

**STRICTLY CONFIDENTIAL**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to the action you should take, you should consult your independent financial adviser immediately. If you have sold or transferred all of your participating redeemable preference shares in EEA Life Settlements Fund PCC Limited, please forward this document, together with the accompanying Forms of Proxy and Form of Election, to the purchaser or agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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**EEA LIFE SETTLEMENTS FUND PCC LIMITED**

**Restructuring Proposal**

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Notices of a class meeting (the “**Class Meeting**”) to be held at the offices of International Administration Group (Guernsey) Limited at Regency Court, Glatigny Esplanade, St Peter Port, Guernsey GY1 1WW, at 11:00 a.m. (Guernsey time) on 17 October 2013 and of an extraordinary general meeting (the “**EGM**”) to be held at the same location at 11:15 a.m. (Guernsey time) on 17 October 2013, or as soon thereafter as the Class Meeting has concluded, of EEA Life Settlements PCC Fund Limited (the “**Company**”) are set out in this document.

The accompanying Forms of Proxy and Form of Election for use by holders of the Company’s participating redeemable preference shares should be completed and returned in accordance with the instructions printed thereon so as to be received marked for the attention of Emma Ozanne at PO Box 282, Regency Court, Glatigny Esplanade, St Peter Port, Guernsey, GY1 3RH as soon as possible and in any event no later than 48 hours before the commencement of (1) the Class Meeting (in the case of the Form of Proxy relating to the Class Meeting) and (2) the EGM (in the case of the Form of Proxy relating to the EGM and the Form of Election).

Completion and return of a Form of Proxy and/or Form of Election will not preclude a shareholder from attending and voting in person at the Class Meeting and/or the EGM, as applicable

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## **RISKS RELATING TO THE RESTRUCTURING PROPOSAL**

The risks referred to in this section are the material risks known to the Directors at the date of this document which the Directors believe Shareholders should consider prior to deciding how to cast their votes at the Class Meeting and at the EGM and whether (and, if so, on what basis) to complete a Form of Election. Shareholders in any doubt about the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other financial adviser without delay. Capitalised terms not otherwise defined in this section are defined elsewhere in this document.

### **General**

Any investment in EEA Life Settlements Fund PCC Limited will be governed by the full offering memorandum published by EEA Life Settlements Fund PCC Limited and the relevant supplement thereto. It is proposed that the current offering memorandum of the Company and the current supplements thereto will be amended for the purposes of the Restructuring Proposal (respectively, the "Revised Offering Memorandum" and the "Revised Supplements"). This revised documentation is available on the Manager's website (see Section 11 - "Revised Documentation" below for further details). Accordingly, Shareholders are strongly advised to read the Revised Offering Memorandum and the relevant Revised Supplement, and, in particular, the risk factors contained therein, prior to voting at the Class Meeting and/or the EGM and/or completing a Form of Election pursuant to the Restructuring Proposal.

### **Investment risk**

The price of the Shares in the Company and the income from them (if any) can go down as well as up and, on the redemption of Shares, investors may not receive the amount that they originally invested. The return on the investments will be dependent in large part upon the ability and expertise of the Investment Adviser to source and price the investments. The pricing of a settlement (and the return made on each investment) is dependent upon the life expectancy of the insured and premiums payable to maintain the policy. An investment in a policy may result in a loss if the medical diagnosis of the insured's condition is incorrect, the insured lives longer than the life expectancy estimate and, as a result, a higher premium has to be paid for the remainder of the term.

### **Forward-looking statements as to cashflows and distributions/redemptions**

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "predict", "believe", "estimate", "anticipate", "expect", "intend", "may", "will" or "should" or other variations or comparable terminology.

Forward-looking statements include matters that are not historical facts. They include statements regarding the beliefs or current expectations of the Company, the Directors, the Manager and the Investment Adviser concerning, amongst other things, the estimated maturity of the underlying investments of the Company, estimated future cashflows and the ability of the Company to make distributions by way of redemption of Shares.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future events. The actual maturity of the Company's underlying investments, its actual future cashflows and the ability of the Company to make distributions may differ materially from the impression created by the forward-looking statements contained in this document.

Forward-looking statements are based on assumptions regarding the present and future environment in which the Company will operate. All forward-looking statements included in this document are based on information available to the Company, the Directors, the Manager and the Investment Adviser at the date hereof. Investors should not place undue reliance on such forward-looking statements.

## **Lock-Up Period and limited liquidity of Continuing Shares**

Continuing Shares will only be redeemable on the relevant Redemption Day after the expiry of the Lock-Up Period. Furthermore, requests to redeem Continuing Shares at that time may be refused by the Directors as described in paragraph 3.4. There can be no guarantee that there will be sufficient Available Cash and/or that any matching redemption requests by the Company to redeem units in the New Fund will be accepted to meet all such redemption requests. Shareholders may therefore be unable to redeem their Continuing Shares on the desired Redemption Day.

## **Implementation of the Restructuring Proposal**

The implementation of the Restructuring Proposal is conditional upon the resolutions being passed at the Class Meeting and the EGM. In the event that any of the resolutions to be proposed at these meetings is not passed, the Restructuring Proposal will not be implemented. If the Restructuring Proposal is not approved, then the likely conclusion is that the Board will take the steps necessary to seek to appoint a liquidator. The Company would bear the costs of the liquidator and there can be no guarantee that a liquidator will realise assets more quickly and/or at a comparable value to the Company as would the Manager pursuant to the Restructuring Proposal.

## **Deemed Elections**

Shareholders who fail to make an election in respect of some or all of their Current Shares, or who elect an Option but fail to state correctly the relevant number of Current Shares will be treated/deemed as having elected for certain Options, as described in paragraph 2.1, notwithstanding the election(s) set out in their Forms of Election (if any). In addition, in the event that the Net Asset Value of a Cell or Run-Off Cell would not meet the minimum requirements, relevant Shareholders will be deemed to have elected for certain Options, as set out in the same paragraph.

## **Absence of hedging**

Current Underlying Investments are, and the maturity/realisation proceeds thereof will be, denominated in US Dollars. In the case of Continuing Cells, such proceeds will be invested in units of the New Fund denominated in US Dollars which in turn will be exposed to US Dollar-denominated investments. Pursuant to the Restructuring Proposal, the Manager will not be under any obligation to hedge, or to use its best endeavours to hedge, the non-US Dollar currency exposure of the Shares. Without prejudice to the foregoing, the Board may determine to hedge such exposure in respect of one or more Cells where the Board, in consultation with the Manager, believes in its absolute discretion that it would be possible to enter into appropriate hedging arrangements on commercially reasonable terms. Accordingly, holders of Shares not denominated in US Dollars will therefore be affected by fluctuations in the rate of exchange between the currency in which their Shares are denominated and the US Dollar.

## **US Dollar-denominated Performance Fee Retention (Non-US Dollar denominated Continuing Shares only)**

In addition, the Performance Fee Retention in respect of Continuing Cells will be in US Dollars. Holders of Continuing Shares not denominated in US Dollars will therefore be affected by fluctuations in the rate of exchange between the currency in which their Continuing Shares are denominated and the US Dollar.

## **Redemption of Continuing Shares**

The Net Asset Value per Share of Continuing Shares will take into account the estimated Performance Fee payable in respect of such Continuing Shares. Accordingly, there is a risk that a Shareholder who elects to redeem its Continuing Shares before the maturity/realisation of the final Current Underlying Investment may be paid an amount less or more than it would otherwise have paid had it redeemed such Continuing Shares at a later date.

## Other Instruments

A Continuing Cell may invest in Other Instruments. There will be risks associated with such Other Instruments similar to those associated with the Company's Current Underlying Investments and the investments in units of the New Fund. Exposure to Other Instruments may also involve other risks.

Furthermore, to the extent that a Continuing Cell invests in Other Instruments then the performance of that Continuing Cell is likely to differ from that of any other Continuing Cell which does not invest in the same Other Instruments or which invests exclusively in the New Fund.

## Taxation

Shareholders who elect to have some or all of their Current Shares of the Company re-designated as Run-Off Shares are expected to be treated as making a disposal of their relevant Current Shares for UK taxation purposes at the time of such re-designation and will be subject to UK tax on any gain arising from that disposal.

## Risk of regulatory re-classification

The Company is currently authorised by the Guernsey Financial Services Commission (the "GFSC") as a class B open-ended scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 and the Shares have been admitted to the Official List (the "Official List") of the Channel Islands Stock Exchange, LBG (the "CISX") on this basis, though dealings of the Shares on the Official List are currently suspended (see the risk factor headed "Channel Islands Stock Exchange, LBG" below). Pursuant to the Restructuring Proposal, however, Shareholders will not be able to redeem Continuing Shares during the Lock-Up Period (as defined herein) of 23 months, and will have no right to redeem Run-Off Shares at any time. Furthermore, once the initial Lock-Up Period has expired, redemptions of Continuing Shares may be deferred and/or suspended, as further described on pages 11 and 21 to 22, respectively. Thus, if the Restructuring Proposal is approved, a Shareholder's ability to redeem Continuing Shares after the expiry of the Lock-Up Period may be materially restricted. Accordingly, the Company may be regulated or required to be regulated as a closed-ended scheme instead. This would require the Company to apply to the GFSC and/or the CISX for the necessary authorisations and registrations as well as changes to be made to the Offering Memorandum, the Articles and other scheme documentation.

## Channel Islands Stock Exchange, LBG

Upon the Restructuring Proposal becoming effective, the CISX will de-list the Shares of each cell in the Company which are currently listed on the Official List and admitted to trading on the CISX, and the Company will be required to apply to admit the Continuing Shares and the Run-Off Shares to listing and trading on the Official List of the CISX. Each listing application will need to satisfy the applicable conditions for listing which include, among other matters, the production and appending to the listing document of unqualified audited accounts of the Company for the 2012 financial year. Additionally, interim accounts to 30 June 2013 may also be requested.

The CISX has also indicated that it may not extend the current suspension of the Shares from trading on the CISX, if unqualified audited accounts for the 2012 financial year are not published by 30 November 2013 and, accordingly, would seek to delist all Shares.

Accordingly, there is no guarantee that the Shares, or, in the event the Restructuring Proposal becomes effective, the Continuing Shares or the Run-Off Shares, will be listed, or continue to be listed, as applicable, on the Official List.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in the Restructuring Proposal. Shareholders should consult their personal financial, legal and/or tax advisers in relation to the consequences of the Restructuring Proposal.**

## **ACTIONS TO BE TAKEN**

Pursuant to the Restructuring Proposal, Shareholders are requested to:

1. Return a duly completed Form of Proxy for the Class Meeting.
2. Return a duly completed Form of Proxy for the EGM.
3. Return a duly completed Form of Election.

