

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or the action you should take, you are recommended to seek immediately your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 or other appropriately authorised financial adviser if you are in a territory outside the UK.

If you sell or have sold or otherwise transferred all of your Ordinary Shares, please forward this Circular, together with the accompanying documents (but not any personalised Form of Proxy, Form of Instruction or Tender Form), at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you sell or have sold part only of your holding of Ordinary Shares, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected. However, neither this Circular nor any accompanying documents should be forwarded to or sent in or into any jurisdiction in which to do so would constitute a breach of the relevant laws of such jurisdiction.

This is not a prospectus but a shareholder circular. This Circular has been prepared for the purposes of complying with English law and the information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

BLUE CAPITAL GLOBAL REINSURANCE FUND LIMITED

(incorporated and registered as an exempted mutual fund company in Bermuda with registered number 46969)

CIRCULAR TO SHAREHOLDERS

Proposal for a Tender Offer of up to 10% of the Ordinary Shares

and

Notice of Special General Meeting

This Circular should be read as a whole together with the accompanying documents. Your attention is drawn to the letter from the Chairman of the Company which is set out in Part 1 of this Circular. The letter sets out certain information relating to the Tender Offer. Your attention is also drawn to the sections entitled "Risk Factors" in Part 4 of this Circular and "Actions required in relation to the Special General Meeting" and "Actions required in relation to the Tender Offer" in Part 1 of this Circular.

Shareholders should make their own investigation of the Tender Offer and the resolutions proposed at the Special General Meeting. Nothing in this Circular constitutes legal, tax, financial or other advice, and Shareholders should consult their own professional advisers.

The distribution of this Circular and the accompanying documents in certain jurisdictions may be restricted by law. This Circular and the accompanying documents should not be mailed or otherwise sent in, into or from Australia, Canada, Japan, New Zealand, the Republic of South Africa or the United States or any other jurisdiction if to do so would constitute a violation of the laws of such jurisdiction (each a "**Restricted Jurisdiction**"). No action has been or will be taken to permit the possession or distribution of this Circular or the accompanying documents in any jurisdiction, other than the United Kingdom, where action for that purpose may be required. Persons into whose possession this Circular comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The availability of the Tender Offer to Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdiction in which they are located. Persons who are not resident in the United Kingdom should read the paragraph headed "Non-UK Shareholders" in Part 1 of this Circular and the section headed "Non-UK Shareholders" in Part 2 of this Circular and should inform themselves about, and observe, any applicable legal or regulatory requirements in their jurisdiction. This Circular does not constitute an invitation to

participate in the Tender Offer in or from any jurisdiction in or from which, or to or from whom, it is unlawful to make such offer or participate under applicable securities laws or otherwise.

You will find set out in Part 6 of this Circular a notice convening a Special General Meeting for 9:00 a.m. (Bermuda time) on 28 November 2016 to be held at Canon's Court, 22 Victoria Street, Hamilton HM12 Bermuda. A Form of Proxy and a Form of Instruction to be used by Shareholders and Depository Interest Holders (respectively) in connection with the Resolutions to be proposed at the Special General Meeting are enclosed. **The Tender Offer will close at 1:00 p.m. on 24 November 2016 and will only be available to Qualifying Shareholders whose names were on the Company's register of members at 6:00 p.m. on 24 November 2016. If you are not a Qualifying Shareholder, or if you do not wish to tender any of your Ordinary Shares, do not complete or return a Tender Form or send a TTE instruction.**

****ONLY FOR SHAREHOLDERS WHO DO NOT HOLD DEPOSITORY INTERESTS THROUGH CREST****

The accompanying Form of Proxy for use by Shareholders in relation to the Special General Meeting should be completed and returned, in accordance with the instructions printed on it, to Computershare Investor Services (Bermuda) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received as soon as possible and, in any event, not later than 9:00 a.m. (Bermuda time) (1:00 p.m. UK time) on 24 November 2016. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the Special General Meeting should they so wish and if they are so entitled.

Qualifying Shareholders who wish to tender Ordinary Shares under the Tender Offer should ensure that their completed Tender Forms are returned to the Receiving Agent by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH, or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, and must be received by the Receiving Agent at either of such addresses by not later than 1:00 p.m. (UK time) on the Tender Offer Closing Date. Qualifying Shareholders who hold their Ordinary Shares in certificated form should also return their Ordinary Share certificate(s) and/or other document(s) of title in respect of the Ordinary Shares tendered.

****ONLY FOR SHAREHOLDERS WHO HOLD DEPOSITORY INTERESTS THROUGH CREST**** A Form of Instruction is enclosed for use by Depository Interest Holders in relation to the Special General Meeting and should be completed and returned, in accordance with the instructions printed on it, to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to be received as soon as possible and, in any event, not later than 9:00 a.m. (Bermuda time) (1:00 p.m. UK time) on 23 November 2016. Depository Interest Holders who are CREST members and who wish to appoint or give instructions to the Depository through the CREST electronic proxy appointment service should follow the procedures as to the appointment of a proxy or as to instructions described in this Circular. Completion and return of a Form of Instruction or transmission of a CREST Instruction will not preclude Depository Interest Holders from attending and voting in person at the Special General Meeting should they so wish and if they are so entitled.

Qualifying Shareholders who wish to tender Ordinary Shares under the Tender Offer should not return the Tender Form but should submit a TTE instruction electronically through CREST by not later than 1:00 p.m. (UK time) on the Tender Offer Closing Date.

Capitalised terms used in this Circular have the meanings given to them in Part 5 of this Circular.

Dated 4 November 2016

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Accompanying Documents

- *Revised Bye-laws*
- *Blacklined version of Bye-laws showing proposed changes*
- *Form of Proxy (for use by Shareholders who do not hold Depository Interests through CREST)*
- *Form of Instruction (for use by Shareholders who hold Depository Interests through CREST)*
- *Tender Form (for use by Qualifying Shareholders who do not hold Depository Interests through CREST)*
- *Reply paid envelopes*

Information regarding forward-looking statements

This Circular contains a number of forward-looking statements relating to the Company. The Company considers any statements that are not historical facts as "forward-looking statements". They relate to events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of the Company to differ materially from the information presented in the relevant forward-looking statement. When used in this Circular the words "estimate", "project", "intend", "aim", "anticipate", "believe", "expect", "should", and similar expressions, as they relate to the Company or the management of it, are intended to identify such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this Circular. The Company does not undertake publicly to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, save in respect of any requirement under any applicable law or regulation.

EXPECTED TIMETABLE

SPECIAL GENERAL MEETING

Latest time and date for receipt of Forms of Instruction and CREST Instructions from the Depository Interest Holders	9:00 a.m. (Bermuda time) (1:00 p.m. UK time) on 23 November 2016
Latest time and date for receipt of Forms of Proxy	9:00 a.m. (Bermuda time) (1:00 p.m. UK time) on 24 November 2016
Special General Meeting	9:00 a.m. (Bermuda time) (1:00 p.m. UK time) on 28 November 2016
Announcement of the results of the Special General Meeting	By 5:00 p.m. on 28 November 2016

TENDER OFFER

Latest time and date for receipt of Tender Forms and TTE instructions from CREST	1:00 p.m. on 24 November 2016
Tender Offer Closing Date	1:00 p.m. on 24 November 2016
Tender Offer Record Date	6:00 p.m. on 24 November 2016
Announcement of the results of the Tender Offer	By 5:00 p.m. on 28 November 2016
Latest time and date for withdrawing tenders	By 1:00 p.m. on 15 December 2016
Tender Offer Completion Date: Completion of the Tender Offer and conversion of tendered Ordinary Shares into Redemption Shares under the Tender Offer	30 December 2016
Announcement of the completion of the Tender Offer	By 5:00 p.m. on 30 December 2016
Dispatch of shareholding statements in respect of the Redemption Shares	13 January 2017
Redemption of Redemption Shares and payment of redemption proceeds	As soon as is practicable following the receipt of the Company of cash proceeds from the Master Fund in respect of the Master Fund Redemption Shares

Notes:

1. *These times and dates are indicative only. If any of the above times and/or dates change materially, the revised times and/or dates will be notified to Shareholders by announcement through a regulatory information service.*
2. *All references in this Circular to times are to the times in London unless otherwise stated.*
3. *The completion of the Tender Offer, and all events in the timetable following the Tender Offer Closing Date, are conditional, inter alia, on the passing of Resolutions at the Special General Meeting.*
4. *Shareholders should note that the Company may delay the redemption of Redemption Shares (and hence hold-back the payment of redemption proceeds) until a material amount is available for distribution to avoid the cost and administrative burden of distributing small amounts.*

PART 1

LETTER FROM THE CHAIRMAN

BLUE CAPITAL GLOBAL REINSURANCE FUND LIMITED

(incorporated and registered as an exempted mutual fund company in Bermuda with registration number 46969)

Directors

John R. Weale (Chairman)
Gregory D. Haycock
S. George Cubbon

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

4 November 2016

To Shareholders

Dear Shareholders

SPECIAL GENERAL MEETING AND TENDER OFFER

1. INTRODUCTION

On 2 September 2016, the Company announced its intention to offer Shareholders the opportunity to tender Ordinary Shares in accordance with the discount management policy of the Company that was implemented at launch (the "**Tender Offer**").

I am writing to you to provide further details of the Tender Offer. Under the Tender Offer, the Company will invite Qualifying Shareholders to tender up to 10% of the Ordinary Shares in issue. Rather than being repurchased for cash, validly tendered Ordinary Shares will be converted into a new unlisted class of shares ("**Redemption Shares**"). Redemption Shares will continue to participate (pro rata) in each of the underlying reinsurance investments comprising the Company's portfolio as at the date of their issue, and the Redemption Shares will be redeemed by the Company for cash as this portfolio is run-off and proceeds are received from the underlying investments.

Shareholder approval is required for: (a) the Tender Offer to be made; and (b) the Bye-laws to be amended to enable the Tender Offer to be implemented as described in this Circular, and (additionally) to allow the Company to hold in treasury any shares which may be repurchased. Such approval is being sought at the Special General Meeting to be held at 9:00 a.m. (Bermuda time) on 28 November 2016.

The purpose of this Circular is to provide you with information relating to the proposed Tender Offer, and to set out the background to, and reasons for, it. A notice convening the necessary Special General Meeting is set out in Part 6 of this Circular. Copies of the Revised Bye-laws and a blacklined version of the Revised Bye-laws, highlighting each of the proposed changes, accompany this Circular.

