

EEA LIFE SETTLEMENTS FUND PCC LIMITED

1 Royal Plaza
Royal Avenue
St Peter Port
Guernsey, GY1 2HL

t: +44 (0)1481 741250
f: +44 (0)1481 705354

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Dear Shareholders

Update on latest proposals for EEA Life Settlements Fund PCC Limited

We are writing to provide you with an update on the latest proposals for EEA Life Settlements Fund PCC Limited (the "**Fund**") and the impact of these proposals on Shareholders (the "**Proposals**").

This update also sets out details of why the board of directors of the Fund (the "**Board**") has determined that the Proposals, as set out below, are the most appropriate course of action for the Fund at this time, as well as the timing for implementation of the same.

The Proposals form part of, and are intended to be implemented alongside, certain other cost saving measures (the "**Cost Saving Measures**") which, taken with the benefits of the Proposals as a whole, are expected to result in operating cost savings for the Fund and Shareholders. For the purpose of efficient governance, measures that necessitate majority approval will be submitted for Shareholder vote. In the interest of operational effectiveness, other Cost Saving Measures may be promptly enacted where approval by Shareholders is not a prerequisite. We are committed to maintaining transparency and will duly inform Shareholders of any significant changes.

In addition, since the last Shareholder update, we wanted to note a previously announced change to the composition of the Board. Mr Simon Andrew Shaw resigned as a director of the Fund with effect from 27 July 2023. This means that a majority of the Board now comprises independent directors and the potential for conflicts of interest arising from the continued appointment of Mr Shaw, who was affiliated with both the Manager and Marketing Agent, has been removed. There are currently no plans to appoint a replacement director to the Board.

What are the Proposals?

It is intended that all of the Continuing Cells will be rolled into a single new US\$ Continuing Cell. Similarly, it is intended that all of the Run-off Cells will be rolled into a single new US\$ Run-off Cell. This means on completion of the implementation of the Proposals there will be just two cells remaining (the "**New Cells**").

Shareholders' existing holdings of shares will be converted into shares in the New Cells. The conversion of the shares will be neutral for Shareholders, such that each Shareholder's pro rata interest in the Fund as a whole will remain the same. Any outstanding redemption requests will remain in place and will be tracked across to the New Cells such that the redemption "queue" is preserved.

In addition, as part of the Proposals, it is also proposed that the frequency of reporting by the Fund be reduced from monthly to quarterly to better reflect Shareholder requirements and the current circumstances of the Fund. Details of these changes will be set out in the circular which will be sent to Shareholders in due course.

Why are you suggesting the Proposals?

The Board believes that reducing the number of cells down from twenty-eight to two will ease the significant administrative burden and costs of administering multiple cells and classes of shares.

Shareholders are reminded that as there are no hedging arrangements in place for the Fund, the holders of Shares not denominated in US Dollars are currently subject to fluctuations in the rate of exchange between the currency in which their Shares are denominated and the US Dollar. Therefore, in implementing the Proposals, there is no benefit currently being derived from any hedging arrangements to be lost. Further details on the conversion from the existing non-US denominated Shares classes into the New Cells (which will be denominated in US Dollars) will be set out in the circular which will be sent to Shareholders in due course.

In tandem with the Cost Saving Measures, which the Board intends to implement concurrently with the Proposals, the Board expects to see savings which will be passed on to Shareholders.

In addition, the Board believes that the Proposals represent the best course of action for the Fund at this time, offering the best value for money and being achievable in a reasonably short timeframe. Please see below for further information on why a rollover of Shareholders' interests into a London Stock Exchange listed fund is no longer viable.

Do my shares have to be converted?

The Proposals will be conditional on the approval by Shareholders of certain resolutions required to authorise the same. If the approval of the requisite majority of Shareholders is given, then the shares of all Shareholders will be converted into shares in the New Cells.

In order to achieve the objective of streamlining the operations of the Fund and reducing the operating costs of the Fund, it is imperative that the shares of all Shareholders are converted. If the Proposals are not implemented, the impact of Cost Saving Measures will be reduced. Please see below for details of the Cost Saving Measures.

What are the Cost Saving Measures?

