

# LIMA LS PLC

*(a company incorporated in England and Wales with limited liability under registered number 7434324)*

## USD250,000,000 Asset-Backed Securities due 2018

The USD250,000,000 Asset-Backed Securities due 30 June 2018 (the "**Senior Notes**") were issued by Lima LS plc (the "**Issuer**") on 30 June 2011 (the "**Closing Date**"). Save for the first interest payment date, interest on the Senior Notes will be payable quarterly in arrears in USD on 15 January, 15 April, 15 July and 15 October in each year, (subject to adjustment for non-business days as described herein). The first interest payment date will be 15 August 2011.

Payments on the Senior Notes will be made without deduction for or on account of taxes unless such deduction is required by law. See the section headed "The Note Purchase Agreement".

The Issuer may from time to time require that each holder of a Senior Note advance additional amounts to the Issuer from time to time up to a maximum aggregate amount of USD100,000,000, as more particularly described in these Listing Particulars.

The Senior Notes mature on 30 June 2018. The Senior Notes may be also be redeemed prior thereto at the option of the Issuer.

Application has been made to the Irish Stock Exchange for the Listing Particulars to be approved and for the Senior Notes to be admitted to the Official List and to trading on its Global Exchange Market (the "**GEM**").

The Senior Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States or any other relevant jurisdiction. The Senior Notes may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any securities law of any state or other relevant jurisdiction. The Issuer has not registered, and does not intend to register, as an investment company under the United States Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The issuer is relying upon the exception under the Investment Company Act provided by Section 3(c)(7) of the Investment Company Act and the rules and regulations thereunder. Accordingly, the Senior Notes have been and will be offered by the Issuer only either (i) to persons who are both (a) an "institutional" accredited investor as defined in Rule 501(a)(1), (2), (3), (7) or (8) (and for purposes of clause (8), with all equity owners being an "institutional" accredited investor under clause (1), (2), (3) or (7)) under the Securities Act (such an accredited investor, an "**Institutional Accredited Investor**") and (b) an Eligible Senior Note Purchaser (as defined in the section headed "The Note Purchase Agreement") or (ii) outside the United States to, or for the benefit of, non-U.S. persons that are Eligible Senior Note Purchasers in offshore transactions in accordance with Regulation S ("**Regulation S**") under the Securities Act. Interests in the Senior Notes are subject to certain restrictions on transfer (see the sections headed "The Note Purchase Agreement—Restrictions on Assignment" and "Subscription").

***For a description of certain matters that the prospective investors should consider, see "Risk Factors".***

These Listing Particulars are dated 12 August 2011.

The Issuer accepts responsibility for the information contained in these Listing Particulars (the "**Listing Particulars**") except for the information contained in the sections entitled "The Portfolio Adviser" and "The Portfolio and the Issuer Security" (together, the "**Portfolio Adviser Information**"). To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly. Fortress Investment Group (UK) Ltd (the "**Portfolio Adviser**") accepts responsibility for the Portfolio Adviser Information. To the best of the knowledge and belief of the Portfolio Adviser (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Portfolio Adviser accepts responsibility accordingly.

The Senior Notes may not be offered or sold directly or indirectly, and neither these Listing Particulars nor any offering circular, prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Senior Notes may be issued, distributed or published in any country or jurisdiction (including the Republic of Ireland ("**Ireland**") and the United Kingdom), except in circumstances that are in compliance with all applicable laws, orders, rules and regulations.

These Listing Particulars may only be communicated or caused to be communicated to persons who are inside the United Kingdom that either (i) have professional experience in matters relating to investments; or (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Financial Services and Market Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as "**relevant persons**"). These Listing Particulars must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which these Listing Particulars relates is available only to relevant persons and will be engaged in only by relevant persons.

The distribution of these Listing Particulars and the offering of the Senior Notes in certain jurisdictions may be restricted by law. Persons into whose possession these Listing Particulars comes are required by the Issuer to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers and sales of Senior Notes and distribution of these Listing Particulars and other offering material relating to the Senior Notes, see "Subscription" below.

No person is authorised to give any information or to make any representation not contained in these Listing Particulars and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer. The delivery of these Listing Particulars at any time does not imply that the information contained in them is correct as at any time subsequent to its date and neither the Issuer nor the Portfolio Adviser undertakes to update the information contained in this document.

Neither these Listing Particulars nor any part hereof constitutes an offer of, or an invitation by, or on behalf of the Issuer to subscribe or purchase any of the Senior Notes and neither these Listing Particulars, nor any part hereof, may be used for or in conjunction with an offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

In these Listing Particulars, unless otherwise specified or the context otherwise requires, references to "£" are to the lawful currency for the time being of the United Kingdom and references to "\$", and "USD" are to the lawful currency for the time being of the United States of America.

This offering is being made in reliance upon an exemption from registration under the Securities Act for an offer and sale of the Senior Notes which does not involve a public offering. In making your purchase, you will be deemed to have made certain acknowledgments, representations and agreements. See "Subscription".

The Senior Notes have not been registered with, or recommended or approved by, the United States Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other securities commission or regulatory authority, nor has the SEC, any state securities commission in the United States or any such other securities commission or authority

passed upon the accuracy or adequacy of these Listing Particulars. Any representation to the contrary may be a criminal offence.

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## SUMMARY

*The following summary does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in these Listing Particulars and related documents referred to herein. For a discussion of certain risk factors to be considered in connection with an investment in the Senior Notes, see "Risk Factors".*

*Summaries of Transaction Documents set out herein are summaries only and do not purport to be complete and are subject to their terms. Such summaries are not intended to replace a thorough review of such Transaction Documents by the Senior Note Purchasers or their advisers.*

### The Issuer:

Lima LS plc, a public company with limited liability incorporated under the laws of England and Wales, having its registered office at c/o Fortress Investment Group (UK) Ltd, 5 Savile Row, London W1S 3PD and registered under the Companies Acts 2006 under registered number 7434324, for the purpose of acquiring certain Portfolio Assets (as defined below), managing the Portfolio (as defined below), issuing the Subordinated Notes (as defined below), the Senior Notes and engaging in certain related transactions as described in the Transaction Documents (as defined below).

The Issuer does not have any assets other than the Portfolio Assets, Permitted Investments (as defined below), the Issuer Security, the balance standing to the credit of the Collection Account (as defined below) and its rights under the Transaction Documents and certain other incidental rights and assets.

The Issuer has issued USD650,000,000 (the "**Stated Amount**") asset backed securities due 2050 (the "**Subordinated Notes**") that are listed on the Irish Stock Exchange as described in listing particulars dated 21 December 2010. On or before the Closing Date, the Stated Amount of the Subordinated Notes was increased to USD874,000,000. If Lima Acquisition LP acquires the Sage Crest Policies (as defined below), then the Stated Amount of the Subordinated Notes may be increased further. Under the terms of the issuance of the Subordinated Notes and the subscription agreement dated 17 December 2010 and amended and restated on the Closing Date (the "**Subscription Agreement**") between the Issuer and the initial holders of the Subordinated Notes (the "**Subordinated Noteholders**"), the Subordinated Noteholders are required to provide additional funds to the Issuer from time to time in an amount up to the Stated Amount (the "**Subordinated Noteholder Contributions**"). Pursuant to an intercreditor agreement dated the Closing Date (the "**Intercreditor Agreement**"), the contractual rights of the Senior Note Purchasers to receive any payments in respect of amounts due on the Senior Notes rank senior to payments in respect of amounts due on the Subordinated Notes. The Subordinated Notes are not offered hereby. A copy of the listing particulars describing the Subordinated Notes and the rights and obligations attaching to them, together with a notice to investors describing amendments thereto made in consequence of the issue of the Senior Notes, may be inspected in physical form by holders of Senior Notes at the registered office of the Issuer during usual business hours on any day (Saturdays, Sundays and public holidays excepted).

**The Guarantor:**

Pursuant to the Guarantee and Pledge Agreement (as defined in the paragraph headed 'Issuer Security' below), the obligations of the Issuer under, among others, the Senior Notes and the Subordinated Notes and the documents entered into by the Issuer in connection therewith, have been guaranteed by Lima Acquisition LP (the "**Guarantor**"). For more information see the section headed "Lima Acquisition LP".

**The Senior Notes:**

Pursuant to the Trust Deed (as defined below), the Issuer has issued USD250,000,000 Senior Notes on the Closing Date in consideration for the Initial Principal Amount (as defined below) in respect of the Senior Notes.

The Senior Note Purchasers are required to become a party to and be bound by the terms of a note purchase agreement between among others the Issuer and the Senior Note Trustee dated the Closing Date (the "**Note Purchase Agreement**") before acquiring an interest in any Senior Note. The terms of the Note Purchase Agreement are summarised in the section headed "The Note Purchase Agreement".

Under the terms of the Note Purchase Agreement the Issuer may request the Senior Note Purchasers to advance additional amounts to it from time to time, subject to certain conditions, up to an aggregate amount of USD100,000,000.

**Status, Ranking and Priority of the Senior Notes:**

The Senior Notes constitute direct, secured and unconditional obligations of the Issuer, and will rank *pari passu* and rateably without any preference among themselves for all purposes.

Prior to enforcement of the Issuer Security in accordance with the terms of the Intercreditor Agreement, all Collections (as defined below) will be applied to pay, without preference or priority between them, other than the priority of payments that applies to amounts received by the Senior Note Trustee or Paying Agent described below:

- (i) premiums payable on the Policies;
- (ii) ordinary fees and expenses of the Senior Note Trustee, the Subordinated Note Trustee, the Security Trustee, the Securities Intermediary, the Paying Agent, the Custodian, the Servicers and the Portfolio Manager (as each term is defined below);
- (iii) all fees payable by the Issuer under the fee letter dated the Closing Date and entered into among the Issuer, the Senior Note Trustee and the initial purchasers of the Senior Notes regarding commitment fees (including commitment fees payable after closing) (the "**Commitment Fees**") and the fee letter entered into on the Closing Date between the Issuer and Natixis Securities North America Inc. regarding the initial structuring fees paid on the Closing Date and increased commitment structuring fees payable after the Closing Date;
- (iv) interest due on the Senior Notes;

- (v) principal repayments of the Senior Notes;
- (vi) taxes payable by the Issuer or Lima Acquisition LP in an amount not to exceed USD40 million in aggregate since the date of incorporation of the Issuer;
- (vii) legal fees and expenses of the Issuer, Lima Holdings LLC and Lima Acquisition LP:
  - (A) in an amount in excess of \$10,000,000 but less than or equal to \$20,000,000 since the date of organisation of the Issuer either with the consent of the Senior Note Trustee, not to be unreasonably withheld or delayed prior to the occurrence of an unmatured event of default or event of default, or paid from Subordinated Noteholder Contributions, or any excess cash collateral amount, and
  - (B) in an amount in excess of \$20,000,000 since the date of organisation of the Issuer with the consent of the Senior Note Trustee, not to be unreasonably withheld or delayed prior to the occurrence of an unmatured event of default or event of default;
- (viii) indemnity or other monetary obligations of the Issuer, Lima Holdings LLC and Lima Acquisition LP payable to the Senior Note Purchasers, the Senior Note Trustee or any independent director of the Issuer under the transaction documents;
- (ix) indemnity obligations to be payable the Security Trustee, the Senior Note Trustee, the Subordinated Note Trustee, or the Securities Intermediary in an amount not to exceed \$500,000 in the aggregate for all such persons annually;
- (x) indemnity obligations owing to any Servicer or the Custodian in an amount not to exceed \$100,000 in the aggregate for all such persons annually,
- (xi) administrative expenses of the Issuer, subject to a cap on expenses provided in the Note Purchase Agreement;
- (xii) expenses of acquiring and maintaining any hedge agreement entered into by the Issuer after the Closing Date;
- (xiii) fees of the independent director of the Issuer; and
- (xiv) solely if the Sage Crest Dispute Resolution (as defined in the section headed "The Note Purchase Agreement") occurs within 90 days of the Closing Date to pay up to \$35,000,000 to Lima 2 LS plc to acquire the Sage Crest Policies.

(collectively, the "**Senior Amounts**"), in each case, when due.

**"Collections"** includes:

- (i) to the extent paid by an applicable person:
  - (A) all death benefits with respect to the Policies, other than death benefits payable in respect of a Policy to any person other than the Securities Intermediary, an Owner Trust, Lima Acquisition LP, the Issuer or Lima 2 LS plc (if it acquires the Sage Crest Policies),
  - (B) all proceeds from any sale or other disposition of Policies,
  - (C) all proceeds in respect of any settlement or surrender of any Policy,
  - (D) all rebates and returns of premiums in respect of any Policy (including the return by Lima 2 LS plc of Premiums theretofore paid as Senior Amounts in the event the Sage Crest Dispute Resolution does not occur within 90 days after the Closing Date), and
  - (E) all other payments in respect of any Policy by the insurer thereof or any other person obligated thereon,
- (ii) all distributions of an Owner Trust (as defined in the section headed "The Note Purchase Agreement") to Lima Acquisition LP;
- (iii) (A) all principal, interest, fees and other amounts due and payable to Lima Acquisition LP under any premium finance loan agreement, option agreement or documents related thereto to the extent paid by the applicable borrower, grantor or grantee and (B) proceeds of any collateral pledged under or in connection with any premium finance loan agreement or option agreement;
- (iv) the Subordinated Noteholder Contributions (as defined in the section headed "The Note Purchase Agreement") made on or after the Closing Date;
- (v) payments received by or on behalf of a Credit Party (as defined in the section headed "The Note Purchase Agreement") or an Owner Trust (as defined in the section headed "The Note Purchase Agreement") on claims or other amounts payable by Pacifica Group LLC, the Sage Crest Seller (as defined in the section headed "The Note Purchase Agreement"), Lima 2 LS plc, any guarantors thereof or any other person pursuant to the applicable sale agreements;
- (vi) payments received by Issuer, Lima Acquisition LP, Lima Holdings LLC from a Servicer, Custodian, Securities Intermediary, Portfolio Manager or any other person for any claims made by the Issuer,



Lima Acquisition LP, Lima Holdings LLC or Owner Trust against such person with respect to the Issuer Security, including indemnity claims;

- (vii) interest earnings on permitted investments or otherwise in the Collection Account, the Premium Account (as defined in the section headed "The Note Purchase Agreement") or the Death Benefits Account (as defined in the section headed "The Note Purchase Agreement");
- (viii) all payments received by or on behalf of the Issuer pursuant to any hedge agreement; and
- (ix) all other collections on and proceeds of the Collateral (as defined in the section headed "The Note Purchase Agreement"), but in any event excluding Lima 2 Unwind Proceeds (as defined in the section headed "The Note Purchase Agreement").

Pursuant to the Note Purchase Agreement, the Issuer is obliged to make payments in respect of interest and principal on the Senior Notes to the Paying Agent for distribution in accordance with the Paying Agency Agreement (as defined below).

The Issuer is also required to pay the following fees in connection with the Senior Notes:

- (i) the Commitment Fee payable to the Senior Note Purchasers;
- (ii) an initial structuring fee payable to Natixis Securities North America, Inc. on the Closing Date; and
- (iii) an Increased Commitment Structuring Fee (as defined in the section headed 'The Note Purchase Agreement') payable to Natixis Securities North America, Inc. upon increase of Commitment.

Copies of the relevant fee letters in connection with the above mentioned fees will be available for inspection by the Senior Note Purchasers upon request to the Issuer and upon submission of proof of their holding of the Senior Notes.

Pursuant to the Trust Deed (as defined below), any amounts received by the Senior Note Trustee or the Paying Agent in respect of the Senior Notes are to be applied in accordance with the following priority of payments (to the extent in case of paragraphs (i) and (ii) below, such amounts have not been paid by the Issuer pursuant to the provisions of the Note Purchase Agreement:

- (i) first, in payment or satisfaction of the costs, charges, expenses and liabilities claimed properly incurred by the Senior Note Trustee, the Paying Agent and the Security Trustee in connection with the performance of their respective duties under the Trust Deed and the other transaction documents, and the preparation and execution of the Trust Deed and the other transaction documents, including

reasonable costs and expenses of the Senior Note Trustee, the Paying Agent and the Security Trustee;

- (ii) secondly, all amounts payable to any Senior Note Purchaser under the Senior Notes other than those specified in paragraphs (ii), (iii) and (iv) below;
- (iii) thirdly, in or towards payment of interest remaining unpaid in respect of the Senior Notes;
- (iv) fourthly, in payment of Commitment Fees; and
- (v) fifthly, in payment of all principal amounts due on or in respect of the Senior Notes.

Until the Discharge of Senior Debt (as defined in the section headed "The Intercreditor Agreement"), any Proceeds (as defined in the section headed "The Intercreditor Agreement") received by or on behalf of the Security Trustee or any receiver appointed by the Security Trustee, shall be applied (after payment of all costs and expenses incurred by the Security Trustee or any receiver) to the payment in full of the Senior Debt (as between items of Senior Debt, in the order specified in the Trust Deed).

**The Senior Note Trustee and the Security Trustee:**

U.S. Bank Trust National Association located in St. Paul, Minnesota (the "**Senior Note Trustee**") has been appointed as trustee of the holders of the Senior Notes (the "**Senior Note Purchasers**") pursuant to a trust deed dated the Closing Date (the "**Trust Deed**"). The Trust Deed is governed by the laws of England and Wales.

U.S. Bank Trust National Association located in St. Paul, Minnesota (the "**Security Trustee**") has been appointed as security trustee of the benefit of security granted pursuant to a deed of charge and assignment dated the Closing Date (the "**Deed of Charge**") and certain US security agreements dated 17 December 2010 and amended on the Closing Date together with related security filings, documents and agreements (the "**US Security Agreements**") and held on trust in accordance with the terms of the Intercreditor Agreement for the Senior Note Purchasers, the Subordinated Noteholders and the other Secured Parties (as defined in the section headed "The Intercreditor Agreement"). The Deed of Charge is governed by the laws of England and Wales. The US Security Agreements are governed by the laws of New York.

The Security Trustee holds the Issuer Security for the benefit of the Senior Note Purchasers and the Subordinated Noteholders, and other Secured Parties (as defined in the section headed "The Intercreditor Agreement") subject to the terms of the Intercreditor Agreement.

**The Custodian:**

Marshal & Ilsley Trust Company, N.A. located in Madison, Wisconsin (the "**Custodian**") has been appointed as the Custodian. It provides custodial services to Lima Acquisition LP pursuant to the custody agreement dated 17 December 2010 and amended on the Closing Date (the "**Custody Agreement**"). The

Custody Agreement is governed by the laws of New York.

**The Registrar and the Paying Agent:**

U.S. Bank National Association located in St. Paul, Minnesota (the "**Registrar**" and the "**Paying Agent**") has been appointed as the Registrar and the Paying Agent. It provides registrar and paying agency services to the Issuer pursuant to the paying agency agreement dated the Closing Date (the "**Paying Agency Agreement**"). The Paying Agency Agreement is governed by the laws of England and Wales.

**The Portfolio Adviser:**

The Issuer has engaged the services of Fortress Investment Group (UK) Ltd (the "**Portfolio Adviser**") to perform certain advisory functions with respect to the Portfolio in accordance with a Portfolio Advisory Agreement dated 17 December 2010 and amended on the Closing Date between, amongst others, the Issuer and the Portfolio Adviser (the "**Portfolio Advisory Agreement**"). The Portfolio Adviser is authorised and regulated by the United Kingdom Financial Services Authority. The Portfolio Advisory Agreement is governed by the laws of England and Wales.

**The Servicers:**

Lima Acquisition LP, a Delaware limited partnership, has engaged the services of Torrey Pines Services, LLC and North Star Life Services, LLC (the "**Pacifica Servicers**") to undertake certain services with respect to the Pacifica Policies (as defined below) in accordance with two Servicing Agreements dated on or around 17 December 2010 and amended and restated on the Closing Date between Lima Acquisition LP and any Servicer (the "**Pacifica Servicing Agreements**").

Lima Acquisition LP if it acquires the Sage Crest Policies (as defined below) will engage the services of MLF LexServ L.P (the "**Sage Crest Servicer**") to undertake certain services with respect to the Sage Crest Policies (as defined below) pursuant to an assignment by Lima 2 plc of a Servicing Agreement dated April 28, 2011 and amended and restated on the Closing Date between Lima 2 plc and the Sage Crest Servicer (the "**Sage Crest Servicing Agreement**" and, together with the Pacifica Servicing Agreements, the "**Servicing Agreements**").

The Pacifica Servicing Agreements are governed by the laws of New York or California, and the Sage Crest Servicing Agreement will be governed by the laws of New York.

**The Portfolio Manager:**

Lima Acquisition LP has engaged the services of Barrett Advisors LLC (the "**Portfolio Manager**") to undertake certain services with respect to the Pacifica Policies (as defined below) in accordance with a portfolio management agreement dated 17 December 2010 and amended and restated on the Closing Date between Lima Acquisition LP and the Portfolio Manager (the "**Pacifica Portfolio Management Agreement**").

Lima Acquisition LP if it acquires the Sage Crest Policies will engage the services of the Portfolio Manager to undertake certain services with respect to the Sage Crest Policies pursuant to an assignment by Lima 2 plc of a Portfolio Management Agreement between Lima 2 plc and the Portfolio Manager dated April 28, 2011 and amended and restated on the Closing Date (the "**Sage Crest Portfolio Management Agreement**" and, together with the Pacifica Portfolio Management Agreement, the

**"Portfolio Management Agreements").**

The Portfolio Management Agreements are governed by the laws of New York.

**Use of Proceeds:**

The proceeds of the issuance (being the initial Subordinated Noteholder Contributions) were used to purchase and finance the Pacifica Portfolio (as defined below) (together with any other funds called from the Subordinated Noteholders pursuant to the terms of the Subordinated Notes.)

The initial net proceeds from the issuance of the Senior Notes are USD250,000,000 on the Closing Date (the "**Initial Principal Amount**"). USD185,637,178 of the proceeds of the Initial Principal Amount have been used to repay Subordinated Noteholder Contributions in part and the remaining proceeds have been deposited into the Collection Account and (i) may be used by the Issuer for the acquisition of the Sage Crest Policies, and (ii) used as reserves for the repayment of Senior Amounts (as more particularly described in the section headed "The Note Purchase Agreement").

The Issuer may request additional advances up to USD 100,000,000 in the aggregate from time to time following issuance of the Senior Notes from the Senior Note Purchasers and subject to satisfaction of certain conditions as more particularly described in the section headed "The Note Purchase Agreement") (the "**Fundings**"). The Fundings shall be deposited into the Collection Account. Amounts from the Collection Account shall be used solely to pay Senior Amounts (as more particularly described in the section headed "The Note Purchase Agreement").

**Portfolio Assets:**

The portfolio held by the Issuer consists of, or may consist of, the following assets:

- (i) the policies (the "**Pacifica Policies**"), the loans (the "**Loans**") and the options (the "**Options**") acquired by the Issuer pursuant to the Unit Purchase Agreement (as defined below) (including any limited partnership interest and general partnership interest in Lima Acquisition LP held by the Issuer, including where Lima Acquisition LP holds interests in the Pacifica Policies, the Loans and the Options) (the "**Pacifica Portfolio**");
- (ii) the policies (the "**Sage Crest Policies**", and together with the Pacifica Portfolio, the "**Policies**") which may be acquired by Lima Acquisition LP from Lima LS plc pursuant to a life insurance policy purchase and sale agreement (the "**Sage Crest Agreement**"); and
- (iii) and any other investments or instruments that the Issuer purchases or originates from time to time,

(together, the "**Portfolio Assets**").

**Issuer Security:**

The Senior Notes are secured and share the same secured obligations of the Issuer as described in further detail in "The Portfolio and the Issuer Security". The Issuer Security includes:

- (a) pursuant to the Deed of Charge:
  - (i) a first fixed charge over the right, title, benefit and interest of the Issuer in the Policies;
  - (ii) a first fixed charge over the right, title, benefit and interest of the Issuer in the Collection Account (as defined below) and any amounts standing to the credit thereto;
  - (iii) a charge over all rights, title, benefit and interests of the Issuer in all Investments (as defined in the Deed of Charge);
  - (iv) an assignment by way of security of all rights, title, benefit and interest of the Issuer in and under the Subscription Agreement, including the right to of the Issuer to make calls upon the Subordinated Noteholders for additional capital contributions;
  - (v) an assignment by way of security of all right, title, benefit and interest of the Issuer in the Transaction Documents (other than the Pacifica Documents (as defined in the section headed "The Portfolio and the Issuer Security" below)); and
  - (vi) a floating charge with full title guarantee over the Issuer's whole undertaking and all of its property, assets, and rights whatsoever other than those subject to a fixed charge or assignment;
- (b) a security interest in, and a pledge and assignment of, all the Issuer's right, title, interest, in, to and under all personal property and other assets of the Issuer whether now owned by or owing to or hereafter acquired by or arising in favour of the Issuer wheresoever located, pursuant to a New York law governed pledge and security agreement dated the Closing Date (the "**Pledge and Security Agreement**");
- (c) a guarantee of all obligations of the Issuer to the Secured Parties (as defined in the section headed "The Intercreditor Agreement") under the Note Purchase Agreement, the Trust Deed, the Subscription Agreement, the Subordinated Note Trust Deed and each of the other Financing Documents (as defined in the section headed "The Note Purchase Agreement") and a pledge on all rights, titles, interests, in, to and under all personal property and other assets of, Lima Acquisition LP (the "**Guarantor**"), under New York law pursuant to a New York law governed guarantee and pledge agreement dated the Closing Date (the "**Guarantee and Pledge Agreement**");
- (d) an equitable charge by Lima Holdings LLC on all rights, titles, interests, in, to the share capital of the Issuer, pursuant to an English law share charge dated the

Closing Date (the "**Issuer Share Charge**"); and

- (e) a security interest in, and a pledge and assignment by Lima Holdings LLC on all rights, titles, interests, in and to the share capital of the Issuer, pursuant to a New York law pledge dated the Closing Date (the "**Holdings Pledge Agreement**").

The Issuer Security is held by the Security Trustee for the benefit of the Senior Note Purchasers and the Subordinated Noteholders. For more information, see the section headed "The Intercreditor Agreement".

**Interest Payments on the Senior Notes:**

Save in respect of the first interest payment, interest on the Senior Notes will be payable quarterly in arrears in USD on 15 January, 15 April, 15 July and 15 October in each year (or if such a day is not a Business Day, the next Business Day) and on the Maturity Date) (each, a "**Payment Date**"). The first Payment Date will be 15 August 2011. Interest will accrue on a Senior Note in respect of any interest period (the "**Interest**") in an amount calculated in US dollars, equal to Interest that will accrue on the outstanding balance of the Senior Note at a rate equal to the greater of (i) 0.75 % per annum (ii) the Adjusted London Interbank Offered Rate (as defined below) plus 5.0 % per annum (the "**Applicable Margin**"). Interest will be calculated on an actual/360 basis.

**"Adjusted London Interbank Offered Rate"** means, with respect to any interest period, a rate per annum (expressed as a percentage) equal to the quotient obtained (rounded upward, if necessary, to the next higher 1/16th of one percent) by dividing:

- (a) the applicable London Interbank Offered Rate (as more particularly described in the section headed "The Note Purchase Agreement") by
- (b) 1.00 minus the Euro-Dollar Reserve Percentage.

**"Euro-Dollar Reserve Percentage"** means, for any day, the percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Federal Reserve Board (or any successor) for determining the maximum reserve requirement for a member bank of the Federal Reserve System in New York City in respect of "Eurocurrency liabilities", as more particularly described in the section headed "The Note Purchase Agreement".

If on or prior to the first day of any interest period (i) the Senior Note Trustee is unable to obtain a quotation for the London Interbank Offered Rate, or (ii) the Required Senior Note Purchasers (as defined in the section headed "The Note Purchase Agreement") shall have notified the Senior Note Trustee that the Adjusted London Interbank Offered Rate will not adequately and fairly reflect the cost to such Senior Note Purchasers of funding the advances for such interest period, then the Applicable Rate shall be a rate per annum equal to the sum of (1) the Issuer of (x) the Alternate Base Rate (as defined in the section headed "The Note Purchase Agreement") in effect on each day of such interest period and (y) the Adjusted London Interbank Offered Rate in effect immediately prior to application

of this proviso plus 1.00 %, plus (2) the Applicable Margin.

**Final Maturity:**

The Senior Notes will mature at their principal amount on the earlier of (i) 30 June 2018 (or if such day is not a Business Day, the immediately following Business Day) (the "**Scheduled Maturity Date**"); and (ii) the date on which the Senior Notes have been declared by the Senior Note Trustee to become due and payable following an Event of Default (as more particularly described in the section headed "The Note Purchase Agreement").

**Voluntary Redemption:**

The Issuer may, on any Payment Date or any other Business Day, upon notice to the Security Trustee, redeem all or any of the Senior Notes as it may elect in its absolute discretion from time to time at the outstanding principal amount of the Senior Notes together with any payments of Interests and fees to the Senior Note Trustee and the Senior Note Purchasers but without any premium or penalty, subject to conditions specified in the Note Purchase Agreement.

**Mandatory Redemption:**

The Issuer is required to redeem the Senior Notes in whole or in part in certain circumstances as set out below:

- (a) the outstanding principal amount is required to be repaid on any Payment Date on or after the second anniversary of the Closing Date in an amount necessary to satisfy the On-Going Collateral Test (as defined in the section headed "The Note Purchase Agreement").
- (b) the outstanding principal amount is required to be repaid in an amount equal to the related Required Amortization Amount (as defined in the section headed "The Note Purchase Agreement") solely from Available Outside Funding Sources (as defined in the section headed "The Note Purchase Agreement") within 45 days after a Required Amortization Event.
- (c) the outstanding principal amount is required to be repaid on prior to (i) the Payment Date immediately preceding the fifth (5th) anniversary of the Closing Date in such amount necessary to have reduced the outstanding principal amount by 25 % of the maximum facility amount in effect on such date, and (ii) the Payment Date immediately preceding the sixth (6th) anniversary of the Closing Date in such amount necessary to have reduced the outstanding principal amount by 50 % of the maximum facility amount in effect on such date. In addition, the outstanding principal amount is required to be repaid on each such Payment Date in an amount, if any, necessary to satisfy the Collateral Test (as defined in the section headed "The Note Purchase Agreement") on such date.
- (d) the proceeds of any Disqualified Policy Settlement (as defined in the section headed "The Note Purchase Agreement"), Permitted Policy Settlement (as defined in the section headed "The Note Purchase Agreement") or Permitted Policy Sale (as defined in the section headed "The Note Purchase Agreement") received by the Issuer, Lima Acquisition LP or the Securities Intermediary are

required to be deposited directly into the Collection Account, and such proceeds are required to remain on deposit in the Collection Account and used for the payment of the Senior Amounts.

- (e) the proceeds of any Non-Affiliated Disqualified Policy Sale (as defined in the section headed "The Note Purchase Agreement") received by the Issuer, Lima Acquisition LP or the Securities Intermediary are required to be deposited directly into the Collection Account. If, prior to such Non-Affiliated Disqualified Policy Sale, the outstanding principal amount shall have been repaid by an amount equal to the Required Pro Rata Current Basis Paydown Amount (as defined in the section headed "The Note Purchase Agreement") for such Policy, including pursuant to clauses (g), (h), (i), (j) or (m) of Section 2.9 of the Note Purchase Agreement or clause (b) of Section 5.24 of the Note Purchase Agreement, then the proceeds of such sale shall remain on deposit in the Collection Account for the payment of the Senior Amounts. If not, then the outstanding principal amount shall be repaid by an amount equal to the Required Pro Rata Current Basis Paydown Amount for such Policy as follows: (i) if the proceeds of the sale of such Non-Affiliated Disqualified Policy Sale are less than the Required Pro Rata Current Basis Paydown Amount for such Policy, the remaining portion of the Required Pro Rata Current Basis Paydown Amount shall be paid from amounts on deposit in the Collection Account or Subordinated Noteholder Contributions and (ii) if the proceeds of the sale of such Non-Affiliated Disqualified Policy Sale are greater than the Required Pro Rata Current Basis Paydown Amount, the difference shall remain on deposit in the Collection Account for the payment of the Senior Amounts.
- (f) the proceeds of any Affiliated Disqualified Policy Sale (as defined in the section headed "The Note Purchase Agreement") received by the Issuer, Lima Acquisition LP or the Securities Intermediary are required to be deposited directly into the Collection Account. If, prior to such Affiliated Disqualified Policy Sale, the outstanding principal amount shall have been repaid by an amount equal to the Required Pro Rata Current Basis Paydown Amount for such Policy, including pursuant to clauses (g), (h), (i), (j) or (m) of Section 2.9 of the Note Purchase Agreement or clause (b) of Section 5.24, of the Note Purchase Agreement then the proceeds of such sale shall remain on deposit in the Collection Account for the payment of the Senior Amounts. If not, the outstanding principal amount shall be repaid by an amount equal to the Required Pro Rata Current Basis Paydown Amount for such Policy and if the proceeds of the sale of such Affiliated Disqualified Policy Sale are greater than the Required Pro Rata Current Basis Paydown Amount, the difference shall remain on deposit in the Collection Account for the payment of the Senior Amounts.
- (g) if a Policy is determined by a Credit Party, the Portfolio Advisor or the Senior Note Trustee not to have been an



Eligible Policy on:

- (i) the Closing Date or any subsequent Draw Date (as defined in the section headed "The Note Purchase Agreement") in case of a Policy disclosed as an Eligible Policy (as defined in the section headed "The Note Purchase Agreement") under the Note Purchase Agreement;
- (ii) the Subsequent Acquisition Date (as defined in the section headed "The Note Purchase Agreement") or any Subsequent Draw Date (as defined in the section headed "The Note Purchase Agreement") in case of a PFLA/OA Policy (as defined in the section headed "The Note Purchase Agreement");
- (iii) the Owner Trust Transfer Date (as defined in the section headed "The Note Purchase Agreement") or any Subsequent Draw Date in case of an Owner Trust Policy;
- (iv) a Sage Crest Policy fails to be an Eligible Policy on the Sage Crest Transfer Date or any subsequent Subsequent Draw Date; or
- (v) any Policy listed on Schedule XX of the Note Purchase Agreement fails to satisfy any of the criteria in the definition of Eligible Policy other than as set forth in Schedule XX of the Note Purchase Agreement on the Closing Date or any Subsequent Draw Date,

and such Policy is not settled, commuted, unwound, lapsed or surrendered by the Issuer or Lima Acquisition LP, as the case may be, pursuant to a Disqualified Policy Sale, Disqualified Policy Settlement or a Disqualified Policy Lapse (as defined in the section headed "The Note Purchase Agreement") within six months after its Actual Knowledge (as defined in the section headed "The Note Purchase Agreement") of such failure on the applicable measurement date, and if the Ineligibility Basket Test (as defined in the section headed "The Note Purchase Agreement") has been met, then, within 3 business days after the end of such six month cure period, the outstanding principal amount shall be repaid from amounts on deposit in the Collection Account or from Subordinated Noteholder Contributions by an amount equal to the Required Pro Rata Current Basis Paydown Amount of such Policy (as determined on the date such mandatory principal payment is made).

- (h) if a Policy is either:
  - (i) a Non-Titled Policy (as defined in the section headed "The Note Purchase Agreement");
  - (ii) a Non-Transferred Owner Trust Policy (as defined in the section headed "The Note

Purchase Agreement"); or

- (iii) a Non-Foreclosed Policy (as defined in the section headed "The Note Purchase Agreement"),

and not sold, settled, commuted, unwound, lapsed or surrendered by the Issuer or Lima Acquisition LP, as the case may be, pursuant to a Disqualified Policy Sale, a Disqualified Policy Settlement or a Disqualified Policy Lapse prior to such Policy becoming a Non-Titled Policy, a Non-Transferred Owner Trust Policy or a Non-Foreclosed Policy, as the case may be, and if the Ineligibility Basket Test has been met, then the Issuer is required to with 3 business days repay the outstanding principal amount, solely from amounts on deposit in the Collection Account or from Subordinated Noteholder Contributions, by an amount equal to the Required Pro Rata Current Basis Paydown Amount of such Policy.

- (i) if a Security Interest (as defined in the section headed "The Note Purchase Agreement") (other than a permitted Security Interest) on a Policy or Owner Trust that owns a Policy is not released in accordance with the provisions of the Note Purchase Agreement within 30 days after Actual Knowledge of such Security Interest by the applicable persons, then the Issuer is required to repay the outstanding principal amount pro rata to the relevant Senior Note Purchasers by an amount equal to the Current Basis (as defined in the section headed "The Note Purchase Agreement") of the related Policy within 3 Business Days after the end of the Cure Period (as defined in the section headed "The Note Purchase Agreement").
- (j) the outstanding principal amount is required to be repaid solely from Subordinated Noteholder Contributions by an amount equal to the Required Pro Rata Current Basis Paydown Amount of all Disputed Sage Crest Policies on the 90th day after the Closing Date if the Sage Crest Dispute Resolution (as defined in the section headed "The Note Purchase Agreement") has not occurred by such date.
- (k) the Issuer may at any time elect to repay the outstanding principal amount, solely from Subordinated Noteholder Contributions, in an amount equal to the Required Pro Rata Current Basis Paydown Amount of any Closing Date Ineligible Policy (as defined in the section headed "The Note Purchase Agreement") in which case such Policy thereafter shall be considered an Event Excluded Policy (as defined in the section headed "The Note Purchase Agreement") for all purposes under the Note Purchase Agreement
- (l) the outstanding principal amount is due and required to be payable in full on the Maturity Date.

**Bank Accounts:**

The Issuer has opened and will maintain a USD denominated interest bearing account (the "**Collection Account**") in its own

name, with U.S. Bank National Association (the "**Account Bank**") pursuant to an amended and restated account control agreement between U.S. Bank National Association, the Security Trustee and the Issuer dated 17 December 2010 and amended and restated on the Closing Date (the "**US Bank Bank Account Agreement**"). The Issuer has granted security over such account in favour of the Security Trustee. The Security Trustee holds this security jointly for the Senior Note Purchasers and the Subordinated Noteholders subject to the terms of the Intercreditor Agreement. Withdrawals from the Collection Account will only be made in accordance with the terms of the U.S. Bank Bank Account Agreement. The US Bank Bank Account Agreement is governed by New York law.

**Account Bank:**

U.S. Bank National Association, 60 Livingston Avenue, EP-MN-WS3D, St Paul, Minnesota 55107 is an Account Bank on the Closing Date.

**Policy Securities Accounts:**

Lima Acquisition LP has opened and will maintain three securities accounts (the "**Policy Securities Accounts**") in its own name with the Securities Intermediary (as defined below), namely the Policies Securities Account, the Master Collection Account and the Premium Account (each as defined in the section headed "The Portfolio and the Issuer Security"). Lima Acquisition LP has granted security over such accounts in favour of, the Security Trustee. Withdrawals from the Policy Securities Accounts will only be made in accordance with the terms of an account control agreement among the Securities Intermediary, the Issuer and the Security Trustee, dated 17 December 2010 as amended and restated on the Closing Date (the "**Policies Securities Account Control Agreement**"). Pursuant to the terms of the Policies Securities Account Control Agreement (i) all Policies are required to be credited solely to the Policy Securities Account, (ii) any funds received by the Securities Intermediary for the payment of Premiums are required to be credited to the Premium Account and (iii) any other proceeds received by the Securities Intermediary in respect of any asset or property, including any Policy and any cash, including any death benefit or return of premium under any Policy, which is not deposited into the Collection Account is required to be credited to the Master Collection Account. The Policies Securities Account Control Agreement is governed by New York law.

