

## Providing Experienced Leadership to Restructuring Situations



**FOUR SEASONS**  
HEALTH CARE

### ***Talbot Hughes McKillop advises the Four Seasons Health Care Group on its £1.7bn financial restructuring***

Talbot Hughes McKillop (THM) is pleased to announce the successful completion of the £1.7bn consensual financial restructuring of the Four Seasons Health Care Group (the **Group, Four Seasons**). A THM team led by Murdoch McKillop and Julian Gething has been working with the Group, its stakeholders and other advisers since July 2008. This transaction is the largest restructuring to be completed in the UK in 2009.

Four Seasons is one of the leading independent health care providers in the UK and owns and operates care homes, nursing homes and other specialist units (under the Huntercombe brand), which together employ over 21,000 people.

Three Delta LLP, backed by the Qatar Investment Authority, completed a leveraged buy-out of the Group for £1.4bn in 2006. As part of the transaction, a complex multi tiered 2 year loan was put in place, which included the issue of £600m of commercial mortgage backed securities. The Group's debt facilities matured in August 2008 and the Group entered default as a result of being unable to refinance the loan.

Following the conclusion of the restructuring transaction:

- The Group's debt has been reduced by over 50%. Critically, this leaves the Group with a solvent balance sheet and a stable platform from which to move forward; and
- The maturity of the Group's remaining facilities has been extended to 3 September 2010. Work to extend or refinance the remaining debt will commence immediately.

THM provided a dedicated team working alongside the Group for the duration of the transaction. The key THM roles included:

- Immediately providing a non executive director to the boards of several key companies that was critical to provide support and stability to the Group. This role will continue post restructuring;
- Negotiating standstill agreements on behalf of the Group;
- Project managing the restructuring process on behalf of the Group, involving extensive and active stakeholder communication and co-ordination of the various advisers. The stakeholder group comprised over 30 lenders across 11 tranches together with Hatfield Philips International (the **Servicer** and **Special Servicer**);
- Assisting the Group to produce a three year business plan and a cash lock box reporting mechanism;
- Tabling a balanced and fair restructuring proposal that innovatively dealt with the Group's balance sheet solvency concerns and sought to bridge the gap between the competing interests of divergent lender groups. This proposal formed the basis for the final restructuring agreement;
- Negotiating the key terms of the restructuring with the Special Servicer and the lenders, encouraging at all times the merits of a consensual solution; and
- Supporting the Group's PR advisers to manage proactively critical communication with the press and customers, suppliers and employees.

The THM team comprised Murdoch McKillop, Julian Gething, Anthony Place and Chris Elkins. The THM team worked closely with the Group's legal advisers, Macfarlanes, led by Ian Martin and including Kevin Tuffnell, Bronwen Jones, William David, Marc Israel, Jatinder Bains, Sadia Majid, William Sykes and Alexander Green.

Please contact Julian, Murdoch or Anthony at THM for more information on this transaction.

#### **About Talbot Hughes McKillop**

THM provides hands-on, senior level leadership to restructuring situations. We focus on working for companies in stressed and distressed situations to identify and deliver robust solutions that preserve stakeholder value. The THM approach is to deploy small dedicated teams in complex restructurings, bringing independence, trust and objectivity to negotiations with the stakeholders. Our role may be either advisory or involve THM individuals assuming a management or Board position, as appropriate.

## Contact Us

Julian Gething  
jgething@thmpartners.com  
+44 (0) 20 3012 1109

Matt Hinds  
mhinds@thmpartners.com  
+44 (0) 20 3012 1126

Paul Horn  
phorn@thmpartners.com  
+44 (0) 20 3012 1127

Chris Hughes  
chughes@thmpartners.com  
+44 (0) 20 3012 1128

Michael Leahy  
mleahy@thmpartners.com  
+44 (0) 20 3012 1134

Murdoch McKillop  
mmckillop@thmpartners.com  
+44 (0) 20 3012 1137

Dean Merritt  
dmerritt@thmpartners.com  
+44 (0) 20 3012 1138

Peter Morgan  
pmorgan@thmpartners.com  
+44 (0) 20 3012 1139

Anthony Place  
aplace@thmpartners.com  
+44 (0) 20 3012 1143

Neil Robson  
nrobson@thmpartners.com  
+44 (0) 20 3012 1146

David Rowe  
drowe@thmpartners.com  
+44 (0) 20 3012 1147

John Talbot  
jtalbot@thmpartners.com  
+44 (0) 20 3012 1148

Edward Wildblood  
ewildblood@thmpartners.com  
+44 (0) 20 3012 1154

6 Snow Hill  
London  
EC1A 2AY  
Tel: +44 (0) 20 3012 1100  
Fax: +44 (0) 20 3012 1103  
info@thmpartners.com  
www.thmpartners.com

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