

# The Montreux Healthcare Fund PLC

PO Box 227, Peveril Buildings, Peveril Square, Douglas, IM99 1RZ, Isle of Man

Date: 31 January 2023

Dear Investor

## **The Montreux Healthcare Fund Plc (“the Fund”) – update on closed period**

As you are aware, the Fund entered a closed period with effect from 3<sup>rd</sup> of October 2022. The Board took this action based on the advice of its Investment Advisor, which advised the Board that the Fund’s primary asset, The Active Care Group (“ACG”), required significant investment of approximately £200m and that the best way of securing this investment, and allowing ACG to reach its optimal size, was to enter into a sales process whereby ACG would be transferred to a closed-ended limited partnership structure, which was being established in Jersey (“the New Fund”). As part of the proposal, upon a sale of ACG, the Fund would be offered the opportunity to invest in the New Fund (as part of an updated strategy for the Fund), which would allow the Fund to participate in future growth of ACG.

The Fund engaged Rothschild & Co to advise the Fund on the process and Credit Suisse Private Funds Group LLP (“Credit Suisse”) were engaged to act on behalf of the proposed purchasers with the intention of launching the process immediately.

However, as you may also be aware, there were a number of significant events that occurred which impacted on the launch date including the political debacle in the UK with the appointment of Liz Truss as Prime Minister followed immediately by significant turmoil in the credit markets and the delay in the Autumn statement. As a result of these events the Fund was advised that the sale process needed to be deferred until the markets stabilized.

As an update for investors, the Board are now pleased to advise that the launch of the sales process has commenced. However, due to the current macro-economics in the market the Investment Advisor has recommended a revision in the planned sales process to seek to ensure that the process achieves the optimum value for investors and to endeavor to ensure that the final outcome is a positive one for the Fund.

The sales process is now proposed to be conducted in two stages:

Stage 1, which is currently underway, involves the New Fund raising £150m to £200m in a structured debt instrument which will be utilized by ACG to refinance some existing debt that matures this year but cannot be replaced by ACG at the moment in its current structure, to provide capital to complete existing refurbishments/developments underway and potentially to add some additional strategic assets to provide a better balance to the existing ACG structure, so that it is best positioned to achieve the optimum price on disposal.

Stage 2, which is targeted for Q3 2023, will involve a full sale of ACG through a combination of a capital raise by Credit Suisse through their investor base and the likely conversion of the monies raised in stage 1 from a debt instrument to equity.

The successful completion of Stage 2 will result in the necessary liquidity event that was originally proposed to investors so that they can then decide either to redeem their holding from the Fund or to continue their investment under an amended strategy (as referred to in paragraph 1 above), which will be provided to investors closer to the date.

In the interim the Board are of the view that there is still sufficient uncertainty as to what the eventual sales price will be, therefore, it is necessary to continue to operate under a “Closed Period” until this uncertainty has been removed through the completion of the sales process.

Investors who have any queries should contact the Investment Advisor by email to John King, Head of Investor Relations, at [info@montreuxcm.com](mailto:info@montreuxcm.com).

*Barry Monks*

**On behalf of the Fund**