

Elli Finance (UK) plc and Elli Investments Limited

2 October 2018

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 and Elli Investments Limited (the “**Issuers**”, and together with their subsidiaries, “**Four Seasons**”)

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

Joint statement and update on standstill

Four Seasons and H/2 Capital Partners have issued a joint statement today which is available on the investor section of the Four Seasons Health Care website and which is enclosed with this announcement.

Furthermore, we refer to our previous announcements including those of 30 August 2018 and 1 October 2018. The standstill and deferral agreement has been further amended to extend the forbearance period to 5 October 2018.

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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:

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2 October 2018

Four Seasons Health Care Appoints Independent Boards to Work Collaboratively with H/2 Capital Partners

Four Seasons and H/2 to Assess Restructuring Alternatives in Light of the Group's Successive Downward Revisions to its Operating Performance

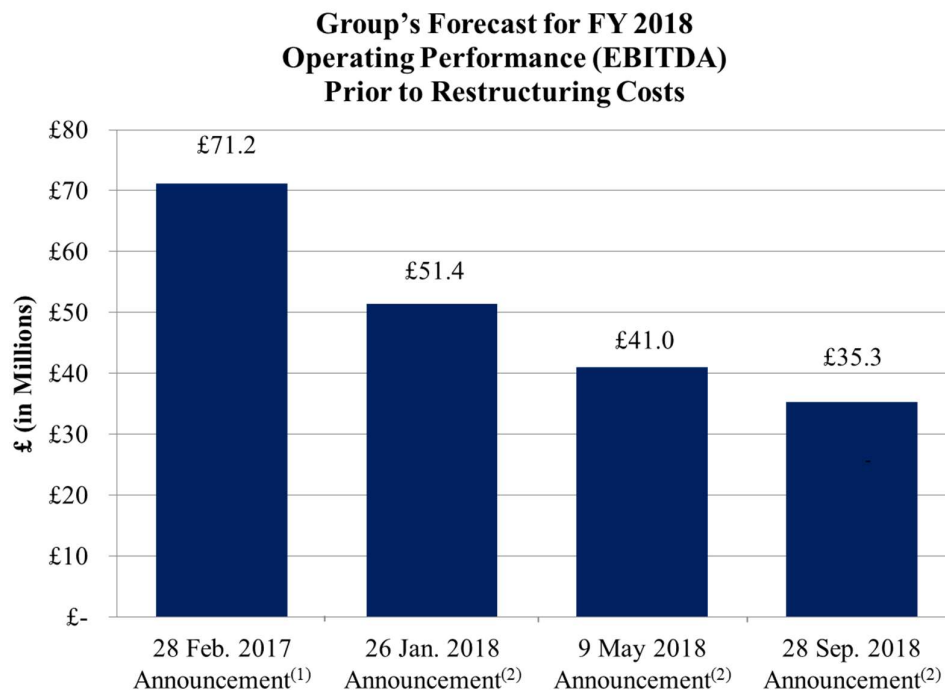
- Four Seasons yesterday made important governance changes in light of successive downward revisions to its operating performance.
- Independent Directors have been newly appointed to several of the Group's key Boards of Directors, such that those Boards are now independent.
- Investment funds affiliated with H/2 Capital Partners ("H/2") have agreed to further extend the deferral of the interest owed to them on the Group's debt.
- H/2 has also today funded £5 million in furtherance of continuity of care and operational stability.
- With H/2's continuing support, the Group's newly-independent leadership will engage with H/2 immediately in assessing possible restructuring alternatives.
- Day-to-day operations continue unaffected.

Four Seasons ("Four Seasons" or the "Group") yesterday made certain important governance changes which result in the Group now being led by independent Boards. Newly appointed to the Boards of Directors are:

- David Edmonds CBE, a highly-experienced Non-Executive Director with significant healthcare and regulatory expertise, including previously serving as a Non-Executive Director of Barchester Healthcare Limited and as a former regulator across both the legal services and communications sectors; and
- Iain Lynam, a seasoned restructuring professional with extensive health and social care experience across both the NHS and the independent sectors.

In parallel with these appointments, certain Board members associated with Terra Firma have stepped down. These directors are Robbie Barr, Peter Dixon, Ryan Macaskill and Greg Newman.

Continuing a multi-year trend of challenging operating results, the Group has downwardly revised its stated forecast for current-year EBITDA multiple times:



In addition to extending the interest deferral period, H/2 today funded £5 million to the Group, which together with substantial amounts previously funded by H/2, supports continuity of care and operating stability. The Independent Directors and H/2 reaffirm their continuing support to Four Seasons' residents, patients, employees and other important stakeholders.

Allan Hayward, Independent Director of the Elli Acquisitions Limited Board of Directors, said: "I am very pleased that we have been able to extend independent governance and leadership further across the Group. This can only be beneficial in securing a successful restructuring of this important enterprise."

Spencer Haber, Chairman of H/2 Capital Partners, commented: "The challenging task of rebuilding Four Seasons begins today with fresh momentum. We are ready to get to work immediately with the reconstituted, Independent Boards to develop a restructure plan grounded in reality, moving on to the vital job of restoring Four Seasons to its proper state to serve its residents, their families, its employees and government stakeholders."

Notes

(1) FY18 forecast EBITDA calculated using KPIs from Elli Investments Limited Information Statement, as reported in the announcement dated 28 February 2017.

(2) FY18 forecast EBITDA calculated using respective Elli Investments Limited Information Statements, as reported in the announcements dated 26 January 2018, 9 May 2018 and 28 September 2018 respectively.

Links to the above referenced Information Statements can be found on the Group's website:

<https://www.fshc.co.uk/about-us/investors/>

Media Enquiries

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H/2 Capital Partners

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BY COURIER AND EMAIL

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FAO: Bruce Bell, Sarah Mook

2 October 2018

Ladies and Gentlemen,

Standstill and Deferral Agreement dated 14 December 2017, as amended and/or restated 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 27 September 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 amendment of Section 5.1(d)(i) (*Forbearance Expiration Date*) which shall be deleted in full and replaced with "5:00 p.m. GMT on 5 October 2018".
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: [REDACTED]

Title: [REDACTED]

Acknowledged and agreed

[Redacted]

for and on behalf of

ELLI FINANCE (UK) PLC

By:

Name:

Title:

[Redacted]

for and on behalf of

ELLI INVESTMENTS LIMITED

By

Name:

Title:

[Redacted]