

Important Message to all Participants

Lending facility and annual accounts

The fund has been in continuous discussions with potential lenders to replace Barclays. Due to the difficult current environment we have so far not been able to secure a full replacement. We are however, progressing a facility with a new lender for half of the current loan. Discussions continue with other potential lenders to pay off the balance and increase the loan and reinvestment levels and we are optimistic about securing a new facility in the next month. Over the last few months we have reduced the loan down to 27% of the policy assignment values just under half of what it could be per Program rules.

The accounts can still not be signed off as we do not have a replacement lender to remove Barclays.

Until a new lender is appointed we are taking the following steps:

- All new participants entering the Program are not being moved into Participation but are held back pending resolution of this matter. When the lender is replaced the Participation will commence. We shall not credit Participation Points (as no participation is occurring) but we shall acknowledge time in the Program for the purposes of the 60 months (5 years) rule. Hence we shall look at the actual (first) start date.
- We have backdated this treatment to all Participations that have arrived in the program since 1 November. This ensures equal treatment of all Participants in comparable positions.

Performance	
Seven months to 31 Dec 2005	3.17% (annualized)
Calendar year 2006	3.6%
Calendar year 2007	4.22%
First quarter 2008 No allocation	-1.45%
Second quarter 2008 No allocation	2.41%
Third quarter 2008 No allocation	-1.14%
Fourth Quarter 2008	pending
Based on profit generated per average borrowing level. All participator experiences will be different.	

Pricing of assets in the Program Portfolio

One of the consequences of repaying such a high proportion of the loan (over half) is that the remaining assets are the growth assets that had been identified for the long term hold, so they have longer terms to run until planned redemption. In addition, as they have risen as a percentage of the portfolio, due to the large loan repayments, the pricing criteria have become stricter on each asset. For a previously relatively small holding that is currently representing 25% of the portfolio we now require an audit before we can give a value to it for the purposes of profit/loss allocation for the end of 2008. This has resulted in a delay in our being able to close off the figures for 4th quarter 2008. We expect this information very shortly, whereupon Allocations will be made.

Arch cru funds

The Program has no holdings in the onshore Arch cru funds that have been suspended. It only holds the Guernsey based funds which are still trading. Their liquidity however is affected by the suspended onshore range. We are regarding these holdings as a long term hold.

Change to “Legacy Experienced Investor Fund”

In the Isle of Man the “Experienced Investor Fund” (EIF) as a legal entity is coming to an end. This means there will be no new EIF's formed. Existing ones have a number of options. The directors have chosen to take the option called a “Legacy Experienced Investor Fund.” The material change is that for new Participants the minimum investment per Participant goes up to \$100,000 from \$65,000. Top-up treatment is unaltered. The amends to the Offering document are being made and shall be posted shortly. There are no other changes in the operation of the Program as a result of this change.

Looking ahead

Once we have a replacement lender we shall be increasing the loan substantially and buying into a wide range of opportunities that we now see becoming available.

Whilst the credit market difficulties have made things much tougher for the Program over the last six months in one sense, they have also ensured that we were well clear of the markets during catastrophic downturns.

We believe we are now well placed to pick up from the recovery.

Important Note

The Program return is not guaranteed. Investments made can go down as well as up. Your Assigned Asset is part of the security provided to the bank to support the loan and reinvestment made by the Program. As such, you may not get back the full value of your Assigned Asset on exit from the Program. This document summarises aspects of, and is not a substitute for, the Offering Document. Neither the Company nor the Program is subject to any form of regulation or approval in the Isle of Man and participants are not protected by any statutory compensation arrangements in the event of the Company's failure. The Isle of Man Government Financial Supervision Commission does not vouch for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to the Company or the Program. The Program constitutes an “experienced investor fund” and complies with the requirements of the Financial Supervision (Experienced Investor Fund) (Exemption) Order 1999 of the Isle of Man.