

EEA Investors Can Claim 5% Share Redemption for December 2014

Investors in the EEA Life Settlements fund (Guernsey) who chose "Continuing" shares in last year's restructuring vote must submit claim requests by 28th November 2014 if they wish to make use of this year's 5% redemption option. The Company will confirm in January 2015 whether the discretionary redemptions will be paid, but applications must be with the Company in Guernsey by 5pm on Friday 28th November 2014 in order to be eligible. The next opportunity to redeem Continuing shares will be in December 2015, and those applications must be with the Company by 25th September 2015 at the latest.

If Continuing shares are held directly with EEA then redemption forms for both dates are available now from the EEA website www.eeafm.gg or the Investors' Group website www.EEAInvestors.com.

If shares are held via platforms, nominees or other intermediaries then investors must get in touch with their appropriate service contact or Financial Advisor to ensure that their request is registered with EEA in good time. A [Bulletin](#) containing further information is also available on the EEA Investors' Group website.

Investors holding "Run-off" shares in EEA do not have to do anything. They will receive an automatic redemption payment of around 2.9% of their current valuation at the end of September 2014. They will also receive a further automatic redemption in January or February 2015, subject to sufficient cash being available for the redemption payments at 31st December 2014.

A spokesman for the EEA Investors' Group said that the redemptions would be welcomed by most investors, who have been denied access to their money since the fund was suspended in November 2011, and face a further wait of at least 5-10 years to get the rest of their investment back, with no prospect of any "growth" returns, and a potential loss of some of their original capital. The spokesman added that the Fund was not in very good shape, and a recent analysis had concluded that it might take 10-15 (or more) years before all the current life policies within the portfolio matured and provided enough cash to pay off the investors.

"As in the past, the outstanding policies are not maturing at the rates projected by EEA and we have identified several concerns which we would like the Company, the Regulator and the Auditor to address" said the spokesman. "At the moment there is insufficient cash to meet the September Run-off redemption payment, given the Fund's obligation to meet ongoing expenses of \$16m per year and to maintain a \$145m cash reserve sufficient to cover two years' premium payments. The EEA Directors have decided to relax these limits to enable the current \$14.6m payment to Run-off investors. The cash balance at 31st August 2014 was only \$148m and we currently forecast that the cash situation in December will be even tighter (around \$133m before the redemption payments due for both Continuing and Run-off investors)".

BACKGROUND

The EEA Life Settlements Fund was launched in Guernsey in 2005, and has purchased 926 policies on the lives of United States persons diagnosed with terminal illnesses or otherwise short life expectancy of 2-4 years (exceptionally up to eight years). The Fund was suspended in November 2011, following a controversial announcement by the UK Financial Services Authority (FSA) that the investments in Traded Life Policies (TLPs) were “toxic” and possibly unsuitable for retail investors.

In 2013 the Company announced a 20% de-valuation of the Fund due to a re-assessment of the outstanding policies, and following severe qualifications by the Auditor (Ernst Young) of the much delayed 2011 annual Report and Accounts. Ernst Young subsequently resigned and a new Auditor (Grant Thornton) was appointed in August 2013. The Company announced its long awaited Restructuring proposals in September 2013 and these came into effect on 1st January 2014. The Restructuring included dividing the original share “Cells” into Continuing and Run-off classes on the basis of an irrevocable investor election in October 2013. Although investors and the Guernsey Regulator approved the Restructure, the Channel Islands Securities Exchange Authority refused to relist the EEA shares, which are currently not quoted on any stock exchange and can only be redeemed on the terms specified in the restructuring documents.

The EEA Investors’ Group was formed in October 2013 to oppose the EEA Fund Director’s restructuring proposals which they saw as being more in the interests of the Directors and their associated companies than of shareholders and other investors. The Group is funded by voluntary donations from its 180 members in more than a dozen countries worldwide.

The Group has since made several representations to the Company, the Auditor and the Guernsey Regulator to try and obtain better (and faster) returns for the investors, to reduce the expenses and charges borne by the Fund going forwards and to improve the corporate governance, transparency and accountability of the Board. They also want to specifically improve the options and prospects for Continuing shareholders, many of whom have been especially disadvantaged by the restructuring.

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