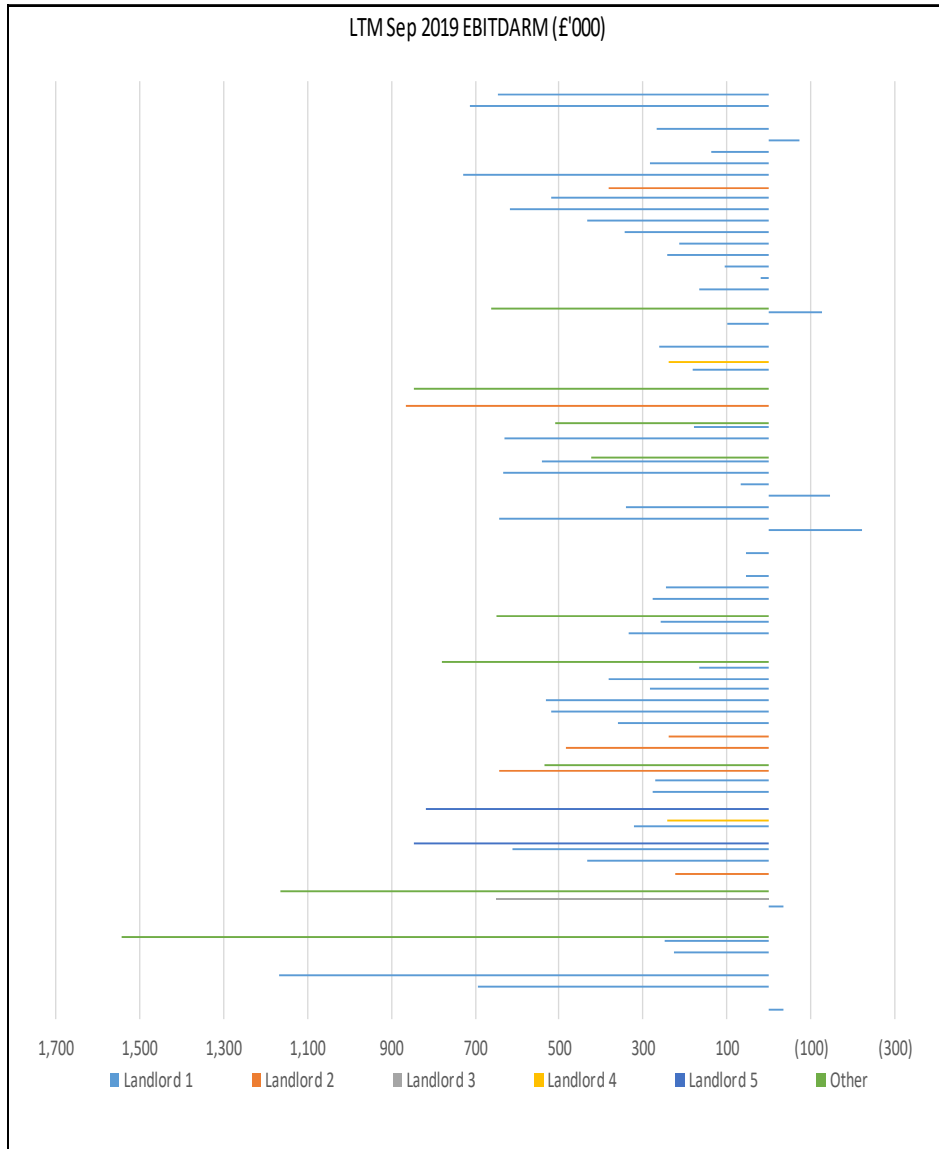
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