## **EXPECTED TIMETABLE**

Latest time and date for return of Form of Proxy for Class Meeting	11.00am on 15 October 2013
Latest time and date for return of Form of Proxy for EGM and Form of Election	11.15am on 15 October 2013
Class Meeting	11.00am on 17 October 2013
EGM	11.15am on 17 October 2013
Effective Date <sup>1</sup>	1 November 2013

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<sup>1</sup> Subject to regulatory approval, or such other date as the Directors may in their absolute discretion determine.

## LETTER FROM THE BOARD OF DIRECTORS

### EEA LIFE SETTLEMENTS FUND PCC LIMITED

(a company incorporated with limited liability under the laws of Guernsey)

#### *Directors*

Mark Colton  
Christopher Daly  
Simon Shaw  
Alison Simpson

#### *Registered Office*

Regency Court  
Gategny Esplanade  
St Peter Port  
Guernsey  
GY1 1WW

18 September 2013

*To all holders of participating redeemable preference shares in the Company (the “**Shares**” and the holders thereof being the “**Shareholders**”)*

### **Restructuring Proposal**

#### **Introduction**

The purpose of this letter is to explain and seek your approval for a proposed restructuring (the “**Restructuring Proposal**”) of EEA Life Settlements Fund PCC Limited (the “**Company**”) with effect from 1 November 2013 or such other date as the Directors may in their absolute discretion determine (the “**Effective Date**”).

This letter seeks approval from all Shareholders to the Restructuring Proposal (which will require the approval of a special resolution of Shareholders at the EGM) and, in particular, to the variation of their class rights as a result of the Restructuring Proposal and to the proposed amendments to the Company’s articles of incorporation (the “**Articles**”) which will require the approval of an ordinary resolution of Shareholders at the separate Class Meeting.

Capitalised terms used in this letter but not otherwise defined herein will have the meanings given to them in the offering memorandum of the Company dated 8 July 2011 and the various supplements (each a “**Supplement**”) thereto (together, the “**Offering Memorandum**”).

#### 1 **Background**

As you are aware, the Company suspended the valuation of the net asset value of all classes of participating shares in each cell of the Company on 30 November 2011 at which time then current liquidity levels were insufficient to satisfy redemption requests in full and the board of directors of the Company (the “**Board**”) determined it was not reasonably practicable to realise or dispose of the Company’s investments. As we have outlined in correspondence since that time, the regulatory landscape in relation to the instruments in which the Company invests is changing. In our letter dated 6 September 2012, we also outlined briefly our proposed plans to restructure the Company, and more recently in our letter dated 3 July 2013. The purpose of this Circular is to describe and seek your approval to implement the Restructuring Proposal. We would suggest that this Circular is read in conjunction with the Shareholder Questions and Answers document enclosed with this Circular, which is a plain-English guide designed to answer some of your questions and help you choose the option that is best for you.

The Company has been in regular contact with the GFSC in relation to the Restructuring Proposal over a number of months. Certain aspects of the Restructuring Proposal require GFSC approval pursuant to the Collective Investment Schemes (Class B) Rules 1990 (the “**Class B Rules**”), before the Restructuring Proposal can proceed. However, application for such approval may only be sought after the Shareholders have approved the Restructuring Proposal. Therefore, implementation of the Restructuring Proposal is subject to receipt of such approval. In the event such approval is not obtained the Company will not be able to proceed with the Restructuring Proposal and the Directors will have to reconsider the future of the Company, and the likely conclusion is that the Directors will take the steps necessary to seek to appoint a liquidator.

In the event that the Restructuring Proposal becomes effective, the CISX will de-list the Shares and the Company will be required to apply to admit the Continuing Shares and the Run-Off Shares to listing and trading on the Official List of the CISX. Each listing application will need to satisfy the applicable conditions for listing which include, among other matters, the production and appending to the listing document of unqualified audited accounts of the Company for the 2012 financial year. Additionally, interim accounts to 30 June 2013 may be requested.

Accordingly, there is no guarantee that the Shares, or, in the event the Restructuring Proposal becomes effective, the Continuing Shares or the Run-Off Shares will be listed, or continue to be listed, as applicable, on the Official List.

## 2 **The Restructuring Proposal**

### 2.1 **Options**

Subject to the approval of the Class Resolution and the EGM Resolution, (in each case as defined herein), you may elect Option 1 or Option 2 in respect of each of your current Participating Shares (as defined in the Articles) (“**Current Shares**”), as described below:

#### **Option 1 – Continuing Shares**

Under this Option, you may elect to retain some or all of your Current Shares in the existing cell(s) of the Company (“**Continuing Cells**”) but on revised terms (“**Continuing Shares**”), including the Lock-Up Period (as defined herein) and thereby continuing to invest in the Company’s current direct and indirect assets and investments (“**Current Underlying Investments**”) and also any future investments made by the Company using the pro rata share of proceeds received on maturities/realisations attributable to Continuing Shares.

Such future investments (“**New Underlying Investments**”) will be made via the Company investing either:

- (a) in units denominated in US Dollars (“**New Fund Units**”) issued by a sub-fund (the “**New Fund**”) of a newly-established Irish open-ended with limited liquidity umbrella unit trust fund (the “**Umbrella Fund**”) whose investments are managed by EEA Select Fund Management (Ireland) Limited (the “**New Fund Manager**”) and which in turn invests in profit participating notes issued by a UK company (“**UK SecurCo**”) which beneficially owns further life insurance policies with similar characteristics to those described in the Company’s Offering Memorandum, or
- (b) in order to permit the New Fund to benefit from applicable double tax treaties, or where the New Fund is closed to investment, in other instruments which provide exposure to life insurance policies with similar characteristics to those described in the Company’s Offering Memorandum, as determined by the Manager in its absolute discretion (“**Other Instruments**”).

The Umbrella Fund is authorised by the Central Bank of Ireland as a Qualifying Investor Fund. Further information regarding the Umbrella Fund and the New Fund is summarised herein.

Immediately following the Implementation of the Restructuring Proposal, whether the Continuing Cell in which you currently hold Shares will invest directly in the New Fund or in Other Instruments will depend on the percentage of investment by UK Qualified Residents (as defined in Exhibit A) in such Continuing Cell and the aggregate percentage of investment by UK Qualified Residents in the New Fund. If at such time the relevant Continuing Cell(s) are majority owned by UK Qualified Residents, it (they) will invest directly in the New Fund. If at such time the remaining Continuing Cells do not have such a majority, then one or more of such Continuing Cells, which together have such majority, as determined by the New Fund Manager, may be permitted to invest directly in the New Fund, and the remaining Continuing Cell(s) will invest in Other Instruments. The New Fund, in consultation with its tax advisors and the New Fund Manager, will determine from time to time whether a Continuing Cell will be permitted to invest directly in the New Fund. Shareholders will be notified whether the Continuing Cell in which they hold Continuing Shares will invest in the New Fund or in Other Instruments. Thereafter, where it is deemed necessary or desirable for tax purposes in light of changes in the percentages referred to above, a Continuing Cell may no longer invest directly in the New Fund but will invest instead in Other Instruments. Shareholders will be notified of any such change.

### **Option 2 – Run-Off Shares**

Under this Option, you may elect for some or all of your Current Shares to be re-designated on a one-for-one basis for participating redeemable preference shares in the Company of an equivalent class (“**Run-Off Shares**”) in a corresponding newly-created cell of the Company (“**Run-Off Cell**”) which will make cash distributions (by way of compulsory redemption of Run-Off Shares or otherwise) from that Run-Off Cell’s pro rata share of the proceeds received on maturities/realisations of Current Underlying Investments attributable to Run-Off Shares.

If the Restructuring Proposal is approved, the Company will use its reasonable endeavours to arrange a matching sale process whereby holders of Run-Off Shares may elect for some or all of their Run-Off Shares to be offered for sale to matched buyers. The Company will contact holders of Run-Off Shares with further details of any proposed sale process.

**IMPORTANT - if you do nothing or fail to make an election in respect of some or all of your Current Shares you will be deemed to have elected for Option 1 (Continuing Shares) in respect of those Current Shares and accordingly the terms of such Current Shares will, subject to approval of the Restructuring Proposal, be amended with effect from the Effective Date as set out herein.**

**A Shareholder who elects, or is deemed to have elected Option 1 in respect of some or all of its Current Shares but fails to provide the relevant information with respect to beneficial ownership of its Current Shares will be deemed not to be a UK Qualified Resident for the purposes described above.**

**In light of the high quorum requirement (described below) in respect of the Class Meeting, Shareholders are strongly advised to complete and return not only the Form of Election but also the Forms of Proxy by the relevant time, in each case as described herein.**

**If you elect either of the Options above but fail to state the number of Current Shares to be treated subject to that Option, you will be deemed to have elected that all of your Current Shares be treated subject to that Option. In the event you elect both of the Options above but do not state the number of Current Shares to be subject of each Option, you will be deemed to have elected that an equal proportion of your Current Shares be treated subject to each Option.**

**Lastly, in the event that a current Cell would have a Net Asset Value of less than US\$100,000 immediately after the implementation of the Restructuring Proposal, all relevant Shareholders will be deemed to have elected Option 2 (Run-Off Shares), and not Option 1 (Continuing Shares), in respect of their Current Shares. Similarly, if a Run-Off Cell would have had a Net Asset Value of less than US\$100,000 immediately after the implementation of the Restructuring Proposal, all relevant Shareholders will be deemed to have chosen Option 1 (Continuing Shares), and not Option 2 (Run-Off Shares), in respect of the relevant Current Shares.**

The Directors intend to exercise their discretion to permit Shareholders to split their holdings between Continuing Cells and Run-Off Cells even if holdings will fall below the relevant minimum holding requirement(s) described in the Revised Offering Memorandum.