Shareholders should make their own investigation of the Proposals set out in this Circular (the "Proposals"), including the merits and risks involved. Shareholders should read the whole of this Circular and not just rely on the information set out in this letter. Nothing in this Circular constitutes legal, tax, financial or other advice, and if they are in any doubt

about the contents of this Circular, Shareholders should consult their own professional advisers.

Capitalised terms have the meanings given to them in Part 5 of this Circular.

2. BACKGROUND TO, AND REASONS FOR, THE PROPOSALS

The Tender Offer

At launch, the Company established a discount management policy, which was described in the prospectus. The policy sets out a number of guidelines regarding the operation of share buy-backs and/or tender offers to manage any discount between the Company's Net Asset Value and the price at which its Ordinary Shares are trading.

In particular, the policy provides that where Ordinary Shares have traded at an average discount of more than 5% to the Net Asset Value per Ordinary Share calculated over the three month period ending on 31 August in each year (the "**Discount Trigger**"), the Directors are obliged to make a tender offer and that any such tender offer is expected to offer Shareholders the opportunity to tender up to 25% of the Ordinary Shares in issue at the time the tender offer is made.

As was announced on 2 September 2016, the Discount Trigger has been met. As prescribed in the discount management policy, the Board is obliged to make a tender offer to Shareholders; however, the Board has discretion as to the terms on which such tender offer is made. In this regard, the Company and its advisers have consulted with approximately 84% of its independent Shareholders, a majority of whom have indicated that they do not wish the Company to reduce in size. Based on this feedback, but cognisant of the obligation to put in place a tender offer, the Board has determined that the Tender Offer will be for up to 10% of the Ordinary Shares in issue, and have resolved to combine the Tender Offer with share buy-backs, as and when considered appropriate. The Board believes that this approach is likely to be more effective in managing the Company's trading discount, compared to operating a larger tender offer without the support of additional share buy-backs.

The Board takes the concerns of the Shareholders regarding the Company's persistent discount seriously. It intends to closely monitor the impact of the Tender Offer and any share buy-backs on the trading discount and to take such further action as it considers necessary.

The Introduction of Treasury Shares

The Company wishes to take the opportunity at the Special General Meeting to put forward a resolution introducing the ability for it to hold shares in treasury. The Board regards this as standard practice for publicly-traded investment funds and will afford the Company more flexibility in managing its share capital.

As the Tender Offer will be implemented by way of the reclassification of such Ordinary Shares into Redemption Shares the Ordinary Shares will not be repurchased and held in treasury. Ordinary Shares repurchased by the Company pursuant to the general authority to buy-back may be held in treasury or cancelled at the discretion of the Company and subject to any legal or regulatory requirements.

There is no limit on the number of shares that can be held in treasury as long as there is at least one voting share in issue to a party other than the Company. It is anticipated that any Ordinary Shares sold out of treasury will be sold at a premium to the then prevailing Net Asset Value and pre-emption rights shall not apply to the sale of such treasury shares.

3. TENDER OFFER CONDITIONS

The Tender Offer is conditional upon:

- (a) the approval of each of the following Resolutions at the Special General Meeting:
 - (i) the Tender Offer and its terms; and
 - (ii) the adoption of the Revised Bye-laws to enable the implementation of the Tender Offer as described in this Circular and to allow the Company to hold shares in treasury; and
- (b) the Tender Offer not having been terminated in accordance with paragraph 2(s) of Part 2 of this Circular at or prior to the Tender Offer Completion Date.

The Resolution to approve the amendment of the Bye-laws is not conditional on the passing of the Resolution to approve the Tender Offer and its terms. Accordingly, the Bye-laws may be amended even if the Tender Offer and its terms are not approved.

The Special General Meeting of the Company has been called for 9.00 a.m. (Bermuda time) on 28 November 2016 at which Shareholders will be asked to pass the Resolutions. The full text of the Resolutions is set out in the Notice of Special General Meeting set out in Part 6 of this Circular.

4. KEY TERMS OF THE TENDER OFFER

All tenders of Ordinary Shares shall be made on the terms and subject to the conditions set out in Part 2 of this Circular, and for certificated Shareholders, the Tender Form. A summary of the key terms is set out below.

Eligibility

The Tender Offer is available to Qualifying Shareholders on the register of members of the Company on the Tender Offer Record Date. If a Qualifying Shareholder acquires additional Ordinary Shares after the Tender Offer Record Date, any such Ordinary Shares so acquired are not eligible for inclusion under the Tender Offer. **For the avoidance of doubt, Qualifying Shareholders are not obliged to tender any of their Ordinary Shares.**

Size

The Tender Offer will be for up to 10% of the Ordinary Shares in issue as at the Tender Offer Record Date. Each Qualifying Shareholder will be entitled to tender and have converted into Redemption shares (on a one-for-one basis) up to 10% of the Ordinary Shares registered in his name on the Tender Offer Record Date, rounded down to the nearest whole number of Ordinary Shares (the "**Basic Entitlement**"). The Tender Offer will also present tendering Shareholders with an opportunity to have more than their Basic Entitlement repurchased. To the extent that other Shareholders tender less than their Basic Entitlements, any such excess tenders will be satisfied pro rata to the aggregate number of Ordinary Shares tendered by Qualifying

Shareholders in excess of their respective Basic Entitlements, rounded down to the nearest whole number of Ordinary Shares and subject to the overall maximum size of the Tender Offer of 10% of the Ordinary Shares in issue as at the Tender Offer Record Date.

Consideration

The Tender Offer is not for cash. Rather a Shareholder whose Ordinary Shares are validly tendered under the Tender Offer will have each Ordinary Share converted into one Redemption Share (and such conversion will be effected, as described below). Redemption Shares are a new class of share, introduced for the purpose of this Tender Offer and any future tender offers. The rights attaching to the Redemption Shares are set out in the Revised Bye-laws and summarised below.

Redemption Shares will continue to participate (pro rata) in each of the underlying reinsurance contracts comprising the Company's portfolio as at the date of their issue, with such entitlement being recorded as being separately attributable to the Redemption Shares in the books of the Company. The Redemption Shares will be redeemed by the Company for cash (less costs) as this portfolio is run-off and proceeds received from the underlying investments. The costs of the Tender Offer are expected to be borne by the holders of the Redemption Shares out of such proceeds.

The Tender Offer is not being satisfied immediately in cash or for a fixed price based on the Net Asset Value per Ordinary Share at a fixed point in time as the Board believes that to do so is likely to be prejudicial to holders of Ordinary Shares that are not tendered, as they will increase their proportionate exposure to less liquid and hard-to-value investments.

Assuming that no additional loss events occur in respect of the portfolio attributable to the Redemption Shares, the Company anticipates (but can provide no assurances) that Redemption Shares will be redeemed and proceeds will be distributed to Shareholders in line with the following schedule:

Anticipated Redemption Date	Anticipated % of Redemption Shares issued on the Tender Offer Completion Date being redeemed
31 March 2017	50%
31 August 2017	30%
31 December 2017	20%

5. IMPLEMENTATION OF THE TENDER OFFER

The Tender Offer is an invitation by the Company to Qualifying Shareholders to tender all or some of the Ordinary Shares held at the Tender Offer Record Date for conversion. Validly tendered Ordinary Shares will (subject to maximum size of the Tender Offer) be converted into Redemption Shares on a one-for-one basis in the manner described below. Shareholders wishing to participate in the Tender Offer should follow the instructions set out in paragraph 9 of this Part 1 below.

Following the receipt of valid tenders and the Tender Offer becoming unconditional in accordance with its terms, the Tender Offer will be implemented as described below.

On the Tender Offer Completion Date, the Company will serve a redemption notice on the Master Fund SAC requesting the redemption of a proportion of its holding (based on the number of Ordinary Shares tendered) of Master Fund Shares. In order to equitably carry out the redemption, the Master Fund will redeem such Master Fund Shares and issue (as consideration in kind and in lieu of cash) a new class of Master Fund Shares ("**Master Fund Redemption Shares**"). The Master Fund will allocate a pro rata portion of the Master Fund's investments at such time to the Master Fund Redemption Shares.

At the same time, the Company will reclassify each validly tendered Ordinary Share into one B Share. The rights attaching to the B Shares are set out in the Revised Bye-laws. In summary, each B Share will have the same rights and rank *pari passu* with the Ordinary Shares, save that, once in issue, each B Share will immediately convert into one Redemption Share.

As a result, Shareholders will receive one Redemption Share for each Ordinary Share that is validly tendered under the Tender Offer. On the creation of the Redemption Shares, the Directors will establish two portfolios in the books of the Company, one in respect of the Ordinary Shares and one in respect of the Redemption Shares. The portfolio attributable to the Ordinary Shares shall comprise Master Fund Shares (and a pro rata share of the Company's cash and other holdings (including any SMA Shares)) and the portfolio attributable to the Redemption Shares shall comprise Master Fund Redemption Shares (and a pro rata share of the Company's cash and other holdings (including any SMA Shares)).

The Master Fund Redemption Shares will be redeemed for cash as soon as practicable as and when proceeds (if any) are realised from the underlying investments. These proceeds will be distributed to the Company. In turn, the Company will distribute such cash (less costs and other retained amounts) as soon as practicable following receipt by way of the redemption of a pro rata portion of the Redemption Shares. Shareholders should note that the Company may delay the redemption of Redemption Shares (and hence hold-back the payment of redemption proceeds) until a material amount is available for distribution to avoid the cost and administrative burden of distributing small amounts. All payments in respect of redeemed Redemption Shares will be sent by cheque payable to all named Shareholders, drawn in pounds sterling on a UK clearing bank, and mailed by first class post to the address recorded on the register of members.

No share certificates (or Depository Interests in the CREST system) will be issued by (or on behalf of) the Company in respect of Redemption Shares. Instead, holders of Redemption Shares will receive a statement from the Receiving Agent confirming the size of their initial holding following the Tender Offer Completion Date and further statements confirming any update to the size of their holding as Redemption Shares are redeemed for cash. Depository Interest Holders will receive such statements in the name and address of the CREST participant that held the tendered Depository Interests.

6. THE REDEMPTION SHARES

Rights attaching to the Redemption Shares

The rights attaching to the Redemption Shares are set out in the Revised Bye-laws and summarised below.

- (a) *Dividends:* Holders of Redemption Shares will not be entitled to receive dividends. It is anticipated that any cash available for distribution will be distributed by way of the redemption of all or a portion of the Redemption Shares then in issue.