**The Securities Intermediary:**

U.S. Bank National Association located in St. Paul, Minnesota (the "**Securities Intermediary**") has been appointed as the Securities Intermediary. It provides securities intermediary services to the Issuer pursuant to the Policy Securities Account Control Agreement.

**Initial Principal Amount:**

The Initial Principal Amount of the Senior Notes is the amount in USD stated on the face of the Certificates (as defined in the section headed "The Trust Deed").

**Hedge Transactions:**

The Issuer may enter into hedging agreements ("**Hedge Agreements**") from time to time with one or more financial institutions.

**Withholding Tax:**

Payments in respect of the Senior Notes will be made free of withholding tax unless otherwise required by law. If the Issuer shall be required by law to deduct any such withholding tax from

any such payment, the Issuer will, subject to certain exceptions specified in the Note Purchase Agreement, be required to gross-up such payments in the manner and in the circumstances disclosed in the Note Purchase Agreement.

**The Offering:**

The Senior Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States or any other relevant jurisdiction. The Senior Notes may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any securities law of any state or other relevant jurisdiction. The Issuer has not registered, and does not intend to register, as an investment company under the Investment Company Act. The issuer is relying upon the exception under the Investment Company Act provided by Section 3(c)(7) of the Investment Company Act and the rules and regulations thereunder. The Senior Notes have been and will be offered by the Issuer only either (i) to persons who are both (a) an Institutional Accredited Investor and (b) an Eligible Senior Note Purchaser (as defined in the section headed "The Note Purchase Agreement") or (ii) outside the United States to, or for the benefit of, non-U.S. persons that are Eligible Senior Note Purchasers in offshore transactions in accordance with Regulation S. Interests in the Senior Notes are subject to certain restrictions on transfer (for further details, see the sections headed "The Note Purchase Agreement—Restrictions on Assignment" and "Subscription").

**Form of the Senior Notes:**

The Senior Notes are represented on issue by individual certificates in registered form, without coupons attached.

**Governing Law:**

The Senior Notes are governed by the laws of England and Wales.

**Listing:**

Application has been made to the Irish Stock Exchange for the Senior Notes to be admitted to the Official List and to trading on its Global Exchange Market. See "General Information".

**Irish Listing Agent:**

A&L Listing Limited.

**Tax Status:**

See "Certain Tax Considerations".

**Transaction Documents:**

The Note Purchase Agreement, the Trust Deed, the Intercreditor Agreement, the Paying Agency Agreement, the Portfolio Advisory Agreement, the Deed of Charge, the US Security Agreements, the U.S Bank Bank Account Agreement, the Pledge and Security Agreement, the Guarantee and Pledge Agreement, the Issuer Share Charge, the Holdings Pledge Agreement, the Servicing Agreements, the Custody Agreement, the Pacifica Portfolio Management Agreement, any Hedge Agreements and any other documents which are specified as being "Transaction Documents" by both the Issuer and the Senior Note Trustee (together, the "**Transaction Documents**").

**Stated Currency**

All amounts in respect of the Senior Notes will be calculated in USD (the "**Contractual Currency**"). Any amounts in any other currency will be converted to USD by the Portfolio Adviser using the then current spot rate as it determines, acting reasonably.

## RISK FACTORS

***Prior to making an investment decision, prospective investors should carefully consider, in addition to the matters set forth elsewhere in these Listing Particulars, the following factors.***

### **General**

The Issuer has (i) invested in a portfolio of life insurance policies (the "**Pacifica Policies**"), premium finance loans ("**Loans**") and options to acquire direct and indirect interests in life insurance policies ("**Options**") as described in these Listing Particulars, through the purchase of five limited liability companies, four of which were then merged into the fifth, Estate Planning LLC, which was then converted pursuant to Delaware law into a Delaware limited partnership named Lima Acquisition LP (the "**Pacifica Portfolio**") and (ii) may invest in a portfolio of life insurance policies which may be purchased by Lima Acquisition LP from Lima 2 LS plc which in turn purchased such policies from the Chapter 11 bankruptcy estates of Antietam Funding, LLC and National Consolidated Funding II, LLC (the "**Sage Crest Policies**", and together with the Pacifica Policies, the "**Policies**"). The Issuer may also invest in further portfolios of life insurance policies, or other investments or financial instruments in the future. There can be no assurance that the Issuer's investments will be successful, that the holders of Senior Notes will receive the full amounts payable by the Issuer under the Senior Notes or that they will receive any return on their investment in the Senior Notes. Prospective investors are therefore advised to review this entire Listing Particulars carefully and should consider, among other things, the factors set out below before deciding whether to invest in the Senior Notes.

Prospective purchasers of the Senior Notes should be particularly knowledgeable in investment matters and should ensure that they understand the nature of such Senior Notes and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, accounting and financial evaluation of the merits and risks of investment in such Senior Notes and that they consider the suitability of such Senior Notes as an investment in the light of their own circumstances and financial condition.

### **Ability of the Issuer to Meet its Obligations under the Senior Notes**

None of the Senior Note Trustee, the Portfolio Adviser, or any of their affiliates or any other person or entity (other than the Issuer and the Guarantor and, to the extent of the Subordinated Noteholder Contributions, the Subordinated Noteholders) will be obligated to make payments on the Senior Notes. Consequently, the Senior Note Purchasers must rely solely on the Portfolio and the additional the Subordinated Noteholder Contributions (as defined in the section headed "The Note Purchase Agreement") payable after the Closing Date for the payment of Interest and the other payments on the Payment Dates and the Maturity Date. There can be no assurance that the distributions on the Portfolio or the additional Subordinated Noteholder Contributions payable after the Closing Date will be sufficient to make payments on the Senior Notes. Where amounts received in respect of the Portfolio or the Subordinated Noteholder Contributions payable after the Closing Date are insufficient to make payments on the Senior Notes, no other assets will be available for payment of the deficiency and, following realisation of the Issuer's assets and the application of the proceeds thereof, the obligations of the Issuer to pay such shortfall shall be extinguished.

### **Dependence on Portfolio Adviser**

The performance of the Portfolio depends, in part, upon the ability of the Portfolio Adviser (acting as such) to advise the Issuer on the management of its investment in the Portfolio. If the Portfolio Adviser were to become unable to advise the Issuer in relation to the Portfolio, the consequences for the Portfolio and consequently the Issuer could be material and adverse.

The personnel of the Portfolio Adviser will be drawn from senior investment professionals of Fortress (defined below). The investment professionals of the Portfolio Adviser will devote such time and attention to the Issuer's business as such business shall reasonably require. However, there can be no assurance that such investment professionals will devote any minimum number of hours each week to the affairs of the Issuer.

Furthermore, should one or more of such investment professionals become incapacitated or in some other way cease to perform duties for the Portfolio Adviser in respect of the Issuer, the Issuer's performance could be materially adversely affected through a diminished capacity to arrange the Issuer's potential investments and to advise on the Issuer's business plans. Neither the Issuer nor the Portfolio Adviser currently intend to maintain key man life insurance with respect to any of such persons.

### **Potential Conflicts of Interest**

As a regulated investment adviser, the Portfolio Adviser intends to act in good faith in a manner consistent with its duties to clients under applicable law. However, the Portfolio Adviser is subject to various conflicts of interest arising from its relationship with Fortress Investment Group LLC ("**Fortress**") and affiliates of Fortress ("**Fortress Affiliates**"). Fortress Affiliates engage in a broad spectrum of activities, including direct investment activities and investment advisory activities, and have extensive investment activities (including principal investments by Fortress Affiliates for their own account), both proprietary and on an agency basis, that are independent from, and may from time to time conflict or compete with, the Issuer's investment activities. These circumstances may give rise to numerous situations where interests may conflict, including the proprietary investments of Fortress Affiliates in entities or assets in which the Issuer invests, the investment by the Issuer and Fortress Affiliates in the same assets or other dealings involving the Issuer, on the one hand, and Fortress Affiliates and/or businesses they invest in, on the other. The particular circumstances described below further illustrate some of the conflicts of interest that may arise. However, there can be no assurance that other conflicts of interest with the potential for adverse effects on the Issuer will not arise.

### **Allocating Investment Opportunities among Fortress and its Affiliates**

Fortress currently offers a broad range of alternative investment products, including private equity funds, hedge funds and publicly traded alternative investment vehicles. Generally, Fortress does not maintain "Chinese Walls" among respective teams, including the Portfolio Adviser, that manage and/or advise these investment vehicles. Accordingly, information relating to investment opportunities may be shared across the investment teams, including the Portfolio Adviser, that manage and advise these investment vehicles. In addition, Fortress Affiliates invest their own capital in a broad range of investments. In certain cases, the investment objectives and programmes of Fortress Affiliates are similar to, or overlap with, the investment objectives of the Issuer. The Issuer does not have exclusive rights of any investment opportunity. Accordingly, Fortress Affiliates are under no obligation to offer investment opportunities to the Issuer and may choose to allocate all or part of any such opportunity to any Fortress Affiliate or business in which a Fortress Affiliate has invested. Fortress Affiliates may give advice and recommend investments to other Fortress managed accounts which may differ from advice given to, or investments recommended or bought for, the Issuer, even though their investment objectives may be the same or similar.

The Issuer may not be afforded the chance to participate in attractive investment opportunities in which other Fortress Affiliates are given the opportunity to participate, or in some cases may be allocated a small part of an investment opportunity within the investment objectives of the Issuer when other Fortress Affiliates are allocated a larger portion. The Issuer may be prohibited (due to, for example, exclusivity rights granted to other investment funds or regulatory limitations) from pursuing certain investment opportunities and may find that its ability to participate in any particular opportunity may be substantially limited.

In making allocation decisions with respect to investment opportunities that could reasonably be expected to fit the investment objectives of multiple Fortress Affiliates, on the one hand, and the Issuer, on the other, Fortress anticipates that it will consider one or more of the following: the objectives and investment programmes of a Fortress Affiliate, any exclusive rights to investment opportunities that may have been granted to certain Fortress Affiliates, the expected duration of the investment in light of a Fortress Affiliate's objective and investment programme, the amount of available capital, the magnitude of the investment opportunity, regulatory and tax considerations, the degree of risk arising from an investment, the expected investment return, the internal source of the investment opportunity, relative liquidity, likelihood of current income or such other factors as Fortress

deems to be appropriate. These factors provide substantial discretion to Fortress to resolve conflicts of interest arising from limited investment opportunities.

In addition, in the event that an investment opportunity is available in limited quantities, or certain Fortress Affiliates have sufficient available capital and desire to make a proprietary investment in such opportunity, or certain Fortress Affiliates have more or less of their capital invested in Fortress managed accounts or businesses in which they or other Fortress Affiliates have invested, such Fortress Affiliates may have an incentive to allocate such investment opportunity to themselves or other Fortress Affiliates rather than to the Issuer. The economic interests of Fortress Affiliates in certain of these other Fortress managed accounts and businesses in which Fortress Affiliates have interests, when combined with their rights to management and/or incentive fees from such Fortress managed accounts, may be significantly larger than their direct and indirect economic interests in the Issuer.

Finally, the Issuer and Fortress Affiliates may make investments or engage in other activities that express inconsistent views with respect to an entity or a class of asset in which they have invested, a particular security or relevant market conditions. If, for example, a Fortress Affiliate expresses a negative outlook on an entity or a class of asset in which the Issuer has invested, this may reduce the value of the Issuer's investments. For example, one or more Fortress managed accounts may take a long position in a particular security at the same time that another Fortress managed account takes a short position in the same or a related security (which could indirectly drive down the price of the long position). Similarly, the Issuer may elect to sell all or a part of an investment in an entity or a class of asset while Fortress Affiliates hold their investments in the same entity or a class of asset (or increase their exposure to it), or the Issuer may choose to make or increase the size of investment in an entity while Fortress Affiliates are selling all or part of their investment in the same entity or a class of asset.

### **Lack of Operating History**

Since incorporation, the Issuer's operations have been limited to entering into the Unit Purchase Agreement in respect of the Pacifica Portfolio, issuing the Subordinated Notes, preparing the listing particulars in relation to the Subordinated Notes, entering into the documents described therein, issuing the Senior Notes, preparing these Listing Particulars and entering into the documents described herein and, accordingly, has no operating history upon which Senior Note Purchasers may evaluate its performance.

### **Sellers Credit Risk**

While the Pacifica Seller has provided certain indemnities and has an obligation to deliver the Pacifica Portfolio upon the satisfaction by the Issuer of certain obligations under the Unit Purchase Agreement, there is a risk that the Pacifica Seller may fail to deliver the Pacifica Portfolio or will not be able to financially honour such indemnities. In relation to the Sage Crest Policies, Lima 2 LS plc is not expected to provide any indemnities and may fail to deliver the Sage Crest Policies.

### **General Economic and Capital Market Conditions**

General economic and capital market conditions may affect the activities of the Issuer. Interest rates, the price of securities and participation by other investors in the financial markets may also affect the value of the Portfolio. Potential investors should realise that distributions may not be made by the Issuer due to general economic conditions, illiquidity of portfolio investments, constraints imposed by financing arrangements, contractual prohibitions or other reasons mentioned herein.

### **Diversification**

The Issuer, with the advice and assistance of the Portfolio Adviser, has invested in one asset class. An unfavourable performance in that asset class will have a substantial adverse impact on the aggregate returns of the Portfolio.

## **Valuation of Investments**

The Portfolio purchased by the Issuer will not be actively traded. In the absence of market comparisons, the Issuer will be required to resort to other pricing methodologies, including for example models based on assumptions regarding expected trends, historical trends following market conditions believed to be comparable to the then current market conditions and other factors believed at the time to be likely to influence the potential resale price of an investment. Such methodologies may not prove to be accurate and the Issuer's inability to accurately price securities or assets may result in adverse consequences for the Issuer.

## **Risks Related to the Portfolio**

The Portfolio is composed of or will be composed of (i) with respect to the Pacifica Portfolio, direct and indirect interests in 980 life insurance policies, approximately 21 premium finance loans and two options to purchase direct or indirect interests in life insurance policies; and (ii) with respect to the Sage Crest Policies, indirect interests in 106 life insurance policies. Life insurance policies have a number of associated risks including:

### **Dependence upon Third Party Servicers**

Lima Acquisition LP has engaged, in relation to the Pacifica Policies, and may engage in relation to the Sage Crest Policies, one or more third party services to perform certain administrative activities necessary to maintain the Policies, including ensuring that premiums on the Policies are paid in a timely fashion, engaging in mortality tracking of the insureds under the Policies and processing death benefit claims with the insurance companies upon the death of insureds. The failure of any of the Servicers to properly perform its obligations could have a material adverse effect upon the Issuer. For example, if a Servicer receives a notice from an insurance company that premiums are required to be paid on a Policy but fails to take any action with respect to such notice, the Policy could lapse and prevent the Issuer from receiving any death benefit payment from the insurance company upon the death of the related insured. Additionally, life settlement servicers are regulated in certain states, and a failure of a Servicer engaged by Lima Acquisition LP, to comply with applicable laws (including laws of general application, such as relating to the maintenance and use of personal health, financial and other information) could lead to the Issuer becoming subject to litigation and liabilities, whether based upon a complaint from a regulator, an insured or family member thereof or another interested party.

### **Fraudulent Conveyance**

Under certain circumstances, payments to the Issuer may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

### **Life Expectancy of the Insureds**

The Issuer will be required to pay additional premiums on a Policy, and the right of the Issuer to receive payment of the death benefit under a Policy will be delayed, the longer the related insured lives. Accordingly, the amount and timing of distributions to Senior Note Purchasers could be materially and adversely affected if one or more of the insureds under the Policies live longer than anticipated.

The life expectancy of an insured under a Policy is a critical element in determining the anticipated cash flow associated with such Policy (i.e., the amount and timing of premiums required to be paid by the Issuer to maintain such Policy in force and the amount and timing of the death benefit payable to the Issuer upon the death of the insured under such Policy) and ultimately its market value. The estimation of life expectancies is however inherently inexact and imprecise. Past mortality experience is not an accurate indicator of future mortality rates, and it is possible for insureds under Policies to experience lower mortality rates in the future than those historically experienced by other persons having similar traits. The process of developing an estimate of life expectancy may include, but is not necessarily limited to, subjective interpretation of lifestyle, medical history, ancestry, educational background, improvements in mortality rates, wealth and access to and impact of changes in medical techniques. Subjective interpretation of these and other variables leads to vast complexities which



ultimately present a degree of imprecision in projecting the future cash flow and performance of the Portfolio.

The Portfolio Adviser does not possess the expertise to evaluate, and has not independently created, the life expectancies of the insureds under the Policies. Rather, in connection with their review of the Portfolio, affiliates of the Portfolio Adviser received certain reports (each, an "**LE Report**") in respect of the insureds under the Policies that were prepared by one or more third-party medical underwriting firms (each, an "**LE Provider**"). Each LE Report set forth estimated life expectancy information regarding an insured under a Policy based in large part upon medical records obtained from certain of the such insured's physicians and from other similar sources. There can be no assurance, however, that an insured's medical records were accurate or complete when provided to an LE Provider or that an insured's medical condition may not have since changed. Accordingly, the life expectancy of an insured determined by an LE Provider may be currently inaccurate if the LE Provider was provided with incorrect or incomplete information regarding the insured or if the insured's medical condition has changed from that reflected in the medical records furnished to the LE Provider. Even with accurate and complete information, the interpretation of such information can be subjective and one or more of the LE Providers may have underestimated or overestimated the life expectancy of one or more of the insureds under the Policies. The existence of any one or more of these conditions could have a material adverse effect upon the anticipated cash flow of each related Policy and the market value and/or liquidity thereof, and ultimately the amount and timing of distributions to Senior Note Purchasers.

Prospective investors should also be aware that the LE Providers use different methods for determining estimated life expectancies and may arrive at materially different life expectancy estimates for the same individual based on identical input information. Additionally, the LE Providers have historically changed, and may in the future change, from time to time their respective underwriting methodologies in an effort to improve the precision of their life expectancy estimates. For example, certain changes effected by the LE Providers in 2008 resulted in significantly longer life expectancies for many insureds under policies in the life settlement market, which lead to a meaningful reduction in the market value of those policies. Future changes by an LE Provider could similarly lengthen or shorten the life expectancy estimate of the insureds under the Policies and significantly impact the market value and/or liquidity of the affected Policies.

### **Impact of Advances in Medical Science, Disease Treatment and Other Factors**

Advances in medical science and disease treatment may increase the life expectancy of the general population, including the insureds under the Policies. For example, a future breakthrough with respect to the prevention or treatment of a common medical condition, such as cancer or heart disease, could result in large numbers of insureds within the Portfolio living longer than anticipated. Although the LE Providers have processes for attempting to account for such advances, one or more breakthroughs in medical treatment, or a cure for a previously incurable illness, could result in one or more of the insureds living longer than projected in a life expectancy report or otherwise anticipated. Other factors, including, but not limited to, better access to health care, improved nutritional habits, improved lifestyle, an improved economic environment and a higher standard of living could also lead to unexpected increases in the longevity of the insureds. Any one or more of these developments could delay the timing of Policy maturities and have a material adverse effect upon the anticipated cash flow of the Portfolio and the market value and/or liquidity of the Policies, and ultimately the amount and timing of distributions to Senior Note Purchasers.

### **Incorrect Mortality Assumptions**

The insureds under the Policies fit within a small demographic of the general U.S. population. For example, most of the insureds are middle-aged or elderly, relatively wealthy and reside in a limited number of states. These and other characteristics will likely result in the insureds under the Policies experiencing different mortality rates than the general U.S. population, including with respect to persons of the same ages as the insureds. For example, because the insureds under the Policies are wealthier than the general U.S. population, it is expected that they have greater access to health and medical treatment than the general population and accordingly will experience a greater life span. Similarly, since insurance companies generally issue life insurance policies only to insureds that are thought to be in fairly in good health and most of the Policies were issued within the last several

years, it is likely that the insureds under the Policies will experience reduced mortality rates than the general population. A failure of an LE Provider or the Portfolio Adviser to properly take into account these and other specialized factors affecting an insured under a Policy could result in a significant underestimate or overestimate of the insured's life expectancy, which could have a material adverse effect upon the anticipated cash flow of the Portfolio and the market value and/or liquidity of the Policies, and ultimately the amount and timing of distributions to Senior Note Purchasers.

### **Lapse of Policies**

Subject to Policies which are surrendered or permitted to lapse pursuant to a Permitted Policy Lapse (as defined in the sectioned headed "The Note Purchase Agreement"), the Issuer will be required to make premium payments on the Policies. Initially, these payments will be made from available cash on hand, primarily from (i) amounts drawn under any credit facility or other sources of debt financing available to the Issuer (including subscription amounts in respect of the Subordinated Notes), and (ii) proceeds from Policies and other cash kept in reserve by the Issuer. As death benefit payments are received from the insurance companies, cash flows may be used to support the necessary minimum premium payments. If actual mortality rates are lower than projected, there is a possibility that additional funds beyond death benefit payments and funds in reserve will be needed to continue making minimum premium payments to keep the Policies in force. If there are insufficient funds available for this purpose or if the Issuer or a Servicer on its behalf do not otherwise pay premiums on Policies in a timely manner (including as a result of an administrative error by the Portfolio Adviser or a third party engaged by or on behalf of the Issuer), Policies could lapse and the value of the asset could be lost. Such a failure by the Issuer to pay (or a delay in paying) premiums could result from, among other reasons, a default by a counterparty to fund amounts under a credit facility or a default by a Subordinated Note Purchaser to fund a capital contribution. Any such lapse of any one or more of the Policies included in the Portfolios may materially and adversely affect the amount and timing of distributions to Investors.

### **Risk of Increased Premium Payments**

The anticipated amount of future premiums required to be paid on a Policy in order to keep it in force constitutes a material element in determining the market value of such Policy. Affiliates of the Portfolio Adviser have performed analyses to estimate the levels and frequency of premiums that will be required to be paid on each Policy on a going forward basis. These analyses are based on certain assumptions and estimates, including information contained in individual policy illustrations and other data that has been provided to Affiliates of the Portfolio Adviser by third parties. However, there can be no assurance that the actual premiums payable on any Policy will not differ materially from the analyses performed, including due to incorrect underlying data or a miscalculation or because the issuing insurance company will increase the cost of insurance under the Policy to a level higher than projected. Moreover, at least one life insurance company publicly announced an increase in its cost of insurance rates for certain universal life insurance policies earlier this year, which creates a meaningful possibility that the cost of insurance under one or more Policies may be higher than currently anticipated since such increase may include Policies within the Portfolio as well as lead to similar increases by such insurance company or other insurance companies that affect other Policies.

Any increase in the level of premium payments under one or more of the Policies could result in the Issuer needing to raise additional funds to pay such premiums at times and in amounts previously unanticipated, including by requiring the Issuer to draw additional capital, receive financing and sell Policies and other assets, which may not be available on favorable terms or at all. An inability of the Issuer to directly or indirectly raise additional funds when needed could result in one or more of the Policies lapsing, following which the Issuer would not be entitled to receive any death benefits under any such Policy. Additionally, an increase in the amount of premiums required to maintain a Policy in force, when evaluated with the life expectancy of the insured under the Policy, could lead the Issuer to conclude that it would be better to surrender or lapse such Policy than to continue paying premiums thereon, in which case the Issuer would not be entitled to receive the death benefit under such Policy following the insured's death. An increase in the level of premiums required to be paid under a Policy may result in reduced or delayed cash flow to the Issuer resulting in less income of the Issuer available for distribution, which could materially and adversely affect the amount and timing of distributions to Investors.

## **Enforcing Premium Finance Loans**

The European bank, from whose affiliate the Issuer acquired the Pacifica Portfolio, made a number of premium finance loans to borrowers to allow them to take out life insurance policies. The outstanding loans at the time Pacifica Portfolio acquired by the Issuer pursuant to the Unit Purchase Agreement relate to approximately two percent of the Pacifica Portfolio (by number). All of such premium finance loans have matured or will mature prior to the end of this year. If the borrowers do not repay the loan amounts, they may elect to relinquish the policy to the Issuer in satisfaction of the premium finance loan. If the loan is not repaid and the policy is not relinquished in satisfaction, the Issuer may be required to take legal action, including suing the borrower or foreclosing on the loan, to recover the benefit of the relevant policy from the borrower. The Issuer would have to bear the costs of such legal action, and the results of such legal action cannot be predicted.

## **Insurable Interest**

Insurance laws generally require the person procuring a life insurance policy to have an insurable interest in the life of the underlying insured at the time the life insurance policy is procured. A person is presumed to have an insurable interest in his/her own life. People with an insurable interest in an underlying insured also include immediate family members (by blood or law) or other persons with substantial economic interest in the continued life of the underlying insured (e.g., a creditor with respect to the debtor up to the amount of the loan, an employer with respect to certain key employees, etc.). An issuing insurance company may seek to rescind a Policy on the grounds that the Policy was void *ab initio*, or is voidable, for lack of insurable interest. Furthermore, in some states an insured's estate, spouse or children (i.e., presumptive beneficiaries) have the right to the death benefit rather than the person who is named as the beneficiary under the Policy if such Policy is determined not to have been procured with the requisite insurable interest in the life of the insured. Any delay or failure of an issuing insurance company to pay death benefits under a Policy to the Issuer resulting from any claim, challenge or proceeding (whether of an insurance company, a presumptive beneficiary or another party) asserting a lack of the requisite insurable interest could materially and adversely affect the amount and timing of distributions to Senior Note Purchasers.

## **Premium Finance Loan and Life Insurance Origination Programs are Susceptible to Practices Which Can Invalidate the Underlying Life Insurance Policy**

The legality and merit of "investor-initiated" or "stranger-originated" life insurance products have been questioned by members of the insurance industry, including by many life insurance companies and insurance regulators. For example, the New York Department of Insurance issued a General Counsel's opinion in 2005 concluding that arrangements intended to facilitate the procurement of life insurance policies for resale violated New York's insurable interest statute and may also constitute a violation of New York State's prohibition against premium rebates/free insurance. More recently, many states have enacted laws expressly defining and prohibiting stranger-originated life insurance ("STOLI") practices, which in general involve the issuance of life insurance policies as part of or in connection with a practice or plan to initiate life insurance policies for the benefit of a third party investor who, at the time of the policy issuance, lacked a valid insurable interest in the life of the insured. Under these laws, a premium finance loan, as well as any life insurance policy collateralizing such loan, must meet certain criteria or such policy can be invalidated, or deemed unenforceable, in its entirety. Most of the Policies that are likely to be included in the Portfolio are expected to have been originated through a number of premium finance loan and other origination programs. The Issuer cannot predict whether a state regulator, insurance carrier or other party will assert that any of the Policies in the Portfolio should be treated as having been issued as part of a STOLI transaction or otherwise were issued in contravention of applicable insurable interest laws. Moreover, because the Portfolio consists of groupings of Policies that were originated in the same or a similar manner and in a limited number of states (in particular, California, Minnesota, Wisconsin and South Dakota although the insured may reside in other states), there is a heightened risk that an adverse court decision or other challenge or determination by a regulatory or other interested party with respect to a Policy could have a material adverse effect with respect to a significant number of other Policies, including the rescission of Policies in the Portfolio or the occurrence of other actions that prevent the Issuer from being entitled to receive or retain the death benefit under the Portfolio upon the death of the related insureds. Concerns of such nature could also negatively affect the market value and/or liquidity of the Portfolio or portions thereof.

Participants in the life settlement and premium finance industries have been the subject of lawsuits based on allegations of fraud and misconduct. These lawsuits involve allegations of fraud, breaches of fiduciary duty and other misconduct by industry participants. Some of these cases are brought by life insurance companies attacking the original issuance of the policies on insurable interest and fraud grounds. Notwithstanding the litigation in this industry, there is a lack of judicial certainty in the legal standards used to determine the validity of insurable interest supporting a life insurance policy or the existence of STOLI practices. Lawsuits sometimes focus on transfers of equity interests of the policyholder (e.g., beneficial interests of an irrevocable trust holding a policy) that occur very shortly after or contemporaneously with the issuance of the policy or arrangements whereby the premium finance lender, the life insurance agent and the insured agree to transfer the policy to the premium finance lender or another third party shortly after the policy issuance or the "contestability period." Policies in the Portfolio may have been originated in a manner similar to the foregoing. Regulatory, legislative or judicial developments (including increasing clarity regarding the interpretation of existing laws) or changes in these areas may lead to Policies within the Portfolio becoming subject to rescission actions or otherwise challenged by life insurance companies, presumptive beneficiaries and other interested parties, which could affect the Issuer's right to receive a death benefit payment under one or more of the Policies upon the death of the related insureds. Such developments and changes could also have a material adverse affect upon the market value and/or liquidity of Policies within the Portfolio. The occurrence of any one or more foregoing events could materially and adversely affect the amount and timing of distributions to Senior Note Purchasers.

#### **Premium Financed Life Insurance Policies and Life Insurance Policies Originated Through Other Structured Programs are Susceptible to a Higher Risk of Fraud and Misrepresentation in Life Insurance Applications**

While fraud and misrepresentation by applicants and potential insureds in completing life insurance applications (especially with respect to the health and medical history and condition of the potential insured as well as the applicant's net worth) exist generally in the life insurance industry, such risk of fraud and misrepresentation is heightened in connection with life insurance policies for which the premiums are financed through premium finance loans or other structured programs. In particular, there is a significant risk that applicants and potential insureds may not answer truthfully or completely to questions related to whether the life insurance policy premiums will be financed through a premium finance loan or otherwise, the applicants' purpose for purchasing the policy, the applicant's net worth or income or the applicants' intention regarding the future sale or transfer of the life insurance policy. Such risk may be further increased to the extent life insurance agents communicate to applicants and potential insureds regarding potential premium finance arrangements or transfer of life insurance policies through payment defaults under premium finance loans. Most of the Policies included in the Portfolio were originated through premium finance loan and other structured programs. Consequently, there is a risk that Policies included in the Portfolio may be subject to contest or rescission by the insurance carrier based on fraud or misrepresentation in any information provided to the life insurance company, including the life insurance application. Such action may result in a negative impact on the market value and/or liquidity of the Policies and/or may materially and adversely affect the amount and timing of distributions to Senior Note Purchasers.

#### **Contestability of Policies**

Life insurance policies generally provide that the issuing insurance company may only contest, or seek to rescind, such life insurance policies for certain reasons, including fraud or misrepresentations of the owner or the insured, within a specified time period set forth in such life insurance policy, which is generally two years. Following such period, a life insurance policy will generally provide that it is not contestable. However, in some states, existing case law or regulations may allow an insurer to maintain a challenge to payment under the policy for fraud or misrepresentation beyond the contestability period or individual insurance contracts may provide for such a defense. In most states, the expiration of the contestability period will not bar an insurable interest defense by an issuing insurance company. If an issuing insurance company successfully contests a Policy, whether within the specified contestability period or otherwise, then upon the death of the underlying insured, such issuing insurance company will not be obligated to pay the death benefit under such Policy, but instead will generally be only obligated to return the premiums previously paid for such life insurance policy (with or without interest on such premiums and potentially subject to offset against fees of the insurer in challenging the enforceability of the policy). It is also possible that an insurance company

will not be obligated to return previously paid premiums to the Issuer, in whole or in part, in cases of significant fraud or other facts and circumstances surrounding the origination of the Policy. As a result, if one or more of the issuing insurance companies contests any of the Policies, such action may result in a negative impact on the market value or liquidity of those Policies, as well as other similarly originated Policies within the Portfolio, and/or may materially and adversely affect the amount and timing of distributions to Investors.

### **Risk of Litigation with Insureds and Family Members**

The assignment of life insurance policies can be a contentious matter in the event that an insured or a family member of an insured disputes the transfer of the life insurance policy. Even though the Issuer will be acquiring their interests in the Portfolio in a tertiary market transaction, the Issuer may be named as a defendant in a lawsuit or regulatory action stemming from the origination of one or more of the Policies. In the event any litigation was to occur, the Issuer would bear the costs of defending against the litigation, and would be unable to predict its outcome, which could include the Issuer losing its right to receive (or retain) the proceeds otherwise payable under one or more of the Policies and an adverse outcome could have a material adverse effect on the Issuer.

### **Risk of Litigation with Insurance Companies**

Most of the Policies included in the Portfolio were originated as part of a highly structured premium finance or other type of origination program. Some of these programs, or other programs having similar characteristics, are objectionable to certain life insurance companies and other parties, including certain regulators, on the basis of constituting a means of originating stranger-originated life insurance. Additionally, as described above, life insurance policies that are originated through the use of structured origination platforms, such as most of the Policies, often present a greater risk of there having been fraud and/or misrepresentations in connection with the issuance of the policies. For these reasons, among others, it is possible that the Issuer may become subject to, or may otherwise become affected by, litigation involving one or more life insurance companies (either as a plaintiff or a defendant), including claims by an insurance company seeking to rescind a Policy prior to or after the death of the related insured. Moreover, such risk may be enhanced with respect to an insurance company that is experiencing financial difficulty, since a successful claim by the insurance company could reduce its financial liabilities. In the event any litigation was to occur, the Issuer would bear the costs of defending against the litigation, and would be unable to predict its outcome, which could include a Issuer losing its right to receive (or retain) the proceeds otherwise payable under one or more of the Policies.

### **Insurance Company Default**

Most of the insurance companies that issued Policies maintain a claims paying ability rating from one or more rating agencies. The claims paying ability rating of an insurance company is not however a guarantee that such issuing insurance company will not become insolvent or default on its obligation to pay timely death benefits on any one or more of the Policies issued by such issuing insurance company. If one or more of the issuing insurance companies default, all or a substantial amount of death benefits under the affected Policies may not be timely collected or collected at all, and the amount and timing of distributions to Investors could be materially and adversely affected.

State insurance laws govern matters relating to the financial stability of life insurance companies in the United States, including by providing for increased oversight and regulatory mechanisms in the event that a life insurance company becomes insolvent or otherwise financially impaired. In the event that an insurance company relating to a Policy suffers financial distress, it is possible that the insurance company could become subject to one or more of several types of events, including conservation, rehabilitation and liquidation. The exact nature and consequences of any such event can vary considerably and could result in a significant restructuring of an insurance company and its assets and liabilities, which could have a material adverse effect upon the market value of Policies and/or the ability of the Issuer to receive the full amount (or any) of the proceeds that would otherwise be payable to such Issuer under one or more of the Policies.

A downgrade in the claims paying ability rating of an issuing insurance company will affect the market value of the Policies issued by such issuing insurance company. Should the Issuer decide to sell any

such Policy prior to its maturity, such downgrade may result in the Issuer receiving a lower price than it otherwise would receive. Under such circumstances, the Issuer would have less money available to be distributed, and as a result, the amount and timing of distributions to Investors could be materially and adversely affected.

The payment of death benefits by issuing insurance companies is supported by state regulated reserves held by the issuing insurance companies and, under certain circumstances and in limited amounts that vary from state to state, state supported guarantee funds. However, such reserves and guarantee funds may be insufficient to pay death benefits under the Policies issued by an issuing insurance company if such issuing insurance company becomes insolvent. In addition, the benefits of certain such state supported guarantee funds are capped per insured life (irrespective of the number of Policies issued and outstanding on the life of such individual). Guarantee fund laws often include aggregate limits payable with respect to any one life across different types of life insurance policies. If payments due under any Policy are otherwise delayed or affected by an issuing insurance company's insolvency, the amount and timing of distributions to Investors could be materially and adversely affected.

### **Illiquid Market for Life Settlement Policies**

The market for life insurance policies is relatively illiquid when compared to other asset classes. The tertiary market for life insurance policies has developed relatively recently, and could from time to time experience limited capacity and therefore, limited liquidity. Also, the vitality of this new market could be severely affected by changes in regulation, tax or other laws, or by action of the life insurance industry that makes the buying and selling of life insurance policies more difficult or impossible. If the Issuer desired (or needed) to sell one or more Policies in the secondary market for any purpose or otherwise desired to dispose of the Portfolio in whole or in part (including by means of a securitization or other structured finance transaction), it is possible that the lack of liquidity at such time could make the sale of Policies or the consummation of other disposition transactions difficult or impossible. The Issuer (and ultimately the Senior Note Purchasers) therefore bear a risk of selling Policies at a substantial discount or not being able to sell or otherwise dispose of Policies in a timely manner or at all. This lack of liquidity could result in reduced or delayed cash flow to the Issuer, resulting in less income of the Issuer available for distribution to Senior Note Purchasers.

### **Delays in Receiving Insurance Proceeds; Insured "Lost"**

The death of the insured must have occurred to permit a claim to be filed with the insurer for the proceeds of a Policy. Obtaining actual knowledge of death of an insured may prove difficult and time-consuming due to the need to comply with applicable law regarding the contacting of the insured's family to ascertain the fact of death and to obtain a copy of the death certificate in order to file the claim. Because the amount of the Policy typically will not increase subsequent to death, the longer it takes to make the claim, the less valuable the proceeds of the Policy will be.

Occasionally, insurers encounter a situation where the body of the insured cannot be located and/or identified. For example, the insured may have been lost at sea and there may not be proof of death available for several years or at all. In the event of a "lost" insured, the death claim may be held up for up to seven years, or longer depending on the applicable state law, by the insurance company. Under these circumstances, typically, the claim will then be paid with interest back from the date that the insured was originally presumed lost. Nonetheless, it remains possible that it will be difficult or impossible to locate and/or identify an insured to establish proof of death and, as a result, the insurer may significantly delay (but not ultimately avoid) payment of the death benefit. This delay could result in a longer than anticipated holding period for such Policies and, ultimately, delay the Issuer receiving the proceeds thereof.

### **Delays in Payment of Death Benefits**

Upon the death of an insured, the issuing insurance company is obligated to pay the death benefit under the Policy, subject to compliance with certain conditions (e.g., timely filing of acceptable Policy claim forms with due proof of death, etc.). However, there could otherwise be delays in payment of death benefits, including delays caused by the issuing insurance company investigating facts

surrounding one or more death claims, which could materially and adversely affect the timing of distributions to Investors.

### **Risk of Maturity at Certain Attained Ages**

If an insured survives to the maturity date of a Policy (ranging between ages 95 and 120), the issuing insurance company may only be obligated to pay the cash surrender value at that time rather than the death benefit. Because most Policies have only a minimal amount of cash surrender value, if an insured were to survive to the maturity date of a Policy, the benefit payment would be minimal and could materially and adversely affect the amount and timing of distributions to Investors.

### **Limited Independent Investigation Made in Respect of the Portfolios**

The Issuer purchased the Pacifica Portfolio and will purchase the Sage Crest Policies from third-party sellers, and neither the Issuer nor the Portfolio Adviser was involved in the origination of any of the Policies included in the Portfolio. Although affiliates of the Portfolio Adviser have conducted a review of the Portfolio, the seller of the Pacifica Portfolio made certain representations and warranties to the Issuer in connection with the sale of the Pacifica Portfolio. The seller of the Sage Crest Policies will not provide any representations and warranties. There may be aspects of the Pacifica Portfolio or the Sage Crest Policies that are unknown to the Portfolio Adviser, including aspects that could affect the ability of the Issuer to receive proceeds from one or more of the Policies or that could result in litigation against the Issuer, the Portfolio Adviser or other related parties. Any such aspect could have a negative impact on the market value or liquidity of one or more of the Policies and/or may materially and adversely affect the amount and timing of distributions to Senior Note Purchasers.

