

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11
RED REEF ALTERNATIVE INVESTMENTS, LLC and)	Case No. 20-12602 (BLS)
EMERGENT CAPITAL, INC., ¹)	
Debtors.)	Jointly Administered
)	
)	

**NOTICE OF (I) HEARING ON CONFIRMATION OF THE
DEBTOR EMERGENT CAPITAL, INC.’S FIRST AMENDED CHAPTER 11 PLAN AND
RELATED MATTERS; AND (II) OBJECTION DEADLINES, AND SUMMARY OF THE PLAN**

NOTICE IS HEREBY GIVEN as follows:

On October 15, 2020 (the “Petition Date”), Emergent Capital , Inc. (the “Debtor”) and Red Reef Alternative Investments, LLC (“Red Reef”), the Debtors in the above-captioned chapter 11 cases, commenced voluntary chapter 11 cases in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). The Debtor (but not Red Reef) also filed: (a) the *Debtor Emergent Capital, Inc.’s First Amended Chapter 11 Plan of Reorganization* dated November 13, 2020 (as it may be amended or modified, the “Plan”) and (b) the *Disclosure Statement in Support of Debtor Emergent Capital, Inc.’s First Amended Chapter 11 Plan of Reorganization* dated November 13, 2020 (as it may be amended or modified, the “Disclosure Statement”) pursuant to sections 1125 and 1126(b) of chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”).² The Plan provides that all of the Debtor’s executory contracts and unexpired leases will be rejected, unless specifically identified for assumption. Copies of the Plan and the Disclosure Statement may be obtained upon request of the Debtor’s proposed counsel at the address specified below and are on file with the Clerk of the Bankruptcy Court.

Additionally, parties may obtain a copy of the Plan and the Disclosure Statement free of charge through Kurtzman Carson Consultants LLC (the “Voting Agent”) at www.kccllc.net/emergent or by calling the Voting Agent at 888-647-1744 (toll free) or +1 310-751-2628 (international) or emailing EmergentInfo@kccllc.com.

The primary purpose of the Plan is to effectuate a reorganization of the Debtor’s capital structure. The Debtor believes that any valid alternative to confirmation of the Plan would result in significant

¹ The last four digits of each Debtor’s taxpayer identification number are: Red Reef Alternative Investments, LLC (0302) and Emergent Capital, Inc. (3473). The location of the Debtors’ service address for purposes of these cases is 1200 North Federal Highway, Suite 200, Boca Raton, FL 33432.

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Plan or the Disclosure Statement, as applicable. The statements contained herein are summaries of the provisions contained in the Disclosure Statement and the Plan and do not purport to be precise or complete statements of all the terms and provisions of the Plan or documents referred therein. To the extent there is a discrepancy between the terms herein and the Plan or Disclosure Statement, the Plan or Disclosure Statement, as applicable, shall govern and control. For a more detailed description of the Plan, please refer to the Disclosure Statement.



delays, litigation, and additional costs and, ultimately, would jeopardize recoveries for holders of allowed claims.

Information Regarding the Plan

Voting Record Date/Deadline. The voting record date is November 16, 2020, which is the date for determining which holders of (i) Class 3 Senior Secured Notes Claims, (ii) Class 4 Convertible Unsecured Notes Claims, and (iii) Class 6 Equity Interests in the Debtor (the only classes entitled to vote under the Plan) were entitled to vote on the Plan.

Voting Deadline. The voting deadline is **December 17, 2020, at 4:00 p.m. Eastern time.** All ballots must be returned to the Voting Agent by such deadline.

Hearing on Confirmation of the Plan. The hearing on confirmation of the Plan (the “Confirmation Hearing”) will be held before the Honorable Brendan L. Shannon, United States Bankruptcy Judge of the United States Bankruptcy Court for the District of Delaware, 824 North Market Street, 6th Floor, Courtroom No. 1, Wilmington, DE 19801, on **December 21, 2020, at 10:00 a.m., prevailing Eastern time,** to consider confirmation of the Plan, any objections thereto, and any other matter that may properly come before the Bankruptcy Court. Please be advised that the agenda for the hearing, which will be filed on the docket in this Chapter 11 Case and served on the parties entitled to notice, will indicate whether the hearing will be conducted telephonically, or in person. Please be further advised that the Confirmation Hearing may be continued from time to time by the Bankruptcy Court or the Debtors without further notice other than by such adjournment being announced in open court or in the filing of a notice or a hearing agenda in this Chapter 11 Case with the Bankruptcy Court and served on other parties entitled to notice.

