

ANNOUNCEMENT

£350,000,000 of 8.750% Senior Secured Notes due 2019 (the “**Senior Secured Notes**”)

£175,000,000 of 12.250% Senior Notes due 2020 (the “**Senior Notes**”)

(Collectively referred to as the “**Notes**”)

(ISIN: XS0794786011 / ISIN: XS0794785633

ISIN: XS0794787415 / ISIN: XS0794787175)

Issued by Elli Finance (UK) Plc (“**EFUK**”) and Elli Investments Limited (“**EIL**”, together with EFUK, the “**Issuers**”, and together with their subsidiaries, “**Four Seasons Health Care**”)

The Notes are admitted to the Official List of the Irish Stock Exchange and to trading on the Global Exchange Market

Four Seasons Health Care (“**Four Seasons**” or the “**Company**”) today announced that it has agreed a commitment from H/2 Capital Partners on behalf of its affiliated investment funds (“**H/2**”). Under its commitment, H/2 would provide up to £70.0 million of funding (the “**Facility**”) to assist the Company in stabilising operations and ensuring continuity of care for residents.

Robbie Barr, Chairman, Four Seasons Health Care, said: “We are very appreciative of H/2’s willingness to consider expanding its already substantial commitment to Four Seasons Health Care and for the continued support of all parties in pursuit of a consensual agreement. Working together to close the facility over the next two to three weeks, we believe that this incremental liquidity and initial steps toward a revised governance structure lay the foundation for a consensual restructuring that benefits all stakeholders, and in particular provide continuity of care for our residents.”

H/2’s Facility will increase the Company’s term loan from £40.0 million to £70.0 million, whilst simultaneously reducing the Company’s interest rate. H/2’s £70.0 million Facility will bear interest at LIBOR+3.75%, which compares to an interest rate of LIBOR+6.00% on the Company’s existing £40.0 million term loan. In addition, the H/2 Facility carries no upfront fees or prepayment penalties. H/2 has also indicated that it is open to considering interest from the Company’s other existing creditors to participate in the Facility.

The closing of the Facility is subject to Four Seasons’ satisfaction of certain closing conditions, including initial governance milestones critical to a consensual restructuring. The Facility is expected to close prior to 7 March 2018, the long-stop date provided in the Commitment Letter. The Company and H/2 have also agreed an amendment to their existing standstill and deferral agreement (the “**Standstill and Deferral Agreement**”). The amendment includes a revised set of restructuring milestones agreed by the Company and H/2. The revised restructuring milestones set forth in the amendment include the closing of the Facility

on or before 7 March 2018, and a mutual agreement as to restructuring terms on or before 16 April 2018. The amendment further extends the forbearance period's long-stop date to 1 June 2018.

Stakeholders are encouraged to review the Commitment Letter and the amendment to the Standstill and Deferral Agreement, which can be found in their entirety on the "Investor" section of the Four Seasons Health Care website (please click the following link to view the document: <https://www.fshc.co.uk/investors>).

Four Seasons and H/2 Capital Partners are each committed to regularly informing the multiple stakeholders important to the business as to the status of the restructuring. Both Four Seasons and H/2 recognise the importance of continuity of care for residents and stability for employees and other stakeholders.

For further enquiries, please contact:

Company financial adviser contacts:

Tom Campbell, PJT Partners
+44 (0) 203 650 1100
Campbell@pjtpartners.com

Mike Wilcox, PJT Partners
+44 (0) 203 650 1100
Wilcox@pjtpartners.com

Company media contacts:

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dyea@maitland.co.uk

For more information on Four Seasons Health Care, please visit <https://www.fshc.co.uk/investors>.

This announcement has been given by the Issuers of the Notes:

Elli Finance (UK) Plc

Elli Investments Limited

Norcliffe House

Old Bank Chambers

Station Road

La Grand Rue

Wilmslow

St Martin's, Guernsey

SK9 1BU

GY4 6RT

To: Elli Finance (UK) PLC (the “**Company**”)
Norcliffe House
Station Road
Wilmslow
SK9 1BU

For the attention of: The Directors

Cc: Elli Investments Limited
Old Bank Chambers
La Grand Rue
St Martin’s, Guernsey
GY4 6RT

For the attention of: The Directors

Elli Acquisitions Limited
Old Bank Chambers
La Grand Rue
St Martin’s, Guernsey
GY4 6RT

For the attention of: The Directors

8 February 2018

Ladies and Gentlemen,

Commitment Letter – £70.0 million Liquidity Facility

On 14 December 2017, the Company and H/2 Credit Manager LLC (for and on behalf of certain investment funds managed by it or its Affiliates) (each a “**Lender**,” and together “**H/2**” or the “**Lenders**”) entered into a standstill and deferral agreement (the “**Standstill Agreement**”) relating to certain defaults under the Senior Secured Notes Indenture and the Senior Notes Indenture.