- (b) *Voting:* The Redemption Shares will not carry any rights to receive notice of, and to attend or vote, at any general meeting of the Company (save in respect of a proposed variation of the rights attaching to the Redemption Shares).
- (c) *Capital:* Where Redemption Shares are in issue, the capital and assets of the Company shall, on a winding-up or on a return of capital shall be applied as follows:
 - (i) the Share Surplus shall be divided among holders of Ordinary Shares according to the rights attaching thereto as if the Share Surplus comprised the assets of the Company available for distribution;
 - (ii) the Redemption Share Surplus shall be divided among holders of Redemption Shares pro rata to their holdings of Redemption Shares; and
 - (iii) (where any C Shares are in issue), the C Share Surplus shall be divided among holders of C Shares pro rata to their holdings of C Shares.
- (d) *Redemption:* Redemption Shares are redeemable at any time at the option of the Company (without requiring any approval of the holders of Redemption Shares), and may be redeemed in one or more tranches. Redemption Shares are not redeemable at the option of the holder.

Undertakings in respect of the Redemption Shares

Until such time as there are no Redemption Shares in issue, and without prejudice to its obligations under applicable law, the Company will:

- (a) procure that the Company's records and bank accounts shall be operated so that the assets attributable to the Redemption Shares can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall procure that separate cash accounts shall be created and maintained in the books of the Company for the assets attributable to the Redemption Shares;
- (b) allocate to the assets attributable to the Redemption Shares such proportion of the expenses or liabilities of the Company as the Directors fairly consider to be attributable to the Redemption Shares including, without prejudice to the generality of the foregoing, all costs and expenses incurred by the Company in respect of the Tender Offer;
- (c) procure that the Net Asset Value per Redemption Share is calculated by the Administrator based on the Net Asset Value of the Master Fund Redemption Shares as at the last calendar day of each month during which Redemption Shares are in issue and that, in normal circumstances, the Net Asset Value per Redemption Share for such a month is published within 15 Business Days after the month end through a regulatory information service; and
- (d) give appropriate instructions to the Investment Manager to manage the Company's and the Master Fund's assets so that such undertakings can be complied with by the Company.

Management and Performance Fees in respect of the Redemption Shares

No management and performance fees are charged at the level of the Company in respect of the Company's investment in Master Fund Redemption Shares. However, the Investment Manager

will continue to receive a Management Fee from the Master Fund calculated at the same rates based on the aggregate net asset value of both of the Master Fund Shares and the Master Fund Redemption Shares. Such Management Fee will be allocated between the Master Fund Shares and the Master Fund Redemption Shares, pro rata based on their respective prevailing net asset values per share.

The Investment Manager will be entitled to a Performance Fee from the Reinsurer in respect of the performance period ending on 31 December 2016. Such fee (if any) will be calculated in the same manner as for previous performance periods but will be adjusted so that the Performance Fee paid will not be affected by the implementation of the Tender Offer. Such Performance Fee will be allocated between the Master Fund Shares and the Master Fund Redemption Shares, pro rata based on their respective prevailing net asset values per share. For any subsequent performance period, Performance Fees shall be determined separately for the Master Fund Shares and the Master Fund Redemption Shares (so that the performance of one class does not impact on the Performance Fee paid in respect of the other). Performance Fees will only be payable in respect of the Master Fund Redemption Shares at the end of each fiscal year and/or the date on which the last Master Fund Redemption Share is redeemed.

7. THE SPECIAL GENERAL MEETING

The Proposals require the approval of Shareholders at a general meeting of the Company. Accordingly, you will find set out in Part 6 of this Circular a notice convening a Special General Meeting for 9:00 a.m. (Bermuda time) on 28 November 2016 to be held at Canon's Court, 22 Victoria Street, Hamilton, HM12 Bermuda.

In order to become effective, the Resolutions being put to Shareholders at the Special General Meeting, both of which are Ordinary Resolutions, must be approved by a simple majority of the votes cast by Shareholders present in person or by proxy at the Special General Meeting. The first Resolution, relating to the approval of the Tender Offer, is conditional on the second Resolution, relating to the amendment of the Bye-laws, being approved. The second Resolution is not conditional on the first Resolution being approved and the Bye-laws may therefore be amended even if the Tender Offer and its terms are not approved.

The quorum for the Special General Meeting shall be any one or more Shareholders present in person or represented by proxy and entitled to vote representing not less than one third of the total Ordinary Shares in issue. Any Shareholder present in person or by proxy may demand a poll and every Shareholder shall on a poll have one vote in respect of each Ordinary Share held by it at the Tender Offer Record Date. If the Special General Meeting needs to be adjourned because it is not quorate, it will be adjourned to the same day in the next week, at the same time and place or to such other day, time and place as the Chairman may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Shareholders present shall be a quorum.

8. NON-UK SHAREHOLDERS

The Tender Offer is not available to Shareholders with a registered address in any Restricted Jurisdiction unless it is lawful for them to participate in the relevant Restricted Jurisdiction without imposing any obligation on the Company to make a filing with any securities agency or similar body. Non-UK Shareholders should note that they should satisfy themselves that they have fully observed any applicable legal requirements under the laws of their relevant jurisdiction if they tender Ordinary Shares under the Tender Offer. The attention of Shareholders who are not

resident in the United Kingdom is drawn to the section headed "Non-UK Shareholders" in Part 2 of this Circular.

9. ACTIONS REQUIRED IN RELATION TO THE SPECIAL GENERAL MEETING

The only action that you need to take in respect of the Special General Meeting is to complete the accompanying Form of Proxy or, if you are a Depository Interest Holder, the accompanying Form of Instruction or a CREST Instruction. Shareholders are asked to complete a Form of Proxy, a Form of Instruction or a CREST Instruction, as appropriate, whether or not they wish to attend the Special General Meeting.

Shareholders who do not hold Depository Interests through CREST

Shareholders who do not hold Depository Interests through CREST are asked to complete the accompanying Form of Proxy in accordance with the instructions printed on it and return it to Computershare Investor Services (Bermuda) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received as soon as possible and, in any event, not later than 9:00 a.m. (Bermuda time) (1:00 p.m. UK time) on 24 November 2016.

Shareholders who do hold Depository Interests through CREST

Depository Interest Holders are asked to complete a Form of Instruction in accordance with the instructions printed on it and return it to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to be received as soon as possible and, in any event, not later than 9:00 a.m. (Bermuda time) (1:00 p.m. UK time) on 23 November 2016. Depository Interest Holders who hold their interests in respect of shares in CREST may instruct the Depository by completing and transmitting a CREST Instruction to Computershare Investor Services PLC so that it is received by no later than 9:00 a.m. (Bermuda time) (1:00 p.m. UK time) on 23 November 2016.

10. ACTIONS REQUIRED IN RELATION TO THE TENDER OFFER

The Tender Offer is only available to Qualifying Shareholders. Qualifying Shareholders who do not wish to tender any Ordinary Shares under the Tender Offer need not take any action. The full procedure for tendering Ordinary Shares under the Tender Offer is set out in Part 2 of this Circular and, for certificated Qualifying Shareholders, on the Tender Form.

Shareholders should note that, once tendered, Ordinary Shares may not be sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer. Shareholders should further note that by tendering their Ordinary Shares, and subject to the Tender Offer becoming unconditional and the exercise of any withdrawal rights, they are consenting to the reclassification of their tendered Ordinary Shares into B Shares and the conversion of such B Shares into Redemption Shares.

Shareholders who do not hold Depository Interests through CREST

Qualifying Shareholders who hold Ordinary Shares on the Tender Offer Record Date in certificated form and who wish to tender their Ordinary Shares under the Tender Offer should use the Tender Form accompanying this Circular. The Tender Form should be returned, together with the relevant share certificate(s) and/or other documents of title to the Receiving Agent, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH, or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, and must be received by the Receiving Agent at

either of such addresses by not later than 1:00 p.m. (UK time) on the Tender Offer Closing Date to be valid under the Tender Offer. A reply paid envelope is enclosed for your use within the UK only.

Shareholders who do hold Depository Interests through CREST

Shareholders who hold Ordinary Shares on the Tender Offer Record Date in uncertificated form and who wish to tender Ordinary Shares under the Tender Offer should not use the Tender Form but should tender electronically through CREST by means of a TTE instruction as set out in Part 2 of this Circular, so that the TTE instruction settles no later than 1:00 p.m. (UK time) on the Tender Offer Closing Date.

Withdrawal rights

Qualifying Shareholders who validly tender their Ordinary Shares by the Tender Offer Closing Date will be entitled to withdraw (in full or in part) their tender prior to 1:00 p.m. (UK time) on 15 December 2016 in accordance with the procedure set out in Part 2 of this Circular.

11. NOTIFICATION OF INTERESTS

Under section 5.1.2 of the Disclosure Guidance and Transparency Rules ("**DTRs**"), certain Shareholders are required to notify the Company and the UK Financial Conduct Authority of the percentage of voting rights they hold as Shareholders or through their direct or indirect holding of financial instruments within the limits referred to in the DTRs. Following the completion of the Tender Offer, the percentage of voting rights held by a Shareholder may change, giving rise to an obligation on the Shareholder to notify the Company and the UK Financial Conduct Authority within four trading days of becoming aware or being deemed to have become aware of such change. **If you are in any doubt as to whether you should notify the Company and the UK Financial Conduct Authority or as to the form of that notification, please consult your solicitor or other professional adviser.**

12. UK TAXATION

Shareholders who validly tender Ordinary Shares under the Tender Offer may, depending on their individual circumstances, incur a liability to taxation.

A summary of, and general guide to, the UK taxation consequences of the Tender Offer, based on existing law and on what is understood by the Directors to be current H.M. Revenue & Customs published practice at the date of this Circular is included in Part 3 of this Circular.

Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser.

13. RISK FACTORS

Certain risk factors associated with the Tender Offer are set out in section 1 of Part 4 of this Circular. Shareholders should carefully consider each of these in determining how to vote at the Special General Meeting and whether or not (and the extent to which) they participate in the Tender Offer.

14. COSTS AND EXPENSES

The aggregate costs and expenses of the Company relating to the Tender Offer (including the publication of this Circular) are estimated to be US\$195,000 (excluding VAT). All such costs and expenses shall be satisfied out of the proceeds of the redemption of any Redemption Shares (prior to and by way of set-off against the distribution of any such redemption proceeds to the holders of such Redemption Shares), provided that the Company shall be entitled to reimbursement from such proceeds to the extent it satisfies any such costs and expenses other than by the application of such proceeds.