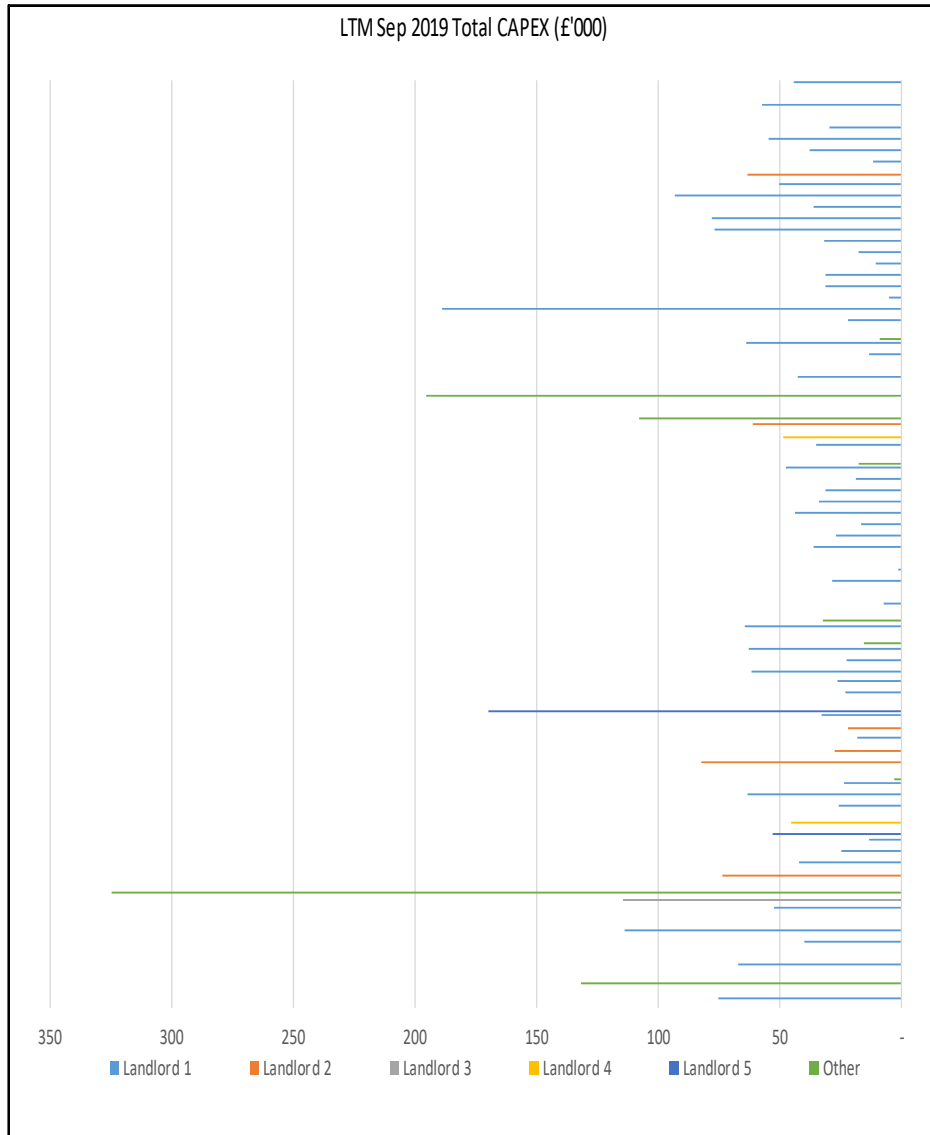
Selected Leasehold Estate: LTM Sep 19 Actuals