### **Interest Rate Risks**

The Issuer has exposure to interest rate risks, meaning that changes in prevailing interest rates could negatively affect the value of the Portfolio. In a changing interest rate environment, the Issuer may not be able to manage this risk effectively and the performance of the Senior Notes could consequently be adversely affected.

In a rising interest rate environment, opportunities for sale of one or more Policies, financing transactions, and securitizations may be significantly less attractive. For example, if interest rates increase, the comparable value of life settlement investments is likely to decrease. The market value of a Policy is based in large part on the estimated discounted value of future cash flows from the Policy, including benefit proceeds, minus the estimated discounted value of future premiums due on, and other costs of maintenance of, the Policy. If the interest rates used to estimate the market value of a Policy change, the present value of the Policy may also change. Generally, if interest rates increase, the present value of a life insurance policy decreases. If the Issuer is forced to sell a Policy in a higher interest rate environment, the market price for the Policy may be less than the value that the Issuer attributed to such Policy when it acquired such Policy.

The Issuer may enter into hedging arrangements from time to time but this may not cover all risks relating to interest rate fluctuations.

### **Legislative and Regulatory Risks**

#### **Adverse Scrutiny or Publicity Related to the Issuer or the Life Settlement Market**

Many regulators, lawmakers and other governmental authorities, as well as many insurance industry organizations, are hostile to, or otherwise concerned about certain aspects of, the life settlement and premium finance markets. Such persons and others have made the argument that such markets are contrary to public policy by promoting financial speculation on human life. It is unclear what impact, if any, such hostility and concerns will have on the Portfolio or the Issuer.

#### **State Regulatory Framework**

Like the United States insurance industry in general, the regulation of the secondary market for life insurance is currently governed by the laws of individual states. Approximately 44 states currently

have laws governing life settlement transactions and participants, and several other states are considering or are in the process of enacting life settlement legislation. The substance of such laws varies from state to state, as well as other state laws which are often implicated by life settlement transactions, such as laws relating to insurable interest. In addition, the growth of the life settlement market has been accompanied by increased oversight by governmental authorities and industry organizations, including the National Association of Insurance Commissioners and the National Conference of Insurance Legislators, which have developed model life settlement laws for consideration and adoption (in full or in part) by individual states. The current lack of uniformity of life settlement regulation among the states, coupled with an unsettled life settlement regulatory landscape, could negatively affect the life settlement industry generally and the market value and/or liquidity of the Policies more specifically, including by presenting obstacles for greater market participation.

### **State and Federal Securities Laws**

It is possible that, depending on the facts and circumstances attending a particular sale of a life insurance policy, a sale could implicate state and federal securities laws. For example, in a case decided by the United States Eleventh Circuit on May 6, 2005, *Securities and Exchange Commission v. Mutual Benefits Corp.*, a transaction involving the sale of a viatical settlement was held to be an "investment contract," and thus a "security" within the meaning of the Securities Act, and the Securities Exchange Act, thereby subjecting the transaction to the requirements and restrictions of the federal securities laws. It is also possible that sales of life insurance policies, including variable life insurance policies, may be subjected to applicable state blue sky laws, or other federal and state securities laws. The failure of the Issuer to comply with applicable securities laws in connection with Policies could result in fines and to administrative and civil sanctions and, in some instances, to criminal sanctions.

### **Legislative and Regulatory Risks Associated with Life Insurance and the Life Settlement and Premium Finance Markets**

Like the United States insurance industry in general, the life settlement market is currently subject to regulation in many states. The substance of such regulation varies from state to state. Each state has or may in the future adopt regulations that participants in the life settlement market must abide by, and such regulations may not necessarily be consistent with those of other states. In addition, the growth of the life settlement market has been accompanied by increased oversight by governmental authorities and industry organizations. States with existing regulations may review or change their existing regulations and some states are considering adopting new regulations. Industry organizations, including the National Association of Insurance Commissioners and the National Conference of Insurance Legislators, have developed model laws applicable to the life settlement market for consideration and adoption (in full or in part) by the state regulatory authorities. Changes in such laws or in the interpretation of such laws may result in a negative impact on the market value or liquidity of the Policies and and/or may adversely affect the cash flows available to the Issuer.

On July 22, 2010, the United States Government Accountability Office and a task force of the SEC staff each released reports regarding the regulation of life settlements. Recognising that the regulation of life settlements within the United States is not consistent among the states, each report suggests that steps be taken to regulate life settlements more consistently and to increase protection for policy owners, investors and intermediaries. In addition, on July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") was signed into law. The Dodd-Frank Act has had and will continue to have broad ranging implications for the banking, securities, derivatives, insurance and financial services industries, many of which are difficult to predict. The implications of such reports and the Dodd-Frank Act and any changes to United States federal and state laws that may result therefrom is unclear and may adversely affect life settlement market participants and the Issuer.

### **Privacy Laws and Other Factors May Limit Information Received About an Insured**

U.S. and foreign privacy laws and confidentiality considerations may limit the information the Issuer receive about an insured under a Policy, such as the insured's medical condition. In addition, other



factors, such as the insured's unwillingness to cooperate, may limit the information that the Issuer receives.

### **Failing to Comply with Privacy Safeguards**

Both U.S. and foreign laws safeguard an insured's private health information. In addition, insureds frequently have an expectation of confidentiality even if they are not legally entitled to it. If the Issuer or related parties obtains and uses private health information, but fails to maintain the confidentiality of such information, the Issuer may become subject to fines, administrative and civil sanctions and, in some instances, criminal sanctions, and may receive complaints from the affected individuals, their families and relatives and, potentially, interested government officials even if such information is properly obtained and used. Because of the uncertainty of applicable law, it is not possible to predict the outcome of such disputes.

### **Access to Accurate and Current Medical Information Regarding the Insured – Privacy Concerns**

An insured's nonpublic personal financial and health information is protected by a variety of statutes, both federal and state. The value of a Policy is inherently tied to the remaining life expectancy of the insured and information necessary to perform this valuation may not be available. If necessary consents were not obtained from the insured it is possible that this information cannot legally be made available to the Issuer. If it is legally available to the Issuer, it is possible that such information is outdated and of little utility for a current evaluation of the remaining life expectancy of the insured. Even if the insured made available a general consent that purports to give the owner of the Policy the right to subsequently request and receive medical information from the insured's health providers, it is possible for the insured, in the interim, to have revoked the consent. Likewise, it is possible that applicable law causes the consent to expire after a certain period of time. Even if the consent is effective, without the then cooperation of the insured, it may be difficult for the Issuer to convince the insured's health care providers of the consent's efficacy, and as such, the health care providers may be reluctant to release medical information. These impediments to accessing current medical information can prove to be a significant obstacle to obtaining a proper valuation of a Policy or to the Issuer's ability to sell a Policy or to dispose of their interest in the Portfolio, in whole or in part (including by means of a securitization transaction).

### **Certain Confidentiality Provisions**

The Issuer will have the right to keep confidential from Senior Note Purchasers any information that the Issuer reasonably believes to be in the nature of trade secrets or other information the disclosure of which the Issuer in good faith believes is not in the best interest of the Senior Note Purchasers or could damage the Senior Notes or which the Issuer is required by law or by agreement with a third-party to keep confidential.

### **Default by Investors**

If a Subordinated Note Purchaser defaults on its obligation to make required capital contributions or is excused from an investment, it may be difficult for the Issuer to make up the shortfall from other sources. Other Senior Note Purchasers may be required to make additional contributions to replace such shortfall, thereby reducing the diversification of their investments. Any default by, or excuse of, one or more Subordinated Note Purchasers could have a deleterious effect on the Issuer, its assets and the interests of the other Subordinated Note Purchasers.

### **Exculpation and Indemnification**

The Issuer is responsible for indemnifying each of the Security Trustee, Senior Note Trustee, the Registrar and the Paying Agent for any losses or damage incurred by it except for losses incurred by such party primarily attributable to its negligence, wilful default, wilful misconduct or bad faith. Liabilities arising from such indemnification obligations may be material. Any such indemnification obligations of the Issuer would be payable out of the Issuer's assets.

## **Increased Regulatory Oversight**

The financial services industry has been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase the Issuer's and/or the Portfolio Adviser's exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight can also impose administrative burdens on the Portfolio Adviser, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert the Portfolio Adviser's time, attention and resources from portfolio advisory activities.

In addition, it is anticipated that, in the normal course of business, the Portfolio Adviser's officers will have contact with governmental authorities, and/or be subjected to responding to questionnaires or examinations.

## **Current Market Conditions and Governmental Actions**

Beginning in the fourth quarter of 2008, world financial markets experienced extraordinary market conditions, including, among other things, extreme losses and volatility in securities markets and the failure of credit markets to function. In response, legislators and regulators have implemented and continue to consider regulatory reforms and other measures to stabilize markets and encourage growth in U.S. and global financial markets. Further adverse or volatile market conditions, or regulatory reforms and other measures which limit the Issuer's activities and investment opportunities or change the functioning of capital markets, could have a material adverse effect on the Senior Notes.

## **Entities Subject to Particular Restrictions**

Certain prospective investors may be subject to laws, rules and regulations limiting their participation in the Senior Notes or their engaging directly, or indirectly through an investment in the Senior Notes, in investment strategies of the types which the Portfolio Adviser may utilise from time to time. Each type of entity may be subject to different laws, rules and regulations, and prospective investors should consult with their own advisers as to the advisability and tax consequences of an investment in the Senior Notes. The Senior Note Purchasers' investment in the Senior Notes and their underlying assets may be adversely affected by legal and regulatory changes during the term of the Senior Notes.

## **Article 122a of the European Union Directive 2006/48/EC may result in increased regulatory capital requirements in respect of the Senior Notes**

New Article 122a of European Union Directive 2006/48/EC (as implemented by the Member States of the European Economic Area ("EEA") (the "CRD")) applies, in general, to newly issued securitisations after 31 December 2010. Article 122a restricts an EEA regulated credit institution and consolidated group affiliates thereof (each, an "**Affected Investor**") from investing in a securitisation (as defined by the CRD) unless the originator, sponsor or original lender in respect of that securitisation has explicitly disclosed to the Affected Investor that it will retain, on an ongoing basis, a net economic interest of not less than 5 %. (or such higher percentage as may be required by the national law of the relevant EEA Member State) in that securitisation in the manner contemplated by Article 122a. Article 122a also requires that an Affected Investor be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, the notes it has acquired and the underlying exposures, and that procedures have been established for such due diligence to be conducted on an on-going basis. Failure to comply with one or more of the requirements set out in Article 122a may result in the imposition of a penal capital charge with respect to the investment made in the securitisation by the relevant Affected Investor.

Although Lima Acquisition LP has agreed to retain the Portfolio and may only sell it in the circumstances described in the section headed "The Note Purchase Agreement", neither Lima Acquisition LP nor any other party to the transaction intends to retain a material net economic interest in the transaction for the purposes of Article 122a or take any other action which may be required by Affected Investors for the purposes of their compliance with Article 122a. This may have a negative impact on the regulatory capital position of Affected Investors and on the value and liquidity of the Senior Notes in the secondary market.

Investors in the Senior Notes are responsible for analysing their own regulatory position, and are encouraged to consult with their own investment and legal advisors regarding compliance with Article 122a and the suitability of the Senior Notes for investment. None of the Issuer, Lima Acquisition LP, or any of the other transaction parties makes any representation to any prospective investor or purchaser of the Senior Notes regarding the regulatory capital treatment of their investment in the Senior Notes on the Closing Date or at any time in the future.

## USE OF PROCEEDS

The initial net proceeds from the issuance of the Senior Notes are USD250,000,000 on the Closing Date (the "**Initial Principal Amount**"). USD185,637,178 of the proceeds of the Initial Principal Amount has been used to repay Subordinated Noteholder Contributions in part and the remaining proceeds have been deposited into the Collection Account and (i) may be used by the Issuer for the acquisition of the Sage Crest Policies, and (ii) used as reserves for the repayment of Senior Amounts.

The Issuer may request additional advances up to USD100,000,000 in aggregate from time to time following issuance of the Senior Notes from the Senior Note Purchasers and subject to satisfaction of certain conditions as more particularly described in the section headed "The Note Purchase Agreement") (the "**Fundings**"). The Fundings shall be deposited into the Collection Account.

Amounts from the Collection Account will be used solely to pay Senior Amounts (as more particularly described in the section headed "The Note Purchase Agreement").

## THE ISSUER

The Issuer was incorporated in England and Wales on 9 November 2010 (registered number 7434324) and is a public limited company under the Companies Act 2006 (as amended). The registered office of the Issuer is c/o Fortress Investment Group (UK) Ltd, 5 Savile Row, London W1S 3PD. The telephone number of the Issuer's registered office is +44 20 7290 5600.

The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each fully paid, all of which are legally owned by Lima Holdings LLC, a Delaware limited liability company. As a matter of English company law, the directors of the Issuer are at all times required to act independently in the interests of the Issuer to promote its success to the exclusion of all other interests, including those of Lima Holdings LLC.

The Issuer was established as a special purpose vehicle for the purposes of issuing the Subordinated Notes, the Senior Notes and owning an interest in the Portfolio Assets. The Senior Notes are backed by:

- (i) the Portfolio Assets in respect of the Pacifica Portfolio which were acquired through the purchase by the Issuer of the interest in five Delaware limited liability companies. Four of those five limited liability companies were merged into the fifth, Estate Planning LLC, which was then converted pursuant to Delaware law into a Delaware limited partnership named Lima Acquisition LP. The Issuer is both a limited partner and the general partner of Lima Acquisition LP. The obligations of Lima Acquisition LP are not be obligations of the Issuer. However, it is anticipated that the Issuer will release funds to Lima Acquisition LP, to enable that party to meet its future obligations, including paying premiums on the Pacifica Policies;
- (ii) the Portfolio Assets in respect of the Sage Crest Policies, which may be purchased by Lima Acquisition LP from Lima 2 LS plc who, in turn, purchased such Sage Crest Policies from the Chapter 11 bankruptcy estates of Antietam Funding, LLC and National Consolidated Funding II, LLC. Antietam Funding, LLC and National Consolidated Funding II, LLC do not own directly or indirectly any of the share capital of Holdings or the Issuer; and
- (iii) the additional Subordinated Noteholder Contributions (as defined in the section headed "The Note Purchase Agreement") payable after the Closing Date pursuant to an assignment in favour of the Security Trustee over the rights of the Issuer to make a call on such additional Subordinated Noteholder Contributions.

No Seller (as defined below) owns directly or indirectly any of the share capital of Holdings or the Issuer.

The Issuer has not engaged, since its incorporation, in any material activities nor commenced operations other than those incidental to its registration as a public company under the Companies Act 2006 (as amended), its application for (and receipt of) a trading certificate under the Companies Act 2006 (as amended, and as a data controller under the Data Protection Act 1998 (as amended)) the appointment of Constantine Michael Dakolias as a director of the Issuer, the entry into the following agreements: (i) a \$35,000,000 facility agreement between the Issuer as borrower and FCOF UB Securities LLC, FCOF II UB Securities LLC, FTS SIP L.P., FCO MA II UB Securities LLC, FCO MA LSS LP, FGOY Securities Ltd., FCO MA Maple Leaf LP each as lenders on 10 November 2010, (ii) a unit purchase agreement between the Issuer as purchaser and the Pacifica Seller pursuant to which the Issuer agreed to purchase and the Pacifica Seller agreed to sell certain limited liability company interests on 10 November 2010, (iii) an assignment agreement between the Issuer and the Pacifica Seller dated 10 November 2010, (iv) an escrow agreement between the Issuer, the Pacifica Seller and Wilmington Trust Company as escrow agent on 10 November 2010, (v) authorisation of those afore-mentioned documents dated 10 November 2010, and (v) the issue of the Subordinated Notes and the entering into transaction documents referred to in the listing particulars dated 21 December 2010 to which it is a party and other matters which are incidental or ancillary to the foregoing. The Issuer has no employees.

As at the date of these Listing Particulars, no statutory accounts have been prepared or delivered to the Registrar of Companies on behalf of the Issuer. The accounting reference date of the Issuer is

31 December. The first statutory accounts of the Issuer are expected be drawn up to 31 December 2011.

### **Directors and secretary**

The following table sets out the directors of the Issuer and their respective service addresses and occupations.

<b>Name</b>	<b>Service address</b>	<b>Business Occupation</b>
Constantine Michael Dakolias	c/o Fortress Investment Group, 1345 Avenue of the Americas, 46 <sup>th</sup> Floor, New York, NY 10105 USA	Managing Director, Co-Chief Investment Officer of Credit Funds
Nicholas Paul Fegan	c/o Fortress Investment Group (UK) Ltd, 5 Savile Row, London W1S 3PD	Solicitor
Miriam Thomas (Alternate director to Nicholas Paul Fegan)	c/o Fortress Investment Group (UK) Ltd, 5 Savile Row, London W1S 3PD	Solicitor
Douglas Boyd Thomas	c/o Fortress Investment Group (UK) Ltd, 5 Savile Row, London W1S 3PD	Asset Manager
Jonathan Eden Keighley	c/o Structured Finance Management Ltd, 35 Great St. Helen's, London EC3A 6AP	Independent Director

The articles of association of the Issuer provide that the quorum for meetings of the directors of the Issuer need not include the Independent Director, however none of the following matters may be approved, authorised or resolved upon by the directors without the approval of the Independent Director:

- (a) the winding-up of the Issuer or Lima Acquisition LP or any similar or analogous process in any jurisdiction, or the appointment of a receiver, liquidator or provisional liquidator, trustee, sequestrator or similar officeholder in any jurisdiction in respect of the Issuer, Lima Acquisition LP or any of its subsidiary undertakings;
- (b) the appointment of an administrator or similar officeholder in any jurisdiction in relation to the Issuer or Lima Acquisition LP;
- (c) the institution of proceedings to have the Issuer or Lima Acquisition LP be adjudicated bankrupt or insolvent, or the seeking or filing of a petition in respect of any moratorium or voluntary arrangement in respect of the debts of the Issuer or Lima Acquisition LP under the Insolvency Act 1986, the United States Bankruptcy Reform Act of 1978 (11 U.S.C. §§ 101, et seq.) or any equivalent legislation or procedure in any other jurisdiction; or in each case, to take any action in furtherance of the foregoing actions; and
- (d) (i) the consolidation or merger of Lima Acquisition LP with or into any person, (ii) the sale of all or substantially all of the assets of the Issuer or Lima Acquisition LP, if all obligations in connection with the Senior Notes will not be extinguished in connection with such sale, or (iii) the admission in writing by either the Issuer or Lima Acquisition LP of its inability to pay its debts generally as they become due.

The company secretary of the Issuer is Nicholas Paul Fegan whose service address is c/o Fortress Investment Group (UK) Ltd, 5 Savile Row, London W1S 3PD.

## LIMA ACQUISITION LP

Lima Acquisition LP has entered into the Guarantee and Pledge Agreement on the Closing Date (in this capacity, the "**Guarantor**") pursuant to which it has guaranteed all obligations of the Issuer under transaction documents entered in connection with the Senior Notes and the Subordinated Notes and has created a pledge over all its rights, titles, interests, in, to and under all personal property and other assets. The Guarantor was originally incorporated as Estate Planning LLC, a Delaware limited liability company, on January 19, 2006. On December 20, 2010, Estate Planning LLC was converted to a limited partnership (the "**Conversion**") pursuant to Section 17-217 of the Delaware Revised Uniform Limited Partnership Act (6 Del. C. §§ 17-101, et seq.), as amended from time to time (the "**Act**"), and Section 18-216 of the Delaware Limited Liability Company Act (6 Del. C. §§ 18-101, et seq.), as amended from time to time, and as set forth in a Certificate of Conversion to Limited Partnership of Estate Planning LLC to the Guarantor and a Certificate of Limited Partnership of the Guarantor, each of which was filed in the office of the Secretary of State of the State of Delaware. In accordance with Section 17-217(g) of the Act, the Guarantor constitutes a continuation of the existence of Estate Planning LLC in the form of a Delaware limited partnership and, for all purposes of the laws of the State of Delaware, is deemed to be the same entity as Estate Planning LLC.

Lima LS plc (the "**General Partner**") is a United Kingdom public limited company that acts as the general partner of the Guarantor. The address of Lima LS plc is c/o Fortress Investment Group (UK) Ltd, 5 Savile Row, London W1S 3PD. Lima LS plc also owns a limited partnership interest in the Guarantor in accordance with the amount of its capital contribution as a limited partner. Lima Holdings LLC, a Delaware limited company, also owns a limited partnership interest in the Guarantor in accordance with the amount of its capital contribution. The address of Lima Holdings LLC is 1345 Avenue of the Americas, New York, NY 10105.

The registered office of the Guarantor is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801. The Guarantor maintains its office and principal place of business at, and its business is principally conducted from 1345 Avenue of the Americas, 46th Floor, New York, NY 10105, or such place or places inside the United States as the General Partner may decide. The telephone number of the Guarantor is +44 (20) 72905600.

The Guarantor is a limited purpose entity and was established as a limited partnership for the purpose of holding interests in portfolios of life insurance policies and certain other instruments related thereto. The Guarantor may also engage in investment, trading or financing activities of all kinds (for its own account or the accounts of others) and carry on any business relating thereto or arising therefrom, including entering into any partnership, joint venture or other similar arrangement or owning interests in any entity engaged in any of the foregoing activities; in each case, to the extent expressly contemplated or permitted by the Financing Documents (as defined in the section headed "The Note Purchase Agreement"). The obligations of the Guarantor are not and will not be obligations of the Issuer. However, it is anticipated that the Issuer will release funds to the Guarantor to enable it to meet its future obligations, including paying premiums on the Policies.

The General Partner has the full, exclusive and complete discretion in the management and control of the business and affairs of the Guarantor, makes all decisions regarding the business of the Guarantor, and has all of the rights, powers and obligations of a general partner of a limited partnership under the laws of the State of Delaware. The General Partner has the right, power and authority to do on behalf of the Guarantor all things which, in the General Partner's sole judgment, are necessary or appropriate to manage the Guarantor's affairs and fulfil the purposes of the Guarantor. Pursuant to the terms of the limited partnership agreement in respect of the Guarantor (the "**Partnership Agreement**"), for so long as any the indebtedness, liabilities and obligations of the Guarantor and the General Partner under or in connection with the Financing Documents or any related document in effect as of any date of determination (the "**Obligations**") is outstanding, neither the General Partner nor any other person is authorized or empowered on behalf of the Guarantor to, nor shall they permit the Guarantor to, and the Guarantor shall not, without the prior unanimous written consent of the General Partner (and, with respect to the General Partner, the prior unanimous written consent of its board of directors, including its independent director), take any action to authorize or permit:

- a) the consolidation or merger of the Guarantor, the sale of all or substantially all of its assets of the Guarantor, if the Obligations will not be extinguished in connection with such sale, or admit in writing the Guarantor's inability to pay its debts generally as they become due,
- b) the winding-up of the Guarantor or any similar or analogous process in any jurisdiction, or the appointment of a receiver, liquidator or provisional liquidator, trustee, sequestrator or similar officeholder in any jurisdiction in respect of the Guarantor,
- c) the appointment of an administrator or similar officeholder in any jurisdiction in relation to the Guarantor, or
- d) the institution of proceedings to have the Guarantor be adjudicated bankrupt or insolvent, or the seeking or filing of a petition in respect of any moratorium or voluntary arrangement in respect of the debts of the Guarantor.

The Partnership Agreement further provides that so long as any Obligations are outstanding, the General Partner has not caused, and will not cause, the Guarantor to:

- a) engage in any material business other than the business described as permitted under the Partnership Agreement;
- b) consolidate or merge the Guarantor with or into any person, or sell, convey or otherwise dispose of in any manner, all or a material portion of the property, rights or assets of the Guarantor;
- c) to the fullest extent permitted by law, dissolve or liquidate the Guarantor;
- d) incur any material debt, secured or unsecured, direct or contingent (including guaranteeing any obligation), other than as expressly contemplated or permitted under the Financing Documents;
- e) (i) fail to observe all organizational formalities, (ii) fail to preserve its existence as a limited partnership duly formed, validly existing and in good standing (if applicable) under the laws of the State of Delaware, or (iii) terminate or fail to comply with the provisions of its organizational documents, in each case, to the extent that such termination or failure would have a material adverse effect on the Guarantor's performance of its obligations under the Financing Documents, including, without limitation, the repayment of the Obligations;
- f) commingle, in any material fashion, its assets with the assets of any other person;
- g) fail to hold all of its assets in its own name;
- h) fail to pay its own liabilities (including, without limitation, salaries of its own employees) from its own funds or fail to maintain a sufficient number of employees in light of its contemplated business operations, in each case, to the extent that such failure would have a material adverse effect on the Guarantor's performance of its obligations under the Financing Documents, including, without limitation, the repayment of the Obligations; provided, however, the foregoing shall not require any partner to make any additional capital contributions to the Guarantor;
- i) other than as expressly contemplated or permitted by the Financing Documents, hold out its credit or assets as being available to satisfy the obligations of any other person;
- j) maintain its assets in such a manner that it will be costly or difficult to segregate, ascertain or identify its individual assets from those of any other person;
- k) fail either to hold itself out to the public as a legal entity separate and distinct from any other person, or to conduct its business solely in its own name or fail to correct any known misunderstanding regarding its separate identity, in each case, to the extent that such failure would have a material adverse effect on the Guarantor's performance of its obligations under the Financing Documents, including, without limitation, the repayment of the Obligations;



- l) fail to maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations, provided, however, the foregoing shall not require any partner to make any additional capital contributions to the Guarantor;
- m) fail to cause the agents and other representatives of the Guarantor, to act at all times with respect to the Guarantor consistently and in furtherance of the foregoing and in the best interests of the Guarantor, to the extent that such failure would have a material adverse effect on the Guarantor's performance of its obligations under the Financing Documents, including, without limitation, the repayment of the Obligations;
- n) at all times after the date of the Partnership Agreement, enter into or maintain any agreement providing for the incurrence of material indebtedness with any person, other than the Senior Note Purchasers unless such person has agreed not to institute any bankruptcy or similar proceedings against the Guarantor;
- o) fail to maintain an arm's length relationship with its affiliates and the General Partner, except as expressly permitted under the Financing Documents, to the extent that such failure would have a material adverse effect on the Guarantor's performance of its obligations under the Financing Documents, including, without limitation, the repayment of the Obligations; or
- p) take action in furtherance of any of the foregoing.

Lima LS plc and Lima Holdings LLC, in their respective capacities as the limited partners of the Guarantor (the "**Limited Partners**"), do not participate in the management of or have any control over the Guarantor's business nor does any Limited Partner have the power to represent, act for, sign for or bind the General Partner or the Guarantor.

The Guarantor has not engaged, since the conversion from its predecessor on December 20, 2010, in any material activities or commenced operations other than the entry into the following agreements: the Intercreditor Agreement, the Guaranty and Pledge Agreement, the Pacifica Servicing Agreements, the Policy Securities Account Control Agreement, the Custody Agreement and the Pacifica Portfolio Management Agreement. The Guarantor has no employees.

The audited financial statements of the Guarantor are not available since the Guarantor is a Delaware limited partnership and is not required to produce audited financials.

There are no governmental, legal or arbitration proceedings threatened or pending of which the Guarantor is aware which have, or may have, a significant effect on the Guarantor's financial position.

## THE PORTFOLIO ADVISER

Fortress Investment Group (UK) Ltd (the "**Portfolio Adviser**"), a private limited company and a subsidiary of Fortress Investment Group LLC ("**Fortress**"), is the Portfolio Adviser of the Portfolio. In such capacity, the Portfolio Adviser provides the Issuer with certain services in return for the Advisory Fee (each as defined below) and the Portfolio Adviser (or its agents) acts as advisor to the Issuer in respect of services provided in return for the Advisory Fee. (See "**Advisory Fee**" and "**Expenses**").

Designated individuals in the Fortress Credit Funds (the "**Credit**") team will be primarily responsible for advising the Issuer in relation to the Portfolio and the acquisition of any further assets. The Credit team consists of over 300 professionals involved with investments, investor relations, operations and accounting.

The Credit team is lead by Mr. Briger and Mr. Dakolias, whose biographies are below:

**Peter L. Briger, Jr.** is a principal and Co-Chairman of the Board of Directors of Fortress Investment Group LLC. He has served as a member of the Board of Directors of Fortress since November 2006 and was elected Co-Chairman in August 2009. Mr. Briger has been a member of the Management Committee of Fortress since March 2002. Mr. Briger is responsible for the Credit fund business. Prior to joining Fortress in March 2002, Mr. Briger spent fifteen years at Goldman, Sachs & Co. where he became a partner in 1996. Over the course of his career at Goldman Sachs, he held the positions of co-head of the Whole Loan Sales and Trading business, co-head of the Fixed Income Principal Investments Group, co-head of the Asian Distressed Debt business, co-head of the Goldman Sachs Special Opportunities (Asia) Fund LLC and co-head of the Asian Real Estate Private Equity business. In addition, he was a member of the Goldman Sachs Global Control and Compliance Committee, a member of the Goldman Sachs Asian Management Committee and a member of the Goldman Sachs Japan Executive Committee. Mr. Briger currently serves on the Board of Directors of the Princeton University Investment Company. Mr. Briger received a B.A. from Princeton University and an M.B.A. from the Wharton School of Business at the University of Pennsylvania.

**Constantine Dakolias** is the Co-Chief Investment Officer of the Credit Funds at Fortress and also serves on Fortress's Management and Operating Committees. Prior to joining Fortress, Mr. Dakolias was a Managing Director, Chief Credit Officer and co-founder of American Commercial Capital LLC (a specialty finance company) and Coronado Advisors (an SEC registered broker dealer), both of which were sold to Wells Fargo & Co. in 2001. Mr. Dakolias was previously a director at RER Financial Group ("**RER**") where he was responsible for the firm's acquisition efforts as a principal and as a provider of third party due diligence and asset management; in this capacity he supervised due diligence on assets totaling more than \$5 billion of book balance. Mr. Dakolias also served on credit committees for RER's own assets and managed assets for third parties (including the RTC, FDIC and institutional investors), controlling distressed business and commercial real estate assets totaling more than \$2 billion. Mr. Dakolias received a B.S. in Physics from Columbia University.

## THE PORTFOLIO ADVISORY AGREEMENT

The following section describes, in summary the material terms of the Portfolio Advisory Agreement. The summary does not purport to be complete and is subject to the provisions of the Portfolio Advisory Agreement itself. See the section headed "General Information – Documents Available" for information on the availability of the Portfolio Advisory Agreement for inspection by the Senior Note Purchasers.

The portfolio advisory functions described herein will be subject to the terms of, and will be performed by the Portfolio Adviser pursuant to and on the basis of the Portfolio Advisory Agreement. The Portfolio Advisory Agreement provides that the Portfolio Adviser will advise the Issuer in relation to the Portfolio.

### **Advisory Fee**

The Issuer will pay the Portfolio Adviser an annual fee (paid proportionately in respect of periods of less than a full fiscal year) of the multiple of (x) all direct and indirect costs and expenses incurred by the Portfolio Adviser in performing the services in accordance with the Portfolio Advisory Agreement including salaries and employee benefits, allocated rent, overheads, and other costs directly and indirectly incurred to provide those services and (y) 1.10, plus any applicable value added tax (the "**Advisory Fee**"). Payment of the first Advisory Fee will be made with respect to the Financial Year ending 31 December 2011. Upon the request of the Issuer, the Portfolio Adviser shall provide the Issuer with detailed documentation supporting all fees invoiced under the Portfolio Advisory Agreement.

### **Expenses**

Subject to the following sentence, the Portfolio Adviser may, in its discretion, retain the services of professional advisors (including, without limitation, legal counsel, investment bankers and accountants) to advise it in connection with the performance of its activities in relation to the Issuer under the Portfolio Advisory Agreement and the Issuer shall bear full responsibility for any fees and disbursements arising therefrom. The Portfolio Adviser shall render the services set forth in Clause 4 of the Portfolio Advisory Agreement at its own expense and shall bear all costs and expenses associated with its operations, including without limitation, the salaries of employees necessary for such services, the rent and utilities for the facilities provided, computer equipment (including items used to send, receive and process information electronically); software, and secretarial, clerical and other personnel to the Issuer, except as specifically assumed by the Issuer under the Portfolio Advisory Agreement and except as paid for through the permitted use of "soft dollars."

### **Termination and Resignation**

#### **Termination**

**Removal without Cause.** Under the Portfolio Advisory Agreement, the Portfolio Adviser may be removed without cause upon 90 days' prior written notice by the Issuer. Such termination rights are subject to the proviso that (i) no such termination shall take effect until a replacement Portfolio Adviser is appointed; and (ii) prior to the discharge of the Senior Debt (as defined in the section headed "The Intercreditor Agreement"), the prior written consent of the Senior Note Trustee shall be required before the services of the Portfolio Adviser can be terminated.

**Removal with Cause.** In addition, the Portfolio Adviser may be removed for "cause" upon 30 days' prior written notice by the Issuer. Such termination rights are subject to the proviso that (i) no such termination shall take effect until a replacement Portfolio Adviser is appointed; and (ii) prior to the discharge of the Senior Debt (as defined in the section headed "The Intercreditor Agreement"), the prior written consent of the Senior Note Trustee shall be required before the services of the Portfolio Adviser can be terminated.

For the purposes of the Portfolio Advisory Agreement, "cause" in relation to the Portfolio Adviser shall mean any one of the following events:

- (i) a failure by the Portfolio Adviser to make any payment of an obligation of the Portfolio Adviser when due under the Portfolio Advisory Agreement if such failure is not remedied within 90 days of receiving written notice;
- (ii) a failure by the Portfolio Adviser to comply with or perform any other material agreement or obligation of the Portfolio Adviser under the Portfolio Advisory Agreement (other than under (a) above) if such failure (i) has a material adverse effect on the Senior Note Purchasers and (ii) is not remedied within 30 days of receiving written notice;
- (iii) a material misrepresentation that has a material adverse effect on the Senior Note Purchasers;
- (iv) certain events of bankruptcy have occurred in relation to the Portfolio Adviser, as more particularly described in the Portfolio Advisory Agreement;
- (v) a change in law making it unlawful for the Portfolio Adviser to perform any obligation under the Portfolio Advisory Agreement;
- (vi) any action taken by the Portfolio Adviser that constitutes fraud or criminal activity in the performance of its obligations under the Portfolio Advisory Agreement or its portfolio management services; and
- (vii) a payment default on the Senior Notes which is caused by a breach by the Portfolio Adviser of its duties under the Portfolio Advisory Agreement which breach is not cured within 90 days of such payment default.

### ***Resignation.***

***Resignation by Notice.*** Subject to the exception contained in the paragraph headed 'Resignation on Enforcement of Security' below, the Portfolio Adviser may resign upon 30 days' written notice to the Issuer or upon 10 days written notice with cause. Prior to the discharge of the Senior Debt (as defined in the section headed "The Intercreditor Agreement"), the prior written consent of the Senior Note Trustee shall be required before the Portfolio Adviser can resign.

***Resignation on Enforcement of Security.*** Notwithstanding any other provision of this Agreement the Portfolio Adviser may, by notice to the Issuer, the Security Trustee and the Senior Note Trustee, resign upon the expiry of the 60 day period starting from the date on which the Security Trustee has taken any steps to enforce any Security Interest granted by the Issuer in favour of the Security Trustee. During this 60 day period (which may be extended from time to time in the Portfolio Adviser's sole discretion if requested by the Senior Note Trustee (the "Transition Period"), the Portfolio Adviser shall, at the cost of the Issuer co-operate with the Senior Note Trustee in providing such information, documents and records in connection with the Portfolio Assets as the Senior Note Trustee may reasonably request but without any liability or responsibility for the accuracy of any information, documents and records provided. During the Transition Period, the Portfolio Adviser shall, at the cost of the Issuer, use reasonable efforts to assist the Senior Note Trustee in finding a successor Portfolio Adviser. On the expiry of the Transition Period, the resignation of the Portfolio Adviser shall be effective immediately notwithstanding that no replacement Portfolio Adviser has been appointed.

***Replacement Portfolio Adviser.*** Except as described under the paragraph headed 'Resignation on Enforcement of Security' above, no termination or resignation shall be effective unless an Eligible Successor (as defined below) has been appointed with the prior written consent of the Senior Note Trustee has agreed to assume all the duties and obligations of the Portfolio Adviser arising out of the Portfolio Advisory Agreement in accordance with the terms and conditions of the Portfolio Advisory Agreement.

An "**Eligible Successor**" will mean an established institution that in the reasonable opinion of the Issuer or, subject as provided below (i) has demonstrated an ability to professionally and competently perform duties similar to those imposed upon the Portfolio Adviser and with a substantially similar (or better) level of expertise, (ii) is legally qualified and has the capacity to act as Portfolio Adviser, as successor to the Portfolio Adviser in the assumption of all of the responsibilities, duties and

obligations of the Portfolio Adviser, (iii) will perform its duties as portfolio adviser without causing adverse tax consequences to the Issuer, any holder of a Senior Note or any holder of a Subordinated Note, (iv) has regulatory capacity to conduct its securities business with residents of England and Wales; and (v) prior to the discharge of Senior Debt only, has been approved by the Senior Note Trustee.

### **Assignment**

Prior to the Discharge of the Senior Debt, the Portfolio Adviser may not assign its rights or responsibilities under the Portfolio Advisory Agreement without the prior written consent of the Issuer and the Senior Note Trustee; provided, however, that, notwithstanding the foregoing, the Portfolio Adviser will be permitted to novate or assign any or all of its rights and delegate any or all of its obligations under the Portfolio Advisory Agreement, without any consents, to any person that is connected (within the meaning of Section 993 of the United Kingdom Income Tax Act 2007) provided such person (A) has demonstrated an ability to professionally and competently perform duties similar to those imposed upon the Portfolio Adviser under the Portfolio Advisory Agreement and the Trust Deed, (B) is legally qualified and has the capacity to act as Portfolio Adviser under the Portfolio Advisory Agreement and (C) performs its obligations under the Portfolio Advisory Agreement using substantially the same team of individuals that would have performed such obligations had the assignment not occurred so that the knowledge possessed by any officer, director or employee of the Portfolio Adviser may be imputed to the officers, directors or employees of such an entity; provided, that any corporation, partnership or limited liability company into which the Portfolio Adviser may be merged or converted or with which it may be consolidated, or any corporation, partnership or limited liability company resulting from any merger, conversion or consolidation to which the Portfolio Adviser shall be a party, or any corporation, partnership or limited liability company succeeding to all or substantially all of the portfolio management business of the Portfolio Adviser and otherwise satisfying the requirements of clauses (A), (B) and (C) above, shall be the successor to the Portfolio Adviser without further action by the Portfolio Adviser, the Issuer or the holders of the Senior Notes or any other person or entity.

In addition, the Portfolio Adviser may employ other persons selected by it with reasonable care and due diligence to render advice (including investment advice) and assistance to the Issuer and to perform any of its duties under the Portfolio Advisory Agreement in accordance with the terms of the Portfolio Advisory Agreement; provided, however, that the Portfolio Adviser will not be relieved of any of its duties under the Portfolio Advisory Agreement regardless of the performance of any services by such persons.