The Cost Saving Measures, which are focused around removing all non-essential fees and expenses, are expected to comprise savings from:

- **The Proposals** – a number of cost savings are expected to arise from the Proposals themselves. These savings arise principally from: (1) the significantly reduced administrative requirements of dealing with the New Cells over the existing 28 cells; (2) the reduced reporting requirements of dealing with the streamlined structure and a reduction in the frequency of reporting to match Fund/Shareholder needs; and (3) a reduction of fees generally from having fewer cells, for example audit fees.
- **Changes to the Management Agreement framework** – the Fund expects to be able to agree to a reduction in the amount of management fees currently payable by the Fund. The ongoing fees are intended to better reflect the services required by the Fund at this time in its life.
- **Release of the Custodian** – the Fund is hopeful that the Guernsey Financial Services Commission will respond positively to the Fund's request to permit the release of the Custodian from its ongoing appointment. Such release would be subject to the Fund entering into a direct relationship with the existing Sub-Custodian and no assets would move as part of such change.

Shareholders will be aware that the existing Custodian sought to terminate its agreement to provide custody services to the Fund several years ago. In the Board's view, the Custodian should now be released from its obligations (at no risk to Shareholders) and there are notable savings which can be passed to Shareholders in doing the same.

- **Changes to the Administration Agreement framework** – it is expected that, connected to the Proposals more generally, there are efficiencies which can be gained and savings which may be passed on to Shareholders.

Why has work on the London Stock Exchange rollover fund been stopped?

As previously notified to Shareholders, the considerations leading to the decision to pause work on the rollover into a London Stock Exchange listed fund are complex but broadly include the following areas, being: (i) the uncertainty created by the ongoing litigation with Coventry (the "**Coventry Litigation**"); (ii) recent large maturities; (iii) the regulatory approvals which are required to proceed with the rollover; and (iv) the continuing ability of the Fund to bring the scheme of arrangement (which would be necessary as part of the rollover) to the Royal Court in Guernsey, taking into account the foregoing.

These considerations remain very relevant and are augmented further by current market conditions, including but not limited to, changing macro conditions and the current interest rate environment. Therefore, the Board remains of the view that a rollover into a new listed fund vehicle is not viable at this time.

Why are redemptions of shares still suspended?

There are a number of issues which the Board continues to monitor, including, among other matters, the Coventry Litigation. As previously noted to Shareholders, these matters could have implications that might affect the Company and its Shareholders. Accordingly, the Board has determined that it continues to be in the best interests of the Company and Shareholders for redemptions to remain suspended for the time being.

The Board remains unable to confirm the expected duration of the suspension.

For further information, please see the Q&A document on the Manager's website at www.eeafmq.com/eea-life-settlements-fund/.

When will further information on the Proposals become available?

In the coming weeks, Shareholders will be sent a circular setting out full details of the Proposals. The circular will also contain notices convening class meetings for each of the Continuing Share class and the Run-off Share class, as well as notice of an extraordinary general meeting of the Company (the "**Meetings**"). Shareholders will also be sent forms of proxy to be used at each of the Meetings.

Shareholders will be asked to vote on the resolutions proposed at the Meetings. Only registered Shareholders will be entitled to attend and vote at the Meetings. If you are not a registered Shareholder and your shares are held on your behalf by another party, platform or asset manager, you must instruct your nominee to vote on your behalf. Please note that we cannot provide information to anyone not on the Shareholder register.

If all of the resolutions proposed at the Meetings are passed, the Proposals will become effective on the next business day following the Meetings and Shareholders will be notified of their revised shareholdings in the New Cells as soon as possible thereafter.

If the resolutions proposed at the Meetings are not passed, the Proposals will not become effective and the Fund structure will remain unchanged. In such circumstances, the Board will implement the remaining Cost Saving Measures in as much as it possible to do so, however the likely costs savings for Shareholders will be reduced. The Board is in full agreement with the cost cutting measures and ensuring all such savings are passed on to Shareholders.

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

Please note that the email address above may be different to the contact details Shareholders may have on record for the Fund. The reason for this is that the business of MJ Hudson Fund Services Guernsey Limited is now part of Apex Fund Administration (Guernsey) Limited, the Fund's current administrator. If Shareholders have any questions about this change, please email eea@apexgroup-fs.com.

Yours faithfully

The Board

EEA Life Settlements Fund PCC Limited