Selected Leasehold Estate: LTM Sep 19 Actuals (cont'd)



Selected Leasehold Estate: LTM Sep 19 Actuals (cont'd)



Summary of Leasehold Estate: LTM Sep 19

The table below provides a breakdown of the Group's leasehold estate performance LTM Sep 19, split by landlord:

Landlord	OPERATIONAL				CLOSED			TOTAL			
	Leases	EBITDARM	Rent	Rent Cover	Leases	EBITDARM	Rent	Leases	EBITDARM	Rent	Rent Cover
		LTM Sep 19 (£'000s)	LTM Sep 19 (£'000s)			LTM Sep 19 (£'000s)	LTM Sep 19 (£'000s)		LTM Sep 19 (£'000s)	LTM Sep 19 (£'000s)	
A	52	16,105	(10,563)	1.5x	8	0	(1,246)	60	16,105	(11,809)	1.4x
B	44	18,100	(13,764)	1.3x	14	(57)	(3,980)	58	18,043	(17,744)	1.0x
C	5	2,833	(2,078)	1.4x	5	(440)	(1,170)	10	2,392	(3,249)	0.7x
D	6	2,784	(2,460)	1.1x	1	0	(466)	7	2,784	(2,926)	1.0x
E	8	3,685	(3,001)	1.2x	0	0	0	8	3,685	(3,001)	1.2x
F	6	2,837	(1,897)	1.5x	0	0	0	6	2,837	(1,897)	1.5x
Others	29	11,953	(7,865)	1.5x	8	(101)	(2,553)	37	11,852	(10,419)	1.1x
Total	150	58,296	(41,629)	1.4x	36	(598)	(9,415)	186	57,699	(51,044)	1.1x

The table below provides a breakdown of the Group's leasehold estate performance LTM Sep 19, segmented by EBITDARM, EBITDAM and Cash:

Category	Count	EBITDARM LTM Sep 19 (£'000s)	Rent LTM Sep 19 (£'000s)	EBITDAM LTM Sep 19 (£'000s)	Capex LTM Sep 19 (£'000s)	Cash Generation LTM Sep 19 (£'000s)
Closed	36	(598)	(9,415)	(10,013)	(226)	(10,238)
EBITDARM -ve	16	(2,476)	(4,460)	(6,936)	(1,307)	(8,244)
EBITDAM -ve	28	5,409	(8,310)	(2,901)	(1,720)	(4,621)
EBITDAM +ve	106	55,363	(28,859)	26,505	(6,884)	19,621
Total	186	57,699	(51,044)	6,655	(10,137)	(3,482)

Note: Both tables include 3 leasehold management agreement sites



Aggregated P&L and BS for certain entities as at 30 Sept 2019

The tables below and on the following 2 pages show the individual company code income statements and balance sheets as at 30th September 2019:

	Four Seasons Beechcare Limited	Four Seasons (DFK) Limited	Guthrie Court Limited	Keslaw Limited	Tamaris Healthcare (England) Limited	Tamaris (Scotland) Limited	Rosevale Lodge Limited	Chestnut Lodge Limited	Westview Lodge Limited	Laudicare Limited	
	Total	C04	C06	C11	C14	C16	C18	C26	C29	C38	C40
	£	£	£	£	£	£	£	£	£	£	£
BALANCE SHEET											
Tangible Fixed Assets	20,819,779	212,359	667,610	941,426	0	4,008,854	456,897	118,465	106,294	201,055	1,076,771
Intangible Fixed Assets	(3,082,374)	0	0	0	0	0	0	0	0	0	0
Current Assets											
Debtors	8,790,197	8,548	306,591	423,622	1,549	2,138,088	280,493	11,086	14,232	83,887	224,778
Other debtors	467,280	7,575	6,018	20,817	1,741	57,129	8,822	4,188	1,970	9,158	29,284
Other current assets	(52,953,738)	2,707,324	16,796,344	(1,368,353)	(2,242,780)	(2,655,916)	(3,869,883)	1,083,994	(1,166,976)	(1,545,604)	(11,557,222)
	(43,696,261)	2,723,447	17,108,953	(923,914)	(2,239,489)	(460,699)	(3,580,567)	1,099,269	(1,150,774)	(1,452,559)	(11,303,160)
Creditors - Amounts Due in One Year											
Creditors	(5,815,620)	(31,344)	(266,234)	(63,289)	(52,659)	(360,706)	(83,034)	(123,096)	(74,946)	(146,289)	(635,567)
Other creditors	(10,283,458)	(209,571)	(461,139)	(418,210)	8,231	(2,930,902)	(512,982)	(16,349)	(16,893)	(1,279)	(270,449)
	(16,099,078)	(240,915)	(727,373)	(481,499)	(44,428)	(3,291,607)	(596,016)	(139,445)	(91,839)	(147,569)	(906,016)
Net Current Assets/ (Liabilities)	(59,795,338)	2,482,532	16,381,580	(1,405,413)	(2,283,918)	(3,752,307)	(4,176,583)	959,824	(1,242,613)	(1,600,127)	(12,209,175)
Total assets less current liabilities	(42,057,933)	2,694,891	17,049,190	(463,987)	(2,283,918)	256,547	(3,719,686)	1,078,289	(1,136,319)	(1,399,072)	(11,132,404)
Creditors - Amounts Due in Over One Year	(21,811,203)	0	(1,430,000)	0	(3,005,645)	0	0	(215,949)	(523,589)	(614,121)	(4,120,550)
Net Assets	(63,869,135)	2,694,891	15,619,190	(463,987)	(5,289,563)	256,547	(3,719,686)	862,340	(1,659,908)	(2,013,193)	(15,252,955)
Shareholders Funds	(63,869,135)	2,694,891	15,619,190	(463,987)	(5,289,563)	256,547	(3,719,686)	862,340	(1,659,908)	(2,013,193)	(15,252,955)
PROFIT & LOSS ACCOUNT											
Income	143,091,603	1,963,167	3,484,167	4,815,567	0	27,868,291	5,116,537	1,628,384	1,042,850	1,550,904	8,128,770
Payroll Costs	(91,260,534)	(1,577,031)	(2,252,872)	(3,171,724)	0	(16,234,519)	(3,778,684)	(940,027)	(663,033)	(789,100)	(5,260,495)
Care Expenses	(10,737,388)	(180,143)	(343,545)	(339,542)	0	(2,220,081)	(381,329)	(116,934)	(84,590)	(105,183)	(491,537)
Facility Expenses	(8,987,092)	(127,040)	(200,596)	(269,024)	0	(1,612,381)	(308,726)	(93,626)	(63,123)	(118,561)	(465,746)
Operating Profit	32,106,588	78,952	687,153	1,035,276	0	7,801,309	647,799	477,797	232,105	538,060	1,910,992
Other expenses	(34,460,713)	(561,271)	720,097	(776,601)	(545,887)	(4,656,651)	(709,452)	(434,971)	(250,637)	(564,105)	(2,833,511)
Net profit	(2,354,125)	(482,319)	1,407,250	258,675	(545,887)	3,144,658	(61,653)	42,826	(18,532)	(26,045)	(922,520)



Aggregated P&L and BS for certain entities as at 30 Sept 2019 (cont'd)

