

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 (the "**Issuers**", and together with their subsidiaries, "**Four Seasons**")

The standstill and deferral agreement expired at 9:01 a.m. BST on 26 October 2018 (the "Expiration Time"). An extension of the standstill and deferral agreement was not agreed prior to this time. As a result, the waivers of the Events of Default under the existing £70 million super senior term loan ("SSTL") and the Notes also expired.

A demand and acceleration notice was served subsequent to the Expiration Time by Wilmington Trust (London) Limited as agent (the "Agent") under the SSTL to Elli Acquisitions Limited ("EAL") as obligors' agent, EFUK as borrower and Elli Group (UK) Limited ("EGUK") as guarantor under the SSTL as a result of the occurrence of the Expiration Time and the related occurrence of an Event of Default under the SSTL occurring by reason of the Forbearance Expiration Event having taken place (the "Acceleration"). The Agent has declared all of the Utilisations, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents immediately due and payable by EFUK, EAL and EGUK.

Following the Acceleration, we understand that CSC Trustees Limited as security agent (the "Security Agent") has instructed in accordance with the terms of the intercreditor agreement dated 27 June 2012 (the "Intercreditor Agreement") to require that:

- EAL exercise all its voting rights in the shares in EGUK to appoint and remove certain directors from the EGUK board; and
- EGUK exercise all its voting rights in the shares in EFUK to appoint and remove certain directors from the EFUK board,

in each case as directed by the Security Agent.

Notwithstanding the above, waivers of any change of control that the above actions might constitute and of any cross acceleration events of default under the Senior Secured Notes and the Senior Notes were received prior to the Security Agent taking the steps referred to above.

In relation to EFUK, the Security Agent has exercised its rights pursuant to the relevant security documents to direct EGUK to vote its shares in EFUK so as to (i) appoint Baroness Margaret Ford and Mark Ordan to the board of directors of EFUK and (ii) remove Claire Royston, Ben Taberner and Iain Lynam as Directors of EFUK. The EFUK board will now consist of Baroness Margaret Ford, Mark Ordan and Martin Healy.

Ben Taberner, Claire Royston and Tim Hammond remain as Group CFO, Group Medical Director and CEO of the Four Seasons Health Care business, respectively.

These changes have been made in furtherance of an independent sales process and facilitate such a process taking place.

Subsequent to the above events, the Issuers concluded an agreement for the reinstatement of the standstill and deferral agreement in relation to the Senior Secured Notes and the Senior Notes until 5pm GMT on 2 November 2018, a copy of which is attached. This agreement does not apply to the SSSL.

A further announcement will be made in due course.

For further enquiries, please contact:

Company media contacts:

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For more information on the Issuers' Group, please visit <https://www.fshc.co.uk/investors>.

This announcement has been given by:

Elli Finance (UK) Plc

Norcliffe House

Station Road

Wilmslow

SK9 1BU

Elli Investments Limited

Old Bank Chambers

La Grand Rue

St Martin's, Guernsey

GY4 6RT

BY COURIER AND EMAIL

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

FAO: The Directors

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

26 October 2018

Ladies and Gentlemen,

Standstill and Deferral Agreement dated 14 December 2017, as amended, restated and/or reinstated from time to time, 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. The Majority Holders and the Issuers (on behalf of themselves and on behalf of each of their subsidiaries that executed the Standstill Agreement) hereby agree that the Standstill Agreement shall be reinstated in its full form as at 25 October 2018 (including, but not limited to Section 1.2 (*Forbearance*), the full provisions of Article VI (*Miscellaneous*) and the full provisions of Exhibit D) subject to the amendments set out in Schedule 1 (*Amendments to the Standstill Agreement*).
3. It is agreed and acknowledged by the Issuers (on behalf of themselves and on behalf of each of their subsidiaries that executed the Standstill Agreement) 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 Section 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.

[Redacted]

Yours sincerely,

[Redacted]

H/2 CREDIT MANAGER LLC

for and on behalf of the Majority Holders


By:

[Redacted]

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:

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(d)(i) (*Forbearance Expiration Date*) shall be amended by deleting it in full and replacing it with “5:00 pm GMT on 2 November 2018”.
2. The addition of a new Section 6.14 as follows:

“Section 6.14 Marketing Process Notwithstanding any term of this Agreement, nothing in this Agreement shall prevent or restrict any member of the Group during the Support Period from taking preparatory steps, including consulting with the Majority Holders, to establish a transparent arm’s length sales process for the sale of all or substantially all of the assets of the Group.”