

# LIMA LS PLC

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

## USD650,000,000 Asset-Backed Securities due 2050

The USD650,000,000 Asset-Backed Securities due 31 December 2050 (the “**Securities**”) were issued by Lima LS plc (the “**Issuer**”) on 17 December 2010 and will be listed on or about the date of this document (the “**Listing Particulars**”). Periodic Return Payments (as defined below) may be made in respect of each Payment Period (as defined below) no less than annually, in arrears, and will depend upon the receipt by the Issuer of a return on the investments that it makes.

Payments on the Securities will be made without deduction for or on account of taxes unless such deduction is required by law. See “Terms and Conditions of the Securities - Taxation”.

The Securities were subscribed by the initial purchasers of the Securities for less than the full Stated Amount thereof. The Issuer may from time to time require that each holder of a Security pay to the Issuer any amount of the difference, if any, between (i) the amount already paid to the Issuer with respect thereto and (ii) the Stated Amount of such Security.

The Securities mature on 31 December 2050 but may 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 Securities to be admitted to the Official List and to trading on its Global Exchange Market (the “**GEM**”).

The Securities have not been registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”). The Securities will be offered by the Issuer only to “institutional” accredited investors (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) in reliance on the exemption from registration under Section 4(2) of the Securities Act. The Issuer will not be registered under the Investment Company Act of 1940. Interests in the Securities will be subject to certain restrictions on transfer (see “Subscription”).

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

This Listing Particulars is dated 21 December 2010.

The Issuer accepts responsibility for the information contained in this 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) Limited (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 Securities may not be offered or sold directly or indirectly, and neither this Listing Particulars nor any offering circular, prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Securities 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 will result in compliance with all applicable laws, orders, rules and regulations.

The distribution of this Listing Particulars and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this 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 Securities and distribution of this Listing Particulars and other offering material relating to the Securities, see “Subscription” below.

No person is authorised to give any information or to make any representation not contained in this 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 this Listing Particulars at any time does not imply that the information contained in it 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 this 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 Securities and neither this 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.

This Listing Particulars may only be communicated or caused to be communicated to persons (a) who are outside the United Kingdom and Ireland; or (b) who are inside the United Kingdom and 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; or (c) to whom this Listing Particulars may otherwise be lawfully communicated in accordance with all applicable laws (all such persons together being referred to as “**relevant persons**”). This Listing Particulars must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Listing Particulars relates is available only to relevant persons and will be engaged in only by relevant persons.

In this 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 Securities 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 Securities described in this offering circular have not been registered with, recommended by or approved by the US 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 securities commission or authority passed upon the accuracy or adequacy of this offering circular. Any representation to the contrary is 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 this 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 Securities, see “Risk Factors”.***

### **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) Limited, 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 Securities and engaging in certain related transactions as described in the Transaction Documents (as defined below).

The Issuer will not have any assets other than the Portfolio Assets, Eligible Investments (as defined below), the Issuer Security, the balance standing to the credit of the Bank Accounts and its rights under the Transaction Documents and certain other incidental rights and assets. The Issuer may acquire further assets and may issue further securities, from time to time, in accordance with the Conditions.

### **The Securities:**

Pursuant to the Trust Deed (as defined below), the Issuer issued USD650,000,000 Securities on 17 December 2010 (the “**Closing Date**”) in consideration for the Subscription Amount (as defined below) and deferred payment by way of Capital Call (as defined below) in respect of the Securities.

### **Status, Ranking and Priority of the Securities:**

The Securities constitute direct, secured and unconditional obligations of the Issuer, and will rank *pari passu* and rateably without any preference among themselves for all purposes. The Securities rank, as to payment in respect of amounts due upon the Securities, junior to all other present and future secured obligations of the Issuer (the “**Senior Secured Obligations**”) and senior to all other present and future unsecured obligations of the Issuer (the “**Senior Unsecured Obligations**”). Payment on the Securities will be made only to the extent of the value of the Net Recourse Assets (as defined in Condition 6.1 (*Final Redemption*)).

Prior to enforcement of the Issuer Security in accordance with Condition 11, all amounts received by the Issuer will be applied, as directed by the Portfolio Adviser, in the following order of priority:

- (i) first, in payment or satisfaction of the fees, costs, charges, expenses and liabilities properly incurred by the Trustee or the Trustee in connection with the performance of their respective duties under the Trust Deed, the Deed of Charge and the US Security Agreements and the preparation and execution of such documents (including reasonable costs and expenses of the Trustee or the Trustee and any receiver or administrator appointed pursuant to the Deed of Charge, the US Security Agreements or any other security agreement entered into by the Issuer);

- (ii) secondly, in or towards payment *pari passu* and rateably of all costs, charges, expenses and liabilities properly and reasonably incurred by the Accounts Bank, the Portfolio Adviser, any Hedge Provider, the Registrar and the Paying Agent;
- (iii) thirdly, any costs, expenses and interest on or in respect of Senior Secured Obligations;
- (iv) fourthly, any principal due and payable in respect of Senior Secured Obligations;
- (v) fifthly, in or towards payment *pari passu* and rateably of all arrears of Periodic Return Payments remaining unpaid in respect of the Securities and all Paid-Up Amounts (each capitalised term as defined below) due on or in respect of the Securities; and
- (vi) sixthly, the balance (if any) in payment to the Issuer.

Following enforcement of the Issuer Security, all moneys received by the Trustee in respect of the Securities or amounts payable under the Trust Deed, the Deed of Charge or the US Security Agreements will despite any appropriation of all or part of them by the Issuer (including any moneys which represent Paid-Up Amounts or Periodic Return Payments in respect of Securities which have become void under the Conditions) be held by the Trustee on trust to apply them in the order set out in (i) to (vi) above.

#### Senior Loans

After the Closing Date, the Issuer may enter into secured funding arrangements with one or more lenders (the “**Senior Loans**”). The lenders in respect of the Senior Loans will have the benefit of the Issuer Security. It is expected that, pursuant to intercreditor arrangements to be entered into after the Closing Date, any payment in respect of amounts due upon the Senior Loans will rank senior to payments in respect of amounts due upon the Securities.

It is expected that the proceeds of any Senior Loan would be used to redeem in part the Paid-Up Amount of the Securities.

#### The Trustee:

U.S. Bank National Association located in St. Paul, Minnesota (the “**Trustee**”) was appointed as trustee of the holders of the Securities (the “**Security Holders**”) 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 National Association located in St. Paul, Minnesota was also appointed as trustee of the benefit of security pursuant to a deed of charge and assignment to be dated the Closing Date (the “**Deed of Charge**”) and a US security agreement dated the Closing Date and related security filings, documents and agreements (the “**US Security Agreements**”) to be held on trust for the Security Holders. 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 Registrar and the Paying

U.S. Bank National Association located in St. Paul, Minnesota (the “**Registrar**” and the “**Paying Agent**”) was appointed as the