Objections to the Plan. The deadline for filing objections to the Plan or the assumption of any executory contracts or unexpired leases under the Plan is **December 15, 2020, at 4:00 p.m., prevailing Eastern time.** Any objection (each, an “Objection”) must: (a) be in writing; (b) comply with the Federal Rules of Bankruptcy Procedure and the Bankruptcy Local Rules for the District of Delaware; (c) state the name and address of the objecting party and the amount and nature of the claim or interest beneficially owned by such entity; and (d) state with particularity the legal and factual basis for such objections, and, if practicable, a proposed modification to the Plan that would resolve such objections.

Objections must be filed with the Bankruptcy Court and served by no later than **December 15, 2020, at 4:00 p.m., prevailing Eastern time,** and served on the following parties, which service may be by way of the CM/ECF system, with courtesy copies by email:

- (i) counsel to the Debtor, Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, 17th Floor, Wilmington, DE 19899-8705 (Courier 19801) (Attn: Richard M. Pachulski, Maxim B. Litvak, and Colin R. Robinson) (rpachulski@pszjlaw.com, mlitvak@pszjlaw.com, crobinson@pszjlaw.com);
- (ii) counsel to the Supporting Senior Secured Noteholders, Faegre Drinker Biddle & Reath LLP, 1177 Avenue of the Americas, 41st Floor, New York, NY 10036 (Attn: James H. Millar and Laura E. Appleby) (james.millar@faegredrinker.com; laura.appleby@faegredrinker.com) and Faegre Drinker Biddle & Reath LLP, 222 Delaware Avenue, Suite 1410, Wilmington, Delaware 19801 (Attn: Brett Fallon) (brett.fallon@stroock.com);
- (iii) counsel to the Supporting Convertible Unsecured Noteholders, Stroock & Stroock & Lavan LLP, 180 Maiden Lane, New York, NY 10038 (Attn: Brett Lawrence and Matthew G.

Garofalo) (blawrence@stroock.com, mraofalo@stroock.com) and Young Conaway Stargatt & Taylor, LLP, Rodney Square, 1000 North King Street, Wilmington, Delaware 19801 (Attn: Matthew B. Lunn) (mlunn@ycst.com); and

- (iv) the Office of the United States Trustee for the District of Delaware, 844 King St., Suite 2207, Wilmington, DE 19801 (Attn: Juliet Sarkessian) (Juliet.M.Sarkessian@usdoj.gov).

UNLESS AN OBJECTION IS TIMELY SERVED AND FILED IN ACCORDANCE WITH THIS NOTICE, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT. AS DESCRIBED BELOW, YOU ARE ADVISED TO CAREFULLY REVIEW AND CONSIDER THE PLAN, INCLUDING THE DISCHARGE, RELEASE, EXCULPATION, AND INJUNCTION PROVISIONS, AS YOUR RIGHTS MIGHT BE AFFECTED.

Summary of Timetable	
Voting Record Date	November 16, 2020 (date of the Disclosure Statement hearing)
Deadline to Complete Solicitation, and Service of the Plan Notice, and Assumption and Cure Notices	Three (3) Business Days after entry of the Disclosure Statement Order
Voting Deadline	December 17, 2020, at 4:00p.m. (prevailing Eastern Time)
Plan Supplement Filing Date	Five (5) Business Days prior to the Voting Deadline
Plan Objection Deadline	December 15, 2020, at 4:00 p.m. (prevailing Eastern Time)
Executory Contract Objection Deadline	December 15, 2020, at 4:00 p.m. (prevailing Eastern Time)
Deadline for Filing Voting Certification, ³ Declarations and Briefs Supporting Confirmation, and form of Confirmation Order	December 18, 2020, at 12:00 p.m. (prevailing Eastern Time)
Confirmation Hearing Date	December 21, 2020, at 10:00 a.m. (prevailing Eastern Time)

The Debtor will file the Plan Supplement with the Bankruptcy Court on or before five (5) Business Days prior to the Voting Deadline. The Plan Supplement shall comprise, among other documents and unless otherwise agreed by the Debtor and the Requisite Parties, the following: (a) Grantor Trust Agreement, (b) Grantor Trust Certificate, (c) New Indenture Documents, (d) New PPN(s), (e) New PPN Warrants, (f) New PPN SAR(s), (g) New SAR(s), (h) New Series A Notes, (i) New Series B Notes, (j) New Unvested Warrants, (k) identity of the Plan Agent, (l) the identity of the members of the New Board, (m) the Schedule of assumed contracts, if any, and (n) any and all other documentation, which shall be consistent in all material respects with the Restructuring Support Agreements and/or otherwise in form and substance acceptable to the Debtors and the Requisite Parties, necessary to effectuate the Restructuring Transactions or that is contemplated by the Plan. The Debtor, with the consent of the Requisite Parties, shall have the right to amend the documents contained in, and exhibits