The terms of each of these options are described more fully below. In particular, in relation to fees, while there will be no changes to the current management fees in respect of investments held by or on behalf of the Company as at the Effective Date, performance fees will be changed pursuant to the Restructuring Proposal. Very briefly, in respect of each Continuing Cell, while the performance fee will continue to be applied at the same rate, it will be subject to the US Dollar equivalent of the current high water mark, adjusted by the applicable hurdle rate, and will generally be calculated, accrued and payable in US Dollars on a realisation basis after the maturity/realisation of the final Current Underlying Investment; in respect of each Run-Off Cell, while the performance fee will continue to be applied at the same rate and subject to the same high water mark, it will be calculated on a realisation basis using, where appropriate, a modified hurdle, and will only be payable by the relevant Run-Off Cell after the maturity/realisation of the final Current Underlying Investment. See sections 3.8 and 4.4, respectively, for more details. In addition, pursuant to the Restructuring Proposal, a number of other changes are being proposed to the general terms of investment in the Company. These are described under "Other Changes" below.

In the event the Restructuring Proposal is approved by Shareholders, the Company will seek approval from the GFSC to certain aspects of the Restructuring Proposal pursuant to the Class B Rules. Implementation of the Restructuring Proposal is therefore subject to receipt of such approval. In the event such regulatory approval is not obtained the Company will not be able to proceed with the Restructuring Proposal and the Directors will have to reconsider the future of the Company, and the likely conclusion is that the Directors will take the steps necessary to seek to appoint a liquidator.

### **3 Option 1: Continuing Shares**

#### **3.1 Investments**

Continuing Shares will continue to invest in the Company's Current Underlying Investments. It is anticipated that Current Underlying Investments will be held to maturity, though the Manager will have flexibility to sell investments to third parties before maturity or let them lapse if it deems it appropriate. Subject to the following, maturity/realisation proceeds from Current Underlying Investments attributable to Continuing Shares will be invested in the New Fund or in Other Instruments as described under Option 1 in section 2.1.

#### **3.2 The New Fund**

As Current Underlying Investments mature/are realised and the proceeds are repatriated to the Company, maturity/realisation proceeds which are Available Cash less any Performance Fee Retention (in each case, as defined below) are paid to the relevant Continuing Cell(s). Where the balance of such proceeds is not required to fund redemptions of Continuing Shares (net of any accrued fees and/or expenses) they will be used by the relevant Continuing Cell(s) to invest in New Underlying Investments via the relevant Continuing Cell(s) investing either:

- (a) in New Fund Units, or
- (b) in Other Instruments.

In the event that the New Fund is not open to investment or in the event that the relevant Continuing Cell(s) are not majority-owned by UK Qualified Residents and investment in the New Fund by the relevant Continuing Cell(s) would cause the New Fund not to be majority-owned by UK Qualified Residents, the relevant pro rata share of such proceeds will be invested in Other Instruments which provide exposure to life insurance policies with similar characteristics to those described in the Company's Offering Memorandum, as determined by the Manager in its absolute discretion.

In summary, the principal features of the New Fund include:

- The New Fund is a sub-fund of the Umbrella Fund, which is constituted as an Irish open-ended with limited liquidity umbrella unit trust and which is authorised by the Central Bank of Ireland pursuant to the Unit Trusts Act, 1990 as a Qualifying Investor Fund.
- The New Fund invests in profit participating notes issued by UK SecurCo, a debt issuing orphan special purpose vehicle, which beneficially owns New Underlying Investments. The directors of UK SecurCo are Simon Shaw, Vincent Dodd and Martin Palmer. Legal title to the sole issued share of UK SecuroCo is held by Jordan Trustees (UK) Limited.
- New Underlying Investments will be of the same type as Current Underlying Investments, being life insurance policies issued solely in the United States of America, as described in the New Fund's Prospectus. The New Fund Manager will not change the investment objective of the New Fund or materially change the investment policies of the New Fund at any time without the approval of an extraordinary resolution of the New Fund's Unitholders.
- The New Fund has appointed the New Fund Manager, an affiliate of the Manager, as its manager. The liability of the New Fund Manager is limited as set out in the trust deed constituting the New Fund and is summarised in the New Fund's Prospectus. The New Fund Manager is entitled to receive from the New Fund a monthly management fee in respect of each class of New Fund Units of up to 0.1 per cent of the net asset value of each such class for the relevant month, payable monthly in arrears.
- EEA Fund Management Limited (the "**New Fund Investment Manager**"), a private company founded by Simon Shaw, has been appointed as the New Fund's investment manager to manage the investment of the New Fund. The liability of the New Fund Investment Manager to the New Fund is limited as set out in the investment management agreement between the New Fund Manager and the New Fund Investment Manager. The New Fund Investment Manager is entitled to be indemnified by the New Fund Manager out of the New Fund's assets in certain circumstances. The New Fund Investment Manager is also entitled to receive a monthly investment management fee of 1/12th of 1.5 per cent of the net asset value of each class of New Fund Units for the relevant month, payable monthly in arrears. The New Fund Investment Manager will also be entitled to receive a performance fee which accrues monthly and is payable quarterly in arrears equal to 10 per cent of the aggregate appreciation of the net asset value per unit of each class of New Fund Units during a calendar quarter above the high watermark of the relevant class, in each case provided that the high watermark of the relevant class is either met or exceeded as at the close of business in Dublin on the last day of the calendar quarter. Any accrued performance fee will be payable upon redemption of the relevant New Fund Units. The New Fund Manager will pay the fees of the New Fund Investment Manager out of the New Fund's net assets attributable to the New Fund Units.
- SEI Investments Global Fund Services Limited (the "**New Fund Administrator**") has been appointed as administrator of the New Fund and in that capacity will receive a fee of up to 0.15 per cent of the net asset value of the New Fund per annum, subject to an annual minimum fee of up to US\$150,000, out of the assets of the New Fund.
- SEI Investments Trustee & Custodial Services (Ireland) Limited (the "**New Fund Trustee**") is the trustee of the New Fund and in that capacity will receive a fee of up to 0.05 per cent of the net asset value of the New Fund per annum, subject to an annual minimum fee of US\$35,000, out of the assets of the New Fund. The New Fund Trustee has also been appointed as custodian of UK SecuroCo's assets. The New Fund Trustee will provide safe custody of the New Fund's and UK SecurCo's assets. The liability of the New Fund Trustee is limited as set out in the trust deed. The New Fund Trustee is also entitled to be indemnified by the New Fund Manager out of the New Fund's assets in certain circumstances. The New Fund Trustee has appointed US Bank National Association (the "**New Fund Sub-Custodian**") to provide sub-custodial services to the New Fund. The New Fund Manager and the New Fund Trustee have undertaken to indemnify the New Fund Sub-Custodian in certain circumstances. Any sub-custodial fees will be charged to the New Fund at normal commercial rates.

- UK SecurCo will utilise the services of an investment manager, an investment adviser, valuation agents, medical underwriters and tracking agents. The New Fund Investment Manager will be appointed as UK SecurCo's investment manager to provide discretionary investment management services to UK SecurCo. ViaSource Funding Group LLC ("**ViaSource**"), the investment adviser to the Company, has been appointed as a non-discretionary investment adviser and its services in this respect will be provided by a non-US affiliate. ViaSource will also provide origination services to UK SecurCo. ViaSource and its non-US affiliate will together be entitled to receive fees in aggregate not exceeding a monthly investment advisory fee of 1/12th of 0.5 per cent of the net asset value of each class of New Fund Units and a performance fee equal to 10 per cent of the aggregate appreciation in the net asset value per unit of each class of New Fund Units, calculated in the same manner as the performance fee payable to the New Fund Investment Manager. The New Fund Administrator has also been appointed as note calculation agent of UK SecurCo. The New Fund Trustee has also been appointed as custodian of UK SecurCo's assets. The New Fund Sub-Custodian has also been appointed as sub-custodian, security trustee, escrow agent and note issuing and paying agent and registrar to UK SecurCo. UK SecurCo will bear the fees and expenses of its service providers.
- Where the New Fund Manager deems appropriate, there will be paid out of the New Fund's assets certain other costs and expenses incurred in the New Fund's operation.
- The Umbrella Fund's organisational expenses will be paid by the Umbrella Fund and will be amortised over the first five annual accounting periods of the Umbrella Fund, or such other period as may be determined by the New Fund Manager.
- New Fund Units will be redeemable on the first business day of each calendar quarter on at least 90 calendar days' prior written notice after the expiry of a minimum investment period of 6 months after the close of the New Fund's initial offer period, subject to the anti-dilution levy described in section 3.6 below.
- The directors of the New Fund Manager may refuse to redeem New Fund Units if outstanding redemption requests for any redemption day of the New Fund exceed in aggregate more than 10 per cent of the net asset value of the New Fund.
- The directors of the New Fund Manager do not intend to pay dividends in respect of New Fund Units.
- New Fund Units may be compulsorily redeemed by the New Fund Manager if at any time the New Fund Manager becomes aware that the Company (A) has become ineligible to hold New Fund Units; or (B) is holding New Fund Units in breach of any law or regulation or otherwise in circumstances having or which may have adverse regulatory, tax, pecuniary or material administrative disadvantages for the New Fund or its Unitholders; or (C) has failed to provide any information or declaration required by the New Fund Manager and/or the New Fund Administrator.

Further details of the New Fund are set out in the New Fund's Prospectus and the relevant class supplement(s) thereto, copies of which are available on the Manager's website ([www.eeafmg.gg/life\\_settlements\\_fund.asp](http://www.eeafmg.gg/life_settlements_fund.asp)).

### 3.3 Redemptions

Subject to the following, Continuing Shares will not be redeemable for 23 months from the Effective Date (the "**Lock-Up Period**"), unless the Directors in their absolute discretion determine otherwise either generally or in any particular case. The Lock-Up Period corresponds to the period predicted by the current model (on a "two times life expectancy" basis) as the period at the end of which approximately 28 per cent of the Current Underlying Investments will have reached maturity, such percentage increasing to approximately 42 per cent three years after the Effective Date and to approximately 62 per cent five years after the Effective Date.

Provided that the relevant Cell holds Available Cash (as defined below) in excess of 10 per cent of the relevant Cell's then Net Asset Value, holders of Continuing Shares in the relevant Cell will be

permitted to redeem up to 5 per cent of their then aggregate holding of such Continuing Shares as at the end of each calendar year during the Lock-Up Period on no less than one month's prior written notice. "**Available Cash**" means cash held directly by the relevant Cell after deduction for any accrued fees and expenses (for the avoidance of doubt, cash required to pay two years' premia on Current Underlying Investments attributable to each Cell from time to time will be retained by one or more subsidiaries of the Company and will not be Available Cash for this purpose). This will apply to all classes of Continuing Shares and dividends and distributions will not be paid in respect of such classes during the Lock-Up Period.

