



Four Seasons
Health Care

Four Seasons Health Care

Q1 2018 Investor Presentation

24 May 2018

Disclaimer

THIS PRESENTATION IS NOT AN OFFER OR SOLICITATION OF AN OFFER TO BUY OR SELL SECURITIES IN THE UNITED STATES OF AMERICA OR IN ANY OTHER JURISDICTION. IT IS PROVIDED AS INFORMATION ONLY.

This presentation is furnished only for the use of the intended recipient and may not be relied upon for the purposes of entering into any transaction. By attending, viewing, reading or otherwise accessing this presentation, you are agreeing to be bound by these restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

Certain information herein (including market data and statistical information) has been obtained from various sources. No representation, warranty or undertaking (whether express or implied) is made by Elli Investments Limited or its direct or indirect subsidiaries (together, the "Group" or "we") as to the completeness, accuracy or fairness of the information contained in this presentation or that this presentation is suitable for the recipient's purposes. All projections, valuations and statistical analyses are provided to assist the recipient in the evaluation of the matters described herein. They may be based on subjective assessments and assumptions and may use one among alternative methodologies that produce different results and to the extent that they are based on historical information, they should not be relied upon as an accurate prediction of future performance.

This presentation contains a brief overview solely of 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 presentation contains various forward-looking statements that reflect management's current 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. Forward-looking statements speak only as of the date of this presentation.

We expressly undertake no obligation to publicly update or revise any of the information, forward-looking statements or any conclusions contained herein, whether as a result of new information, future events or otherwise, other than as required by law or regulation. Accordingly, investors are cautioned not to place undue reliance on any of the forward-looking statements herein.

This presentation does not constitute an offer or an agreement, or a solicitation of an offer or an agreement, to enter into any transaction (including for the provision of any services) and does not constitute an offer or invitation to subscribe for or purchase any securities, and nothing contained herein shall form the basis of any contract or commitment whatsoever. Any decision to purchase securities in the context of a proposed offering, if any, should be made solely on the basis of information contained in the offering memorandum published in relation to such an offering.

The information contained herein does not constitute financial product, investment, legal, accounting, regulatory, taxation or other advice, a recommendation to invest in the securities of any Group company or any other person, or an invitation or an inducement to engage in investment activity with any person, and the information does not take into account your investment objectives or legal, accounting, regulatory, taxation or financial situation or particular needs, and consequently the information contained herein may not be sufficient or appropriate for the purpose for which a recipient might use it. You are solely responsible for forming your own opinions and conclusions on such matters and the market and for making your own independent assessment of the information herein. You are solely responsible for seeking independent professional advice in relation to the information and any action taken on the basis of the information. Investors and prospective investors in the securities of any issuer mentioned herein are required to make their own independent investigation and appraisal of the business and financial condition of such issuer and the nature of the securities.

This presentation includes certain financial data that are "non-GAAP financial measures". These non-GAAP financial measures do not have a standardised meaning prescribed by International Financial Reporting Standards or UK Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with International Financial Reporting Standards or UK Accounting Standards. Although we believe these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of the business, you are cautioned not to place undue reliance on any non-GAAP financial measures included in this presentation. This presentation contains certain data and forward-looking statements regarding the U.K. economy, the markets in which we operate and its position in the industry that were obtained from publicly available information, independent industry publications and other third-party data. We have not independently verified such data and forward-looking statements and cannot guarantee their accuracy or completeness.

This presentation 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, each Group company, and the directors, officers, employees, agents, partners, affiliates, managers and professional (including financial and legal) advisers of any Group company (together, the "Group Parties") will have no tortious, contractual or any other liability to any person in connection with the use of this presentation. 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 presentation, 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 financial highlights

- At £155.6m, Q1 2018 turnover for Elli Investments Limited is £4.9m, or 3.3%, higher than Q1 2017 after adjusting for the impact of disposals and closures (an average reduction of c1,500 effective beds)
- Q1 2018 EBITDA of £7.3m is £4.6m lower than Q1 2017, primarily driven by lower care home occupancy and increases in agency in Four Seasons and The Huntercombe Group
- Group occupancy % in Q1 2018 saw a 1.5 percentage point decrease (Four Seasons Health Care: 2.0 percentage point decrease; brighterkind: 0.8 percentage point increase; The Huntercombe Group (THG): 0.9 percentage point increase) compared to Q1 2017, and a 1.8 percentage point decrease compared to Q4 2017 due to a high level of winter deaths
- Q1 2018 group average weekly fee was £828, 1.3% higher than Q4 2017 (Four Seasons Health Care: 1.5%; brighterkind 2.0%; THG: 4.2%)
- Improvements in quality, with over 71% of the group's care homes rated as Good or Outstanding, or the approximate equivalents under the different regulators, as at April 2018 – an increase from around 64% as at April 2017
- Q1 2018 payroll as a percentage of turnover in the group's care homes increased by 1.9 percentage points compared to Q1 2017 and 1.2 percentage points compared to Q4 2017. Within THG, payroll as a percentage of turnover improved by 0.4 percentage points on the previous quarter
- Agency as a percentage of payroll of 9.3% in the group's care homes in Q1 2018 represented an increase of 0.4 percentage points on the previous quarter, and reflects the impact of the on-going shortage of nurses across the wider healthcare sector. Agency spend continues to represent a challenge in THG
- £6.7m net cash outflow from operations in Q1 2018
- On 15 March 2018 the group entered into a new £70m credit facility agreement with its majority creditor, and repaid the £40m term loan
- Closing Q1 2018 cash balance of £21.4m; net debt of £552.6m at March 2018 (excluding any accrued interest, amounts owed to related undertakings and debt issue costs) with undrawn available facilities of £21.0m



Results – KPIs

	2017 ⁽⁶⁾					2018
	Q1	Q2	Q3	Q4	Year ⁽²⁾	Q1
Turnover (£m)	163.9	164.5	162.1	169.9	660.4	155.6
EBITDAR (£m)	23.2	24.5	25.7	22.9	96.3	18.0
EBITDA (£m)	11.8	13.5	13.9	14.5	53.7	7.3
Effective beds - group	17,831	17,214	16,753	16,378	17,044	16,259
Occupied beds - group	15,911	15,332	15,016	14,657	15,229	14,264
Occupancy % - FSHC and brighterkind	89.7%	89.4%	90.0%	89.9%	89.8%	88.0%
Occupancy % - THG	81.4%	82.4%	82.3%	81.2%	81.8%	82.3%
Average weekly fee (£) - FSHC and brighterkind	692	717	721	720	712	732
Average weekly fee (£) - THG	2,607	2,721	2,876	3,016	2,805	3,144
Payroll (% of turnover) ⁽¹⁾ - FSHC and brighterkind	63.7%	63.7%	63.0%	64.4%	63.7%	65.6%
Payroll (% of turnover) ⁽¹⁾ - THG	72.9%	74.2%	76.3%	75.3%	74.7%	74.9%
EBITDARM (% of turnover) - FSHC and brighterkind	21.3%	22.3%	23.7%	21.1%	22.1%	19.0%
EBITDARM (% of turnover) ⁽⁴⁾ - THG	16.3%	15.2%	12.6%	13.4%	14.4%	14.2%
Agency (% of payroll) ⁽¹⁾	9.1%	9.7%	11.1%	10.3%	10.1%	10.5%
Expenses (% of turnover)	14.5%	13.5%	13.1%	14.1%	13.8%	14.8%
Central costs (% of turnover)	6.3%	6.3%	5.9%	6.4%	6.2%	6.7%
Maintenance capex (£m) ⁽³⁾	4.9	5.5	7.0	11.6	29.0	3.2

Notes

1. Payroll (% of turnover) excludes central payroll
2. Full year numbers may include minor rounding differences compared to the four quarter aggregate
3. Four Seasons Health Care, brighterkind and THG operational capex
4. Includes £0.2m rental income per quarter
5. EBITDAR(M) = Pre-exceptional Earnings Before Interest, Tax, Depreciation, Amortisation, Rent (and Central costs)
6. 2017 is a 53 week period and Q4 2017 is a 14 week period



