

Life Settlement Assets PLC

LEI: 2138003OL2VBXWG1BZ27

(the "Company" or "LSA")

Publication of circular

The Company announces that it has today published a Circular (the "**Circular**") in respect of the recommended proposals for the merger of the A and B Ordinary Share Classes (the "**Merger**") and notice of a General Meeting and A and B Ordinary Share Class Meetings.

Introduction

The Company wishes to merge the A Ordinary Share Class and the B Ordinary Share Class as it considers their merger to be in the best interests of the Company and of the Shareholders of each Share Class. This merger represents the final stage in the simplification of the Company's share class structure and follows the merger of three share classes on 30 April 2020 (the "**2020 Merger**").

The implementation of the Merger is conditional upon the Company having received the relevant Shareholder approvals.

Background

The Company did not propose the merger of the B Ordinary Shares with the other Share Classes as part of the 2020 Merger. At that time the Board was aware that certain holders of B Ordinary Shares would not favour such a merger, despite the benefits, due (in part) to the maturity profile of the B Ordinary Share portfolio. Since December 2020, however, the B Ordinary Share portfolio has seen significant maturities amounting to approximately US\$4.8 million. As a consequence of this change to the maturity profile, as well as changes to the constituents of the registered holders of the B Ordinary Shares, the Board considers that it is now appropriate to bring forward proposals for the merger of the two share classes and that a merger is in the best interests of the Company and each Share Class. The expected benefits to the Company and each Share Class are as follows:

A Ordinary Shares	B Ordinary Shares	Company as a whole
Smoother cashflow forecast	Reduced trading discount	Simpler structure
Larger share capital base to share fixed costs	Lower volatility <i>(each as a result of being part of a larger and more liquid Share Class)</i>	Lower overall operating costs

Investment Policy

The investment policies of the Share Classes are different, with the A Ordinary Share portfolio comprising policies which have an exposure to both HIV and elderly insured and the B Ordinary Shares being only exposed to elderly insureds. While the Merger does not require a change in investment policy as a result of the continuing Share Class, being the A Ordinary Shares, having the broader investment policy, Shareholders should note the change in composition of the combined portfolio that will result from the Merger. Prior to the Merger, the A Ordinary Share Class portfolio comprises

policies that are 17% exposed to elderly insureds and 83% exposed to HIV insureds; while the B Ordinary Share Class' policies are 100% exposed to elderly insureds. Immediately following the Merger, the combined portfolio would comprise policies that are 23% exposed to elderly insureds and 77% exposed to HIV insureds. One consequence of this is that the expanded A Ordinary Share Class is expected to benefit from increased cashflow during the first few years following the Merger.

Conditional Special B Dividend

The Board has concluded that it is appropriate to pay a special dividend to B Ordinary Shareholders in the event that the Merger is approved (the "Special B Dividend"). It has reached this conclusion by balancing the anticipated cashflow needs of the expanded A Ordinary Share Class against the cash currently held and reserved in respect of each of the A Ordinary Share Class and the B Ordinary Share Class. In particular, following the Special B Dividend (if declared), the Board believes that the level of cash being transferred from the B Ordinary Share Class on the Merger, will be sufficient to cover the former B Ordinary Shareholders' proportionate share of the expanded A Ordinary Share Class's cash reserves (excluding cash reserves in respect of existing commitments to purchase the ABC Portfolio and certain other fractional interests).

The Board has also noted that the B Ordinary Shareholders have not received a dividend since the Company's listing in 2018 whereas the A Ordinary Shareholders have received dividends in each year.

Accordingly, conditional upon the approval of the Merger and immediately prior to its implementation, the Directors will declare a special dividend (the "**Special B Dividend**"), payable to B Ordinary Shareholders on the register at close of business on 28 May 2021 of an amount equal to US\$2,600,000 (US\$0.18 per B Ordinary Share), which will be payable out of the cash held by the B Ordinary Share Class.

In contrast, the Board does not consider it is appropriate to make a cash distribution to A Ordinary Shareholders prior to the Merger as a result of, inter alia, the A Ordinary Share Class's current level of cash reserves and its existing commitments to purchase the ABC Portfolio and certain other fractional interests.

Terms of the Merger

In order to effect the Merger, the B Ordinary Share Class will be merged into the A Ordinary Share Class by re-designating a proportion of the B Ordinary Shares as A Ordinary Shares on a share-for-share basis at the NAVs attributable to the A and B Ordinary Shares as at 28 May 2021. The attributable NAVs will be calculated using the audited NAVs as at 31 December 2020 and adjusting for subsequent maturities and other trading events that have arisen between 31 December 2020 and 28 February 2021, and will be subject to such further adjustments as the Board considers to be necessary in order to reflect significant changes in the financial position of the relevant Share Classes between 1 March 2021 and the Calculation Date on 28 May 2021 (including the Special B Dividend, if declared). Any remaining B Ordinary Shares will be re-designated as Deferred Shares with a nominal value.