The Lenders wish to continue their work with the Group towards a consensual restructuring of the capital structure of the Group. The Lenders are therefore pleased to set out in this letter (this “**Commitment Letter**”) the terms and conditions on which they are willing to commit to provide the Liquidity Facility (as defined below).

Unless otherwise defined in this Commitment Letter, capitalised terms have the meanings given to them in the Standstill Agreement.

1. Summary of the Liquidity Facility

The Lenders propose to provide funding on a fully committed basis in an aggregate amount of £70.0 million to be made available to the Company under a new credit facility (the “**Liquidity Facility**”) pursuant to a new credit facility agreement to be entered into between, among others, the Company and the Lenders (the “**Liquidity Facility Agreement**”).

Approximately £40.0 million plus £9.0 million of the Liquidity Facility shall be drawn at Closing (as defined below) to prepay and cancel in full the £40.0 million super senior credit facility (the “**Existing SSSL**”) made available to the Company pursuant to the credit facility agreement dated 9 October 2017 (the “**Existing Credit Facility Agreement**”), and the remainder of the Liquidity Facility will be available to fund working capital purposes of the Group in accordance with the terms set out in the term sheet attached to this Commitment Letter as Appendix A (the “**Liquidity Facility Term Sheet**”).

2. Definitions

In this Commitment Letter:

“**Agent**” means an entity who regularly acts in the capacity of a facility agent or payment agent in connection with facilities of this nature, that is appointed by the Lenders pursuant to the Liquidity Facility Agreement.

“**Affiliate**” means in relation to a person, a subsidiary or holding company of that person, a subsidiary of any such holding company and any fund and/or managed account (the first fund) which is managed or advised by the same investment manager or investment adviser as the first fund or whose board of directors is the same as the first fund or if employees of the investment manager or investment advisor or an affiliate thereof of the first fund comprise the majority of the board of directors or, if it is managed by a different investment manager or investment adviser, a fund or managed account whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund, or any entity directly or indirectly controlling or controlled by or under common control with such person.

“**Business Day**” means each day that is not a Saturday, Sunday or other day on which banking institutions in London, United Kingdom are authorized or required by law to close.

“**Commitment Documents**” means this Commitment Letter and the Liquidity Facility Term Sheet.

“**Closing**” means the date of (i) initial drawdown of the Liquidity Facility and (ii) discharge of all amounts under and in connection with the Existing Credit Facility Agreement.

“**Liquidity Facility Documents**” means the Liquidity Facility Agreement and related documentation (based on the terms set out in the Liquidity Facility Term Sheet and this Commitment Letter) in form and substance satisfactory to the parties thereto.

Unless a contrary indication appears, a term defined in any Commitment Document has the same meaning when used in this Commitment Letter.

3. Commitment

- 3.1 Subject to paragraph 4 of this Commitment Letter, the Lenders are hereby committing to provide 100% of the Liquidity Facility. The obligations of each Lender under the Commitment Documents are several.
- 3.2 For the avoidance of doubt, nothing in this Commitment Letter or in the Liquidity Facility Documents shall be construed to mean that any Lender is acting as an underwriter, arranger, trustee, agent or in a similar role or otherwise performing any services in respect of the Liquidity Facility.

4. Conditions

The commitment to provide the Liquidity Facility is made on the terms set out in the Commitment Documents and is subject to satisfaction of the following conditions:

- (a) compliance by the Company with all the terms of each Commitment Document;
- (b) each of the representations and warranties made by the Company pursuant to paragraph 7.1 (*Information*) being correct;
- (c) the preparation, execution and delivery of the Liquidity Facility Documents and satisfaction of all conditions to funding thereunder; and
- (d) completion by each party to the Liquidity Facility Documents of any client identification procedures in compliance with applicable money laundering rules.

5. Fees, Costs and Expenses

- 5.1 In accordance with the provisions set out in the Term Sheet, the Lenders propose to provide the Liquidity Facility without charging an upfront fee.
- 5.2 The Company shall promptly on demand pay the Agent and each Lender the amount of all costs and expenses (including legal fees) reasonably incurred by any of them in connection with the negotiation, preparation, printing and execution of the Liquidity Facility Documents whether or not the Liquidity Facility Documents are signed.