<b>Agent:</b>	Registrar and the Paying Agent. It will provide registrar and paying agency services to the Issuer pursuant to the paying agency agreement dated the Closing Date (the “ <b>Paying Agency Agreement</b> ”). The Paying Agency Agreement is governed by the laws of England and Wales.
<b>The Portfolio Adviser:</b>	The Issuer engages the services of Fortress Investment Group (UK) Limited (the “ <b>Portfolio Adviser</b> ”) to perform certain advisory functions with respect to the Portfolio in accordance with a Portfolio Advisory Agreement dated the Closing Date between, amongst others, the Issuer and the Portfolio Adviser (the “ <b>Portfolio Advisory Agreement</b> ”). The Portfolio Advisory Agreement is governed by the laws of England and Wales.
<b>The Servicers:</b>	Estate Planning LLC or its successor Delaware limited partnership, Lima Acquisition LP, will engage the services of one or more servicers (the “ <b>Servicers</b> ”) to undertake certain services with respect to the Policies in accordance with one or more Servicing Agreements to be dated on or about the Closing Date between Estate Planning LLC or its successor Delaware limited partnership, Lima Acquisition LP and any Servicer. The Servicing Agreements will be governed by the laws of New York.
<b>Use of Proceeds:</b>	The Issuer will apply Subscription Proceeds (as defined below) of the offering of the Securities (after payment of applicable fees and expenses) to the acquisition of Portfolio Assets, to pay premiums and other expenses on the Policies and any costs and expenses of the Issuer (or in the discharge of any liability incurred to finance the acquisition of Portfolio Assets) (as described in “The Portfolio and the Portfolio Security – Description of the Portfolio Assets”). Deferred Proceeds may be used to pay premiums and other expenses on the Policies or any costs and expenses of the Issuer.
<b>Portfolio Assets:</b>	The Policies, the Loans and the Options acquired by the Issuer pursuant to the Unit Purchase Agreement (including any limited liability company interest in Estate Planning LLC and any limited partnership interest and general partnership interest in Lima Acquisition LP held by the Issuer, including where Estate Planning LLC or Lima Acquisition LP holds interests in the Policies, the Loans and the Options) and any other investments or instruments that the Issuer purchases or originates from time to time (together, the “ <b>Portfolio Assets</b> ”).
<b>Issuer Security:</b>	<p>The Securities 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:</p> <ul style="list-style-type: none"> <li>(a) a charge over the right, title, benefit and interest of the Issuer in the Policies;</li> <li>(b) a charge over the right, title, benefit and interest of the Issuer in each Eligible Investment;</li> <li>(c) a charge over the right, title, benefit and interest of the Issuer in the Bank Accounts and any amounts standing to the credit thereto;</li> <li>(c) a charge over the right, title, benefit and interest of the Issuer in the limited liability company interest in Estate</li> </ul>

Planning LLC, and, once such entity has been converted, the general and limited partnership interest in Lima Acquisition LP;

- (d) assignment by way of security of all right, title, benefit and interest of the Issuer in the Transaction Documents;
- (e) 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; and
- (f) a grant of 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, under New York law.

**Periodic Return Payments:**

The return on a Security in respect of any Payment Period (as defined below) (the "**Periodic Return**") will be a proportion (being the proportion that the Paid-Up Amount of such Security bears to the aggregate Paid-Up Amount of all outstanding Securities (the "**Relevant Proportion**")) of an amount calculated in US dollars, equal to:

- (a) all amounts received by the Issuer during the Payment Period in relation to the Portfolio Assets (including any interest earned on any Bank Accounts); and
- (b) all amounts received by the Issuer pursuant to any Hedge Agreement during the Payment Period,

less:

- (c) the sum of all operating expenses and costs paid during the Payment Period including any fees, costs and expenses of the Issuer and premiums paid by the Issuer in respect of the Policies;
- (d) any amounts required to be paid by the Issuer pursuant to any Hedge Agreement during the Payment Period;
- (e) an amount calculated by the Portfolio Adviser as being reasonably required to be retained by the Issuer to meet future fees, costs and expenses of the Issuer, and to pay any premiums in respect of the Policies; and
- (f) (with respect to any Payment Period ending on 31 December) not less than £2000.00, being the retained profit of the Issuer.

If, in respect of any Payment Period, the amount of the Periodic Return is zero or a negative number, the Issuer will not have an obligation to make a payment on the Securities in respect of that Payment Period.

The payment of the Periodic Return (a "**Periodic Return Payment**") (if any) on the Securities will be due and payable 3 business days after the last day of a Payment Period (a



**“Periodic Return Period Payment Date”).**

A Periodic Return Payment will be calculated in relation to a period from and including the last day of the previous Payment period, to but excluding the last day of the current Payment Period.

A payment period will end annually on 31 December, provided that the first Payment Period shall end on 31 December 2011. Additionally, the directors of the Issuer may determine any number of payment periods (each a **“Payment Period”**), of any length, at any time, by giving no fewer than 3 Business Day’s notice to the Trustee, the Portfolio Adviser and the Paying Agent of the Business Day that will be the last day of such Payment Period.

**Final Maturity:**

The Securities will mature at their Paid-Up Amount on 31 December 2050 or, if such day is not a Business Day, the immediately following Business Day (the **“Maturity Date”**) provided, however, that if the net assets of the Issuer on such date is less than the aggregate Paid-Up Amounts of all the Securities, the Paid-Up Amount of each Security shall be reduced to an amount equal to the Relevant Proportion of such amount of the net assets of the Issuer and any claims of the Security Holders in respect of the Securities shall be extinguished.

**Optional Redemption:**

The Issuer may redeem such Securities as it may elect in its absolute discretion from time to time at the Paid-Up Amount of such Securities together with any Periodic Return Payment due (determined as if reference in Condition 4 to “Payment Period” is reference to the period beginning on the last day of the preceding Payment Period or, with respect to the first Payment Period, the date of incorporation of the Issuer and ending on the day falling 30 days prior to the date fixed for redemption of such Security).

**Bank Accounts:**

The Issuer will open one or more USD denominated interest bearing accounts (the **“Bank Accounts”**) in its own name, opened and maintained with one or more financial institutions which it selects (each an **“Accounts Bank”**) and pledges to, or charges to, or grants security in favour of, the Trustee. Withdrawals from the Bank Accounts will only be made in accordance with the terms of an agreement among such Accounts Bank, the Issuer and the Trustee in form and substance satisfactory to the Security Holders (together with U.S. Bank Bank Accounts Agreement and the BoA Bank Accounts Agreement, “the **Bank Accounts Agreements**”), such agreements will include an account control agreement between U.S. Bank National Association, the Trustee and the Issuer dated 17 December 2010 (the **“US Bank Accounts Agreement”**) and an amended and restated accounts control agreement between Bank of America, National Association, the Trustee and the Issuer dated 17 December 2010 (the **“BoA Bank Accounts Agreement”**). The US Bank Bank Accounts Agreement and the BoA Bank Accounts Agreement is governed by New York law. .

**Accounts Bank:**

Each of Bank of America, National Association, 540 W Madison Street, Suite 1800, Chicago, IL 60661 and U.S. Bank National Association, 60 Livingston Avenue, EP-MN-WS3D, St Paul,

Minnesota 55107 was an Accounts Bank on the Closing Date.