If the Tender Offer does not proceed, or to the extent that any costs and expenses remain unsatisfied at the time as there are no remaining Redemption Shares in issue, the costs and expenses of the Tender Offer will be met by the Company (and hence all Shareholders).

15. QUESTIONS

If you have any questions relating to this Circular; the completion and return of a Form of Proxy; the completion and return of a Form of Instruction; sending a CREST Instruction; the completion and return of the Tender Form; or sending a TTE instruction, please contact Computershare Investor Services PLC on 0370 707 4040 or, if telephoning from outside the UK, on +44 370 707 4040. Calls may be recorded and monitored randomly for security and training purposes. Computershare Investor Services PLC cannot provide advice on the merits of the resolutions to be proposed at the Special General Meeting or participation in the Tender Offer nor can it give any financial, legal or tax advice.

16. CONCLUSION

Taking into account the obligation of the Company to put in place a tender offer, the Directors are of the opinion that the Resolutions to be proposed at the Special General Meeting are in the best interests of the Company and the Shareholders as a whole.

The Directors make no recommendation to Shareholders in relation to participation in the Tender Offer itself. Shareholders are not obliged to tender any Ordinary Shares and if they do not wish to participate in the tender offer, they should not complete or return their Tender Form or TTE Instruction.

Whether or not Shareholders decide to tender all or any of their Ordinary Shares will depend, amongst other things, on their view of the Company's prospects and their own individual circumstances, including their tax position. In particular, Shareholders should carefully review the "Risk Factors" set out in section 1 of Part 4 of this Circular. Shareholders are recommended to consult their duly authorised independent advisers and make their own decision.

No Director will be tendering any of his Ordinary Shares under the Tender Offer.

Yours faithfully

John Weale, Chairman

On behalf of the Board

PART 2

TERMS AND CONDITIONS OF THE TENDER OFFER

Shareholders who do not wish to participate in the Tender Offer need take no action.

1. INTRODUCTION

Qualifying Shareholders on the Company's register of members at 6:00 p.m. on 24 November 2016 on the Tender Offer Record Date are being invited to tender Ordinary Shares under the Tender Offer on the terms and subject to the conditions set out in this Circular and also, in the case of certificated Ordinary Shares only, on the Tender Form.

2. TERMS AND CONDITIONS OF THE TENDER OFFER

- (a) The Tender Offer is conditional upon the following (together the "**Tender Conditions**"):
- (i) the passing of the Resolutions at the Special General Meeting; and
 - (ii) the Tender Offer not having been terminated in accordance with paragraph 2(s) of this Part 2 at or prior to completion of the Tender Offer.

The Company will not implement the Tender Offer unless the Tender Conditions have been satisfied. If any of the above conditions are not satisfied by the Tender Offer Completion Date, the Tender Offer will not proceed and will lapse.

- (b) The Tender Offer is only available to Qualifying Shareholders on the register of members on the Tender Offer Record Date.
- (c) The Tender Offer will be for up to 10% of the Ordinary Shares in issue as at the Tender Offer Record Date. Each Qualifying Shareholder will be entitled to tender and have converted into Redemption Shares, Ordinary Shares up to its Basic Entitlement. The Tender Offer will also present tendering Shareholders with an opportunity to have more than their Basic Entitlement of Ordinary Shares converted into Redemption Shares. To the extent that other Shareholders tender less than their Basic Entitlements, any such excess tenders will be satisfied pro rata to the aggregate number of Ordinary Shares tendered by Qualifying Shareholders in excess of their respective Basic Entitlements, rounded down to the nearest whole number of Ordinary Shares and subject to the overall maximum size of the Tender Offer of 10% of the Ordinary Shares in issue as at the Tender Offer Record Date.
- (d) All Ordinary Shares validly tendered by Shareholders under the Tender Offer will (subject to the maximum size of the Tender Offer) be reclassified into B Shares, and each B Share will be automatically and immediately converted into a Redemption Share on the Tender Offer Completion Date. Holders of Redemption Shares (including Depository Interest Holders) will receive a statement from the Receiving Agent confirming the size of their initial holding following the Tender Offer Completion Date and further statements confirming any update to the size of their holding as Redemption Shares are redeemed for cash. Depository Interest Holders will receive such statements in the name and address of the CREST participant that held the tendered Depository Interests.

- (e) Tender Forms once duly completed (for Ordinary Shares held in certificated form) and submitted to the Receiving Agent and TTE instructions which have settled (for Depository Interests held in uncertificated form) can be withdrawn prior to 1:00 p.m. (UK time) on 15 December 2016 in accordance with the procedures set out at paragraph 7 below. All questions as to the validity (including time of receipt) will be determined by the Company, in its sole discretion, which determination shall be final and binding (except as otherwise required under applicable law). Neither the Company nor any other person is or will be obliged to give notice of any defects or irregularities, nor will the Company or any other person incur any liability for failure to give any such notice.
- (f) The Tender Offer will close at 1:00 p.m. (UK time) on the Tender Offer Closing Date and Tender Forms or TTE instructions received after that time will not be accepted unless determined otherwise at the sole discretion of the Company.
- (g) All or any part of a holding of Ordinary Shares may be tendered. Only whole numbers of Ordinary Shares may be tendered. Any fraction of an Ordinary Share that is tendered will be disregarded.
- (h) All tenders of Ordinary Shares held in certificated form must be made on the Tender Form duly completed in accordance with the instructions set out on the Tender Form (which constitute part of the terms of the Tender Offer).
- (i) All tenders of Ordinary Shares held in uncertificated form must be made by the input and settlement of an appropriate TTE instruction in CREST in accordance with the procedure set out in paragraph 4 below.
- (j) A tender will only be valid if the procedures contained in this Circular and, for Shareholders who hold Ordinary Shares in certificated form, on the Tender Form are complied with.
- (k) The Tender Offer will be governed by, and construed in accordance with, English law and the delivery of a Tender Form or the giving of a TTE instruction by a Shareholder will constitute submission to the jurisdiction of the English courts. The provisions of the Contracts (Rights of Third Parties) Act 1999 do not apply to this Circular or any aspect of the Tender Offer.
- (l) The result of the Tender Offer is expected to be announced by the Company by 5:00 p.m. on 28 November 2016.
- (m) All documents and remittances sent by or to Shareholders and all instructions made by or on behalf of a Shareholder in CREST relating to the Tender Offer will be sent at the relevant Shareholder's own risk. If the Tender Offer does not become unconditional, or does not proceed, and lapses, then, in respect of Ordinary Shares held in certificated form, Tender Forms, certificates and other documents of title will be returned by post to Shareholders not later than five Business Days after the date of such lapse, or, in the case of Ordinary Shares held in uncertificated form (that is, in CREST), the Receiving Agent will provide instructions to Euroclear to transfer all Ordinary Shares held in escrow by TFE instruction to the original available balances to which those Ordinary Shares relate.

- (n) Further copies of the Tender Form may be obtained on request from Computershare Investor Services PLC by calling the helpline number set out in paragraph 15 of Part 1 of this Circular.
- (o) Certificated Shareholders who wish to tender Ordinary Shares under the Tender Offer should indicate the total number of Ordinary Shares they so wish to tender on the Tender Form.
- (p) All questions as to the number of Ordinary Shares tendered and the validity, form, eligibility (including the time of receipt) and acceptance of any tender of Ordinary Shares under the Tender Offer will be determined by the Company in its sole discretion, which determination shall be final and binding on all parties except as otherwise required under applicable law. The Company reserves the absolute right to reject any or all tenders it determines not to be in proper form or, in the opinion of the Company, to be unlawful. The Company also reserves the absolute right to waive any of the terms or conditions of the Tender Offer (other than the Tender Conditions) and any defect or irregularity in the tender of any particular Ordinary Shares or any particular holder thereof. No tender of Ordinary Shares will be deemed to be validly made until all defects or irregularities have been cured or waived. In the event of a waiver, Redemption Shares will not be issued as consideration (by way of reclassification and conversion) (and shareholding statements will not be dispatched) to the relevant Shareholder until after (in the case of Ordinary Shares in certificated form) the Tender Form is complete in all respects and the share certificates and other documents of title (or an indemnity in respect thereof) satisfactory to the Company have been received or (in the case of Ordinary Shares in uncertificated form) the relevant TTE instruction has settled. None of the Receiving Agent, the Company or any other person is or will be obliged to give notice of any defects or irregularities in tenders, and none of them will incur any liability for failure to give any such notice.
- (q) Ordinary Shares will be converted under the Tender Offer free of all commissions and dealing charges.
- (r) The failure of any person to receive a copy of this Circular or the Tender Form shall not invalidate any aspect of the Tender Offer.
- (s) The Directors reserve the right to terminate the Tender Offer if they conclude that its implementation is no longer in the best interests of the Company and/or Shareholders as a whole or that the implementation of the Tender Offer would have adverse legal or fiscal consequences (by reason of any change in legislation, practice, circumstances or otherwise) for the Company and/or Shareholders as a whole which were unexpected. If the Tender Offer is terminated, the Company will make an announcement through a regulatory information service that such is the case.

3. **NON-UK SHAREHOLDERS**

- (a) The making of the Tender Offer in, or to persons resident in, jurisdictions outside the United Kingdom or who are citizens, residents or nationals of other countries may be affected by the laws of the relevant jurisdiction. Shareholders who are not resident in the United Kingdom, or who are citizens, residents or nationals of countries outside the United Kingdom should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such person wishing to take up the Tender Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consents

which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. Any such Shareholder will be responsible for any such issue, transfer or other taxes by whomsoever payable and the Company, the Receiving Agent and any person acting on their behalf shall be entitled to be fully indemnified and held harmless by such Shareholder for any such issue, transfer or other requisite payments such person may be required to pay. No steps have been taken to qualify the Tender Offer or to authorise the extending of the Tender Offer or the distribution of the Tender Form or the issue of the Redemption Shares in any territory outside the United Kingdom.