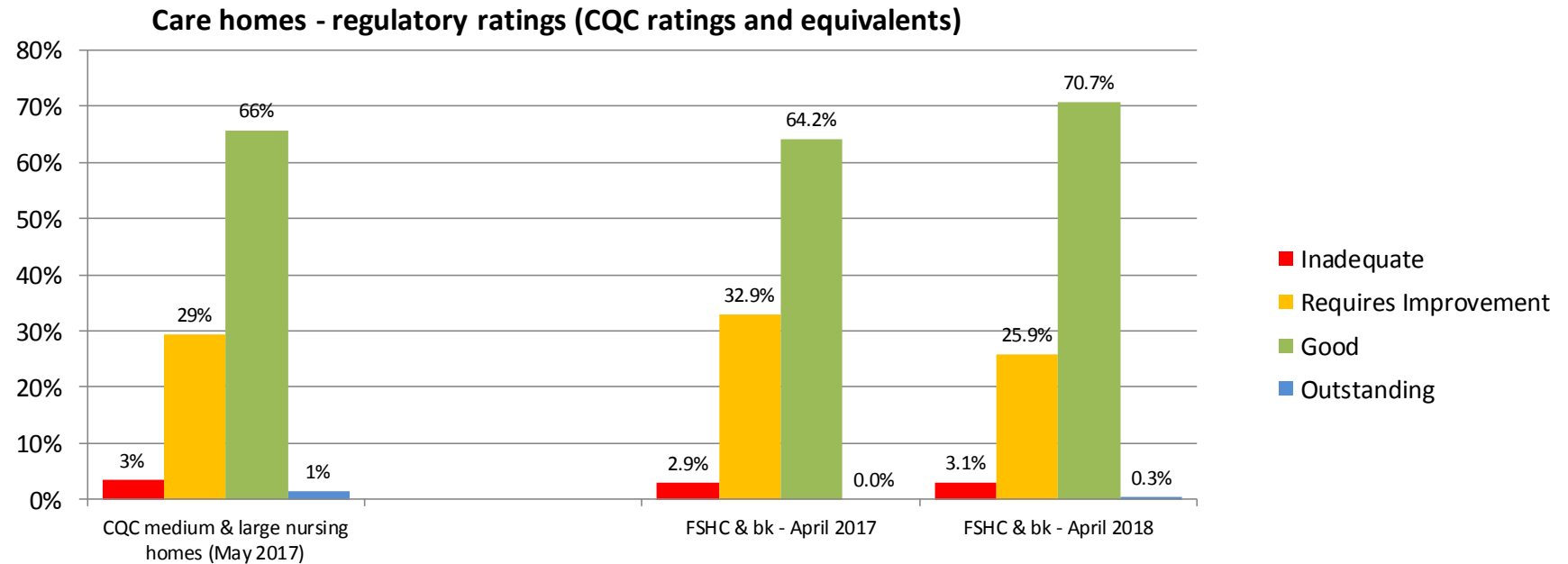
Results – KPIs by business

	2017 ⁽⁴⁾					2018
	Q1	Q2	Q3	Q4	Year ⁽²⁾	Q1
Turnover (£m)						
- FSHC	113.2	112.3	110.1	115.1	450.6	105.6
- brighterkind	23.3	24.0	24.5	26.6	98.5	25.0
- THG	27.3	28.1	27.5	28.2	111.2	24.9
Effective beds						
- FSHC	14,690	14,105	13,712	13,403	13,977	13,359
- brighterkind	2,208	2,208	2,208	2,208	2,208	2,210
- THG	934	901	833	766	859	690
Occupancy %						
- FSHC	90.2%	90.0%	90.5%	90.3%	90.3%	88.2%
- brighterkind	85.8%	85.7%	86.8%	87.3%	86.4%	86.6%
- THG	81.4%	82.4%	82.3%	81.2%	81.8%	82.3%
Average weekly fee (£)						
- FSHC	657	680	682	679	674	689
- brighterkind	937	968	973	976	964	996
- THG	2,607	2,721	2,876	3,016	2,805	3,144
Payroll % (of turnover)⁽¹⁾						
- FSHC	64.8%	64.9%	64.6%	66.3%	65.2%	67.7%
- brighterkind	58.2%	57.8%	55.9%	56.0%	57.0%	56.8%
- THG	72.9%	74.2%	76.3%	75.3%	74.7%	74.9%
Agency % (of payroll)⁽¹⁾						
- FSHC	9.0%	9.6%	10.7%	9.9%	9.8%	10.4%
- brighterkind	5.3%	3.7%	4.3%	3.5%	4.2%	3.6%
- THG	12.3%	14.3%	17.1%	16.6%	15.0%	16.2%
EBITDARM % (of turnover)						
- FSHC	19.8%	20.7%	21.7%	18.6%	20.2%	16.6%
- brighterkind	28.3%	29.8%	32.3%	32.2%	30.6%	29.3%
- THG ⁽³⁾	16.3%	15.2%	12.6%	13.4%	14.4%	14.2%

Notes

1. Payroll (% of turnover) excludes central payroll
2. Full year numbers may include minor rounding differences compared to the four quarter aggregate
3. Includes £0.2m rental income per quarter
4. 2017 is a 53 week period and Q4 2017 is a 14 week period





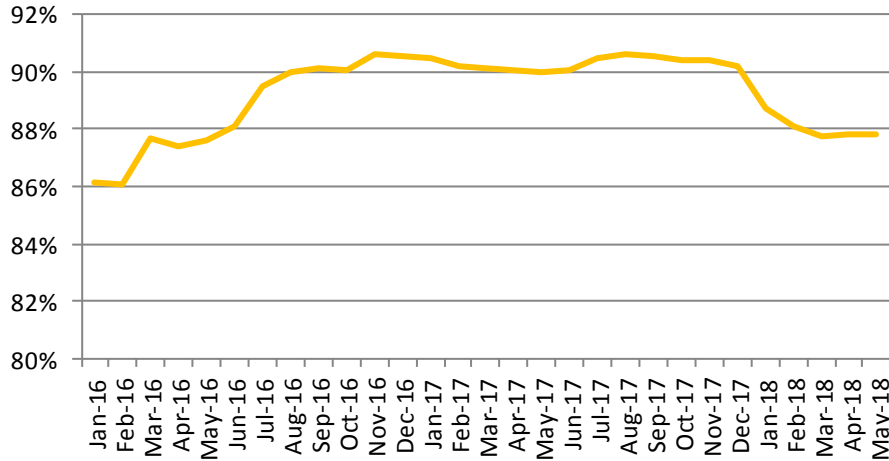
- The group's regulatory ratings have improved considerably over the past 12 months, as shown above, and remain ahead of the relevant market comparator
- The most recent appropriate comparators for the group's care homes are the CQC's classifications of 'medium' and 'large' nursing homes, which include all care homes with 11 beds or more
- Across all regions, the percentage of Four Seasons Health Care homes rated as 'Good' has increased over the past 12 months by more than 2.8 percentage points, with more than 70% of homes rated as 'Good' or 'Outstanding'
- More than 75% of the group's brighterkind homes are rated as 'Good'
- THG has 80% of facilities rated as 'Good' which is higher than the national average for 'Good' or 'Outstanding' for all hospital inspections

Note: Scottish, Welsh and Northern Irish homes are rated using different scales, which have been translated to the CQC equivalents and included in this chart