<b>Stated Amount:</b>	The Stated Amount of the Securities will be the amount in USD stated on the face of the Certificates (as defined in Condition 1 of the Securities).
<b>Hedge Transactions:</b>	The Issuer may enter into hedging agreements (" <b>Hedge Agreements</b> ") from time to time with one or more financial institutions.
<b>Withholding Tax:</b>	Payments in respect of the Securities will be made free of withholding tax unless otherwise required by law. The Issuer will be under no obligation to gross-up such payments in the event of any such withholding tax being imposed.
<b>The Offering:</b>	The Securities were only offered to persons who were accredited investors in reliance on the exemption from registration under Section 4(2) of the Securities Act. There are also selling restrictions in relation to the United Kingdom in connection with the offering and sale of the Securities, as described in "Subscription".
<b>Form of the Securities:</b>	The Securities were represented on issue by individual certificates in registered form, without coupons attached.
<b>Governing Law:</b>	The Securities are governed by the laws of England and Wales.
<b>Listing:</b>	Application has been made to the Irish Stock Exchange for the Securities to be admitted to the Official List and to trading on its Global Exchange Market. See "General Information".
<b>Irish Listing Agent:</b>	A&L Listing Limited.
<b>Tax Status:</b>	See "Certain Tax Considerations".
<b>Transaction Documents:</b>	The Trust Deed, the Paying Agency Agreement, the Subscription Agreement, the Portfolio Advisory Agreement, any Hedge Agreements, the Deed of Charge, the US Security Agreements, each Bank Accounts Agreement and any Capital Call Notice and any other documents which are specified as being "Transaction Documents" by both the Issuer and the Trustee (together, the " <b>Transaction Documents</b> ").
<b>Stated Currency</b>	All amounts in respect of the Securities will be calculated in USD (the " <b>Contractual Currency</b> "). 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 this Listing Particulars, the following factors.***

### **General**

The Issuer has invested in a portfolio of life insurance policies, premium finance loans and options to acquire direct and indirect interests in life insurance policies as described in this Listing Particulars, through the purchase of five limited liability companies. After the closing, four of the five limited liability companies are expected to merge into the fifth, Estate Planning LLC, which will then be converted pursuant to Delaware law into a Delaware limited partnership and be named Lima Acquisition LP. 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 Securities will receive the full amounts payable by the Issuer under the Securities or that they will receive any return on their investment in the Securities. 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 Securities.

Prospective purchasers of the Securities should be particularly knowledgeable in investment matters and should ensure that they understand the nature of such Securities 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 Securities and that they consider the suitability of such Securities as an investment in the light of their own circumstances and financial condition.

### **Ability of the Issuer to Meet its Obligations under the Securities**

None of the Trustee, the Portfolio Adviser, or any of their affiliates or any other person or entity (other than the Issuer) will be obligated to make payments on the Securities. Consequently, the Security Holders must rely solely on the Portfolio for the payment of the Periodic Return Payments and the other payments on the Maturity Date. There can be no assurance that the distributions on the Portfolio will be sufficient to make payments on the Securities. Where amounts received in respect of the Portfolio are insufficient to make payments on the Securities, 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. If, in respect of any payment period, the amount of the periodic return is zero or any negative number the Issuer will not have any obligation to make a periodic return payment in respect of that payment period.

### **Senior Loans**

After the Closing Date, the Issuer may enter into secured funding arrangements with one or more lenders. The lenders in respect of those Senior Loans will have the benefit of the Issuer Security. It is expected that, pursuant to intercreditor arrangements to be entered into after the Closing Date, any payment in respect of amounts due upon or in respect of the Senior Loans will rank senior to payments in respect of amounts due upon the Securities.

If any Senior Loans are in place, and the Issuer Security becomes enforceable, or the assets are otherwise realised in full, the proceeds of enforcement of the Issuer Security will be applied in the order set out in Condition 2.2 and consequently there may not be sufficient amounts realised to satisfy all outstanding obligations in respect of the Securities. If such funds are insufficient, any such insufficiency shall be borne first by holders of Securities.

### **Dependence on Portfolio Adviser**

The success 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 registered 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 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 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 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 while Fortress Affiliates hold their investments in the same entity (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.

### **Lack of Operating History**

Since incorporation, the Issuer's operations have been limited to entering into the Unit Purchase Agreement in respect of the Portfolio and, accordingly, has no operating history upon which Security Holders may evaluate its performance.

### **Seller Credit Risk**

While the Seller has provided certain indemnities and has an obligation to deliver the Portfolio upon the satisfaction by the Issuer of certain obligations under the Unit Purchase Agreement, there is a risk that the Seller may fail to deliver the Portfolio or will not be able to financially honour such indemnities.

### **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, will invest all of the Portfolio capital 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 will be composed of 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. Life insurance policies have a number of associated risks including:

### **Dependence Upon Third Party Servicers**

It is anticipated that Estate Planning LLC or its successor Delaware limited partnership, Lima Acquisition LP, will engage one or more third parties to perform certain administrative activities necessary to maintain the Policies, including ensuring that premiums on the Policies are timely paid, 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 Estate Planning LLC or its successor Delaware limited partnership, 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 Security Holders 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 Investors.

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 Investors.

### **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 Security Holders.

### **Lapse of Policies**

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 Securities), 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 Security Holder 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 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 (by number). 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. 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. Certain states not only require an insurable interest at the time the policy is procured, but also may require an insurable interest in connection with certain types of assignments. 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 or assigned 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 Security Holders.

### **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 and Wisconsin), 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 Security Holders.

### **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 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 Security Holders.

### **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 the case of a consensual settlement or otherwise depending upon the nature and specific facts underlying the claim. 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 secondary 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 Security Holders) 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 Security Holders.

### **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 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 100 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 is purchasing the Portfolio from a third-party seller, 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 Portfolio made certain representations and warranties to the Issuer in connection with the sale of the Portfolio. There may be aspects of the Portfolio 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 Security Holders.

### **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 Securities 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. Additionally, if the Issuer enters into further Senior Obligations, its obligations in respect of that funding may be linked directly to the prevailing interest rates at the time. There is a risk that the interest rate risk on the Senior Obligations may not be fully hedged, if at all.

### **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 40 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 Security Holders 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 Securities or could damage the Securities or which the Issuer is required by law or by agreement with a third-party to keep confidential.

### **Default by Investors**

If a Security Holder 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 Security Holders 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 Security Holders could have a deleterious effect on the Issuer, its assets and the interests of the other Security Holders.

### **Exculpation and Indemnification**

The Issuer is responsible for indemnifying each of the 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 Securities.

### **Entities Subject to Particular Restrictions**

Certain prospective investors may be subject to laws, rules and regulations limiting their participation in the Securities or their engaging directly, or indirectly through an investment in the Securities, 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 Funds. The Security Holders' investment in the Securities and their underlying assets may be adversely affected by legal and regulatory changes during the term of the Securities.



## TERMS AND CONDITIONS OF THE SECURITIES

The USD650,000,000 Asset-Backed Securities due 31 December 2050 (the “**Securities**”, which expression shall, unless the context otherwise requires include any further securities issued pursuant to Condition (as defined below) 14 and forming a single series with the Securities) of Lima LS Plc (the “**Issuer**”) are (a) constituted by, subject to and have the benefit of, a trust deed dated 17 December 2010 (the “**Closing Date**”) (as amended or supplemented from time to time, the “**Trust Deed**”) between the Issuer and U.S. Bank National Association as trustee (the “**Trustee**”, which expression includes all persons for the time being appointed as trustee or trustees under the Trust Deed) and (b) the subject of a paying agency agreement dated 17 December 2010 (as amended or supplemented from time to time, the “**Paying Agency Agreement**”) between the Issuer and U.S. Bank National Association as Paying Agent (the “**Paying Agent**”, which expression includes any successor Paying Agent appointed from time to time in connection with the Securities) and as Registrar (the “**Registrar**”, which expression includes any successor Registrar appointed from time to time in connection with the Securities), Fortress Investment Group (UK) Limited as Portfolio Adviser (the “**Portfolio Adviser**”) and the Trustee.

The Issuer has agreed to grant the Trustee on behalf of the Security Holders security over all of its assets (the “**Security**”) pursuant to, and on the terms set out in, the Deed of Charge and the US Security Agreements. In addition, in relation to any future senior borrowing raised by the Issuer, future security may be granted by the Issuer over some or all of its assets.