6. **Payments**

All payments to be made under the Liquidity Facility Documents:

- (a) shall be paid in the currency of invoice and in immediately available, freely transferable cleared funds to such account(s) with such bank(s) as the Lenders or the Agent (as applicable) notify to the Company;
- (b) shall be paid without any deduction or withholding for or on account of tax (a "**Tax Deduction**") unless a Tax Deduction is required by law. If a Tax Deduction is required by law to be made, the amount of the payment due shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required;
- (c) are exclusive of any value added tax or similar charge ("**VAT**"). If VAT is chargeable, the Company shall also and at the same time pay to the recipient of the relevant payment an amount equal to the amount of the VAT; and
- (d) will not be subject to set-off or counterclaim, and are non-refundable and non-creditable against other amounts payable.

7. **Information and co-operation**

7.1 The Company represents and warrants that:

- (a) any factual information provided to the Lenders in writing or publicly released by or on behalf of it or any other member of the Group (the "**Information**") is true and accurate in all material respects as at the date it is provided or as at the date (if any) at which it is stated;
- (b) nothing has occurred or been omitted and no information has been given or withheld that results in the Information being untrue or misleading in any material respect; and
- (c) any financial projections contained in the Information have been prepared in good faith on the basis of recent historical information and on the basis of reasonable assumptions.

7.2 The representations and warranties set out in paragraph 7.1 are deemed to be made by the Company daily by reference to the facts and circumstances then existing commencing on the date of this Commitment Letter and continuing until the date the Liquidity Facility Documents are signed.

7.3 The Company shall immediately notify the Lenders' legal counsel in writing (by email to Michael Francies (michael.francies@weil.com) and Andrew Wilkinson (andrew.wilkinson@weil.com)) if any representation or warranty set out in paragraph 7.1 is incorrect or misleading and agrees to supplement the Information promptly from time to time to ensure that each such representation is correct when made.

7.4 The Company undertakes to:

- (a) publicly announce the execution of this Commitment Letter and post and maintain the Commitment Documents on its public website, no later than one Business Day subsequent to the execution of this Commitment Letter;
- (b) upon the execution of the Liquidity Facility Documents, post and maintain the Liquidity Facility Agreement on its public website; and

- (c) do (and procure that each member of the Holdco Group (as defined in the Existing Credit Facility Agreement) does) all things that the Lender requests to give effect to the appointment, in accordance with the terms of the Debt Documents, of any trustee, security agent and/or creditor representative that the Lender may require.

7.5 The Company acknowledges that the Lenders will be relying on the Information without carrying out any independent verification.

8. Representations

The Company represents to the Lenders that:

- (a) it is acting for its own account and it has made its own independent decisions to enter into the transactions contemplated in the Commitment Documents (the "**Transactions**") and as to whether the Transactions are appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary;
- (b) it is not relying on any communication (written or oral) from the Lenders as investment advice or as a recommendation to enter into the Transactions, it being understood that information and explanations related to the terms and conditions of the Transactions shall not be considered investment advice or a recommendation to enter into the Transactions. No communication (written or oral) received from the Lenders shall be deemed to be an assurance or guarantee as to the expected results of the Transactions;
- (c) it is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of the Transactions. It is also capable of assuming, and assumes, the risks of the Transactions; and
- (d) no Lender is acting as a fiduciary for, or as an adviser to, it in connection with the Transactions.

9. Confidentiality

Subject to paragraph 7.4 above, the Company acknowledges that the Commitment Documents are confidential and the Company shall not, and shall ensure that no other member of the Group shall, without the prior written consent of the Lenders, disclose the Commitment Documents or their contents (other than information which has become public as a consequence of the paragraphs below) to any other person except:

- (a) as required by law or by any applicable governmental or other regulatory authority or by any applicable stock exchange;
- (b) to any applicable governmental or regulatory authority;
- (c) to the professional advisers of any applicable governmental or regulatory authority; and
- (d) to its employees or professional advisers, in each case, for the purposes of the Liquidity Facility, who, in each case, has been made aware of and agrees to be bound by the obligations under this paragraph or is in any event subject to confidentiality obligations as a matter of law or professional practice.