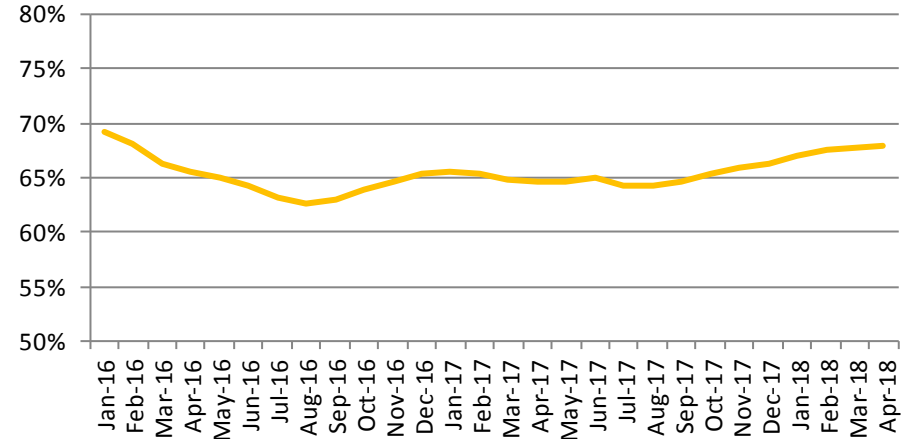


Results – Four Seasons Health Care

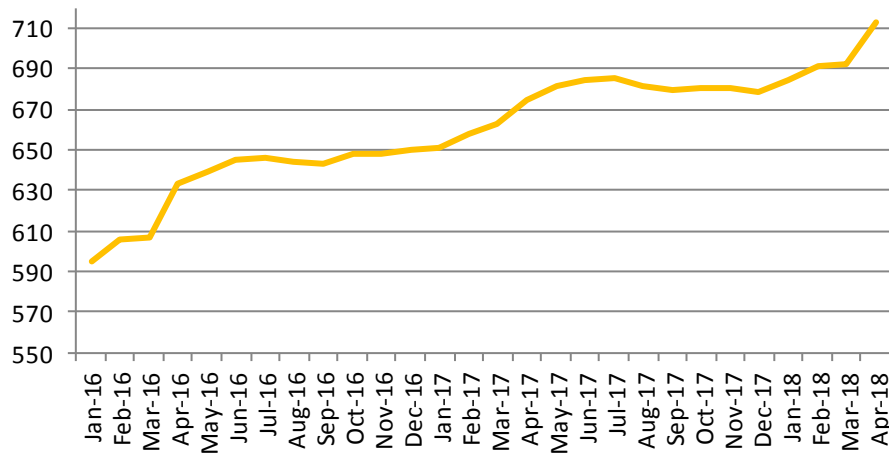
Occupancy %¹



Payroll % of turnover (rolling 3 months)



Average weekly fee (£)

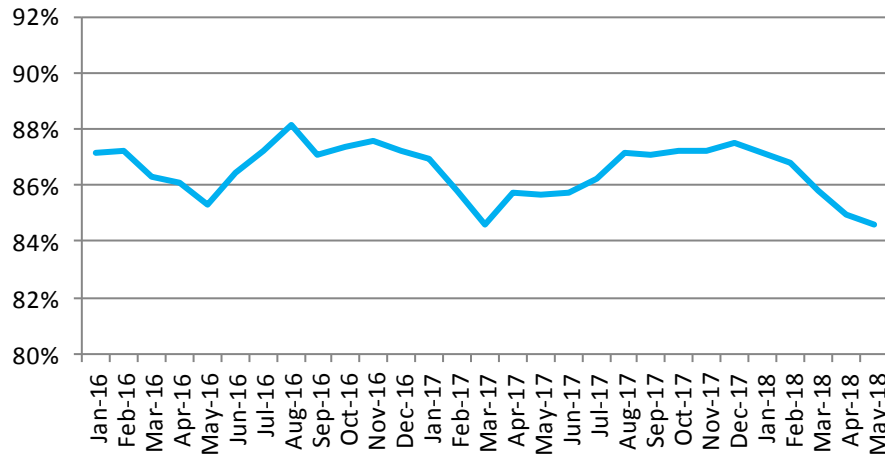


- Q1 2018 occupancy of 88.2% was 2.0 percentage points below the corresponding quarter in 2017
- Q1 2018 occupancy suffered from a wide public awareness of the ongoing restructuring process in Q4 2017 and a very high level of winter deaths, consistent with the c14% national increase over the last four year average for the same period for over 85s (ONS)
- Average weekly fee of £689 in Q1 2018 was 4.9% higher than the comparative quarter in 2017 and 1.5% higher than Q4 2017, reflecting improved care quality, higher average acuity, and the benefit of homes disposals and closures
- Payroll as a % of turnover increased by 1.4 percentage points in Q1 2018 in comparison to Q4 2017 and by 2.9 percentage points in comparison to Q1 2017
- Agency as a percentage of payroll increased from 9.9% in Q4 2017 to 10.4% in Q1 2018, which reflects the on-going difficulties in nurse and carer recruitment across the wider health care sector and the high level of winter illnesses

Note 1 – May-18 occupancy % represents 13-May spot occupancy %

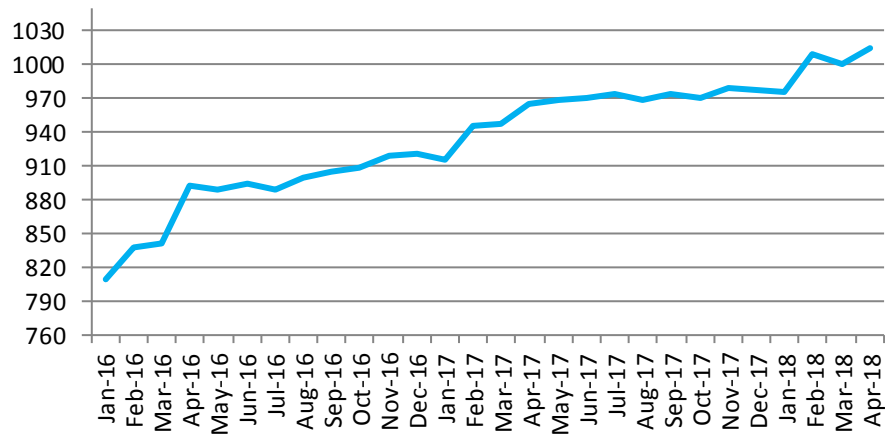


Occupancy %¹



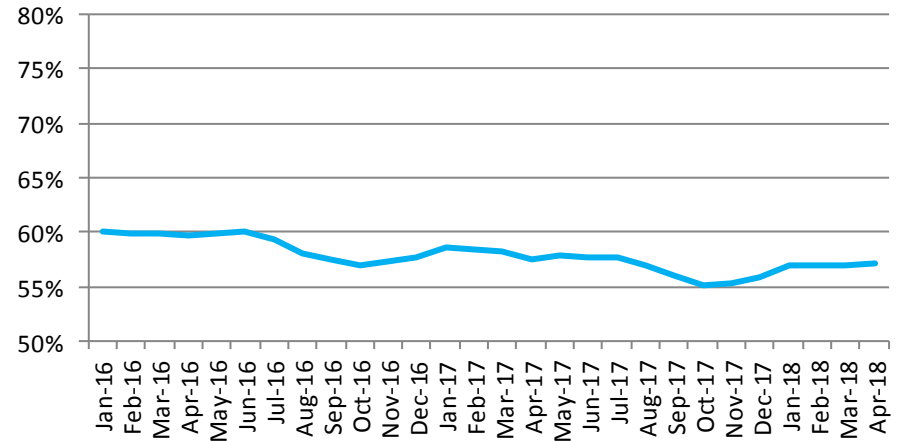
Note: May-18 occupancy % represents 13-May spot occupancy %

Average weekly fee (£)



