

Q&A:

EEA Life Settlements Fund PCC Limited

Some of your questions answered about EEA Life Settlements Fund PCC Limited.

Last updated: 26 March 2024

This document is intended to help you but not to replace the primary sources of information, including in particular the Information Memorandum and Supplements. You are urged to read those documents and to consult your professional adviser before making any decision in respect of the Fund.

Important Information:

This document has been issued by EEA Life Settlements Fund PCC Limited (the "**Fund**").

The Fund has been authorised by the Guernsey Financial Services Commission (the "**GFSC**") as a Class B Scheme under The Protection of Investors (Bailiwick of Guernsey) Law, 2020. Neither the GFSC nor the States of Guernsey take any responsibility for the financial soundness of the Fund or for the correctness of any statements made or opinions expressed with regard to it.

The Fund is registered as a protected cell company under The Companies (Guernsey) Law, 2008, as amended, extended or replaced (the "**Companies Law**"). Persons investing in and dealing with a cell of the Company (a "**Cell**") shall only have recourse to that Cell and their interest shall be limited to the assets from time to time attributable to that Cell and they shall have no recourse to the assets of any other Cell or, except as provided under Part XXVII of the Companies Law, against any non-cellular assets of the Company.

For the purposes of, and as contemplated by, the Financial Services and Markets Act 2000, the Fund is an unregulated collective investment scheme and, accordingly, its promotion in the UK is restricted by law. It may be promoted by a UK authorised person in accordance with Section 238 of the UK Financial Services and Markets Act 2000 Act and/or the FCA Rules. Any person who is not an authorised person may not distribute it to any other person. This document may not be given to, or relied or acted upon by, any other person.

As at the date of this document, the Fund has not been approved, notified or registered in accordance with Article 42 of the EU Alternative Investment Fund Managers Directive (2011/61/EU) for marketing to professional investors in any member state of the European Economic Area. Such approval, notification or registration will not be made or sought in the future since the Fund is closed to further subscriptions and will not, therefore, be marketed to professional investors in the European Economic Area.

The Fund is closed to further subscriptions and neither this document nor the Fund's Information Memorandum and Supplements (which, amongst other things, set out the risk factors associated with an investment in the Fund) constitute a direct or indirect offering or placement of shares or any other opportunity to invest in the Fund. Nothing contained in this note is to be construed as providing or offering investment, legal, accounting, tax or other advice and nothing should be relied on as such. The value of investments may go down as well as up and may be affected by changes in rates of exchange. Past performance should not be taken as an indication or guarantee of future performance and no representation or warranty, express or implied, is made regarding performance. Investments in the Fund do not provide capital guarantees like a deposit account and are not readily accessible. The rules on taxation can change and/or the tax treatment of the Fund could be challenged. Whilst all reasonable efforts have been made to ensure this document is accurate and up to date, no representations or warranties, either express or implied, are given as to the reliability, accuracy or completeness of the information contained in this note. Any opinions expressed are judgments at the time of writing and are subject to change without notice. To the extent permitted by law or regulation, no liability is accepted for any damage or loss, including without limitation loss of profit whether direct, indirect or consequential, in respect of the use of this material.

Introduction

This document is designed to answer some of your questions and help you understand the latest news relating to the Fund. The guide should be read in conjunction with the Fund's Information Memorandum, Supplements and latest Articles of Incorporation. You should speak to your professional adviser before taking any action.

Copies of the Information Memorandum, Supplements and Articles of Incorporation, together with Fact Sheets, Portfolio Statistics (which indicates the latest update on performance and maturity projections), Maturity Schedules and other Fund updates are available online at <http://www.eealifsettlements.com/eea-life-settlements-fund/>.

Shareholder Questions and Answers

1. Can I redeem my Shares?

As first noted in the Fund's update to Shareholders on 31 March 2023, there are a number of issues which the Board is currently reviewing as matters of priority, including, among other matters, the US Proceedings. These matters could have implications that might affect the Company and its Shareholders.

Redemptions have been suspended in accordance with the constitutional documentation and scheme particulars for the Fund.