Current Share Class information

The Ordinary Shares in issue as at the date of this Circular, and their attributable estimated unaudited NAVs as at 28 February 2021, are as follows:

<i>Share Class</i>	<i>Estimated NAV (US\$m)</i>	<i>Ordinary Shares in issue</i>
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A Ordinary Share Class	92,902,618	43,724,059
B Ordinary Share Class	15,566,754	14,596,098

The Board notes that Jean-Michel Paul, the principal of the Investment Manager, directly or indirectly holds approximately 10.04% of the A Ordinary Shares and 26.00% of the B Ordinary Shares. As announced on 26 March 2021, 3,440,390 of Mr Paul's holding in B Ordinary Shares (representing 23.57% of the B Ordinary Shares in issue) are held indirectly through Ahmose SA, which is in liquidation, and he has no control over the voting or other rights of such shares.

The Board further notes that the Directors are all independent of the Investment Manager and, save for Mr Baines' holding of 75,000 B Ordinary Shares, none of the other Directors hold, directly or indirectly, A or B Ordinary Shares.

Performance Fee's following the Merger

Following the Merger, the current management arrangements in relation to the A Ordinary Shares will continue, except that the Performance Fees attributable to the A Ordinary Shares will be adjusted so that the Performance Fees attributable to the A Ordinary Shares will be calculated on the same basis as before the Merger, save that for the purposes of calculating the A Share Performance Hurdle, the aggregate investment made by the A Ordinary Shares will be deemed to be increased by an amount equal to the aggregate NAV of the B Ordinary Shares as at the date of the Merger.

A Ordinary Shareholders should note that, as a result of the increased number of A Ordinary Shares in issue following the Merger, each Shareholder's share of the contingent right to the Clawback and the Catch-Up Amount will be proportionately reduced; however, the Directors do not consider this reduction to be material. B Ordinary Shareholders should note that the performance hurdle applicable to B Ordinary Shares will cease to apply and, accordingly, the current shortfall relative to the performance hurdle will not be carried forward.

The Company, the Acheron Portfolio Trust and the Investment Manager have, conditional upon (and effective from) the Merger being implemented, entered into a new investment management agreement on or about the date of this Circular to reflect these changes.

Shareholder Meetings

Notices convening the General Meeting and the separate A Ordinary Share Class Meeting and B Ordinary Share Class Meeting, to be held at 11.30 a.m., 11.40 a.m. and 11.45 a.m. respectively on 26 May 2021, each at Isca Administration Services Limited, Suite 8, Bridge House, Courtenay Street, Newton Abbot, TQ12 2QS, are set out in the Circular.

Expected timetable

2021

Latest time and date for receipt of proxy votes for the General Meeting	11.30 a.m. on 24 May
Latest time and date for receipt of proxy votes for the A Ordinary Share Class Meeting	11.40 a.m. on 24 May

Latest time and date for receipt of proxy votes for the B Ordinary Share Class Meeting	11.45 a.m. on 24 May
General Meeting	11.30 a.m. on 26 May
A Ordinary Share Class Meeting	11.40 a.m. on 26 May
B Ordinary Share Class Meeting	11.45 a.m. on 26 May
Latest date for dealing in B Ordinary Shares	26 May
Announcement of the results of the General Meeting, A Ordinary Share Class Meeting and B Ordinary Share Class Meeting	26 May
Calculation Date	28 May
Record Date for the entitlement of B Ordinary Shareholders to their new holdings of A Ordinary Shares	Close of business on 20 May
Record Date for the entitlement of B Ordinary Shareholders for the Special B Dividend (if declared)	Close of business on 28 May
CREST accounts credited for revised holdings of new A Ordinary Shares	3 June
Expected despatch of share certificates for holdings of new A Ordinary Shares	Week commencing 7 June

Notes:

Each of the times and dates in the above timetable is subject to change and may be extended or brought forward without further notice. The Company will notify investors of any such changes to these times and dates by making an announcement via a Regulatory Information Service.

References to times are to London times unless otherwise stated.

The information in this announcement should be read in conjunction with the full text of the Circular issued by the Company dated 30 April 2021. Any capitalised terms used but not otherwise defined in this announcement have the meaning set out in the Circular.

The information communicated in this announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

Enquiries:

Acheron Capital Limited (Investment Manager)

Jean-Michel Paul

020 7258 5990

Shore Capital (Financial Adviser and Broker)

Robert Finlay
020 7601 6115

ISCA Administration Services Limited
Company Secretary
Tel: 01392 487056

Notes to Editors

LSA is a closed-ended investment company which manages portfolios of whole and fractional interests in life settlement policies issued by life insurance companies operating predominantly in the United States. The life settlement market enables individuals to sell their life insurance policies to investors at a higher cash value than they would otherwise receive from insurance companies (if they were cancelled or surrendered at the date of sale). The Company aims to manage portfolios of life settlement products so that the realised value of the policy maturities exceeds the aggregate cost of acquiring the policies, ongoing premiums, management fees and other operational costs. LSA is listed on the Specialist Fund Segment of the Main Market of the London Stock Exchange.