	Tamaris (England) Limited	Four Seasons (No.9) Limited	Four Seasons (No.11) Limited	Four Seasons (JB) Limited	Four Seasons (Banford) Limited	Four Seasons Beechcare Limited	Tamaris Healthcare (England) Limited	Four Seasons (DFK) Limited	Laudcare Limited
	C79	C84	C86	C88	C89	S24	S26	S27	S28
	£	£	£	£	£	£	£	£	£
BALANCE SHEET									
Tangible Fixed Assets	269,902	893,308	1,019,449	1,054,398	6,389,437	0	0	337,562	3
Intangible Fixed Assets	0	0	0	0	(370,761)	0	0	0	0
Current Assets									
Debtors	102,062	452,780	446,406	789,194	2,229,184	0	0	70,224	0
Other debtors	8,125	11,246	25,891	9,640	121,374	(549)	0	2,784	4,847
Other current assets	1,222,693	6,692,452	(17,920,869)	(9,562,398)	(21,152,799)	(160,281)	1,849,576	(3,865,855)	(4,227,623)
	1,332,879	7,156,478	(17,448,573)	(8,763,563)	(18,802,241)	(160,829)	1,849,576	(3,792,847)	(4,222,776)
Creditors - Amounts Due in One Year									
Creditors	(26,712)	(434,398)	(219,942)	(23,295)	(2,577,824)	223	0	(113,026)	(30,336)
Other creditors	(420,633)	(183,589)	(1,256,475)	(496,056)	(1,486,943)	(317)	(23,090)	(51,896)	48,838
	(447,344)	(617,987)	(1,476,417)	(519,351)	(4,064,767)	(94)	(23,090)	(164,922)	18,502
Net Current Assets/ (Liabilities)	885,535	6,538,491	(18,924,989)	(9,282,914)	(22,867,008)	(160,924)	1,826,486	(3,957,768)	(4,204,274)
Total assets less current liabilities	1,155,437	7,431,799	(17,905,540)	(8,228,516)	(16,848,332)	(160,924)	1,826,486	(3,620,206)	(4,204,272)
Creditors - Amounts Due in Over One Year	(2,382,100)	(613,806)	(2,612,000)	0	(3,459,000)	0	0	0	0
Net Assets	(1,226,663)	6,817,993	(20,517,540)	(8,228,516)	(20,307,332)	(160,924)	1,826,486	(3,620,206)	(4,204,272)
Shareholders Funds	(1,226,663)	6,817,993	(20,517,540)	(8,228,516)	(20,307,332)	(160,924)	1,826,486	(3,620,206)	(4,204,272)
PROFIT & LOSS ACCOUNT									
Income	1,934,583	7,397,943	8,529,327	5,166,876	42,603,091	0	0	1,585,931	0
Payroll Costs	(1,284,176)	(4,392,047)	(5,795,560)	(3,718,733)	(27,481,938)	0	0	(1,346,848)	0
Care Expenses	(147,337)	(490,572)	(683,319)	(378,899)	(3,306,577)	0	0	(119,801)	0
Facility Expenses	(128,449)	(458,977)	(634,532)	(293,713)	(3,010,067)	0	0	(150,664)	0
Operating Profit	374,622	2,056,347	1,415,915	775,531	8,804,508	0	0	(31,382)	0
Other expenses	(927,110)	(1,029,753)	(3,039,448)	(1,009,883)	(11,809,363)	0	(289)	(351,661)	(427,144)
Net profit	(552,488)	1,026,594	(1,623,533)	(234,352)	(3,004,855)	0	(289)	(383,043)	(427,144)



Aggregated P&L and BS for certain entities as at 30 Sept 2019 (cont'd)

