

27 March 2015

**TO ALL KNOWN INVESTORS**

**Life Premium Fund, SPC – In Official Liquidation (the “Company”)**

Dear Sirs

I refer to my letter dated 18 March 2015 by which the Joint Official Liquidators notified the Company’s investors of the need to raise funding in order to pay ongoing premiums to maintain the remaining policies held by the Company.

A number of investors have contacted the JOLs to request further information regarding:

1. The policies which are held by the Company; and
2. The proposed terms of any funding to be provided by the investors.

The JOLs are still in the process of collecting the Company’s books and records from its directors, investment advisor and other service providers, in order to conduct a more in-depth assessment into its financial position and the options for dealing with the policies going forward. However, the JOLs have issued follow up requests to all of the parties concerned requesting that the outstanding information is provided as a matter of urgency.

In the meantime, the JOLs have prepared summaries in relation to the remaining policies which are attached at Appendix A (the “Policy Summaries”).

Investors should note that the information contained within the Policy Summaries is based on the incomplete information and documentation which has been provided to the JOLs to date. New information continues to be received and this further information may result in material changes to the information shown in the Policy Summaries. In the limited time available, the JOLs have not been able to verify the accuracy of the information provided to them by reference to independent third party evidence and, therefore, no representation or warranty of any kind (whether express or implied) is given by the JOLs as to the accuracy or completeness of the Policy Summaries.

**The Policies**

As noted in the JOLs’ letter of 18 March 2015, the remaining policies include 100% interests in 11 life insurance policies with a total face value of US\$5.7m (the “Wholly Owned Policies”) and fractional interests in a further 17 life insurance policies with a face value to the portfolios of the Company of US\$7.5m (the “Fractional Policies”). The JOLs’ assessment to date has shown that new life expectancy certificates were obtained during 2014 for each of the Wholly Owned Policies.

The Policy Summaries at Appendix A provide details of the following for both the Wholly Owned and Fractional Policies. As mentioned above, this information is derived from the information which the JOLs have been provided to date:

- The face value of the Company’s interest in the policies upon maturity;
- The age of the insured;
- Details of the insured’s life expectancy, based on life expectancy certificates obtained by the Company from two different providers during 2014 for Wholly Owned Policies; AVS Underwriting, LLC and 21<sup>st</sup> Services, LLC. Life expectancy details with respect to Fractional policies reflect those estimated when the policies were purchased by the Company;
- Details of the monthly or annual premiums payable in respect of the policies; and
- Details of historic loans obtained by the Company to finance premiums, which become payable in 2015 and 2016.

The total expected funding requirement for the policies for the remainder of 2015 is summarised below:

Policy Type	31 July 2015	1 August to 31 December 2015	Outstanding Loans
Wholly Owned Policies	US\$84,596	US\$104,995	-
Fractional Policies	US\$91,917	US\$108,870	US\$44,229
<b>Total</b>	<b>US\$176,513</b>	<b>US\$213,865</b>	<b>US\$44,229</b>

In the absence of any policy maturing in the near term, it is clear that there will be significant funding requirements in order to maintain all of the policies for the rest of 2015 and beyond.

The JOLs will be seeking initial funding of US\$200,000 in order to continue to pay premiums on all policies until 31 July 2015. Investors will note that this is US\$50,000 more than the amount indicated in our previous letter which was based on a preliminary estimate at that time. In the interim, the JOLs will continue to collect the Company’s books and records in order to confirm the information set out in the Policy Summaries and identify the options for dealing with the funding of future premiums.

### Proposed Loan Terms

In our letter of 18 March 2015, the JOLs requested that any investor willing to provide funding of US\$25,000 or more contact the JOLs as soon as possible.

In response to questions from a number of investors, we set out below indicative terms upon which the JOLs will accept funding, which includes a reduction in the minimum loan amount to US\$10,000:

<b>Key Terms</b>	<b>Explanation</b>
Amount to be raised	US\$200,000
Minimum Loan Amount	US\$10,000
Term of Loan	Initial 12 month term, but the Company shall have an option to extend until policies mature.
Interest Rate	Subject to sufficient funds becoming available in the liquidation, investors will be entitled to interest at a rate of 7.5% per annum on an annual compound basis.
Payment priority	<p>Any funding (together with interest) will be repaid from the assets of the Company, as and when policies mature and allow for repayment.</p> <p>The amounts due in respect of any loans will be payable as an expense of the liquidation in priority to the JOLs' fees and any payments to the Company's creditors and investors.</p> <p>The repayment of any loans will rank equally with any other expenses of the liquidation, such as legal costs. However, no significant legal or other expenses have been incurred to date.</p> <p>The only costs which will be paid in priority to any loans provided would be the legal costs incurred by the petitioner and other investors to place the Company into liquidation. These costs are yet to be claimed but are estimated at US\$126,000.</p>
Security	No security over policies is being offered in view of the priority of payment as explained above.
Timing for Completion	Cleared funds will need to be received by the JOLs by 10 April 2015.
Documentation	To be prepared by the JOLs' legal advisers and will be governed by Cayman Islands Law.

The JOLs hope that the above information is sufficient to enable investors to consider whether or not they are prepared to provide funding to assist with the preservation of the policies and the liquidation of the Company.

The JOLs emphasise that this letter does not constitute either a formal request for funding or an offer by the Company to borrow money which is capable of acceptance by Investors. Any investor who wishes to offer funding on the indicative terms should advise the JOLs and a formal loan agreement will be sent to the investor.

As noted previously, in the event it is not possible to obtain the necessary funding from the investors in the Company, the JOLs will attempt to seek funding from third parties. Any such third party funding is likely to be more expensive than funding on the indicative terms set out above and there is no guarantee such funding can be obtained.

If no funding can be raised from the investors or third parties, it is inevitable that some policies will lapse and the JOLs will need to determine whether policies can be sold in order to preserve value and provide funding for remaining policies.

The JOLs sincerely hope that sufficient funding can be raised to maintain all policies in the short term and will keep investors updated on any material developments.

If you have any queries, or have an interest in providing funding, please either call the Cayman Islands office of FTI Consulting on + 1 345 743 6830 or send an email to [lpfliquidation@fticonsulting.com](mailto:lpfliquidation@fticonsulting.com).

Yours faithfully



**Andrew Morrison**  
Joint Official Liquidator