

Justin Bowden  
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3 November 2014

Dear Justin,

Further to my update letter of last November, I am writing to share important news on the future of HC-One. As you may recall, last year NHP, the owners of HC-One, appointed strategic advisers to plan the next phase of HC-One's journey.

I am delighted to confirm that today Formation Capital, the leading healthcare-focused private investment firm in the USA, and Safanad, a global investment firm, in partnership with Court Cavendish, have signed a binding commitment to acquire HC-One and our parent company NHP. The deal is expected to complete in November 2014. This brings to an end a long period of uncertainty for us all, but especially our Residents, relatives and the staff. I want to thank you for your patience and forbearance.

This will be a seamless transition and I, together with most of the HC-One senior management team, will continue in our current roles.

Since HC-One was established in 2011 we have seen huge amounts of hard work, improvements and investment. We have invested more than £90m into improving the quality of homes, staff training and staff pay. We know we still have a long way to go. Today's announcement is the next step towards our goal to provide the kindest possible care and will ensure the business remains a stable and fully funded organisation.

Our new partnership is with two organisations who share our passion for care. Since 1999, Formation Capital and its investors have invested over \$5.5 billion across care in the senior housing sector. Safanad Limited is a global investment firm that invests in property, private and public markets.

The acquisition represents the start of a new era for HC-One's Residents, staff and relatives as we plan to invest even further in ensuring HC-One builds on the transformation achieved since 2011.

Above all else, our priority remains the continued wellbeing and care of Residents. The sale will in no way impact on the day-to-day operation of HC-One, our homes or our staff. The success we have achieved so far and the quality of care being delivered to those we serve on a daily basis would not have been possible without the hard work and commitment of our staff. We remain completely focused on ensuring we provide the kindest care and we will work tirelessly to achieve a smooth transition into this exciting new phase in the life of HC-One.

Should you have any questions regarding this matter, please do not hesitate to contact me directly.

Yours sincerely,



Dr Chai Patel CBE FRCP  
Chairman, HC-One