

The Secretary and Directors

EEA Life Settlement Fund PCC Ltd

La Tonnelle House
Les Banques, St Sampson
Guernsey, GY1 3HS

via email: eea@saffery.gg

Dear Sirs

EEA Investor Concerns

Further to our letter of 2nd October to Mr Colton and his response dated 12th October, we have now reviewed various matters that concern us. In our considered opinion, this Fund and its Board have often acted primarily in the financial interest of the Fund Manager and Investment Advisor (and their associated entities) and secondarily for (or even against) the interest of all or certain investors.

With this in mind we have detailed our current concerns in the Appendix to this letter, and summarise our conclusions under the corresponding headings below. We request the Company to take certain actions, but insofar as control of "The Company" is vested in the (self-appointed) Directors, each Director will have to pay due regard to his conflicted or tainted position with respect to each matter, and make his decision based solely on the best interest of "The Company" and its beneficial owners who have lost millions of dollars from the previous decisions and actions of the Directors concerned. If necessary each Director should recuse himself from the relevant decision(s) or risk additional potential action from the harmed investors.

A. Continuing Shareholders

We are still encountering (retail) investors and Financial Advisors who don't properly know or understand the redemption options for Continuing shares, or the implications and prospects for allowing available cash to be reinvested (especially since you changed the reinvestment scenario in the February 2017 Information Memorandum and later Q&A Bulletins).

We request that in the interest of the investors concerned, the Board shall circulate information to all such "non-redeeming" Continuing investors and also via your distribution partners (Meteor, Riverstone, Way), relevant platforms, nominees and Financial Advisors along the lines proposed in the Appendix [Section A].

This action should include an "Opt-in" for reinvestment of Available Cash when applicable, the default being to deem a 100% Redemption Request for the 2nd July 2018 Redemption Day if no other response has been received (in Guernsey) by 29th March 2018.

We also request, again in the interest of the investors concerned, that an "Offering Memorandum" (or similar document) for the re-investment terms and prospects be circulated to the relevant investors, including an assurance that no such reinvestment will be made until after the 29th March 2018 redemption request deadline has passed.

B. Remaining Portfolio and Run-off Projections

Based on EEA published data to date, we estimate that the current portfolio of 116 policies (86 lives) will yield additional future net cash of **\$300m** (70%) against outstanding net capital of **\$426m** over the next five years. This compares with a current portfolio Fair Value (i.e. sale value) of **\$188m**

We note that the Investment Advisor has estimated ¹ future policy lapses at \$3.8m – 20.3m, that the four policies identified by Coventry Capital as “worthless” account for \$31m of future NDB and that there might be further expenses and writeoffs / writedowns to take into account.

We also note that under IFRS9 ² (from January 2018) the Fund must include future “credit loss” which in turn might further reduce the potential Fair Value (i.e. sale value) of the remaining policies, plus related valuation based Management Fees and the NAV per share for ongoing redemptions where applicable.

We request that the Board publishes updated estimates and Maple Life projections of net future cash, portfolio fair value and expenses (year by year) plus the Board's proposals for holding or selling policies in order to maximize the total net cash available to investors. This plan should be presented to an EGM for investor approval before any significant policy sales are undertaken or committed.

C. Policy Sales

We still reject your argument that the 2015 Policy Sale was an “appropriate” “portfolio management” decision by the Manager. We also note that the 2015 Policy Sale crystallized an actual loss of \$81m ³ (versus an estimated net profit of \$105m if held to maturity). Four additional policies were sold in 2016 and 2017 generating a further net loss exceeding \$1.4m ⁴

We therefore request that the Company shall sue the Manager and its accomplices to recover the estimated \$186m of future net cash lost by selling the relevant policies during 2015. The Company should also sue the Auditor (Grant Thornton), Custodian (BNP Paribas and/or Citizens Bank) and the former Administrator / Compliance Officer (IAG Guernsey) where applicable for their parts in facilitating, condoning or approving the sales which we contend were in breach of the Scheme Particulars.