Note 1 – May-18 occupancy % represents 13-May spot occupancy %

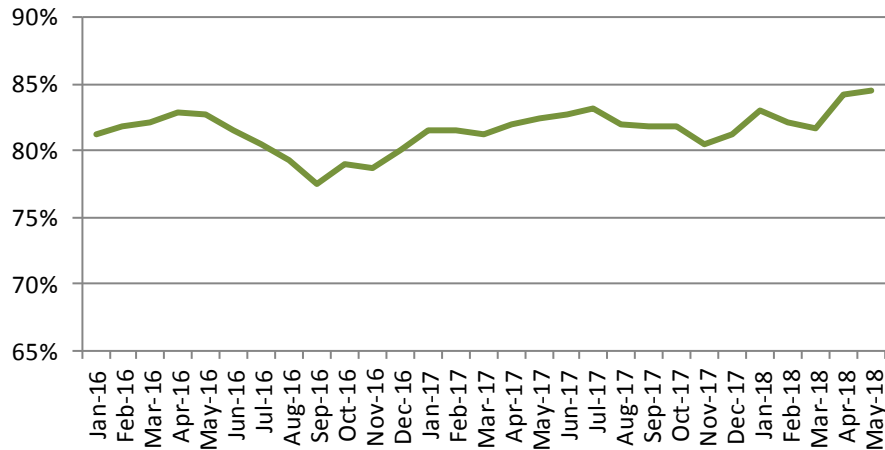
Payroll % of turnover (rolling 3 months)



- Q1 2018 occupancy of 86.6% was 0.7 percentage points lower than Q4 2017 but 0.8 percentage points higher than the same period last year, notwithstanding the very high level of winter deaths
- Private mix increased in Q1 2018 to almost 52%
- Average weekly fee in Q1 2018 was 2.0% higher than the prior quarter and 6.3% higher than the comparative quarter in 2017
- Payroll as a % of turnover in Q1 2018 improved by 1.4 percentage points in comparison to Q1 2017
- Tight control of agency spend was maintained in Q1 2018, with agency usage as a percentage of payroll at 3.6% in Q1 2018, an improvement of 1.7 percentage points compared to Q1 2017 and consistent with Q4 2017

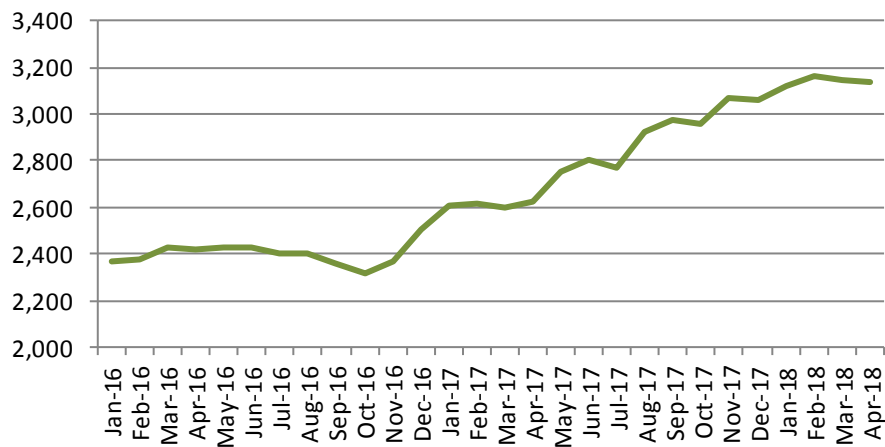


Occupancy %¹



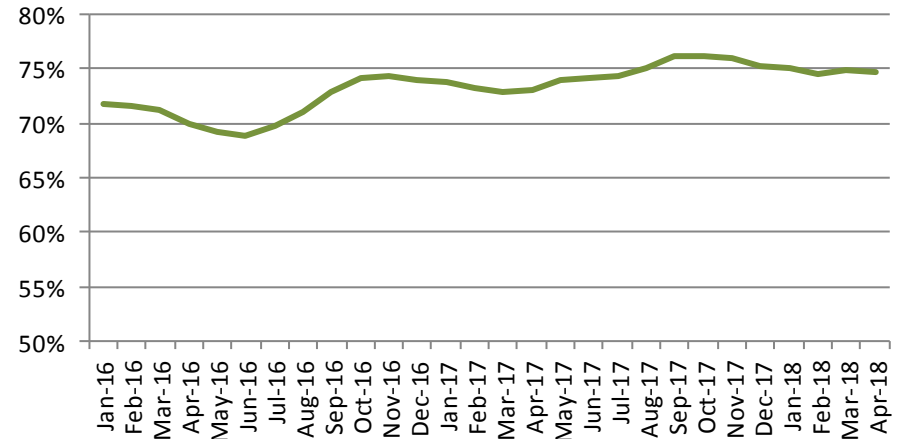
Note: May-18 occupancy % represents 13-May spot occupancy %

Average weekly fee (£)



Note 1 – May-18 occupancy % represents 13-May spot occupancy %

Payroll % of turnover (rolling 3 months)

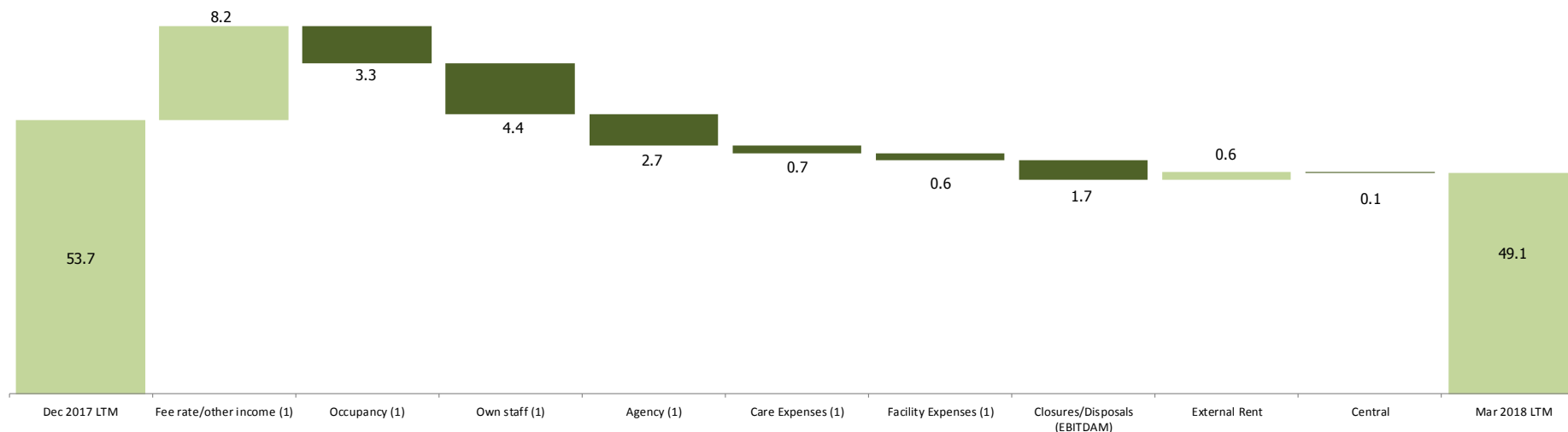


- Occupancy percentage of 82.3% in Q1 2018 was 1.1 percentage points above Q4 2017, and 0.9 percentage points above Q1 2017
- Average weekly fee of £3,144 in Q1 2018 was 4.2% higher than in Q4 2017, and 20.6% higher than Q1 2017, largely reflecting the higher acuity mix following the repositioning of the THG estate through the disposal of a number of lower acuity sites during late 2016 and the first half of 2017 together with changing commissioning needs
- Q1 2018 payroll as a % of turnover of 74.9% was a 0.4 percentage point improvement on Q4 2017, but 2.0 percentage points higher than Q1 2017, driven by increased agency usage and higher average acuity in the estate following the repositioning
- The increase in payroll as a % of turnover from Q1 2017 was largely driven by a 3.9 percentage point increase in agency as a percentage of total payroll. Agency usage remains a critical area of focus for the management team