After the expiry of the Lock-Up Period, Continuing Shares will be redeemable at the option of the Shareholder on a quarterly basis on the last Business Day of each calendar quarter upon at least 95 calendar days' prior written notice.

### 3.4 Redemption Gates

In the event that redemption requests for Continuing Shares of a Continuing Cell are received in respect of a Redemption Day the aggregate Redemption Value of which exceeds the Available Cash held by that Continuing Cell, the Directors shall be entitled at their absolute discretion to refuse to redeem such excess Continuing Shares of that Cell. If the Directors refuse to redeem such Continuing Shares for this reason, the requests for redemption of the Continuing Shares of that Cell on such Redemption Day will be reduced pro rata and the Continuing Cell will not be obliged to redeem the remainder of such Continuing Shares to which each request relates until the Redemption Day next following the date of such refusal to redeem (subject to further refusal if, on such next following Redemption Day, the outstanding redemption requests received in respect of Continuing Shares of that Continuing Cell have an aggregate Redemption Value which exceeds the Available Cash held by that Continuing Cell as at such Redemption Day).

In the event that redemption requests for Continuing Shares of all Continuing Cells are received in respect of a Redemption Day the aggregate Redemption Value of which exceeds the aggregate Available Cash held by all Continuing Cells, the Directors shall be entitled at their absolute discretion to refuse to redeem such excess Continuing Shares. If the Directors refuse to redeem such Continuing Shares for this reason, the requests for redemption of the Continuing Shares of that Cell on such Redemption Day will be reduced pro rata and the relevant Continuing Cells will not be obliged to redeem the remainder of the relevant Continuing Shares to which each request relates until the Redemption Day next following the date of such refusal to redeem (subject to further refusal if, on such next following Redemption Day, the outstanding redemption requests received in respect of Continuing Shares of all Continuing Cells have an aggregate Redemption Value which exceeds the aggregate Available Cash held by all Continuing Cells as at such Redemption Day).

In the event that redemption requests for Continuing Shares of a Continuing Cell are received in respect of a Redemption Day the aggregate Redemption Value of which exceeds 10 per cent. (or such higher percentage as the Directors may from time to time determine) of the Net Asset Value of that Continuing Cell, the Directors shall be entitled at their absolute discretion to refuse to redeem such excess Continuing Shares of that Cell. If the Directors refuse to redeem such Continuing Shares for this reason, the requests for redemption of the Continuing Shares of that Cell on such Redemption Day will be reduced pro rata and the Continuing Cell will not be obliged to redeem the remainder of such Continuing Shares to which each request relates until the Redemption Day next following the date of such refusal to redeem (subject to further refusal if, on such next following Redemption Day, the outstanding redemption requests received in respect of Continuing Shares of that Continuing Cell have an aggregate Redemption Value which exceeds 10 per cent. (or such higher percentage as the Directors may from time to time determine) of the Net Asset Value of that Continuing Cell as at such Redemption Day).

The Directors shall also be entitled to refuse to redeem Continuing Shares to the extent that any matching redemption requests by the Company to redeem New Fund Units, or redemption of investments in Other Instruments, are refused or otherwise suspended.

### 3.5 Compulsory Redemptions

Continuing Shares may be compulsorily redeemed at any time that the corresponding New Fund Units or the corresponding investments in any Other Instruments are compulsorily redeemed.

### 3.6 Anti-Dilution Levy

The Manager may charge an anti-dilution levy on redemptions of Continuing Shares after the expiry of the Lock-Up Period to mitigate the effects of dilution arising where there may be a cost incurred in the realisation of the Company's assets required to raise funds to satisfy redemption requests by holders of Continuing Shares. At its absolute discretion, the Manager may charge a dilution levy to reflect the fact that the actual cost of purchasing or selling assets may vary due to duties and charges being applied and spreads between the buying and selling price of assets which would otherwise have an adverse effect on the value of the relevant Cell. Furthermore, at its absolute discretion, the Manager may charge an anti-dilution levy on redemptions of Continuing Shares in the circumstances described in the Revised Offering Memorandum. The Manager will not charge an anti-dilution levy in respect of redemptions of Continuing Shares during the Lock-Up Period.

In each case, the anti-dilution levy will be retained by the Company and will not be for the benefit of the Manager.

The New Fund Manager may in its absolute discretion make an adjustment to the redemption price of New Fund Units to reflect the fact that the actual cost of purchasing or selling assets may vary due to duties and charges being applied and spreads between the buying and selling price of assets which would otherwise have an adverse effect on the value of the New Fund. Similar adjustments may be made in respect of Other Instruments. Shareholders who redeem Continuing Shares after the expiry of the Lock-Up Period will indirectly bear any anti-dilution levy or other adjustment made to the redemption price of New Fund Units or of Other Instruments, as applicable.

### 3.7 Distribution Policy

During the Lock-Up Period, the Company will pay no dividends or distributions in respect of Continuing Shares. After the Lock-Up Period, the Directors do not anticipate that any dividends or other distributions will be paid to the Shareholders, but reserve the right to do so at any time they consider it appropriate to do so.

### 3.8 Fees

There will be no change to the current management fees during or after the Lock-Up Period in respect of investments held by or on behalf of the Company as at the Effective Date.

The performance fees payable to the Manager and the Investment Adviser (the "**Performance Fees**"), however, will be changed pursuant to the Restructuring Proposal so that, while they will continue to be applied at the same rate, for each Continuing Cell they will be subject to the US Dollar equivalent of the high water mark as applies currently, adjusted by the applicable hurdle rate, and will be calculated, accrued and payable in US Dollars on a realisation basis (save as provided below in respect of certain Continuing Shares which are redeemed before the maturity/realisation of the final Current Underlying Investment) after the maturity/realisation of the final Current Underlying Investment.

#### **Overview**

Under the revised methodology, the Performance Fees will be accrued on a policy-by-policy basis as each maturity/realisation occurs, but will only ultimately be payable after the maturity/realisation of the last policy in the portfolio, based on the amount by which the aggregate net maturity/realisation proceeds exceed the aggregate value attributed to the policies as at 30 June 2012 (the "**Performance Fee Start Date**"), being the date when a Performance Fee was last payable, adjusted, where appropriate, by the relevant hurdle rate of the relevant Current Shares as at the Performance Fee Start Date. In order to achieve this outcome a "Performance Fee Retention/Loss Carry Forward" mechanism will be used as described below.

### **Calculation of Performance Fees**

The Performance Fee for a Continuing Cell will be calculated and payable in US Dollars as soon as reasonably practicable following the maturity/realisation of the final Current Underlying Investment and will be equal to the Relevant Percentage Rate of (A) the total of the amounts by which the net maturity/realisation proceeds of each Current Underlying Investment attributable to that Continuing Cell exceed the aggregate of (1) the value of the relevant Current Underlying Investment attributable to the portion of the corresponding current Cell as at the Performance Fee Start Date attributable to the relevant Continuing Cell (the “**Reference Value**”) and (2) in the case of Continuing Cells other than the USD Fund Class I Cell only, an amount equal to the return on such Reference Value calculated at a rate of 8 per cent per annum on a cumulative basis from the Performance Fee Start Date to the time of maturity/realisation of the relevant Current Underlying Investment (save as provided below under “Redemptions of Continuing Shares”) less (B) an amount equal to the aggregate balance (if any) of the Loss Carry Forward Account of the relevant Continuing Cell immediately following the maturity/realisation of the final Current Underlying Investment.

The “**Relevant Percentage Rate**” will be the 20 per cent in the case of Continuing Shares in USD Fund Class I Cell and otherwise 75 per cent.

The Manager and the Investment Adviser will share equally the aggregate Performance Fees payable in respect of the Current Underlying Investments attributable to the Continuing Cells.

### **Performance Fee Retention and Accrual**

When a subsidiary of the Company receives monies corresponding to proceeds of maturity/realisation (whether of part or the whole) of a Current Underlying Investment, the portion of such proceeds which is Available Cash attributable to the Continuing Cells will be paid to the relevant Continuing Cells.

The Administrator will estimate the contribution of that Current Underlying Investment to the Performance Fees which would be payable in US Dollars by the Company in respect of all Current Underlying Investments as a whole.

For each Continuing Cell, the balance of such proceeds which is not required to fund redemptions of Continuing Shares in that Continuing Cell will generally be re-invested in the New Fund or Other Instruments, as applicable, for the benefit of the holders of such Continuing Shares) less a retention for (i) accrued Management Fees, (ii) an amount in US Dollars equal to the estimated Performance Fees in respect of that Current Underlying Investment allocated to that Continuing Cell (the “**Performance Fee Retention**”) and (iii) any other applicable expenses, provided that in each case the maturity/realisation proceeds re-invested will be no less than US\$10,000, or such lesser amount as the Directors may determine generally or in any particular case (provided further that such re-investment will not be less than the US Dollar equivalent of €100,000 in the case of an initial investment by a Continuing Cell in the New Fund). The re-investment will be made as soon as practicable after the monies corresponding to the relevant maturity/realisation proceeds are received by the relevant Continuing Cell.

Any Performance Fee Retention will be retained by the relevant Continuing Cell in US Dollars and will not be re-invested, other than being placed in an interest-bearing account or on short-term deposit for the benefit of the relevant Continuing Cell.

In addition, for the purpose of calculating the monthly Net Asset Value per Share, the Administrator will estimate the Performance Fees payable in US Dollars in respect of then unrealised Current Underlying Investments on the basis described above using values obtained from the Company’s valuation model (the “**Unrealised Performance Fee Provision**”), which will accrue as a liability in the Net Asset Value of each Continuing Cell.

Upon maturity/realisation of the final Current Underlying Investment, such monies and any Performance Fee Retention which is Available Cash and which is not required to fund redemptions of Continuing Shares will generally be re-invested in the New Fund or Other Instruments, as applicable, for the benefit of the relevant Shareholders as soon as practicable on the first Redemption Day after

the monies relating to the final maturity/realisation proceeds are received by the Company, subject to: (i) a retention for accrued Management Fees; (ii) a retention for any other applicable expenses; and (iii) a retention for any Performance Fees payable in respect of the Current Underlying Investments.

### ***Loss Carry Forward Account***

The Company will establish a memorandum account in respect of each Continuing Cell on the Effective Date (each such memorandum account, a “**Loss Carry Forward Account**”), the balance of which will initially be zero. Thereafter the balance will be increased by the amount of realised depreciation in the value of the proportion of the Current Underlying Investments in which the relevant Continuing Cell is invested.