Redemption requests may still be submitted as normal.

Redemption requests will be logged in order that they are received and will be queued by reference to the quarterly redemption date in respect of which they have been received.

Please refer to section 16 for further information.

Process in respect of the GBP New Continuing Cell:

The relevant Supplement provides that Continuing Shares are redeemable on the last working day of each calendar quarter, subject to at least 95 days' written notice of any redemption request. However, the Fund's board of directors (the "**Board**") has exercised its discretion to change the timing of future Redemption Days from the last working day of each calendar quarter to the first working day after each calendar quarter. The Valuation Point for the purposes of redemptions will continue to be 23.59 hours (Guernsey time) on the last business day of each calendar quarter. The timings for the next three Redemption Days are therefore as follows:

Redemption Day 28 June 2024 – deadline for receipt of redemption requests 17.00 hours (Guernsey time), 21 March 2024.

Redemption Day 30 September 2024 – deadline for receipt of redemption requests 17.00 hours (Guernsey time), 27 June 2024.

Redemption Day 31 December 2024 – deadline for receipt of redemption requests 17.00 hours (Guernsey time), 26 September 2024.

Further details of the redemption process, and the Board's powers to restrict redemptions, are set out in the Information Memorandum, Supplements and latest Articles of Incorporation.

A Redemption Request Form is available at <https://www.eealifeselements.com/eea-life-settlements-fund/>. If you have any further questions about the redemption process, please contact the Fund's administrator, Apex Fund Services (the "**Administrator**") by emailing them at eea@apexgroup-fs.com.

In respect of the GBP New Run-Off Cell:

Run-Off Shares cannot be redeemed at a Shareholder's election. Surplus cash (if any) generated within each Run-Off Cell from the policies that mature or are sold (after prudent provision has been made to cover anticipated premiums and other necessary costs) will be distributed among Shareholders in the Run-Off Cell, by way of compulsory redemption of a portion of each holder's Run-Off Shares or otherwise, until proceeds from the final policy held in respect of the Run-Off Cell have been returned

to Run-Off Shareholders. Run-Off Shareholders will continue to receive periodic distributions, by way of compulsory redemption of a portion of each holder's Run-Off Shares or otherwise, as and when cash levels permit. Please refer to the Information Memorandum and Supplements, which contain full details of this process.

For further information on distributions to Run-Off Shareholders, see section 5 below.

2. How is Available Cash calculated?

"Available Cash" means cash held by a Cell after deduction for any accrued fees and expenses but, for the avoidance of doubt, excludes unsettled cash from policy maturities and cash required to pay the premia on Current Underlying Investments from time to time attributable to the Cell for a specified period which will be retained by the relevant Cell or one or more subsidiaries of the Fund.

3. As a Run-off Shareholder, how long will it be before I receive the final proceeds from the maturity or sale of the final policy?

It is impossible to say with certainty how long it will be before Run-Off Shareholders receive the final proceeds from the maturity or sale of the final policy held by the Run-Off Cell. Although there is no guarantee that actual maturities will happen as projected, maturity projections are made available in the quarterly Portfolio Statistics, which are available at <https://www.eealifeselements.com/eea-life-settlements-fund/>.

4. When will another distribution be made to Run-Off Shareholders?

The Board will make a further distribution to holders of Run-Off Shares as cash levels and other factors relating to the suspension of Redemptions permit.

5. Can I switch my shareholding from one Cell to another Cell?

No, switches between Cells are not possible.

6. Can I transfer my Shares?

After 1 April 2024, it is possible to transfer shares in the Fund in certain circumstances. You will need to contact the Administrator by emailing them at eea@apexgroup-fs.com or calling them on +44 (0)1481 741250 to discuss what is required if you wish to transfer your Shares.

7. Does the Fund intend to purchase policies for the GBP New Continuing Cell?

The Information Memorandum and Supplements state that Available Cash attributable to the Continuing Cell that is not used to fund redemption requests and/or other expenses will be reinvested to provide exposure to policies with similar characteristics to those currently held by the Fund. No amounts have yet been reinvested and Available Cash attributable to the Continuing Cell will not be reinvested whilst there are redemption requests outstanding for that Cell.