Results – LTM December 2017 v LTM March 2018

Group EBITDA LTM Dec 2017 v LTM Mar 2018



- March 2018 LTM EBITDA was £49.1m, £2.9m down on December 2017 LTM after adjusting for the £1.7m impact of disposals and closures
- The LTM movement, excluding closures and disposals, was largely a result of the following drivers:
 - Income was £4.9m higher in March 2018 LTM than December 2017 LTM:
 - Group fee rates were higher leading to an overall favourable fee rate variance of £8.2m
 - Lower occupancy in Q1 2018 resulted in an adverse occupancy variance of £3.3m
 - Own staff payroll costs increased by £4.4m, driven largely by an additional quarter of increased National Living Wage and National Minimum Wage
 - Agency spend in March 2018 LTM was £2.7m higher than the spend in December 2017 LTM, reflecting the continuing difficulties in the nurse and carer recruitment market, particularly in FSHC and THG

Notes

1. Excludes closures/disposals



Results – Cash flow and net debt

External Debt			
£m	Debt Principal	Coupon/ Interest	Maturity
<i>High yield bonds</i>			
Senior secured notes	350.0	8.75%	Jun 2019
Senior notes	175.0	12.25%	Jun 2020
Total HYB	525.0		
<i>Term loan</i>	49.0	L. + 3.75% margin	Mar 2019
Total amount outstanding on external debt	574.0		
Cash at 31 March 2018	21.4		
Net debt (before debt issue costs)	552.6		

Cash flow		
£m	Period ended Mar 2018	Period ended Mar 2017
Net cash inflow from operating activities ⁽¹⁾	(6.7)	6.3
Returns on investment and servicing of finance	(1.2)	-
Acquisition of tangible fixed assets	(4.6)	(5.3)
Proceeds from sale of tangible fixed assets	3.0	10.8
Acquisitions and disposals		-
Net cash outflow before financing	(9.5)	11.7
Repayment of term loan	(40.0)	-
Drawdown of new term loan	49.0	-
Debt refinance and exit related costs	(4.1)	-
Net cash flow from financing activities	4.9	-
Decrease in cash in the period	(4.6)	11.7
Opening cash balance	26.0	33.0
Closing cash balance	21.4	44.8

⁽¹⁾ Includes interest received and tax received of £0.6m (2017: £(0.4)m)

- At 31 March 2018 the group's cash balance was £21.4m
- The resulting net debt balance was £552.6m, excluding the unpaid December 2017 coupon of c£26.0m
- On 15 March 2018 the group entered into a new £70m credit facility agreement with the majority creditor, and repaid the £40m term loan along with associated exit costs
- Capital expenditure in Q1 2018 was £4.6m, whilst proceeds from the disposal of 2 homes and a piece of land totalled £3.0m
- The decrease in net cash inflow from operating activities in comparison to 2017 was a function of working capital timing, a decrease in EBITDA and additional exceptional spend



- Questions can be addressed to:
 - Email: investorinfo@fshc.co.uk
 - Telephone: Ben Taberner +44 1625 417800
- An investor relations page is available on the FSHC website: www.fshc.co.uk



Four Seasons Health Care

(Elli Investments Limited)

Financial results:

Quarter ended 31 March 2018



Contents

Group financial highlights	1
Commentary on results	2
Commentary on the unaudited condensed consolidated financial statements	5
Condensed consolidated financial statements (unaudited)	8
Consolidated profit and loss account and other comprehensive income (unaudited)	10
Consolidated balance sheet (unaudited)	11
Consolidated statement of changes in equity (unaudited)	12
Consolidated cash flow statement (unaudited)	13
Notes	14

Presentation of financial data

This report summarises the consolidated financial and operating data derived from the unaudited consolidated financial statements of Elli Investments Limited. The summary financial information provided has been derived from our records for the quarter ended 31 March 2018 which are maintained in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. These interim results are not necessarily indicative of the results to be expected for the full year.

We have presented certain non-GAAP information in the quarterly report. This information includes "EBITDA" and "EBITDAR", which represents earnings before interest, tax, depreciation, amortisation and one-off exceptional and strategic items (and rent). Our Management believes that EBITDA is meaningful for investors because it provides an analysis of our operating results, profitability and ability to service debt and because EBITDA is used by our chief operating decision makers to track our business evolution, establish operational and strategic targets and make important business decisions. In addition, we believe that EBITDA is a measure commonly used by investors and other interested parties in our industry.

DISCLAIMER

THIS DOCUMENT HAS BEEN PREPARED BY ELLI INVESTMENTS LIMITED. BY REVIEWING THIS DOCUMENT OR PARTICIPATING ON THE CONFERENCE CALL THAT PRESENTS IT, YOU AGREE TO BE BOUND BY THE FOLLOWING CONDITIONS.

THIS DOCUMENT IS FOR INFORMATION PURPOSES ONLY AND DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN ELLI INVESTMENTS LIMITED OR ELLI FINANCE (UK) PLC. FURTHERMORE, IT DOES NOT CONSTITUTE A RECOMMENDATION BY ELLI INVESTMENTS LIMITED OR ANY OTHER PARTY TO SELL OR BUY SECURITIES IN ELLI INVESTMENTS LIMITED OR ANY OTHER SECURITIES. ALL WRITTEN OR ORAL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO ELLI INVESTMENTS OR PERSONS ACTING ON THEIR BEHALF ARE QUALIFIED IN THEIR ENTIRETY BY THESE CAUTIONARY STATEMENTS.

Group financial highlights

- At £155.6m, Q1 2018 turnover for Elli Investments Limited is £4.9m, or 3.3%, higher than Q1 2017 after adjusting for the impact of disposals and closures (an average reduction of c1,500 effective beds)
- Q1 2018 EBITDA of £7.3m is £4.6m lower than Q1 2017, primarily driven by lower care home occupancy and increases in agency in Four Seasons and The Huntercombe Group
- Group occupancy % in Q1 2018 saw a 1.5 percentage point decrease (Four Seasons Health Care: 2.0 percentage point decrease; brighterkind: 0.8 percentage point increase; The Huntercombe Group (THG): 0.9 percentage point increase) compared to Q1 2017, and a 1.8 percentage point decrease compared to Q4 2017 due to a high level of winter deaths
- Q1 2018 group average weekly fee was £828, 1.3% higher than Q4 2017 (Four Seasons Health Care: 1.5%; brighterkind 2.0%; THG: 4.2%)
- Improvements in quality, with over 71% of the group's care homes rated as Good or Outstanding, or the approximate equivalents under the different regulators, as at April 2018 – an increase from around 64% as at April 2017
- Q1 2018 payroll as a percentage of turnover in the group's care homes increased by 1.9 percentage points compared to Q1 2017 and 1.2 percentage points compared to Q4 2017. Within THG, payroll as a percentage of turnover improved by 0.4 percentage points on the previous quarter
- Agency as a percentage of payroll of 9.3% in the group's care homes in Q1 2018 represented an increase of 0.4 percentage points on the previous quarter, and reflects the impact of the on-going shortage of nurses across the wider healthcare sector. Agency spend continues to represent a challenge in THG
- £6.7m net cash outflow from operations in Q1 2018
- On 15 March 2018 the group entered into a new £70m credit facility agreement with its majority creditor, and repaid the £40m term loan
- Closing Q1 2018 cash balance of £21.4m; net debt of £552.6m at March 2018 (excluding any accrued interest, amounts owed to related undertakings and debt issue costs) with undrawn available facilities of £21.0m

Commentary on results

Four Seasons Health Care is pleased to announce its results for the quarter ended 31 March 2018.

The results and KPIs for the group since Q1 2017 are summarised below.