### **Liability of the Portfolio Adviser**

The Portfolio Adviser and its shareholders, managers, directors, officers and employees will not be liable to the Issuer, the Senior Note Trustee, the Security Trustee or the holders of the Senior Notes or any other person for any expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including reasonable attorneys' fees and expenses) (collectively, "**Losses**") incurred as a result of the actions taken or recommended, or for any acts or omissions, by the Portfolio Adviser, its shareholders, Portfolio Advisers, directors, officers or employees under or in connection with the Portfolio Advisory Agreement or any other related agreement applicable to it, or for any decrease in the value of the Portfolio, except that the Portfolio Adviser will be so liable by reason of acts or omissions constituting bad faith, wilful misconduct or negligence in the performance of, or reckless disregard with respect to its obligations thereunder.

Pursuant to the terms of the Portfolio Advisory Agreement, the Issuer will indemnify and hold harmless the Portfolio Adviser, its shareholders, directors, officers, and employees (each, an "**Indemnified Party**") from and against any and all Losses as incurred, in respect of or arising from the issuance of the Senior Notes, the transactions described in this Listing Particulars, the Trust Deed or the Portfolio Advisory Agreement or any action, failure to act or omissions by any Indemnified Party which have not been finally judicially determined to have constituted bad faith, willful misconduct, gross negligence or reckless disregard of the Portfolio Adviser's duties under the Portfolio Advisory Agreement, and in respect of any untrue statement or alleged untrue statement of a material fact contained in this Listing Particulars, or any omission or alleged omission to state a material fact necessary to make the statements in this Listing Particulars, in light of the circumstances under which

they were made, not misleading; provided that, with respect to the foregoing indemnity provided with respect to this Listing Particulars the Issuer will not be liable for any Losses that arise out of or are based upon (a) any untrue statement or alleged untrue statement in the information contained under the heading "**The Portfolio Adviser**" in this Listing Particulars (the "**Portfolio Adviser Information**") or (b) any omission or alleged omission of a material fact from the Portfolio Adviser Information necessary in order to make the statements set forth in the Portfolio Adviser Information, in the light of the circumstances under which they were made, not misleading. The obligations of the Issuer to indemnify any Indemnified Party for any Losses will be payable solely out of the Portfolio.

## THE PORTFOLIO AND THE ISSUER SECURITY

### Description of the Portfolio Assets

#### General

The investment objective of the Issuer is to generate long term capital appreciation, and from time to time, current income by acquiring a portfolio (the "**Portfolio**") of:

- (i) approximately 980 life insurance policies originated between November 2004 and October 2008 (each a "**Pacifica Policy**" and together, the "**Pacifica Policies**"), 21 premium finance loans (the "**Loans**") and 2 options to purchase life insurance policies (the "**Options**") through the acquisition of the interest in five limited liability companies from Pacifica Group LLC (the "**Pacifica Seller**") pursuant to a Unit Purchase Agreement dated November 10, 2010 (the "**Unit Purchase Agreement**"). Four of the five limited liability companies were merged into the fifth, Estate Planning LLC, which was then converted pursuant to Delaware law into a Delaware limited partnership and be named Lima Acquisition LP;
- (ii) approximately 106 life insurance policies originated between June 1990 and May 2007 (each a "**Sage Crest Policy**" and together, the "**Sage Crest Policies**", and the Sage Crest Policies together with the Pacifica Policies, the "**Policies**") which may be acquired by Lima Acquisition LP pursuant to a life insurance policy purchase and sale agreement between Lima 2 LS plc and Lima Acquisition LP (the "**Sage Crest Agreement**") and which, if acquired by Lima Acquisition LP, will be funded by the Issuer; and
- (iii) any further investments or instruments that the Issuer purchases or originates from time to time (together with the Policies, the Loans and the Options, the "**Portfolio Assets**").

The Policies are governed by U.S. law.

If the Issuer acquires the Sage Crest Policies, then death benefits and other amounts payable on the Sage Crest Policies will be included in Collections and will be used to repay Senior Amounts (as described in the section headed "The Note Purchase Agreement").

#### The Portfolio Adviser

The Portfolio Adviser has experience in identifying undervalued situations across a broad range of asset categories and markets, and has developed, and intends to continue to develop, proprietary sourcing and servicing channels across these categories and markets.

Pursuant to the Portfolio Advisory Agreement, the Portfolio Adviser has agreed to act in relation to the Portfolio, advise the Issuer and to carry out the duties and functions described in the Portfolio Advisory Agreement. The Portfolio was acquired by the Issuer as described in "General" above. The Portfolio Assets will be constituted and/or evidenced by the various policy deeds and other similar instruments applicable thereto. The Issuer believes that the Portfolio Adviser is well positioned to advise on the Portfolio effectively based on the strength of its professionals' financial and asset-based investment background, and experience in analysing investment opportunities.

#### Life Settlements Generally

A life settlement is a life insurance policy that is sold in the secondary market by the original policy holder to a third party investor or in the tertiary market thereafter. The target insured are generally wealthy seniors, over 70 years old with a high net worth, seeking to sell their life insurance policies to complete their estate planning goals. Reasons for sale of the Policy typically include: (a) the Policy is no longer needed or wanted; (b) premiums have become unaffordable; (c) estate planning needs have changed and/or; (d) rising financial/liquidity concerns.

Life settlements as an asset class have been severely impacted by several events over the last few years. Most life settlement investors have seen value erosion due to: (a) asset/liability mismatch; (b) incorrect life expectancy assumptions; (c) lack of development of the life settlement securitization

market; and (d) increased yield requirements for illiquid assets. Also, there are a limited number of buyers in this market given the size of the investment, the complexity of the asset class and the required ongoing liquidity needed to pay future premiums. There are currently numerous motivated sellers in the market including: (a) investors that originated or purchased life settlements and are currently unable to fund future premium payments required to prevent the life settlements from lapsing and (b) large financial institutions looking to sell non-core assets.

The Issuer believes the asset class is now attractive because risk premiums have increased to attractive levels relative to other asset classes, and the seasoning of portfolios has made the return profiles in respect of life settlement policies more robust and reduced the variance of outcomes. Life settlement portfolios are priced based on the probability weighted present value of the cash flows of all policies in the portfolio (the aggregate of all premium outflows and death benefit inflows). The investment class is generally uncorrelated with traditional investment strategies.

### **Premium Finance Loans**

The European bank, from whose affiliate the Issuer acquired the Portfolio, made a number of premium finance loans to borrowers to allow them to take out life insurance policies. Those loans relate to approximately two percent of the Portfolio acquired by the Issuer pursuant to the Unit Purchase Agreement. All of the premium finance loans have matured or will mature prior to the end of this year. If the borrowers do not repay the loan amounts, they may elect to relinquish the policy to the Issuer in satisfaction of the premium finance loan.

### **The Initial Portfolio**

The Pacifica Portfolio acquired by the Issuer pursuant to the Unit Purchase Agreement consists of life insurance policies, premium finance loans and options to acquire direct and indirect interests in approximately 980 life insurance policies. The Pacifica Policies insure over 700 individuals with an aggregate death benefit of approximately \$6.2 billion. The Pacifica Policies were originated between November 2004 and October 2008 through various origination programs.

The weighted average seasoning of the Pacifica Policies is approximately 55 months, and all of the Pacifica Policies are out of the contestability period. Approximately \$750 million of premiums have been funded on the Policies from inception to date. The Issuer purchased the Pacifica Portfolio for approximately \$332 million (plus customary closing costs), which represented approximately 5.4% of total death benefits and 52.3% of total premiums paid to date (as of closing). The average age of the underlying insured is currently approximately 80 years, and the average remaining life expectancy is approximately 130 months.

The Sagecrest Portfolio which may be acquired by Lima LS 2 plc pursuant to the Sagecrest Agreement consists of approximately 100 life insurance policies. The Sagecrest Policies insure over 80 individuals with an aggregate death benefit of approximately \$509 million. The Sagecrest Policies were originated between June 1990 and May 2007 through various origination programs.

The weighted average seasoning of the Sagecrest Policies is approximately 71 months, and all of the Sagecrest Policies are out of the contestability period. The Issuer has purchased the Sagecrest Portfolio for approximately \$35 million (plus customary closing costs), which represented approximately 6.9% of total death benefits, pursuant to the Sagecrest Agreement. The average age of the underlying insured is approximately 81 years, and the average remaining life expectancy is approximately 115 months.

### **Ongoing Management**

The Servicers (acting on behalf of the Issuer and Lima Acquisition LP) will perform certain asset management services with respect to the Portfolio, which services include maintenance of the Portfolio and monitoring the Policies (such as processing death benefit claims, submitting premium payments on the Policies and tracking the status of the insured under the Policies). The Portfolio Adviser will also advise the Issuer on its ongoing management of the Portfolio. The Portfolio Manager will perform certain portfolio management services, including supervision and assistance with respect to certain aspects of the services provided by the Servicers, with respect to the Portfolio.



## Reports

The Issuer will make available its audited annual financial statements, upon the request of any existing holders of the Senior Notes who have identified themselves as being existing holders of the Senior Notes and, if and to the extent required, have provided reasonable evidence to the effect that they are holders of the Senior Notes and any such audited financial statements will also be available to the Senior Note Trustee. Communication of any such requests shall be made by fax or letter marked for the attention of the following parties on behalf of the Issuer: The Directors, at the contact details of the Issuer provided in the section headed "The Issuer".

## Mechanics of Purchase of Portfolio Assets

The Issuer acquired its interest in the Portfolio Assets pursuant to the Unit Purchase Agreement on terms advised by the Portfolio Adviser.

## Bank Accounts

The Issuer has opened and will maintain a USD denominated account (the "**Collection Account**") with U.S. Bank National Association, designated a "Bank Account" pursuant to a bank account agreement (the "**U.S. Bank Bank Account Agreement**"). The Initial Principal Amount has been, and additional Fundings will be, credited to the Collection Account. The Issuer is entitled, at its discretion, to withdraw funds standing to the credit of the Collection Account, pursuant to the U.S. Bank Account Agreement. From time to time, the Issuer may withdraw funds from the Collection Account to pay Senior Amounts or invest in other permitted cash equivalent investments ("**Permitted Investments**"). All proceeds received by the Issuer from the Subordinated Noteholder, hedge receipts, amounts received on warranty claims payable by a Pacifica Seller, similar amounts and all other amounts owing to the Issuer and Lima Acquisition LP any other proceeds shall be deposited directly into the Collection Account.

Lima Acquisition LP has opened and will maintain three securities accounts with the Securities Intermediary (the "**Policy Securities Account**"), namely the Policies Securities Account, the Premium Account and the Master Collection Account (each as defined below).

Pursuant to the terms of the Policy Securities Account Control Agreement, (i) all Policies are required to be credited solely to the policies securities account (the "**Policies Securities Account**"), (ii) any funds received by the Securities Intermediary for the payment of Premiums are required to be credited to the premium account (the "**Premium Account**") and (iii) any other proceeds received by the Securities Intermediary in respect of any asset or property, including any Policy and any cash, including any death benefit or return of premium under any Policy, which is not deposited into the Collection Account is required to be credited to the master collection account (the "**Master Collection Account**"). The Policy Securities Accounts shall be segregated securities accounts for the purpose of crediting of the Policies, Premiums and other proceeds received by the Securities Intermediary to such accounts as "investment property" for the purposes of New York law. The Securities Intermediary has instructed each insurer to make all relevant payments to the applicable Policy Securities Account and such account shall be swept daily into the Collection Account. Withdrawals from the Policy Securities Accounts will only be made in accordance with the terms of an amended and restated account control agreement among the Securities Intermediary Bank, Lima Acquisition LP and the Security Trustee dated the Closing Date (the "**Policies Securities Account Control Agreement**"). Pursuant to the security interest granted by Lima Acquisition LP in favour of the Security Trustee under the Guarantee and Pledge Agreement, the Security Trustee has "control" (as such term is defined in Article 8 of the UCC) of each Securities Account.

## Hedge Transactions

The Issuer may, but is not required to, engage in hedging strategies, including, but not limited to, interest rate, mortality and currency hedging. In this regard, the Issuer may enter into short sales, foreign exchange transactions, and other derivative contracts or instruments.

## Description of the Issuer Security

The Issuer has granted security over all of its assets to the Security Trustee pursuant to the Deed of Charge and the US Security Agreements (the "**Issuer Security**") to be held on trust in accordance with the Intercreditor Deed for all of the Secured Parties (as defined in the section headed "The Intercreditor Agreement"). The Issuer Security secures the payment by the Issuer of all amounts in respect of the Senior Notes. The Issuer Security includes:

- (a) pursuant to an English law governed deed of charge (the "**Deed of Charge**"):
  - (i) a first fixed charge over the right, title, benefit and interest of the Issuer in the Policies;
  - (ii) a first fixed charge over the right, title, benefit and interest of the Issuer in the Collection Account and any amounts standing to the credit thereto;
  - (iii) a charge over all rights, title, benefit and interest of the Issuer in all Investments (as defined in the Deed of Charge);
  - (iv) an assignment by way of security of all rights, title, benefit and interest of the Issuer in and under the Subscription Agreement, including the right to of the Issuer to make calls upon the Subordinated Notes for additional capital contributions;
  - (v) an assignment by way of security of the right, title, benefit and interest of the Issuer in the Transaction Documents (other than the Pacifica Documents (as defined below)) and the transaction documents for the Subordinated Note Transaction Documents, 

where the term "**Pacifica Documents**" means the Unit Purchase Agreement, dated November 10, 2010 between the Pacifica Seller and the Issuer and the Pacifica Policies; and
  - (vi) a floating charge with full title guarantee over the Issuer's whole undertaking and all of its property, assets, and rights whatsoever other than those effectively subject to a fixed charge or assigned pursuant to the Deed of Charge or otherwise,
- (b) a security interest in, and a pledge and assignment of, all the Issuer's right, title, interest, in, to and under all personal property and other assets of the Issuer whether now owned by or owing to or hereafter acquired by or arising in favour of the Issuer wheresoever located, pursuant the Pledge and Security Agreement;
- (c) a guarantee of all obligations of the Issuer under the Senior Notes and the Subordinated Notes and a pledge on all rights, titles, interests, in, to and under all personal property and other assets of, Lima Acquisition LP, pursuant to the Guarantee and Pledge Agreement;
- (d) an equitable charge by Lima Holdings LLC on all rights, titles, interests, in and to the share capital of the Issuer, pursuant to the Issuer Share Charge; and
- (e) a security interest in, and a pledge and assignment by Lima Holdings LLC on all rights, titles, interests, in and to the share capital of the Issuer, pursuant to the Holdings Pledge Agreement.

Pursuant to the Guarantee and Pledge Agreement, the Guarantor has unconditionally guaranteed to the Security Trustee, for the benefit of the Secured Parties (as defined in the section headed "The Intercreditor Agreement"), the full and punctual payment of all obligations owed by the Issuer and the Guarantor under the Guarantee and Pledge Agreement, the Note Purchase Agreement, the Trust Deed, the Subscription Agreement, the trust deed for the Subordinated Notes and each of the other Financing Documents (as defined in the section headed "The Note Purchase Agreement") to the Secured Parties in full when due (whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise).

Pursuant to the Issuer Share Charge, Lima Holdings LLC has provided *inter alia* the following covenants in relation to the Issuer:

- (a) Lima Holdings LLC has agreed that it will ensure that the Issuer does not, without the prior written consent of the Security Trustee:
  - (i) in any way modify the rights attached to any of the shares in its issued share capital;
  - (ii) increase, consolidate, sub-divide or reduce its share capital;
  - (iii) alter its memorandum or articles of association;
  - (iv) purchase its own shares or reduce its share capital; or
  - (vi) take any step to place itself in liquidation or pass any resolution to wind itself up.
- (b) Lima Holdings LLC has agreed that:
  - (i) in so far as the shares of the Issuer have been transferred to the Security Trustee (or its nominee) prior to an Enforcement Event, the Security Trustee shall hold all dividends, interest and other monies paid on and received by it in respect of the shares of the Issuer for the account of the Lima Holdings LLC, free from security interests and will pay those dividends, interest and other monies to it and on request exercise all voting and other rights attached to the shares as Lima Holdings LLC may from time to time in writing direct,
  - (ii) it shall not exercise any rights attached to the shares of the Issuer in any manner which in the Security Trustee's opinion is prejudicial to security created under the Issuer Share Charge or the security created by any other document or, without the prior written consent of the Security Trustee, permit or agree to any variation of the rights attaching to the shares of the Issuer, participate in any rights issue, elect to receive or vote in favour of receiving any dividend other than in the form of cash or participate in any resolution concerning a winding-up, liquidation or administration.

For the purposes of the above paragraph, "Enforcement Event" means an Event of Default (as defined in the section headed "The Note Purchase Agreement") or, after the Discharge of Senior Debt (as defined in the section headed "The Intercreditor Agreement"), an Event of Default (as defined in the terms and conditions for the Subordinated Notes).

## THE NOTE PURCHASE AGREEMENT

The following section describes, in summary the material terms of the Note Purchase Agreement. The summary does not purport to be complete and is subject to the provisions of the Note Purchase Agreement itself. See the section headed "General Information – Documents Available" for information on the availability of the Note Purchase Agreement for inspection by the Senior Note Purchasers.

The USD250,000,00 Asset-Backed Securities due 30 June 2018 (the "**Senior Notes**") of Lima LS Plc (the "**Issuer**") are subject to a note purchase agreement dated 30 June 2011 (the "**Closing Date**") (as amended or supplemented from time to time, the "**Note Purchase Agreement**") between the Issuer, Natixis, New York branch as the note purchasers (the "**Senior Note Purchasers**"), U.S. Bank Trust National Association (the "**Senior Note Trustee**", which expression includes all persons for the time being appointed as senior note trustee or senior note trustees under the Note Purchase Agreement) and U.S. Bank National Association (the "**Paying Agent**", which expression includes all persons for the time being appointed as paying agent under the Note Purchase Agreement).

Any person acquiring a Senior Note will be required to become a party to, and be bound by the Note Purchase Agreement.

The following are main provisions of the Note Purchase Agreement.

### 1. Definitions

The following terms, as used in this section have the following meanings:

**"Account Control Agreement"** means the Amended and Restated Account Control Agreement dated as of the Closing Date among the Issuer, the Security Trustee and U.S. Bank National Association.

**"Actual Knowledge"** means, as of any date of determination, the actual knowledge of any officer, director or employee of any Credit Party or the Portfolio Advisor on such date.

**"Adjusted London Interbank Offered Rate"** means, with respect to any Interest Period, a rate per annum (expressed as a percentage) equal to the quotient obtained (rounded upward, if necessary, to the next higher 1/16th of one percent) by dividing:

- (a) the applicable London Interbank Offered Rate *by*
- (b) 1.00 minus the Euro-Dollar Reserve Percentage.

**"Administrative Expense Cap"** means an amount equal to (a) for the first 12 months following the Closing Date, \$6,000,000 and (b) for each subsequent 12 month period, an amount to be determined by the Issuer and consented to by the Senior Note Trustee on or prior to the applicable anniversary of the Closing Date, which consent shall not be unreasonably withheld or delayed; provided, that, with respect to clause (b), if agreement cannot be reached between the Issuer and the Senior Note Trustee prior to the commencement of such period, then such amount for such period shall be 95% of the Administrative Expense Cap for the immediately preceding 12 month period.

**"Advances"** means the advance of funds by a Senior Note Purchaser from time to time to the Issuer in connection with the purchase of, or a Funding under, a Senior Note pursuant to the provisions of the Note Purchase Agreement.

**"Affiliate" or "Affiliated"** means, with respect to any Person, (a) any other Person who, directly or indirectly, is in control of, or controlled by, or under common control with, such Person or (b) any other Person who is a director or officer of (i) such Person or (ii) any Person described in clause (a) above.

**"Affiliated Disqualified Policy Sale"** means a sale of a Policy or a sale or assignment of a Premium Finance Loan (or interest therein) or Option Agreement relating to a PFLA/OA Policy that (a) would become a Disqualified Policy after the expiration of any cure period for such Policy or PFLA/OA Policy or (b) in the case of a Policy, is a Disqualified Policy, by a Credit Party, an Owner Trust or the Securities Intermediary that is not a Non-Affiliated Disqualified Policy Sale; provided that such sale or assignment shall be for an amount in immediately available funds at least equal to the excess, if any, of the Current Basis of such Policy or PFLA/OA Policy at the date of such sale over the Required Pro Rata Current Basis Paydown Amount for such Policy, to the extent such Required Pro Rata Current Basis Paydown Amount for such Policy was previously paid pursuant to this Agreement (unless otherwise agreed by the Required Senior Note Purchasers).

**"Aggregate Insurable Interest Event Loss Amount"** means, with respect to any date of determination, the aggregate of the Insurable Interest Event Loss Amounts for the Policies as of such date of determination.

**"Aggregate Insurer Credit Event Loss Amount"** means, with respect to any date of determination, the aggregate of the Insurer Credit Event Loss Amounts for the Policies as of such date of determination.

**"Alternate Base Rate"** means, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the sum of (i) the U.S. Federal Funds Rate in effect on such day plus (ii)  $\frac{1}{2}$  of 1% per annum; provided that any change in the Alternate Base Rate due to a change in the Prime Rate or the U.S. Federal Funds Rate shall be effective from and including the effective day of such change in the Prime Rate or the U.S. Federal Funds Rate, respectively.

**"Applicable Law"** means, for any Person or property of such Person, all laws, rules, regulations, statutes, treaties, codes, ordinances, permits, certificates, orders and licences of and interpretations by any Governmental Authority which are applicable to such Person or its property, operations or business (including, without limitation, any of the foregoing relating to (a) temporary and final income tax regulations, (b) the purchase and servicing of life settlements, (c) the privacy of any Insured, (d) the maintenance of information acquired by a Credit Party or any prior owner of a Policy, (e) the uniform commercial code of the applicable States of the United States and (f) environmental issues), and applicable judgments, decrees, injunctions, writs, awards or orders of any court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction.

**"Applicable Local Jurisdiction"** means each of the United States and England and any other jurisdiction where a Credit Party is located.

**"Applicable Margin"** means 5% per annum.

**"Applicable Office"** means for each Senior Note Purchaser, the office or offices designated as the address of such Senior Note Purchaser as set forth in the Note Purchase Agreement or such other office of such Senior Note Purchaser as such Senior Note Purchaser may from time to time specify in writing to the Issuer and the Senior Note Trustee.

**"Applicable Rate"** means, with respect to each Advance and the related Interest Period, the sum of (a) the greater of (i) 0.75% per annum and (ii) the Adjusted London Interbank Offered Rate applicable to such Interest Period plus (b) the Applicable Margin; provided that, if on or prior to the first day of any Interest Period (x) the Senior Note Trustee is unable to obtain a quotation for the London Interbank Offered Rate as contemplated by the definition thereof, or (y) the Required Senior Note Purchasers shall have notified the Senior Note Trustee pursuant to Section 7.1(b) of the Note Purchase Agreement that the Adjusted London Interbank Offered Rate will not adequately and fairly reflect the cost to such Senior Note Purchasers of funding the Advances for such Interest Period (and such Required Senior Note Purchasers shall not have subsequently notified the Senior Note Trustee that the circumstances giving rise to such situation no longer exist), the Applicable Rate shall be a rate per annum equal to the sum of (i) the lesser of (x) the Alternate Base Rate in effect on each day of such Interest

Period and (y) the Adjusted London Interbank Offered Rate in effect immediately prior to application of this proviso plus 1.00%, plus (II) the Applicable Margin.

**"Approved Servicer"** means (a) any Servicer for which a Servicer Default has not occurred, or (b) the Portfolio Manager so long as the Portfolio Manager is not in default in any material respect under the Portfolio Management Agreement or (c) a servicer with experience in servicing life settlement transactions which is reasonably acceptable to the Security Trustee (as set forth in the Intercreditor Agreement) and, in the case of each of clauses (a), (b) and (c), which has executed a Servicing Agreement.

**"Assignment Notice"** means, with respect to a Policy, an assignment notice for such Policy notifying the applicable Insurer of the Security Interest of the Security Trustee on such Policy in the form provided by such Insurer.

**"Available Outside Funding Sources"** means Subordinated Noteholder Contributions or other sources of funds made available to the Issuer other than from Collections or other proceeds of any Collateral (excluding Subordinated Noteholder Contributions).

**"Bankruptcy Code"** means Title 11 of the United States Code, entitled "Bankruptcy", as amended from time to time, and any successor statute or statutes.

**"Business Day"** means any day except a Saturday or Sunday on which commercial banks are open for general business in London, New York and Minnesota.

**"Call Notices"** means the call notices, addressed to each of the Subordinated Noteholders in the form of Exhibit A to the Note Purchase Agreement, executed by the Issuer dated as of the Closing Date.

**"Change in Law"** means the adoption of any Applicable Law, rule or regulation, or any change in any Applicable Law, rule or regulation, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by a Senior Note Purchaser with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency.

**"Code"** means the Internal Revenue Code of 1986, as amended, and the United States Department of the Treasury regulations promulgated thereunder.

**"Collateral"** means the Issuer Collateral, the Policy Subsidiary Collateral and the Lima Holdings Collateral.

**"Collateral Test"** shall be satisfied on any date of determination if the DCF Value as of such date is equal to or greater than the product of (a) 200% and (b) the difference of (i) the Outstanding Principal Amount minus (ii) the Excess Cash Collateral Amount as of such date.

**"Collection Account"** means a segregated trust account established by the Issuer and maintained at U.S. Bank National Association Account no. 145151000 for the benefit of the Secured Parties and subject to the Account Control Agreement.

**"Collections"** means, without duplication, (a) to the extent paid by the applicable Person (i) all Death Benefits with respect to the Policies, other than Death Benefits payable in respect of a Policy to any Person other than the Securities Intermediary, an Owner Trust, the Policy Subsidiary, the Issuer or Lima 2 LS plc, (ii) all proceeds from any sale or other disposition of Policies, (iii) all proceeds in respect of any settlement or surrender of any Policy, (iv) all rebates and returns of Premiums in respect of any Policy (including the return by Lima 2 LS plc of Premiums theretofore paid as Senior Amounts in the event the Sage Crest Dispute Resolution does not occur within 90 days after the Closing Date) and (v) all other payments in respect of any Policy by the Insurer thereof or any other Person obligated thereon, (b) all distributions of the Owner Trusts to the Policy Subsidiary, (c) (i) all principal, interest, fees and other amounts due and payable to the Policy Subsidiary under any Premium Finance Loan

Agreement, Option Agreement or documents related thereto to the extent paid by the applicable borrower, grantor or grantee and (ii) proceeds of any collateral pledged under or in connection with any Premium Finance Loan Agreement or Option Agreement, (d) the Subordinated Noteholder Contributions made on or after the date of the initial purchase of the Senior Notes, (e) payments received by or on behalf of a Credit Party or Owner Trust on claims or other amounts payable by the Pacifica Seller, the Sage Crest Seller, Lima 2 LS plc, any guarantors thereof or any other Person pursuant to the Pacifica Sale Agreement, the Sage Crest Sale Agreement, the Sage Crest Deed of Sale or any related documents, (f) payments received by a Credit Party from a Servicer, Custodian, Securities Intermediary, Portfolio Manager or any other Person for any claims made by a Credit Party or Owner Trust against such Person with respect to the Collateral, including indemnity claims, (g) interest earnings on Permitted Investments or otherwise in the Collection Account, the Premium Account or the Death Benefits Account, (h) all payments received by or on behalf of the Issuer pursuant to any Hedge Agreement and (i) all other collections on and proceeds of the Collateral, but in any event excluding Lima 2 Unwind Proceeds.

**"Commitment"** means, with respect to a Senior Note Purchaser, and any date of determination, the excess, if any, of (a) the commitment of such Senior Note Purchaser to make Advances to the Issuer pursuant to Article II of the Note Purchase Agreement in an amount set forth on Schedule I of the Note Purchase Agreement, as such amount may be reduced from time to time pursuant to Section 2.6 of the Note Purchase Agreement, terminated pursuant to Section 6.2 of the Note Purchase Agreement or increased pursuant to Section 2.7 of the Note Purchase Agreement, over (b) the aggregate amount of Advances theretofore made by such Senior Note Purchaser on or after the Closing Date. For the avoidance of doubt, Advances repaid cannot be reborrowed.

**"Competitor"** a Person whose primary business activity is, or a significant business activity of which includes, life settlement investing and/or lending, or opportunistic corporate, real estate and/or asset-based lending and/or investing, but in any event excluding any bank or bank affiliate.

**"Credit Parties"** means, collectively, the Issuer, the Policy Subsidiary and Lima Holdings.

**"Cross Border Insolvency Regulations"** means Cross Border Insolvency Regulations 2006 (S.I. 2006/1030).

**"Cured Ineligible Policy"** means a Subsequently Determined Ineligible Policy with respect to which, within six months of the occurrence of Actual Knowledge that such Policy failed to be an Eligible Policy (or in the case of a Policy listed on Schedule XX of the Note Purchase Agreement, within six months of the occurrence of Actual Knowledge that such Policy failed to satisfy any of the criteria in the definition of Eligible Policy other than as set forth in Schedule XX of the Note Purchase Agreement for such Policy) on the applicable measurement date (but in the case of an Owner Trust Policy for which the Owner Trust Transfer Date has occurred, no later than the date which is six months after the Closing Date), such failure is cured.

**"Current Basis"** means (a) with respect to a Policy, the Initial Basis plus Premiums paid by or on behalf of the Issuer, the Policy Subsidiary, an Owner Trust or the Securities Intermediary with respect to such Policy on or after June 27, 2011 and (b) with respect to a PFLA/OA Policy, the Initial Basis *plus* any amounts advanced or otherwise funded by or on behalf of the Policy Subsidiary or an Owner Trust *minus* any interest, fees and other payments made by the related obligor, in each case under the Premium Finance Loan or Option Agreement relating to such PFLA/OA Policy on or after June 27, 2011.

**"Custodian"** means Marshall & Ilsley Trust Company, N.A. together with its successors and permitted assigns, as Custodian under the Custody Agreement.

**"Custodian Fees"** means the ordinary fees and expenses of the Custodian payable by the Policy Subsidiary pursuant to the Custody Agreement.

**"Custody Agreement"** means the Custody Agreement, dated as of December 20, 2010, as amended and restated as of the Closing Date, among the Custodian, the Policy Subsidiary and the Security Trustee.

**"DCF Value"** means, at any time, the aggregate net present value of remaining projected cash flows from the DCF Value Policies based upon (i) for each DCF Value Policy the average of the two most conservative Mortality Ratings in the most recently obtained Life Expectancies in accordance with Section 5.1(i) of the Note Purchase Agreement; (ii) the 2008 Valuation Basic Table, RR100 table; (iii) for each DCF Value Policy the average of the 2 longest underwriting dates on the Life Expectancies as of the date of the initial purchase of the Senior Notes; (iv) the most recently obtained policy illustrations projecting premiums and net death benefit to the maturity date of the relevant DCF Value Policy; (v) for each insured, the date of birth, gender and smoking status; (vi) for each DCF Value Policy a minimum account value or cash surrender value, as applicable, of \$1,000 except for DCF Value Policies which have a no-lapse guarantee or similar endorsement and (vii) discounted at an annual rate of 12% (except as set forth below) based on the MAP Portfolio Model, as determined by the Issuer; provided that with respect to any DCF Value Policy for which an Insurer Credit Event set forth in clause (b) of such definition has occurred, the remaining projected cash flows for purposes of calculating the "DCF Value" shall be reduced by the amount by which the Death Benefit exceeds the statutory cap for such Policy; provided, further, that with respect to any DCF Value Policy that has matured but for which the Death Benefit has not been deposited into the Death Benefits Account, the remaining projected cash flows shall be discounted at a rate equal to the Applicable Rate in effect on the applicable date of determination with the assumption that the Death Benefit will be paid within 60 days after the claim by the applicable Credit Party or Securities Intermediary is made therefor. For the avoidance of doubt, with respect to a Policy, any portion of the Death Benefit payable to any Person other than the Securities Intermediary, the Policy Subsidy, the Issuer or the applicable Owner Trust shall not be included in the DCF Value.

**"DCF Value Policy"** means, as of any date upon which the DCF Value is calculated, each Policy that is an Eligible Policy or a Cured Ineligible Policy but not an Excluded Policy as of such date.

**"Death Benefit"** means, with respect to any Policy, the amount payable to the policy beneficiary or the policy beneficiaries, as the case may be, upon the death of the last living Insured under such Policy.

**"Death Benefits Account"** means a segregated trust account established by the Policy Subsidiary and maintained at U.S. Bank National Association, as Securities Intermediary, Account no. 132077002 ("Lima Acquisition LP – Master Collections Account") for the benefit of the Secured Parties and subject to the Policy Securities Account Control Agreement.

**"Disputed Sage Crest Policy"** means (a) each Sage Crest Policy at any time prior to the Sage Crest Dispute Resolution and (b) each Sage Crest Policy if the Sage Crest Dispute Resolution does not occur within 90 days after the Closing Date.

**"Disqualified Policy"** means a Policy that is a Non-Titled Policy, Non-Foreclosed Policy, Non-Transferred Owner Trust Policy, a Disputed Sage Crest Policy, or is otherwise an Event Excluded Policy.

**"Disqualified Policy Lapse"** means a lapse or surrender of a Policy or a Premium Finance Loan (or interest therein) or Option Agreement relating to a PFLA/OA Policy that (a) would become a Disqualified Policy after the expiration of any cure period for such Policy or PFLA/OA Policy or (b) in the case of a Policy, is a Disqualified Policy.

**"Disqualified Policy Sale"** means a Non-Affiliated Disqualified Policy Sale or an Affiliated Disqualified Policy Sale.

**"Disqualified Policy Settlement"** means a settlement, commutation or unwinding of a Policy or a Premium Finance Loan (or interest therein) or Option Agreement relating to a PFLA/OA



Policy that (a) would become a Disqualified Policy after the expiration of any cure period for such Policy or PFLA/OA Policy or (b) in the case of a Policy, is a Disqualified Policy.

**"Eligible Exchange"** means the Official List of the Irish Stock Exchange or another regulated market such that the Senior Notes constitute "capital markets investments" for the purposes of section 72B of the Insolvency Act 1986 of the United Kingdom and such exchange is a recognized stock exchange as defined in section 1005 of the Income Tax Act of 2007.

**"Eligible Policy"** means a (i) Policy (other than an Owner Trust Policy, a Former PFLA/OA Policy or a Disputed Sage Crest Policy) that (except as set forth in Schedule XX of the Note Purchase Agreement) satisfied the following criteria on the date of the initial purchase of the Senior Notes and Subsequent Draw Dates, (ii) a Former PFLA/OA Policy that (except as set forth in Schedule XX of the Note Purchase Agreement) satisfied the following criteria on its Subsequent Acquisition Date or any Subsequent Draw Date following such Subsequent Acquisition Date, (iii) an Owner Trust Policy that (except as set forth in Schedule XX of the Note Purchase Agreement) satisfied the following criteria on its Owner Trust Transfer Date or any Subsequent Draw Date following such Owner Trust Transfer Date and (iv) a Sage Crest Policy that (except as set forth in Schedule XX of the Note Purchase Agreement) satisfied the following criteria on the Sage Crest Transfer Date or any Subsequent Draw Date following the Sage Crest Transfer Date:

- (a) the Insurer of such Policy is listed on Schedule II of the Note Purchase Agreement and is licenced in at least one state in the United States, Puerto Rico or the U.S. Virgin Islands or is a Canadian Insurer operating through its United States branch;
- (b) such Policy is denominated in Dollars;
- (c) such Policy is in force and enforceable by the Policy Subsidiary or the Securities Intermediary against the Insurer in accordance with its terms;
- (d) other than with respect to the Policies listed on Schedule XIII of the Note Purchase Agreement, to Actual Knowledge, such Policy is not subject to any defence or counterclaim that would reduce the value of such Policy or the ability of the Policy Subsidiary, the Policy Subsidiary or the Securities Intermediary, as applicable, to collect the Death Benefit thereunder (including any defence or counterclaim based on fraud, insurable interest claims, deceit, misconduct of a broker/provider, an insured, a viator or a related party or a challenge of the sale, transfer, surrender or foreclosure of such Policy by an heir, or on behalf of the heirs, of any Insured) thereunder;
- (e) such Policy (i) is a universal life or whole life policy, (ii) is not, other than as set forth on Schedule III, a survivorship policy or second-to-die policy and (iii) is not a term policy;
- (f) each Insured under such Policy was, as of the date of the applicable life settlement sale agreement, premium finance loan agreement or option agreement with the initial direct or indirect owner of such Policy, either (i) a citizen of the United States or (ii) a resident of the United States and, in each case, had documented social security information at such time, including a valid and verifiable social security number;
- (g) the terms of such Policy do not prohibit the assignment thereof;
- (h) the Securities Intermediary or the Policy Subsidiary has good and valid title to such Policy, and such Policy is free of any Security Interest other than the Security Interest in favour of the Security Trustee or any other Permitted Security Interest;
- (i) the documentation included in the file relating to such Policy contains provisions giving the Policy Subsidiary and its agents or the applicable Servicer the right and power to request updated medical records of each Insured thereunder from time to time;

- (j) the policy illustration related to such Policy was received not more than 365 days prior to the Closing Date;
- (k) a Life Expectancy with respect to each Insured under such Policy was provided by at least three (3) Medical Underwriters (in the case of a Pacifica Policy) or at least (2) Medical Underwriters (in the case of a Sage Crest Policy) not more than twenty-four (24) months prior to the Closing Date;
- (l) (i) such Policy was originated, was conveyed pursuant to or in connection with the applicable life settlement agreement, premium finance loan agreement or option agreement and has been serviced in compliance with all Applicable Laws (including licensing laws) and (ii) there has been no adverse regulatory determination with respect thereto or any investigation, proceeding or inquiry that could reasonably be expected to give rise to an adverse regulatory determination, in each case in clause (i) and (ii), to Actual Knowledge;
- (m) such Policy (i) has been in force beyond its contestability period and (ii) to the extent required under Applicable Law, has an original issue date that is at least two years prior to the sale thereof by the initial owner or is eligible to be sold pursuant to a statutory exemption of such two-year requirement original issue date requirement except as set forth on Schedule XIV of the Note Purchase Agreement and (iii) to Actual Knowledge, has not had the Insurer, any heir or estate of any Insured under such Policy or any other Person challenge any Death Benefit or other payment to a Credit Party or its predecessor in interest, with respect to such Policy;
- (n) the terms of such Policy have not been modified in any manner in violation of the Transaction Documents;
- (o) such Policy is in full force and effect and has not lapsed, and such Policy is not in any grace period with respect to any lapse;
- (p) the Policy File relating to such Policy is complete and in the possession of the Custodian;
- (q) the Insurer of such Policy has verified in writing (i) the existence of such Policy, (ii) the name of each Insured under such Policy, (iii) the amount of the Death Benefit with respect to such Policy and (iv) unless such Policy is listed on Schedule IV of the Note Purchase Agreement, the ownership of such Policy by the Securities Intermediary;
- (r) the medical information with respect to each Insured under such Policy has been updated within the prior 26 months; and
- (s) to Actual Knowledge, such Policy was not originated pursuant to a premium finance program in a jurisdiction where an Insurer or estate of the Insured has successfully challenged a different life insurance policy (other than a challenge that relates solely to the indicated policy – specific terms of such different policy) that was (i) purchased directly or indirectly by the Issuer and (ii) originated pursuant to such program in such jurisdiction.