8. Does the Fund have the right to sell policies?

Yes, the Fund's investment policy, which is set out in the Information Memorandum and Supplements, provides flexibility for policies to be sold to third parties before maturity as part of portfolio management.

9. What performance is expected?

As you will appreciate, it is not possible to project future returns with any certainty, although the Board will of course be monitoring the maturity experience of the portfolio and will continue to provide updates to Shareholders on Fund performance and maturity projections in the quarterly Portfolio Statistics.

10. How are policy maturities performing in comparison with earlier projections?

The quarterly Portfolio Statistics document available at <https://www.eelifesettlements.com/eea-life-settlements-fund/> contains Maple Life's maturity projections, which are based on an assumed continuation of historic Fund mortality experience. The Services Provider's quarterly commentary provides details of reported maturities in comparison with those projections.

11. What is being done to manage costs?

The Services Provider and the Board have been working hard to manage the Fund's costs.

By way of Shareholder circular on 13 December 2023, the Board notified Shareholders of its plans to implement cost reducing measures through a reconstruction of the Fund. These plans consisted of the conversion of all existing Run-Off and Continuing Cells into two new cells for each of the Run-Off and Continuing Share classes respectively (the "**Reconstruction**").

The Reconstruction was approved by Shareholders at an EGM and Class Meetings of the Fund on 24 January 2024, and Implemented on 1 March 2024. The Reconstruction has significantly reduced the Fund's operating costs, most notably in respect of custody and management fees.

A summary of the cost savings, Reconstruction and related matters are set out in the Information Memorandum and the Shareholder circular issued in connection with the Reconstruction.

The Board and the Services Provider actively continue to monitor the Fund's costs.

12. Why have I have received a new contract note when I haven't entered into any transactions in respect of my shares?

As part of the Reconstruction (as mentioned in Question 11 above) shareholders voted for all Continuing Shares to be converted into a single class and all Run-Off Shares to be converted into a single class. This means that with effect from 1 March 2024 all shares were converted into shares in either the New GBP Continuing Cell or the New GBP Run-Off Cell.

As part of the conversion of shares pursuant to the Reconstruction, new contract notes were required to be issued to Shareholders. These new contract notes reflect each Shareholder's current holding of shares in the Fund.

13. Some policies have expired without value. Could this happen again?

Eighteen policies, with a total death benefit of around US\$27.3m, have expired since the start of 2014 due to the underlying insureds reaching the age at which their policy automatically terminates. The value of these policies had been written down over several years thus reducing the impact on the Fund's NAV.

14. Are any currency hedging arrangements in place for the Fund?

There are currently no hedging arrangements in place.

The Fund is not subject to any obligation to hedge, or to use its best endeavours to hedge, the non-US Dollar currency exposure of the Shares. However, the Directors may determine to hedge such exposure in respect of one or more Cells where they, in consultation with the Services Provider, believe in their absolute discretion that it would be possible to enter into appropriate hedging arrangements on commercially reasonable terms.

It is worth mentioning that a currency hedge requires cash to be set aside to settle positions, and a counterparty would also expect collateral (more cash) to be posted. These requirements would reduce the amounts of cash available for distribution (in relation to Run-Off Shares) and reinvestment (in relation to Continuing Shares).

15. What are your views on the adverse publicity about the Fund?

We are obviously concerned when we read inappropriate or ill-informed comments in the press, particularly from persons who are neither regulated financial advisers nor experts in the area of life settlements.

Many Shareholders may not be aware of these but they are seen by some, and in particular they are noticed by relevant third parties, such as those considering buying policies from the Fund. We recognise that such comments cause unnecessary alarm and anxiety to some of our Shareholders. Such behaviour is also regrettable as it risks, amongst other things, having an adverse effect on the sale prices of policies, and can therefore be detrimental to the interests of both the Fund and Shareholders more generally.