Unaudited	2017 ⁽⁵⁾					2018
	Q1	Q2	Q3	Q4	Year ⁽²⁾	Q1
Turnover (£m)						
- FSHC	113.2	112.3	110.1	115.1	450.6	105.6
- brighterkind	23.3	24.0	24.5	26.6	98.5	25.0
- THG	27.3	28.1	27.5	28.2	111.2	24.9
Effective beds						
- FSHC	14,690	14,105	13,712	13,403	13,977	13,359
- brighterkind	2,208	2,208	2,208	2,208	2,208	2,210
- THG	934	901	833	766	859	690
Occupancy %						
- FSHC	90.2%	90.0%	90.5%	90.3%	90.3%	88.2%
- brighterkind	85.8%	85.7%	86.8%	87.3%	86.4%	86.6%
- THG	81.4%	82.4%	82.3%	81.2%	81.8%	82.3%
Average weekly fee (£)						
- FSHC	657	680	682	679	674	689
- brighterkind	937	968	973	976	964	996
- THG	2,607	2,721	2,876	3,016	2,805	3,144
Payroll % (of turnover)⁽¹⁾						
- FSHC	64.8%	64.9%	64.6%	66.3%	65.2%	67.7%
- brighterkind	58.2%	57.8%	55.9%	56.0%	57.0%	56.8%
- THG	72.9%	74.2%	76.3%	75.3%	74.7%	74.9%
Agency to total payroll % ⁽¹⁾						
- FSHC	9.0%	9.6%	10.7%	9.9%	9.8%	10.4%
- brighterkind	5.3%	3.7%	4.3%	3.5%	4.2%	3.6%
- THG	12.3%	14.3%	17.1%	16.6%	15.0%	16.2%
EBITDARM % (of turnover)						
- FSHC	19.8%	20.7%	21.7%	18.6%	20.2%	16.6%
- brighterkind	28.3%	29.8%	32.3%	32.2%	30.6%	29.3%
- THG ⁽³⁾	16.3%	15.2%	12.6%	13.4%	14.4%	14.2%
Total EBITDA (£m)	11.8	13.5	13.9	14.5	53.7	7.3

Notes:

- 1 Payroll % excludes central payroll from total payroll
- 2 Full year numbers may include minor rounding differences compared to the four quarter aggregate
- 3 Includes £0.2m rental income per quarter
- 4 "FSHC" Four Seasons Health Care; "THG" The Huntercombe Group
- 5 2017 is a 53 week period and Q4 2017 is a 14 week period

Commentary on results (continued)

Turnover

Q1 2018 turnover for Elli Investments Limited was £4.9m, or 3.3%, higher than Q1 2017 after adjusting for the impact of disposals and closures (an average reduction of c1,500 effective beds).

Average Weekly Fee

During Q1 2018 the Average Weekly Fee ("AWF") of £828 across the group was 5.7% higher than the comparative quarter in 2017. Since Q1 2017 FSHC has seen an increase of 4.9%, brighterkind a 6.3% increase and THG a 20.6% increase. The increase included the benefit of the rationalisation of the FSHC estate, including removing certain homes with unviable fee rates, an increase in private mix in brighterkind and the disposal of certain lower acuity units in THG. Excluding the impact of the disposals of lower acuity units, THG's Q1 2018 increase versus Q1 2017 was 8.2%.

Occupancy

Average occupancy in the group in Q1 2018 was 87.7%, compared to 89.2% in Q1 2017. The decrease is predominantly due to a very high level of winter deaths, both within the sector and the wider population.

Payroll

Payroll in the group's care homes as a percentage of turnover was at 65.6% in Q1 2018, a 1.2% increase from Q4 2017. Within this number, FSHC payroll as a percentage of turnover increased by 1.4 percentage points and brighterkind increased by 0.8 percentage points compared to Q4 2017. THG payroll as a percentage of turnover improved by 0.4 percentage points in Q1 2018 compared to Q4 2017.

Total agency costs across the group have increased by 0.2 percentage points compared to the previous quarter, and by 1.4 percentage points compared to Q1 2017, predominantly due to the continued shortage of nurses across the NHS and the wider health care sector.

Care and facility expenses

Q1 2018 expenses (care and facility combined), at 14.8% of turnover, have increased by 0.7 percentage points since Q4 2017, and are broadly consistent with Q1 2017.

Rent

£10.7m was charged for rent in Q1 2018, a £0.7m reduction from Q1 2017, being a combination of underlying inflationary uplifts, certain rents flexing based on performance, the surrender of certain leases and the £0.6m additional non-cash credit (£2.5m in Q1 2018) resulting from the unwind of the group's onerous lease provision.

Central costs

Central costs, at 6.7% of turnover in Q1 2018, were 0.3 percentage points higher than Q4 2017 and 0.4 percentage points above Q1 2017.

EBITDA

As a consequence of the factors outlined above, the EBITDA of £7.3m for Q1 2018 was £4.5m lower than the same period in 2017, with £1.7m of the decrease related to homes and specialised units closed or sold since Q1 2017. LTM EBITDA at March 2018 is therefore £49.1m, £4.6m lower than the year to December 2017.

Capital expenditure and disposals

Capital expenditure in Q1 2018 was £4.6m. Two care homes and a plot of land were sold during Q1 2018, realising £3.0m cash proceeds.

Four Seasons Health Care

(Elli Investments Limited)

Financial results:

Quarter ended 31 March 2018

Commentary on the unaudited condensed consolidated financial statements

Summary

On 18 May 2018, Elli Investments Limited and certain of its subsidiaries signed a Restructuring Lock-up Agreement with certain investment funds affiliated with H/2 Capital Partners, as majority creditor in both the Senior Secured Notes (SSNs) and the Senior Notes (SNs), which documents their agreement to proceed with a restructuring of the group that will see ownership transfer to a new company controlled by creditors ("Newco"). The restructuring is targeted to complete on or before 31 July 2018. In preparation for the transfer to new ownership, the group will undertake an intra-group reorganisation, the details of which are yet to be finalised. The terms of the proposed restructuring stipulate that all of the companies and operations in the Elli Investments Limited group, other than Elli Investments Limited itself, will transfer to Newco. Whilst the directors expect that a successful restructuring will be implemented, there remain risks and uncertainties relating to its implementation as outlined in the Elli Investments Limited 2017 consolidated financial statements. However, notwithstanding the fact that Elli Investments Limited may or may not remain in operation for the 12 months following the date of these accounts, these condensed consolidated financial statements have been prepared on a going concern basis.

Profit and loss account and other comprehensive income

The consolidated profit and loss account and other comprehensive income of Elli Investments Limited is for the quarter ended 31 March 2018. The comparative period is for the quarter ended 31 March 2017.

Balance sheet

Elli Investments Limited is an intermediate holding company in a wider group headed by FSHC Group Holdings Limited. There are therefore certain balances between Elli Investments Limited and other members of the wider FSHC Group Holdings Limited group of companies which only net out on consolidation further up the corporate structure.

Profit and loss account and other comprehensive income (page 10)

For an analysis of profit and loss account categories above interest, please see the "Commentary on results" section.

Interest

The interest charge for the period includes £13.0m interest on the £350m 8.75% senior secured notes and the £175m 12.25% senior notes. The balance primarily relates to £16.7m of accrued interest on the balances owed to parent and related party undertakings, £2.7m relating to the refinancing of the £40m term loan, £3.4m in respect of the amortisation of debt issue costs and £0.6m interest on the term loan.

Tax

The tax credit for the quarter was £0.6m, being a £0.1m tax charge, reflecting the current estimate of the full year charge, offset by a £0.7m credit for the utilisation of group relief.

Balance sheet (page 11)

Goodwill

The negative goodwill balance is a function of the 12 July 2012 acquisition structure, the fair value of the acquired net assets and the acquisition costs, less amounts to reflect the subsequent disposal of assets.

Fixed assets

Land and buildings are included in the Elli Investments Limited consolidated balance sheet at their fair value on acquisition plus any subsequent movements for additions, disposals, depreciation or impairment.

Commentary on the unaudited condensed consolidated financial statements (continued)

Balance sheet (continued)

Debtors

The following table presents the debtors at 31 March 2018 and 31 March 2017.

