

# The Montreux Healthcare Fund PLC

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Date: 12 July 2024

## The Montreux Healthcare Fund Plc ("the Fund") – Notice to Shareholders – Update

### Dear Shareholder

In a letter to Shareholders dated 12 June 2024 (the "June Update Letter"), the board of directors of the Fund ("the Board") advised that they had had a number of discussions with the Fund's investment advisor, Montreux Capital Management (UK) Limited (the "Investment Advisor"), a number of Shareholders and various professional advisors in respect of a number of possible scenarios namely:

1. Allow the Investment Advisor to engage with a number of Shareholders to see if there is a potential to raise additional funding to fund the repurchase of the Active Care Group ("ACG") asset from Sequoia.
2. Purchase an alternative asset which had already been identified at a cost in the region of £45-50 million of which approximately £30 million would need to be raised from Shareholders.
3. Place the Fund into a Members' Voluntary Winding-Up and distribute any remaining assets after this process to Shareholders.

Following these discussions, the Board concluded within the June Update Letter that options 1 and 2 were not viable as they were of the view that it would be unlikely that Shareholders would commit additional funding in the current circumstances. The Board therefore advised that it would be in the best interests of the Fund and the Shareholders to seek to place the Fund into a Members' Voluntary Winding-Up and to distribute the residual assets to Shareholders as quickly as possible, with a formal notice to be sent to Shareholders.

Subsequent to the June Update Letter, we were contacted by a number of Shareholders who indicated that they believe that the Board should instead consider carrying out a capital raising program, similar to that proposed as outlined to Shareholders in a letter dated 24 January 2024 (the "January Update Letter"). The additional capital (if raised) could then be utilised as part of a package to repurchase the ACG asset back from Sequoia and execute the 3-year recovery plan as previously outlined to Shareholders (the "Rescue Proposal").

The Rescue Proposal was discussed with the Investment Advisor which carried out an analysis of the same and its implications and concluded that that the sum of monies required to repurchase the debt and equity from Sequoia (to repurchase the ACG asset) would be approximately £97 million as an opening position, coupled with approximately £95 million of additional debt from other lenders to the ACG. On this basis, repurchase of the ACG asset would represent a 'day one' reacquisition multiple of approximately 20x EBITDA, which the Board is advised is significantly outside of a 'normal' market multiple for a sale of a large well integrated real estate backed business of 12-13x EBITDA.

## Conclusion

Having considered the options available, the Board does not consider the Rescue Proposal to represent a good value proposition and as such is not recommending the same to Shareholders. The Board has concluded that in all the circumstances the proposed Members' Voluntary Winding-Up still remains the best available course of action for the Fund and the Shareholders.

In order to reach a final decision on this matter, please find enclosed a formal circular requiring your immediate attention in order to facilitate the Members' Voluntary Winding Up.

Please note that to be valid, completed, **original** forms of proxy must be received by the Fund's registered agent, Suntera Fund Services (IOM) Limited, at Peveril Buildings, Peveril Square, Douglas, IM99 1RZ, Isle of Man, **by hand or by post**, as soon as possible and in any event before the time appointed for holding the members meeting. Please see the circular for full details.

*Barry Monks*

**On behalf of the Fund**