	Guthrie Court Limited	Huntercombe (BAM) Limited	Huntercombe (Loyds) Limited	brighterkind (KS) Limited	brighterkind (Domo) Limited	brighterkind (Blair) Limited	brighterkind (Loyds) Limited	Four Seasons (Tronas) Limited	Four Seasons (GJP) Limited
	S36	T02	T05	B02	B03	B04	B06	CA7	CA8
	£	£	£	£	£	£	£	£	£
BALANCE SHEET									
Tangible Fixed Assets	0	432,894	709,159	645,681	392,047	195,999	207,690	276,407	206,113
Intangible Fixed Assets	0	(620,084)	(532,119)	(517,430)	(198,102)	0	(410,309)	(220,465)	(213,104)
Current Assets									
Debtors	0	348,971	231,825	127,368	152,960	89,564	89,998	141,174	25,611
Other debtors	0	35,729	25,735	23,502	18,157	10,640	11,296	2,172	9,990
Other current assets	0	852,768	(3,616,321)	(1,543,292)	(643,367)	2,623,530	1,133,030	(218,159)	(597,750)
	0	1,237,468	(3,358,762)	(1,392,422)	(472,251)	2,723,733	1,234,324	(74,813)	(562,149)
Creditors - Amounts Due in One Year									
Creditors	0	(10,835)	(216,658)	(58,693)	(17,793)	(33,233)	(55,401)	(29,367)	(131,168)
Other creditors	0	(490,349)	(198,646)	(272,802)	(261,343)	(216,602)	(76,521)	(85,621)	18,132
	0	(501,184)	(415,304)	(331,495)	(279,135)	(249,836)	(131,922)	(114,988)	(113,036)
Net Current Assets/ (Liabilities)	0	736,283	(3,774,066)	(1,723,917)	(751,386)	2,473,897	1,102,402	(189,801)	(675,185)
Total assets less current liabilities	0	549,093	(3,597,026)	(1,595,666)	(557,441)	2,669,896	899,783	(133,860)	(682,176)
Creditors - Amounts Due in Over One Year	0	0	(340,000)	0	(1,045,692)	(1,448,751)	0	0	0
Net Assets	0	549,093	(3,937,026)	(1,595,666)	(1,603,133)	1,221,145	899,783	(133,860)	(682,176)
Shareholders Funds	0	549,093	(3,937,026)	(1,595,666)	(1,603,133)	1,221,145	899,783	(133,860)	(682,176)
PROFIT & LOSS ACCOUNT									
Income	0	3,560,024	4,014,742	2,101,186	2,838,921	2,667,924	1,506,276	1,604,776	1,981,366
Payroll Costs	0	(2,654,115)	(2,767,393)	(1,194,204)	(1,701,694)	(1,276,605)	(799,207)	(1,008,418)	(1,172,110)
Care Expenses	0	(172,055)	(338,528)	(169,595)	(177,402)	(131,296)	(97,169)	(111,608)	(150,346)
Facility Expenses	0	(110,450)	(252,114)	(150,730)	(149,075)	(102,637)	(77,131)	(105,962)	(103,770)
Operating Profit	0	623,403	656,707	586,658	810,751	1,157,387	532,769	378,787	555,140
Other expenses	0	(561,521)	(1,359,628)	(749,905)	(775,091)	(612,626)	(284,879)	(399,966)	(509,455)
Net profit	0	61,882	(702,920)	(163,248)	35,660	544,761	247,890	(21,179)	45,685



Elli Investments Ltd and Elli Finance (UK) Plc budget

The table below sets out the most recent budget proposed by the Administrators of Elli Investments Ltd and Elli Finance (UK) Plc:

1 February 2020 – 30 April 2020	Most Recent Budget from Administrators (£m)
Administrators' fees and disbursements	3.1
Other administration fees and expenses	0.8
Group legal fees	2.3
Other Group restructuring costs	3.8
Total	10.0



Group central function review

The review of the Group's central functions and related cost base is ongoing. This will reflect the unified care home business now operating under a single management team and support structure, and the reduction in the Group's portfolio given the ongoing leasehold estate restructuring. The Group's aim is to reduce central cost levels in line with industry norms, and to a sustainable level that is appropriate for the estate size.

All of the information herein is subject to change based on the ongoing review by the Group and its advisors and remains subject to ongoing assessment. All estimates relating to anticipated performance are forward-looking statements which, in general, are based on historical data. Such statements are made on the basis of assumptions and expectations that we currently believe are reasonable but could prove to be wrong. As 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.

Total central costs (including shared service centre costs) are estimated at approximately £49 million¹. Central costs comprise payroll as at 30 September 2019 and non-payroll costs as at 30 September 2019 (both annualised). If the estate were to decline to 168 homes, subject to continuing evaluation and no further change in operations, gross central costs may decline to approximately £27 million¹. The reduction in costs includes the integration of the Four Seasons and brighterkind management structures. The review of the central cost function is ongoing and the above remains subject to change. The above figure represents gross savings (without factoring in any potential pay increase to retained employees or any related one-off costs or netting of supplier rebates).