In the case of a Continuing Cell where the Net Asset Value of the corresponding current Cell as at the Performance Fee Start Date was less than the corresponding aggregate Hurdle of the relevant Current Shares, the balance of the Loss Carry Forward Account at the time of maturity/realisation of the final Current Underlying Investment will be increased by an amount equal to the proportion of such shortfall attributable to the relevant Current Shares not re-designated as Run-Off Shares (the “**Shortfall**”) and, in the case of Continuing Cells other than the USD Fund Class I Cell only, an amount equal to the return on the Shortfall calculated at a rate of 8 per cent per annum on a cumulative basis from the Performance Fee Start Date to the time of maturity/realisation of the final Current Underlying Investment.

### ***Redemptions of Continuing Shares***

Notwithstanding the above, in the case of Continuing Shares which are redeemed before the maturity/realisation of the final Current Underlying Investment, the Performance Fee Retention attributable to those Continuing Shares plus the return generated on the Performance Fee Retention (as described above) as at the relevant Redemption Day will not be paid to the Manager and/or the Investment Adviser as Performance Fee as at the relevant Redemption Day, but will remain as part of the Performance Fee Retention attributable to remaining Continuing Shares. Similarly, the Unrealised Performance Fee Provision will not crystallise. However, the Redemption Value payable in respect of any such redeemed Continuing Shares will be net of such Performance Fee Retention and Unrealised Performance Fee Provision.

### ***General***

There will be no crystallisation of accrued fees as a result of the Restructuring Proposal. Values as at the Performance Fee Start Date will be calculated in accordance with the Company’s valuation methodology in use at that time. Furthermore, the methodology above ensures that Hurdle values of Current Shares which would have been in place as at the Effective Date had the Company’s valuation methodology had not been recently revised will be retained by the Continuing Shares. Accordingly, holders of Continuing Shares will not (provided that they do not redeem their Continuing Shares after the Lock-Up Period but prior to maturity/realisation of the final Current Underlying Investment) bear any Performance Fee in respect of unrealised gains in respect of Current Underlying Investments, or in respect of any prior appreciation in the Net Asset Value per Share of the corresponding Current Shares, in respect of which a performance fee has already been charged.

Ongoing fees (management and investment advisory fees) and expenses (i.e. investment related, administration, audit and other costs and expenses) in respect of the Current Underlying Investments attributable to Continuing Cells will be met on an ongoing basis from the returns on the Current Underlying Investments. Where cash is not available to meet such fees and expenses, they will accrue as a liability to the relevant Continuing Cell(s) and will be paid once cash becomes available.

### ***Investment Advisory Fee***

Pursuant to the advisory agreement currently in force, the Investment Adviser is responsible for the investment of the Company’s assets and has discretionary authority to invest the same in accordance with the investment objective. However, in addition to receiving a performance fee, the Investment Adviser is remunerated by the payment of a fee of 1 per cent of the purchase price of each policy

purchased. Since the suspension of dealings in the Company on 30 November 2011, policies have not been purchased for the Company and accordingly the Investment Adviser has not been remunerated on the basis described above during that period. In order for the Company to benefit from the resources of the Investment Adviser upon the Restructuring Proposal being implemented, it is therefore proposed that in lieu of the 1 per cent fee previously payable to the Investment Adviser on the purchase price of policies, the Investment Adviser will receive from the Company's Delaware subsidiary, EEA Life Settlements, Inc, ("**EEA Inc.**") an annual advisory fee of 0.1 per cent of the Net Asset Value of each Continuing Cell attributable to Current Underlying Investments, accrued and payable on a monthly basis in arrears. The fixed fee of US\$100 per month per policy held by EEA Inc., which is payable to the Investment Adviser under the advisory agreement currently in force, will continue to be payable in the event that the Restructuring Proposal is implemented.

### ***Administration Fee***

Pursuant to the administration agreement currently in force, the Administrator receives a fee from the Company at the rate of 0.15 per cent per annum of the Net Asset Value of EEA Life Settlements Master Fund II Limited up to US\$50 million, and 0.1 per cent per annum of the Net Asset Value of EEA Life Settlements Master Fund II Limited in excess of US\$50 million. Following the implementation of the Restructuring Proposal, the fee will be charged to each Continuing Cell at these same rates but based on the aggregate Net Asset Value of the Company, such aggregate amount then pro rated among the Continuing Cells on the basis of the respective Net Asset Value of each Continuing Cell as at the relevant time, subject to a minimum fee of £1,000 per month per Continuing Cell having Continuing Shares in issue. In addition the Administrator is paid a fee at the rate of £6,000 per annum for each subsidiary of the Company, plus transaction fees as disclosed in the relevant Revised Supplement.

### ***Investments via the New Fund***

Each relevant Continuing Cell will bear its pro rata share of the other fees, charges and expenses payable by the New Fund.

There will be no fees payable by the Company or the Continuing Cells to the Manager in respect of investments made via the New Fund, as fees will be payable by the New Fund in respect of such investments. Furthermore, holders of Continuing Shares will not suffer, directly or indirectly, any preliminary charge payable on the issue of, or any charge payable on the redemption of, New Fund Units.

### ***Other Instruments***

In the event that a Continuing Cell invests in Other Instruments, such Continuing Cell will bear its pro rata share of the fees charges and expenses in connection with its investment in Other Instruments. Holders of Continuing Shares in such Continuing Cell will not bear fees payable to the Manager in excess of those which they would bear had such investment been made via the New Fund. Furthermore, holders of such Continuing Shares will not suffer, directly or indirectly, any preliminary charge payable on the issue of, or any charge payable on the redemption of, any Other Instruments or other investment in a vehicle managed, operated and/or controlled by the Manager or a member of the Manager's group.

## **3.9 Listing**

Dealings of Shares on the Official List are currently suspended.

In the event the Restructuring Proposal becomes effective, the CISX will de-list the Shares and the Company will be required to apply to admit the Continuing Shares to listing and trading on the Official List of the CISX. Such listing application will need to satisfy the applicable conditions for listing which include, among other matters, the production and appending to the listing document of unqualified audited accounts of the Company for the 2012 financial year. Additionally, interim accounts to 30 June 2013 may be requested.

The CISX has also indicated that it may not extend the current suspension of the Shares from trading on the CISX, if unqualified audited accounts for the 2012 financial year are not published by 30 November 2013 and, accordingly, would seek to delist the Shares.

Accordingly, there is no guarantee that the Shares or, in the event the Restructuring Proposal becomes effective, the Continuing Shares, will be listed, or continue to be listed, as applicable, on the CISX.

#### **4 Option 2: Run-Off Shares**

##### **4.1 Investments**

Run-Off Shares will continue to provide exposure to the Current Underlying Investments. As under paragraph 3.1 above, it is anticipated that Current Underlying Investments will be held to maturity, though the Manager will have flexibility to sell investments to third parties before maturity or let them lapse if it deems it appropriate. There is no fixed deadline for the return of capital to the holders of Run-Off Shares. As noted above, the current model (a “two times life expectancy” basis) predicts that approximately 28 per cent of the Current Underlying Investments will have reached maturity by the end of the Lock-Up Period, such percentage increasing to approximately 42 per cent three years after the Effective Date and to approximately 62 per cent five years after the Effective Date.

##### **4.2 Redemptions**

Run-Off Shares will not be redeemable at the option of the Shareholder and may only be redeemed at the absolute discretion of the Directors.

Distributions will be made to holders of Run-Off Shares by way of compulsory redemption of such Run-Off Shares, or otherwise, on a twice-yearly basis, provided that: (1) at the relevant time, the Available Cash (as defined in paragraph 3.3 above) attributable to the relevant Run-Off Cell exceeds (a) 10 per cent (or such lower percentage as the Directors may in their discretion from time to time determine generally or in any particular case) of the then Net Asset Value of the relevant Run-Off Cell plus (b) the relevant Run-Off Cell Performance Fee Retention; and (2) the aggregate of all distributions in respect of all classes of Run-Off Shares in all Run-Off Cells on each date is at least US\$20 million (or equivalent in the relevant currency), or such lower amount as the Directors may in their discretion from time to time determine generally or in any particular case.

No redemption fees will be payable in respect of Run-Off Shares.

##### **4.3 Distribution Policy**

The Company will not pay any dividends or distributions in respect of Run-Off Shares save as set out above.

##### **4.4 Fees**

There will be no change to the current management fees during or after the Lock-Up Period in respect of investments held by or on behalf of the Company as at the Effective Date.

The Performance Fees, however, will be changed pursuant to the Restructuring Proposal so that, while they will continue to be applied at the same rate and be subject to the same high water mark, they will be calculated on a realisation basis using, where appropriate, a modified hurdle rate which takes into account distributions of maturity/realisation proceeds to Shareholders and will only be payable by the relevant Run-Off Cell after the maturity/realisation of the final Current Underlying Investment.

#### **Overview**

In respect of each Run-Off Cell, the Manager and the Investment Adviser will share equally performance fees equal to the Relevant Percentage of the amount by which the aggregate net

maturity/realisation proceeds in respect of all Current Underlying Investments attributable to the relevant Run-Off Cell exceed (1) the portion of the Hurdle of the corresponding current Cell as at the Performance Fee Start Date attributable to such Current Underlying Investments increased by (2) in the case of Run-Off Cells (other than the Run-Off Cell corresponding to the USD Fund Class I Cell) a rate of 8 per cent per annum on a cumulative basis, with an adjustment for distributions. The Performance Fees will be payable in the currency of denomination of the relevant Run-Off Cell.

A provision for the estimated Performance Fees payable will be included in the calculation of the monthly Net Asset Value of each Run-Off Cell.

### ***Calculation and Payment of Performance Fees***

In respect of each Run-Off Cell, as at the end of each month after the Effective Date, for the purposes of (a) calculating a suitable Run-Off Cell Performance Fee Retention amount (as described below) and (b) operational efficiency, the Administrator will calculate the then estimated Performance Fee which would be payable by that Run-Off Cell in respect of all Current Underlying Investments as a whole, being the Relevant Percentage of the appreciation in the then Net Asset Value of that Run-Off Cell (calculated on the basis of (1) in respect of realised/matured Current Underlying Investments, the maturity/realisation proceeds of such Current Underlying Investments and (2) in respect of unrealised Current Underlying Investments, the Company's then current valuation model) in excess of the then Run-Off Threshold Amount of that Run-Off Cell (as defined below).