10. Indemnity

10.1 The Company shall within ten Business Days of demand indemnify each Indemnified Person (as defined below) against any claim, cost, expense, damage, loss or liability (including, without limitation, legal fees and any value added tax thereon) ("**Loss**") in each case incurred by or awarded against that Indemnified Person, arising out of or in connection with any actual or potential action, claim, suit, investigation or proceeding pending or threatened (including, without limitation, any action, claim,

investigation or proceeding to preserve or enforce rights) in relation to the Commitment Documents, the use of the proceeds of the Liquidity Facility and any breach by you of the terms of the Commitment Documents.

- 10.2 The Company will not be liable under paragraph 10.1 above for any Loss (including, without limitation, legal fees) incurred or awarded against an Indemnified Person directly resulting from a breach by that Indemnified Person of any material term of the Commitment Documents.
- 10.3 The Company agrees that no Indemnified Person shall have any liability (whether directly or indirectly in contract, tort or otherwise) to the Company or any of its Affiliates for or in connection with anything referred to in paragraph 10.1 above, except for any such cost, expense, loss or liability incurred by the Company that results directly from any breach by the Indemnified Person of a material provision of the Commitment Documents or which results directly from the gross negligence, wilful default or wilful misconduct of that Indemnified Person.
- 10.4 For the purposes of this Commitment Letter, "**Indemnified Person**" means each entity which composes the Lenders, their Affiliates, and each of their respective directors, officers, partners, members, shareholders, employees and agents.

11. Assignments

- 11.1 The Company shall not assign any of its rights or transfer any of its rights or obligations under the Commitment Documents without the prior written consent of the Lenders.
- 11.2 A Lender may assign any of its right or transfer any of its rights and obligations (including, without limitation, to Affiliates) under the Commitment Documents without the prior consent of the Company.

12. Termination

- 12.1 While the Liquidity Facility Agreement must be fully executed on or before 2 March 2018, the Lenders' believe that the Liquidity Facility can be funded within two to three weeks of agreeing terms with the Company. If execution of the Liquidity Facility Agreement does not occur on or before 5pm (London time) on 2 March 2018, the obligations of the Lenders under this Commitment Letter shall terminate immediately.
- 12.2 If the Company does not countersign this Commitment Letter on or before 5pm (London time) on 16 February 2018, the offer from the Lenders under this Commitment Letter shall terminate immediately.

13. Survival

- 13.1 Except for paragraphs 3 (*Commitment*), 4 (*Conditions*) and 12 (*Termination*) the terms of this Commitment Letter shall survive and continue after the Liquidity Facility Documents are signed.
- 13.2 Paragraphs 5 (*Fees, Costs and Expenses*) to 10 (*Indemnity*) and 12 (*Termination*) to 17 (*Governing Law and Jurisdiction*) inclusive shall survive and continue after any termination of the obligations of the Lenders under the Commitment Documents.

14. Entire Agreement

- 14.1 Without prejudice to the Standstill Agreement, the Commitment Documents set out the entire agreement between the Company and the Lenders to committing to provide the Liquidity Facility and supersede any prior oral and/or written understandings or arrangements relating to the Liquidity Facility.
- 14.2 Any provision of a Commitment Document may only be amended or waived in writing signed by the Company and the Lenders.

15. Third Party Rights

- 15.1 Unless expressly provided to the contrary in this Commitment Letter, a person who is not a party to this Commitment Letter has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any of its terms.
- 15.2 Notwithstanding any term of this Commitment Letter, the consent of any person who is not a party to this Commitment Letter is not required to rescind or vary this Commitment Letter at any time.

16. Counterparts

This Commitment Letter may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Commitment Letter.

17. Governing Law and Jurisdiction

- 17.1 This Commitment Letter (including the agreement constituted by your acknowledgement of its terms) and any non-contractual obligations arising out of or in connection with it (including any non-contractual obligations arising out of the negotiation of the transaction contemplated by this Commitment Letter) are governed by English law.
- 17.2 The courts of England have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this Commitment Letter (including a dispute relating to any non-contractual obligation arising out of or in connection with either this Commitment Letter or the negotiation of the transaction contemplated by this Commitment Letter).

If you agree to the above, please acknowledge your agreement and acceptance of the terms of this Commitment Letter by signing and returning to us an executed counterpart.

[Signature pages follow]

Yours faithfully

H/2 Credit Manager LLC,
for and on behalf of certain investment
funds managed by it or its Affiliates

We acknowledge and agree to the above:

For and on behalf of
Elli Finance (UK) PLC

LIQUIDITY FACILITY TERM SHEET

Capitalized terms used herein and not defined shall have the meanings ascribed to such terms in the Commitment Letter.