To achieve these central costs savings, the preliminary estimation of one-off costs is up to £12 million before factoring in certain costs related to leases, legal and other professional fees. These represent severance costs and potential incentive payments to existing employees. The expected timeframe to achieve the central costs savings referred to above is approximately 6 months, in line with the expected timing for a reduction in the number of managed homes.

The Group and its advisors have also identified certain other non-central costs savings which may add up to an additional £5 million of savings. However, the assessment of these savings is very preliminary, and whether to pursue any of these initiatives will be determined in due course.

¹ These amounts relate to analysis prepared by the Group and its advisers dated 10 January 2020. The review of the central costs function is ongoing and these amounts are subject to change.



Material regulatory action as at 20 January 2020

The table below sets out a summary of the material regulatory action within each business, as at 20 January 2020:

Summary of current material regulatory action as of 20 January 2020				
No. of homes	Embargoes	Other restrictions	Enforcement Actions	Total number of open homes in Group
FSHC	2	7	12	223
brighterkind	0	0	0	30
The Huntercombe Group	0	0	1	23
Total	2	7	13	276

- All care homes and hospitals are subject to regular inspection by the relevant national regulator
- Each inspection results in a published regulatory rating which differs by regulator based on a compliance approach or relating to the outcome of those supported by the service. Each regulator categorises the services using a different system, but covering care related domains including safety, caring, leadership, effectiveness, responsiveness and environment
- Current regulatory status indicates where a service demonstrates a good or excellent performance against the standards with positive outcomes for residents and patients. Across the Group a proportion of services are rated as being non-compliant or requiring improvement in standards or outcomes
- All regulators have a range of enforcement powers which are utilised in the circumstances of significant breaches in regulatory compliance or risk to those receiving services. This includes the power to restrict admissions (embargo), require information to demonstrate quality recovery or in extreme circumstances impose conditions on, or revoke, the registration of a service



Restructuring update and administrations update

In relation to the leasehold estate restructuring, the Group continues to consider all options with respect to the homes within its leasehold estate. The Group remains in dialogue with various landlords regarding a number of options including: modifying leases for sustainability, surrendering leases, transitioning leasehold homes and facilities to new operators, and other options. With the exception of the agreement previously disclosed on 10 December 2019 and one additional closed home, no definitive agreements have yet been reached.

Alongside the leasehold estate restructuring, the Joint Administrators and the Group continue to consider all possible options for the Group's organisational and capital structure. This includes potential sales of parts of the Group (which may include sub-portfolios organized by operating line or geography (or other grouping)), internal re-organisations, refinancings, restructuring of the financial debt and/or a combination of any of the foregoing. At present, the Group has not entered into any definitive agreements in connection therewith. The group has requested additional funding of £10 million under its existing funding agreements.

The Joint Administrators and the Group will continue to decide upon the most appropriate options in due course and seek to execute definitive agreements therewith, focusing on the interests of the Group and its relevant stakeholders, and on maintaining continuity of care. Further announcements will be made in due course to the extent the Group enters into any definitive agreements.

In conjunction with the foregoing and the forecast on page 13, the Group's preliminary estimate of the restructuring costs with respect to the resolution of the assets and business for the twelve months ended 31 December 2020 is approximately £22 million.



FY 2020 forecast funding requirement on full sale scenario

	£ millions
Beginning Cash Balance	20.0
Operating Cash Flow	28.0
Capital Expenditures	(19.3)
Central Cost Reduction	(12.6)
Officeholder Fees	(11.0)
Group Restructuring Costs	(11.0)
Other Group Exceptional Costs	(12.2)
Ending Cash Balance	(18.0)

The above scenario assumes disposal(s) of the Group's homes and other facilities during 2020 and a wind down of the remaining business. High level assumptions have been made around the timing and length of disposal processes and the period between exchanges and completion for regulatory transfers to be concluded. Operating cash flow and capital expenditure amounts include amounts relating to the trading of homes and other facilities prior to disposal. The scenario does not assume the benefit of the proceeds of portfolio disposals during the period.

