

Four Seasons Cherry Tree Homes Limited
Annual report and financial statements

Registered number 02569663
31 December 2017

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Strategic report

Background and ownership structure

Four Seasons Cherry Tree Homes Limited is a non-trading company within the Elli Investments Limited group of companies.

As at 31 December 2017, the directors regard Terra Firma Holdings Limited, a company registered in Guernsey, as the ultimate parent entity.

Financial results

The Company made a result before taxation of £nil (2016: loss of £155,000).

Principal activity

Previously the Company operated a care homes for elderly people but this was sold in 2016. As there are no plans for the Company to trade within the next 12 months, the directors have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

Business review and KPIs

The results of the Company are consolidated in the group headed by Elli Investments Limited, the consolidated financial statements of which contain a detailed business review and KPIs relating to the group. Copies of these financial statements can be obtained from the Four Seasons Health Care website.

On an individual company basis, the main financial and operational KPIs were as follows:

	2017	2016
Turnover	-	£608,000
Operating loss	-	£(155,000)
Average occupancy in the year	-	84.5%

2017 is a 53 week period. 2016 is a 52 week period.

Principal risks and uncertainties

The Elli Investments Limited group has management structures and policies and procedures which are designed to enable the achievement of business objectives while controlling the risks associated with the environment in which it operates. The group has a risk management process in place which is designed to identify, manage and mitigate business risk. The Company operates within this group structure.

The material risks affecting the Company and other group companies and the means by which they are managed are shown below. Further details can be found in the financial statements of Elli Investments Limited.

Financial risks

- *Liquidity and capital resources*

Mitigation: Liquidity and financing arrangements are managed centrally within the group. As detailed in Elli Investments Limited's annual report for the year ended 31 December 2017, the directors of the group recognise that the funding structure is not appropriate for the long-term needs of the group and that there are leases in the group's estate where rent is above market. Advisors were appointed in October 2015 to conduct a review of the group's financing arrangements and leasehold estate.

Strategic report (continued)

Principal risks and uncertainties (continued)

Financial risks (continued)

- *Reduction in demand for our services*

Mitigation: The Company and other group companies continue to focus on their strong partnering relations with Local Authorities and care commissioners to ensure that placements are made within our facilities. In addition, we regularly assess the services we provide to ensure they represent value for money and where necessary reposition services to align with demand.

- *Payroll pressures: increased reliance on agency staff and inflationary pressures on own staff costs*

Mitigation: The Company and other group companies actively monitor agency usage. Alternative sources of nurses are continually investigated both within the UK and internationally, together with the training and development of Care Home Assistant Practitioners to take on some of the tasks of nurses. The Group budgets carefully for National Minimum Wage and National Living Wage increases and the impact on its cash flow and profitability.

- *Seasonal death rate*

Mitigation: The Company and other group companies aim to deliver very good care everywhere which should serve to minimise the impact on occupancy during a normal period of higher winter deaths. In addition, wherever possible, the Company works with local NHS hospitals to provide care home beds for patients who are able to leave hospital at a time when the NHS is under seasonal pressure.

Operational risks

- *Regulatory and reputational risk*

Mitigation: The Company and other group companies devote a considerable amount of time to the management of regulatory and reputational matters. Compliance with the on-going requirements of registration and changes arising from the evolving regulatory environment mean that significant attention by the wider group's senior management has been, and will continue to be, dedicated to regulatory compliance and assurance. The wider group has implemented rigorous clinical governance and risk assurance systems, carries out substantial employee training, employee inductions and employee reference procedures, including a criminal background check for all frontline staff.

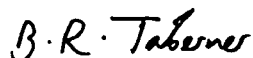
Employment policies

The Company and other group companies aim to provide equal opportunities regardless of sex, race, religion or belief, sexual orientation, disability or ethnic origin, recognising that the continued success of the group depends upon its ability to attract, motivate and retain people of the highest calibre. Further details can be found in the financial statements of Elli Investments Limited.