	March 2018 £000	March 2017 £000
Trade debtors	24,063	26,623
Prepayments, other debtors and accrued income	16,182	16,168
Amounts owed by related undertakings	1,526	3,112
	41,771	45,903

Creditors: amounts falling due within one year

The following table presents an extract of creditors falling due within one year at 31 March 2018 and 31 March 2017.

	March 2018 £000	March 2017 £000
<i>Extract</i>		
Term loan	49,000	40,000
High yield bonds	525,000	-
Trade creditors	17,879	24,329
Accruals and deferred income	25,633	27,754
Taxation and social security	12,712	8,453
Other creditors	39,284	36,384
Accrued interest and finance costs	41,507	15,396
	711,015	152,316

Provisions for liabilities and charges

As well as the group's deferred tax liability, provisions are held in respect of onerous leases on certain of the group's leasehold properties. In addition there is a provision of approximately £12.6m to reflect guaranteed increases in operating leases, other than those linked to RPI, on a straight line basis over the life of the lease.

Financial liabilities

At 31 March 2018 the group's financing arrangements comprised the following:

- Senior Secured Notes: £350m, at a fixed rate of 8.75%, due to be repaid in 2019
- Senior Notes: £175m, at a fixed rate of 12.25%, due to be repaid in 2020
- Term loan: £49m, at an interest rate of LIBOR + 3.75%, due to be repaid in March 2019. As at 24 May 2018, £58m of the £70m term loan has been drawn down
- Amounts owed to related and parent undertakings: £492.4m, being amounts owed to entities within the wider FSHC Group Holdings Limited group of companies
- Notwithstanding their respective maturing dates, in light of the interest default on the senior secured notes and senior notes on 15 December 2017 and the current debt restructuring process, they have been classified as due in less than one year

Commentary on the unaudited condensed consolidated financial statements (continued)

Cash flow statement (page 13)

Cash flow and liquidity

At 31 March 2018 the group's cash balance was £21.4m. Net cash utilised by operating activities, excluding interest payments, in the quarter ended 31 March 2018 was £6.7m. In the quarter ended 31 March 2017, the net cash generated from operating activities, excluding interest payments, was £6.3m.

Working capital

The cash outflow from working capital was £5.5m in the quarter, compared to a £0.5m inflow in Q1 2017.

Interest paid

No interest has been paid on the £525m high yield bonds during the quarter as interest is payable in June and December. £1.1m of interest has been paid on the previous term loan during Q1 2018.

Elli Investments Limited

Condensed consolidated financial statements -
unaudited

Quarter ended 31 March 2018

Contents

Consolidated profit and loss account and other comprehensive income (unaudited)	10
Consolidated balance sheet (unaudited)	11
Consolidated statement of changes in equity (unaudited)	12
Consolidated cash flow statement (unaudited)	13
Notes	14

Consolidated profit and loss account and other comprehensive income (unaudited)

for the quarter ended 31 March 2018

	<i>Note</i>	Quarter ended March 2018 £000	Quarter ended March 2017 £000
Turnover	5	155,563	163,850
Cost of sales		(144,557)	(148,076)
Gross profit		11,006	15,774
Administrative expenses – ordinary		(11,915)	(11,768)
Administrative expenses – exceptional	6	(6,795)	(4,999)
Other operating income – exceptional	4, 6	275	-
		(18,435)	(16,767)
Operating loss		(7,429)	(993)
Ordinary activities		(909)	4,006
Exceptional activities		(6,520)	(4,999)
		(7,429)	(993)
Interest payable and similar charges		(36,516)	(30,224)
Interest receivable and other income		24	10
Net interest payable and similar charges		(36,492)	(30,214)
Loss on ordinary activities before taxation		(43,921)	(31,207)
Tax on loss on ordinary activities	7	592	363
Retained loss for the financial period		(43,329)	(30,844)
Other comprehensive income		-	-
Total comprehensive income for the financial period		(43,329)	(30,844)

Non-GAAP measure: pre-exceptional Earnings Before Interest, Tax, Depreciation, Amortisation (EBITDA)		
<i>Analysed as:</i>		
Operating (loss) / profit before exceptional items as analysed above	(909)	4,006
Add back: depreciation of tangible fixed assets and amortisation of capital grants	8,555	8,379
Deduct: amortisation of negative goodwill	(372)	(549)
EBITDA before exceptional items	7,274	11,836

All amounts relate to continuing operations.

Consolidated balance sheet (unaudited)

at 31 March 2018

	<i>Note</i>	March 2018 £000	March 2017 £000
Fixed assets			
Negative goodwill	<i>8</i>	(21,247)	(33,564)
Tangible assets	<i>9</i>	483,468	532,711
		462,221	499,147
Current assets			
Debtors	<i>10</i>	41,771	45,903
Cash at bank and in hand		21,432	44,780
		63,203	90,683
Creditors: amounts falling due within one year	<i>11</i>	(708,474)	(153,160)
Net current liabilities		(645,271)	(62,477)
Total assets less current liabilities		(183,050)	436,670
Creditors: amounts falling due after more than one year	<i>12</i>	(492,235)	(943,685)
Provisions for liabilities and charges			
Deferred tax liabilities	<i>13</i>	(5,087)	(5,092)
Other provisions	<i>14</i>	(28,565)	(40,598)
		(33,652)	(45,690)
Net liabilities		(708,937)	(552,705)
Capital and reserves			
Called up share capital	<i>15</i>	174,368	174,368
Profit and loss account		(883,305)	(727,073)
Shareholder's deficit		(708,937)	(552,705)

Consolidated statement of changes in equity (unaudited)

	Called up share capital £000	Profit and loss account £000	Total £000
Balance at 1 January 2017	174,368	(696,229)	(521,861)
Total comprehensive income for the period			
Loss for the period	-	(30,844)	(30,844)
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	(30,844)	(30,844)
Balance at 31 March 2017	174,368	(727,073)	(552,705)
Balance at 1 January 2018	174,368	(839,976)	(665,608)
Total comprehensive income for the period			
Loss for the period	-	(43,329)	(43,329)
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	(43,329)	(43,329)
Balance at 31 March 2018	174,368	(883,305)	(708,937)

Consolidated cash flow statement (unaudited)

for the quarter ended 31 March 2018

	Quarter ended March 2018 £000	Quarter ended March 2017 £000
Cash flows from operating activities		
Loss for the period	(43,329)	(30,844)
Adjustments for:		
Depreciation, amortisation and impairment losses	8,183	7,830
Net interest payable and similar charges	36,492	30,214
(Gain)/loss on sale of tangible fixed assets	(288)	745
Taxation	(592)	(363)
	466	7,582
(Decrease)/increase in cash arising from working capital movement	(5,524)	481
Decrease in provisions	(2,248)	(1,437)
	(7,306)	6,626
Interest received	24	10
Tax received/(paid)	541	(380)
Net cash from operating activities	(6,741)	6,256
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets	3,020	10,823
Acquisition of tangible fixed assets	(4,575)	(5,331)
Net cash from investing activities	(1,555)	5,492
Cash flows from financing activities		
Interest paid	(1,167)	-
Repayment of term loan	(40,000)	-
Drawdown of new term loan	49,000	-
Debt refinance and exit related costs	(4,100)	-
Net cash from financing activities	3,733	-
(Decrease)/increase in cash and cash equivalents	(4,563)	11,748
Cash and cash equivalents at 1 January	25,995	33,032
Cash and cash equivalents at 31 March	21,432	44,780

Notes

(forming part of the financial statements)

1 General information

Elli Investments Limited (the "company") is a company registered in Guernsey. The condensed interim financial statements of the company are for quarter ended 31 March 2018.

This report does not constitute statutory financial statements and is unaudited.