STRUCTURE	
1. Borrower:	Elli Finance (UK) plc
2. Group:	Elli Acquisitions Limited and all its Subsidiaries from time to time
3. Lender:	H/2 or its Affiliates and/or designees
4. Facility Agent:	An entity who regularly acts in the capacity of a facility agent or payment agent in connection with facilities of this nature, that is appointed by the Lender
5. Security Agent:	Barclays Bank PLC
6. Facility:	Term liquidity facility
7. Ranking:	Super senior secured, ranking prior to the existing Senior Secured Notes in the application of proceeds waterfall Subject to the existing intercreditor agreement dated 27 June 2012 (the " Intercreditor Agreement ")
8. Amount:	£70.0 million, of which: (i) £40.0 million plus £9.0 million will be available for drawdown on Closing (the " Initial Drawdown "); and (ii) £21.0 million will be available in up to five additional drawdowns (each a " Delayed Drawdown ") of no less than £4.0 million each
9. Purpose:	The Initial Drawdown will be available to repay and cancel in full the Existing SSTL and fund working capital purposes of the Group (excluding the making of acquisitions, dividends, distributions or any other payments to a (direct or indirect) shareholder of the Group) The Delayed Drawdowns will be available to fund working capital purposes of the Group (excluding the making of acquisitions, dividends, distributions or any other payments to a (direct or indirect) shareholder of the Group)
10. Availability:	<ul style="list-style-type: none"> No Default (other than those defaults subject to the Standstill Agreement) the Standstill Agreement remaining in full force and effect
11. Currency:	£/GBP
12. Maturity:	12 months
13. Security:	Facility to benefit from the guarantees and security currently in place in respect of the existing Senior Secured Notes

14. Documentation:	Documentation based on the Existing Credit Facility Agreement with amendments, including to: (i) reflect the provisions set out in this Term Sheet; (ii) remove all provisions relating to “Restructuring” and “Restructuring Implementation Date” (each term as defined in the Existing Credit Facility Agreement) including, without limitation, clause 2.3 (<i>Restructuring Support</i>) and all exceptions, permissions, carve-outs or qualifications to the representations, covenants and events of default in connection with the “Restructuring” or during the period prior to the “Restructuring Implementation Date”; and (iii) align the Asset Disposition provisions with those of the Senior Secured Notes Indenture; Documentation to be prepared by legal counsel to the Lender
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INTEREST

15. Interest:	LIBOR + 3.75% per annum LIBOR subject to a floor of 0%
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TERMS

16. Changes to the Lenders:	No restrictions
17. Mandatory Prepayments:	As per the Existing Credit Facility Agreement
18. Upfront Fees:	None
19. Prepayment Fees:	None
20. Availability Period:	<p>The Initial Drawdown will be available from signing of the Liquidity Facility Agreement until three Business Days thereafter</p> <p>Delayed Drawdowns will be available from the date of the Initial Drawdown until 15 May 2018</p> <p>For the avoidance of doubt, if the Initial Drawdown has not occurred by the end of the Availability Period for such drawdown, all obligations of the Lenders pursuant to the Liquidity Facility Agreement shall cease and the Lenders will not be required to provide any funding</p>
21. Conditions Precedent:	<p>Customary conditions precedents for a facility of this nature and to include, without limitation:</p> <ul style="list-style-type: none"> • No default continuing, including insolvency defaults as described in clause 25.6 (<i>Insolvency</i>) of the Existing Credit Facility Agreement (other than those defaults subject to the Standstill Agreement) • Execution of the amendment letter amending the terms of the Standstill Agreement to, among other things: (i) permit the Liquidity Facility; and (ii) undertake to make certain governance changes • Compliance with the Standstill Agreement, as amended • Customary corporate approvals, officer certifications and legal opinions • Security confirmations consistent with those provided as a condition precedent under the Existing Credit Facility Agreement