If the Manager and Fund propose to continue with the sale of the remaining policies to Coventry Capital or another buyer then **we also request** that you call an EGM where you can present appropriate documentation for and against the sale, and a resolution to authorise such a sale, which we believe would incur another future net cash loss currently estimated at \$107m.

We note that the proposed sale to Coventry Capital was at Fair Value (\$204m at the time, now \$188m) but that the 2015 Policy Sale to Leadenhall Capital achieved a

¹ See EEA Key Questions Bulletin dated 6th November 2017 item 14

² See EEA 2016 Annual Report and Financial Statements Note 1

³ See EEA 2015 Annual Report and Financial Statements Note 4.

⁴ See EEA 2016 Annual Report and Financial Statements Note 4 plus 2017 Accounts not yet released.

premium of 12-13% above Fair Value at that time for policies with a much longer life expectancy. We are also disturbed by the statements in the Coventry lawsuit that the Manager proposed to sell the four “worthless” policies (on two insured lives) to someone else if Coventry paid the \$2.2m of premiums for a further year, that EEA had previously been informed about the provenance of these policies and that there are additional such policies in the remaining portfolio. At the November 2014 AGM Meetings in Guernsey Mark Colton and David Jeffreys confirmed

“...that there are no STOLI⁵ policies in the portfolio...”

We therefore request that the Board shall publish an independent review of the remaining 116 policies with their provenance and valuations, noting that 47 (55%) of the 86 remaining lives account for 92% of the remaining Face Value and 94% of the current Fair Value, including the two lives (\$31m Face Value) designated “worthless” by Coventry Capital (with a current Fair Value around \$20m).

D. Policy Maturities, Profitability and Ponzi Effects

The purpose of the Fund was to use investors’ capital to purchase life insurance policies on impaired lives which, on maturity (within a “few years”) would generate expected NAV growth of 8-10% per annum, net of all fees, expenses and taxes etc. In fact 810 (87%) of the 926 policies ever purchased have now matured, lapsed or been sold to date, yielding a **net loss of \$31m** (after deducting \$283m of taxation and other expenses) over the period.

PROFITABILITY 2006 to	31-Dec-2011	30-Dec-2016	31-Oct-2017
Gross Income from Maturities / Investments 2006 to	\$352m	\$1,103m	\$1,164m
Accrued Costs of Matured Investments 2006 to	(\$206m)	(\$865m)	(\$913m)
US Taxation 2006 to	(\$34m)	(\$49m)	(\$49m)
Gross Profit / Loss	\$111m	\$189m	\$202m
"Overpaid" Performance Fees (Valuation Based)	(\$70m)	(\$71m)	(\$71m)
"Overpaid" Mgmt & Admin Fees (Valuation Based)	(\$38m)	(\$102m)	TBD
Other "Connected" Fees	(\$24m)	(\$29m)	TBD
Other Expenses	(\$16m)	(\$25m)	TBD
	-----> (\$148m)	-----> (\$228m)	-----> (\$233m)
Net Profit / Loss	(\$37m)	(\$39m)	(\$31m)
			Estimated

The Fund has never made a net profit from the maturity or sale of policies so far, and is unlikely to do so from now on⁶. From 2008 until November 2011 the Fund operated as a Ponzi scheme, relying solely on the cash from new investors to pay the over-valued dividends and redemptions to existing investors while simultaneously over-charging new investors, based on a seriously flawed valuation methodology which did not properly reflect the actual performance of the portfolio at the time.