Certain provisions of the following conditions (the “**Conditions**”) are summaries of the Trust Deed, the Paying Agency Agreement, the Deed of Charge and the US Security Agreements and are subject to their detailed provisions. The holders of the Securities (the “**Security Holders**” which expression shall be construed in accordance with Condition 1.2) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Deed of Charge and the US Security Agreements and those provisions of the Paying Agency Agreement applicable to them. Copies of the Trust Deed, the Deed of Charge and the US Security Agreements and the Paying Agency Agreement are available for inspection by Security Holders during normal business hours at the Specified Offices (as defined in the Paying Agency Agreement) of the Paying Agent, the initial Specified Offices of which are set out below. Copies are also available for inspection by Security Holders during normal business hours at the registered office for the time being of the Trustee, being at the date hereof 60 Livingston Avenue, EP-MN-WS3D, St. Paul, Minnesota.

### 1. **Form, Denomination and Title**

#### 1.1 *Form and Denomination*

The Securities are represented by individual certificates in registered form, serially numbered and in minimum denominations of USD100,000 and multiples of USD1 in excess thereof, without coupons attached (the “**Certificates**”).

#### 1.2 *Title*

The person listed in the Register as the holder of the Security will (to the fullest extent permitted by applicable law) be deemed and treated at all times, by the Issuer, the Trustee, the Registrar and the Paying Agent as the holder of such Stated Amount of Securities (and the expression “**Security Holder**” and references to “**holding of Securities**” and to “**holder of Securities**” shall be construed accordingly), for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) or, if more than one person, the first named of such person will be treated as the holder and no person will be liable for so treating the holder.

#### 1.3 *Paid-Up Amount*

On the Closing Date, the initial holder of a Security subscribed for an amount (such initial amount, the “**Subscription Amount**”) that is less than the amount expressed as the “**Stated Amount**” on the face of a Certificate in respect of such Security (the “**Stated Amount**”) and such Subscription Amount, in accordance with the terms of the Paying Agency Agreement, was endorsed by the Paying Agent on

the Schedule to the Certificate. On a Capital Call Date (as defined in Condition 9 below), the Paying Agent will record the Capital Amount (as defined in Condition 9 below) paid by such holder on that Capital Call Date (subject to Condition 6.1, the sum of the Subscription Amount and all such Capital Amounts from time to time so endorsed referred to as the “**Paid-Up Amount**” with respect to such Security).

#### 1.4 *The Register*

The Issuer will cause to be kept at the Specified Office of the Registrar and maintained by the registrar a register (the “**Register**”) on which shall be entered the names and the addresses of the holders of the Securities and the particular of such Securities held by them and all transfers and redemptions of such Securities. No transfer of such Securities will be valid until entered on the Register.

With respect to the Securities, the person listed in the Register as the holder of any such Security will (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including for the making of payments), as the absolute owner of such Security regardless of any notice of ownership, theft or loss, or of any trust or other interest therein or of any writing thereon or, if more than one person, the first named of such person will be treated as the absolute owner of such Security.

#### 1.5 *Transfers*

Subject to Condition 1.7 below, a Security may be transferred upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar, together with such evidence as the Registrar may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Security may not be transferred unless the Stated Amount of the Securities being transferred and (and where not all of the Securities held by the holder are being transferred) the Stated Amount of the Securities not being transferred are an authorised denomination as provided in Condition 1.1 or multiple thereof. Where not all the Securities represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Securities will be issued to the transferor.

No transfer of securities shall be registered for a period of 15 days immediately preceding any due date for payment of a Periodic Return Payment in respect of those Securities or, as the case may be, the Maturity Date for such Securities.

#### 1.6 *Registration and Delivery of Note Certificates*

Within five Business Days of the surrender of a Certificate in accordance with Condition 1.5 above, the Registrar will register the transfer in question and deliver a new Certificate of a like Stated Amount to the Securities transferred to each relevant holder at its Specified Office or (at the request and risk of any such relevant holder) by uninsured first class mail (airmail if overseas) to the address specified for such purpose by such relevant holder.

#### 1.7 *Regulations concerning Transfers and Registration*

All transfers of Securities and entries on the Register relating to the Securities will be made subject to any restrictions on transfers set forth on such Securities and the detailed regulations concerning transfers of such Securities contained in the Trust Deed and the legend appearing on the face of the Securities. In no event will a transfer of a beneficial interest in a Security be made absent compliance with the regulations referred to above, and any purported transfer in violation of such regulation shall be void *ab initio* and will not be honoured by the Issuer or the Trustee. The regulations referred to above may be changed by the Issuer where such change is not materially prejudicial to the holders of Securities with the prior written approval of the Trustee (such approval shall be given where the Trustee is satisfied that such change is necessary due to a change of law or regulation) and the Registrar.

#### 1.8 *Certificates*

References in these Conditions to Securities shall include the Certificates.

## 2. Status, Ranking and Priority

### 2.1 Status and Ranking

The Securities constitute direct, secured and unconditional obligations of the Issuer, and rank *pari passu* and rateably without any preference among themselves for all purposes. The Securities rank, as to payment in respect of amounts due upon the Securities, junior to all other present and future secured obligations of the Issuer (the “**Senior Secured Obligations**”) and senior to all other present and future unsecured obligations of the Issuer (the “**Senior Unsecured Obligations**”).

### 2.2 Priority of Payments

Prior to enforcement of the Issuer Security in accordance with Condition 11, all amounts received by the Issuer will be applied by the Issuer, as directed by the Portfolio Adviser, in the following order of priority:

- (i) first, in payment or satisfaction of the fees, costs, charges, expenses and liabilities properly incurred by the Trustee or the Trustee in connection with the performance of their respective duties under the Trust Deed, the Deed of Charge and the US Security Agreements and the preparation and execution of such documents (including reasonable costs and expenses of the Trustee or the Trustee and any receiver or administrator appointed pursuant to the Deed of Charge, the US Security Agreements or any other security agreement entered into by the Issuer);
- (ii) secondly, in or towards payment *pari passu* and rateably of all costs, charges, expenses and liabilities properly and reasonably incurred by the Accounts Bank, the Portfolio Adviser, any Hedge Provider, the Registrar and the Paying Agent;
- (iii) thirdly, any costs, expenses and interest on or in respect of Senior Secured Obligations;
- (iv) fourthly, any principal due and payable in respect of Senior Secured Obligations;
- (v) fifthly, in or towards payment *pari passu* and rateably of all arrears of Periodic Return Payments remaining unpaid in respect of the Securities and all Paid-Up Amounts (each capitalised term as defined below) due on or in respect of the Securities; and
- (vi) sixthly, the balance (if any) in payment to the Issuer.

Following enforcement of the Issuer Security, all moneys received by the Trustee in respect of the Securities or amounts payable under the Trust Deed, the Deed of Charge or the US Security Agreements will despite any appropriation of all or part of them by the Issuer (including any moneys which represent Paid-Up Amounts or Periodic Return Payments in respect of Securities which have become void under the Conditions) be held by the Trustee on trust to apply them in the order set out in (i) to (vi) above.