- (b) In particular, the Tender Offer is not being made directly or indirectly into or from or by mail or by any means or instrumentality (including, without limitation, facsimile transmission, telex, and telephone) of interstate or foreign commerce, or any facility of a national securities exchange, of the United States, nor is it being made directly or indirectly, in, into, or from any other Restricted Jurisdiction unless it is lawful for Shareholders to participate in the relevant Restricted Jurisdiction without imposing any obligation on the Company to make a filing with any securities agency or similar body. Accordingly, the Tender Form and any related documents are not being and must not be mailed or otherwise distributed or sent in, into, or from any Restricted Jurisdiction, including to Shareholders with registered addresses in any Restricted Jurisdiction, or to persons who are custodians, nominees or trustees holding Ordinary Shares for persons in any Restricted Jurisdiction. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) should not distribute, send or mail them in, into or from any Restricted Jurisdiction or use such mails or any such means, instrumentality or facility, in connection with the Tender Offer. Persons in such countries wishing to tender Ordinary Shares under the Tender Offer should not use mail or any such means, instrumentality or facility for any purpose, directly or indirectly, relating to tender of Ordinary Shares under the Tender Offer. Envelopes containing a Tender Form should not be postmarked in any Restricted Jurisdiction or otherwise dispatched from any Restricted Jurisdiction and all accepting Shareholders must provide addresses outside any Restricted Jurisdiction in respect of the prospective conversion of Ordinary Shares into Redemption Shares, payment of redemption proceeds on the redemption of Redemption Shares or the return of any Tender Form.
- (c) If, in connection with making the Tender Offer, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees), whether pursuant to a contractual or legal obligation or otherwise, forwards this Circular, the Tender Form or any related documents in, into or from any Restricted Jurisdiction or uses the mails of, or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce of, or any facility of a national securities exchange of, any Restricted Jurisdiction in connection with such forwarding, such persons should: (i) inform the recipient of such fact; (ii) explain to the recipient that such action may invalidate any purported acceptance by the recipient; and (iii) draw the attention of the recipient to this section of this Circular.
- (d) The provisions in this paragraph and/or any other terms of the Tender Offer relating to Non-UK Shareholders may be waived, varied or modified as regards a specific Shareholder or on a general basis by the Company in its absolute discretion but only if the Company is satisfied that such waiver, variation or modification will not constitute or give rise to a breach of applicable securities or other law. Subject to this, the provisions in this paragraph supersede any terms of the Tender Offer inconsistent therewith. References to

a Shareholder shall include references to the persons executing a Tender Form and in the event of more than one person executing Tender Forms, the provisions in this paragraph shall apply to them jointly and severally. Non-UK Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. If you are in any doubt about your position, you should consult your professional adviser in the relevant territory.

4. **PROCEDURE FOR TENDERING**

(a) **Ordinary Shares held in certificated form**

To participate in the Tender Offer, Shareholders holding Ordinary Shares in certificated form must complete and return the Tender Form in accordance with these instructions and the instructions on the Tender Form. The following instructions should be read together with the notes on the Tender Form.

To take up the Tender Offer in respect of Ordinary Shares held in certificated form, you must complete the accompanying Tender Form in accordance with the instructions thereon.

You should complete separate Tender Forms for Ordinary Shares held in certificated form but under different designations. Additional copies of the Tender Form can be obtained from Computershare Investor Services PLC on 0370 707 4040 or, if, calling from outside the UK, on +44 370 707 4040. Calls may be recorded and monitored randomly for security and training purposes.

Completed and signed Tender Forms and share certificates and/or other documents of title should be sent to the Receiving Agent either by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE as soon as possible and, in any event, so as to be received not later than 1:00 p.m. (UK time) on the Tender Offer Closing Date.

Duly completed Tender Forms sent by any of the means set out above and received signed and complete in all respects by the prescribed time will be treated as tenders of Ordinary Shares in accordance with the terms and conditions of the Tender Offer.

No acknowledgement of receipt of documents will be given. The instructions on the Tender Form shall be deemed to form part of the terms of the Tender Offer.

(b) **Ordinary Shares held in uncertificated form (that is, in CREST)**

If you are a Depository Interest Holder, to tender Ordinary Shares under the Tender Offer you should take (or procure the taking of) the action set out below to transfer (by means of a TTE instruction) the Ordinary Shares in respect of which you wish to take up the Tender Offer to an escrow balance specifying the Receiving Agent (in its capacity as a CREST participant under the Receiving Agent's Participant ID and Member Account ID as referred to below) as the escrow agent, as soon as possible and in any event so that the transfer to escrow settles not later than 1.00 p.m. (UK time) on the Tender Offer Closing Date. The Company shall be entitled (in its sole discretion) to accept late transfers to escrow.

The input and settlement of any TTE instruction in accordance with this section (which has not been validly withdrawn) shall constitute an offer to the Company to convert such number of Ordinary Shares as specified in such TTE instruction. If you are a CREST sponsored member,

you should refer to your CREST sponsor before taking any action. Only your CREST sponsor will be able to send a TTE instruction into Redemption Shares in accordance with the terms and conditions of the Tender Offer to Euroclear in relation to your Ordinary Shares. The corporate action number for the Tender Offer is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST.

You should send (or if you are a CREST sponsored Member, procure that your CREST sponsor sends) a TTE instruction to Euroclear which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to the other information that is required for the TTE instruction to settle in CREST, the following details:

- the number of uncertificated Ordinary Shares to be transferred to the relevant escrow account for conversion into Redemption Shares in accordance with the terms and conditions of the Tender Offer;
- your Member Account ID;
- your Participant ID;
- the Participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 3RA43;
- the Member Account ID of the Receiving Agent. This is BLUETE01;
- the ISIN number in respect of the Ordinary Shares. This is BMG1189R1043;
- the intended settlement date. This should be as soon as possible and in any event no later than 1:00 p.m. (UK time) on the Tender Offer Closing Date;
- the contact name and telephone number in the shared note field;
- the corporate action number for the Tender Offer, which is allocated by Euroclear and can be found by viewing the relevant corporate action details in CREST; and
- input with a standard delivery instruction priority of 90.

The input and settlement of a TTE instruction in accordance with this section (which has not been validly withdrawn) shall constitute an offer to the Company to convert the number of Ordinary Shares into Redemption Shares in accordance with the terms and conditions of the Tender Offer, by transferring such Ordinary Shares to the relevant escrow account as detailed above.

After settlement of a TTE instruction, you will not be able to access the Ordinary Shares concerned for any transaction or charging purposes, notwithstanding that they will be held by the Receiving Agent until completion or lapse of the Tender Offer.

You should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable all TTE instructions relating to your Ordinary Shares to settle prior to 1:00 p.m. (UK time) on the Tender Offer Closing Date. In this connection you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company will make an appropriate announcement if any of the details contained in this subparagraph relating to settlement in CREST are materially altered.

(c) Deposits of Ordinary Shares into, and withdrawals of Ordinary Shares from, CREST

Normal CREST procedures (including timings) apply in relation to any Ordinary Shares that are, or are to be, converted from uncertificated to certificated form or vice versa during the course of the Tender Offer (whether such conversion arises as a result of a transfer of Ordinary Shares relating to the Tender Offer or otherwise). Shareholders who are proposing to convert any such Ordinary Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person with a holding in or acquiring the Ordinary Shares as a result of the conversion to take all necessary steps in connection with the take up of the Tender Offer (in particular, as regards delivery of share certificates and/or other documents of title or transfers to an escrow balance as described above) prior to 1:00 p.m. (UK time) on the Tender Offer Closing Date, whether in certificated or uncertificated form.

(d) Lost share certificates and documents of title

If you have lost your share certificate and/or other document of title, you should write to the Company's Registrar, Computershare Investor Services (Bermuda) Limited, c/o 2nd Floor, Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES, for a letter of indemnity in respect of the lost share certificate and/or other document of title. When completed in accordance with the instructions given, such indemnity should be returned by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE so as to arrive not later than 1:00 p.m. (UK time) on the Tender Offer Closing Date. A fee will be payable by the Shareholder in respect of each form of indemnity.

If you are in any doubt as to the procedure for acceptance, please contact Computershare Investor Services PLC on 0370 707 4040 or, if telephoning from outside the UK, on +44 370 707 4040. Calls may be recorded and monitored randomly for security and training purposes. Computershare Investor Services PLC cannot provide advice on the merits of the Tender Offer nor give any financial, legal or tax advice.

5. EFFECT OF TENDER

(a) Tender Forms (for certificated Shareholders)

Completion and lodgment of a Tender Form, including the completion and lodgment of a Tender Form which is treated by the Company as valid, shall constitute the irrevocable agreement, representation, warranty and undertaking by the relevant Shareholder (subject to the withdrawal rights set out herein) that:

- (i) the execution of the Tender Form shall constitute an offer to the Company to convert such number of certificated Ordinary Shares into Redemption Shares on and subject to the terms and conditions set out and referred to in this Circular and the Tender Form and that, once lodged, such tender shall be irrevocable, save that Shareholders will be entitled to withdraw such tender as provided herein;
- (ii) such completion and lodgment, shall, subject to the Tender Offer becoming unconditional, irrevocably constitute the Company as the agent of such Shareholder, and an instruction to the Company as such, to:

- (1) complete and execute any and all documentation and take any and all actions which are necessary or, in the Company's absolute discretion, desirable to give effect to the conversion of the Ordinary Shares into Redemption Shares, in accordance with the terms and conditions of the Tender Offer) which are the subject of the Tender Form on and subject to the terms of the Tender Offer;
 - (2) procure the conversion of the Ordinary Shares which are the subject of the Tender Form, such conversion to be effected by the reclassification of each such Ordinary Share into a B Share and the immediate conversion of each B Share into one Redemption Share; and
 - (3) dispatch shareholding statements to such Shareholder in respect of the Redemption Shares to be issued to it under the Tender Offer.
- (iii) such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by the Company or any of its directors or any person nominated by the Company or the Company or any of its directors in the proper exercise of their or his powers and/or authorities hereunder;
 - (iv) such Shareholder with a holding of Ordinary Shares in certificated form will deliver to the Receiving Agent their share certificate and/or other document of title in respect of the Ordinary Shares referred to in sub-paragraph (i) above, or an indemnity acceptable to the Company in lieu thereof, or will procure the delivery of such document to such person as soon as possible thereafter and, in any event, no later than 1:00 p.m. (UK time) on the Tender Offer Closing Date;
 - (v) the provisions of the Tender Form form part of the terms and conditions of the Tender Offer;
 - (vi) such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable, in each case to complete the conversion of the Ordinary Shares into Redemption Shares in accordance with the terms and conditions of the Tender Offer and/or to perfect any of the authorities expressed to be given hereunder;
 - (vii) such Shareholder has observed the laws of all relevant jurisdictions, obtained any requisite consents, complied with all applicable formalities, that the invitation under the Tender Offer may be made to him and Redemption Shares may be issued to him under the laws of the relevant jurisdiction, and has not taken or omitted to take any action which would otherwise result in the Company acting in breach of any applicable legal or regulatory requirement in respect of the conversion of Ordinary Shares into Redemption Shares;
 - (viii) such Shareholder has not received or sent copies or originals of the Tender Form or any related documents in, into or from any Restricted Jurisdiction, and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of any Restricted Jurisdiction, the Tender Form have not been mailed or otherwise sent in, into or from any Restricted Jurisdiction, and such Shareholder is accepting the Tender Offer from outside any Restricted Jurisdiction;

- (ix) on execution a Tender Form takes effect as a deed; and
- (x) the execution of a Tender Form constitutes such Shareholder's submission to the exclusive jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Tender Offer or the Tender Form.