³ The Voting Certification shall indicate the aggregate number of parties in voting classes that checked the opt-out box on the ballot. Additional detail regarding any opt-out parties may be provided to the extent required by the Court at a later date.

to, the Plan Supplement through the Effective Date. **Parties may obtain a copy of the Plan Supplement, once it is filed, through the Voting Agent at www.kccllc.net/emergent or by calling the Voting Agent at 888-647-1744 (toll free) or +1 310-751-2628 (international) or emailing EmergentInfo@kccllc.com.**

Procedures for Objections to the Proposed Assumption or Rejection of an Executory Contract and Unexpired Lease and Proposed Cure Amounts.

The Plan provides that all Executory Contracts and Unexpired Leases will be rejected as of the Effective Date of the Plan except for Executory Contracts and Unexpired Leases that (1) are identified in the Plan Supplement for assumption, (2) have been previously assumed or rejected pursuant to an order of the Bankruptcy Court, (3) are the subject of a separate motion or notice to reject or assume filed by the Debtor and pending as of the date on which the Plan becomes effective, or (4) previously expired or terminated pursuant to their own terms or by agreement of the parties thereto.

Any counterparty to an Executory Contract or Unexpired Lease that disputes the Debtor's proposed cure amount or otherwise objects to the assumption of such Executory Contract or Unexpired Lease, or objects to the rejection of an Executory Contract or Unexpired Lease, shall file an objection thereto that complies with the requirements described above with respect to objections to the Plan prior to **December 15, 2020, at 4:00 p.m., prevailing Eastern time.**

Summary of Plan Treatment

The following chart summarizes the treatment provided by the Plan to each class of Claims against and Interests in the Debtor, and indicates the voting status of each class. This chart is only a summary of the classification of Claims and Equity Interests under the Plan. References should be made to the entire Disclosure Statement and the Plan for complete description.

Class	Type of Claim or Interest	Estimated Claim Amount	Impairment	Entitled to Vote	Estimated Recovery Under Plan
1	Other Priority Claims	\$0	No	No	100%
2	Other Secured Claims	\$0	No	No	100%
3	Senior Secured Notes Claims	\$48,758,887.50 plus any interest, fees, and expenses	Yes	Yes	100% over time
4	Convertible Unsecured Notes Claims	\$67,836,966.00 plus any interest, fees, and expenses	Yes	Yes	100% over time
5	General Unsecured Claims	\$0 – \$250,000 (approx.) ⁴	No	No	100%
6	Equity Interests in Debtor	N/A	Yes	Yes	Value of certain Grantor Trust Certificates

⁴ There are certain litigation claims pending against the Debtor involving a \$9 million life insurance policy. The Debtor disputes such claims and has sought to estimate them at \$0.

If you believe you are in a voting class but did not receive a ballot, and a copy of the Plan and Disclosure Statement, please contact the Voting Agent.

Non-Voting Status of Holders of Certain Claims and Interests and Contract Parties

As set forth above, certain holders of Claims and all holders of Equity Interests are **not** entitled to vote on the Plan. As a result, such parties did not receive any ballots and other related solicitation materials in order to vote on the Plan. Claims in Classes 1, 2, and 5 are Unimpaired under the Plan, and therefore, are presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Further, the Plan provides that all of the Debtor's executory contracts and unexpired leases will be rejected, unless specifically identified for assumption. You should assume that your contract and/or lease will be rejected, unless you are notified that such contract and/or lease will be assumed by the Debtor.

As explained above, the Voting Agent will provide you with copies of the Plan and the Disclosure Statement, upon request.