For the avoidance of doubt, a PFLA/OA Policy shall not be a Policy or an "Eligible Policy" until the Subsequent Acquisition Date therefor shall have occurred.

**"Eligible Senior Note Purchaser"** means a Senior Note Purchaser (a) that is either (i) a resident of the (A) the United States or (B) the United Kingdom, in each case with respect to this clause (b)(i), that is eligible for Treaty benefits or (ii) a banking institution acting through a branch located in the United States or the United Kingdom that qualifies as a "permanent establishment" under the Treaty and that covenants to continue to hold the Senior Notes through such "permanent establishment" located in the United States or the United Kingdom and (b) that satisfies the requirements set forth on Schedule XVI of the Note Purchase Agreement, including, without limiting the other requirements set forth on such schedule, that either:

- (i) such Senior Note Purchaser (A) is not a U.S. person and (B) was not formed, capitalized, organized, reformed or recapitalized solely for purposes of investing, directly or indirectly, in the Issuer or the Policy Subsidiary; or
- (ii) all of the statements set forth in this paragraph (b)(ii) are true and correct:
  - (A) such Senior Note Purchaser is a Qualified Purchaser;
  - (B) such Senior Note Purchaser is not a participant-directed employee plan, such as a 401(k) plan or a trust holding assets of such a plan;
  - (C) if such Senior Note Purchaser is a corporation, partnership, common trust fund, special trust, pension fund, retirement plan or other entity, no shareholder, partner, beneficiary, beneficial owner, participant or other equity owner of such Senior Note Purchaser, as the case may be, is permitted to designate the particular investments to be made by such Senior Note Purchaser or the allocation thereof;
  - (D) such Senior Note Purchaser is not an investment company excepted from the Investment Company Act pursuant to Section 3(c)(1) or Section 3(c)(7) thereof (or a foreign investment company under Section 7(d) of the Investment Company Act relying on Section 3(c)(1) or Section 3(c)(7) thereof with respect to its U.S. holders) and formed on or prior to April 30, 1996, that has not received the consent of each of its beneficial owners who acquired their interest on or prior to April 30, 1996 with respect to its treatment as a qualified purchaser in the manner required by Section 2(a)(51)(C) of the Investment Company Act and the rules thereunder;
  - (E) if such Senior Note Purchaser is an entity, not more than 40% of such Senior Note Purchaser's assets will be invested in securities of the Issuer or the Policy Subsidiary after giving effect to the purchase by such Senior Note Purchaser of, and the making of Advances by such Senior Note Purchaser under, Senior Notes; and
  - (F) if such Senior Note Purchaser was formed, capitalized, reformed or recapitalized solely for purposes of investing, directly or indirectly, in the Issuer or the Policy Subsidiary, the holder of each of such Senior Note Purchaser's outstanding securities:
    - (I) satisfies each of clauses (A) through (E) of this paragraph (b)(ii); and
    - (II) was not formed, capitalized, organized, reformed or recapitalized solely for purposes of investing, directly or indirectly, in the Issuer or the Policy Subsidiary (or if such a holder was formed, capitalized, organized, reformed or recapitalized solely for purposes of investing, directly or indirectly, in the Issuer or the Policy Subsidiary, then this paragraph (b)(ii) must also be applied on a "look-through" basis (with references in this paragraph (b)(ii) to a Senior Note Purchaser being construed accordingly) until being applied to an entity that was not formed, capitalized, organized, reformed or recapitalized solely for purposes of investing, directly or indirectly, in the Issuer or the Policy Subsidiary).

**"Euro-Dollar Reserve Percentage"** means, for any day, the percentage (expressed as a decimal) which is in effect on such day, as prescribed by the U.S. Federal Reserve Board (or any successor) for determining the maximum reserve requirement for a member bank of the U.S. Federal Reserve System in New York City in respect of "Eurocurrency liabilities" (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on Advances is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of any United States commercial bank to United States residents). The Adjusted London Interbank Offered Rate shall be adjusted automatically on and as of the effective date of any change in the Euro-Dollar Reserve Percentage.

**"Event of Default"** has the meaning set forth in section 6.1 of the Note Purchase Agreement.

**"Event Excluded Policy"** means, at any time of determination, a Closing Date Ineligible Policy or any other Policy which is not a DCF Value Policy; provided, however that, any such Closing Date Ineligible Policy or other Policy shall not be an Event Excluded Policy unless and until the Required Pro Rata Current Basis Paydown Amount is actually paid in respect of such Policy pursuant to Section 2.9(g), (h), (i), (j) or (m) of the Note Purchase Agreement (it being understood that any Policy included in the \$100,000,000 Ineligibility Basket Test calculation is not an Event Excluded Policy).

**"Excess Cash Collateral Amount"** means on any date of determination, the positive difference, if any, of (a) the amounts on deposit in the Collection Account in immediately available funds on such date minus (b) the estimated Senior Amounts (as estimated by the Issuer) payable within the next succeeding 3 calendar months.

**"Excluded Policies"** means, as of any date of determination, any Policies that have lapsed or have been sold, settled or surrendered or are the subject of an Insurer Credit Event set forth in clause (a) of such definition or an Insurable Interest Event or are Disqualified Policies as of such date.

**"FCO Fund Subscription Line"** means, each of (x) that certain Revolving Credit Agreement dated as of February 27, 2008, among the FCO I Funds, the lenders from time to time party thereto and Natixis Financial Products Inc., as Administrative Agent, (y) that certain Revolving Credit Agreement dated as of September 4, 2009, among the FCO II Funds, the lenders from time to time party thereto and Natixis Financial Products Inc., as Administrative Agent and (z) that certain Revolving Credit Agreement dated as of July 28, 2010 among the FCO MA II Fund, the lenders from time to time party thereto and Natixis Financial Products LLC, as Administrative Agent.

**"FCO I Funds"** means, collectively, Fortress Credit Opportunities Fund (A) L.P., Fortress Credit Opportunities Fund (B) L.P. and Fortress Credit Opportunities Fund (C) L.P. and any permitted successors or assigns thereof permitted pursuant to Section 5.28 of the Note Purchase Agreement.

**"FCO II Funds"** means, collectively, Fortress Credit Opportunities Fund II (A) L.P., Fortress Credit Opportunities Fund II (B) L.P., Fortress Credit Opportunities Fund II (C) L.P., Fortress Credit Opportunities Fund II (D) L.P. and Fortress Credit Opportunities Fund II (E) L.P. and any permitted successors or assigns thereof permitted pursuant to Section 5.28 of the Note Purchase Agreement.

**"FCO MA II Fund"** means FCO MA II L.P. and any permitted successors or assigns thereof permitted pursuant to Section 5.28 to the Note Purchase Agreement.

**"Fee Letter"** means the letter agreement, dated as of June 30, 2011, among the Issuer, the Senior Note Trustee and the Senior Note Purchasers.

**"Financing Documents"** means the Note Purchase Agreement, the Senior Notes, the Senior Note Trust Deed, the Fee Letter, Structuring Fee Letter, the Policy Subsidiary Guarantee, the Issuer Security Documents, the Lima Holdings Charge Over Shares, the Intercreditor Agreement, the Servicing Agreements, the Custody Agreement, the Policy Securities Account Control Agreement, the Portfolio Advisory Agreement, the Portfolio Management Agreement, the Hedge Agreement, the Call Notices, the Subscription Agreement, and all other agreements and documents executed or delivered in connection with any of the foregoing, including any fee letters with respect to any of the foregoing, other than any Assignment Notice and other than any of the Subscription Lines of Credit.

**"Former PFLA/OA Policy"** means a life insurance policy issued by an insurance company, or a beneficial interest in any irrevocable life insurance trust that owns a life insurance policy issued by an insurance carrier which is listed on Schedule VII of the Note Purchase Agreement on the Closing Date and with respect to which the Subsequent Acquisition Date has occurred.

**"Fortress Life Settlements Funds"** means each of the Persons set forth on Schedule XII of the Note Purchase Agreement and any permitted successors or assigns permitted pursuant to Section 5.28 of the Note Purchase Agreement.

**"Funding"** means a funding under the Note Purchase Agreement consisting of Advances made to the Issuer at the same time by the Senior Note Purchasers pursuant to the Note Purchase Agreement.

**"Governmental Authority"** means any local, state, provincial, federal, foreign or other government or any agency, bureau, board, commission, court, department, political subdivision, tribunal or other instrumentality of any such government.

**"Guarantee"** of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

**"Hedge Agreement"** means the Swap Transaction Confirmation dated February 11, 2011 between the Issuer and Wells Fargo Bank, N.A., Ref. No. 8118579, or any other hedge agreement entered into after the Closing Date by the Issuer with the prior consent of the Senior Note Trustee.

**"Increased Commitment"** means, with respect to a Senior Note Purchaser, the amount of the increase in the Commitment of such Senior Note Purchaser pursuant to Section 2.7 of the Note Purchase Agreement.

**"Increased Commitment Availability Termination Date"** means, with respect to the Increased Commitments, the number of months after the effective date of the Increased Commitments in accordance with the provisions of the Note Purchase Agreement agreed to by the Senior Note Purchasers prior to the effective date of the Increased Commitments in accordance with the Note Purchase Agreement.

**"Increased Commitment Structuring Fee"** has the meaning set forth in the Structuring Fee Letter.

**"Indebtedness"** of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments (whether or not disbursed in full), (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Security Interest on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (i) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances and (j) all payment obligations of such Person under any interest rate protection

agreement (including, without limitation, any interest rate swaps, caps, floors, collars and similar agreements) and currency swaps and similar agreements which were not entered into specifically in connection with Indebtedness set forth in clauses (a) through (i) hereof. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

**"Independent Director Fees"** means the ordinary fees payable by the Issuer to the Independent Director (as defined in Issuer's Articles of Association).

**"Ineligibility Basket Test"** has been met once the aggregate Death Benefits of all Policies that (a) are either Subsequently Determined Ineligible Policies, Non-Titled Policies, Non-Transferred Owner Trust Policies or Non-Foreclosed Policies, and (b) not theretofore subject to a Disqualified Policy Sale, a Disqualified Policy Settlement or a Disqualified Policy Lapse, exceeds \$100,000,000.

**"Initial Allocated Percent"** means, with respect to a Policy, the percentage set forth on Schedule X of the Note Purchase Agreement for such Policy.

**"Initial Availability Commitment Termination Date"** means with respect to the Maximum Facility Amount in effect on the Closing Date, six months after the Closing Date.

**"Initial Basis"** means, with respect to a Policy or a PFLA/OA Policy, the amount set forth in Schedule XI of the Note Purchase Agreement for such Policy or PFLA/OA Policy.

**"Initial Commitment"** means, with respect to a Senior Note Purchaser, the Commitment of such Senior Note Purchaser on the Closing Date, without giving effect to any Advances made on the Closing Date.

**"Initial Principal Amount"** has the meaning set forth in section 2.1 of the Note Purchase Agreement.

**"Initial Senior Note Purchaser"** means Natixis, New York Branch.

**"Insolvency Law"** means, with respect to any Applicable Local Jurisdiction, all applicable liquidation, administration, conservatorship, bankruptcy, moratorium, rearrangement, examinership, receivership, insolvency, reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise), suspension of payments, or similar debtor relief laws from time to time in effect in such Applicable Local Jurisdiction, affecting the rights of creditors generally, including, the Bankruptcy Code and the Insolvency Act 1986.

**"Insurable Interest Event"** means, with respect to a Policy (other than an Event Excluded Policy), the related Insurer fails to pay the Death Benefit in full, in cash, to the Policy Subsidiary, the Securities Intermediary, the applicable Owner Trust or the Security Trustee as a result of such Insurer, the estate of an Insured under such Policy, a potential beneficiary of such Policy or any Governmental Authority either (x) asserting that the Policy is void, voidable or otherwise unenforceable or that the Death Benefit is payable to a party other than the Policy Subsidiary, the Securities Intermediary, the applicable Owner Trust or the Security Trustee or (y) contesting such Policy, in either case, due to (i) a lack of insurable interest or equivalent claim, (ii) fraud (so long as the statute of limitations, if any, has not expired with respect to such claim), or (iii) a violation of Applicable Law and (a) the last living Insured under such Policy has died and the Insurer has not paid the full Death Benefit to the Policy Subsidiary, the Securities Intermediary, the applicable Owner Trust or the Security Trustee within 180 days after a claim therefor has been submitted to the Insurer or (b) there has been a final, non-appealable judgment in favour of the Insurer, the estate of the Insured, such potential beneficiary or Governmental Authority with respect to such claim. For the avoidance of doubt, any event that constitutes an Insurer Credit Event shall not also constitute an Insurable Interest Event.

**"Insurable Interest Event Loss Amount"** means, with respect to a Policy (other than an Event Excluded Policy) and a date of determination, an amount equal to the positive difference between (a) 50% of Premiums paid on such Policy by any Person since the inception date of such Policy and (b) the aggregate amount received (whether from the related Insurer, a state guaranty association or other Person obligated thereon) upon maturity or termination on such Policy in cash by, or the amount a court determines is payable in respect of such Policy by the related Insurer on such Policy to, in each case the Policy Subsidiary, the related Owner Trust, the Securities Intermediary or the Security Trustee (net of any expenses or damages available to the Insurer).

**"Insurer"** means with respect to a Policy, the insurance company that is obligated to pay the related Death Benefit upon the death of the Insured by the terms of the Policy.

**"Insurer Credit Event"** means, with respect to a Policy (other than an Event Excluded Policy) (a) the related Insurer fails to pay the Death Benefit in full, in cash, under such Policy to the Policy Subsidiary, the applicable Owner Trust, the Securities Intermediary or the Security Trustee within 60 days after a claim therefor has been submitted to the Insurer, as a result of such Insurer becoming insolvent, in liquidation, in rehabilitation, or subject to any moratorium on Death Benefit claim payments imposed by law or regulation, in each case, when no Insurable Interest Event exists as to such Policy or (b) a relevant regulatory authority has established a cap on death benefits payable by such Insurer on such Policy (including a cap resulting from a limitation on benefits payable in respect of any life insured by such Policy).

**"Insurer Credit Event Loss Amount"** means, with respect to a Policy (other than an Event Excluded Policy) and a date of determination, an amount equal to the positive difference between (a) 50% of the Death Benefit with respect to such Policy and (b) (i) the amount in cash received as of such date of determination by the Policy Subsidiary, Owner Trust, the Securities Intermediary or Security Trustee on such Policy for which a Death Benefit claim has been made plus, without duplication, and (ii) the amount (if any) determined by a relevant regulatory authority established as a statutory cap on the Death Benefit applicable to such Policy that is payable by such Insurer.

**"Intercreditor Agreement"** means the Intercreditor Agreement, dated the Closing Date, among the Security Trustee, the Senior Note Trustee, the Subordinated Note Trustee and the other parties party thereto from time to time.

**"Interest Period"** means, with respect to each Funding, the period from and including the date of such Funding to but excluding the following Payment Date, and each successive period from and including each Payment Date to but excluding the following Payment Date until the principal of such Funding is repaid; provided that any Interest Period which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day.

**"Investment Company Act"** means the Investment Company Act of 1940, as amended.

**"Issuer Collateral"** means the Collateral (as defined in the Issuer US Security Agreement) and the Secured Assets (as defined in the Issuer UK Security Agreement) and the Collection Account and other collateral described in the Account Control Agreement.

**"Issuer Security Documents"** means the Issuer US Security Agreement, the Issuer UK Security Agreement and the Account Control Agreement.

**"Issuer UK Security Agreement"** means the Deed of Charge and Assignment, dated the Closing Date, between the Issuer and the Security Trustee.

**"Issuer US Security Agreement"** means the Amended and Restated Pledge and Security Agreement, dated the Closing Date, between the Issuer and the Security Trustee.

**"LIBOR Business Day"** means any day except a Saturday or Sunday on which commercial banks are open for general business in London.

**"LIBOR Determination Date"** means, with respect to any Interest Period, the date two (2) LIBOR Business Days before the first day of such Interest Period.

**"Life Expectancy"** means, with respect to any Insured, the life expectancy of such Insured determined by a Medical Underwriter, or the related report or other document provided by a Medical Underwriter with respect to such Insured's life expectancy, as the case may be.

**"Lima Holdings"** means Lima Holdings LLC.

**"Lima Holdings Collateral"** means the "Secured Assets" as defined in the Lima Holdings Charge Over Shares.

**"Lima Holdings Charge Over Shares"** means the Charge Over Shares between Lima Holdings and the Security Trustee.

**"Lima 2 Unwind Proceeds"** means, at any time, all amounts held by Lima2 LS plc, not in violation of the Transaction Documents, which are distributed to the limited partners of Lima2 LS plc following the 90th day after the Closing Date if the Sage Crest Dispute Resolution has not then occurred, provided that any payments required pursuant to Section 2.9(l) of the Note Purchase Agreement and Section 5.27(b) of the Note Purchase Agreement have been made at such time.

**"London Interbank Offered Rate" or "LIBOR"** means, with respect to any Interest Period, the rate (expressed as a percentage per annum rounded upwards, if necessary, to the nearest one sixteenth (1/16) of one percent (1%)) for Dollar deposits for a period of three months that appears on Reuters Page LIBOR01 (or any successor or equivalent Reuters Page) as of 11:00 a.m., London time, on the LIBOR Determination Date for such Interest Period. If such rate does not appear on Reuters Page LIBOR01 (or any successor or equivalent Reuters Page) as of 11:00 a.m., London time, on the LIBOR Determination Date for such Interest Period, the Senior Note Trustee will request the principal London office of any four (4) major reference banks in the London interbank market selected by the Senior Note Trustee (other than any bank that is Affiliated with the Senior Note Trustee) to provide such bank's offered quotation (expressed as a percentage per annum rounded upwards, if necessary, to the nearest one sixteenth (1/16) of one percent (1%)) to prime banks in the London interbank market for Dollar deposits for a period three months as of 11:00 a.m., London time, on such date for amounts comparable to the then outstanding principal amount of the applicable Advance (if available). If at least two such offered quotations are so provided, LIBOR will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the Senior Note Trustee will request any three (3) major banks in New York City selected by the Senior Note Trustee (other than any bank that is affiliated with the Senior Note Trustee) to provide such bank's rate (expressed as a percentage per annum rounded upwards, if necessary, to the nearest one sixteenth (1/16) of one percent (1%)) for obligations in Dollars to leading European banks for a period of three months as of approximately 11:00 a.m., New York City time, on the LIBOR Determination Date for such Interest Period for amounts comparable to the then outstanding principal amount of the applicable Advance (if available). If at least two such rates are so provided, the London Interbank Offered Rate will be the arithmetic mean of such rates. If one rate is so provided by such a bank in New York City, then the London Interbank Offered Rate will be the rate provided. If no such rate is provided by such a bank in New York City, the London Interbank Offered Rate for such Interest Period will be the London Interbank Offered Rate in effect for the prior Interest Period.

**"LS Fund Subscription Line"** means that certain Revolving Credit Agreement dated as of June 30, 2011, among the Fortress Life Settlements Funds, the lenders from time to time party thereto and Natixis, New York Branch, as Administrative Agent.

**"MAP Portfolio Model"** means the MAPs Life Settlement Portfolio Valuation Model.



**"Material Adverse Effect"** means an event or circumstance (other than the occurrence of a Insurable Interest Event or an Insurer Credit Event) which either individually or in the aggregate (a) results in a reduction of the value of the Collateral at such time by \$75,000,000 or more or (b) would otherwise have a material adverse effect on:

- (a) the business, assets, liabilities, or financial condition of the Issuer on the any other Credit Party,
- (b) the ability of the Issuer or any other Credit Party to perform any of its obligations under the Financing Documents, or
- (c) the rights of or benefits available to any of the Security Trustee, the Senior Note Trustee or a Senior Note Purchaser under any Financing Documents.

**"Maturity Date"** means the earlier of (a) the Scheduled Maturity Date and (b) the date the Advances are declared due and payable pursuant to the provisions of the Note Purchase Agreement.

**"Maximum Facility Amount"** means \$250,000,000, which may be increased pursuant to the provisions of the Note Purchase Agreement.

**"Medical Underwriter"** means each such person as listed on Schedule V of the Note Purchase Agreement (currently being AVS Underwriting, LLC, Fasano Associates, Inc. and 21st Services, LLC) or another medical underwriter reasonably acceptable to the Senior Note Trustee, that is identified by the Issuer as having supplied the applicable Mortality Rating or Life Expectancy of an Insured under the applicable Policy.

**"Moody's"** means Moody's Investors Service, Inc.

**"Mortality Rating"** means the mortality rating supplied by a Medical Underwriter.

**"Non-Affiliated Disqualified Policy Sale"** means a sale or an assignment on an arms length basis of a Policy or a Premium Finance Loan (or interest therein) or Option Agreement relating to a PFLA/OA Policy that (a) would become a Disqualified Policy after the expiration of any cure period for such Policy or PFLA/OA Policy or (b) in the case of a Policy, is a Disqualified Policy, by a Credit Party or the Securities Intermediary to a Person that is not an Affiliate of a Credit Party, an Owner Trust, a Subordinated Noteholder or the Portfolio Advisor.

**"Non-Foreclosed Policy"** means with respect to a PFLA/OA Policy, the Subsequent Acquisition Date for such PFLA/OA Policy has not occurred prior to the sixth (6th) month anniversary of the Closing Date.

**"Non-Titled Policy"** means (i) any Policy (other than a Policy listed on Schedule IV of the Note Purchase Agreement, a Former PFLA/OA Policy, an Owner Trust Policy or a Sage Crest Policy) that is not titled in the name of the Securities Intermediary as evidenced by the written acknowledgement of the related Insurer at or prior to the date of the initial purchase of the Senior Notes, (ii) with respect to any Policy listed on Schedule IV of the Note Purchase Agreement, that is not titled in the name of the Securities Intermediary as evidenced by the written acknowledgement of the related Insurer within 90 days after the Closing Date, (iii) with respect to a Former PFLA/OA Policy, that is not titled in the name of the Securities Intermediary as evidenced by the written acknowledgement of the related Insurer within 90 days after the applicable Subsequent Acquisition Date, (iv) with respect to a Policy that was an Owner Trust Policy as of the date of the initial purchase of the Senior Notes, that is not titled in the name of the Securities Intermediary as evidenced by the written acknowledgement of the related Insurer within 90 days after the Owner Trust Transfer Date or (v) with respect to a Sage Crest Policy, that is not titled in the name of the Securities Intermediary as evidenced by the written acknowledgement of the related Insurer by the Sage Crest Transfer Date; provided, that, any Policy that is subsequently titled in the name of the Securities Intermediary as evidenced by the written acknowledgement of the related Insurer

shall no longer be deemed to be a "Non-Titled Policy" for purposes of calculating the On-Going Collateral Test or the Collateral Test.

**"Non-Transferred Owner Trust Policy"** means with respect to a Policy that was an Owner Trust Policy on the Closing Date, the Owner Trust Transfer Date shall not have occurred with respect to such Policy within 90 days after the Closing Date.

**"Obligations"** means all advances to, and debts, liabilities, obligations, covenants and duties of, the Credit Parties arising under any Transaction Document or otherwise with respect to the Advances, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against a Credit Party of any proceeding under any Insolvency Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

**"On-Going Collateral Test"** shall be satisfied on any date of determination if the DCF Value as of such date is equal to or greater than the product of (a) 125% and (b) the difference between (i) the Outstanding Principal Amount minus (ii) the Excess Cash Collateral Amount as of such date.

**"Option Agreement"** means any put, call or option agreement between the Policy Subsidiary (or an Owner Trust) and a grantor/grantee pursuant to which the Policy Subsidiary has the option to purchase, or the counterparty has a right to sell to the Policy Subsidiary, an insurance policy issued by an insurance company or a beneficial interest in an irrevocable life insurance trust that owns an insurance policy issued by an insurance company.

**"Outstanding Principal Amount"** means, at any time, the aggregate principal amount of Advances outstanding, at such time.

**"Owner Trust"** means with respect to a Policy that is not owned directly by the Policy Subsidiary or by the Securities Intermediary, the irrevocable life insurance trust that is the owner of such Policy and all of the beneficial interest in which is owned by the Policy Subsidiary at all times from and after the Closing Date through and including the related Owner Trust Transfer Date.

**"Owner Trust Policy"** means a Policy that is owned by an irrevocable life insurance trust.

**"Owner Trust Transfer Date"** means, with respect to an Owner Trust Policy, the date the applicable Owner Trust transfers ownership of such Policy to the Securities Intermediary, for the benefit of the Policy Subsidiary.

**"Pacifica Policy"** means a Policy directly or indirectly sold or purportedly sold to the Issuer pursuant to the Pacifica Sale Agreement.

**"Pacifica Sale Agreement"** means the Unit Purchase Agreement, dated November 10, 2010 between the Pacifica Seller and the Issuer.

**"Pacifica Seller"** means Pacifica Group LLC.

**"Paying Agency Agreement"** means the Paying Agency Agreement, dated the Closing Date, the Senior Note Trustee and the Paying Agent.

**"Paying Agency Fees"** means the ordinary fees and expenses of the Paying Agent payable by the Issuer pursuant to the Paying Agency Agreement.

**"Payment Date"** means each of the 15th day of January, April, July and October, or if any such day is not a Business Day, the next Business Day and the Maturity Date; provided, however that the first Payment Date shall be August 15, 2011.

**"Permitted Investments"** means book-entry securities, negotiable instruments or securities represented by instruments in bearer or registered form, which are not direct or indirect obligations of a Credit Party, an Owner Trust, the Portfolio Advisor or an Affiliate thereof and which evidence:

- (a) direct obligations of, and obligations fully guaranteed as to timely payment of principal and interest by, the United States;
- (b) demand deposits, time deposits or certificates of deposit of any depository institution or trust company incorporated under the laws of the United States or any state thereof (or any domestic branch of a foreign bank) and subject to supervision and examination by U.S. Federal or state banking or depository institution authorities; provided, however, that at the time of the investment or contractual commitment to invest therein, the commercial paper or other short-term unsecured debt obligations (other than such obligations the rating of which is based on the credit of a Person other than such depository institution or trust company) thereof shall have a credit rating from each of the Moody's and S&P in the highest investment category for short-term unsecured debt obligations or certificates of deposit granted thereby;
- (c) commercial paper having, at the time of the investment or contractual commitment to invest therein, a rating from each of Moody's and Standard & Poor's in the highest investment category for short-term unsecured debt obligations or certificates of deposit granted thereby;
- (d) investments in money market or common trust funds having a rating from each of Moody's & Standard & Poor's in the highest investment category for short-term unsecured debt obligations or certificates of deposit granted thereby;
- (e) bankers' acceptances issued by any depository institution or trust company referred to in clause (b) above;
- (f) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States or any agency or instrumentality thereof the obligations of which are backed by the full faith and credit of the United States, in either case entered into with (i) a depository institution or trust company (acting as principal) described in clause (ii), or (ii) a depository institution or trust company the deposits of which are insured by FDIC or (y) the counterparty for which has a rating from each of Moody's and Standard & Poor's in the highest investment category for short-term unsecured debt obligations, the collateral for which is held by a custodial bank for the benefit of the Security Trustee, is marked to market daily and is maintained in an amount that exceeds the amount of such repurchase obligation, and which requires liquidation of the collateral immediately upon the amount of such collateral being less than the amount of such repurchase obligation (unless the counterparty immediately satisfies the repurchase obligation upon being notified of such shortfall); and
- (g) any other investment permitted by the Security Trustee, in each case, maturing not later than the Business Day immediately preceding the next scheduled Payment Date.

**"Permitted Policy Lapse"** means the lapse or surrender of a Policy (other than a Disqualified Policy Lapse): (a) with the prior consent of the Senior Note Trustee, such consent not to be unreasonably withheld or delayed prior to the occurrence of an Unmatured Event of Default or Event of Default or (b) without the consent of the Senior Note Trustee, if: (i) prior to giving effect to such lapse or surrender, the net present value of such Policy (assuming (x) a 12% discount rate based on the MAP Portfolio Model, (y) the Mortality Rating in the most recently obtained Life Expectancy from AVS in accordance with Section 5.1(i) of the Note Purchase Agreement, but reduced to 70% in the first 2 years, 80% for the next 3 years and 90% thereafter, and then applied against the 2008 Valuation Basic Table, RR100 table, and (z) an underwriting date that is the most recent month end date) as determined by the Issuer is

equal to or less than \$0, (ii) after giving effect to such lapse or surrender, the aggregate Initial Allocated Percent for all lapsed or surrendered Policies (other than those lapsed or surrendered pursuant to a Disqualified Policy Lapse) does not exceed 10.0% and (iii) no Unmatured Event of Default or Event of Default shall have occurred and is continuing after giving effect thereto.

**"Permitted Policy Sale"** means the sale of a Policy (other than a Disqualified Policy Sale) by a Credit Party, an Owner Trust or the Securities Intermediary: (a) with the consent of the Senior Note Trustee, such consent not to be unreasonably withheld or delayed prior to the occurrence of an Unmatured Event of Default or Event of Default; (b) after giving effect to such sale the Senior Note Obligations are finally, irrevocably and unconditionally paid in full in cash; or (c) without the consent of the Senior Note Trustee if: (i) unless such sale is made for at least the Current Basis, in immediately available funds, such sale is not made to a Credit Party, an Owner Trust, a Subordinated Noteholder, the Portfolio Advisor or any of their respective Affiliates, on an arm's length basis, (ii) at the time such sale is made the aggregate Initial Allocated Percent for all sold, settled, commuted or unwound Policies (other than those sold, settled, commuted or unwound pursuant to a Disqualified Policy Sale or a Disqualified Policy Settlement), is equal to or less than 30%, (iii) such sale is made for at least the Current Basis therefor in immediately available funds or, if made for less than the Current Basis thereof, at the time of such sale the aggregate Initial Allocated Percent for all Policies sold, settled, commuted or unwound (other than those sold, settled, commuted or unwound pursuant to a Disqualified Policy Sale or a Disqualified Policy Settlement) for less than the Current Basis of such Policies (determined as of the date of the applicable sale, settlement, commutation or unwinding) does not exceed 7.5% and (iv) if no Unmatured Event of Default or Event of Default shall have occurred and is continuing after giving effect thereto.

**"Permitted Policy Settlement"** means the settlement, commutation or unwinding of a Policy (other than a Disqualified Policy Settlement): (a) with the consent of the Senior Note Trustee, such consent not to be unreasonably withheld or delayed, prior to the occurrence of an Unmatured Event of Default or Event of Default or (b) without the consent of the Senior Note Trustee if: (i) at the time such settlement, commutation or unwinding occurs the aggregate Initial Allocated Percent for all sold, settled, commuted or unwound Policies (other than those sold, settled, commuted or unwound pursuant to a Disqualified Policy Sale or a Disqualified Policy Settlement) is equal to or less than 30%, (ii) such Policy is settled, commuted or unwound for at least the Current Basis thereof or, if for an amount less than the Current Basis thereof, at the time of such settlement, commutation or unwinding the aggregate Initial Allocated Percent for all Policies sold, settled, commuted or unwound (other than those sold, settled, commuted or unwound pursuant to a Disqualified Policy Sale or a Disqualified Policy Settlement) for less than the Current Basis of such Policies (determined as of the date of the applicable sale, settlement, commutation or unwinding) does not exceed 7.5%, and (iii) no Unmatured Event of Default or Event of Default has occurred and will be continuing after giving effect thereto.

**"Permitted Security Interest"** means: (i) any right, title or interest of the Securities Intermediary in, to or under any asset in accordance with terms of the Policy Securities Account Control Agreement; (ii) with respect to any Policy, any right of any former owner or beneficiary of such Policy or of the estate of any Insured under such Policy to receive any portion of the Death Benefit payable under such Policy in excess of the face amount of such Policy; (iii) any Security Interest created by or in accordance with the terms of any Financing Document; (iv) with respect to any PFLA/OA Policy, any right, title or interest of any Person in, to or under such PFLA/OA Policy that is not created by or on behalf of a Credit Party or Owner Trust; and (v) any Security Interests for Taxes that are not yet due and payable or that are being contested in good faith and in the aggregate do not exceed \$40,000,000.

**"Person"** means an individual, a company (whether incorporated with limited liability or not) or other corporation, a partnership, an association, a trust, member or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

**"PFLA/OA Policy"** means, as of any date of determination, an insurance policy issued by an insurance company or beneficial interest in an irrevocable life insurance trust that owns an insurance policy issued by an insurance company that is subject to a Premium Finance Loan Agreement or an Option Agreement as of such date of determination and is listed on Schedule VII of the Note Purchase Agreement; it being understood that neither such insurance policy nor the beneficial interest in the irrevocable life insurance trust that owns such insurance policy is owned directly or indirectly by the Policy Subsidiary or the Issuer.

**"Policy"** means, as of any date of determination, an entire life insurance policy issued by an insurance company that is (a) listed on Schedule VIII of the Note Purchase Agreement and (b) either (i) is then owned directly or indirectly, including beneficially, by the Policy Subsidiary or which it purports to own directly or indirectly on such date or (ii) solely during the period from the Closing Date until the earlier of (x) the date which is 90 days after the Closing Date and (y) the date of the Sage Crest Dispute Resolution is a Disputed Sage Crest Policy.

**"Policy File"** means, with respect to a Policy, a file containing all of the documents listed on Exhibit B of the Note Purchase Agreement that are applicable to such Policy.

**"Policy Securities Account Control Agreement"** means the Second Amended and Restated Policy Securities Account Control Agreement, dated the Closing Date, among the Policy Subsidiary, the Securities Intermediary and the Security Trustee.

**"Policy Subsidiary"** means the Guarantor, Lima Acquisition L.P., a Delaware limited partnership.

**"Policy Subsidiary Collateral"** means the "Collateral", as defined in the Policy Subsidiary Guarantee.

**"Policy Subsidiary Guarantee"** means the Guarantee and Pledge Agreement, dated the Closing Date executed by the Policy Subsidiary in favour of the Security Trustee.

**"Portfolio Advisor"** means Fortress Investment Group (UK) Ltd and its permitted successors and assigns under the Portfolio Advisory Agreement.

**"Portfolio Advisory Agreement"** means the Portfolio Advisory Agreement, dated December 17, 2010 between the Issuer and the Portfolio Adviser.

**"Portfolio Management Agreement"** means the Portfolio Management Agreement, dated as of the December 20, 2010 among the Issuer, the Portfolio Manager and Scott Rose, as amended and restated as of the Closing Date.

**"Portfolio Manager"** means Barrett Advisors LLC, a Delaware limited liability company, and its permitted successors and assigns under the Portfolio Management Agreement.

**"Premium"** means, with respect to any Policy, as indicated by the context, any past due premium with respect thereto, or any scheduled premium, determined and projected by the applicable Servicer.

**"Premium Account"** means a segregated trust account established by the Policy Subsidiary and maintained at U.S. Bank National Association, as Securities Intermediary, Account no. 132077001 ("Lima Acquisition LP—Premium Account") for the benefit of the Secured Parties and subject to the Policy Securities Account Control Agreement.

**"Premium Finance Loan Agreement"** means any loan agreement between a borrower and the Policy Subsidiary (or with respect to which the Policy Subsidiary has an interest in the loans thereunder by assignment or participation) to finance Premium due in respect of an insurance policy issued by an insurance company.

**"Prime Rate"** shall mean, for any day, the rate of interest in effect for such day that is identified and normally published by The Wall Street Journal as the "Prime Rate" (or, if more

than one rate is published as the Prime Rate, then the highest of such rates) and, if The Wall Street Journal no longer reports the Prime Rate, or if such Prime Rate no longer exists, then the Senior Note Trustee may select a reasonably comparable index or source to use as the basis for determining the Prime Rate. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer of the Senior Note Trustee or any Senior Note Purchaser.

**"Pro Rata Share"** means, with respect to a Senior Note Purchaser, the Commitment of such Senior Note Purchaser divided by the Commitments of all Senior Note Purchasers or if such Senior Note Purchaser's Commitment is zero, the Advances of such Senior Note Purchaser outstanding divided by the Outstanding Principal Amount.

**"Qualified Purchaser"** means (i) any natural person (including any person who holds a joint, community property, or other similar shared ownership interest in an issuer that is excepted under section 3(c)(7) of the Investment Company Act with that person's qualified purchaser spouse) who owns not less than \$5,000,000 in investments, as defined by the SEC; (ii) any company that owns not less than \$5,000,000 in investments and that is owned directly or indirectly by or for two or more natural persons who are related as siblings or spouse (including former spouses), or direct lineal descendants by birth or adoption, spouses of such persons, the estates of such persons, or foundations, charitable organizations, or trusts established by or for the benefit of such persons; (iii) any trust that is not covered by clause (ii) and that was not formed for the specific purpose of acquiring the securities offered, as to which the trustee or other person authorized to make decisions with respect to the trust, and each settlor or other person who has contributed assets to the trust, is a person described in clause (i), (ii) or (iv); or (iv) any person, acting for its own account or the accounts of other qualified purchasers, who in the aggregate owns and invests on a discretionary basis, not less than \$25,000,000 in investments. Terms used in this definition have the meanings assigned thereto under the Investment Company Act and the rules and regulations promulgated thereunder, including, without limitation, the definition of "investment" as set forth in Rule 2a51-1 under the Investment Company Act.

**"Quarterly Collateral Report"** means the quarterly report in the form attached hereto as Exhibit C of the Note Purchase Agreement.

**"Required Amortization Amount"** means, with respect to the occurrence of (a) a Required Amortization Event which is an Insurer Credit Event, the positive difference at any time of (i) the Aggregate Insurer Credit Event Loss Amount, minus (ii) \$150,000,000, minus (iii) the aggregate amounts paid to the Senior Note Trustee pursuant to Section 2.9 (b) of the Note Purchase Agreement with respect to an Insurer Credit Event and (b) a Required Amortization Event which is an Insurable Interest Event, the positive difference at any time of (i) the Aggregate Insurable Interest Event Loss Amount, minus (ii) \$150,000,000, minus (iii) the aggregate amounts paid to the Senior Note Trustee pursuant to Section 2.9 (b) of the Note Purchase Agreement with respect to an Insurer Credit Event.

**"Required Amortization Event"** means (a) an Insurer Credit Event occurs which results in the Aggregate Insurer Credit Event Loss Amount being equal to or greater than \$150,000,000 and each Insurer Credit Event thereafter or (b) an Insurable Interest Event occurs which results in the Aggregate Insurable Interest Event Loss Amount being equal to or greater than \$150,000,000 and each Insurable Interest Event thereafter.

**"Required Pro Rata Current Basis Paydown Amount"** means with respect to a Policy on the applicable date of determination, the product of (a) 1.25 times (b) the product of (i) the Current Basis of such Policy on such date times (ii) a fraction, the numerator of which is the Outstanding Principal Amount and the denominator of which is the sum of the Subordinated Noteholder Contributions outstanding as of such date and the Outstanding Principal Amount.