A reference in this paragraph to a Shareholder includes a reference to the person or persons executing a Tender Form and in the event of more than one person executing a Tender Form, the provisions of this paragraph will apply to them jointly and severally.

(b) **Electronic Tenders (for uncertificated Shareholders)**

The input of a TTE instruction which is treated by the Company as valid shall constitute the irrevocable agreement, representation, warranty and undertaking by the relevant Shareholder (subject to the withdrawal rights set out herein) that:

- (i) the input of such TTE instruction shall constitute an offer to the Company to convert such number of certificated Ordinary Shares into Redemption Shares (by way of reclassification and conversion) on and subject to the terms and conditions set out and referred to in this Circular and the TTE instruction and that, once lodged, such tender shall be irrevocable, save that Shareholders will be entitled to withdraw such tender as provided herein;
- (ii) such Shareholder has full power and authority to tender, the Ordinary Shares in respect of which the Tender Offer is accepted (together with all rights attaching thereto) on and subject to the terms and conditions of the Tender Offer on or after the Tender Offer Closing Date;
- (iii) the input of the TTE instruction shall, subject to the Tender Offer becoming unconditional, constitute the irrevocable appointment of the Receiving Agent as the escrow agent for the Tender Offer and an irrevocable instruction and authority to the Receiving Agent:
 - (1) subject to the Tender Offer becoming unconditional, to transfer to itself by means of CREST and then to transfer to the Company by means of CREST all of the Relevant Shares (as defined below) in respect of which the Tender Offer is accepted or deemed to be accepted (but not exceeding the number of Ordinary Shares which have been tendered pursuant to the Tender Offer); and
 - (2) if the Tender Offer is terminated or does not become unconditional and lapses, or there are Ordinary Shares which have not been successfully tendered under the Tender Offer, to give instructions to Euroclear, as promptly as practicable after the lapsing of the Tender Offer, to transfer the Relevant Shares to the original available balances from which those Ordinary Shares came.

For the purposes of this paragraph (iii), "**Relevant Shares**" means Ordinary Shares in uncertificated form and in respect of which a transfer or transfers to escrow has or have been effected pursuant to the procedures described in this paragraph (iii);

- (iv) such Shareholder agrees to ratify and confirm each and every act or thing which may be done or effected by the Company or any of its directors or any person nominated by the Company or any of its directors in the proper exercise of their or his powers and/or authorities hereunder;

- (v) if, for any reason, any Ordinary Shares in respect of which a TTE instruction has been made are, prior to 1:00 p.m. (UK time) on the Tender Offer Closing Date, converted into certificated form, the electronic tender in respect of such Ordinary Shares shall cease to be valid and the Shareholder will need to comply with the procedures for tendering Ordinary Shares in certificated form as set out in this Part 2 in respect of the Ordinary Shares so converted, if he wishes to make a valid tender of such Ordinary Shares pursuant to the Tender Offer;
- (vi) such Shareholder shall do all such acts and things as shall be necessary or expedient and execute any additional documents deemed by the Company to be desirable, in each case to complete the conversion of the Ordinary Shares into Redemption Shares in accordance with the terms and conditions of the Tender Offer and/or to perfect any of the authorities expressed to be given hereunder;
- (vii) such Shareholder has observed the laws of all relevant jurisdictions, obtained any requisite consents, complied with all applicable formalities, that the invitation under the Tender Offer may be made to him and Redemption Shares may be issued to him under the laws of the relevant jurisdiction, and has not taken or omitted to take any action which would otherwise result in the Company or the Company acting in breach of any applicable legal or regulatory requirement in respect of the conversion of Ordinary Shares or the issue of the Redemption Shares;
- (viii) such Shareholder has not received or sent copies or originals of the Tender Form or any related documents in, into or from the any Restricted Jurisdiction and has not otherwise utilised in connection with the Tender Offer, directly or indirectly, the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce, or of any facility of a national securities exchange, of any Restricted Jurisdiction, the Tender Form has not been mailed or otherwise sent in, into or from any Restricted Jurisdiction, and such Shareholder is accepting the Tender Offer from outside any Restricted Jurisdiction;
- (ix) the input of the TTE instruction constitutes such Shareholder's submission to the exclusive jurisdiction of the courts of England in relation to all matters arising out of or in connection with the Tender Offer; and
- (x) if the appointment of Receiving Agent provision under paragraph (iii) above shall be unenforceable or invalid or shall not operate so as to afford the Receiving Agent the benefit or authority expressed to be given therein, the Shareholder shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable the Receiving Agent to secure the full benefits of paragraph (iii) above.

6. SETTLEMENT

No share certificates will be issued by (or on behalf of) the Company in respect of the Redemption Shares. Instead, upon settlement of Redemption Shares to which any Shareholder is entitled pursuant to tenders accepted by the Company as complete in all respects (and not withdrawn pursuant to paragraph 7), the Receiving Agent will dispatch a shareholding statement to each such Shareholder confirming the size of its initial holding of Redemption Shares. As Redemption Shares are redeemed from time to time for cash, the Receiving Agent will confirm the reduced number of Redemption Shares held by each holder of Redemption Shares by dispatching further shareholding statements.

7. WITHDRAWALS

Qualifying Shareholders who validly tender their Ordinary Shares by the Tender Offer Closing Date will be entitled to withdraw (in full or in part) their tender prior to 1:00 p.m. (UK time) on 15 December 2016 in accordance with the procedure set out below.

All questions as to the validity (including time of receipt) of any notice of withdrawal will be determined by the Company whose determination will be final and binding. None of the Company, the Receiving Agent, or any other person, will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give such notification or for any determination under this paragraph.

If an accepting Shareholder withdraws his acceptance, all documents of title and other documents lodged with the Tender Form will be returned as soon as practicable following the acceptance of the withdrawal (and in any event within 14 calendar days) and the Receiving Agent will immediately give instructions for the release of securities held in escrow.

Ordinary Shares in respect of which acceptances have been properly withdrawn in accordance with this paragraph 7 may subsequently be re-assented to the Tender Offer by following the procedures for acceptance at any time while the Tender Offer remains open for acceptance.

In this paragraph 7, "written notice" (including any letter of appointment, direction or authority) means notice in writing signed by the relevant accepting Shareholder (or his/their agent(s) duly appointed in writing and evidence of whose appointment satisfactory to the Company is produced with the notice) given by post to the Receiving Agent, at Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH, or by hand (during normal business hours) at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE. Facsimile or other electronic transmission or copies will not be sufficient. A notice which is postmarked in, or otherwise appears to the Company or its agents to have been sent from any Restricted Jurisdiction may not be treated as valid.

In the case of Ordinary Shares held in uncertificated form, an accepting Shareholder may withdraw his acceptance through CREST by sending (or, if a CREST sponsored member, procuring that his CREST sponsor sends) an ESA instruction to settle in CREST in relation to each acceptance to be withdrawn. Each ESA instruction must, in order for it to be valid and to settle, include the following details:

- the number of Ordinary Shares to be withdrawn, together with their ISIN number which is BMG1189R1043;
- the Member Account ID of the accepting Shareholder, together with his Participant ID;
- the Member Account ID of the Receiving Agent included in the relevant acceptance to be withdrawn (this is BLUETE01);
- the Receiving Agent's Participant ID (this is 3RA43);
- the CREST transaction reference number of the acceptance to be withdrawn;
- the intended settlement date for the withdrawal;
- the corporate action number for the Tender Offer; and

- input with standard delivery instruction priority of 90.

Any such withdrawal will be conditional upon the Receiving Agent verifying that the withdrawal request is validly made and the Company agreeing that the withdrawal request can be accepted. Accordingly, the Receiving Agent will, on behalf of the Company, reject or accept the withdrawal by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.

PART 3

TAX ASPECTS OF THE TENDER OFFER AND THE REDEMPTION SHARES

1. GENERAL

The following comments provide a summary of the UK taxation consequences of the Tender Offer, based on existing law and on what is understood by the Directors to be current H.M. Revenue & Customs published practice at the date of this document. They are intended to be a general guide only and apply to Shareholders resident and/or ordinarily resident for tax purposes in the UK (except where stated otherwise) who hold shares as an investment and who are the absolute beneficial owners of those shares.

The comments do not purport to be a comprehensive analysis of all the UK tax consequences applicable to all types of shareholders so may not apply to certain classes of persons (save where express reference is made to such persons) including, for example, dealers, persons with a holding in shares in a personal equity plan or an individual savings account, or trustees of certain trusts.

Shareholders who are in any doubt about their taxation position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers immediately.

2. THE TENDER OFFER

(a) Taxation of Shareholders

- (i) The implementation of the Tender Offer should not amount to a disposal of the Shareholders' existing Ordinary Shares or an acquisition of the new Redemption Shares for UK tax purposes. Rather, the Tender Offer should be treated as a "reorganisation" of the Company's share capital and, after implementation, the Shareholders' Ordinary Shares which are involved in the Tender Offer (the "**original Ordinary Shares**") and their new Redemption Shares should be treated as the same asset acquired as the original Ordinary Shares were acquired.
- (ii) The new class of Redemption Shares may be treated as a new and separate offshore fund which qualifies as a "mutual fund" for the purposes of UK tax legislation. This is because, in relation to the Redemption Shares, a reasonable investor would expect to be able to realise all or part of his investment on a basis calculated by reference to Net Asset Value of the underlying investments (which have been allocated to those Redemption Shares) on each occasion of redemption of the Redemption Shares.
- (iii) Assuming that the arrangements involving the Redemption Shares are treated as a "mutual fund" (and no application is made by the Company for such arrangements to become a "reporting fund"), a Shareholder who is resident in the UK for tax purposes will be subject to income tax (if an individual) or corporation tax on income (if a corporate) on any offshore income gain arising on a subsequent redemption of the Redemption Shares. That offshore income gain would be computed broadly in the same way as the gain on redemption of the Redemption Shares would have been computed for the purposes of capital gains tax (for individuals) and corporation tax on chargeable gains (for corporates), except that no indexation allowance would be available to a corporate shareholder.