The Services Provider provides a substantial amount of information regarding the Fund and will continue to encourage constructive dialogue with Shareholders and their advisers. Shareholders are strongly encouraged to make their own investment decisions based solely on information provided by the Fund and/or any advice provided by their independent financial advisers.

It should be noted that, for the avoidance of doubt, the Fund and Services Provider strongly dispute any suggestion that the Fund is not being handled properly or in investors' interests. This document already details much of the work undertaken by both the Services Provider and the Board, including in relation to the recent Reconstruction which became effective on 1 March 2024. The Board and the Services Provider, together with the Investment Adviser, is regularly reviewing the policies held by the Fund and considering opportunities to enhance returns.

16. What are your comments regarding the complaint made by Coventry Capital?

Whilst it is not our practice to comment on active litigation matters, we note that EEA Life Settlements, Inc. and Messrs Piscaer and Patel have made clear that they categorically reject the allegations contained in the Complaint made by Coventry Capital on 28 September 2017 entitled Coventry Capital US LLC v. EEA Life Settlements, Inc. et al. They are of the view that the Complaint is simply a tool being used by Coventry Capital to attempt to negotiate through litigation and that the allegations are wholly without merit, and they look forward to vindication of their actions.

What has prompted the US proceedings in Coventry Capital US LLC v EEA Life Settlements Inc., & others (the US Proceedings)?

The US Proceedings relate to a failed negotiation in 2017 between EEA Life Settlements Inc. (**EEA Inc.**) and Coventry Capital US LLC (**Coventry**), for the sale of portfolio of investments in life insurance policies. The parties entered into a letter of intent, under which they agreed to negotiate further in good faith to explore a potential sale. A final agreement was never reached.

In September 2017, after negotiations broke down, Coventry filed a complaint against EEA Inc. and Vincent Piscaer and Hiren Patel (together, the **Defendants**) alleging that the 9 Defendants engaged in a pattern of conduct that undermined the negotiations with Coventry. The Defendants deny the allegations made against them.

None of the Fund, the Services Provider or the Marketing Agent are parties to the US Proceedings.

What is the current status of US Proceedings?

The US Proceedings have completed the discovery stage of the litigation and the parties are currently briefing motions for summary judgment. Based on current expectations, it may be during 2024 (or later) before the US Proceedings conclude.

How is legal defence of the various EEA entities being paid?

As explained in section above, the Fund, the Services Provider and the Marketing Agent are not defendants in the US Proceedings and are not the subject of any allegations of wrongdoing by Coventry.

EEA Inc. has successfully been claiming recovery of its legal defence costs under applicable insurance policies, under which the Fund is also an insured party. The Services Provider and the Marketing Agent have also successfully claimed recovery of some legal costs that they have incurred as non-parties under (different) applicable insurance policies, and to the extent that their costs have been incurred in producing documents to EEA Inc. to assist EEA Inc.'s defence of the litigation, those costs are indemnified by EEA Inc.

What protection do Shareholders have for loss of policies if the defence fails in the US Proceedings?

Coventry is seeking damages and/or an order that EEA Inc. be required to sell (to Coventry) some or all of the Fund's portfolio of policies. In either event, unless coverage by any applicable insurance policies is available, that order would be met out of the assets of EEA Inc.

Whilst not a party to the US Proceedings, the Fund continues to take those steps which it believes to be most appropriate in the circumstances to protect the interests of its investors.

The Fund will continue to keep its investors updated, where and to the extent it is appropriate to do so, with relevant information on the US Proceedings. If Shareholders have specific queries in relation to the US Proceedings they are asked to contact the Fund by email at eea@apexgroup-fs.com.

What is Coventry seeking under the US Proceedings?

Coventry is seeking damages in respect of alleged adviser fees incurred in negotiating the letter of intent, legal fees incurred in relation to the US Proceedings and alleged indirect consequential losses Coventry claims it has incurred due to not being able to conclude the transaction with EEA Inc., being, in aggregate, between c.US\$40 million and c.US\$100 million plus alleged punitive damages and interest. In addition to damages, Coventry is seeking an order that EEA Inc. be required to sell (to Coventry) some or all of the Fund's portfolio.

