

“Final Warning” for EEA Continuing Investors

Holders of more than 870,000 EEA “Continuing Shares” currently valued at over \$90m have so far NOT requested redemption of their shares. This means that EEA will shortly be able to reinvest their accrued “Available Cash” into “Other Instruments”, currently described as “*US life policies similar to the existing underlying investments*”.

Once this potential re-investment occurs then the shareholders concerned will be subjected to the ongoing charges, costs and risks of the “Other Instruments”, which could be significant and are not currently documented in detail by EEA.

A spokesman for the EEA Investors' Group said that they have always suggested that Continuing shareholders should request redemption before any reinvestment occurs. This now becomes much more important because EEA have been negotiating to sell off the remaining life insurance policies in their portfolio to Coventry Capital LLC in the USA (although this is currently subject to a lawsuit filed by Coventry in the New York Federal Courts).

Such a sale, to Coventry or any other buyer, could release more than \$250m of cash for all remaining EEA investors, of which \$90m would be due to the 870,000 Continuing shares for which no redemption request currently exists. This cash would then effectively be placed beyond the reach of the affected investors.

Any future redemption request by these investors would be subject to the valuation, returns and redemption restrictions or charges applicable to the “Other Instruments”, and this could significantly reduce the total amounts (and extend the timeframe) of cash available for fulfilling any future redemption requests.

If the affected investors wish to avoid these reinvestments and risks then they must request redemption of their Continuing shares as soon as possible. The current EEA deadline is **28th December 2017** in respect of the 3rd April 2018 Redemption Day. Direct EEA investors must use the form available at www.eeafmq.gg .

Indirect investors (e.g. through platforms, insurance wrappers, pensions or trusts) must instruct their platform or intermediary to request redemptions from EEA, using whatever forms or procedures apply in their situation. Some intermediaries will require some days' notice ahead of the EEA deadline above.

Investors who are unsure whether they hold EEA Continuing or Run-off shares, or need further information about the options and implications of requesting redemptions or not should immediately contact their professional advisor and / or the EEA Investors' Group at www.EEAInvestors.com or **+44 (0)7802 538315**.

Investors who have already requested / received redemption of their Continuing shares need do nothing. Their request will be automatically carried forward to each quarterly Redemption Day until fulfilled. EEA cannot reinvest any available cash within a Continuing Cell until they have cleared all outstanding redemption requests in that Cell.

BACKGROUND

The **EEA Investors' Group** was formed in October 2013 to improve the outcomes for EEA investors who became “trapped” in the EEA Fund as a result of the Fund’s suspension and subsequent restructuring following a “toxic death bond” announcement by the UK Financial Services Authority (FSA) in November 2011. The Group is funded by voluntary donations from its 500+ members in more than a dozen countries worldwide.

In an October 2013 restructuring, investors in the Guernsey based EEA Life Settlements Fund were given the option of converting their shares to new “Run-off” share classes (or “Cells”) or staying (by default) with the redesignated “Continuing” Cells. Of the 4.9m shares in issue, 2.9m were converted to Run-off shares, leaving \$2m Continuing shares valued at \$350m at the time.

One of the conditions of the Continuing Cells was that redemption requests would be limited to a 5% redemption option for December 2014 and then up to 100% redemption after the expiry of a 23-month “lockup” period in December 2015, subject to amounts of “available cash” at the relevant redemption dates..

More than one million of these Continuing shares have been redeemed so far and there are currently outstanding requests to redeem a further 30,000 shares valued at \$10m as soon as the “Available Cash” from policy maturities (or policy sales) permit.

This leaves 870,000 Continuing shares currently valued at \$90m which are not subject to outstanding redemption requests. Under the terms of the Fund, the cash that accrues to these remaining shares in the future can be reinvested by the Manager into “Other Instruments”

(Note : The “New Irish Fund” mentioned in the 2013 Restructuring and subsequent Information Memoranda was abandoned in the February 2017 EEA Information Memorandum). There is currently no documentation available to define the full terms of the reinvestment into “Other Instruments” or who will be responsible for managing these reinvestments.

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*NOTE : EEA changed the names of its UK Group Companies to **Melquart Ltd, Anath Capital Ltd and Garraway Capital Management LLP** during 2015. Simon Shaw is Chairman of the Melquart Group and is also a Director of the Guernsey EEA Life Settlements Fund. Until April 2015 Simon was also a Director of the Guernsey Fund Manager responsible for the EEA Life Settlements Fund. Other Directors and employees of Melquart and Anath Capital are also Directors of the Guernsey based Fund Manager.*