## 3. Covenants

So long as any Security remains outstanding (as defined in the Trust Deed), save with the prior written consent of the Trustee or upon the express written direction of the holders of all outstanding Securities (a “**Written Direction**”) and subject as provided in, or contemplated by, any of the Transaction Documents, the Issuer will not:

- (i) carry on any business other than the acquisition, origination, disposal, owning, holding and management of property, assets or rights that are capable of being effectively charged in favour of the Trustee or which are capable of being held on trust by the Trustee in favour of the Issuer pursuant to the terms of the Trust Deed and shall not engage in any activity or do anything whatsoever in connection with that business except:
  - (1) funding the acquisition of Portfolio Assets (as defined below) or other assets of a similar nature by various means including, *inter alia*, the issue of securities pursuant to Condition 14 and the borrowing of monies;

- (2) entering into other related arrangements including, inter alia, any hedging transaction;
  - (3) owning and exercising its rights in respect of the Portfolio or additional assets of a similar nature and its interests therein and performing its obligations in respect of the Portfolio or additional assets of a similar nature;
  - (4) preserving and/or exercising and/or enforcing any of its rights and performing and observing its obligations under the Transaction Documents;
  - (5) paying dividends or making other distributions to its shareholders out of profits available for distribution in the manner permitted by applicable law and, *inter alia*, to make claims, payments and surrenders in respect of certain tax reliefs;
  - (6) performing any act necessary in connection with 3.(i)(1) to 3.(i)(5) above in accordance with applicable laws and in accordance with the Articles of Association;
- (ii) incur or permit to exist any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or any obligation of any person (other than in connection with any of the matters contemplated in (i) above and save for any further debt which is permitted to be incurred pursuant to the Trust Deed);
  - (iii) consolidate or merge with any other person or convey or transfer substantially the whole of its property, undertaking or assets to any person or enter into any securitisation transaction;
  - (iv) permit the validity or effectiveness of the Trust Deed to be amended, terminated, postponed or discharged, or consent to any variation of or exercise any powers of consent or waiver pursuant to the terms of the Trust Deed or permit any party or any other person whose obligations form part of the Portfolio to be released from such obligations except in accordance with the Transaction Documents or as described herein; or
  - (v) amend, supplement or otherwise modify its Articles of Association.

In giving any consent in the foregoing, the Trustee shall act in accordance with any Written Direction which may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose any other conditions or requirements.

**"Portfolio Assets"** means the Policies, the Loans and the Options acquired by the Issuer pursuant to the Unit Purchase Agreement (including any limited liability company interest in Estate Planning LLC and any limited partnership interest and general partnership interest in Lima Acquisition LP held by the Issuer, including where Estate Planning LLC or Lima Acquisition LP holds interests in the Policies, the Loans and the Options) and any other investments or instruments that the Issuer purchases or originates from time to time (together, the **"Portfolio Assets"**).

#### 4. **Periodic Return Payments**

The return on a Security in respect of any Payment Period (as defined below) (the **"Periodic Return"**) will be a proportion (being the proportion that the Paid-Up Amount of such Security bears to the aggregate Paid-Up Amount of all outstanding Securities (the "Relevant Proportion")) of an amount equal to:

- (a) all amounts received by the Issuer during the Payment Period in relation to the Portfolio Assets (including any interest accrued on any Bank Accounts); and
- (b) all amounts received by the Issuer pursuant to any Hedge Agreement during the Payment Period,

less:

- (c) the sum of all operating expenses and costs paid during the Payment Period including any fees, costs and expenses of the Issuer and premiums paid by the Issuer in respect of the Policies;
- (d) any amounts required to be paid by the Issuer pursuant to any Hedge Agreement during the Payment Period;
- (e) an amount calculated by the Portfolio Adviser as being reasonably required to be retained by the Issuer to meet future fees, costs and expenses of the Issuer, and to pay any premiums in respect of the Policies; and
- (f) (with respect of any Payment Period ending on 31 December) not less than £2000.00, being the retained profit of the Issuer.

A payment of the Periodic Return (a “**Periodic Return Payment**”), if any, will be due and payable 3 Business Days after the last day of a Payment Period (each a “**Periodic Return Payment Date**”) with respect to the period from and including the last day of the previous Payment Period (or the date of the Securities in the case of the first Periodic Return Payment) to, but excluding, the final day of that Payment Period (the “**Payment Period**”). IF, IN RESPECT OF ANY PAYMENT PERIOD, THE AMOUNT OF THE PERIODIC RETURN IS ZERO OR A NEGATIVE NUMBER THE ISSUER WILL NOT HAVE AN OBLIGATION TO MAKE A PERIODIC RETURN PAYMENT IN RESPECT OF THAT PAYMENT PERIOD.

A Payment Period will end annually on 31 December (provided that no Payment Period shall end on 31 December 2010). Additionally, the directors of the Issuer may determine any number of further Payment Periods, of any length, at any time, by giving no fewer than 3 Business Day’s notice to the Paying Agent of the Business Day that will be the last day of such Payment Period.

The Portfolio Adviser will determine, or procure to be determined, the amount of any Periodic Return and/or the Paid-Up Amount, if any, within one Business Day following the end of the relevant Payment Period and will notify the Issuer, the Trustee, the Paying Agent, the Registrar and the Security Holders in accordance with Condition 16 of the results of such determination promptly thereafter and, in any event, not less than two Business Days prior to the relevant Periodic Return Payment Date. If the Issuer or a Security Holder wishes to dispute such determination, an internationally recognised firm of accountants (acting as experts not arbitrators) will be appointed by the Issuer to determine the amount of the relevant Periodic Return Payment.

If the Portfolio Adviser does not determine the amount of any Periodic Return Payment prior to the relevant Periodic Return Payment Date, the Issuer will appoint an internationally recognised firm of accountants (acting as experts not arbitrators) to carry out such determination and such determination shall be deemed to have been made by the Portfolio Adviser and shall be binding on the Security Holders, the Trustee, the Paying Agent, the Registrar and the Issuer. In doing so, the person appointed by the Issuer shall apply the foregoing provisions of this Condition.

## 5. **Issuer Security**

The Securities are secured pursuant to the Issuer Security. The Issuer Security will become enforceable in accordance with Condition 11 and subject to the matters referred to in Condition 17.

## 6. **Redemption and Purchase**

### 6.1 *Final redemption*

Unless purchased and cancelled or previously redeemed, each Security will be redeemed on 31 December 2050 or, if such day is not a Business Day, the immediately following Business Day (the “**Maturity Date**”), in an amount equal to the Paid-Up Amount together with any Periodic Return Payment due (determined as set out in Condition 6.2 below) in respect of such Security (together, the “**Redemption Amount**”) provided, however, that, if the assets of the Issuer represented by the Portfolio, any Eligible Investments, any other assets of the Issuer and the balance standing to the credit of the Bank Accounts (the “**Net Recourse Assets**”) on such date are less than the aggregate of

all Redemption Amounts, the Redemption Amount shall be deemed reduced to an amount equal to the Relevant Proportion of such amount of Net Recourse Assets and any claims of Security Holders otherwise outstanding shall be extinguished.

## **6.2**      *Optional Redemption*

The Issuer may at its option, having given not less than 5 nor more than 30 days' notice to the Trustee, the Registrar, the Paying Agent and the Security Holders in accordance with Condition 16 (which notice shall be irrevocable), redeem such Securities as it may elect and specify in such notice, in its absolute discretion, at any time. The price at which such Security elected by the Issuer shall be redeemed shall be the Paid-Up Amount of such Security together with any Periodic Return Payment due (determined as if reference in Condition 4 to "Payment Period" is reference to the period from and including the last day of the previous Payment Period (or the date of Securities in the case of the first Periodic Payment Period) to, but excluding, the day falling 30 days prior to the date fixed for redemption of such Security).

## **6.3**      *Purchase*

The Issuer may at any time purchase Securities in the open market or otherwise at any price.

## **6.4**      *Cancellation*

All Securities redeemed or purchased pursuant to Condition 6.3 will be cancelled and may not be re-issued or resold.

## **6.5**      *Other Redemption*

The Securities may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

# **7.      Payments**

## **7.1**      *Method of Payment*

A Periodic Return Payment in respect of Securities will (subject as provided below) be made by transfer to a dollar account maintained by the payee with a bank in New York to persons shown in the Register as holders of Securities as at the close of business on the day 15 Business Days prior to the next Periodic Return Payment Date.