Environmental policy

The Elli Investments Limited group has an environmental commitment which includes compliance with existing environmental regulations, minimising the consumption of resources, a policy of "reduce, reuse and recycle" and providing awareness amongst staff of the environmental impact of travel.

By order of the board



B R Taberner
Director

Norcliffe House
Station Road
Wilmslow
Cheshire
SK9 1BU
5 September 2018

Directors' report

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2017.

Results and dividends

The results for the year are shown in the profit and loss account on page 7. The directors do not recommend the payment of a dividend (2016: £nil).

Directors

The directors who held office were as follows:

T R W Hammond
M O'Reilly (resigned 31 March 2017)
M C Royston
B R Taberner

Going concern and liquidity management

At the time of approving the financial statements, due to the fact the Company is no longer a trading entity, the directors have not prepared the accounts on a going concern basis. Further details are shown in the "Going concern" section of note 1 to the financial statements.

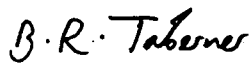
Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



B R Taberner
Director

Norcliffe House
Station Road
Wilmslow
Cheshire
SK9 1BU

5 September 2018

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so (as explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG LLP
1 St Peter's Square
Manchester
United Kingdom
M2 3AE

Independent auditor's report to the members of Four Seasons Cherry Tree Homes Limited

Opinion

We have audited the financial statements of Four Seasons Cherry Tree Homes Limited ("the company") for the year ended 31 December 2017 which comprise the Profit and loss account and other comprehensive income, Balance sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its result for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Emphasis of matter – non-going concern basis of preparation

We draw attention to the disclosure made in note 1 to the financial statements which explains that the financial statements are now not prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Independent auditor's report to the members of Four Seasons Cherry Tree Homes Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Rachel Fleming (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

1 St Peter's Square
Manchester
M2 3AE

5 September 2018

Profit and loss account and other comprehensive income
for the year ended 31 December 2017

	<i>Note</i>	2017 £000	2016 £000
Turnover	2	-	608
Cost of sales		-	(628)
Gross loss		-	(20)
Exceptional items	4	-	(135)
Operating loss		-	(155)
Loss before taxation		-	(155)
Tax on loss	7	-	-
Loss for the financial year		-	(155)
Other comprehensive income, net of tax		-	-
Total comprehensive loss for the year		-	(155)

The Company has no recognised gains or losses in the current or prior year other than those reported above.

All amounts relate to discontinued operations.

The financial statements include the notes on pages 10 to 16.

Balance sheet
at 31 December 2017

		2017	2016
	<i>Note</i>	£000	£000
Current assets			
Debtors	8	1,740	1,743
Creditors: amounts falling due within one year	9	(6)	(9)
Net current assets		<u>1,734</u>	<u>1,734</u>
Total assets less current liabilities		<u>1,734</u>	<u>1,734</u>
Net assets		<u><u>1,734</u></u>	<u><u>1,734</u></u>
Capital and reserves			
Called up share capital	11	1,490	1,490
Profit and loss account		244	244
Shareholder's funds		<u><u>1,734</u></u>	<u><u>1,734</u></u>

The financial statements include the notes on pages 10 to 16.

These financial statements were approved by the board of directors on 5 September 2018 and were signed on its behalf by:

B. R. Taberner

B R Taberner
Director

Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2016	1,490	399	1,889
Total comprehensive income for the period			
Loss for the period	-	(155)	(155)
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	(155)	(155)
Balance at 31 December 2016	1,490	244	1,734

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2017	1,490	244	1,734
Total comprehensive income for the period			
Result for the period	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	-	-
Balance at 31 December 2017	1,490	244	1,734

The financial statements include the notes on pages 10 to 16.

Notes (forming part of the financial statements)

1 Accounting policies

Four Seasons Cherry Tree Homes Limited (the "Company") is a private company limited by shares and incorporated, domiciled and registered in England in the United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's intermediate parent undertaking, Elli Investments Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Elli Investments Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Estera Administration (Guernsey) Limited, Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, GY4 6RT.