The "**Run-Off Threshold Amount**" of a Run-Off Cell as at the end of a month will be equal to (1) (a) the Run-Off Threshold Amount as at the end of the previous month (or, in the case of the initial Run-Off Threshold Amount, the portion of the relevant Hurdle (as defined in the relevant Revised Supplement) as at the Run-Off Performance Fee Start Date of the Current Underlying Assets attributed to that Run-Off Cell) and (b) in the case of Run-Off Shares (other than Run-Off Shares issued further to a re-designation of Current Shares in USD Fund Class I Cell), increased at a rate of 8 per cent per annum on a cumulative basis from the start of that month (or, in the case of the initial Run-Off Threshold Amount of a Run-Off Cell, from the Run-Off Performance Fee Start Date) to the end of that month less (2) (a) the amount of any distributions made to holders of Run-Off Shares in that Run-Off Cell and (b) in the case of Run-Off Shares (other than Run-Off Shares issued further to a re-designation of Current Shares in USD Fund Class I Cell), the amount in (2)(a) increased at a rate of 8 per cent per annum on a cumulative basis from the date of such distribution to the end of that month.

The Relevant Percentage will be the rate of the current performance fees payable to the Manager and/or the Investment Adviser in respect of the corresponding Current Shares.

Any Performance Fee Retention (as described below) will be retained in cash and will not be re-invested, other than being placed in an interest-bearing account or on short-term deposit. The return generated on any Performance Fee Retention pending maturity/realisation of the final Current Underlying Investment will be paid to the Manager, the Investment Adviser and/or the relevant Shareholder(s), as appropriate.

Upon maturity/realisation of the final Current Underlying Investment, the Administrator will calculate the Performance Fees payable to the Manager and the Investment Adviser and such amount will be paid to the Manager and the Investment Adviser as soon as reasonably practicable thereafter, together with the proceeds of such maturity/realisation and any Performance Fee Retention will be similarly distributed to the relevant Shareholders, subject to: (i) a retention for accrued Management Fees; (ii) a retention for any other applicable expenses; and (iii) a retention for any Performance Fee payable in respect of the Current Underlying Investments.

### ***Distributions and Performance Fee Retention***

As at the end of each month after the Effective Date, the portion of proceeds of maturity/realisation of Current Underlying Investments received by a Run-Off Cell during that month which is Available Cash will generally be available for distribution to holders of the relevant Run-Off Shares to the extent that such Available Cash exceeds (i) the then estimated Performance Fees which would be payable by that Run-Off Cell (such amount to be retained in the currency of denomination of the relevant Run-Off

Shares, accrued in the Net Asset Value per Share, and adjusted at the time of the maturity/realisation of the final Current Underlying Investment) (the relevant “**Run-Off Cell Performance Fee Retention**”), (ii) accrued Management Fees and (iii) any other applicable expenses, provided that in each case the maturity/realisation proceeds distributed by all Run-Off Cells at that time will be no less than US\$20 million, or such lesser amount as the Directors may from time to time determine generally or in any particular case (such excess Available Cash being that Run-Off Cell’s then “**Distributable Cash**”). Distributable Cash will be distributed to holders of the relevant Run-Off Shares as soon as practicable after 30 June or 31 December, as the case may be.

Upon the maturity/realisation of the final Current Underlying Investment, such monies and any Run-Off Cell Performance Fee Retention which is Available Cash will generally be distributed to holders of the relevant Run-Off Shares as soon as practicable after the monies relating to the final maturity/realisation proceeds are received by the relevant Run-Off Cell, subject to: (i) a retention for accrued Management Fees; (ii) a retention for any other applicable expenses; and (iii) a retention for any Performance Fees payable by that Run-Off Cell in respect of the Current Underlying Investments.

### **General**

There will be no crystallisation of accrued fees as a result of the Restructuring Proposal. Values as at the Performance Fee Start Date will be calculated in accordance with the Company’s valuation methodology in use at that time. Furthermore, the methodology above ensures that Hurdle values of Current Shares which would have been in place as at the Effective Date had the Company’s valuation methodology had not been recently revised will be retained by the Run-Off Shares. Accordingly, holders of Run-Off Shares will not bear any Performance Fees in respect of unrealised gains in respect of Current Underlying Investments, or in respect of any prior appreciation in the Net Asset Value per Share of the corresponding Current Shares, in respect of which a performance fee has already been charged.

Ongoing fees (management and investment advisory fees) and expenses (i.e. investment related, administration, audit and other costs and expenses) in respect of the Current Underlying Investments will be met on an ongoing basis from the returns on the Current Underlying Investments. Where cash is not available to meet such fees and expenses, they will accrue as a liability to the relevant Run-Off Cell(s) and will be paid once cash becomes available.

### **Investment Advisory Fee and Administration Fee**

The Investment Adviser will receive an investment advisory fee from EEA Inc., and the Administrator will receive a fee from each Run-Off Cell, in each case in the same manner as in respect of Continuing Cells described above.

### **4.5 Reporting Fund Status**

On the basis of current United Kingdom HM Revenue & Customs (“**UK HMRC**”) guidance, each class of Run-Off Shares is expected to constitute interests in an offshore fund. The Directors intend to apply to the UK HMRC for recognition of each class of Run-Off Shares as a reporting fund. The effect of obtaining and maintaining such status throughout the relevant period of ownership of a holder of Run-Off Shares would be that any gains on disposal of Run-Off Shares would be taxed as capital gains. However, there can be no guarantee that reporting fund status will be obtained and maintained for each class of Run-Off Shares. Were such application to be unsuccessful or such status subsequently to be withdrawn, any gains arising to holders of Run-Off Shares resident in the United Kingdom (“**UK**”) on a sale, redemption or other disposal of Run-Off Shares (including a deemed disposal on death) would be taxed as offshore income gains rather than capital gains.

Shareholders should consider the UK tax disclosures in relation to the Run-Off Shares in the Revised Offering Memorandum relating to those Run-Off Shares.

## 4.6 Listing

In the event the Restructuring Proposal becomes effective, the Company will be required to submit a new listing application in order to apply to admit the Run-Off Shares to listing and trading on the Official List of the CISX. Such listing application will need to satisfy the applicable conditions for listing which include, among other matters, the production and appending to the listing document of unqualified audited accounts of the Company for the 2012 financial year. Additionally, interim accounts to 30 June 2013 may be requested.

Accordingly, there is no guarantee that the Run-Off Shares will be listed on the CISX.

## 5 Potential Sale of Run-Off Shares

Subject to the approval of the Restructuring Proposal, the Company will use its reasonable endeavours to arrange a matching sale process whereby holders of Run-Off Shares may elect for some or all of their Run-Off Shares to be offered for sale to matched buyers.

While the Company will use its reasonable endeavours in this respect, it is not certain that it will be able to arrange for such a process to be available.

The Company will contact holders of Run-Off Shares with further details of any proposed sale process.

## 6 United Kingdom taxation

**The following paragraphs, which are intended as a general guide only and do not constitute tax advice, are based on current UK tax legislation and what is understood to be the current practice of the UK HMRC as at the date of this letter. They summarise certain limited aspects of the UK tax treatment of Shareholders based on their elected option under the Restructuring Proposal and relate only to the position of Shareholders who are the absolute beneficial owners of their Shares, who hold their Shares as an investment (as opposed to securities to be realised in the course of a trade) and who are resident and, if an individual, domiciled in, and only in, the UK for taxation purposes. They do not apply to certain classes of Shareholders, such as dealers in securities, insurance companies, collective investment schemes and Shareholders who have, or are deemed to have, acquired their Shares by reason of, or in connection with, an office or employment.**

**If you are in any doubt as to your taxation position or if you are subject to tax in any jurisdiction other than or in addition to the UK, you should consult an appropriate professional adviser immediately.**

### 6.1 Option 1: Continuing Shares

Shareholders who elect to retain some or all of their Current Shares of the Company on revised terms as Continuing Shares should not be treated as making an actual or deemed disposal for UK taxation purposes and should be treated as continuing to hold the same asset before and after implementation of the Restructuring Proposal for UK taxation purposes.

Where Continuing Shares have reporting fund status and/or distributing fund status (where relevant) and such status is maintained throughout a Shareholder's relevant period of ownership, any gains on a subsequent disposal of those Current Shares should be taxed as capital gains. However, there can be no guarantee that reporting fund status will be maintained for Continuing Shares. Due to the delay in finalising the audits of the accounts for the 2011 financial year and 2012 financial year, certain obligations arising under the reporting funds regime have not been complied with within the requisite time limits. In relation to the 2011 financial year, the relevant audited accounts have now been provided to the United Kingdom HM Revenue & Customs although the Directors have been advised that the late submission of such accounts may amount to a minor breach for the purposes of the reporting fund regime. In relation to the 2012 financial year, the obligation to provide relevant audited accounts to the United Kingdom HM Revenue & Customs has not yet been satisfied. Based on current UK HM Revenue & Customs guidance, if these accounts are not provided by 31 October 2013

this will be a further minor breach and if not provided by 30 June 2014 a serious breach. If the Fund were to commit four minor breaches of the reporting fund regime in any ten year period, the fourth of such breaches would be regarded as a serious breach for the purposes of the regime. A serious breach of the reporting fund regime could result in withdrawal of reporting fund status. Were such status subsequently to be withdrawn, any gains arising to holders of Continuing Shares resident in the UK on a sale, redemption or other disposal of Continuing Shares (including a deemed disposal on death) would be taxed as offshore income gains rather than capital gains.

## 6.2 Option 2: Run-Off Shares

Shareholders who elect to have some or all of their Current Shares of the Company re-designated as Run-Off Shares are expected to be treated as making a disposal of their relevant Current Shares for UK taxation purposes at the time of such re-designation and will be subject to UK tax on any gain arising from that disposal.

Where such Current Shares had reporting fund status and/or distributing fund status (where relevant) throughout a Shareholder's relevant period of ownership, any such gain arising should be taxed as capital gains. Where such status has not been obtained and/or maintained throughout a Shareholder's period of ownership any such gain arising would be taxed as offshore income gains rather than capital gains.

Any subsequent disposal of Run-Off Shares will result in a charge to UK taxation at the time of such disposal. See above under the heading "Reporting Fund Status" in paragraph 4.5 for a summary of the potential tax treatment of a subsequent disposal of Run-Off Shares following the re-designation.