⁵ STOLI – Stranger Originated Life Insurance [generically includes Premium Financed policies and other fraudulently originated policies]

⁶ See also EEA 2016 Annual Report and Financial Statements Note 7 :

"... As at 31 December 2016, the Group calculated a deferred tax asset of US\$143.4m (2015: US\$ 125.5m) which has not been recognised as **it is not probable that future taxable profits will be available against which the deferred tax asset can be utilised to their full extent.**

The Directors failed in their duties to the investors in so many ways but especially in failing to accept that acting in accordance with the original prospectus prejudiced the new investors.

	y/e -->	2006-07	2007-08	2008-09	2H2009	2010	2011
Profitability	Investment Income	6.3	12.6	66.6	32.9	76.8	156.4
	Accrued Cost of Investments	(4.6)	(9.2)	(40.6)	(20.5)	(42.1)	(89.4)
	Margin	37.5%	36.7%	63.9%	60.3%	82.3%	75.1%
	Margin / Face	40.4%	45.6%	51.2%	54.6%	49.4%	42.7%
	Taxation	0.0	0.0	(10.8)	(1.9)	(8.4)	(12.9)
	Gross Profit / Loss	2.1	3.7	26.6	13.0	35.5	67.8
	Expenses	(2.1)	(7.9)	(27.9)	(20.0)	(38.9)	(55.4)
	Net Profit / Loss	0.0	(4.1)	(12.1)	(8.9)	(11.8)	(0.5)
	Cumulative Profit / Loss	0.0	(4.1)	(16.2)	(25.1)	(36.9)	(37.3)
	Dividends	0	(1)	(3)	(2)	(10)	(6)
	Redemptions	(3.2)	(4.9)	(110.2)	(63.6)	(225.4)	(312.5)
	Funding Surplus / Shortfall (Pre-Suspension)	(3.1)	(9.7)	(126)	(75)	(247)	(319)
	Funding Surplus / Shortfall (Post-Suspension)						
	Cumulative Funding Surplus / Shortfall	(3.1)	(12.9)	(139)	(214)	(461)	(780)

Once you realised that the prospectus provisions and valuation methodology were creating a false picture of the affairs of the Company and misleading the investors as to the value and prospects for their shares, you had a fiduciary and legal duty to take appropriate actions and inform investors accordingly, even though this might jeopardise the marketability of the shares and your own (or the Manager's and Investment Advisor's) financial interests.

We therefore request that the Company sue the Directors, Manager, Investment Advisor, Previous Administrator / Compliance Officer (IAG), Marketing Agent (EEA FM Ltd) and Auditor (Ernst & Young) for their parts in operating, perpetuating and masking this Ponzi-like scheme. The aim is to recover the overpaid portions of performance fees (\$71m), Management & Admin fees (\$100m), dividends (\$23m), redemption payments (\$720m) plus \$400m of subsequent devaluations experienced by the trapped investors after the 2011 Fund suspension.

It is our position that these overpayments and losses were not caused so much by (previously unstated) longevity risks in the life settlements market as by incompetence, negligence, gross negligence and professional negligence jointly and severally by the parties mentioned above. It is also our belief that most of the same parties conspired to abuse their positions (by mis-managing conflicts of interest) and to mis-represent the Fund and its performance to investors, financial advisors and other intermediaries in order to solicit additional investments and to maintain an ongoing flow of expense payments and fees to the conflicted parties, even after the Fund suspension.

E. Administration and Liquidation

Under "normal" circumstances we would ask the Directors to put the Company into a voluntary liquidation to maximize the cash benefits to the remaining and previously harmed investors. However, given the nature and longevity of the mis-management and mis-representation as summarised above we do not trust the current Board to act fairly

in the interest of the Company and all investors, and especially with respect to taking the actions on behalf of the Company as noted above.

We therefore request that the Company immediately terminate the appointment of the Manager and Investment Advisor and appoint an independent liquidator to manage the Fund in conjunction with the current Administrator (Saffery Champness), Valuation Agent (Maple Life Analytics) and Servicing Agent (Mills Ptoczak) and to pursue the investigations and actions requested above. Once the independent liquidator is appointed then the current Directors, all of whom have been tainted or conflicted by one or more of the past events, should resign.