**"Required Senior Note Purchasers"** means (a) at any time when there shall be two or fewer Senior Note Purchasers, each Senior Note Purchaser and (b) at any other time, Senior Note Purchasers holding an aggregate of least 50.1% of the Outstanding Principal Amount.

**"Sage Crest Deed of Sale"** means a deed of sale or asset purchase agreement between Lima 2 LS plc and the Policy Subsidiary.

**"Sage Crest Dispute Resolution"** means the execution of definitive documentation between the Sage Crest Sellers (or their representatives) and Lima LS 2 plc regarding resolution of the price and all other terms of the Sage Crest Sale Agreement.

**"Sage Crest Policies"** means a Policy directly or indirectly sold or purportedly sold to the Policy Subsidiary pursuant to the Sage Crest Deed of Sale.

**"Sage Crest Sale Agreement"** means the life insurance Policy Purchase and Sale Agreement dated March 17, 2011, among Lima 2 LS plc and the Sage Crest Sellers.

**"Sage Crest Sellers"** means the bankruptcy estates of Antietam Funding, LLC and National Consolidated Fundings, LLC II.

**"Scheduled Maturity Date"** means June 30, 2018.

**"Secured Party"** has the meaning set forth in the Intercreditor Agreement.

**"Securities Act"** means the Securities Act of 1933 of the United States, as amended.

**"Securities Intermediary"** means U.S. Bank National Association, together with its permitted successors and assigns as securities intermediary under the Policy Securities Account Control Agreement.

**"Securities Intermediary Fees"** means the ordinary fees and expenses of the Securities Intermediary and payable by the Policy Subsidiary pursuant to the Policy Securities Account Control Agreement.

**"Security Interest"** means, with respect to any asset, any mortgage, fixed or floating charge, sub-mortgage, charge, pledge, lien, hypothecation, assignment by way of security or subject to a proviso for reassignment, security interest, financing lease or any preference, priority or other type of security interest or preferential arrangement that has the practical effect of creating a security interest, in respect of such asset and any agreement or arrangement having substantially the same economic or financial effect as any of the foregoing (including any "hold back" or "flawed asset" arrangement, any conditional sale or other title retention arrangement or any easement, right of way or other encumbrance on title to real property) and any security interest, agreement or arrangement analogous to any of the foregoing arising under the laws of any Applicable Local Jurisdiction.

**"Security Trustee"** means U.S. Bank Trust National Association and its successors and assigns under the Intercreditor Agreement.

**"Security Trustee Fees"** means the ordinary fees and expenses of the Security Trustee payable by the Issuer pursuant to the letter dated June 24, 2011 between the Issuer and the Security Trustee.

**"Senior Amounts"** means, without duplication, (i) Premiums, (ii) Senior Note Trustee Fees, (iii) Subordinated Trustee Fees, (iv) Security Trustee Fees, (v) Securities Intermediary Fees, (vi) Paying Agency Fees, (vii) Custodian Fees, (viii) Servicing Fees, (ix) Portfolio Manager Fees, (x) interest on the Senior Notes, (xi) fees payable under the Fee Letter and Structuring Fee Letter, including Commitment Fees and Increased Commitment Structuring Fees, (xii) mandatory principal payments on the Senior Notes, (xiii) tax obligations of the Issuer or the Policy Subsidiary not to exceed \$40,000,000 in the aggregate since the date of organization of the Issuer, (xiv) lawyer fees and expenses of the Credit Parties, not to exceed \$10,000,000 since the date of organization of the Issuer, (xv) lawyer fees and expenses of the Credit Parties, (A) in excess of \$10,000,000 but less than or equal to \$20,000,000 since the date of organization of the Issuer either with the consent of the Senior Note Trustee, not to be unreasonably withheld or delayed prior to the occurrence of an Unmatured Event of Default or

Event of Default, or paid from Subordinated Noteholder Contributions, or any Excess Cash Collateral Amount or (B) in excess of \$20,000,000 since the date of organization of the Issuer with the consent of the Senior Note Trustee, not to be unreasonably withheld or delayed prior to the occurrence of an Unmatured Event of Default or Event of Default, (xvi) any indemnity or other monetary obligations of the Issuer or Policy Subsidiary or any other Credit Party owing to the Senior Note Trustee, a Senior Note Purchaser or an Independent Director under the Transaction Documents, (xvii) any indemnity or other monetary obligations owing to the Subordinated Note Trustee, the Security Trustee, or the Securities Intermediary in an amount not to exceed \$500,000 in the aggregate for all such Persons annually, (xviii) any indemnity obligations owing to any Servicer or the Custodian in an amount not to exceed \$100,000 in the aggregate for all such Persons annually, (xix) administrative expenses of the Issuer, the Policy Subsidiary or any Owner Trust (which, for the avoidance of doubt, do not include Premiums) in an amount not to exceed the Administrative Expense Cap for the applicable period set forth in the definition thereof, (xx) expenses of acquiring and maintaining any Hedge Agreement entered into after the date of the initial purchase of the Senior Notes, (xxi) Independent Director Fees and (xxii) solely if the Sage Crest Dispute Resolution occurs within 90 days of the Closing Date to pay up to \$35,000,000 to Lima2 LS plc to acquire the Sage Crest Policies.

**"Senior Note"** means a note of the Issuer, issued pursuant to the Senior Note Trust Deed evidencing the obligations of the Issuer to repay Advances.

**"Senior Note Obligations"** means all advances to, and debts, liabilities, obligations, covenants and duties of, the Credit Parties owing to the Senior Note Trustee, the Senior Note Purchasers or Natixis Securities North America Inc. and arising under any Financing Document or otherwise with respect to the Advances, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against a Credit Party of any proceeding under any Insolvency Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding in each case.

**"Senior Note Purchasers"** means the Initial Senior Note Purchasers and each assignee which becomes a Senior Note Purchaser pursuant to the provisions of the Note Purchase Agreement.

**"Senior Note Trust Deed"** means the Senior Note Trust Deed, dated the Closing Date, between the Issuer and the Senior Note Trustee.

**"Senior Note Trustee Fees"** means the ordinary fees and expenses of the Senior Note Trustee payable by the Issuer pursuant to a fee letter, between the Issuer and the Senior Note Trustee.

**"Servicer"** means each of NorthStar, Torrey Pines, LexServ, and any other Person that is an Approved Servicer appointed (a) prior to the occurrence of an Event of Default, by the Issuer or the Policy Subsidiary or (b) after an Event of Default, by the Senior Note Trustee; provided however, that LexServ will not be a Servicer under the Note Purchase Agreement unless the Sage Crest Dispute Resolution occurs, it being understood that if the arrangements described in Section 6.1(x) of the Note Purchase Agreement are made in order to avoid an Event of Default LexServ would be acting as Servicer on behalf of Lima 2 LS plc.

**"Servicer Default"** means, with respect to a Servicer: (a) such Servicer (i) fails to discover the death of an Insured under any Policy serviced by such Servicer within 90 days of such death and/or (ii) fails to submit a Death Benefit claim to the applicable Insurer under any Policy serviced by such Servicer within 30 days of such Servicer obtaining a Death Certificate for the last living Insured under such Policy has died, in the case of clauses (i) or (ii) if the aggregate Death Benefit of the related Policies exceeds \$300 million since the date such Servicer was appointed a "Servicer" by the Policy Subsidiary or the Issuer pursuant to a Servicing Agreement, (b) such Servicer fails to deliver the "monthly reports" as defined in the applicable Servicing Agreement, to the Security Trustee (with a copy to the Senior Note Trustee) within



15 days after the end of the applicable monthly period and such failure is not cured within 10 days, (c) any officer or employee of such Servicer commits any fraud or criminal activity related to servicing of life settlements or (d) subject to any applicable grace period in the applicable Servicing Agreement, such Servicer negligently performs its material duties under, or materially breaches, such Servicing Agreement.

**"Servicing Agreements"** means (a) the Servicing Agreement, dated as of December 20, 2010, as amended and restated as of the Closing Date, between the Policy Subsidiary and NorthStar, (b) the Servicing Agreement, dated as of December 31, 2010, as amended and restated as of the Closing Date, between the Policy Subsidiary and Torrey Pines, (c) the Servicing Agreement, dated as of April 28, 2011, as amended and restated as of the Closing Date, between Lima2 LS plc and LexServ, which agreement (x) shall be assigned to the Policy Subsidiary upon the Sage Crest Dispute Resolution if the Sage Crest Dispute Resolution occurs within 90 days after the Closing Date, (y) shall be terminated if the Sage Crest Dispute Resolution does not occur by the day which is 90 days after the Closing Date and the Lima 2 Unwind Proceeds are distributed to the limited partners of Lima 2 LS plc so long as the required payments are made pursuant to Section 2.9(l), or (z) of the Note Purchase Agreement may be maintained at Lima 2 LS plc if the arrangements described in Section 6.1(x) of the Note Purchase Agreement are made in order to avoid an Event of Default; and (d) such other servicing agreement, executed by an Approved Servicer and the Issuer or the Policy Subsidiary in form and substance reasonably satisfactory to the Senior Note Trustee; provided if such servicing agreement is substantially similar to a servicing agreement described in clause (a), (b) or (c), no consent with respect to the form and substance of such servicing agreement shall be required.

**"Servicing Fees"** means the ordinary fees and expenses of a Servicer payable by the Policy Subsidiary pursuant to the applicable Servicing Agreement.

**"Solvent"** means, as to any Person on any date of determination, such Person is not able to pay its debts within the meaning of Sections 123 or 222 to 224 (inclusive) of the Insolvency Act 1986.

**"Standard & Poor's"** means Standard & Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.

**"Structuring Fee Letter"** means the Fee Letter, dated as of the Closing Date between Natixis Securities North America Inc. and the Issuer.

**"Subordinated Note"** means an asset backed security due 31 December 2050 issued by the Issuer pursuant to the Subordinated Noteholder Documents.

**"Subordinated Note Paying Agency Agreement"** means the Paying Agency Agreement, dated December 17, 2010, as amended and restated on the Closing Date, among the Issuer, the Portfolio Advisor, U.S. Bank National Association, as paying agent and registrar, and the Subordinated Note Trustee.

**"Subordinated Note Trust Deed"** means the Trust Deed, dated December 17, 2010, between the Issuer and the Subordinated Note Trustee.

**"Subordinated Note Trustee"** means U.S. Bank National Association, and its permitted successors and assigns as trustee under the Subordinated Note Trust Deed.

**"Subordinated Noteholder"** means a Person that owns an interest in a Subordinated Note pursuant to the Subscription Agreement and on the Closing Date, the Persons listed on Schedule IX of the Note Purchase Agreement.

**"Subordinated Noteholder Contributions"** means, at any time and from time to time, the cash amounts advanced to the Issuer by the Subordinated Noteholders pursuant to the Subscription Agreement.

**"Subordinated Noteholder Documents"** means the Subscription Agreement, the Subordinated Note Trust Deed, the Subordinated Note Paying Agency Agreement and all other agreements and documents executed or delivered in connection with any of the foregoing, including any fee letters with respect to any of the foregoing.

**"Subordinated Trustee Fees"** means the ordinary fees and expenses of the Subordinated Note Trustee payable by the Issuer pursuant to the letter dated December 13, 2010 between the Issuer and the Subordinated Note Trustee.

**"Subscription Agreement"** means the Subscription Agreement related to the USD 874,000,000 subordinated Asset Backed Securities Due 2050, dated December 17, 2010 and as amended and restated on the Closing Date among the Issuer and the Subordinated Noteholders.

**"Subscription Line of Credit"** means, as the context may require, any or all of the LS Fund Subscription Line and/or any FCO Fund Subscription Line.

**"Subsequent Acquisition Date"** means the date that a PFLA/OA Policy is acquired by the Policy Subsidiary pursuant to or in connection with any Premium Finance Loan Agreement or Option Agreement and becomes a Former PFLA/OA Policy.

**"Subsequent Draw Date"** means the date of a Funding pursuant to the provisions of the Note Purchase Agreement.

**"Subsequently Determined Ineligible Policy"** means (i) (A) a Policy listed on Schedule XV of the Note Purchase Agreement that is determined not to be an Eligible Policy as of the date of the initial purchase of the Senior Notes or any Subsequent Draw Date, (B) a Policy listed on Schedule XX of the Note Purchase Agreement that is determined not to satisfy any of the criteria in the definition of Eligible Policy other than as set forth in Schedule XX of the Note Purchase Agreement as of the date of the initial purchase of the Senior Notes or any Subsequent Draw Date, (C) a Former PFLA/OA Policy that is determined not to be an Eligible Policy as of its Subsequent Acquisition Date or any subsequent Subsequent Draw Date or (D) an Owner Trust Policy for which the Owner Trust Transfer Date has occurred that is determined not to be an Eligible Policy as of such Owner Trust Transfer Date or any subsequent Subsequent Draw Date, and the cure period in respect of each of the foregoing Policies shall be six months for purposes of any Disqualified Policy Sale.

**"Tax Event"** means the existence of (a) any tax under the laws of the United Kingdom owed by the Issuer on its profits, to the extent that such profits as computed for the purposes of such tax, exceeds £2,000 per annum or (b) any reduction in amounts available to the Issuer, to pay the Obligations owed to the Senior Note Trustee, the Senior Note Trustee and the Senior Note Purchasers due to United States withholding tax or any other United States tax (other than any United States withholding tax or other United States tax that was imposed solely as a result of a Senior Note Purchaser not, or no longer, being an Eligible Senior Note Purchaser).

**"Transaction Documents"** means the Financing Documents and Subordinated Noteholder Documents, the Pacifica Sale Agreement, any guarantee agreement executed in connection therewith and any other documents and agreements executed in connection therewith to which a Credit Party is a party and the Sage Crest Sale Agreement and any other documents and agreements executed in connection therewith to which a Credit Party is a party (including the Sage Crest Deed of Sale), other than any Assignment Notice and other than any Subscription Line of Credit.

**"Treaty"** means the Convention between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital Gains signed 24 July 2001 (including any protocol, memorandum of understanding, diplomatic note or similar agreement between the United States and the

United Kingdom with respect thereto), in each case, as amended or supplemented from time to time.

**"U.S. Federal Funds Rate"** means, for any day, the rate per annum equal to the weighted average of the rates on overnight U.S. Federal funds transactions with members of the U.S. Federal Reserve System arranged by U.S. Federal funds brokers on such day, as published on the next succeeding Business Day by the U.S. Federal Reserve Bank, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Senior Note Trustee from three U.S. Federal funds brokers of recognized standing selected by it.

**"U.S. Federal Reserve Board"** means the Board of Governors of the U.S. Federal Reserve System as constituted from time to time.

**"Unmatured Event of Default"** means means any condition or event the existence of which would be an Event of Default if no effect were given to any grace period or notice requirement set forth in such Event of Default.

## 2. **Purchase and Sale of the Senior Notes on the Closing Date**

Subject to the conditions set forth in the Note Purchase Agreement, the Issuer has offered sell to each Senior Note Purchaser and each Senior Note Purchaser has agreed to purchase, on the Closing Date, a Senior Note in an aggregate principal amount equal to such Senior Note Purchaser's Pro Rata Share of \$250,000,000 (the **"Initial Principal Amount"**) at a purchase price equal to its Pro Rata Share of the Initial Principal Amount.

## 3. **Additional Advances**

On the Closing Date, the Maximum Facility Amount on the Closing Date (being the Initial Principal Amount) was fully drawn by the Issuer. Subject to the terms of, and the satisfaction of certain conditions set forth in the Note Purchase Agreement and Increases in Commitment being agreed pursuant to the provisions of the Note Purchase Agreement, the Issuer may, by giving notice to the Senior Note Trustee and the Senior Note Purchasers, request additional Fundings after the Closing Date. Each Senior Note Purchaser has agreed to fund its Pro Rata Share of such Funding.

## 4. **Senior Notes**

The Note Purchase Agreement provides that Advances, as to each Senior Note Purchaser, shall be evidenced by a single Senior Note substantially in the form attached to the Senior Note Trust Deed payable to the order of such Senior Note Purchaser in an amount equal to such Senior Note Purchaser's Commitment on the Closing Date without giving effect to any Advances and dated the Closing Date.

## 5. **Maturity of Advances**

The Note Purchase Agreement provides that all Advances and all other unpaid Senior Obligations shall mature and be due and payable on the Maturity Date.

## 6. **Interest Rates; Payment of Interest**

- 6.1 The Note Purchase Agreement provides that each Advance shall bear interest on the Outstanding Principal Amount thereof, for each day during each Interest Period applicable thereto, at a rate per annum equal to the Applicable Rate with respect thereto. Accrued interest on each outstanding Advance shall be payable in arrears on each Payment Date. Interest payable under paragraph 6.2 below shall be payable on demand and in the event of any repayment or prepayment of any Advance, accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.

- 6.2 In the event that, and for so long as, any Event of Default shall have occurred and be continuing, the Outstanding Principal Amount, and, to the extent permitted by Applicable Law, overdue interest in respect of the Outstanding Principal Amount shall bear interest for each day at the rate per annum equal to the sum of (i) the Applicable Rate for each Advance plus (ii) two percent (2%).

## **7. Reduction and Increase of Commitment**

- 7.1 The Note Purchase Agreement provides that the Initial Commitments and the Increased Commitment (if any) shall automatically be reduced to zero on the Initial Availability Commitment Termination Date and the Increased Commitment Availability Commitment Termination Date respectively. The commitment of each Senior Note Purchaser shall be automatically reduced by its Pro Rata Share of any required mandatory repayment made pursuant to certain provisions of the Note Purchase Agreement. The Issuer may at any time terminate or from time to time reduce the Commitments upon prior notice to the Senior Note Trustee and the Initial Senior Note Purchaser (if it is a Senior Note Purchaser at such time). Any termination or reduction of the Commitments pursuant to the provisions of the Note Purchase Agreement shall be permanent, and shall be made ratably among the Senior Note Purchasers in accordance with their Pro Rata Shares.

- 7.2 If a financial institution becomes a party to the Note Purchase Agreement as a Senior Note Purchaser with the prior consent of the existing Senior Note Purchasers (to be given in their sole discretion) and otherwise in compliance with the provisions of Note Purchase Agreement, the Issuer may request the Initial Senior Note Purchaser (if it is a Senior Note Purchaser at such time) and copied to the Senior Note Trustee, to increase the Maximum Facility Amount by an amount not to exceed \$100,000,000 subject to the satisfaction of conditions set forth in the Note Purchase Agreement including the payment of any required fees.

## **8. Voluntary Prepayments of Principal**

The Note Purchase Agreement provides that the Issuer may (i) on any Payment Date or (ii) on any other Business Day, upon notice to the Senior Note Trustee and the Initial Senior Note Purchasers (if it is a Senior Note Purchaser at such time) voluntarily prepay all or any portion of the Outstanding Principal Amount without premium or penalty upon the terms and subject to the conditions set forth in the Note Purchase Agreement.

## **9. Mandatory Principal Payments and Release of Policies**

Under the provisions of the Note Purchase Agreement, the Outstanding Principal Amount will be required to be mandatorily prepaid by the Issuer in the following instances:

- (a) the Outstanding Principal Amount is required to be repaid on any Payment Date on or after the second anniversary of the Closing Date in an amount necessary to satisfy the On-Going Collateral Test.
- (b) the Outstanding Principal Amount is required to be repaid in an amount equal to the related Required Amortization Amount solely from Available Outside Funding Sources within 45 days after a Required Amortization Event.
- (c) the Outstanding Principal Amount is required to be repaid on prior to (i) the Payment Date immediately preceding the fifth (5th) anniversary of the Closing Date in such amount necessary to have reduced the Outstanding Principal Amount by 25% of the Maximum Facility Amount in effect on such date, and (ii) the Payment Date immediately preceding the sixth (6th) anniversary of the Closing Date in such amount necessary to have reduced the Outstanding Principal Amount by 50% of the Maximum Facility Amount in effect on such date. In addition, the Outstanding Principal Amount is required to be repaid on each such Payment Date in an amount, if any, necessary to satisfy the Collateral Test on such date.

- (d) the proceeds of any Disqualified Policy Settlement, Permitted Policy Settlement or Permitted Policy Sale received by the Issuer, the Policy Subsidiary or the Securities Intermediary are required to be deposited directly into the Collection Account, and such proceeds are required to remain on deposit in the Collection Account and used for the payment of the Senior Amounts.
- (e) the proceeds of any Non-Affiliated Disqualified Policy Sale received by the Issuer, the Policy Subsidiary or the Securities Intermediary are required to be deposited directly into the Collection Account. If, prior to such Non-Affiliated Disqualified Policy Sale, the Outstanding Principal Amount shall have been repaid by an amount equal to the Required Pro Rata Current Basis Paydown Amount for such Policy, including pursuant to clauses (g), (h), (i), (j) or (m) of Section 2.9 of the Note Purchase Agreement or clause (b) of Section 5.24 of the Note Purchase Agreement, then the proceeds of such sale shall remain on deposit in the Collection Account for the payment of the Senior Amounts. If not, the Outstanding Principal Amount shall be repaid by an amount equal to the Required Pro Rata Current Basis Paydown Amount for such Policy as follows: (i) if the proceeds of the sale of such Non-Affiliated Disqualified Policy Sale are less than the Required Pro Rata Current Basis Paydown Amount for such Policy, the remaining portion of the Required Pro Rata Current Basis Paydown Amount shall be paid from amounts on deposit in the Collection Account or Subordinated Noteholder Contributions and (ii) if the proceeds of the sale of such Non-Affiliated Disqualified Policy Sale are greater than the Required Pro Rata Current Basis Paydown Amount, the difference shall remain on deposit in the Collection Account for the payment of the Senior Amounts
- (e) the proceeds of any Affiliated Disqualified Policy Sale received by the Issuer, the Policy Subsidiary or the Securities Intermediary are required to be deposited directly into the Collection Account. If, prior to such Affiliated Disqualified Policy Sale, the Outstanding Principal Amount shall have been repaid by an amount equal to the Required Pro Rata Current Basis Paydown Amount for such Policy, including pursuant to clauses (g), (h), (i), (j) or (m) of Section 2.9 of the Note Purchase Agreement or clause (b) of Section 5.24, of the Note Purchase Agreement then the proceeds of such sale shall remain on deposit in the Collection Account for the payment of the Senior Amounts. If not, the Outstanding Principal Amount shall be repaid by an amount equal to the Required Pro Rata Current Basis Paydown Amount for such Policy and if the proceeds of the sale of such Affiliated Disqualified Policy Sale are greater than the Required Pro Rata Current Basis Paydown Amount, the difference shall remain on deposit in the Collection Account for the payment of the Senior Amounts.
- (f) if a Policy is determined by a Credit Party, the Portfolio Advisor or the Senior Note Trustee not to have been an Eligible Policy on:
  - (i) the Closing Date or any subsequent Draw Date in case of a Policy disclosed as an Eligible Policy under the Note Purchase Agreement;
  - (ii) the Subsequent Acquisition Date or any Subsequent Draw Date in case of a PFLA/OA Policy;
  - (iii) the Owner Trust Transfer Date or any Subsequent Draw Date in case of an Owner Trust Policy;
  - (iv) a Sage Crest Policy fails to be an Eligible Policy on the Sage Crest Transfer Date or any subsequent Subsequent Draw Date; or
  - (v) any Policy listed on Schedule XX of the Note Purchase Agreement fails to satisfy any of the criteria in the definition of Eligible Policy other than as set forth in Schedule XX of the Note Purchase Agreement on the Closing Date or any Subsequent Draw Date

and such Policy is not settled, commuted, unwound, lapsed or surrendered by the Issuer or the Policy Subsidiary, as the case may be, pursuant to a Disqualified Policy Sale, Disqualified Policy Settlement or a Disqualified Policy Lapse within six months after its Actual Knowledge of such failure on the applicable measurement date, and if the Ineligibility Basket Test has been met, then, within 3 Business Days after the end of such six month cure period, the Outstanding Principal Amount shall be repaid from amounts on deposit in the Collection Account or from Subordinated Noteholder Contributions by an amount equal to the Required Pro Rata Current Basis Paydown Amount of such Policy (as determined on the date such mandatory principal payment is made).

(g) if a Policy is either:

- (i) a Non-Titled Policy;
- (ii) a Non-Transferred Owner Trust Policy; or
- (iii) a Non-Foreclosed Policy,

and not sold, settled, commuted, unwound, lapsed or surrendered by the Issuer or the Policy Subsidiary, as the case may be, pursuant to a Disqualified Policy Sale, a Disqualified Policy Settlement or a Disqualified Policy Lapse prior to such Policy becoming a Non-Titled Policy, a Non-Transferred Owner Trust Policy or a Non-Foreclosed Policy, as the case may be, and if the Ineligibility Basket Test has been met, then the Issuer is required to with 3 Business Days repay the Outstanding Principal Amount, solely from A amounts on deposit in the Collection Account or from Subordinated Noteholder Contributions, by an amount equal to the Required Pro Rata Current Basis Paydown Amount of such Policy.

(h) if a Security Interest (other than a Permitted Security Interest) on a Policy or Owner Trust that owns a Policy is not released in accordance with the provisions of the Note Purchase Agreement within 30 days after Actual Knowledge of such Security Interest by the applicable persons, then the Issuer is required to repay the Outstanding Principal Amount pro rata to the relevant Senior Note Purchasers by an amount equal to the Current Basis of the related Policy within 3 Business Days after the end of the Cure Period.

(i) the Outstanding Principal Amount is required to be repaid solely from Subordinated Noteholder Contributions by an amount equal to the Required Pro Rata Current Basis Paydown Amount of all Disputed Sage Crest Policies on the 90th day after the Closing Date if the Sage Crest Dispute Resolution has not occurred by such date.

(j) the Issuer may at any time elect to repay the Outstanding Principal Amount, solely from Subordinated Noteholder Contributions, in an amount equal to the Required Pro Rata Current Basis Paydown Amount of any Closing Date Ineligible Policy in which case such Policy thereafter shall be considered an Event Excluded Policy for all purposes under the Note Purchase Agreement.

(k) the Outstanding Principal Amount is due and required to be payable in full on the Maturity Date.

#### 10. **Fees**

Under the terms of the Note Purchase Agreement the Issuer is required to pay all fees of the Paying Agent and the Senior Note Purchasers under the Fee Letter and the Structuring Fee Letter including accrued Commitment Fees and Increased Commitment Structuring Fees.

#### 11. **Computation of Interest and Commitment Fees**

The Note Purchase Agreement provides that interest and commitment fees payable pursuant thereto or under any Fee Letter shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day except in the case of interest calculated on the basis of an Interest Period).

## 12. **Affirmative and Negative Covenants**

Under the terms of the Note Purchase Agreement the Issuer has provided certain affirmative and negative covenants for the benefit of the Senior Note Trustee and the Senior Note Purchasers as follows:

- (a) *Information:* The Issuer has undertaken to provide to the Security Trustee and the Senior Note Trustee certain information including *inter alia*, information in relation to the Policies, information about the occurrence of any Unmatured Event of Default, Event of Default, Servicer Default or Required Amortization Event, copies of all reports, notices or documents that the Issuer or Policy Subsidiary sent to any governmental body, agency or regulatory authority, Quarterly Collateral Report, financial statements and other information regarding the Collateral or the financial position or business of a Credit Party as the Senior Note Trustee may reasonably request in writing. Among other things, the Issuer has undertaken to provide after the first anniversary of the Closing Date, biennial updated Life Expectancies for all Policies on a rolling 24 month basis, such that updated Life Expectancies (issued by at least three (3) Medical Underwriters in respect of each Insured under a Policy, unless there are only two (2) such Medical Underwriters at such time, in which case two (2) will be sufficient) are delivered for each Policy every other year (for the avoidance of doubt, each year updated Life Expectancies will be delivered for half of the Policies and the updated Life Expectancies for the other half of the Policies will be delivered in the following year);
- (b) *Payment of Obligations:* The Issuer has undertaken to, and cause the Policy Subsidiary to, pay and discharge, at or before the maturity thereof, all of their respective payment obligations and liabilities;
- (c) *Good Standing:* The Issuer has undertaken to, and cause the Policy Subsidiary to, remain qualified to do business and in good standing.
- (d) *Compliance with Laws:* The Issuer has undertaken to, and cause the Policy Subsidiary to, comply with all Applicable Laws;
- (e) *Inspection of Property, Books and Records:* The Issuer has undertaken to, and cause the Policy Subsidiary to, keep proper books of record and accounts and permit representatives of the Senior Note Trustee, the Initial Senior Note Purchaser and one additional Senior Note Purchaser upon reasonable prior notice to visit and inspect any of the properties of any Credit Party on a business day during business hours, reasonably examine and make abstracts from the books and records of any Credit Party and to reasonably discuss their affairs, finances and accounts with the officers and employees of any such Credit Party provided that any representative visiting or inspecting the Credit Party must have agreed to comply with the confidentiality provisions of Section 9.14 of the Note Purchase Agreement;
- (f) *Existence:* The Issuer has undertaken to, and cause the Policy Subsidiary to, preserve and keep in full force and effect their respective (i) existence; and (ii) such rights, privileges, licences and franchises, the failure of which would have a Material Adverse Effect ;
- (g) *Subsidiaries:* The Issuer has undertaken to not directly or indirectly own any equity interest in any Person other than the Policy Subsidiary and ensure the Policy Subsidiary does not directly or indirectly own any equity interest in any Person other than the Owner Trusts;

- (h) *Property:* The Issuer has undertaken not to, and cause the Policy Subsidiary not to, acquire any property (other than related to ordinary operations and expenses with a value not exceeding USD100,000 per annum) after the Closing Date other than Permitted Investments and PFLA/OA Policies;
- (i) *Restrictions on Fundamental Changes:* The Issuer has undertaken not to, and cause the Policy Subsidiary not to, amend their respective organizational documents without the prior consent of the Security Trustee, enter into any merger or consolidation or reorganisation, liquidation, winding-up or dissolution, discontinuation of its business or convey, lease, sell, transfer or otherwise dispose of all or any part of its business or property constituting Collateral, except for the assignment of the Policies to the Securities Intermediary, Permitted Policy Sales, Disqualified Policy Sales, Permitted Policy Settlements, Disqualified Policy Settlements and Disqualified Policy Sales and with respect to the Policy Subsidiary the dissolution of an Owner Trust after an Owner Trust Transfer Date or as otherwise contemplated or permitted under any Transaction Document;
- (j) *Security Interests:* The Issuer has undertaken not to, and cause the Policy Subsidiary not to, create, incur, assume or permit to exist, on any of its property (other than any Policy or any Owner Trust, it being understood that any Security Interest other than a Permitted Security Interest with respect to such property is limited separately under Section 5.24 of the Note Purchase Agreement),, any Security Interest for borrowed monies or any other Security Interest except for Permitted Security Interests;
- (k) *Business Activities:* The Issuer has undertaken not to, and cause the Policy Subsidiary and Owner Trustee not to, engage in any business activity other than the purchase, maintenance, management of and the exercise of its rights under the Policies, Premium Finance Loan Agreements, Option Agreements and Permitted Investments in compliance with the terms of the Note Purchase Agreement and the other Transaction Documents;
- (l) *Indebtedness:* The Issuer has undertaken not to incur any Indebtedness other than the Obligations, in respect of any right of contribution or indemnity arising from the Obligations, the Transaction Documents and the Subordinated Notes. The Issuer has undertaken to cause the Policy Subsidiary and the Owner Trustee that owns a Policy not to incur any Indebtedness other than the obligations in respect of any right of contribution or indemnity arising from the Obligation, Indebtedness owing pursuant to the Policy Subsidiary Guarantee or any other Transaction Document to which it is a party;
- (m) *Use of Proceeds:* Such portion of the initial proceeds of the Advances made on the Closing Date as is indicated for such purpose in the Funds Flow Memorandum may be applied as a repayment of Subordinated Noteholder Contributions to the Subordinated Noteholders under the Subordinated Noteholder Documents, and the remaining proceeds of such Advances (net of closing costs and expenses, including counsel fees and expenses, as set forth in the Funds Flow Memorandum) shall be deposited into the Collection Account and shall be used solely to pay Senior Amounts and for the avoidance of doubt shall not be distributed to the Subordinated Noteholders;
- (n) *Amendments, Modifications and Waivers to Policies:* The Issuer has undertaken not to, and cause the Policy Subsidiary or the Securities Intermediary not to, agree to any amendment or modification to, or any waiver of, the terms and conditions of any Policy or the exercise of any option set forth in such Policy to increase or decrease the Death Benefit of such Policy, or other Collateral without the prior consent of the Senior Note Trustee, which such consent shall not be unreasonably withheld or delayed prior to the occurrence of an Unmatured Event of Default or Event of Default unless such action is permitted pursuant to the terms of the Note Purchase Agreement;



- (o) *Performance of Obligations:* The Issuer has undertaken to, and cause the Policy Subsidiary to, and to use commercially reasonable efforts to cause the Securities Intermediary to, timely and fully comply with and perform its obligations, if any, under the Policies and other Collateral;
- (p) *Limitation on Dividends, Return of Capital and Other Equity Payments:* The Issuer has undertaken not declare or make any direct or indirect distribution, dividend, return of capital or other payment to any Person on account of any membership or other equity interest in, or ownership of any similar interests or securities of, the Issuer and the Issuer shall cause the Policy Subsidiary to make periodic distributions to the Issuer in the amount of Collections received by the Policy Subsidiary;
- (q) *Policy Sales, Policy Lapses and Policy Settlements:* The Issuer has undertaken not, and cause the Policy Subsidiary, the Securities Intermediary or the Owner Trusts not to, sell, settle, commute, unwind, otherwise dispose of, surrender or permit a Policy to lapse other than a Permitted Policy Sale, Disqualified Policy Sale, Disqualified Policy Lapse, a Permitted Policy Lapse, a Disqualified Policy Settlement, or a Permitted Policy Settlement;
- (r) *Servicer Default:* The Issuer has undertaken to remove, or, cause the Policy Subsidiary to remove, the applicable Servicer and appoint an Approved Servicer to replace such defaulting Servicer within sixty days after Actual Knowledge of the occurrence of a Servicer Default;
- (s) *Use of Proceeds of the Collateral:* The proceeds of the Collateral, prior to the occurrence of an Unmarried Event of Default, shall be used to pay (a) Premiums on the Policies and other Senior Amounts when due and payable, (b) the Required Pro Rata Current Basis Paydown Amount when due and payable and (c) on each Payment Date after all Senior Amounts have been paid in full, may be used, at the election of the Issuer to prepay the Outstanding Principal Amount or shall remain on deposit in the Collection Account to pay future Senior Amounts. After the occurrence of an Event of Default, any amounts on deposit in the Collection Account shall be applied in accordance with the provisions of the Note Purchase Agreement and the Intercreditor Agreement;
- (t) *List of the Senior Notes:* The Issuer has undertaken to maintain its listing of the Senior Notes on the Official List of the Irish Stock Exchange;
- (u) *Deposit of Collections:* The Issuer has undertaken to cause all Collections to be deposited into the Collection Account, including Subordinated Noteholder Contributions and direct and cause the Policy Subsidiary and the Securities Intermediary to direct that all Collections that are or may be paid by wire transfer or other means direct deposit be deposited directly into the Collection Account (other than Death Benefits or proceeds of settlement, sale or other disposition of Policies, which may first be paid into the Death Benefits Account and refunds or rebates of Premiums, which may first be paid into the Premium Account) including Subordinated Noteholder Contributions made after the Closing Date but excluding additional interest earnings or Permitted Investments in the Death Benefits Account and the Premium Account. The Issuer shall cause all Death Benefits received in the Death Benefits Account to be transferred to the Collection Account within 3 Business Days and shall cause all earnings on Permitted Investments in the Premium Account and the Death Benefits Account to be transferred to the Collection Account periodically (and at least monthly);
- (v) *Claims under Pacifica Sale Agreement and Sage Crest Sale Agreement:* The Issuer has undertaken to make, or shall cause the Policy Subsidiary to make, all reasonable reimbursement, indemnity and other similar claims it has against any Persons under the Pacifica Sale Agreement and the Sage Crest Sale Agreement and related documents and deposit any funds received with respect thereto into the Collection Account;

- (w) *Change Forms and Collateral Assignments:* Within 90 days after the Subsequent Acquisition Date of any Former PFLA/OA Policy and 90 days after the Sage Crest Transfer Date of any Sage Crest Policy, the Issuer has undertaken to cause such Former PFLA/OA Policy or Owner Trust Policy to be titled in the name of the Securities Intermediary as evidenced by the written acknowledgement of the related Insurer. With respect to each Policy (including each Owner Trust Policy), each Sage Crest Policy and Former PFLA/OA Policy the Issuer has undertaken to, or cause the Securities Intermediary or Policy Subsidiary, as applicable, or a Servicer to send to the related Insurer an accurately completed Assignment Notice within 60 days, if such Policy is a Pacifica Policy, or within 90 days, if such Policy is a Sage Crest Policy, after the later of: (a) the date of the initial purchase of the Senior Notes and (b) the date of the receipt by the Issuer, Policy Subsidiary or Securities Intermediary of a written acknowledgement from such Insurer confirming that such Insurer has recorded the Securities Intermediary as the owner of such Policy;
- (x) *Security Interests on Policies:* (a) If an Insurer notifies a Credit Party, an Owner Trust, a Servicer or the Securities Intermediary in writing of, or Actual Knowledge otherwise is obtained of, a Security Interest on any Policy or Owner Trust, other than a Permitted Security Interest, the Issuer shall (i) cause such Security Interest to be released within 30 days after the earlier of such receipt of notice or Actual Knowledge thereof, as the case may be or (ii) within 3 Business Days after the end of such cure period, cause the Outstanding Principal Amount to be prepaid by an amount equal to the Current Basis of such Policy from amounts on deposit in the Collection Account or Subordinated Noteholder Contributions. (b) If the Issuer has not caused to be released all Liens on the Policies listed on Schedule XX of the Note Purchase Agreement which are indicated to be subject to a Lien on such Schedule, by the first anniversary of the Closing Date, then the Issuer shall, on such anniversary, cause the Outstanding Principal Amount to be prepaid by an amount equal to the Current Basis of such Policy from amounts on deposit in the Collections Account or Subordinated Noteholder Contributions. Any Policy described in clause (a) above in respect of which such a Security Interest is not released within such 30 days or, as described in clause (b) above, by the first anniversary of the Closing Date, as applicable, shall thereafter no longer be an "Eligible Policy" without giving effect to any additional cure period for purposes of the Transaction Documents;
- (y) *Payment Date Calculations:* Within 45 days prior to a Payment Date, the Issuer has undertaken to determine the Senior Amounts payable on such Payment Date. To the extent that, as of 45 days prior to any Payment Date, there are insufficient funds on deposit in the Collection Account to pay the estimated Senior Amounts on such Payment Date, the Issuer has undertaken to request Subordinated Note Contributions in the amount of such deficiency pursuant to the terms of the Subordinated Noteholder Documents and deposit such Subordinated Note Contributions into the Collection Account on or prior to the Payment Date in immediately available funds. Unless otherwise directed by the Senior Note Trustee when an Unmatured Event of Default or Event of Default exists, the Issuer shall cause an amount equal to all Premiums to be paid as Senior Amounts in accordance with this Agreement to be transferred from the Collection Account to the Premium Account as and when necessary to make such payment;
- (z) *Servicing Agreements, Portfolio Management Agreement and Custodian Agreement:* The Issuer has undertaken to and cause the Policy Subsidiary to provide all information required to be provided by it to the Servicers, the Portfolio Manager, the Custodian, the Security Trustee and the Senior Note Trustee under the Financing Documents. The Issuer has undertaken not to and cause the Policy Subsidiary not to permit any Person other than a Servicer (or a subservicer, if permitted pursuant to the terms of the Servicing Agreement) to service the Policies in the manner currently contemplated under the Servicing Agreements;
- (aa) *Payment of Premiums:* (a) The Issuer has undertaken to request Subordinated Note Contributions in accordance with the Subscription Agreement within the applicable

time period and in the amounts necessary to timely pay Premiums on the Policies and other Senior Amounts, to the extent other Collections are not available therefor. (b) If the Sage Crest Dispute Resolution does not occur by the 90th day after the Closing Date the Issuer shall cause Lima 2 LS plc to promptly return any Premiums theretofore paid as Senior Amounts under the Note Purchase Agreement;

- (bb) *Subordinated Noteholders:* The Issuer has undertaken not to permit the assignment of reduction or termination of a Subordinated Noteholder's obligations under the Subscription Agreement without the prior consent of the Senior Note Trustee (it being understood that the drawn and undrawn Capital Amounts under and as defined in the Subscription Agreement must at all times on and after the date which is 90 days after the Closing Date equal at least \$954,000,000 (unless the arrangements described in Section 6.1(x) of the Note Purchase Agreement have taken place by such date so that no Event of Default under such section then exists).;
- (cc) *U.S. Tax Returns:* The Issuer has undertaken to, for all taxable years beginning after December 31, 2010, file an annual tax return as a foreign corporation with the United States Internal Revenue Service;
- (dd) *Accuracy of Information:* The Issuer has undertaken that no factual information furnished by or on behalf of a Credit Party to the Senior Note Trustee, the Paying Agent or the Senior Note Purchaser (other than any factual information provided to a Credit Party or the Portfolio Advisor by a non-affiliated party) will contain any material misstatement of fact or omit to state a material fact;
- (ee) *Policy Illustrations:* The Issuer has undertaken to use commercially reasonable efforts to receive an updated Policy Illustration with respect to each Policy with sufficient frequency such that no Policy Illustration with respect to a Policy is more than 18 months old at any time. The Issuer also shall use commercially reasonable efforts (including the payment of a fee or other cash in the ordinary course) to obtain updated medical records of each Insured from time to time; and
- (ff) *Operating Guidelines:* The Issuer has undertaken to maintain a set of operating guidelines reasonably designed to minimize the risk that the Issuer will be treated as having a "permanent establishment" in the United States and take reasonable steps to ensure that its officers, employees, agents and the Portfolio Advisor comply with those operating guidelines.