Discharge, Release, Exculpation and Injunction⁵

Please be advised that the Plan contains certain discharge, release, exculpation, and injunction provisions as follows:

A. Discharge of Claims

To the fullest extent provided under section 1141(d)(1)(A) and other applicable provisions of the Bankruptcy Code, except as otherwise expressly provided by the Plan or the Confirmation Order, all consideration distributed under the Plan will be in exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims and Equity Interests of any kind or nature whatsoever against the Debtor or any of its Assets or properties, and regardless of whether any property will have been distributed or retained pursuant to the Plan on account of such Claims or Equity Interests. Except as otherwise expressly provided by the Plan or the Confirmation Order, upon the Effective Date, the Debtor and its Estate will be deemed discharged and released under and to the fullest extent provided under section 1141(d)(1)(A) and other applicable provisions of the Bankruptcy Code from any and all Claims and Equity Interests of any kind or nature whatsoever, including, but not limited to, demands and liabilities that arose before the Confirmation Date, and all debts of the kind specified in section 502(g), 502(h), or 502(i) of the Bankruptcy Code.

B. Releases by Debtor

Effective as of the Effective Date, for good and valuable consideration provided by each of the Released Parties, the adequacy of which is hereby acknowledged and confirmed, the Debtor, in its individual capacity and as debtor-in-possession (collectively, the "Releasing Party") will be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever provided a full discharge, waiver and release to the Released Parties (and each such Released Party so released shall be deemed forever released, waived and discharged by the Releasing Party) and their respective properties from any and all claims, causes of action,

⁵ The Plan provisions referenced herein are for summary purposes only and do not include all provisions of the Plan that may affect your rights. Defined terms used in this summary have the meanings ascribed in the Plan. If there is an inconsistency between the provisions set forth herein and the Plan, the Plan governs.

and any other debts, obligations, rights, suits, damages, actions, remedies, and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing as of the effective date or thereafter arising, in law, at equity, whether for tort, contract, or otherwise, based in whole or in part upon any act or omission, transaction, or other occurrence or circumstances existing or taking place prior to or on the Effective Date arising from or related in any way in whole or in part to the Debtor, the Chapter 11 Case, the Disclosure Statement, the Plan, or the solicitation of votes on the Plan that the Releasing Party would have been legally entitled to assert (whether individually or collectively) or that any Holder of a Claim or Equity Interest or other Entity would have been legally entitled to assert for or on behalf of the Debtor or its Estate (whether directly or derivatively) against any of the Released Parties; *provided, however*, that the foregoing provisions of this release shall not operate to waive or release (i) any offset, defense, counterclaim, reduction, or credit that the Debtor may have with regard to any Claim asserted against it by a Released Party, (ii) any causes of action expressly set forth in and preserved by the Plan or the Plan Supplement; (iii) any Causes of Action arising from actual fraud, gross negligence, or willful misconduct as determined by Final Order of the Bankruptcy Court or any other court of competent jurisdiction; and/or (iv) the rights of the Releasing Party to enforce the Plan and the contracts, instruments, releases, indentures, and other agreements or documents delivered under or in connection with the Plan or assumed pursuant to the Plan or assumed pursuant to Final Order of the Bankruptcy Court. The foregoing release shall be effective as of the Effective Date without further notice to or order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule and without need for any notice to or any vote, consent, authorization, approval, ratification, or other action by any entity or other person or any director, stockholder, security holder, manager, member, or partner (or board thereof) of any entity and the Confirmation Order will permanently enjoin the commencement or prosecution by any person or entity, whether directly, derivatively or otherwise, of any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, or liabilities released pursuant to this release.

The “**Released Parties**” are, collectively, the following parties each in its capacity as such: (a) the Debtor, (b) the Debtor’s current and former directors and officers, (c) the Senior Secured Notes Trustee, (d) the Convertible Unsecured Notes Trustee, (e) the Supporting Senior Secured Noteholders, (f) the Supporting Convertible Unsecured Noteholders, (g) the Holders of Claims and Equity Interests who vote in favor of the Plan; and (h) the Related Persons of each of (a) through (g) of the foregoing.

C. Releases By Holders of Claims and Equity Interests

As of and subject to the occurrence of the Effective Date, except for the rights that remain in effect from and after the Effective Date to enforce the Plan and the Plan Documents, for good and valuable consideration, the adequacy of which is hereby confirmed, including, without limitation, the service of the Released Parties to facilitate the reorganization of the Debtor and the implementation of the Restructuring and the Restructuring Transactions, and except as otherwise provided in the Plan or in the Confirmation Order, the Released Parties are deemed forever released and discharged by the (i) Holders of all Claims and Equity Interests who vote to accept the Plan, (ii) Holders of Claims that are Unimpaired under the plan, (iii) Holders of Claims or Equity Interests whose vote to accept or reject the Plan is solicited but who do not vote either to accept or to reject the Plan, (iv) Holders of Claims or Equity Interests who vote to reject the Plan but do not opt out of granting the releases set forth in the Plan, (v) the Senior Secured Notes Trustee, and (vi) the Convertible Unsecured Notes Trustee, from any and all claims, interests, obligations, suits, judgments,