In addition to the above, we note that the “very conservative” one-year premium reserve threshold was almost breached in September 2017 by the lack of maturities, although the actual breach was just avoided by a late posting of some significant earlier maturities. At the 2015 AGM which adopted the Resolution to reduce the minimum threshold from two years to one year, Mark Colton and David Jeffreys stated very clearly that the Board and Manager would ensure that the actual reserve from time to time would be based on an over-riding duty of prudence when balancing the purpose of the reserve against the wish to return more cash more quickly to investors. We respectfully suggest that the pendulum has been swung too far and that the Board should consider increasing the reserve back towards the two-year figure.

Yours Sincerely

David Trinkwon

Director - Medley Systems Ltd.,
Coordinator – EEA Investors' Group

EEA INVESTORS' CONCERNS

A. Continuing Shareholders

It has been three years since holders of 2.1m shares chose "Continuing" (either by election or by default) rather than convert to Run-off shares. Many factors have changed since then, and a number of Continuing investors are (still) unaware of their right to request redemptions, or to properly understand the financial risks and implications of doing or not doing so. For various reasons, many retail investors no longer have a Financial Advisor to help them and do not receive sufficient relevant information from the Fund or other intermediaries.

We are still encountering Continuing shareholders or beneficial owners who did not know that they could request redemptions in December 2014 or on/after December 2015. EEA has ignored our various requests to specifically contact all remaining Continuing investors and remind them of their option to request redemptions as an alternative to leaving their accumulated Available Cash to be re-invested. The terms for this re-investment proposal were also changed in February 2017 but no new prospectus or other details have been issued now that the New Select "Irish" Fund has been removed from the Information Memorandum.

Existing Continuing Share redemption requests are now in sight of being fully satisfied by policy maturities and/or policy sales such that accumulated cash can soon be re-invested. We believe that EEA should :

- i) Write to all Continuing investors with no redemption requests outstanding (including via nominees, platforms and trustees where appropriate) explaining the option to request redemption of some or all of their Continuing shares by 28th December 2017 or 29th March 2018 in order to participate in the 2nd April 2018 or 2nd July 2018 Redemption Days.
- ii) Issue a "new" Offering Memorandum" (or similar) to the same investors, explaining the terms and prospects which will apply to any re-investment of their Available Cash after the 2nd July 2018 Redemption Day.
- iii) Ask the relevant investors to "opt-in" to the future re-investment of their available cash by 29th March 2018, or (by default) be deemed as requesting 100% redemption of their remaining Continuing shares for the 2nd July 2018 Redemption Day.
- iv) Fund an advertisement in the most relevant media to publicise the above situation worldwide and add appropriate, visible and specific Q&A or contact information on the Managers' website.

B. Remaining Portfolio and Run-off Projections

At 31 October 2017 there were 116 policies remaining on 86 insured lives with a total Face Value (NDB) of \$408m and an estimated Fair Value of \$188m (46% of Face), as summarised in the table below :

Remaining Policies after		31-Oct-2017					
NDB / Life	Policies	Lives	Face Value		Est Fair Val @	31-Oct-17	Fair/Face
\$20m +	13	4	\$87.0m	21%	\$41.5m	22%	45%
\$15 - 19m	7	2	\$37.5m	9%	\$16.2m	9%	41%
\$10 - 14m	9	9	\$90.0m	22%	\$52.2m	28%	55%
\$7.5 - 9.0m	9	5	\$43.6m	11%	\$22.7m	12%	49%
\$5.0 - 7.4m	15	13	\$68.0m	17%	\$24.5m	13%	34%
\$2.5 - 4.9m	17	14	\$49.1m	12%	\$20.4m	11%	40%
-----	-----	-----	-----	-----	-----	-----	-----
Sub-Total	70	47	\$375m	92%	\$178m	94%	47%
\$1.0 - 2.4m	15	13	\$19.4m	5%	\$6.4m	3%	31%
\$0.5 - 0.9m	20	17	\$10.6m	3%	\$3.3m	2%	29%
< \$0.5m	11	9	\$2.6m	1%	\$0.9m	0%	31%
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Sub-Total	46	39	\$33m	8%	\$11m	6%	32%
Total	116	86	\$408m	100%	\$188m	100%	46%
<i>Estimated Outstanding Premiums</i>		<i>(\$113m)</i>					
<i>Estimated Future Net Cash</i>		<i>\$295m</i>		<i>=</i>		<i>\$107m Sale Penalty</i>	