In these financial statements the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 15.

Measurement convention

The financial statements are prepared on the historical cost basis.

The accounting reference date for the group is 31 December 2017 (2016: 31 December 2016). The Company has opted to adopt the "seven day rule". The seven-day rule provides that a particular financial year need not end on the accounting reference date itself but on a date within not more than seven days of the date as the directors may determine. On this basis, the accounting period is for the 53 weeks ended 31 December 2017, with the comparative period being the 52 weeks ended 25 December 2016.

Going concern

In the previous years, the financial statements have been prepared on a going concern basis. However, the company has ceased to trade and has no means of actively trading. Accordingly, the directors have not prepared the financial statements on a going concern basis. All assets and liabilities are shown as current.

Notes (continued)

1 Accounting policies (continued)

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Taxation

Tax on the profit or loss for the year 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 Company 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.

Notes (continued)

1 Accounting policies (continued)

Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

2 Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the Company's ordinary activities, stated net of value added tax.

All turnover arises from operations in the United Kingdom, and is attributable to fees for provision of healthcare services.

3 Expenses and auditor's remuneration

The auditor's remuneration of £2,000 (2016: £1,500) for audit services was borne by another group undertaking. Amounts paid to the Company's auditor in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

4 Exceptional items

Exceptional in the prior year predominantly relate to a loss on disposal of fixed assets of £89,000, impairment of fixed assets of £28,000 and closed home costs of £11,000.

5 Staff numbers and costs

The average number of persons employed by the Company (including directors), during the year, including both full and part time staff, analysed by category, was as follows:

	Number of employees	
	2017	2016
Administration	-	1
Healthcare facilities	-	26
	<u>-</u>	<u>27</u>

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£000	£000
Wages and salaries	-	300
Social security costs	-	16
Pension costs	-	2
	<u>-</u>	<u>318</u>

Notes (continued)

6 Directors' remuneration

	2017 £000	2016 £000
Directors' remuneration	19	32
Pension costs	-	-
	<u>19</u>	<u>32</u>

The remuneration above relates to each director's qualifying services to the Company and any subsidiaries, and was paid by another group undertaking during the current and prior year.

The total remuneration, including bonus payments, in respect of this company and any subsidiaries of the highest paid director was £10,000 (2016: £20,000), and includes pension contributions of £nil (2016: £nil).

Pension contributions arise in respect of two (2016: two) directors. There were no outstanding pension contributions at the year end (2016: £nil).

7 Taxation

	2017 £000	2016 £000
Total tax expense recognised in the profit and loss account, other comprehensive income and equity		
<i>UK corporation tax</i>		
Current tax on loss for the period	-	-
Deferred tax charge	-	-
Total tax	<u>-</u>	<u>-</u>

Reconciliation of effective tax rate

	2017 £000	2016 £000
Loss for the year	-	(155)
Total tax expense	-	-
Loss excluding taxation	<u>-</u>	<u>(155)</u>
Tax using the UK corporation tax rate of 19.25% (2016: 20%)	-	(31)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	20
Group relief for nil consideration	-	4
Current year movement in unrecognised deferred tax assets	-	7
Total tax expense included in profit and loss	<u>-</u>	<u>-</u>

Factors that may affect future current and total tax (credit)/charge:

From 1 April 2017 the main rate of corporation tax was reduced to 19%. A Further reduction to 18% (effective from 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. Any deferred tax at 31 December 2017 has been calculated based on the rate of 17% being the rate substantively enacted at the balance sheet date.

Notes (continued)

8 Debtors

	2017 £000	2016 £000
Trade debtors	-	3
Amounts owed by group undertakings	1,739	1,739
Other debtors	1	1
	<u>1,740</u>	<u>1,743</u>

The amounts owed by group undertakings are unsecured and repayable on demand. No interest is charged.