### 13. **Events of Default**

The Note Purchase Agreement defines an "Event of Default" as any of the events set forth below:

- (a) (i) the occurrence of an act by any Credit Party or the Portfolio Advisor that constitutes gross negligence, willful misconduct, fraud or criminal activity in the performance of its obligations under, or the making of the representations and warranties in, this Agreement, the other Transaction Documents or the administration of any Policy, or (ii) any Credit Party or any director, general partner, managing member or vice president or more senior officer of any Credit Party or the Portfolio Advisor is indicted for a criminal offence (A) related to its activities on behalf of a Credit Party, its respective Affiliates, or the Portfolio Advisor or (B) in connection with any of its securities, financial advisory or other investment businesses, in each case, to the extent such occurrence, individually or in the aggregate with all such occurrences on or prior to such date results in a Material Adverse Effect;
- (b) failure by the Issuer, the Policy Subsidiary, an Owner Trust or the Securities Intermediary to make Premium payments (within any applicable grace period) required to keep a Policy in force or a Policy lapses (other than any such failure or lapse in connection with a Permitted Policy Lapse or a Disqualified Policy Lapse if, at the time such failure or lapse occurs, the aggregate Death Benefits since the Closing

Date of all lapsed Policies (other than Permitted Policy Lapses and Disqualified Policy Lapses) exceeds \$75,000,000;

- (c) failure by any Subordinated Noteholder to fund or have funded on its behalf a capital call in accordance with the terms of the Subscription Agreement within forty-five (45) days after request therefor by the Issuer;
- (d) default in the payment of any interest or principal due on any Advance, Commitment Fee or Increased Commitment Structuring Fee, when such interest, principal, Commitment Fee or Increased Commitment Structuring Fee becomes due and payable, and continuance of such default for a period of thirty (30) days after the date such interest, principal, Commitment Fee or Increased Commitment Structuring Fee becomes due and payable;
- (e) default in the payment of any fee (other than a Commitment Fee or Increased Commitment Structuring Fee), cost, expense, indemnity or other amount (other than principal or interest) due on any Advance, or any other monetary Obligation when such amount or other monetary Obligation becomes due and payable in accordance with and subject to the terms hereof or of the other applicable Transaction Document, and continuance of such default beyond any grace period provided therefor and, if no such grace period is provided, for a period of forty-five (45) days after the date such amount or other monetary Obligation becomes due and payable in accordance with and subject to the terms hereof or of the other applicable Transaction Document;
- (f) failure to pay a Required Amortization Amount to the Paying Agent in immediately available funds within 45 days after the occurrence of the related Required Amortization Event;
- (g) failure to make any payment required by Section 2.9(a) and continuance of such failure for a period of forty-five (45) days;
- (h) the Issuer or the Policy Subsidiary becomes an investment company required to be registered under the Investment Company Act;
- (i) (x) default in the performance of any covenant or other agreement of the Issuer or the Policy Subsidiary under the Note Purchase Agreement or any other Transaction Document (other than any covenant or other agreement that is addressed in another Event of Default in Section 6.1 of the Note Purchase Agreement), or the failure of any representation or warranty made by the Issuer or the Policy Subsidiary in the Note Purchase Agreement (other than any representation as to whether a Policy is an Eligible Policy or regarding the satisfaction of the eligibility criteria with respect to any Policy), any other Transaction Document or in any related certificate delivered pursuant hereto or thereto (other than any representation as to whether a Policy is an Eligible Policy or regarding the satisfaction of the eligibility criteria with respect to any Policy) to be correct in all respects when made and, such defaults or failures, individually or in the aggregate, have a Material Adverse Effect (determined without giving effect to any Material Adverse Effect qualifications set forth in the Note Purchase Agreement); or (y) the default in the performance in any material respect of the covenant contained in Section 5.30(b)(i) of the Note Purchase Agreement, and in either case such default or failure either (i) is not susceptible of cure or (ii) continues for a period of 30 days after Actual Knowledge thereof;
- (j) the entry of a decree or order by a court of competent jurisdiction (i) adjudging any Credit Party, FCO I Fund, FCO II Fund, FCO MA II Fund or Fortress Life Settlements Fund as bankrupt or insolvent, or creating a moratorium in respect of such party, or (ii) approving as properly filed a petition seeking administration, reorganization, arrangement, adjustment or composition of or in respect of any Credit Party, FCO I Fund, FCO II Fund, FCO MA II Fund or Fortress Life Settlements Fund under the Bankruptcy Code or any other Applicable Law or (iii) appointing an administrative or other receiver, administrator, provisional liquidator, liquidator, assignee or

sequestrator (or other similar official) of any Credit Party, FCO I Fund, FCO II Fund, FCO MA II Fund or Fortress Life Settlements Fund or of any substantial part of their respective properties or (iv) ordering the winding up or liquidation of their respective affairs or (v) the making of any recognition order under the Cross Border Insolvency Regulations in respect of any foreign proceedings relating to any Credit Party, FCO I Fund, FCO II Fund, FCO MA II Fund, or Fortress Life Settlements Fund, in each case which such decree or order has continued unstayed and in effect for a period of 60 consecutive days;

- (k) any step (whether by resolution, legal proceedings or formal action) is taken by any Credit Party in contemplation of the winding up, administration, judicial management, dissolution or reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise) in respect of any Credit Party, or the institution by any Credit Party, FCO I Fund, FCO II Fund, FCO MA II Fund or Fortress Life Settlements Fund of proceedings for it to be adjudicated as bankrupt or insolvent, or the consent by any Credit Party, FCO I Fund, FCO II Fund, FCO MA II Fund or Fortress Life Settlements Fund to the institution of any bankruptcy, administration, reorganization, examination, arrangement, insolvency or liquidation proceeding, or any similar proceeding under any English or U.S. federal or state bankruptcy or similar law, against it, or the filing by any Credit Party, FCO I Fund, FCO II Fund, FCO MA II Fund or Fortress Life Settlements Fund of a petition or answer or consent seeking reorganization or relief under the Bankruptcy Code or any other similar Applicable Law, or the consent by any Credit Party, FCO I Fund, FCO II Fund, FCO MA II Fund or Fortress Life Settlements Fund to the filing of any such petition or to the appointment of an administrative or other receiver, administrator, provisional liquidator, liquidator, assignee, trustee or sequestrator (or other similar official) of it or any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of any action by any Credit Party, FCO I Fund, FCO II Fund, FCO MA II Fund or Fortress Life Settlements Fund in furtherance of any such action;
- (l) any Security Interest in the Collateral (i) (A) which is created pursuant to the Financing Documents in favor of the Secured Parties, (B) with respect to which the attachment, perfection and priority thereof is governed by the Uniform Commercial Code of the State of New York and (C) with respect to which the perfection thereof can be achieved by the filing of a Financing Statement or the entry into a Control Agreement, shall at any time cease to be fully effective as a first-priority, subject to Permitted Security Interests, Security Interest or (ii) is created by or on behalf of a Credit Party in favour of any Person other than the Security Trustee or a Permitted Security Interest;
- (m) any material provisions of the Financing Documents (other than a Financing Document terminated with the consent of the Senior Note Trustee) cease to be in full force and effect;
- (n) one or more judgments or decrees shall be entered against the Issuer, the Policy Subsidiary or Lima Holdings involving in the aggregate liability of \$25,000,000 or more in excess of the amounts paid or fully covered by insurance, and the same shall not have been vacated, satisfied, discharged, stayed or bonded pending appeal within 10 Business Days from the entry thereof;
- (o) the existence of a Tax Event in excess of \$40,000,000 in the aggregate since the date of organization of the Issuer;
- (p) the occurrence of a Servicer Default with respect to a Servicer and such Servicer has not been replaced by the Issuer or the Policy Subsidiary with an Approved Servicer within 60 days of Actual Knowledge of the occurrence of such Servicer Default;

- (q) a Policy is sold, settled, commuted, unwound, surrendered or otherwise disposed of, other than by means of a Permitted Policy Sale, Permitted Policy Settlement, Disqualified Policy Settlement, or Disqualified Policy Sale;
- (r) the Portfolio Manager has materially breached its duties under the Portfolio Management Agreement, resigns or its appointment is terminated, and the Issuer has not replaced such Portfolio Manager with a Person consented to by the Security Trustee (such consent not to be unreasonably withheld or delayed prior to the occurrence of an Event of Default or other Unmatured Event of Default) in accordance with the terms of the Intercreditor Agreement within 60 days of Actual Knowledge of such breach;
- (s) (i) Lima Holdings fails to own 100% of the ownership interest in the Issuer, (ii) the Issuer and Lima Holding fail to own 100% of the ownership interest in the Policy Subsidiary or (iii) the Policy Subsidiary fails to own 100% of the ownership interest in each Owner Trust prior to any dissolution of such Owner Trust after its Owner Trust Transfer Date, after the date that the Policy it owned was sold, settled, unwound, commuted, lapsed or surrendered pursuant to a Permitted Policy Sale, Disqualified Policy Sale, Permitted Policy Settlement, Disqualified Policy Settlement, Permitted Policy Lapse or Disqualified Policy Lapse, or as otherwise permitted by the terms of the Note Purchase Agreement and, solely with respect to clause (iii) such failure, either individually or in the aggregate would not have a Material Adverse Effect;
- (t) the "Collateral Account" (as defined in the LS Fund Subscription Line) is not funded in an amount equal to all the Unfunded Commitments (as defined in the LS Fund Subscription Line) of all limited partners of the applicable Fortress Life Settlements Fund by the 30th day prior to the expiration date of the partnership agreement of such Fortress Life Settlements Fund;
- (u) (i) a Subscription Line of Credit is terminated without the consent of the Initial Senior Note Purchaser, (ii) the borrower or general partner under the LS Fund Subscription Line breaches any of Sections 9.16, 9.17, 10.6(b)(i), or 10.6(c) of the Note Purchase Agreement if such breach continues unremedied for 10 days after Actual Knowledge thereof provided such 10 day grace period shall be terminated if such breach either is not curable or at any time the applicable borrower or general partner is not diligently attempting to cure such breach, or (iii) the borrower or general partner under the LS Fund Subscription Line breaches any of Sections 9.15, 10.6(a) or 10.6(b)(ii) or (iii) of the Note Purchase Agreement (or, with respect to clause (ii) or (iii) hereof, the equivalent provisions under an FCO Fund Subscription Line once in effect);
- (v) the FCO I Funds, the FCO II Funds, and the FCO MA II Fund have not entered into amendments to the FCO Fund Subscription Lines that incorporate provisions providing for an additional uncommitted loan facility analogous (except as provided below) to that facility set forth in the LS Fund Subscription Line by the date which is 90 days after the Closing Date (or 180 days after the Closing Date if the FCO I Funds, the FCO II Funds and the FCO MA II Fund are negotiating in good faith to achieve such amendments). Those amendments may differ from the LS Fund Subscription Line due to the multi-investment nature of the FCO I Funds, the FCO II Funds, and the FCO MA II Fund (versus the single investment nature of the LS Funds) and other differences between the funds, and shall not in any way restrict the usage of the committed lines for the purposes permitted thereunder as of the Closing Date (but will require at least \$170,953,408 of commitments of investors in FCO I Funds, \$104,262,448 of commitments of investors in FCO II Funds and \$31,028,744 of commitments of investors in FCO MA II Fund be available and used solely for making Subordinated Noteholder Contributions or repaying the "Uncommitted Obligations" thereunder);
- (w) the Senior Notes are not admitted to the Official List of the Irish Stock Exchange by the first Payment Date despite the cooperation of the parties hereto (at the expense of the Issuer), unless an exception from United Kingdom withholding tax has been

obtained by, and at the expense of, the Issuer by such Payment Date with the prompt cooperation (at the expense of the Issuer) of the Senior Noteholders pursuant to Section 7.4(d) of the Note Purchase Agreement to deliver a notification under the Double Taxation Treaty Passport Scheme;

- (x) the aggregate drawn and undrawn Capital Amounts under and as defined in the Subscription Agreement are not at least \$954,000,000 by the date that is 90 days after the Closing Date unless the Credit Parties have arranged by such 90th day, to the reasonable satisfaction of the Senior Note Purchasers, for (i) Lima2 LS plc to guarantee the Obligations, (ii) all Equity Interests in Lima2 LS plc to be pledged to the Security Trustee to secure the Obligations, (iii) all Sage Crest Policies (as determined immediately prior to such 90th day but provided such Policies have not be put back to the Sage Crest Sellers) and other property of Lima2 LS plc to be pledged/assigned to the Security Trustee to secure the Obligations, (iv) all call rights and related property of Lima2 LS plc with respect to the limited partners (which shall be for an aggregate amount of commitments at least equal to \$80,000,000) and other investors of Lima2 LS plc to be pledged to the Security Trustee to secure the Senior Obligations, and (v) all appropriate ancillary documents and opinions to the delivered in connection therewith, consistent with the deliveries on the Closing Date relating to the Collateral and Obligations on the Closing Date, including appropriate joinder to and amendment of the Intercreditor Agreement; and
- (y) any of the Post Closing Deliveries are not delivered to the Senior Note Purchasers by the date which is 30 days after the Closing Date.

#### **14. Remedies**

The Note Purchase Agreement provides that if an Event of Default shall have occurred, then, and in every such event, and at any time thereafter during the continuance of such event, the Commitments shall be terminated and automatically reduced to zero at the direction of the Required Senior Note Purchasers and the Senior Note Trustee may, and at the request of the Required Note Purchasers shall, by notice to the Issuer, at the same or different times declare the Advances then outstanding to be due and payable in whole or in part, or liquidate or direct the Security Trustee to liquidate all or a portion of the Collateral and apply the proceeds of such liquidation to pay all of a portion of the Advances then outstanding and all other obligations of the Issuer accrued under the Trust Deed. Further, if an Event of Default shall have occurred and be continuing, the Security Trustee shall apply the proceeds of such liquidation in accordance with the terms of the Intercreditor Agreement.

#### **15. Taxes**

The Note Purchase Agreement provides that any and all payments by the Issuer to or for the account of any Senior Note Purchaser or the Senior Note Trustee under the Note Purchase Agreement or any other Financing Document shall be made free and clear of, and without deduction for, any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, except to the extent any such Tax is imposed by law and subject to certain exceptions as set out in the Note Purchase Agreement. If the Issuer shall be required by law to deduct any such tax from any such payment, the Issuer will, subject to certain exceptions specified in the Note Purchase Agreement, be required to gross-up such payments in the manner and in the circumstances described in the Note Purchase Agreement.

#### **16. Governing Law and Jurisdiction**

The provisions of the Note Purchase Agreement and any non-contractual obligations arising out of or in connection with it are governed by, and to be constructed in accordance with, English law.

#### **17. Contract (Rights of Third Parties) Act 1999**

The Note Purchase Agreement may be enforced and relied upon solely by the parties and the operation of the Contracts (Rights of Third Parties) Act 1999 is excluded and the parties to the Note Purchase Agreement will not require the consent of any person to vary the Note Purchase Agreement.

#### 18. **Restrictions on Assignment**

The Note Purchase Agreement contain restrictions on the rights of the parties to assign or transfer any of their rights and or obligations in respect of the Senior Notes and the Note Purchase Agreement. No party may assign or otherwise transfer its rights or obligations under the Note Purchase Agreement without the prior consent of each other party, except as set out in the Note Purchase Agreement. Any Senior Note Purchase may assign or otherwise transfer all or part of its Senior Notes and some or all of its rights and obligations under the Note Purchase Agreement; provided that no Senior Note Purchaser may assign or transfer its rights and obligations under the Note Purchase Agreement, the Intercreditor Agreement or any Senior Note (i) to any person other than a Eligible Senior Note Purchaser; (ii) unless such assignment or transfer is exempt from the registration requirements of the Securities Act and otherwise in compliance with the Securities Act and any other Applicable Laws; (iii) prior to an Event of Default, without the prior written consent of the Issuer (which shall not be unreasonably withheld or delayed) provided that it shall be reasonable for the Issuer to withhold its consent if a proposed assignee or transferee is to a Competitor) and (iv) the procedure for transfer set out in Section 9.6 of the Note Purchase Agreement has been followed. A financial institution may become a party to the Note Purchase Agreement as an additional Senior Note Purchaser; provided that such financial institution (i) is an Eligible Senior Note Purchaser, (ii) becomes a Senior Note Purchaser in a manner that is exempt from the registration requirements of the Securities Act and otherwise in compliance with the Securities Act and any other Applicable Laws, (iii) prior to the occurrence of an Event of Default, has been consented to in advance by the Issuer (which shall not be unreasonably withheld or delayed; provided that it shall be reasonable for the Issuer to withhold its consent if a proposed additional Senior Note Purchaser is a Competitor) and (iv) has duly completed, executed and delivered to the Senior Note Trustee a transfer certificate. Transfers of rights and obligations in respect of the Senior Notes and the Note Purchase Agreement are implemented through the execution of transfer certificates attached to the Trust Deed and a mechanism described in the Note Purchase Agreement. Any Senior Note Purchaser transferring its rights and obligations under the Note Purchase Agreement will be required to become a party to the Intercreditor Agreement.

A Senior Note Purchaser may grant to one or more participants (each a “**Participant**”) sub-participations in its Commitment or any or all of its Advances and each Participant may further grant sub-participations in its participation hereunder; provided that no Senior Note Purchaser or Participant may grant a sub-participation in any of its rights or obligations (i) to any Person other than to an Eligible Senior Note Purchaser, (ii) unless the grant of such sub-participation is exempt from the registration requirements of the Securities Act and otherwise in compliance with the Securities Act and any applicable state securities laws, (iii) unless such grantee has duly completed, executed and delivered to the Senior Note Trustee on behalf of the Issuer, a letter with respect to which the Issuer is stated to be a beneficiary that contains (A) the representations and warranties set forth in the form of transfer certificate appended to the Senior Note Trust Deed and (B) an agreement of such grantee that it will not further grant any sub-participation in any of its rights or obligations other than in accordance with Section 9.6 of the Note Purchase Agreement, and (iv) prior to the occurrence of an Event of Default, without the prior consent of the Issuer (which shall not be unreasonably withheld or delayed; provided that it shall be reasonable for the Issuer to withhold its consent if a proposed assignee or transferee is a Competitor).

#### 19. **Prescription**

The Note Purchase Agreement provides that a claim for payment in respect of a Senior Note where (i) funds have been received by the Paying Agent or the Senior Note Trustee for payment thereof and (ii) the Paying Agent or Senior Note Trustee, as the case may be, does not have sufficient account or contact details to make such payment to the Senior Note Purchaser entitled thereto, shall become void unless made within twelve years, in the case of



principal, and five years, in the case of interest, of the appropriate relevant date. In this section, the relevant date means the date on which a payment first becomes due or, if the full amount of the monies payable has not been duly received by the Paying Agent or the Senior Note Trustee on or prior to such date, the date on which notice that the full amount of such monies has been received is duly given to the Senior Note Purchasers.

## THE INTERCREDITOR AGREEMENT

The following section describes, in summary the material terms of the Intercreditor Agreement. The summary does not purport to be complete and is subject to the provisions of the Intercreditor Agreement itself. See the section headed "General Information – Documents Available" for information on the availability of the Intercreditor Agreement for inspection by the Senior Note Purchasers.

On the Closing Date, the Issuer, Lima Acquisition LP, Lima Holdings LLC, the Senior Note Trustee, the Subordinated Note Trustee, the Security Trustee, the initial Senior Note Purchasers, Natixis Securities North America Inc. and the initial Subordinated Noteholders have entered into an intercreditor agreement (as amended or supplemented from time to time, the **"Intercreditor Agreement"**).

The following is a summary of the provisions of the Intercreditor Agreement.

### 1. Definitions

Capitalised terms used in this section shall have the meaning given to them elsewhere in this Listing Particulars including, without limitation, the section entitled *"The Note Purchase Agreement"*.

In addition, the following terms, as used in this section, have the following meanings:

**"Collateral Documents"** means the Issuer Security Documents, the Policy Subsidiary Guarantee, the Policy Securities Account Control Agreement, the Account Control Agreement, the Lima Holdings Deed of Charge and any other instruments or other documents granting a Security Interest by a Credit Party as security for any Debt.

**"Credit Parties"** means, collectively, the Issuer, Lima Acquisition LP and Lima Holdings LLC.

**"Enforcement Event"** means an Event of Default (as defined in the Senior Note Purchase Agreement) or, after the Discharge of Senior Debt, an Event of Default (as defined in the Conditions for the Subordinated Notes (as set out in the Subordinated Note Trust Deed)).

**"Debt"** means all Senior Debt and Subordinated Debt.

**"Discharge of Senior Debt"** means, with respect to any Senior Debt, the: (a) final, irrevocable and unconditional payment in full in cash of all principal, interest, fees and other charges payable in connection therewith, whether such interest, fees, premium or other charges accrue or are incurred prior to or during the pendency of an Insolvency Proceeding and whether or not any of the same are allowed or recoverable in any Insolvency Proceeding pursuant to the Insolvency Act, Section 506 of the Bankruptcy Code or similar Insolvency Laws, (b) payment in full in cash of all other Senior Debt that is due and payable or otherwise accrued and owing at or prior to the time such principal, interest and premium, if any, are paid and (c) termination or expiration of any commitments to make advances that would be Senior Debt (excluding for the purposes of paragraphs (a), (b) and (c) the Senior Expenses and the Subordinated Expenses).

**"Insolvency Proceeding"** means any proceeding commenced by, against or in relation to any Person under any Insolvency Law.

**"Lima Charged Collateral"** means the equity interests of the Issuer charged by Lima Holdings LLC to the Security Trustee pursuant to the Lima Holdings Deed of Charge.

**"Payment"** means, in respect of any Debt, a payment, prepayment, repayment, redemption, defeasance or discharge of all or part of that Debt.

**"Permitted Refinancing"** means any refinancing of the Senior Debt pursuant to financing documentation which replaces the then Senior Transaction Documents.

**"Proceeds"** means all proceeds (as that term is defined in the UCC) and products, whether tangible or intangible, of any of the Collateral, including proceeds of insurance, money, or other tangible or intangible property resulting from the sale, lease, licence, exchange, collection, or other disposition of any of the Collateral, whatever is received from, collected on, or distributed on account of any of the Collateral, any and all rights arising out of the Collateral, the proceeds of any judgment debt with respect to any of the Collateral, any rebates or refunds, whether for taxes or otherwise, and all proceeds of any such proceeds, or any portion thereof or interest therein, and the proceeds thereof.

**"Secured Parties"** means each Senior Secured Party and each Subordinated Secured Party.

**"Security Interest"** means with respect to any asset, any mortgage, fixed or floating charge, sub-mortgage, charge, pledge, lien, hypothecation, assignment by way of security or subject to a proviso for reassignment, security interest, financing lease or any preference, priority or other type of security interest or preferential arrangement that has the practical effect of creating a security interest, in respect of such asset and any agreement or arrangement having substantially the same economic or financial effect as any of the foregoing (including any "hold back" or "flawed asset" arrangement, any conditional sale or other title retention arrangement or any easement, right of way or other encumbrance on title to real property) and any security interest, agreement or arrangement analogous to any of the foregoing arising under the laws of any Applicable Local Jurisdiction.

**"Senior Debt"** means all advances (including the Advances) to, and debts, liabilities, covenants, duties and other obligations of, the Credit Parties owing to any Senior Secured Party under any Financing Document (including the Senior Expenses), or otherwise arising with respect to the Advances, and the Subordinated Expenses, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against a Credit Party of any proceeding under any Insolvency Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding in each case.

**"Senior Expenses"** means all liabilities, indemnities, costs, fees and expenses due or owing to the Senior Note Trustee, the Security Trustee or the Senior Paying Agent under the Financing Documents.

**"Senior Secured Party"** means the Senior Note Trustee, the Security Trustee, the Senior Note Purchasers from time to time, Natixis Securities North America, Inc and the Senior Paying Agent.

**"Senior Transaction Documents"** means the Transaction Documents as defined in the Note Purchase Agreement.

**"Subordinated Debt"** means the Subordinated Notes and all other debts, liabilities, covenants, duties and other obligations of the Credit Parties owing to any Subordinated Secured Party under any Subordinated Noteholder Document, in each case whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against a Credit Party of any proceeding under any Insolvency Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding in each case.

**"Subordinated Expenses"** means all liabilities, indemnities, costs, fees and expenses due or owing to the Subordinated Note Trustee or the Subordinated Paying Agent pursuant to the Subordinated Transaction Documents).

**"Subordinated Note Trust Deed"** means the trust deed, dated December 17, 2010 (as amended and restated on the Closing Date, between the Issuer and the Subordinated Note Trustee.

**"Subordinated Secured Party"** means the Subordinated Note Trustee, the Subordinated Paying Agent, the Portfolio Adviser and each Subordinated Noteholder from time to time.

## 2. Subordination

- 2.1 The parties to the Intercreditor Agreement have agreed that the Debt will rank in right and priority of payment in the following order, with the Subordinated Debt being postponed and subordinated to the Senior Debt as follows:
- (a) first, the Senior Expenses;
  - (b) second, the Subordinated Expenses;
  - (c) third, the remaining Senior Debt;
  - (d) fourth, the Portfolio Adviser Expenses; and
  - (e) fifth, the remaining Subordinated Debt.
- 2.2 The parties to the Intercreditor Agreement have agreed that the Collateral will secure the Debt (but only to the extent that such Collateral is expressed to secure such Debt pursuant to the Collateral Documents) in the following order:
- (a) first, the Senior Expenses;
  - (b) second, the Subordinated Expenses;
  - (c) third, the remaining Senior Debt;
  - (d) fourth, the Portfolio Adviser Expenses; and
  - (e) fifth, the remaining Subordinated Debt.
- 2.3 The ranking and priority arrangements set out in paragraphs 2. 1 and 2.2 above shall apply regardless of (i) the date upon which any Debt arises; (ii) whether a Secured Party is obliged to advance any monies under the Senior Transaction Documents or the Subordinated Transaction Documents; (iii) the order or registration, notice, execution or otherwise; or (iv) any discharge, intermediate payment or other reduction of the Debt in part.
- 2.4 Each Senior Secured Party and each Subordinated Secured Party have agreed not to contest the validity or enforceability of any Senior Debt or of any Subordinated Debt, respectively, or the priority, validity or enforceability of any of the Security Interests in the Collateral held by the Security Trustee or the subordination of the Subordinated Debt. However, none of the Security Trustee, the Senior Note Trustee nor any Senior Secured Party will be prevented from enforcing the terms of the Intercreditor Agreement, including the ranking and priority arrangements with respect to the Debt and the Collateral, as between the Senior Secured Parties and the Subordinated Secured Parties.
- 2.5 Each of the Credit Parties and each of the Subordinated Secured Parties have agreed that the Payment of any kind or character of the Subordinated Debt will be subordinated in right of payment to the Senior Debt prior to the Discharge of the Senior Debt.
- 2.6 The parties to the Intercreditor Agreement have agreed that, prior to the final, irrevocable and unconditional discharge of the Senior Debt, the Credit Parties will not make, and that no Subordinated Secured Party will receive or retain, any Payment of any kind or character in respect of the Subordinated Debt and that none of the Credit Parties will acquire or redeem any Subordinated Debt for cash or property or other value (other than the Subordinated Payment).

- 2.7 The parties to the Intercreditor Agreement have agreed that the obligation of the Credit Parties to make payments in respect of their obligations under the Transaction Documents in respect of Subordinated Debt will be limited to the proceeds of any enforcement of the Collateral Documents to the extent payable to the Subordinated Secured Parties pursuant to the terms of the Intercreditor Agreement and that no Subordinated Secured Party will have further recourse to any Credit Party in respect of such obligations. Once proceeds have been distributed to the Subordinated Secured Parties, neither the Security Trustee nor anyone acting on its behalf may take any further steps against any Credit Party or its directors, officers or members to recover any further sum, no debt will be owed by any Credit Party in respect of the Subordinated Debt and all claims of the Secured Parties in respect of Subordinated Debt will be extinguished.

### 3. **Enforcement**

- 3.1 Pursuant to the terms of the Intercreditor Agreement, prior to the Discharge of the Senior Debt, whether or not any Insolvency Proceeding has been commenced by or against any Credit Party:

- (a) no Subordinated Secured Party will:
  - (i) collect or enforce the Subordinated Debt or any part thereof;
  - (ii) exercise or seek to exercise any rights or remedies (including any rights of set-off) with respect to the Subordinated Debt or any Collateral or institute or join in any action or proceeding with respect to such rights or remedies; or
  - (iii) contest, protest or object to any actions or proceedings commenced or joined by any Senior Secured Party in respect of any Senior Debt or by the Security Trustee in respect of the Collateral or to any other exercise by a Senior Secured Party in respect of any Senior Debt or by the Security Trustee in respect of the Collateral of any rights and remedies relating to the Senior Debt or, as applicable, the Collateral or otherwise; and
- (b) the Senior Note Trustee will have the exclusive right to direct the Security Trustee in all respects in relation to the enforcement of rights, the exercise of remedies (including any rights of set-off) and the making of determinations regarding the release, disposition or restrictions with respect to the Collateral without any consultation with or the consent of the Subordinated Secured Parties; provided that the provisions of the Intercreditor Agreement described in paragraph 4.1 and 4.2 below will apply to the proceeds of such Collateral.

- 3.2 Notwithstanding paragraph 3.1 above, the Subordinated Note Trustee (on behalf of the Subordinated Secured Parties) will be permitted to (and shall, if so requested by the Senior Note Trustee):

- (a) file a claim or statement of interest with respect to the Subordinated Debt or the Collateral in any Insolvency Proceeding commenced by or against any Credit Party;
- (b) take any action (not adverse to the Security Interests created by or pursuant to the Collateral Documents, the priority status of the interests of the Senior Secured Parties in respect of the Collateral and those Security Interests, or the rights of Security Trustee and the Senior Secured Parties to exercise or direct the exercise of rights and remedies in respect thereof) in order to create, perfect, preserve or protect the interests of the Subordinated Secured Parties in its right in the trusts over the Collateral and the proceeds thereof;
- (c) file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any Person objecting to or otherwise seeking the disallowance of the claims of any Subordinated Secured Party,

including any claims secured by the Collateral, if any, in each case in accordance with the terms of the Intercreditor Agreement; and

- (d) vote on any plan of reorganisation, file any proof of claim, make other filings and make any arguments and motions that are, in each case, in accordance with the terms of the Intercreditor Agreement insofar as such actions are not inconsistent with any action or stated intention of the Security Trustee, the Senior Note Trustee or Required Senior Note Purchasers with regard to the enforcement of the Security Interests held by the Security Trustee over the Collateral, with respect to the Subordinated Debt and the Collateral.
- 3.3 Each of the Subordinated Secured Parties have, pursuant to the Intercreditor Agreement, agreed that it will not take or receive any Collateral or any proceeds thereof in connection with the exercise of any right or remedy (including any rights of set-off) with respect to any Collateral until the Discharge of Senior Debt, except that it may receive or retain any distribution pursuant to the provisions of the Intercreditor Agreement described in paragraph 4.1 and 4.2 below. Without limiting the generality of the foregoing (and without prejudice to the matters set out in paragraph 3.2 above) unless and until the Senior Debt has been finally, irrevocably and unconditionally discharged in full, the sole rights of each Subordinated Secured Party with respect to the Collateral and the proceeds thereof is as a beneficiary of the security trust subject to which the Security Trustee holds Security Interests in the Collateral.
- 3.4 Each of the Subordinated Secured Parties) have, pursuant to the Intercreditor Agreement:
- (a) agreed not to take any action that would hinder any exercise of remedies under the Senior Transaction Documents or the Collateral Documents, including any sale, lease, exchange, transfer or other disposition of the Collateral, whether by appropriation, foreclosure, mortgagee or receiver sale or otherwise; and
  - (b) prior to the final, irrevocable and unconditional discharge of the Senior Debt, waived any and all rights it may have as a junior creditor or otherwise to object to the manner in which the Senior Note Trustee or the Security Trustee seeks to enforce or collect the Debt or the Security Interests granted in any of the Collateral, regardless of whether any action or failure to act by or on behalf of the Senior Note Trustee or the Security Trustee is adverse to the interest of the Subordinated Secured Parties; provided that such enforcement and collection is in accordance with the Uniform Commercial Code (where it applies) and/or applicable law.
- 3.5 Except as described above, each of the Subordinated Secured Parties have, pursuant to the Intercreditor Agreement, agreed that, until the Discharge of Senior Debt, it will not commence, or join with any Person in commencing, any enforcement, collection, execution, levy or foreclosure action or proceeding (including pursuant to any Insolvency Proceeding) with respect to the Collateral Documents or any other Subordinated Note Document or otherwise.
- 3.6 If any rights and remedies of the Security Trustee with respect to the Collateral following an Enforcement Event occurring at a time when less than the aggregate Stated Amount (as defined in the Subscription Agreement for the Subordinated Notes) in effect at that time (without giving effect to any reduction or termination not permitted by the Senior Note Purchase Agreement) of the Subordinated Notes has been drawn and invested in the Issuer, then, in relation to any such exercise, each Credit Party and each Subordinated Secured Party to the fullest extent permissible under applicable law has waived and released any and all rights it may have as a debtor, guarantor, secured party, trust beneficiary, junior creditor or otherwise to object to the manner in or process by which the Security Trustee enforces the Security Interests granted by or pursuant to any Collateral Document, to the agreements entered into and/or value obtained or applied in such enforcement or to any related matter, and undertaken not to bring any claim, action or proceeding under any applicable law to contest, avoid, declare or render invalid or unenforceable, challenge or otherwise object to any agreement, conveyance, appropriation, foreclosure or other transaction entered into by the Security Trustee (or any receiver appointed by it) in the course of such enforcement.

3.7 If any rights and remedies of the Security Trustee with respect to the Collateral following an Enforcement Event occurring at a time when the aggregate Stated Amount in effect at that time (without giving effect to any reduction or termination not permitted by the Senior Note Purchase Agreement) of the Subordinated Notes has been drawn and invested in the Issuer pursuant to the Subscription Agreement, then, in relation to any such exercise, to the extent that the Security Trustee decides to proceed by way of a public or private sale of all or any of the Collateral, it shall conduct the bid and sale in a commercially reasonable manner at all stages. Each Credit Party and each Subordinated Security Party has acknowledged that in selling the Collateral (or any part thereof) whether at a public or private sale, it shall be commercially reasonable for the Security Trustee to take into account, in determining the timing and manner of any sale and the timing of any notice to any person to whom notice is required to be given of the time and place of any public sale or the time of any private sale, the continuing incurrence of costs (including in relation to the payment of Premiums) pending the sale and any actual or threatened litigation or other proceedings relating to any of the Collateral; to sell on a servicing released basis; and to sell the Collateral on an "as is" basis without representation and warranty. The Security Trustee shall not be obliged to make any sale of Collateral regardless of notice of sale having been given and may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The proceeds of any sale any credit referred to above shall be applied against the Debt in the order specified in the Intercreditor Agreement. Each Credit Party and each Subordinated Secured Party to the fullest extent permissible under applicable law has waived and released any and all rights it may have as a debtor, guarantor, secured party, trust beneficiary, junior creditor or otherwise to object to the manner in or process by which the Security Trustee enforces the Security Interests granted by or pursuant to any Collateral Document, to the agreements entered into and/or value obtained or applied in such enforcement or to any related matter, and undertaken not to bring any claim, action or proceeding under any applicable law to contest, avoid, declare or render invalid or unenforceable, challenge or otherwise object to any agreement, conveyance, appropriation, foreclosure or other transaction entered into by the Security Trustee (or any receiver appointed by it) in the course of such enforcement other than in case of certain exceptions set out in the Intercreditor Agreement.

#### 4. **Payments**

- 4.1 In accordance with the Intercreditor Agreement, until the Discharge of Senior Debt, any proceeds received by or on behalf of the Security Trustee or any receiver appointed by the Security Trustee (including from the appropriation, sale or other disposition of, or collection on or receivership over, any Collateral) upon the exercise of rights and remedies by the Security Trustee will be applied (after payment of any costs and expenses incurred, with the consent of the Senior Note Trustee, by the Security Trustee or any receiver appointed by the Security Trustee in exercising its rights and remedies under the Collateral Documents and in preserving and managing the Collateral) to the payment in full of the Senior Debt (as between items of Senior Debt, in the order specified in the Senior Note Trust Deed), with the Security Trustee holding the same on trust for the Secured Parties pending that application.
- 4.2 Upon the Discharge of Senior Debt, the Security Trustee will deliver to the Subordinated Note Trustee, for the benefit of the Subordinated Secured Parties, any remaining proceeds of the Collateral (other than of the Call Rights Collateral) in the same form as it is received, without recourse, representation or warranty (other than a representation of the Security Trustee that it has not otherwise sold, assigned, transferred or pledged any right, title or interest in and to such proceeds).
- 4.3 The Intercreditor Agreement further provides that, prior to the Discharge of Senior Debt:
- (a) any Payment or distribution of any kind made to any Subordinated Secured Party on account of Subordinated Debt (other than the Subordinated Payment), whether such Payment or distribution is made as a result of the taking of any enforcement action by the Security Trustee or otherwise; and

- (b) any Collateral or proceeds thereof received by any Subordinated Secured Party in connection with the exercise of any right or remedy (including set-off) relating to the Collateral (other than the Subordinated Payment),

will be held in trust and forthwith paid over to the Security Trustee, in the same form as received to be applied as set out in paragraph 4.1 above without recourse, representation or warranty (other than a representation of the relevant Subordinated Secured Party that it has not otherwise sold, assigned, transferred or granted a Security Interest over any right, title or interest in and to such payments, Collateral, assets or proceeds).