The ages of the remaining insureds at 29th September 2017 was stated to be

Age Range	Number of Policies		Net Death Benefit	
50 - 59	7	5.88%	\$6,910,562.18	1.61%
60 - 69	5	4.20%	\$2,466,983.00	0.58%
70 - 79	11	9.24%	\$23,550,000.00	5.50%
80 - 89	20	16.81%	\$74,200,000.00	17.32%
90 - 99	73	61.34%	\$315,715,330.00	73.71%
>= 100	3	2.52%	\$5,500,000.00	1.28%
	119	100.00%	\$428,342,875.18	100.00%

Three of these policies were subsequently reported to have matured in June and October 2017 for a total \$20.5m NDB)

At 31 December 2016 Maple Life Analytics projected the future maturities to be as follows, which corresponds to \$400m outstanding NDB at year-end 2017. This means that we still have more than five years to wait for all policies to mature, with \$154m (one third) of outstanding NDB expected in the fifth and subsequent years, although the current Weighted Average LE of 34.93 months implies that all NDB will mature in less than six years (i.e. 2 x LE)

Year	Projected NDB Payments (\$ million)	
2017	67.2	14%
2018	72.7	16%
2019	72.8	16%
2020	56.1	12%
2021	44.0	9%
2022+	154.4	33%
	467.2	100%

Once again, investors are faced with doubts over the quality of the portfolio projections and thus any basis on which to assess the Board's views on whether the portfolio should be sold or held to maturity in order to generate the maximum net cash for the investors.

C. Policy Sales

The purpose of the 2015 policy sale to Leadenhall Capital was clearly stated in your 4th September 2015 letter to shareholders :

“ We are pleased to announce that the Fund’s board of directors (the “Board”) has confirmed that it expects the level of Available Cash in the Fund ... to increase to approximately \$150m upon completion of a sale of policies. As such, the Board intends to distribute approximately \$87.6m to those persons registered as Run-Off Shareholders as at 1 October 2015 and to use approximately \$62.4m (attributable to the Continuing Cells) to meet future redemption requests and/or for the purchase of new policies (via the New Fund or in Other Instruments).

The cash raised by the Policy Sale was indeed used for this purpose and was not set aside for any recognizable “Portfolio Management” purpose. We have estimated that the loss of future net cash to the 86% of Run-off and non-redeeming Continuing shares amounted to \$186m at the time of the sale (\$38.45 [31%] per share). We also note that the sale crystallised a net loss of \$81.9m in the 2015 EEA Financial Statements versus an unrealised net gain estimated at \$105m if the policies were held to maturity..

EEA previously stated ⁷ that a “ ...sale of policies for the purpose of accelerating redemption payments would require a further restructuring and shareholder vote...” which was avoided at the 2015 and 2016 AGMs. We suggest that the ulterior motive of the Manager at the time (condoned by the Board) was to accelerate the redemption process for Continuing shareholders (at and after the expiry of the 23-month lockup period on 30th November 2015) and bring forward the point where cash in the Continuing cells could be reinvested in the New Irish Fund or “Other Instruments” for the ongoing financial benefit of the Fund Manager, Investment Advisor and their associated entities, which included some conflicted Directors of the Fund.