(b) **Stamp duty and stamp duty reserve tax ("SDRT")**

No UK stamp duty or SDRT should be payable as a result of the Tender Offer or on the subsequent redemption of the Redemption Shares.

(c) **Withholding tax**

(i) There should be no UK withholding tax as a result of the Tender Offer or on the subsequent redemption of the Redemption Shares.

(ii) There can be no assurance, however, that no withholding tax will be imposed on such payments in the future as a result of any change in any applicable law, treaty or regulation, or the official application or interpretation thereof by the relevant tax authorities, or other causes.

PART 4

ADDITIONAL INFORMATION

1. RISKS FACTORS

In considering whether to vote in favour of the Resolutions and whether to tender Ordinary Shares pursuant to the Tender Offer, Shareholders should have regard to the following risk factors. This list of risk factors is not exhaustive and does not purport to be a complete explanation of all the risks and significant considerations arising as a result of the Tender Offer in respect of the Company and/or Shareholders who choose to participate in the Tender Offer. Additional risks and uncertainties not presently known to the Directors may also have an adverse effect on the Company should it implement the Tender Offer and/or on Shareholders who choose to participate in the Tender Offer.

Conditionality of the Tender Offer

The implementation of the Tender Offer is conditional, inter alia, upon the Resolutions being passed at the Special General Meeting. If the Resolutions are not satisfied, or any other condition for the Tender Offer is not satisfied, it will not proceed. Furthermore, in such case, the Company would have to bear any abortive costs incurred in respect of the Tender Offer, which would otherwise be borne by the tendering Shareholders.

There can be no guarantee that, if the Tender Offer does not proceed, the Directors will decide to present an alternative tender offer to the Shareholders.

Effect of Tendering Ordinary Shares

A tendering Shareholder will be unable to access or otherwise deal in the Ordinary Shares in respect of which they have submitted a Tender Form or TTE instruction, pending completion of the Tender Offer. Shareholders should note that there is approximately six weeks between the Tender Offer Closing Date and the Tender Offer Completion Date. Once submitted, a Tender Form or TTE instruction may only be withdrawn in accordance with the procedures set out herein.

Impact of the Tender Offer on Costs

The Tender Offer will result, as the Redemption Shares are redeemed, in the issued share capital of the Company being reduced and the Company's capital base will therefore be smaller. Consequently, the fixed costs of the Company are likely to represent a greater proportion of the Company's total assets.

Marketability of Ordinary Shares

The secondary market for Ordinary Shares may be less liquid once the Tender Offer is completed as a result of the lower number of Ordinary Shares in issue.

Proceeds of Tender Offer

Shareholders whose Ordinary Shares are validly tendered and converted under the Tender Offer will not receive cash on or around the Tender Offer Completion Date. Rather, they will receive one Redemption Share for each Ordinary Share that is converted under the Tender Offer. Redemption Shares will be redeemed for cash at the option of the Company, and such redemptions are only anticipated when proceeds are returned from the underlying reinsurance

contracts attributable to the Redemption Shares. The aggregate proceeds received will therefore depend on the proceeds from each such contract (which, for the avoidance of doubt, may be zero where, for example, a significant loss event has occurred in respect of that contract). The Redemption Shares will also be subject to any costs or expenses attributable to them, including but not limited to any Management Fee and the costs of the Tender Offer.

The proceeds per Redemption Share ultimately received may therefore represent a discount to the NAV per Ordinary Share as at the Tender Offer Completion Date. The aggregate proceeds received may be less than the price at which such Ordinary Shares were acquired or the price or value at which they might ultimately realise such Ordinary Shares should they continue to hold them. Shareholders should also note that there could be a significant period of time between the Tender Offer Completion Date and the date on which all of the assets attributable to the Redemption Shares are realised (and hence the date on which all of the Redemption Shares are redeemed).

Illiquidity of Redemption Shares, and of underlying investment

Redemption Shares will not be listed and are not redeemable at the option of their holders. Holders of Redemption Shares will accordingly be unable to realise their Redemption Shares at their own initiative. Such redemptions will only be effected by the Company at its discretion, which is expected to be exercised as and when cash proceeds are received in respect of the underlying investments attributable to the Redemption Shares. The underlying investments are themselves illiquid and the run-off period may be significant.

No segregation of liability between share classes

The Revised Bye-laws provide that any liabilities incurred by the Company are to be attributed to the relevant class of shares. However, the Company is a single legal entity and Shareholders may be compelled to bear the liabilities incurred in respect of Redemption Shares which they do not themselves own, and similarly holders of Redemption Shares may be compelled to bear the liabilities incurred in respect of Ordinary Shares and/or C Shares which they do not themselves own, if there are insufficient assets held in respect of the relevant class to satisfy those liabilities.

Redemption Shares not participating in new investments

Following the Tender Offer Completion Date, holders of Redemption Shares (in respect of those Redemption Shares) will not be exposed to the same investment portfolio as Shareholders, and accordingly, to the extent that the Master Fund makes new investments in accordance with its investment policies following such date, such holders will not participate in any returns generated by such new investments.

Taxation

The tax treatment of the amount received on the redemption of Redemption Shares may vary, perhaps significantly, between different types of Shareholders and between Shareholders in different jurisdictions. Shareholders who are in any doubt about their taxation position, or who are resident or otherwise subject to taxation in a jurisdiction outside the UK, should consult their own professional advisers immediately.

2. MATERIAL CONTRACTS

Receiving Agent Agreement

Pursuant to a receiving agent agreement between the Company and Computershare Investor Services PLC dated on or around 4 November 2016 (the "**Receiving Agent Agreement**"), the Company has appointed Computershare Investor Services PLC to act as receiving agent and escrow agent and to provide various other services in connection with the Tender Offer (the "**Receiving Agent**").

The aggregate liability of the Receiving Agent to the Company in connection with the Receiving Agent Agreement over any twelve month period, howsoever arising, is limited to twice the amount of the fees payable under the Receiving Agent Agreement in respect of a single claim or in the aggregate.

The Company shall indemnify the Receiving Agent against all actions, proceedings, liability, claims, damages, costs, losses and expenses in relation to the Receiving Agent acting upon instructions purporting to be from the Company or its advisers in relation to the Tender Offer, unless such claims arise out of or are attributable to the fraud, wilful default or negligence of the Receiving Agent.

3. DOCUMENTS AVAILABLE FOR INSPECTION

3.1 Copies of the following documents will be made available for inspection at the offices of Hogan Lovells International LLP at Atlantic House, Holborn Viaduct, London EC1A 2FG and at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of posting of this circular up to the date of the Special General Meeting and at the place of meeting for 15 minutes prior to the meeting and during the meeting:

- (a) the Bye-laws;
- (b) the Revised Bye-laws and a blacklined version of the Bye-laws showing proposed changes; and
- (c) this Circular.

3.2 A copy of each of the Bye-laws, the Revised Bye-laws and a blacklined version of the Bye-laws showing proposed changes, and the Circular is also available on the Company's website at <http://ir-bcgr.bluecapital.bm>.

PART 5

DEFINITIONS

The following definitions apply throughout the Circular unless the context requires otherwise:

"Administrator"	means Prime Management Limited a division of SS&C GlobeOp, an exempted company incorporated under the laws of Bermuda whose registered office is located at Mechanics Building, 12 Church Street, Hamilton HM11, Bermuda;
"Basic Entitlement"	means the entitlement of each Qualifying Shareholder to tender up to 10% of the Ordinary Shares registered in such Shareholder's name on the Tender Offer Record Date, rounded down to the nearest whole number;
"Board" or "Directors"	the board of directors of the Company or, where the context permits, the board of directors of the Company (or any duly authorised committee of such board);
"B Shares"	a class of ordinary shares in the capital of the Company which rank pari passu with the Ordinary Shares, save that they will immediately on issue convert into Redemption Shares on a one-to-one basis;
"Business Day"	any day (excluding Saturday, Sunday and bank holidays) on which commercial banks are open for non-automated business in London and Bermuda;
"Bye-laws"	the Bye-laws of the Company as in force as at the date of this Circular;
"Circular"	this document;
"Company"	Blue Capital Global Reinsurance Fund Limited, an exempted mutual fund company incorporated with limited liability and registered in Bermuda with registration number 46969;
"CREST"	the computer based system for the transfer of uncertificated securities operated by Euroclear;
"CREST Manual"	the CREST manual issued by Euroclear;
"CREST member"	a person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations);
"CREST participant"	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations);
"CREST Instruction"	the instruction whereby CREST members send a CREST message appointing a proxy to vote as custodian of its Depository Interests at the Special General Meeting and instructing the proxy how to vote and containing the information set out in the CREST Manual;

"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755);
"CREST sponsor"	a CREST participant admitted to CREST as a CREST sponsor being a sponsoring system participant (as defined in the CREST Regulations);
"CREST sponsored member"	a CREST member admitted to CREST as a sponsored member;
"C Shares"	means a class of shares in the Company, which will convert into Ordinary Shares on the occurrence of certain events as outlined in the Bye-laws;
"C Share Surplus"	in relation to any class or series of C Shares, the net assets of the Company attributable to the C Shares in that class or series, being the assets attributable to the C Shares in that class or series, less such proportion of the Company's liabilities as the Directors shall reasonably allocate to the assets of the Company attributable to such C Shares;
"Depository"	Computershare Investors Services PLC or where applicable its nominated custodian;
"Depository Interest Holders"	holders of Depository Interests;
"Depository Interests"	the dematerialised Depository Interests issued in respect of Ordinary Shares (on a one-for-one basis);
"ESA instruction"	an Escrow Account Adjustment Input (AESN) transaction type (as defined by the CREST manual issued by Euroclear);
"Euroclear"	Euroclear UK and Ireland Limited;
"Excluded Shareholders"	Shareholders with a registered address in or who are located in the United States or one of the Restricted Jurisdictions;
"Form of Instruction"	the form of instruction accompanying this Circular for use by Depository Interest Holders in relation to voting on the Ordinary Resolutions to be proposed at the Special General Meeting;
"Form of Proxy"	the form of proxy accompanying this circular for use by Shareholders at the Special General Meeting;
"Investment Manager"	Blue Capital Management Ltd., an exempted company incorporated with limited liability and registered in Bermuda with registration number 38829;
"Management Fee"	means the management fee to which the Investment Manager is entitled pursuant to the SAC Investment Management Agreement;