On the Business Day prior to the relevant Periodic Return Payment Date, the Issuer shall pay to the Paying Agent unconditionally by credit transfer in the Contractual Currency and in same day, freely transferable, cleared funds not later than 10:00 a.m. (New York time) each amount calculated by the Portfolio Adviser as being payable on such Periodic Return Payment Date in respect of Paid-Up Amounts and Periodic Return Payments in respect of the Securities. Payments shall be made to such account with such bank in Minnesota as the Paying Agent may from time to time by notice to the Issuer (with a copy to the Trustee) specify for such purpose. The Issuer shall ensure that the bank through which any payment is effected will supply the Paying Agent by 10:00 a.m. (New York time) three Business Days prior to the relevant Periodic Return Payment Date an irrevocable confirmation (by authentic SWIFT message) that payment will be made on the relevant due date for payment.

A record of each payment made on the Securities distinguishing between any payment of Paid-Up Amount, Periodic Return Payment and Capital Amounts (as defined in Condition 9) will be made by the Paying Agent and such record shall be prima facie evidence that the payment in question has been made.

## **7.2**      *Payments subject to fiscal laws*

All payments are subject in all cases to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Security Holders in respect of such payments.



### 7.3 *Payments on Business Days*

Payments may only be made on a day which is a Business Day. No further Periodic Return Payment or other payment will be made as a consequence of the day on which the relevant Security may be presented for payment under this paragraph falling after the due date. In this Condition “**Business Day**” means a day on which commercial banks and foreign exchange markets are open in London, New York and the State of Minnesota.

## 8. **Paying Agent and Registrar**

### 8.1 *Initial Paying Agent*

The initial Paying Agent and its initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents.

U.S. Bank National Association (the “**Paying Agent**”) acting through its office at 60 Livingston Avenue, St. Paul, Minnesota.

### 8.2 *Initial Registrar*

The initial Registrar and its initial specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Registrar and appoint additional or other Registrars.

U.S. Bank National Association (the “**Registrar**”) acting through its office at 60 Livingston Avenue, St. Paul, Minnesota.

## 9. **Capital Call**

The Issuer may from time to time elect that each, but not some only, of the Security Holders be required to pay the Issuer, with respect to its Securities, an amount not exceeding the Stated Amount of such Securities less the Paid-Up Amount, from time to time, provided that the proportion that such amount bears to the aggregate amount required of all Security Holders at such time shall be the same as the proportion that the Paid-Up Amount on such Security Holder's Securities bears to the aggregate Paid-Up Amount on all Securities (a “**Capital Amount**”). The Issuer may make this election on more than one occasion and in a minimum amount of USD1000 provided that, upon such election, the sum of the Paid-Up Amount with respect to all Securities outstanding and the proposed Capital Amount does not exceed the aggregate Stated Amount of the Securities outstanding. The Issuer, upon making such election, shall notify the Trustee, the Paying Agent, the Registrar and the Security Holders in accordance with Condition 16 (a “**Capital Call Notice**”) of a date not falling more than 30 days or less than 1 day following the service of such notice (the “**Capital Call Date**”) on which date each Security Holder is required to pay to the Paying Agent for the account of the Issuer, at the dollar account maintained by the Paying Agent with a bank in New York, the Capital Amount with respect to its Securities. The Capital Call Notice shall specify the Capital Amount with respect to each Security outstanding and the details of the account of the Paying Agent. Upon payment of a Capital Amount, the Paying Agent will record the amount paid in respect thereof. From the time of such payment such amount shall be taken into account when determining the “Paid-Up Amount” for the purposes of Condition 6.1.

## 10. **Taxation**

All payments of Paid-Up Amount and Periodic Return Payments in respect of the Securities shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed unless such withholding or deduction is required by law. In that event the Issuer shall not be under an obligation to pay any additional amounts with respect thereto.

## 11. Events of Default

If any of the following events occur and are continuing:

(a) *Non-Payment*

the Issuer fails to pay the required amount on the Maturity Date or the Periodic Return Payment on the due date and such failure continues for a period of five days; or

(b) *Breach of Other Obligations*

the Issuer does not perform or comply with any one or more of its other material obligations under the Securities which default is incapable of remedy or is not remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee at its specified office; or

(c) *Enforcement Proceedings*

a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer and is not discharged or stayed within 30 days; or

(d) *Security Enforced*

any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, or other similar person); or

(e) *Insolvency*

the Issuer is deemed by law or a court or admits itself to be insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; or

(f) *Winding-up*

an order or petition is made or an effective resolution passed for the winding-up, administration or dissolution of the Issuer, or the Issuer ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by a Written Direction; or

(g) *Authorisation and Consents*

any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its respective rights and perform and comply with its obligations under the Securities, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Securities admissible in evidence in the courts of England is not taken, fulfilled or done; or

(h) *Illegality*



it is or will become unlawful for the Issuer to perform or comply with any one or more of its material obligations under any of the Securities;

the Trustee may, or if instructed pursuant to a Written Direction given to it at its Specified Office shall, declare each Security immediately due and payable whereupon it shall become immediately due and payable at its Paid-Up Amount together with any Periodic Return Payment provided however that, if the net assets of the Issuer on such date are less than the Paid-Up Amount and such Periodic Return Payments, the Paid-Up Amount and such Periodic Return Payments shall in aggregate be deemed reduced to an amount equal to the Relevant Proportion of such amount of net assets and any claims of Security Holders otherwise outstanding shall be extinguished (determined as if reference in Condition 4 to "Payment Period" shall be deemed to be reference to the period beginning on the day following the last day of the preceding Payment Period or, with respect to the first Payment Period, the date of incorporation of the Issuer, and ending on the day falling 30 days prior to the Security being declared immediately due and payable).

## **12. Prescription**

Claims in respect of Paid-Up Amounts and Periodic Return Payments will become void unless presented for payment within a period of 10 years in the case of Paid-Up Amounts and five years in the case of Periodic Return Payments from the appropriate relevant date.

## **13. Replacement of Securities**

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Trustee subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## **14. Written Directions and Modification**

The Trust Deed contains provisions relating to Written Directions with respect to matters affecting the interests of the Security Holders, including the sanctioning of a modification of any of these Conditions. A Written Direction shall be binding on the Security Holders. The Trustee shall, if so instructed by a Written Direction, agree to any modification of these Conditions or the Transaction Documents. In addition, the Trustee shall, if so instructed by a Written Direction, authorise or waive any breach or proposed breach of the Securities or the Transaction Documents, or determine that any event which would or might otherwise give rise to a right of acceleration under the Conditions shall not be treated as such.

## **15. Further Issues**

The Issuer may from time to time without the consent of the Security Holders create and issue further securities either having the same terms and conditions as the Securities in all respects (or in all respects except for the first Periodic Return Payment on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Securities) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Securities include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Securities.

## **16. Notices**

A Security Holder may notify the Issuer that it has an interest in the Securities and of its mailing address and facsimile number. Notices to Security Holders will be valid and deemed to have been made to all Security Holders if sent by mail or by facsimile communication to those persons that have so notified the Issuer at the mailing address or facsimile number last received. Any such notice shall be deemed to have been given on the date of mailing by the Issuer or on the date of receipt by the Issuer of a facsimile confirmation, as the case may be. Notices to the Trustee, the Paying Agents, the

Registrar and the Portfolio Adviser will be valid and deemed to have been made if sent in accordance with the provisions of the Trust Deed and the Paying Agency Agreement.

#### **17. Enforcement**

The Trustee shall take such proceedings against the Issuer as it may think fit to enforce repayment of the Securities and the provisions of these Conditions and the Trust Deed as instructed pursuant to a Written Direction, but it shall not be bound to take any such proceedings unless it shall have been indemnified and/or secured to its satisfaction. No Security Holder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure shall be continuing.