		<ul style="list-style-type: none"> • On or prior to the date of the Liquidity Facility Agreement, evidence that a prepayment and cancellation notice has been delivered pursuant to clauses 8.2 and 8.3 of the Existing Credit Facility Agreement • On or prior to the date of the Liquidity Facility Agreement, a fully executed Utilisation Request in respect of the Initial Drawdown • Such majority consents as required under each of the Senior Secured Notes Indenture and the Senior Notes Indenture in order to permit the Liquidity Facility • Such amendments to each of the Senior Secured Notes Indenture and the Senior Notes Indenture as required in order to prohibit the Group from incurring Super Senior Liabilities (as defined in the Intercreditor Agreement) other than the Liquidity Facility • A funds flow statement <p>All conditions precedent to be in form and substance satisfactory to the Lender</p>
22.	Representations:	Based on the Existing Credit Facility Agreement (provided that the Subject Defaults (as defined in the Standstill Agreement) shall be carved-out from the representation consistent with 21.11(b) of the Existing Credit Facility Agreement)
23.	Financial Covenant:	As per the Existing Credit Facility Agreement
24.	Covenants:	Based on the Existing Credit Facility Agreement and including the governance covenants set out in Annex A, and covenants for each member of the Holdco Group (as defined in the Existing Credit Facility Agreement) to: (i) publish a cleansing announcement in respect of any material non-public information provided to the potential lenders as part of the process of establishing the Liquidity Facility; and (ii) do all things that the Lender requests to give effect to the appointment, in accordance with the Debt Documents, of any trustee, security agent and/or creditor representative that the Lender may require
25.	Information Covenants:	Based on the Existing Credit Facility Agreement. All information to be provided to the Agent rather than to any Lender directly
26.	Events of Default:	Based on the Existing Credit Facility Agreement and including Events of Default relating to breach of the Standstill Agreement and the occurrence of the Forbearance Expiration Date (as defined in the Standstill Agreement)
27.	Governing Law:	English law with any high yield restrictive covenants interpreted in accordance with the laws of the State of New York

ANNEX A

Governance Covenants

1. On or prior to the date of the Liquidity Facility Agreement, Elli Investments Limited and Elli Acquisitions Limited shall ensure that their boards are Majority Independent Boards. If at any time the board of either Elli Investments Limited or Elli Acquisitions Limited ceases to be a Majority Independent Board, an Event of Default will occur.
2. Within 15 days of the date of the Liquidity Facility Agreement, each Holding Company shall appoint the Implementation Officer. If the Implementation Officer ceases to remain appointed at each Holding Company, an Event of Default will occur.
3. If the directors of any Holding Company or of any other member of the Holdco Group (as defined in the Existing Credit Facility Agreement) seek the appointment of an administrator, liquidator, receiver, or any other insolvency office holder, such person shall be insolvency office holders from Ernst & Young LLP (“EY”) who are named as or selected by the EY client service team named in the engagement letter between EY and the Holding Companies on 11 December 2017 (each an “EY IP”). Notwithstanding the above, to the extent a person that is not party to this agreement seeks to appoint administrators, liquidators, receivers, or any other insolvency office holders in respect of a Holding Company or other member of the Holdco Group, the relevant Holding Company or member of the Holdco Group shall use all its corporate powers to ensure that an EY IP is appointed.

For the purposes of this Annex A:

“**Implementation Officer**” means any one of up to three (3) executive officers submitted by the Majority Holders (as defined in the Standstill Agreement) to Elli Investments Limited with such scope and duties as the Majority Holders may reasonably require, including, but not limited to:

- Working collaboratively with Company management to implement the restructuring.
- Working with Company management to monitor and preserve liquidity.
- The Implementation Officer shall report to the board of directors of Elli Finance (UK) Limited and Elli Investments Limited.

“**Holding Company**” means the Holdco Guarantor, the Company, Elli Group (UK) Limited and the Original Borrower (each as defined in the Existing Credit Facility Agreement).

“**Majority Independent Board**” means a board of five (5) directors consisting of:

- Two (2) Independent Directors nominated by the Majority Holders.
- One (1) Independent Director jointly nominated by the Sponsor Group and the Majority Holders, who will agree on the joint nominee in sufficient time to seat such nominee on or before the date of the Liquidity Facility Agreement, having completed due diligence and preparatory undertakings commensurate of the other newly nominated directors.
- Two (2) further directors among the three existing directors (remaining following pending resignations) to be discussed between the parties.

In addition:

- Each director shall have one (1) vote, and in the event that voting is tied, no director shall have a casting vote.
- A majority of the five (5) directors shall not reside in any single jurisdiction other than Guernsey.

“**Independent Directors**” means directors who do not form part of, or are not connected with or affiliated with, nor currently directors of, any member of the Sponsor Group, the Group, or the Majority Holders.