Why have redemptions of Shares been suspended?

As first noted in the Fund's update to Shareholders on 31 March 2023, there are a number of issues which the Board is currently reviewing as matters of priority, including, among other matters, the US Proceedings. These matters could have implications that might affect the Company and its Shareholders.

Redemptions have been suspended in accordance with the constitutional documentation and scheme particulars for the Fund.

Whilst the Fund is not a party to the US Proceedings, it is implicit that if the assets of its indirect subsidiary, EEA Inc., were reduced by an adverse judgment which is not otherwise covered by insurance, then the value of the Fund's investment into EEA Inc. would also be correspondingly reduced.

How long is the suspension redemptions expected to last?

It is the Board's intention that the suspension should run for the shortest possible time. The Board is currently unable to confirm the expected duration of the suspension, although it is likely to run until at least the handing down of the next substantive judgment by the US court, the timing of which cannot currently be estimated.

As noted to Shareholders previously, the Board continues to review options to improve the net returns on the Fund's cash holdings. Most recently, as part of the Reconstruction, the investment policy of the Fund was amended to allow for Available Cash to be allocated to short-term financial instruments. This includes high-quality cash equivalents and money-market instruments, strategically selected to enhance yield while prioritising liquidity and the stability of principal.

Can Shareholders still submit redemption requests during the suspension? If so, will the quarterly redemption dates remain in place for the purposes of any "queue" that builds up?

Yes, redemption requests may still be submitted as normal.

Redemption requests will be logged in order that they are received and will be queued by reference to the quarterly redemption date in respect of which they have been received.

What is the potential impact on Shareholders of an adverse judgment?

Please refer to the answers above.

If the assets of EEA Inc. were to be reduced by an adverse judgment which is not otherwise covered by insurance, there would be a corresponding reduction to the net asset value of the Fund.

If the net asset value of the Fund is reduced, the value of Shareholders' individual investments in the Fund will also be reduced.

In the case of an adverse judgment, would some or all of the remaining policies in the portfolio need to be sold or transferred to Coventry?

The Board does not believe it is useful to hypothesise in these Q&As about the possible formulation of any adverse judgment which could be awarded, although this is one of the remedies being sought by Coventry. The formulation of any adverse judgment would be at the discretion of the US courts and until such judgment is made it is not possible to assess any potential reduction in value which could be passed to Shareholders.

In the case of an adverse judgment which requires some or all of the policies comprising the portfolio to sold or transferred to a third party, how would the remaining policies in the portfolio be valued? Could there be a discrepancy as between how the policies might be valued in such circumstances and how they are currently valued?

The Board would anticipate that all policies would be valued on a consistent basis in accordance with past practice.

In terms of the Fund's cash holdings, do the US Proceedings cover such amounts and does Coventry have any possible claim against such amounts held by the Fund?

Please refer to the answers above.

The Fund is not a party to the US Proceedings or any other proceedings connected to Coventry. Therefore, an adverse judgment against the Fund (including its cash holdings) under the US Proceedings as currently constituted would not be possible.

General

The actions taken by the Board to suspend redemptions and the commentary above should not be interpreted as an acceptance or otherwise of the merits of any claim made in the US Proceedings.

As Shareholders will appreciate, it is incumbent on the Board to act prudently and in the best interests of the Fund and Shareholders as a whole, and to limit the Fund's existing and potential exposure to the US Proceeding.

17. When will further information become available?

We understand that Shareholders may have questions from time to time. If you do wish to ask a question, please email eea@apexgroup-fs.com.

18. How can I keep up to date with the Fund?

The Services Provider provides Shareholders and their advisers with information regarding the Fund at <https://www.ealifeselements.com/eea-life-settlements-fund/> and will continue to do so. This includes Fact Sheets, Portfolio Statistics (which includes the latest update on performance and maturity projections), this Q&A document, Maturity Schedules, and other Fund updates.