D. Policy Maturities, Profitability and Ponzi Effects

As mentioned above, at 31 Dec 2011 the Fund had incurred net losses of \$37m from the maturity, sale or lapse of 252 (27% of 926) policies since inception – this became \$39m at Dec 2016 (with the maturity, sale or lapse of 787 (85%) policies) and \$31m at October 2017 (with the maturity, sale or lapse of 810 (87%) policies).

In addition the cumulative funding shortfall / deficit at Dec 2011 had grown to \$780m from a level of £3m at June 2007 – all taken from (new) shareholder capital. This deficit funded the \$37m net loss mentioned above plus the \$23m of shareholder Dividend payments and the other \$720m of share redemptions over the period, with no prospect of recovering this money from future policy maturities. In fact, the deficit widened to \$1,051m by Dec 2016, and has continued to widen during 2017.

This means that there has been insufficient cash generated by investments to pay ANY dividends or redemptions over the entire life of the Fund to date. Nonetheless, the Fund

⁷ See letter from Mark Colton to David Trinkwon dated 18th March 2015.

“overpaid” \$23m of Dividends and \$720m of Share Redemption payments since inception to November 2011 when the Fund was suspended.

	y/e -->	2012	2013	2014	2015	2016
Profitability	Investment Income	124.5	129.5	142.9	231.0	123.6
	Accrued Cost of Investments	(85.2)	(82.7)	(109.4)	(286.0)	(95.6)
	Margin	46.2%	56.6%	30.7%	(19.2%)	29.4%
	Margin / Face	50.5%	46.1%	58.1%	50.7%	55.8%
	Taxation	(10.6)	(6.2)	1.4	6.8	(6.1)
	Gross Profit / Loss	39.8	47.4	33.9	(55.2)	28.4
	Expenses	(21.7)	(16.5)	(17.5)	(12.7)	(7.7)
	Net Profit / Loss	7.4	24.7	17.8	(61.2)	14.5
	Cumulative Profit / Loss	(29.9)	(5.2)	12.6	(48.6)	(34.1)
	Dividends	0	0	0	0	0
	Redemptions	0.0	0.0	(13.8)	(104.1)	(156.1)
	Funding Surplus / Shortfall (Pre-Suspension)					
Funding Surplus / Shortfall (Post-Suspension)	7.4	24.7	4.0	(165)	(142)	
Cumulative Funding Surplus / Shortfall	(772)	(748)	(744)	(909)	(1,051)	

These payments (plus the \$37m net losses to that date) were all funded from new investor cash, based on “growing” NAVs per share which were based on notional “future profits” which were overstated and unsustainable. The following table summarises the flow of shareholder capital

SHAREHOLDER CAPITAL 2006 to	31-Dec-2011	30-Dec-2016	31-Oct-2017
"Over-charged" Investor Subscriptions 2006-2011	\$1,513m	\$1,515m	\$1,515m
Net Profit / Loss	(\$37m)	(\$39m)	(\$31m)
"Overpaid" Share Redemptions to December 2011	(\$720m)	(\$720m)	(\$720m)
"Overpaid" Dividends to December 2011	(\$23m)	(\$23m)	(\$23m)
"Underpaid" Redemptions 2012 Onwards	n/a	(\$274m)	(\$341m)
	-----> (\$743m)	-----> (\$1,017m)	-----> (\$1,083m)
Other Purchase & Premium Costs (Remaining Policies)	(\$653m)	(\$312m)	(\$293m)
Adjustments & Misc	(\$9m)	(\$57m)	(\$48m)
	-----	-----	-----
Cash at -	\$72m	\$90m	\$60m

Of the \$1,515m of investor subscriptions (at inflated valuations), \$804m remained in the Fund at Dec 2011⁸ against a Fund “Dealing NAV” (at the time) of \$946m. This NAV was reduced by a total of more than \$400m by the revaluations in June 2013 and December 2014 resulting in net losses of up to 43% for the “trapped” investors (depending on their date of investment and the currency concerned) – and a further “additional loss” of up to 65% based on the “expected” minimum of 8% pa NAV growth enjoyed by the investors who redeemed their shares before the November 2011 Fund suspension.