damages, demands, debts, rights, causes of action, losses, remedies, and liabilities whatsoever, including any derivative claims, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that such Holders or their affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the Holder of any claim or other entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtor, the Chapter 11 Case, the purchase, sale, or rescission of the purchase or sale of any security of the Debtor, the subject matter of, or the transactions or events giving rise to, any claim or interest that is treated in the Plan, the business or contractual arrangements between the Debtor and any Released Party, the Restructuring, the restructuring of any Claim or Equity Interest before or during the Chapter 11 Case, the Restructuring Transactions, the negotiation, formulation, or preparation of the Disclosure Statement, the Plan, and related agreements, instruments, and other documents (including the Plan Documents), the solicitation of votes with respect to the Plan, or any other act or omission, other than Claims or Causes of Action arising out of or related to any act or omission of a Released Party that is a criminal act or constitutes actual fraud, gross negligence, or willful misconduct. Notwithstanding anything to the contrary in the foregoing, the releases set forth above do not release any post-Effective Date obligations of any party or Entity under the Plan, any Restructuring Transactions, or any document, instrument, or agreement executed to implement the Plan.

D. Exculpation

Without affecting or limiting the releases in Article X.B or XI of the Plan, the Exculpated Parties will neither have nor incur any liability to any Entity for any claims or Causes of Action arising before, on or after the Petition Date and prior to or on the Effective Date for any act taken or omitted to be taken in connection with, or related to formulating, negotiating, preparing, disseminating, implementing, administering, confirming or effecting the Consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or any other prepetition or Postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtor, the approval of the Disclosure Statement or confirmation or Consummation of the Plan; *provided, however*, that the foregoing provisions will have no effect on the liability of any Entity that results from any such act or omission that is determined in a Final Order of the Bankruptcy Court or other court of competent jurisdiction to have constituted actual fraud, gross negligence or willful misconduct; *provided, further*, that each Exculpated Party will be entitled to rely upon the advice of counsel concerning its duties pursuant to, or in connection with, the above-referenced documents, actions or inactions; *provided, further*, however that the foregoing provisions will not apply to any acts, omissions, Claims, Causes of Action or other obligations expressly set forth in and preserved by the Plan or the Plan Supplement.

The “**Exculpated Parties**” are, collectively: (a) the Debtor, (b) the Plan Agent, and (c) the respective Related Persons of each of the foregoing Entities.

E. Injunction

Except as otherwise provided in the Plan, from and after the Effective Date, all Entities are permanently enjoined from commencing or continuing in any manner, any suit, action or other proceeding, or creating, perfecting or enforcing any lien of any kind, on account of or respecting any claim, demand, liability, obligation, debt, right, cause of action, equity

interest, or remedy released or to be released, exculpated or to be exculpated, or discharged or to be discharged pursuant to the Plan or the Confirmation Order. By accepting distributions pursuant to the Plan, each Holder of an Allowed Claim or Equity Interest will be deemed to have specifically consented to the injunction in the Plan. All injunctions or stays provided for in the Chapter 11 Case under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, will remain in full force and effect until the Effective Date.

Releases Granted by Members of Classes 1, 2, and 5

If you are member of Class 1, 2, or 5, then, as noted above, you are deemed to have accepted the Plan and you are deemed to have consented to the releases set forth in Article XI of the Plan and above.

Releases Granted by Members of Classes 3, 4, and 6

If you are a member of Class 3, 4, or 6, and if you vote to accept the Plan, you will be deemed to have consented to the releases set forth in Article XI of the Plan and summarized above.

If you and are a member of Class 3, 4, or 6, and you (i) do not vote either to accept or reject the Plan, or (ii) vote to reject the Plan and do not check the “opt out” box in Item 3 of your ballot, you shall be deemed to have consented to the releases set forth in Article XI of the Plan and included in item 3 of your ballot. For the Class 3, 4, or 6 members described in item (ii) of this paragraph, the election to withhold consent to grant the releases by checking the “opt out” box in Item 3 of your ballot is at your option, and shall not affect your distribution under the Plan if the Plan is confirmed despite your rejection.

Dated: November 13, 2020

PACHULSKI STANG ZIEHL & JONES LLP

/s/ Colin R. Robinson

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