“**Sponsor Group**” means: (i) FSHC; (ii) FSHC's Affiliates; (iii) FSHC's direct or indirect shareholders (and their Affiliates, including but not limited to related funds and/or holding companies); (iv) FSHC's

direct or indirect subsidiaries (and their related entities); and (v) any Representative of any of the foregoing, that in each case are not a member of the Holdco Group or Representatives of a member of the Holdco Group.

“Representative” means an employee, director, officer, agent, contractor, legal adviser, other professional adviser or financial adviser, and in relation to any entity, fund, partnership or undertaking, includes each member of its senior management.

“FSHC” means FSHC Group Holdings Limited, a private limited company organised under the laws of Guernsey.

BY COURIER AND EMAIL

To: Elli Finance (UK) Plc
Norcliffe House
Station Road
Wilmslow
Cheshire
SK9 1BU

FAO: Ben Taberner

Elli Investments Limited
Old Bank Chamber
La Grande Rue
St Martin's
Guernsey
Channel Islands
GY4 6RT

FAO: The Directors

Copy: Linklaters LLP
One Silk Street
London
EC2Y 8HQ
FAO: Bruce Bell, Sarah Mook

8 February, 2018

Ladies and Gentlemen,

Standstill and Deferral Agreement dated 14 December 2017 between, among others, Elli Finance (UK) Plc (as the Senior Secured Notes Issuer), Elli Investments Limited (as the Senior Notes Issuer), and H/2 Credit Manager LLC (“H/2”) for and on behalf of certain investment funds managed by it or its affiliates (the “Standstill Agreement”)

1. Unless otherwise defined, words and expressions used in the Standstill Agreement shall bear the same meaning in this letter and section references in this letter shall reflect the section references in the Standstill Agreement.
2. Pursuant to Section 6.10 (*Amendment*), upon an original copy of this letter being countersigned by the Issuers and the Majority Holders, the Issuers and the Majority Holders agree that the Standstill Agreement shall be amended in accordance with the terms set out in Schedule 1 (*Amendments to the Standstill Agreement*).
3. It is agreed and acknowledged by the Issuers that nothing in this letter shall constitute a waiver, or prejudice, diminish or otherwise adversely affect, any present or future rights or remedies available to H/2 or any other creditor of the Group.
4. The provisions of Sections 6 (*Miscellaneous*) shall apply to this letter as if set out in full herein, save that references therein to “this Agreement” shall be read as a reference to this letter.

Yours sincerely,

H/2 CREDIT MANAGER LLC,

for and on behalf of the Majority Holders

By:

Name:

Title:

Acknowledged and agreed

for and on behalf of

ELLI FINANCE (UK) PLC

By:

Name:

Title:

for and on behalf of

ELLI INVESTMENTS LIMITED

By

Name:

Title:

SCHEDULE 1

AMENDMENTS TO THE STANDSTILL AGREEMENT

1. Section 5.1 (Definitions) shall be amended by inserting the following new definitions:

“New Facility Agreement” means the term liquidity facility agreement to be entered into by the Senior Secured Notes Issuer pursuant to the terms of a commitment letter dated 8 February 2018 (the “Commitment Letter”), between, among others, the Senior Secured Notes Issuer and the Initial Holders, the proceeds of which shall, in part, discharge amounts then owing under the then extant Credit Facility.”
2. Section 5.1(d)(i) (*Forbearance Expiration Date*) shall be amended by deleting “2 April 2018” and replacing it with “1 June 2018”.
3. A new Section 6.13 shall be included to read as follows:

“Notwithstanding any term of this Agreement, nothing in this Agreement shall prevent or restrict any member of the Group from:

 - a. entering into: (1) the Commitment Letter; and (2) the New Facility Agreement and any related finance documents;*
 - b. issuing any notice listed as a condition precedent in the New Facility Agreement; or*
 - c. taking any action in accordance with the terms of the Commitment Letter or the New Facility Agreement (including utilising funds drawn under the New Facility Agreement to prepay amounts owing or to make any other payment due under the then extant Credit Facility),*

and no breach of, and no termination right under, this Agreement shall arise as a result of any such action.”
4. Exhibit D, Part A, paragraph 2(a) shall be amended by deleting “paragraphs 4 and 12” and replacing it with “paragraph 4”.
5. Exhibit D, Part A, paragraph 2(a) shall be amended by deleting “£250,000” and replacing it with “£390,000”.
6. Exhibit D, Part A, paragraph 4 shall be amended by deleting “paragraphs 2(a) and 12” and replacing it with “paragraph 2(a)”.
7. Exhibit D, Part A, paragraph 4 shall be amended by deleting “£250,000” and replacing it with “£390,000”.
8. Exhibit D, Part A, paragraph 9 shall be amended to read as follows:

“Subject to Section 6.1 of this Agreement, within one (1) Business Day of entry into this Agreement, or entry into any amendment to this Agreement, the Issuers shall: (i) publicly announce the existence of this Agreement or relevant amendment, as applicable, in the form of press release agreed by the Issuers and the Majority Holders; and (ii) publish and maintain this Agreement and any amendment to this Agreement on the Group’s website.”
9. Exhibit D, Part A, paragraph 12 shall be amended by deleting sub-paragraph (iii) and replacing it with

“for arm’s length consideration, not to exceed during the Support Period, (A) an aggregate amount of £1,500,000 with respect to all transactions that individually exceed £50,000 and (B) an aggregate amount of £750,000 with respect to all transactions that individually are less than £50,000, in each case in respect of such indebtedness and / or material transactions.”
10. Exhibit D, Part A, paragraph 12 shall be amended by inserting the following new sub-paragraph (iv):

“(iv) to enable the Senior Secured Notes Issuer, and other relevant members of the Group, to enter into and deliver the New Facility Agreement.”
11. Exhibit D, Part A, paragraph 23 shall be amended by deleting “ten (10) Business Days” and replacing it with “six (6) Business Days”.

12. Exhibit D, Part A, shall be amended by inserting the following new paragraph 28:

“The Group shall comply with all requirements set forth on Exhibit F.”

13. Exhibit D, Part B, Milestone 5 shall be amended by deleting “7 February 2018” in the column entitled “Milestone Date” and replacing it with “16 April 2018”.

14. Exhibit D, Part B shall be amended by inserting a new Milestone 6.: “Closing (as defined in the Commitment Letter) to be satisfied by 7 March 2018”.

Exhibit F

Governance Covenants

1. At or prior to execution of the New Facility Agreement, the Senior Notes Issuer and EAL shall ensure that their boards are, and thereafter remain, Majority Independent Boards.
2. Within 15 days of execution of the New Facility Agreement, each Holding Company shall appoint the Implementation Officer. Such Implementation Officer shall remain appointed at each Holding Company.
3. If the directors of any Holding Company or of any other member of the Group seek the appointment of an administrator, liquidator, receiver, or any other insolvency office holder, such person shall be insolvency officeholders from Ernst & Young LLP (“EY”) who are named as or selected by the EY client service team named in the engagement letter between EY and the Holding Companies on 11 December 2017 (each an “EY IP”). Notwithstanding the above, to the extent a person that is not party to this agreement seeks to appoint administrators, liquidators, receivers, or any other insolvency office holders in respect of a Holding Company or other member of the Group, the relevant Holding Company or member of the Group shall use all its corporate powers to ensure that an EY IP is appointed.

For the purposes of this Exhibit F:

“**Implementation Officer**” means any one of up to three (3) executive officers submitted by the Majority Holders to the Senior Notes Issuer with such scope and duties as the Majority Holders may reasonably require, including, but not limited to:

- Working collaboratively with Company management to implement the restructuring.
- Working with Company management to monitor and preserve liquidity.
- The Implementation Officer shall report to the board of directors of Elli Finance (UK) Limited and Elli Investments Limited.

“**Holding Company**” means the Senior Notes Issuer, EAL, Elli Group (UK) Limited and the Senior Secured Notes Issuer.

“**Majority Independent Board**” means a board of five (5) directors consisting of:

- Two (2) Independent Directors nominated by the Majority Holders.
- One (1) Independent Director jointly nominated by the Sponsor Group and the Majority Holders, who will agree on the joint nominee in sufficient time to seat such nominee on or before the date of the New Facility Agreement, having completed due diligence and preparatory undertakings commensurate of the other newly nominated directors.
- Two (2) further directors among the three existing directors (remaining following pending resignations) to be discussed between the parties.

In addition:

- Each director shall have one (1) vote, and in the event that voting is tied, no director shall have a casting vote.
- A majority of the five directors shall not reside in any single jurisdiction other than Guernsey.

“**Independent Directors**” means directors who do not form part of, or are not connected with or affiliated with, nor currently directors of, any member of the Sponsor Group, the Group, or the Majority Holders.