In fact the Fund had stopped buying policies in September 2011 – two months before the FSA announcement and suspension, and had run the cash balance down from \$208m to \$56m (22% and 6% of relevant NAV respectively) – expecting to make up the shortfall from new investor funds in 2012 (which didn’t materialize because of the FSA announcement and Fund suspension).

⁸ Estimated Share Capital at 31 Oct 2017 = \$426m against a Fund NAV of \$240m

The use of new investor funds to pay expenses and benefits / returns for existing investors and assets was not mentioned in the Scheme Particulars and is the classic mark of a Ponzi and Ponzi-like scheme. The Manager failed to defer the 2008 – 2011 Redemption requests in accordance with the Scheme Particulars at the time and to take appropriate actions to maintain or regain the necessary liquidity.

This was all masked from existing and new investors by the flawed valuation methodology and inputs which capitalized unrealisable future profits and generated mis-leading linear NAV growth statistics and expectations. The myths were actively maintained throughout 2012 and 2013 by the delays in publishing the 2011 Accounts and restructuring the Fund for re-opening in January 2014.

The following table estimates the future profitability based on published EEA data.

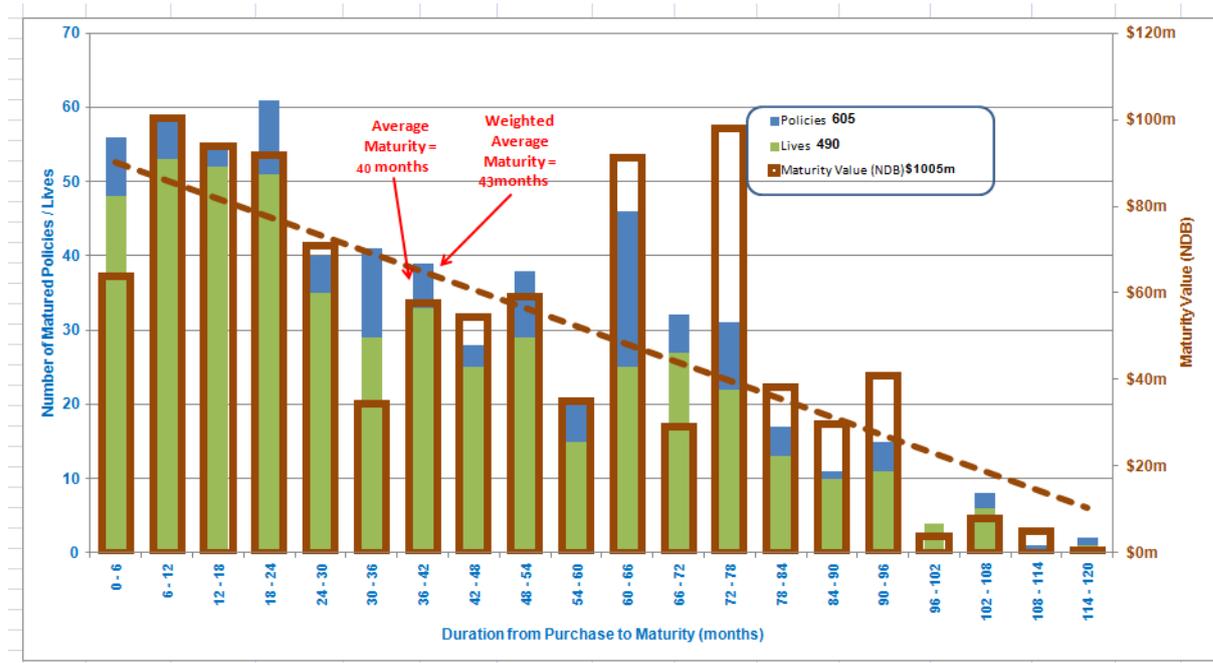
FUTURE PROFITABILITY at	30-Dec-2016	31-Oct-2017
Cash Balance at 31 Dec 2016	\$90.1m	\$90.1m
Share Redemptions during 2017	(\$6.8m)	(\$67.0m)
Future Maturities (NDB)	\$474m	\$428m
Estimated Future Premiums	(\$141m)	(\$113m)
	-----	-----
Estimated Net Future Cash at -	\$416m	\$339m
<i>Portfolio Fair Value at</i>	<i>\$216m</i>	<i>\$188m</i>
<i>Gross Cash at</i>	<i>\$101m</i>	<i>\$60m</i>
Fund Current Valuation at -	-----> \$317m	-----> \$248m