## 6.3 Anti-avoidance

Chapter 1 of Part 13 of the UK Income Tax Act 2007 (in respect of individual shareholders) and Part 15 of the UK Corporation Tax Act 2010 (in respect of corporate shareholders) (the "**transactions in securities rules**") permit UK HMRC to counteract tax advantages arising from certain transactions in securities. The transactions in securities rules do not apply where it can be shown that the transactions in question were entered into for genuine commercial reasons and did not involve as one of their main objects the obtaining of a tax advantage. No application has been made to UK HMRC for clearance in respect of the application of the transactions in securities rules to the Restructuring Proposal. Shareholders are advised to take independent advice as to the potential application of transactions in securities rules in light of their own particular motives and circumstances.

## 6.4 Transfer taxes

No UK stamp duty or stamp duty reserve tax will be payable by shareholders in relation to their holding of Continuing Shares or their acquisition of Run-Off Shares in connection with the Restructuring Proposal.

Shareholders should be aware that the levels and bases of, and reliefs from, taxation may change.

## 6.5 UK Disclosure Facility and future exchange of information

Following an agreement signed on 11 March 2013 between UK HMRC and the Government of Guernsey, UK HMRC has agreed to make available a disclosure facility from 6 April 2013 until 30 September 2016 to UK taxpayers with investments in Guernsey. The facility has been introduced to allow any such taxpayers who have irregularities in respect of their UK tax affairs to come forward to regularise their past and future tax affairs.

## 6.6 Changes for regulatory purposes

Shareholders should be aware that the Company may make, without further recourse to Shareholders, any changes to the Revised Offering Memorandum and/or to the Revised Supplements as the Directors in their absolute discretion determine are necessary or desirable in connection with the approval required from the GFSC, the new listing applications it is proposed shall be submitted to the

CISX in respect of the Continuing Shares and Run-Off Shares as mentioned above, and otherwise to implement the Restructuring Proposal.

## 7 **Other proposed changes**

### 7.1 **Hedging**

Prior to the suspension of the determination of the Net Asset Value, the Manager was obliged to use its best endeavours to hedge the non-US Dollar currency exposure of non-US Dollar denominated Current Shares. However, as a result of such suspension, the Manager has not been able to hedge such exposures. The Manager has advised the Board that notwithstanding the approval of the Restructuring Proposal and the lifting of such suspension, it does not currently believe that it will be able to enter into new arrangements to hedge such exposures on commercially reasonable terms. Accordingly, pursuant to the Restructuring Proposal, the Manager will not be under any obligation to hedge, or to use its best endeavours to hedge, the non-US Dollar currency exposure of the Shares. Without prejudice to the foregoing the Board may determine to hedge such exposure in respect of one or more Cells where the Board, in consultation with the Manager, believes in its absolute discretion that it would be possible to enter into appropriate hedging arrangements on commercially reasonable terms.

### 7.2 **Suspension of Redemptions**

The Board will be granted wider discretion to suspend redemptions (in line with that available in respect of the New Fund) such that the Directors will have discretion to suspend temporarily the issue, valuation, sale, purchase or repurchase of Continuing Shares and Run-Off Shares:

- (A) during any period (other than ordinary holiday or customary weekend closings) when any market is closed which is the main market for a significant part of the Company's investments, or when trading thereon is restricted or suspended;
- (B) during any period when any emergency exists as a result of which disposal or valuation by the Company of investments which constitute a substantial portion of its assets is not practically feasible without being seriously detrimental to the interests of shareholders in general, or in the opinion of the Manager the redemption price cannot be calculated or such disposal would be materially prejudicial to shareholders;
- (C) during any period when for any reason the prices of a material portion of the investments of the Company cannot be reasonably, promptly or accurately ascertained by the Company;
- (D) during any period when due to conditions of market turmoil or market illiquidity it is not possible, in the opinion of the Directors, to determine the fair value of the assets of the Company;
- (E) during any period during which any breakdown occurs in the means of communication normally employed in determining the value of any of the investments of the Company or when for any other reason the value of any of the investments or other assets of the Company cannot reasonably or fairly be ascertained; or
- (F) during any period when the Manager is unable to repatriate funds required for the purpose of making redemption payments or when such payments cannot, in the opinion of the Manager, be effected at normal prices or normal rates of exchange or during which any transfer of funds involved in the realisation or acquisition of investments or when payments due or redemptions cannot, in the opinion of the Directors, be effected at normal prices or normal rates of exchange;
- (G) during any period when proceeds of the sale or redemption of Shares cannot be transmitted to or from the Company's account;
- (H) following service of a notice of a meeting of the shareholders at which a resolution is to be proposed to wind up the Company or a resolution has been passed for the winding up of the Company; or

- (l) if the Directors determine that a suspension is in the best interests of the Company and/or the Shareholders.

### 7.3 **Custodian**

BNP Paribas Securities Services SCA, Guernsey Branch (formerly BNP Paribas Trust Company (Guernsey) Limited) (the “**Custodian**”) has given notice to resign as custodian of the Company, subject to the appointment of a replacement custodian, effective on or before 30 September 2013. Pursuant to the Class B Rules, the Custodian's appointment will continue in full force and effect until a new custodian has been appointed (even if this is after 30 September 2013).

While the Custodian's fees as at the date of this Circular remain unchanged at a level of £7,000 per Cell per annum, the Company has agreed that such fees may be increased at any time, subject to a maximum of £14,000 per Cell per annum and to the provision of three months' prior written notice.

### 7.4 **AIFMD and US HIRE Act (FATCA)**

The Directors may amend the terms above, the structure of the Company and/or the identity and terms of appointment of its service providers, to the extent that they determine it necessary or desirable in order to comply with, or implement other reasonable measures in respect of, any applicable requirements of the European Union Directive on Alternative Investment Fund Managers (“**AIFMD**”) and/or the US Hiring Incentives to Restore Employment Act (the “**US HIRE Act**”).

## 8 **Valuation and Reporting**

The current valuation methodology, as described in the Shareholder announcement dated 13 August 2013, and as described in the Revised Offering Memorandum, will be used to value the Current Underlying Investments (though, as stated above, the valuation methodology in use as at the Performance Fee Start Date will be used to calculate values as at that date for the purposes of calculating the Performance Fees). The Net Asset Value of the investments in the New Fund will be valued in accordance with the New Fund's valuation methodology. It is anticipated that life policies to which Other Instruments have exposure will be valued using a valuation methodology similar to that used to value Current Underlying Investments.

The Net Asset Value and the Net Asset Value per Share of both the Continuing Shares and the Run-Off Shares will be calculated and reported to shareholders on a monthly basis.

## 9 **Current Redemption Requests**

Pursuant to the Restructuring Proposal, all redemption requests submitted prior to the Effective Date will be deemed to be withdrawn/cancelled immediately prior to the Effective Date.

## 10 **Timing**

The Restructuring Proposal is currently expected to take effect from 1 November 2013, but may take effect on such other date as the Directors in their discretion determine (the “**Effective Date**”).

## 11 **Revised Documentation**

In order to give effect to the Restructuring Proposal, it will be necessary to amend the Company's Offering Memorandum and the Supplements relating to each Cell of the Company, to reflect the changes from the Current Shares to the Continuing Shares. Revised Supplements have also been prepared for each Run-Off Cell corresponding to each existing Cell, for those Shareholders wishing to select Option 2.

It will also be necessary to adopt revised Articles (the “**Revised Articles**”) for the purpose of the Restructuring. A copy of the Revised Articles is attached as Appendix 1 hereto and will be available for inspection at the Class Meeting and at the EGM.

All of the revised documentation (together with blackline versions showing the proposed changes to the current articles of incorporation, Offering Memorandum and existing Supplements thereto) shall be available on the Manager's website ([www.eeafmg.gg/life\\_settlements\\_fund.asp](http://www.eeafmg.gg/life_settlements_fund.asp)), and available for inspection at the offices of the Administrator, from the date of this letter until the conclusion of the Class Meeting and the EGM. The revised documentation will also be available for inspection at those meetings.

Shareholders should be aware that the Company may make, without further recourse to Shareholders, any changes to the Revised Offering Memorandum and/or to the Revised Supplements as the Directors in their absolute discretion determine are necessary or desirable in connection with the approval required from the GFSC, the new listing applications it is proposed shall be submitted to the CISX in respect of the Continuing Shares and Run-Off Shares as mentioned above, and otherwise to implement the Restructuring Proposal.

The final documentation, including any further revisions, will be made available on the Manager's website upon the Restructuring Proposal proceeding and copies of the final Revised Offering Memorandum and final relevant Revised Supplement will be sent to each Shareholder.

## 12 Approvals required

In order to implement the Restructuring Proposal, the following approvals must be obtained:

- (A) The approval of each class of Shareholders to any variation of their class rights arising from the Restructuring Proposal in the form of an ordinary resolution to be passed at the Class Meeting (the "**Class Resolution**") referred to below.

As the variation of class rights resulting from the Restructuring Proposal affects each class of Shares in the same way, the Board has determined, pursuant to its power under the Articles, that all Shareholders will form a single class for the purposes of voting upon the Class Resolution. **The quorum in relation to the Class Meeting shall be two persons holding or representing by proxy at least one third of the voting rights of the issued Shares.** A simple majority of the votes cast (in person or by proxy) is required to pass a resolution as an ordinary resolution.

In the event that the Class Meeting is not quorate within 30 minutes of the time appointed for the Class Meeting (or such longer interval as the chairman of the Class Meeting may determine), it will stand adjourned to the same day in the next week at the same time and place (or to such other time and place as the chairman of the Class Meeting may determine). The quorum at such adjourned Class Meeting shall be one person holding or representing by proxy Shares.

- (B) Provided the Class Resolution is passed, the approval of the Shareholders to the Restructuring Proposal and to adopt the Revised Articles in the form of a special resolution (the "**Special Resolution**") to be passed at the EGM. The quorum in relation to the EGM will be two persons entitled to vote present in person or by proxy holding at least 5 per cent of the issued Shares. A majority of not less than 75 per cent of the votes cast (in person or by proxy) is required to pass a resolution as a special resolution.

In the event that the EGM is not quorate within 30 minutes of the time appointed for the EGM (or such longer interval as the chairman of the EGM may determine), it will stand adjourned to the same day in the next week at the same time and place (or to such other time and place as the chairman of the EGM may determine). The quorum at such adjourned EGM shall be those holders of Shares entitled to attend and vote present in person or by proxy.