#### **18. Trustee, Paying Agent and Registrar**

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Security Holders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit. The Trust Deed contains provisions permitting the retirement, or the removal by the Security Holders (exercisable by Written Direction), of the Trustee subject to there remaining a trustee in office after such retirement or removal.

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 Trustee shall have regard to the general interests of the Security Holders as a class but shall not have regard to any interests arising from circumstances particular to individual Security Holders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Security Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Security Holders be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Security Holders.

In acting under the Paying Agency Agreement and in connection with the Securities, the Paying Agent and the Registrar act solely as agent of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Security Holders. Each of the Paying Agent and the Registrar is entitled to be indemnified and relieved from certain responsibility in certain circumstances as set out in the Paying Agency Agreement.

The Issuer reserves the right (with the prior approval of the Trustee acting pursuant to a Written Direction) at any time to vary or terminate the appointment of the Paying Agent or the Registrar and to appoint a successor Paying Agent or Registrar or additional or successor other Paying Agents or Registrars. Notice of any change in any of the Paying Agent or the Registrar or in their Specified Offices shall promptly be given to the Security Holders.

#### **19. Third Party Rights**

No person shall have any right to enforce any Condition or any findings of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

#### **20. Governing Law**

##### **(a) *Governing Law***

The Trust Deed and the Securities are governed by and shall be construed in accordance with English law.

(b) *Jurisdiction*

The courts of England and Wales are to have jurisdiction to settle any disputes which may arise out of or in connection with the Securities and accordingly any legal action or proceedings arising out of or in connection with the Securities ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of the Security Holders and the Trustee and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

**21. Limited Recourse and Non Petition**

The Security Holders will have recourse only to the Net Recourse Assets. The obligation of the Issuer to make payments in respect of the Securities will be limited to such amounts received in respect of the Net Recourse Assets, after payment of all Senior Obligations, and the Security Holders will have no further recourse to the Issuer in respect of its payment obligation under the Securities. Once the proceeds of the Net Recourse Assets have been distributed to the creditors of the Issuer (including the Security Holders), neither the Security Holders nor anyone acting on their behalf may take any further steps against the Issuer or its directors, officers or members to recover any further sum, no debt will be owed by the Issuer in respect of such sum and all claims of the Security Holders will be extinguished.

At any time prior to two years and one day (or, if longer, such other preference period under applicable law plus one day) after the date on which all obligations of the Issuer under the Securities (including any additional or further Securities issued) are discharged in full, the Security Holders (nor any other person acting on their behalf) shall not be entitled to:

- (i) institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, examination, arrangement, insolvency, winding-up or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the Securities or otherwise; or
- (ii) have any claim arising in respect of the share capital of the Issuer.

## USE OF PROCEEDS

The initial net proceeds from the issuance of the Securities was USD431,000,000, as the Securities were issued partly paid on the Closing Date (the "**Subscription Proceeds**"). Subscription Proceeds were used, in part, to finance the acquisition of Portfolio Assets (or in the discharge of liability incurred to finance the acquisition of Portfolio Assets) and will be used to pay premiums and other expenses on the Policies, and any costs and expenses of the Issuer.

The Issuer may raise up to USD650,000,000 in aggregate from time to time following issuance of the Securities provided that the Security Holders comply with any request by the Issuer for payment of a Capital Amount in accordance with Condition 9 (the "**Deferred Proceeds**"). Deferred Proceeds may be used to pay any premiums and other expenses on the Policies, or any costs and expenses of the Issuer (see "The Portfolio and the Issuer Security - Description of the Portfolio Assets").

## 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) Limited, 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 Securities and owning an interest in the Portfolio Assets. The Securities are backed by the Portfolio Assets which were acquired through the purchase by the Issuer of the interest in five Delaware limited liability companies. After the closing, four of those five limited liability companies are expected to merge into the fifth, Estate Planning LLC, which will then be converted pursuant to Delaware law into a Delaware limited partnership and be named Lima Acquisition LP. Following the conversion, the Issuer will be both a limited partner and the general partner of Lima Acquisition LP. The obligations of the Delaware limited liability companies, Estate Planning LLC, and Lima Acquisition LP, will not be obligations of the Issuer. However, it is anticipated that the Issuer will release funds to Estate Planning LLC, or its successor, Lima Acquisition LP, to enable that party to meet its future obligations, including paying premiums on the Policies.

The Seller (as defined below) does not own 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), 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 Pacifica Group LLC as seller (the "Seller") pursuant to which the Issuer agreed to purchase and Pacifica Group LLC agreed to sell certain limited liability company interests on 10 November 2010, (iii) an assignment agreement between the Issuer and Pacifica Group LLC dated 10 November 2010 and (iv) an escrow agreement between the Issuer, Pacifica Group LLC and Wilmington Trust Company as escrow agent on 10 November 2010, authorisation of those afore-mentioned documents dated 10 November 2010 and to the proposed issue of the Securities and the authorisation of the other Transaction Documents referred to in this Listing Particulars to which it is or will be a party and other matters which are incidental or ancillary to the foregoing. The Issuer has no employees.

As at the date of this 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 30 November. However, documents have been submitted to Companies House to change the accounting reference date to 31 December. The first statutory accounts of the Issuer are expected be drawn up to 31 December 2011.

The Issuer has made an application to the Information Commissioner's Office to be registered as a Data Controller pursuant to the Data Protection Act 1998.

### **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) Limited, 5 Savile Row, London W1S 3PD	Solicitor
Douglas Boyd Thomas	c/o Fortress Investment Group (UK) Limited, 5 Savile Row, London W1S 3PD	Asset Manager

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

## THE PORTFOLIO ADVISER

Fortress Investment Group (UK) Limited (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**").

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.

**Dean Dakolias** is the Co-Chief Investment Officer of the Drawbridge Special Opportunities Funds. Mr. Dakolias is also a member of the Management Committee of Fortress. Prior to joining Fortress in August 2001, Mr. Dakolias was a managing director, Chief Credit Officer and co-founder of American Commercial Capital LLC and Coronado Advisors, which were sold to Wells Fargo Bank NA in 2001. Mr. Dakolias was previously a director at RER Financial Group 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. Mr. Dakolias received a B.S. in physics from Columbia University.

## THE PORTFOLIO ADVISORY AGREEMENT

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**

***Automatic Termination.*** The Portfolio Advisory Agreement shall be automatically terminated in the event of the repayment in full of all amounts owing under or in respect of the Securities and all other amounts owing to the Security Holders and the termination of the Trust Deed in accordance with its terms.

***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 no such termination shall take effect until a replacement Portfolio Adviser is appointed.

***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 no such termination shall take effect until a replacement Portfolio Adviser is appointed.

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 Security Holders and (ii) is not remedied within 30 days of receiving written notice;



- (iii) a material misrepresentation that has a material adverse effect on the Security Holders;
- (iv) certain events of bankruptcy;
- (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 Securities 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.** The Portfolio Adviser may resign upon 30 days' written notice to the Issuer or upon 10 days written notice with cause.

**Replacement Portfolio Adviser.** No termination or resignation shall be effective unless an Eligible Successor 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 or any holder of a Security, (iv) has regulatory capacity to conduct its securities business with residents of England and Wales.

### **Assignment**

The Portfolio Adviser may not assign its rights or responsibilities under the Portfolio Advisory Agreement without the written consent of the Issuer and the holders of a majority in aggregate Stated Amount of the Securities; 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; 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 Securities 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 Trustee or the holders of the Securities 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, Portfolio Advisers, 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 Securities, 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 approximately 980 life insurance policies originated between November 2004 and October 2008 (each a "**Policy**" and together, the "**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 "**Seller**") pursuant to a Unit Purchase Agreement dated November 10, 2010 (the "**Unit Purchase Agreement**") and from 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**"). After the closing, four of the five limited liability companies are expected to merge into the fifth, Estate Planning LLC, which will then be converted pursuant to Delaware law into a Delaware limited partnership and be named Lima Acquisition LP. The Policies are governed by U.S. law.