E. Administration and Liquidation

In the 2013 restructuring investors had a choice of keeping their shares as “Continuing” shares or converting them to new “Run-off” shares. In each case, future redemptions would be gated subject to “Available Cash” from holding policies to maturity, with no means for the Fund to sell policies for the purpose of accelerating redemption payments to any class of shareholders. The restructuring documents projected that maturities would amount to \$363m in 2014 and 2015 (actual was \$211m), \$182m in 2016 (actual was \$122m) and \$259m in 2017 and 2018 (current projection \$140m).

EEA claim that the perpetual “delays” in policy maturities are due to insureds living longer “than expected” but this needs to be viewed in three segments.

- a) The 605 policies (490 lives) that have matured to 31st October 2017 for a total \$1005m of NDB have done so in a “normal” pattern with an average duration from purchase to maturity of 40 months (weighted average 43 months). This is not unreasonable for impaired / elderly lives and EEA’s fault lies more with their LE estimation and maturity projection methodologies than the underlying lives.



- b) It seems reasonable that the remaining 46 “low value” policies (39 lives) at 31 October 2017 which account for only \$33m (8%) NDB are the tail of this cohort and will continue to mature in a similar pattern within the next year or two.
- c) “The problem” with maturities appears to lie with the remaining 70 “high value” policies (47 lives) at 31 October 2017 which account for \$375m (92%) NDB and which (according to the Coventry Capital lawsuit) include at least four “worthless” policies (2 lives \$31m NDB). These policies don’t appear to follow “normal” prediction or valuation models, appear to be inexplicably “sticking” and possibly include even more “worthless” or “fraudulent” policies with dubious original financing or insurable interest provenance.

This is of significant interest to investors, and any worthwhile assessment of likely cash receipts from the maturity or sale of such policies. EEA and their associates have frequently demonstrated their incompetence or unwillingness to properly address these issues from an investor perspective and cannot be trusted to make independent or impartial judgments regarding the best way to optimize investor returns from the remaining portfolio, or to take action against the Manager, advisors and other professionals who have failed with the purchase, estimation and valuation of such policies over the past ten years. They repeatedly insist that the Fund is a “going concern” in spite of never making a profit and the ongoing depletion of shareholder capital since 2008.

The 2013 restructuring did not give investors the option of choosing a “managed liquidation” of the Fund in the absence of new investment, and tried to run the Fund as both an “Open End” fund (for the Continuing shareholders) and a “Closed End” fund (for the Run-off shareholders) from a common pool of shared assets. The sale of a significant amount of policies in 2015 (and potentially in 2017) has breached the Scheme Particulars and prejudiced the interest of more than 80% of the Fund’s

shares by potentially losing almost \$300m of future net cash for the affected investors.

The only way to ensure a fair resolution for investors is for an independent liquidator to investigate the best course for

- i) managing the remaining assets in the interest of maximizing investor cash returns,
- ii) the reduction of ongoing “valuation based” expenses / charges
- iii) the investigation, pursuit and recovery of investor cash from past negligence, gross negligence, professional negligence, mis-representation, abuse of position etc by various parties from 2006 – 2017.

[END of APPENDIX]