## 5. Releases

- 5.1 If, in connection with the exercise by the Security Trustee of any of its rights and remedies in respect of the Collateral after and during the continuance of an Event of Default, the Security Trustee appropriates, sells, transfers or otherwise disposes of the Lima Charged Collateral, then the obligations of each Credit Party in respect of the Subordinated Debt will be simultaneously, irrevocably and unconditionally released, except that the Security Trustee may as part of that disposal and as agent for the Subordinated Secured Parties transfer to the donee or its nominee all or part of the Subordinated Debt for such consideration as it may think fit, in which case the Subordinated Debt (or part of it) so transferred will not be released by the disposal of the Lima Charged Collateral. The provisions of the Intercreditor Agreement described in paragraph 4.1 and 4.2 above will apply to any proceeds received by the Security Trustee as a result of that disposal.
- 5.2 Each Subordinated Security Party will promptly execute and deliver to the Security Trustee or any Credit Party any termination statement, confirmation, deed of release or other document which the Security Trustee or such Credit Party may reasonably require to evidence, confirm or effect any release and/or disposal described in paragraph 5.1 above.
- 5.3 The Intercreditor Agreement provides that, upon the final, irrevocable and unconditional discharge of the Senior Debt, the Security Trustee will, upon request by the Subordinated Note Trustee, release the Call Rights Collateral.
- 5.4 The parties to the Intercreditor Agreement have agreed that if:
  - (a) a Disqualified Policy is proposed:
    - (i) to be sold pursuant to a Disqualified Policy Sale;
    - (ii) to be surrendered or permitted to lapse pursuant to a Disqualified Policy Lapse; or
    - (iii) to be settled, commuted or unwound pursuant to a Disqualified Policy Settlement; or
  - (b) a Policy is proposed:
    - (i) to be sold pursuant to a Permitted Policy Sale;
    - (ii) to be surrendered or permitted to lapse pursuant to a Permitted Policy Lapse; or
    - (iii) to be settled, commuted or unwound pursuant to a Permitted Policy Settlement,

the Security Trustee shall, at the request of the Issuer, promptly release such Disqualified Policy or Policy, as the case may be, from the Security Interests granted pursuant to the Collateral Documents, without further consent or instruction from the Senior Note Trustee or any Senior Note Purchasers, on the condition that the proceeds of such sale are deposited in the Collection Account.



## **6. Amendments to Senior Transaction Documents and Subordinated Note Documents**

6.1 The Intercreditor Agreement provides that, prior to the final, irrevocable and unconditional discharge of the Senior Debt, no Subordinated Secured Party will do or agree to do any of the following:

- (a) supplement, otherwise amend, replace or novate any Subordinated Note Document or any Collateral Document; or
- (b) enter into any other Subordinated Note Document or Collateral Document,

in each case without the prior written consent of the Senior Note Trustee (which consent will not be withheld by the Senior Note Trustee unless the applicable supplement, amendment, restatement, replacement or novation, or other Subordinated Note Document or Collateral Document is, in the determination of the Senior Note Trustee, reasonably likely to adversely affect the Senior Debt or any of the Security Interests in the Collateral, the priority and subordination arrangements set out in the Intercreditor Agreement or any other rights or interests of the Senior Secured Parties in respect of the Senior Debt or those Security Interests or under any Collateral Document or the Intercreditor Agreement).

6.2 The Intercreditor Agreement also provides that Senior Transaction Documents may be supplemented, otherwise amended, replaced or novated in accordance with their terms in connection with a Permitted Refinancing or otherwise, in each case without notice to, or the consent of, any Subordinated Secured Party (except to the extent that consent is required in accordance with the terms of the Senior Transaction Documents), without affecting the subordination, priority and other provisions of the Intercreditor Agreement.

## **7. Insolvency**

7.1 The Intercreditor Agreement provides that if, prior to the final, irrevocable and unconditional discharge of the Senior Debt, any Credit Party becomes subject to any Insolvency Proceeding and the Security Trustee or the Senior Note Trustee wishes to permit any Credit Party to sell, lease or otherwise dispose of any of the Collateral free and clear of the Security Interests held by the Security Trustee in such Collateral, then no Subordinated Secured Party will raise any objection to such sale, lease or other disposition of Collateral; provided that

- (a) the net cash proceeds of such sale, lease or other disposition are applied against the Debt;
- (b) the required Security Holders have consented to such sale or disposition of such assets; and
- (c) the provisions of the Intercreditor Agreement described in paragraphs 4.1 and 4.2 above apply to the proceeds thereof.

7.2 Until the Discharge of Senior Debt, no Subordinated Secured Party will seek relief from any moratorium or automatic or other stay in any Insolvency Proceeding in respect of the Collateral. However, subject to the provisions of the Intercreditor Agreement, if the Senior Note Trustee seeks relief or instructs the Security Trustee to seek relief or the Security Trustee seeks relief from the moratorium or stay to exercise the Security Trustee's rights against the Collateral, then the Subordinated Note Trustee (on behalf of the Subordinated Secured Parties), without the prior written consent of the Senior Note Trustee, may seek limited relief or instruct the Security Trustee to seek limited relief from the moratorium or stay to preserve its rights to have proceeds of Collateral applied in accordance with the provisions of the Intercreditor Agreement described in paragraphs 4.1 and 4.2 above.

7.3 Each Subordinated Secured Party has, pursuant to the Intercreditor Agreement, agreed not to contest (or support any other Person in contesting), prior to the final, irrevocable and unconditional discharge of the Senior Debt:

- (a) any request by the Security Trustee or the Senior Note Trustee, on behalf of the Senior Secured Parties, for adequate protection in any Insolvency Proceedings under the Bankruptcy Code; or
- (b) any objection by the Security Trustee or the Senior Note Trustee to any motion, relief, action or proceeding based on the Senior Note Trustee, on behalf of the Senior Secured Parties, claiming a lack of adequate protection.

Furthermore, each of the Subordinated Secured Parties have agreed that, if any of them seeks or requests adequate protection in respect of Subordinated Debt and such adequate protection is granted in the form of additional collateral, then each of the Subordinated Secured Parties have agreed that (to the extent permitted under applicable law) such Security Interest will be granted to the Security Trustee for all of the Secured Parties; or, failing this, if the Senior Debt has not been finally, irrevocably and unconditionally discharged, that the Security Trustee will also be granted a senior Security Interest on such additional collateral as security for the Senior Debt and that any Security Interest on such additional collateral securing the Subordinated Debt will be subordinated to and rank in priority after the Security Interests on such collateral securing the Senior Debt and to any other Security Interests granted to the Security Trustee, on behalf of the Senior Secured Parties, as adequate protection. Except as set forth in Intercreditor Agreement, the Subordinated Note Trustee, on behalf of the Subordinated Secured Parties, will not be limited from seeking adequate protection with respect to each Subordinated Secured Party's rights in the Collateral in an Insolvency Proceeding (including adequate protection in the form of cash payments of interest or otherwise); provided that if the Discharge of Senior Debt has not occurred as a result of such Insolvency Proceeding, each Subordinated Secured Party will pay the Security Trustee any cash received as adequate protection, such cash to be applied in accordance with the provisions of the Intercreditor Agreement described in paragraphs 4.1 and 4.2 above.

7.4 The Intercreditor Agreement provides that, prior to the final, irrevocable and unconditional discharge of the Senior Debt, the Senior Note Trustee and the other Senior Secured Parties will not be prohibited or in any way limited from objecting in any Insolvency Proceeding or otherwise (except to the extent it is expressly agreed in the Intercreditor Agreement that no such objection shall be made) to any action taken by any Subordinated Secured Party, including the seeking by any of the Subordinated Secured Parties of adequate protection under the Bankruptcy Code or the asserting by any of the Subordinated Secured Parties of any of its rights and remedies under the Subordinated Note Documents.

7.5 The Intercreditor Agreement provides that, if any Senior Secured Party or any Subordinated Secured Party (or any trustee on its behalf) is required in any Insolvency Proceeding or otherwise to turn over or otherwise pay to the estate of any Credit Party any amount (a "**Recovery**"), then the Senior Debt or, as applicable, the Subordinated Debt shall be reinstated to the extent of such Recovery. To the extent that any Subordinated Secured Party has received a Payment to which it would not have been entitled under the Intercreditor Agreement if the Recovery had occurred prior to such payment, such Subordinated Secured Party have agreed, pursuant to the Intercreditor Agreement, promptly to pay the amount of such payment to the Security Trustee for application pursuant to the provisions of the Intercreditor Agreement described in paragraphs 4.1 and 4.2 above and the Subordinated Debt will be reinstated to the extent of such payment to the Security Trustee and the relevant Subordinated Secured Party will be entitled to a reinstatement of Subordinated Debt with respect to such money paid to the Security Trustee.

7.6 The Intercreditor Agreement provides that if, in any Insolvency Proceeding, debt instruments or securities of the reorganised debtor secured upon any property of the reorganised debtor are distributed, pursuant to a court-authorised plan of reorganisation or similar court-authorised dispositive restructuring plan, both on account of Senior Debt and on account of Subordinated Debt, then, to the extent the debt instruments or securities distributed on

account of the Senior Debt and on account of the Subordinated Debt are secured upon the same property and insofar as permitted by all applicable laws, the provisions of the Intercreditor Agreement will survive the distribution of such debt instruments or securities pursuant to such plan and will apply with like effect to the security upon such debt instruments or securities.

- 7.7 The Senior Secured Parties, on the one hand, and the Subordinated Secured Parties, on the other hand, are, pursuant to the Intercreditor Agreement, entitled to vote as separate classes with respect to any plan of reorganisation in connection with any Insolvency Proceeding. However, each Subordinated Secured Party have agreed not to take any action or vote in any way which supports any plan of reorganisation that is inconsistent with the terms of the Intercreditor Agreement or with any action or stated intention of the Security Trustee, the Senior Note Trustee or Required Senior Note Purchasers with regard to the enforcement of the Security Interests held by the Security Trustee over the Collateral.

## **8. Security Trustee**

- 8.1 The Intercreditor Agreement contains provisions relating to the rights, powers, discretions, duties and obligations of the Security Trustee.

- 8.2 Pursuant to the Intercreditor Agreement, each of the Secured Parties have authorised the Security Trustee:

- (a) to take such actions on behalf of the Secured Parties under the provisions of the Intercreditor Agreement and the other Collateral Documents; and
- (b) to exercise such powers and perform such duties,

as are expressly delegated to the Security Trustee by the terms of the Intercreditor Agreement and the other Collateral Documents, together with such other powers as are reasonably incidental thereto.

- 8.2 The Security Trustee has declared, in the Intercreditor Agreement, that it holds the Secured Property (other than the Call Rights Collateral) on trust for the Secured Parties and the Call Rights Collateral on trust for the Senior Secured Parties and each Secured Party have agreed that all Security Interests will be held by and through the Security Trustee and administered by and through the Security Trustee in accordance with the Intercreditor Agreement and the other Collateral Documents.

- 8.3 The Security Trustee will be permitted to execute any of its duties under the Intercreditor Agreement and the other Collateral Documents by or through its subsidiaries, affiliates, agents or attorneys and will be entitled to receive advice of any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert concerning all matters pertaining to such duties. The Security Trustee will not be responsible for the negligence or misconduct of any agents or attorneys selected by it with reasonable care.

- 8.4 The Security Trustee has agreed to act or refrain from exercising any right, power, authority or discretion vested in it as Security Trustee in accordance with instructions given to it:

- (a) until the Senior Debt is finally, irrevocably and unconditionally discharged, by the Senior Note Trustee; and
- (b) thereafter, by the Subordinated Note Trustee

(such trustee being the Instructing Trustee).

- 8.5 Neither the Security Trustee, nor any of its affiliates, directors, officers, agents or employees will be liable for any action taken or not taken by it in connection with the Intercreditor Agreement

- (a) with the consent of the Senior Note Trustee or Subordinated Note Trustee, as applicable, or
- (b) in the absence of its own gross negligence or wilful misconduct.

## **9. Indemnification and Fees**

- 9.1 Pursuant to the Intercreditor Agreement, the Issuer has agreed to indemnify the Security Trustee, its affiliates, directors, officers, agents and employees against any cost, expense (including fees of counsel and disbursements), claim, demand, action, loss or liability (except such as result from such indemnitees' gross negligence or wilful misconduct) that such indemnitees may suffer or incur in connection with the Intercreditor Agreement, the other Collateral Documents or any action taken or omitted by such indemnitees under the same and, as against any other party to this Intercreditor Agreement, the Security Trustee and its employees, agents and attorneys shall not (save in respect of its own fraud or gross negligence), have any liability to any person which shall exceed the value of the Collateral under the control of the Security Trustee at the material time.
- 9.2 The Issuer has agreed to pay all fees required to be paid to the Security Trustee under the Fee Letter on the dates set out therein.

## **10. Successor Security Trustee**

- 10.1 Pursuant to the Intercreditor Agreement, the Security Trustee will be permitted to resign at any time by giving 30 days' written notice of such resignation to the Senior Note Trustee, the Subordinated Note Trustee and the Issuer and shall be deemed to have resigned if required to do so by 30 days' written notice from the Instructing Trustee. Upon any such resignation, the Instructing Trustee (with the agreement of the Subordinated Note Trustee if the Instructing Trustee is the Senior Note Trustee, not to be unreasonably withheld), will have the right to appoint a successor Security Trustee, with the consent of the Issuer (which consent will not be unreasonably withheld or delayed). If no successor Security Trustee has accepted appointment by the Instructing Trustee (such appointment made with the agreement of the Subordinated Note Trustee, not to be unreasonably withheld, if the Instructing Trustee is the Senior Note Trustee and approved by the Issuer) within 30 days after the retiring Security Trustee gives notice of resignation, then the retiring Security Trustee will appoint a successor Security Trustee.

## **11. Accession of Secured Parties**

- 11.1 Pursuant to the Intercreditor Agreement, no Senior Note Purchaser or Subordinated Noteholder is permitted to assign or transfer any of the Senior Notes or the Subordinated Notes to a Person unless at the same time it transfers by novation to the transferee its rights and obligations under the Intercreditor Agreement insofar as they relate to the assigned or transferred Senior Notes or, as applicable, Subordinated Notes by:
  - (a) in the case of a Senior Note Purchaser, executing and delivering to the Senior Note Trustee a transfer certificate in the form annexed to the Senior Note Trust Deed; or
  - (b) in the case of a Subordinated Noteholder, executing and delivering to the Subordinated Note Trustee a transfer certificate whether in the form set out in the Subordinated Note Trust Deed.

## **12. Own credit analysis**

- 12.1 Each of the Senior Secured Parties and the Subordinated Secured Parties have acknowledged, pursuant to the Intercreditor Agreement, that each Senior Secured Party or Subordinated Secured Party, as applicable, independently and without reliance on the Security Trustee or any other Senior Secured Party or Subordinated Secured Party, as applicable, or any of their respective affiliates and based on documents and information deemed by them appropriate:

- (a) has made its own credit analysis and decision to enter into the Senior Transaction Documents and the Intercreditor Agreement; and
- (b) will continue to make its own credit decision in taking or not taking any action under the Senior Transaction Documents or the Intercreditor Agreement or in connection therewith.

**13. No warranties or liability**

- 13.1 Each of the Security Trustee and the Senior Secured Parties have, pursuant to the Intercreditor Agreement, acknowledged and agreed that neither the Subordinated Note Trustee nor the other Subordinated Secured Parties have made any express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectability or enforceability of any of the Subordinated Note Documents, the ownership of any Collateral or the perfection or priority of any Security Interests thereon. Subject to the Intercreditor Agreement, the Subordinated Secured Parties are entitled to manage and supervise their respective advances under their respective Subordinated Note Documents in accordance with applicable law and as they may otherwise, in their sole discretion, deem appropriate.
- 13.2 Each of the Security Trustee and the Subordinated Secured Parties have, pursuant to the Intercreditor Agreement, acknowledged and agreed that neither the Senior Note Trustee nor any of the other Senior Secured Parties has made any express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectability or enforceability of any of the Senior Transaction Documents, the ownership of any Collateral or the perfection or priority of any Security Interests thereon. Subject to the Intercreditor Agreement, the Senior Secured Parties are entitled to manage and supervise their respective advances under their respective Senior Transaction Documents in accordance with applicable law and as they may otherwise, in their sole discretion, deem appropriate.
- 13.3 Neither the Subordinated Note Trustee nor the other Subordinated Secured Parties have any duty to the Senior Note Trustee or any of the other Senior Secured Parties, and neither the Senior Note Trustee nor any of the other Senior Secured Parties have any duty to the Subordinated Note Trustee or any of the other Subordinated Secured Parties, to act or refrain from acting in a manner which allows, or results in, the occurrence or continuance of an event of default or default under any agreements with any Credit Party (including the Senior Transaction Documents and the Subordinated Note Documents), regardless of any knowledge thereof with which they may have or be charged.

**14. Subrogation**

- 14.1 Subject to the Discharge of Senior Debt, with respect to the value of any payments or distributions in cash, property or other assets that the any Subordinated Secured Party pays over to the Security Trustee, under the terms of the Intercreditor Agreement, such Subordinated Secured Party is, pursuant to the Intercreditor Agreement, subrogated to the rights of the Security Trustee. However, each Subordinated Secured Party has agreed not to assert or enforce any and all such rights of subrogation it may acquire as a result of any payment or distribution under the Intercreditor Agreement until the Discharge of Senior Debt.

**15. Governing Law and Jurisdiction**

- 15.1 The provisions of the Intercreditor Agreement and any non-contractual obligations arising out of or in connection with it are governed by, and to be constructed in accordance with, English law.

**16. Contract (Rights of Third Parties) Act 1999**

- 16.1 The Intercreditor Agreement may be enforced and relied upon solely by the parties thereto and the operation of the Contracts (Rights of Third Parties) Act 1999 is excluded and the

parties to the Intercreditor Agreement do not require the consent of any Person to vary the Intercreditor Agreement.

## THE TRUST DEED

The following section describes, in summary the material terms of the Trust Deed. The summary does not purport to be complete and is subject to the provisions of the Trust Deed itself. See the section headed "General Information – Documents Available" for information on the availability of the Trust Deed for inspection by the Senior Note Purchasers.

The USD250,000,00 (or such larger amount as may be agreed pursuant to the provisions of the Note Purchase Agreement) asset-backed securities due 30 June 2018 (the "**Senior Notes**") of Lima LS Plc (the "**Issuer**") are constituted by and subject to a trust deed dated the Closing Date (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and U.S. Bank Trust National Association (the "**Senior Note Trustee**", which expression includes all persons for the time being appointed as senior note trustee or senior note trustees under the Trust Deed).

The following are main provisions of the Trust Deed.

### 20. Definitions

Capitalised terms used in this section shall have the meaning given to them elsewhere in this Listing Particulars including, without limitation, the section entitled "*The Note Purchase Agreement*".

In addition, the following terms, as used in this section, have the following meanings:

**"Agents"** means the Registrar and the Paying Agent or any of them;

**"Certificates"** means the individual certificates in registered form, serially numbered and in minimum denominations of USD100,000 and multiples of USD1 in excess thereof, without coupons attached, representing the Senior Notes;

**"Interest Payment"** means, with respect to a Senior Note, a payment made pursuant to Section 2.5 of the Note Purchase Agreement;

**"Liabilities"** means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and reasonable legal fees and expenses on a full indemnity basis;

**"Principal Amount"** means, at any time, in relation to a Senior Note, the aggregate principal amount of Advances outstanding with respect to such Senior Note;

**"Register"** means the register referred to in Clause 9.1 (Maintenance of the Register) of the Paying Agency Agreement;

**"Written Direction"** means a direction in writing signed by or on behalf of the requisite number of holders of Senior Notes (being the Required Senior Note Purchasers except in relation to any matter where the Note Purchase Agreement provides for another number of Senior Note Purchasers to give directions or to approve the matter, in which case it shall be that given number of Senior Note Purchasers) whether contained in one document or several documents in like form, each signed by or on behalf of one or more such holders of the Senior Notes.

### 21. Covenant to repay

Pursuant to the terms of the Trust Deed, the Issuer has covenanted with the Senior Note Trustee that it will pay the Principal Amount and the Interest Payment on the Senior Notes, as and when they become due to be redeemed or paid in accordance with the terms of the Note Purchase Agreement. The Senior Note Trustee will hold the benefit of this covenant on trust for the Senior Note Purchasers.

**22. Following an Event of Default**

The Trust Deed provides that at any time after an Event of Default has occurred the Senior Note Trustee shall, if so instructed pursuant to a Written Direction:

- a) require the Paying Agent and the Registrar to act, until otherwise instructed by the Senior Note Trustee (acting pursuant to a Written Direction), as Paying Agent and Registrar of the Senior Note Trustee and to hold all Senior Notes, and all sums, documents and records held by them in respect of the Senior Notes on behalf of the Senior Note Trustee, and/or to deliver up all sums, documents and records held by them in respect of Senior Notes; and
- b) require the Issuer to make all subsequent payments in respect of the Senior Notes to or to the order of the Senior Note Trustee.

**23. The Senior Notes**

The Trust Deed provides that the Certificates will be in the form set out in Schedule 1 of the Trust Deed, signed manually or in facsimile by an Authorized Officer of the Issuer on behalf of the Issuer and will be authenticated manually or in facsimile by or on behalf of the Paying Agent.

**24. Covenant to comply with the Trust Deed and other documents**

Pursuant to the terms of the Trust Deed, the Issuer has covenanted with the Senior Note Trustee to comply with those provisions of the Trust Deed, the Note Purchase Agreement and the other Transaction Documents that are expressed to be binding on it and to perform and observe the same. The Senior Notes are subject to the provisions contained in the Trust Deed and the Note Purchase Agreement, all of which shall be binding upon the Issuer and the Senior Note Purchasers.

**25. Enforcement**

Pursuant to the terms of the Trust Deed, the Senior Note Trustee has the right to, at any time, subject to restrictions in the Trust Deed, the Note Purchase Agreement and the Intercreditor Agreement, at its discretion and without notice, institute such proceedings against the Issuer as it may think fit to recover any amounts due in respect of the Senior Notes which are unpaid or to enforce any of its rights under the Trust Deed or the Note Purchase Agreement. However, the Senior Note Trustee shall not be bound to take any such proceedings unless:

- a) it shall have been so directed by the required Senior Note Purchasers (pursuant to a Written Direction); and
- b) it shall have been indemnified and/or secured to its reasonable satisfaction against all Liabilities (other than in the case of the Senior Note Trustee's gross negligence, wilful default, bad faith or wilful misconduct).

Only the Senior Note Trustee may pursue the remedies available under general law or under the Trust Deed and the Note Purchase Agreement and no Senior Note Purchaser shall be entitled to proceed directly against the Issuer unless the Senior Note Trustee fails to take action within a reasonable period of time from being bound to do so.

**26. Application of moneys**

- 26.1 The Trust Deed provides that all moneys received by the Senior Note Trustee in respect of the Senior Notes or amounts payable under the Trust Deed will despite any appropriation of all or part of them by the Issuer (including any moneys which represent Principal Amounts or Interest Payments in respect of Senior Notes which have become void under the Note Purchase Agreement) be held by the Senior Note Trustee on trust to apply them in the following order of priority, to the extent in case of subparagraphs (a) and (b) below, such



amounts have not been paid by the Issuer pursuant the provisions of the Note Purchase Agreement:

- a) first, in payment or satisfaction of the costs, charges, expenses and Liabilities claimed properly incurred by the Senior Note Trustee, the Paying Agent and the Security Trustee in connection with the performance of their respective duties under the Trust Deed and the other Transaction Documents, and the preparation and execution of the Trust Deed and the other Transaction Documents, including reasonable costs and expenses of the Senior Note Trustee, the Paying Agent and the Security Trustee;
- b) secondly, all amounts payable to any Senior Note Purchaser under the Senior Notes other than those specified in subparagraphs (c), (d) and (e) below;
- c) thirdly, in or towards payment of Interest Payments remaining unpaid in respect of the Senior Notes;
- d) fourthly, in payment of Commitment Fees; and
- e) fifthly, in payment of all Principal Amounts due on or in respect of the Senior Notes.

26.2 The Senior Note Trustee shall give notice to the Senior Note Purchasers in accordance with the Note Purchase Agreement of the date fixed for any payment to them under paragraph 7.1 above. Any payment to be made in respect of the Senior Notes by the Issuer or the Senior Note Trustee may be made in the manner provided in the Note Purchase Agreement, the Paying Agency Agreement, the Trust Deed and the other Transaction Documents and any payment so made shall be a good discharge to the extent of such payment by the Issuer or the Senior Note Trustee, as the case may be.

**27. Entitlement to treat registered holder as Owner**

The Trust Deed provides that title to the Senior Notes shall pass by transfer on registration in the Register, in accordance with the provisions of the Note Purchase Agreement, the Trust Deed and the Paying Agency Agreement. The Issuer, the Senior Note Trustee and any Paying Agent may deem and treat the duly registered holder of any Senior Notes as the absolute owner of such Senior Notes (whether or not such Senior Notes shall be overdue and notwithstanding any notation of ownership or other writing on it or any notice of previous loss or theft of such Senior Notes) for all purposes.

**28. Terms of appointment and powers and duties of the Senior Note Trustee**

The Trust Deed provides for the terms of the appointment of the Senior Note Trustee and certain rights, duties, responsibilities of the Senior Note Trustee in addition to the rights and duties under the Trustees Act 1925 and the Trustee Act 2000. Where there are any inconsistencies between the Trustee Act 1925, the Trustee Act 2000 and the provisions of the Trust Deed, to the extent allowed by law, the provisions of the Trust Deed shall prevail. Part 1 of the Trustee Act 2000 will not apply to the Trust Deed. The Senior Note Trustee will be entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit. In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Senior Note Trustee shall have regard to the general interests of the Senior Note Purchasers as a class but shall not have regard to any interests arising from circumstances particular to individual Senior Note Purchasers and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Senior Note Purchasers resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory.

**29. Senior Note Trustee directions**

The Trust Deed provides that, except as otherwise provided, the Senior Note Trustee shall act solely in relation to the Trust Deed, the Senior Notes and the other Transaction Documents in accordance with any instructions pursuant to a Written Direction and shall assume that (i) any instructions received by it pursuant to a Written Direction of the requisite number of Senior Note Purchasers, and (ii) unless it has received actual written notice of revocation, that any instructions or directions given pursuant to a Written Direction have not been revoked. The Senior Note Trustee shall not be responsible for any loss, costs, damages, expenses or inconvenience that may result from it acting pursuant to a Written Direction. The Senior Note Trustee shall not be obliged to take any action or proceedings under or in relation to any Transaction Document unless it has received a request or instruction pursuant to a Written Direction and the Senior Note Trustee shall not be responsible for any delay or failure to take any such action or proceedings if the Senior Note Trustee has not received such request or instruction.

**30. Costs, expenses and indemnities**

30.1 The Trust Deed provides that the Issuer will pay all stamp duties, registration taxes, capital duties and other similar duties or taxes (if any) payable in the United Kingdom on (a) the constitution and issue of the Senior Notes, (b) the initial delivery of the Senior Notes, (c) any action taken by the Senior Note Trustee to enforce the provisions of the Senior Notes and the Transaction Documents and (d) the execution of the Transaction Documents to which the Senior Note Trustee is a party. If any enforcement proceedings are taken by the Senior Note Trustee in any other jurisdiction against the Issuer, then the Issuer will pay all stamp duties or other duties or taxes in such jurisdiction.

11.2 The Trust Deed provides that the Issuer shall indemnify the Senior Note Trustee (other than in the case of the Senior Note Trustee's gross negligence, wilful default, bad faith or wilful misconduct) in respect of all liabilities incurred by it or by any other person appointed by it, and against all Liabilities incurred by the Senior Note Trustee and such parties in respect of any matter or thing done or omitted in any way relating to the Trust Deed, the Senior Notes and the Transaction Documents.

11.3 The Trust Deed also provides that US Dollar will be the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Trust Deed and the Senior Notes, including damages (the "**Contractual Currency**") and that the Issuer will indemnify the Senior Note Trustee or any Senior Note Purchaser against any loss sustained in converting amounts received or recovered in a currency other than the Contractual Currency by the Senior Note Trustee or such Senior Note Purchaser.

**31. Further Senior Notes**

The Trust Deed provides that the Issuer may from time to time with the consent of the Senior Note Purchasers and solely in accordance with the Note Purchase Agreement create and issue further Senior Notes either having the same terms and conditions as the Senior Notes in all respects (or in all respects except for the first Interest Payment thereon) and so that such further issue shall be consolidated and form a single series with the outstanding Senior Notes of any series (including the Senior Notes) or upon such other terms as the Issuer may determine at the time of their issue.

**32. Governing Law and Jurisdiction**

The provisions of the Trust Deed and any non-contractual obligations arising out of or in connection with it are governed by, and to be constructed in accordance with, English law. The courts of England are to have jurisdiction to settle any dispute which may arise out of or in connection with the Trust Deed.

**33. Contract (Rights of Third Parties) Act 1999**

The Trust Deed may be enforced and relied upon solely by the parties and the operation of the Contracts (Rights of Third Parties) Act 1999 is excluded and the parties to the Trust Deed will not require the consent of any person to vary the Trust Deed.

34. **Written Direction**

The Trust Deed provides that any instructions, consent, approval or agreement of the Senior Note Purchasers as a class shall be valid if set out in a Written Direction.

## **CERTAIN TAX CONSIDERATIONS**

### **General**

Potential purchasers who are in any doubt about their tax position on purchase, ownership, transfer or exercise of any Senior Note should consult their own tax advisers. In particular, no representation is made as to the manner in which payments under the Senior Notes would be characterised by any relevant taxing authority.

### **Certain United Kingdom Tax Considerations**

The comments under this heading are of a general nature only and are based on United Kingdom tax law and practice currently in force. They relate only to the withholding tax treatment of, and certain information reporting requirements regarding, payments of Interest made on the Senior Notes and to the stamp duty treatment of the issue and transfer of the Senior Notes.

#### ***Withholding Tax***

Payments of Interest on the Senior Notes may be made without deduction of or withholding on account of United Kingdom income tax as long as, at the time at which the payments of Interests are made, the Senior Notes are listed on a "recognised stock exchange" within the meaning of section 1005 Income Tax Act 2007 (which includes the Irish Stock Exchange).

If the Senior Notes are not so listed at the time at which a payment of Interest is made, an amount must be withheld from that payment of Interest on account of United Kingdom income tax (at the rate of 20%), subject to any other exemption which may be available under a double tax treaty or otherwise.

#### ***Information Reporting***

Persons in the United Kingdom paying "interest" (which includes Interest payments on the Senior Notes) to another person may be required to provide information to HM Revenue & Customs regarding the identity of the payee and, in certain circumstances, such information may be exchanged with tax authorities in other countries (which includes the United States).

#### ***Stamp Duty***

The issue of the Senior Notes will fall outside the scope of United Kingdom stamp duty and stamp duty reserve tax. A transfer of Senior Notes should not give rise to a charge to United Kingdom stamp duty or stamp duty reserve tax by virtue of the application of an exemption in respect of "loan capital".

## SUBSCRIPTION

Pursuant to the Note Purchase Agreement, subscription by Natixis, New York branch (the "**Senior Note Purchaser**") for USD250,000,000 Initial Principal Amount of the Senior Notes in consideration for the Initial Principal Amount and additional Fundings was agreed with the Issuer. In addition, the Issuer has agreed to bear certain costs incurred in connection with the issue of the Senior Notes.

### **Selling and Transfer Restrictions**

#### ***United States of America***

The Senior Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States or any other relevant jurisdiction. The Senior Notes may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any securities law of any state or other relevant jurisdiction. The Issuer has not registered, and does not intend to register, as an investment company under the Investment Company Act. The issuer is relying upon the exception under the Investment Company Act provided by Section 3(c)(7) of the Investment Company Act and the rules and regulations thereunder. Accordingly, the Senior Notes have been and will be offered by the Issuer only either (i) to persons who are both (a) an "institutional" accredited investor as defined in Rule 501(a)(1), (2), (3), (7) or (8) (and for purposes of clause (8), with all equity owners being an "institutional" accredited investor under clause (1), (2), (3) or (7)) under the Securities Act and (b) an Eligible Senior Note Purchaser or (ii) outside the United States to, or for the benefit of, non-U.S. persons that are Eligible Senior Note Purchasers in offshore transactions in accordance with Regulation S under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Senior Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

The Senior Notes may only be offered, sold or transferred to, or for the account or benefit of, a person or entity (a) that is either (i) a resident of (A) the United States or (B) the United Kingdom, in each case with respect to this clause (a)(i), that is eligible for the benefits of the Income Tax Treaty between the United States and the United Kingdom, as may be in force from time to time (the "US-UK Income Tax Treaty") or (ii) a banking institution acting through a branch located in the United States or the United Kingdom that qualifies as a "permanent establishment" under the US-UK Income Tax Treaty and that covenants to continue to hold the Senior Notes through such "permanent establishment" located in the United States or the United Kingdom and (b) that meets such other requirements specified by the Note Purchase Agreement to be treated as an Eligible Senior Note Purchaser and in each case subject to the terms and conditions of the Note Purchase Agreement and the Senior Note Trust Deed. Any purported assignment, transfer or granting of a participation of any interest in any Senior Note that does not comply with the foregoing or otherwise with the Note Purchase Agreement shall be void *ab initio*. Additionally, if the form of organization, operations, ownership or other characteristics of any Senior Note Purchaser or Participant do not or will not satisfy the requirements of an Eligible Senior Note Purchaser, such Senior Note Purchaser or Participant, as the case may be, shall (or if such Senior Note Purchaser or Participant, as the case may be, does not satisfy the requirements of an Eligible Senior Note Purchaser as a result of a Change in Law, then such Senior Note Purchaser or Participant, as the case may be, shall use commercially reasonable efforts to) as promptly as practicable, assign its rights and obligations under the Note Purchase Agreement and the Senior Notes to an Eligible Senior Note Purchaser in accordance with the provisions of the Note Purchase Agreement. See also the section headed "The Note Purchase Agreement—Restrictions on Assignment".

#### ***United Kingdom***

Each Senior Note Purchaser has represented and agreed that the Senior Notes have been subscribed for on terms that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the

meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any Senior Notes in circumstances in which Section 21 (1) of the FSMA does not apply to the Issuer or the Guarantor; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Senior Notes in, from or otherwise involving the United Kingdom.

### ***European Economic Area***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Senior Note Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Senior Notes which are the subject of the offering contemplated by these Listing Particulars to the public in that Relevant Member State other than:

- (i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Senior Note Purchaser nominated by the Issuer for any such offer; or
- (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Senior Notes shall require the Issuer or any Senior Note Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Senior Notes to the public** in relation to any Senior Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Notes to be offered so as to enable an investor to decide to purchase or subscribe the Senior Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

## **GENERAL INFORMATION**

### **1. Listing**

Application has been made to the Irish Stock Exchange for the Senior Notes to be admitted to the Official List and to trading on the GEM. All expenses related to such admission will be met by the Portfolio Adviser. The ISIN for the Senior Notes is GB00B6SDYB12.

### **2. Consents and Authorisations**

The Issuer has obtained all necessary consents, approvals and authorisations in Ireland (if any) in connection with the issue and performance of the Senior Notes. The issue of the Senior Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 30 June 2011.

### **3. No Significant or Material Change**

Save as disclosed in this Listing Particulars, there has been no significant change in the financial or trading position or prospects of the Issuer since its incorporation on 9 November 2010 and there has been no material adverse change in the financial position or prospects of the Issuer since its incorporation on 9 November 2010. Since its incorporation, the Issuer has not commenced trading or established or created any accounts save as described in this Listing Particulars.

### **4. No Indebtedness**

Save as disclosed in this Listing Particulars, the Issuer has no outstanding or created but unissued loan capital, term loans, borrowings, indebtedness in the nature of borrowings or contingent liabilities, nor has the Issuer created any mortgages, charges or given any guarantees.

### **5. No Material Contracts**

Save as disclosed in these Listing Particulars, since incorporation no material contract other than the Unit Purchase Agreement, the listing particulars dated 17 December 2010 relating to the Subordinated Notes and the documents described therein to which the Issuer is a party to, being a contract in the ordinary course of business, has been entered into by the Issuer.

### **6. No Litigation**

The Issuer is not involved, and has not been involved, in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had since the date of its incorporation a significant effect on the Issuer's financial position or profitability.

### **7. Accounts**

So long as any Senior Note remains outstanding, copies of the most recent annual audited financial statements of the Issuer, when published, can be obtained at the specified offices of the Paying Agents during normal business hours. The first financial statements of the Issuer is expected to be in respect of the period from incorporation to 31 December 2011.

### **8. Documents Available**

For so long as any Senior Notes remain outstanding copies of the following documents may be inspected in physical form at the registered office of the Issuer and at the specified offices of the Issuer and the Paying Agent during usual business hours on any day (Saturdays, Sundays and public holidays excepted):

- (iv) the Articles of Association of the Issuer;
- (v) the Limited Partnership Agreement of the Guarantor;

- (vi) the Trust Deed (which includes the form of the Senior Notes)
- (vii) the Paying Agency Agreement;
- (viii) the Portfolio Advisory Agreement;
- (ix) the Note Purchase Agreement;
- (x) the Intercreditor Agreement;
- (xi) the Deed of Charge;
- (xii) the Issuer Share Charge;
- (xiii) the US Security Agreements, comprising:
  - (1) the Pledge and Security Agreement;
  - (2) the Guarantee and Pledge Agreement;
  - (3) the U.S Bank Bank Account Agreement;
  - (4) the Policy Securities Account Control Agreement; and
  - (5) the Holdings Pledge Agreement;
- (xiv) the Custody Agreement;
- (xv) the Pacifica Portfolio Management Agreement; and
- (xvi) any future information memoranda, prospectuses, offering circulars and supplements.

The Issuer does not intend to provide post-issuance information on the securities nor on the portfolio assets.



## **THE ISSUER**

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## **LEGAL ADVISERS**

To the Issuer and the Portfolio Adviser  
(as to English Law)  
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## **LEGAL ADVISERS**

To the Senior Note Trustee, the Security Trustee,  
the Paying Agent and the Registrar  
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## **SENIOR NOTE TRUSTEE AND SECURITY TRUSTEE**

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## **PORTFOLIO ADVISER**

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## **PAYING AGENT AND REGISTRAR**

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## **LISTING AGENT**

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