9 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	5	5
Other creditors	1	4
	<u>6</u>	<u>9</u>

10 Employee benefits

The Company operates a number of pension schemes for its employees. All pension schemes are defined contribution schemes. The assets of all schemes are held in separate funds administered by the Trustees and are independent of the Company's finances.

The total cost charged to the profit and loss account during the year was £nil (2016:£1,680). At the year end £nil (2016:£nil) of pension contributions were outstanding.

11 Share capital

	2017 No. of shares	2017 £000	2016 No. of shares	2016 £000
<i>Allotted, called up and fully paid:</i>				
Ordinary shares of £1 each	1,490,090	1,490	1,490,090	1,490
	<u>1,490,090</u>	<u>1,490</u>	<u>1,490,090</u>	<u>1,490</u>
Shares classified as shareholder's funds	1,490,090	1,490	1,490,090	1,490
	<u>1,490,090</u>	<u>1,490</u>	<u>1,490,090</u>	<u>1,490</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Notes (continued)

12 Contingent liabilities and group financing arrangements

The Company, together with other group companies, is party to a number of financing arrangements.

13 Related parties

The directors have taken advantage of the exemption in FRS 102 Chapter 33.1A and, as the Company is a wholly owned subsidiary of FSHC Group Holdings Limited, have not disclosed related party transactions with parent and fellow subsidiary undertakings.

14 Ultimate parent

The Company's immediate parent company is Four Seasons (DFK) Limited, a company incorporated in the United Kingdom. Its registered address is Norcliffe House, Station Road, Wilmslow, SK9 1BU.

As at 31 December 2017, the ultimate parent undertaking is Terra Firma Holdings Limited, an entity incorporated in Guernsey.

The largest group in which the results of the Company are consolidated is that headed by FSHC Group Holdings Limited. The consolidated financial statements of this company will be available to the public and may be obtained from its registered office at Estera Administration (Guernsey) Limited, Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, GY4 6RT.

The smallest group in which the results of the Company are consolidated is that headed by Elli Investments Limited. The consolidated financial statements of this company are available to the public and may be obtained from its registered office at Estera Administration (Guernsey) Limited, Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, GY4 6RT.

15 Accounting estimates and judgements

The preparation of financial statements requires the directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

Recoverability of amounts owed by related undertakings

An estimate is made in respect of the recoverability of amounts owed by group undertakings. In making this assessment, the directors have considered the ability of the relevant group undertakings to pay the amount owed. Due to the complex group structure this requires consideration of the way in which all intercompany balances would be settled and the asset value available to settle those balances.

Notes (continued)

16 Post balance sheet events

Term loan

On 20 March 2018, the group refinanced its £40m term loan facility with a £70m super senior term loan. The new super senior term loan pays interest at LIBOR + 3.75% and has a maturity date of March 2019. The proceeds from this facility were used to repay the existing £40m term loan credit facility. To date, £65m of the £70m super senior term loan has been utilised.

Restructuring

On 14 December 2017 the group and H/2 Capital Partners, on behalf of its affiliated investment funds, ("H/2"), as the majority creditor in both the SSNs and SNs, announced that they had put in place a Standstill and Deferral Agreement ("SDA") in respect of the non-payment of interest on the senior secured notes and senior notes which were due for payment on 15 December 2017. Notwithstanding the SDA, the non-payment of the group's interest on 15 December 2017 resulted in a default outstanding at the year end. However, the SDA provides the majority creditor's forbearance on this default whilst it remains in place, which requires the group to comply with a number of conditions set out in the SDA.

On 18 May 2018 the SDA was amended to provide forbearance on the non-payment of the group's interest on 15 June 2018. On 18 May 2018 the group and H/2 announced that they had entered into a Restructuring Lock-up Agreement which documents their agreement to proceed with a restructuring of the group that will see ownership transfer to a new owner controlled by certain of the group's creditors.