2 Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with the recognition and measurement requirements of Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. They do not include all of the information required for full annual statements and should be read in conjunction with the consolidated financial statements of Elli Investments Limited for the year ended 31 December 2017 which were prepared in accordance with UK Generally Accepted Accounting Practice.

3 Accounting policies

The condensed consolidated financial statements have been prepared on the basis of the accounting policies set out in the 2017 annual report and accounts of Elli Investments Limited.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of tangible fixed assets that had been revalued to fair value on or prior to the date of transition to FRS 102, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Direct costs incurred in enabling a care facility to become registered are capitalised together with, where appropriate, finance costs associated with the period of construction, and are included in the cost of the facility.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Freehold buildings – 45 years
- Equipment and fixtures – 3 to 5 years
- Motor vehicles – 4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Notes (continued)

(forming part of the financial statements)

3 Accounting policies (continued)

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses.

Negative goodwill

Negative goodwill arising on business combinations in respect of acquisitions is included on the balance sheet immediately below any positive goodwill and released to the profit and loss account in the periods in which the non-monetary assets arising on the same acquisition are recovered. Any excess exceeding the fair value of non-monetary assets acquired is recognised in profit or loss in the periods expected to benefit. Where the assets which gave rise to the negative goodwill are subsequently closed or sold, the associated negative goodwill balance is included with the net disposals charge recognised in the exceptional administrative expenses line in the profit and loss account.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Exceptional items

Items that are material in size and non-recurring in nature are presented as exceptional items in the profit and loss account. The directors are of the opinion that the separate recording of exceptional items provides helpful information about the group's underlying business performance. Events which may give rise to the classification of items as exceptional include restructuring of businesses, changes to business processes, gains or losses on the disposal or impairment of assets and other significant non-recurring gains or losses. Where exceptional items are reversed, the reversal is debited or credited to exceptional items.

Guarantees

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other related parties which are subsidiaries of its ultimate parent, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make payment under the guarantee.

Notes (continued)

(forming part of the financial statements)

4 Other operating income

	Quarter ended March 2018	Quarter ended March 2017
	£000	£000
Net profit on sale of tangible fixed assets	275	-

5 Segmental information

Quarter ended 31 March 2018					
	Four Seasons Health Care £000	brighterkind £000	The Huntercombe Group £000	Unallocated £000	Total £000
Turnover	105,627	25,032	24,904	-	155,563
EBITDARM before exceptional items	17,541	7,328	3,508	-	28,377
Rent				(10,720)	(10,720)
Central costs				(10,383)	(10,383)
EBITDA					7,274

Quarter ended 31 March 2017					
	Four Seasons Health Care £000	brighterkind £000	The Huntercombe Group £000	Unallocated £000	Total £000
Turnover	113,179	23,333	27,338	-	163,850
EBITDARM before exceptional items	22,443	6,601	4,441	-	33,485
Rent				(11,364)	(11,364)
Central costs				(10,285)	(10,285)
EBITDA					11,836

The above disclosure of financial information correlates with the information presented to the board.

No analysis of individual business assets and liabilities is presented to the board on a monthly basis and therefore no measure of business assets and liabilities is disclosed above. The total group assets and liabilities are as presented in the consolidated balance sheet.

6 Exceptional items

	Quarter ended March 2018	Quarter ended March 2017
	£000	£000
Administrative expenses – exceptional	(6,795)	(4,999)
Net profit on sale of tangible fixed assets	275	-
	(6,520)	(4,999)

The operating loss during the quarter includes exceptional costs of £6.5m. Within this total are closed home and redundancy costs totalling £1.3m, project costs of £0.5m and £4.6m relating to the restructuring.

Notes (continued)

(forming part of the financial statements)

7 Taxation

	Quarter ended March 2018 £000	Quarter ended March 2017 £000
Total expense recognised in the profit and loss account and other comprehensive income and equity		
<i>UK corporation tax</i>		
Current tax on loss for the period	(720)	(668)
<i>UK income tax</i>		
Current tax on loss for the period	117	285
<i>Foreign tax</i>		
Current tax on income for the period	-	10
Total current tax	(603)	(373)
<i>Deferred tax (see note 13)</i>		
Origination and reversal of timing differences	11	10
Total deferred tax	11	10
Total tax	(592)	(363)

The group structure results in certain profits being taxable under UK income tax rather than UK corporation tax. This increases the group's tax liability in the quarter by £117,000. This has been offset by a £720,000 credit for the utilisation of group relief by a related group.

8 Negative goodwill

	Negative goodwill £000
Net book value	
At beginning of period	(21,619)
Amortisation	372
At 31 March 2018	(21,247)
At 31 March 2017	(33,564)

Negative goodwill is being amortised over 20 years.

Notes (continued)

(forming part of the financial statements)

9 Tangible fixed assets

	Total £000
Net book value	
At beginning of period	490,202
Additions	4,575
Disposals	(2,732)
Depreciation	(8,577)
At 31 March 2018	483,468
At 31 March 2017	532,711

10 Debtors

	March 2018 £000	March 2017 £000
Trade debtors	24,063	26,623
Prepayments, other debtors and accrued income	16,182	16,168
Amounts owed by related undertakings	1,526	3,112
	41,771	45,903

Notes (continued)

(forming part of the financial statements)

11 Creditors: amounts falling due within one year

	March 2018 £000	March 2017 £000
Term loan	49,000	40,000
High yield bonds	525,000	-
Debt issue costs	(3,059)	-
Trade creditors	17,879	24,329
Amounts due to related undertakings	189	70
Amounts due to parent undertakings	92	201
Accruals and deferred income	25,633	27,754
Taxation and social security	12,712	8,453
Other creditors	39,284	36,384
Corporation tax	237	573
Accrued interest and finance costs	41,507	15,396
	708,474	153,160

12 Creditors: amounts falling due after more than one year

	March 2018 £000	March 2017 £000
High yield bonds	-	525,000
Debt issue costs	-	(9,346)
External debt net of debt issue costs	-	515,654
Amounts owed to related undertakings	490,000	426,088
Amounts owed to parent undertakings	2,235	1,943
	492,235	943,685

13 Deferred tax liabilities

	March 2018 £000	March 2017 £000
<i>Deferred tax liabilities are attributable to the following:</i>		
Accelerated capital allowances	5,087	5,092

Notes (continued)

(forming part of the financial statements)

14 Other provisions

	Provision for operating leases £000	Provision for onerous leases £000	Total £000
Balance at beginning of period	12,662	18,069	30,731
Provisions made during the period	145	-	145
Provisions used during the period	(248)	(2,083)	(2,331)
Provisions released to exceptional items during the period	-	(62)	(62)
Unwinding of discounted amounts	-	82	82
Balance at end of period	12,559	16,006	28,565

£5.0m of the provision for onerous leases will unwind over the period of the relevant contracts, with the balance expected to unwind in the 9 month period following the balance sheet date.

The provision for operating leases will unwind over the life of the particular leases.

15 Share capital and other comprehensive income

	March 2018		March 2017	
	No.	£000	No.	£000
Ordinary shares of £1 each - allotted, called up and fully paid	174,367,500	174,368	174,367,500	174,368

Other comprehensive income

The group has no recognised gains or losses in the current or prior period other than those reported in the consolidated profit and loss account.

16 Post balance sheet events

Restructuring proposal

On 18 May 2018 Elli Investments Limited and certain of its subsidiaries signed a Restructuring Lock-up Agreement with certain investment funds affiliated with H/2 Capital Partners, as majority creditor in both the Senior Secured Notes and the Senior Notes, which documents their agreement to proceed with a restructuring of the group that will see ownership transfer to a new company controlled by creditors ("Newco"). The restructuring is targeted to complete on or before 31 July 2018. In preparation for the transfer to new ownership, the group will undertake an intra-group reorganisation, the details of which are yet to be finalised. The terms of the proposed restructuring stipulate that all of the companies and operations in the Elli Investments Limited group, other than Elli Investments Limited itself, will transfer to Newco.