Following the passing of the Class Resolution and the Special Resolution, the Company will seek approval from the GFSC to certain aspects of the Restructuring Proposal pursuant to the Class B Rules. Implementation of the Restructuring Proposal is therefore subject to receipt of such approval. In the event such approval is not obtained the Company will not be able to proceed with the Restructuring Proposal and the Directors will have to reconsider the future of the Company, and the likely conclusion is that the Directors will take the steps necessary to seek to appoint a liquidator.

The final documentation, including any further revisions made pursuant to the Directors' discretion as mentioned above, will be made available on the Manager's website upon the Restructuring Proposal proceeding and the final Revised Offering Memorandum and final relevant Revised Supplement will be sent to each Shareholder.

### 13 **Recommendation of the Restructuring Proposal**

**The Board is of the view that the Restructuring Proposal is in the best interests of Shareholders as a whole and approved the Restructuring Proposal on 13 August 2013. The Board would therefore strongly encourage Shareholders to vote in favour of the resolutions to be put to the Class Meeting and to the EGM (particularly in light of the high quorum requirement in respect of the Class Meeting described above) and thereby approve the Restructuring Proposal for the Restructuring to take effect from the Effective Date.**

If the Restructuring Proposal is not approved, then the likely conclusion is that the Board will take the steps necessary to seek to appoint a liquidator. The Company would bear the costs of the liquidator and there can be no guarantee that a liquidator will realise assets more quickly and/or at a comparable cost to the Company as would the Manager pursuant to the Restructuring Proposal.

### 14 **Class Meeting and Extraordinary General Meeting**

There is set out at the end of this document a notice convening the Class Meeting to be held at 11:00 a.m. (Guernsey time) on 17 October 2013 and a notice convening the EGM to be held at 11:15 a.m. (Guernsey time) on 17 October 2013 (or as soon thereafter as the Class Meeting has concluded), in each case to be held at the offices of International Administration Group (Guernsey) Limited at Regency Court, Glatigny Esplanade, St Peter Port, Guernsey, GY1 1WW.

The notice also sets out the Class Resolution proposed to be considered at the Class Meeting and the Special Resolution proposed to be considered at the EGM.

### 15 **Action to be taken**

**You will find enclosed with this letter a Form of Proxy for use at the Class Meeting, a Form of Proxy for use at the EGM and a Form of Election. Each enclosed Form of Proxy and the Form of Election should be completed and sent by fax or post to International Administration Group (Guernsey) Limited at PO Box 282, Regency Court, Glatigny Esplanade, St Peter Port, Guernsey, GY1 3RH marked for the attention of Emma Ozanne as soon as possible but in any event no later than 48 hours before the commencement of (1) the Class Meeting (in the case of the Form of Proxy relating to the Class Meeting) and (2) the EGM (in the case of the Form of Proxy relating to the EGM and the Form of Election).**

**In light of the high quorum requirement (described herein) in respect of the Class Meeting, Shareholders are strongly advised to complete and return not only the Form of Election but also the Forms of Proxy by the relevant time, in each case as described herein.**

If you complete and return a Form of Proxy, you may still attend and vote at the Class Meeting and/or the EGM should you decide to do so.

**IMPORTANT - if you do nothing or fail to make an election in respect of some or all of your Current Shares you will be treated as having elected for Option 1 (Continuing Shares) in respect of those Current Shares and accordingly the terms of such Current Shares will be amended with effect from the Effective Date as set out herein.**

Shareholders should consult their personal financial and/or tax advisers in relation to the consequences of the Restructuring Proposal.

16 **Further information**

If you require any further information in relation to the above, please contact Investor Services at the Company's administrator on +44 (0)1481 740900 or [shareholderservices@iag.co.gg](mailto:shareholderservices@iag.co.gg).

Yours faithfully

**By order of**

**The Board of Directors of EEA LIFE SETTLEMENTS PCC LIMITED**

**For and on behalf of**

**EEA LIFE SETTLEMENTS FUND PCC LIMITED**

**on its own behalf and on behalf of each of:**

**USD Fund Class X Cell**

**Euro Fund Class X Cell**

**Sterling Fund Class X Cell**

**Sterling Fund Dist Cell**

**USD Fund Dist Cell**

**Euro Fund Dist Cell**

**Sterling Fund Acc Cell**

**Meteor Senior Life Settlements Sterling Fund**

**USD Fund Class I Cell**

**Meteor Senior Life Settlements Sterling Fund II**

**WAY Life Settlements Fund**

**USD Fund Acc Cell**

**Euro Fund Acc Cell**

**Swedish Krona Fund Class X Cell**

**Euro Fund Class Y Cell**

## **APPENDIX 1: Revised Articles**

**EEA LIFE SETTLEMENTS FUND PCC LIMITED**

**(the “Company”)**

**NOTICE OF A CLASS MEETING OF THE HOLDERS OF PARTICIPATING REDEEMABLE PREFERENCE SHARES IN THE COMPANY**

NOTICE IS HEREBY GIVEN that a class meeting of all holders of participating redeemable preference shares in the Company (the “**Class Meeting**”) is to be held at the offices of International Administration Group (Guernsey) Limited at Regency Court, Gategny Esplanade, St Peter Port, Guernsey, GY1 1WW at 11:00 a.m. (Guernsey time) on 17 October 2013 for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution.

**Ordinary Resolution**

THAT subject to the Company obtaining all regulatory approvals pursuant to the Collective Investment Schemes (Class B) Rules 1990 which the board of Directors of the Company considers necessary or desirable in respect of the restructuring proposal described in the circular to shareholders of the Company dated 18 September 2013 and produced to the Class Meeting, the holders of participating redeemable preference shares in the Company (“**Shares**”) hereby sanction and consent to: (a) the passing and carrying into effect of the resolution (“**Resolution**”) contained in the notice of extraordinary general meeting of the Company convened for 11:15 a.m. (Guernsey time), or as soon thereafter as this class meeting of the Company has concluded, on 17 October 2013 (a copy of which is produced to the meeting and signed by the chairman for identification purposes) at such extraordinary general meeting or at any adjournment thereof, including, without limitation, the adoption of revised articles of incorporation (a copy of which is produced to the meeting and signed by the chairman for identification purposes); and (b) any effect on, modification of, dealing with or abrogation of the rights and privileges attaching to those Shares which will or may result from the passing and carrying into effect of the Resolution.

By Order of the Directors  
18 September 2013

Regency Court  
Gategny Esplanade  
St Peter Port  
Guernsey  
GY1 1WW

**Notes:**

1. A member of the Company who is entitled to attend and vote at the Class Meeting is entitled to appoint one or more proxies to attend, speak and vote in his or her place. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the Class Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A form of proxy is enclosed.
2. The form of proxy (together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, or as otherwise approved by the Company’s board of directors) must be deposited with International Administration Group (Guernsey) Limited at PO Box 282, Regency Court, Gategny Esplanade, St Peter Port, Guernsey, GY1 3RH, marked for the attention of Emma Ozanne, not less than 48 hours before the time appointed for holding the meeting or any adjournment of it at which the person named in the instrument proposes to vote, or it may be given by email to: cosec@iag.co.gg or by facsimile to: +44 (0)1481 716868, not less than 48 hours before the time for holding the meeting or adjourned meeting (except that the power of attorney or other authority must be deposited as mentioned above and may not be sent by email).

3. Any corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Class Meeting. Any person so authorised shall be entitled to exercise on behalf of the corporation which he represents the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual member.
4. Only those members entered on the Company's register of members as at 11:00 a.m. (Guernsey time) on 15 October 2013 or, if the Class Meeting is adjourned, as at 48 hours before the time of the adjourned Class Meeting shall be entitled to attend and vote at the meeting or any adjournment thereof.
5. Completion and return of the form of proxy and election will not preclude members from attending, speaking and voting at the Class Meeting in person should they wish to do so.

## EEA LIFE SETTLEMENTS FUND PCC LIMITED

(the "Company")

### NOTICE OF AN EXTRAORDINARY GENERAL MEETING OF THE COMPANY

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the Company (the "EGM") is to be held at the offices of International Administration Group (Guernsey) Limited at Regency Court, Gategny Esplanade, St Peter Port, Guernsey, GY1 1WW at 11:15 a.m. (Guernsey time), or as soon thereafter as the immediately preceding class meeting of the Company has concluded, on 17 October 2013 for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution.

#### Special Resolution

THAT subject to the Company obtaining all regulatory approvals pursuant to the Collective Investment Schemes (Class B) Rules 1990 which the board of directors of the Company (the "Board") considers necessary or desirable in respect of the restructuring proposal (the "**Restructuring Proposal**") described in the circular to Shareholders of the Company dated 18 September 2013 and produced to the EGM (the "**Circular**"), the Restructuring Proposal be approved, the Company's current articles of incorporation be deleted in their entirety and be replaced with the revised articles of incorporation in the form produced to the EGM with effect from the Effective Date (as defined in the Circular), and the Board be and are hereby instructed to implement the Restructuring Proposal with such amendments or modifications as they may determine in their absolute discretion are necessary or desirable.

By Order of the Directors  
18 September 2013

Regency Court  
Gategny Esplanade  
St Peter Port  
Guernsey  
GY1 1WW

#### Notes:

1. Any member of the Company who is entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend, speak and vote in his or her place. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation to the EGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A form of proxy is enclosed.
2. The form of proxy (together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, or as otherwise approved by the Company's board of directors) must be deposited with International Administration Group (Guernsey) Limited at PO Box 282, Regency Court, Gategny Esplanade, St Peter Port, Guernsey, GY1 3RH, marked for the attention of Emma Ozanne, not less than 48 hours before the time appointed for holding the meeting or any adjournment of it at which the person named in the instrument proposes to vote, or it may be given by email to: [cosec@iag.co.gg](mailto:cosec@iag.co.gg) or by facsimile to: +44 (0)1481 716868, not less than 48 hours before the time for holding the meeting or adjourned meeting (except that the power of attorney or other authority must be deposited as mentioned above and may not be sent by email).
3. Any corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the EGM. Any person so authorised shall be entitled to exercise on behalf of the corporation which he represents the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual member.
4. Only those members entered on the Company's register of members as at 11:15 a.m. (Guernsey time) on 15 October 2013, if the EGM is adjourned, as at 48 hours before the time

of the adjourned EGM shall be entitled to attend and vote at the meeting or any adjournment thereof.

5. Completion and return of the form of proxy and election will not preclude members from attending, speaking and voting at the EGM in person should they wish to do so.

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