#### 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 is required to act in relation to the Portfolio, advise the Issuer and to carry out the duties and functions described below. The Portfolio identified by the Portfolio Adviser was purchased 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 Portfolio acquired 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 Policies insure over 700 individuals with an aggregate death benefit of approximately \$6.2 billion. The Policies were originated between November 2004 and October 2008 through various origination programs.

The weighted average seasoning of the Policies is approximately 47 months, and all of the Policies are out of the contestability period. Approximately \$636 million of premiums have been funded on the Policies from inception to date. The Issuer has committed to purchase the Portfolio for approximately \$332 million (plus customary closing costs), which represents approximately 5.4% of total death benefits and 52.3% of total premiums paid to date. The average age of the underlying insured is approximately 79 years, and the average remaining life expectancy is approximately 133 months.

## **Ongoing Management**

The Servicers (acting on behalf of the Issuer) 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 ongoing management of the Portfolio.

## **Reports**

The Issuer will make available its audited annual financial statements, upon the request of any existing holders of the Securities who have identified themselves as being existing holders of the Securities and, if and to the extent required, have provided reasonable evidence to the effect that they are holders of the Securities and any such audited financial statements will also be available to the Trustee. Communication of any such requests shall be made by fax or letter marked for the attention of the following party on behalf of the Issuer: Doug Thomas.

## **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 will open and maintain one or more USD and Sterling denominated accounts with an Accounts Bank each designated a "Bank Account". All Subscription Proceeds and Deferred Proceeds have been credited to a Bank Account. The Issuer is entitled, at its discretion, to withdraw funds standing to the credit of a Bank Account, pursuant to such Bank Accounts Agreements. From time to time, the Issuer may withdraw funds to pay costs and expenses, to pay premiums or invest in other financial instruments ("**Eligible Investments**"). The Issuer may sell its interest in all or part of the Portfolio (or assets derived from the Portfolio or such Eligible Investments) at its discretion. All cash proceeds received upon realisation of any interest in the Portfolio and any distribution, dividend or other payment in cash with respect to the Portfolio (or assets derived from the Portfolio or Eligible Investments) shall be credited to a Bank Account for reinvestment in Portfolio Assets or Eligible Investments or for application towards Periodic Return Payments or payments of Paid-Up Amount of the Securities.

## 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 Trustee pursuant to the Deed of Charge and the US Security Agreements (the “**Issuer Security**”) to be held on trust for all of the secured creditors. The Issuer Security secures the payment by the Issuer of all amounts in respect of the Securities. The Issuer Security includes:

- (a) a charge over the right, title, benefit and interest of the Issuer in the Policies;
- (b) a charge over the right, title, benefit and interest of the Issuer in each Eligible Investment;
- (c) a charge over the right, title, benefit and interest of the Issuer in the Bank Accounts and any amounts standing to the credit thereto;
- (c) a charge over the right, title, benefit and interest of the Issuer in the limited company interest in Estate Planning LLC, and, once such entity has been converted, the general and limited partnership interest in Lima Acquisition LP;
- (d) assignment by way of security of all right, title, benefit and interest of the Issuer in the Transaction Documents;
- (e) 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; and
- (f) a grant of the 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, under New York law.

## **CERTAIN TAX CONSIDERATIONS**

### **General**

Potential purchasers who are in any doubt about their tax position on purchase, ownership, transfer or exercise of any Security should consult their own tax advisers. In particular, no representation is made as to the manner in which payments under the Securities 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, Periodic Return Payments made on the Securities.

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

Periodic Return Payments on the Securities may be made without deduction of or withholding on account of United Kingdom income tax as long as, at the time at which the Periodic Return Payments are made, the Securities 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 Securities are not so listed at the time at which a Periodic Return Payment is made, an amount must be withheld from that Periodic Return Payment 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 Periodic Return Payments on the Securities) 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).

## SUBSCRIPTION

Pursuant to a Subscription Agreement dated the Closing Date, subscription by Fortress Life Settlements Fund (A) LP, Fortress Life Settlements Fund (B) LP, Fortress Life Settlements Fund (C) LP, FLSMA LP, Fortress Credit Opportunities Fund (A) LP, Fortress Credit Opportunities Fund (B) LP, Fortress Credit Opportunities Fund (C) L.P., Fortress Credit Opportunities Fund II (A) LP, Fortress Credit Opportunities Fund II (B) LP, Fortress Credit Opportunities Fund II (C) L.P., Fortress Credit Opportunities Fund II (D) L.P., Fortress Credit Opportunities Fund II (E) LP, FTS SIP L.P., FCO MA II UB Securities LLC, FCO MA LSS LP, Fortress Global Opportunities (YEN) Fund L.P., Worden Master Fund LP and FCO MA Maple Leaf LP (the “**Initial Purchasers**”) for USD650,000,000 Stated Amount of the Securities in consideration for the Subscription Amount and future Capital Amounts was agreed with the Issuer. In addition, the Issuer has agreed to bear certain costs incurred in connection with the issue of the Securities.

### **Selling and Transfer Restrictions**

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

The Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Securities will be offered by the Issuer only (i) to “institutional” accredited investors (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) in reliance on the exemption from registration under Section 4(2) of the Securities Act or (ii) outside the United States to, or for the benefit of, non-U.S. Persons (as defined in Regulation S under the Securities Act).

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

In addition, other than with respect to the issuance by the Issuer of the Securities to the Initial Purchasers pursuant to the Subscription Agreement, the Securities may only be offered, sold or transferred to, or for the account or benefit of, a person or entity if (1) such person or entity qualifies 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”), and (2) taking into account such offer, sale or transfer, the Issuer would continue to qualify for the benefits of the US-UK Income Tax Treaty after such offer, sale or transfer, unless the Issuer has, in each case, previously waived in writing the application of the foregoing conditions (1) and (2) with respect to such person or entity. Any offer, sale or other transfer of Securities made in violation of the foregoing requirements shall be null and void *ab initio* and any transferee in such purported offer, sale or transfer shall not acquire any beneficial interest in, or any other rights to, Securities that were the subject of such purported offer, sale or transfer.

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

Each Initial Purchaser has represented and agreed that the Securities 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 Securities in circumstances in which Section 21 (1) of the FSMA does not apply to the Issuer; 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 Securities in, from or otherwise involving the United Kingdom.

## **GENERAL INFORMATION**

### **1. Listing**

Application has been made to the Irish Stock Exchange for the Securities 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 Securities is GB00B4W62308.

### **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 Securities. The issue of the Securities was authorised by a resolution of the Board of Directors of the Issuer passed on 17 December 2010.

### **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 this Listing Particulars, since incorporation no material contract other than the Unit Purchase Agreement, 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 Security 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 Securities 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):

- (a) the Articles of Association of the Issuer;
- (b) the Trust Deed (which includes the form of the Securities);



- (c) the Paying Agency Agreement;
- (d) the Portfolio Advisory Agreement;
- (e) the Subscription Agreement;
- (f) the Deed of Charge;
- (g) the US Security Agreements; and
- (h) 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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England

## **LEGAL ADVISERS**

To the Issuer and the Portfolio Adviser  
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## **LEGAL ADVISERS**

To the Trustee, the Paying Agent and the  
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## **TRUSTEE, PAYING AGENT AND REGISTRAR**

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## **LISTING AGENT**

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