"Master Fund"	Blue Capital Global Reinsurance SA-I, a segregated account of the Master Fund SAC;
"Master Fund Redemption Shares"	non-voting, redeemable preference shares of US\$0.001 par value in the capital of the Master Fund SAC, designated by the Master Fund SAC as "Redemption Shares" and being linked to the Master Fund;
"Master Fund SAC"	Blue Water Master Fund Ltd., an exempted mutual fund company incorporated with limited liability and registered in Bermuda with registration number 46069;
"Master Fund Shares"	non-voting, redeemable preference shares of US\$0.001 par value in the capital of the Master Fund SAC, designated by the Master Fund SAC as being linked to the Master Fund (excluding the Master Fund Redemption Shares);
"Member Account ID"	the identification code or number attached to any member account in CREST;
"Net Asset Value"	the net asset value of the Company or the Master Fund or per share (as the context requires);
"Non-UK Shareholder"	a Shareholder whose address in the Company's register of members is outside the UK;
"Notice of Special General Meeting"	the notice of the Annual General Meeting which is set out in Part 6 of this Circular;
"Ordinary Share"	an ordinary share in the capital of the Company (and not, for the avoidance of doubt, a C Share or a Redemption Share), and, where the context requires, a Depository Interest issued in respect of an Ordinary Share;
"Ordinary Resolution"	a resolution passed by a majority of the votes cast by Shareholders (in nominal value) of the issued Ordinary Shares;
"Participant ID"	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
"Qualifying Shareholder"	a Shareholder who is entitled to participate in the Tender Offer, being a Shareholder on the register of members of the Company at the Tender Offer Record Date and the Tender Offer Closing Date, other than Excluded Shareholders;
"Performance Fee"	means the performance related fee to which the Investment Manager is entitled pursuant to the terms of the Underwriting and Insurance Management Agreement;
"Proposals"	means the proposals set out in this Circular, including the proposed Tender Offer and proposed amendments to the Bye-laws;
"Receiving Agent"	Computershare Investor Services PLC;

"Receiving Agent Agreement"	has the meaning given to it in section 2 of Part 4 of this Circular;
"Redemption Shares"	shares issued as consideration for the conversion of Ordinary Shares under the Tender Offer, and whose rights are summarised in Part 1 of this Circular and more particularly set out in the Revised Bye-laws;
"Redemption Share Surplus"	the net assets of the Company attributable to a class of Redemption Shares, being the assets attributable to the Redemption Shares, less such proportion of the Company's liabilities as the Directors shall reasonably allocate to the assets of the Company attributable to the Redemption Shares;
"Registrars"	Computershare Investor Services (Bermuda) Limited, 5 Reid Street, Hamilton HM11, Bermuda;
"Reinsurer"	Blue Water Re Ltd., an exempted company incorporated with limited liability in Bermuda with registration number 45989 and licenced by the Bermuda Monetary Authority as a "special purpose insurer" to transact property reinsurance business;
"Resolutions"	the two resolutions to be proposed at the Special General Meeting in the form set out in Part 6 of this Circular;
"Restricted Jurisdiction"	Australia, Canada, Japan, New Zealand, the Republic of South Africa or the United States or any other jurisdiction where the mailing of this Circular into such jurisdiction or the extension or availability of the Tender Offer would constitute a violation of the laws of such jurisdiction;
"Revised Bye-laws"	the revised Bye-laws, a copy of which accompanies this Circular;
"SAC Investment Management Agreement"	means the investment management agreement made between the Master Fund SAC (in respect of the Master Fund) and the Investment Manager and dated 27 November 2012;
"Shareholders"	a registered holder of a share in the capital of the Company and/or, as the context may permit, Depository Interest Holders;
"Special General Meeting"	the special general meeting of the Company, notice of which is set out in Part 6 of this Circular, or any adjournment of that meeting;
"Share Surplus"	the net asset of the Company, less the Redemption Share Surplus and any C Share Surplus;
"SMA Shares"	shares issued by the Master Fund in respect of investments that are subject to a loss occurrence and which have been allocated to a special memorandum account;

"Tender Conditions"	has the meaning given to it in section 2(a) of Part 2 of this Circular;
"Tender Form"	the form of tender enclosed with this Circular for use in respect of Shares held in certificated form in relation to the Tender Offer;
"Tender Offer"	the invitation by the Company to Qualifying Shareholders to tender Ordinary Shares for conversion by the Company into Redemption Shares on the terms and subject to the conditions set out in this Circular and also, in the case of certificated Ordinary Shares only, on the Tender Form;
"Tender Offer Closing Date"	the latest time and date for receipt of Tender Forms and TTE instructions from CREST in relation to the Tender Offer, expected to be 1:00 p.m. on 24 November 2016;
"Tender Offer Completion Date"	the date on which each Ordinary Share that has been validly tendered will be reclassified as a B Share, and each B Share shall be converted into one Redemption Share in accordance with the terms and conditions of the Tender Offer, expected to be on 30 December 2016;
"Tender Offer Record Date"	5:00 p.m. on 24 November 2016;
"TFE instruction"	a transfer from escrow instruction (as defined by the CREST manual issued by Euroclear);
"TTE instruction"	a transfer to escrow instruction (as defined by the CREST manual issued by Euroclear); and
"Underwriting and Insurance Management Agreement"	an agreement dated 27 November 2012 between the Master Fund SAC (on behalf of the Master Fund), Blue Capital Insurance Managers Ltd. (which merged with the Investment Manager on 15 December 2014) and the Reinsurer, as amended with effect from 1 January 2016.

PART 6

NOTICE OF SPECIAL GENERAL MEETING

BLUE CAPITAL GLOBAL REINSURANCE FUND LIMITED

(incorporated and registered as an exempted mutual fund company in Bermuda with registration number 46969)

NOTICE IS HEREBY GIVEN that a SPECIAL GENERAL MEETING of Blue Capital Global Reinsurance Fund Limited (the "**Company**") will be held at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda on 28 November 2016 at 9:00 a.m. (Bermuda time). Capitalised terms in this notice will have the meaning given to them in Part 5 of the Circular dated 4 November 2016 (the "**Circular**"). This Special General Meeting is being convened for the purpose of considering and, if thought fit, passing the following two Ordinary Resolutions, each of which requires the approval of a majority of the votes cast in respect of it.

ORDINARY RESOLUTION 1

THAT, conditional upon the passing of Ordinary Resolution 2 and without prejudice to any subsisting authorities in relation to the repurchase of Ordinary Shares by the Company, the Tender Offer, on and subject to the terms and conditions set out in the Circular, be and is hereby approved and the Company is hereby authorised to take any action or execute any document to give effect to the Tender Offer.

ORDINARY RESOLUTION 2

THAT, pursuant to bye-law 61 of the Bye-laws existing at the time of this resolution, the Bye-laws set out in the printed document produced to the meeting marked "A" and initialled for the purpose of identification by the Chairman, and which accompanied the Circular, be and are hereby adopted as the Bye-laws of the Company in substitution for and to the exclusion of the Bye-laws.

By Order of the Board

4 November 2016

Registered office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Registered in Bermuda Number: 46969

Notes:

1. Every Shareholder has the right to appoint some other person(s) of their choice, who need not be a Shareholder as his proxy to attend, speak and vote on their behalf at the meeting. A Shareholder entitled to attend and vote at the Special General Meeting may appoint one or more proxies (who need not be Shareholders of the Company) to attend, speak and vote on his or her behalf. A Shareholder may appoint more than one proxy in relation to the Special General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that Shareholder. In order to be valid, any appointment of proxy (and the power of attorney or other authority, if any, under which it

is signed or a notarially certified or office copy of such power or authority) must be put in place and returned in accordance with these notes and the notes set out on the accompanying Form of Proxy.

2. ****ONLY FOR INVESTORS WHO DO NOT HOLD DEPOSITORY INTERESTS THROUGH CREST****
A Form of Proxy is enclosed for use at the Special General Meeting. The Form of Proxy should be completed and sent together with (if not previously registered with the Company) the power of attorney or other authority (if any) under which it is executed, to Computershare Investor Services (Bermuda) Limited c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY so as to be received as soon as possible and, in any event, not later than 9:00 a.m. (Bermuda time) (1:00 p.m. UK time) on 24 November 2016. Completing and returning a Form of Proxy will not prevent a Shareholder from attending and voting in person at the Special General Meeting should he or she so wish. To have the right to attend and vote at the Special General Meeting (and also for the purpose of calculating how many votes the Shareholder may cast on a poll), a Shareholder must first have his or her name entered in the Company's register of shareholders no later than 9:00 a.m. (Bermuda time) (1:00 p.m. UK time) on 24 November 2016. Changes to entries in that register after that time shall be disregarded in determining the rights of any Shareholder to attend and vote at the Special General Meeting. Return of the Form of Proxy will not preclude a Shareholder from attending the Special General Meeting and voting in person.
3. ****ONLY FOR INVESTORS WHO HOLD DEPOSITORY INTERESTS THROUGH CREST**** A Form of Instruction is enclosed for use at the Special General Meeting. The Form of Instruction should be completed and sent together with (if not previously registered with the Company) the power of attorney or other authority (if any) under which it is executed, to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so as to be received as soon as possible and, in any event, by no later than 9:00 a.m. (Bermuda time) (1:00 p.m. UK time) on 23 November 2016. In the case of joint holders of Depository Interests, a Form of Instruction completed by the senior holder will be accepted to the exclusion of a Form of Instruction completed by any of the other joint holders. For this purpose seniority is determined by the order in which the names stand in the register of Depository Interests in respect of the joint holding.

A Depository Interest Holder who is a CREST member and who wishes to appoint, or to give instruction to, the Depository through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50 by 9:00 a.m. (Bermuda time) (1:00 p.m. UK time) on 23 November 2016. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The return of a completed Form of Instruction or CREST Instruction will not prevent a Depository Interest Holder from attending the Special General Meeting and voting in person (in substitution for their proxy vote) if they wish to do so and are so entitled and, if a Depository Interest Holder wishes to attend the Special General Meeting, a letter of representation must be requested from

Computershare Investor Services PLC by 9:00 a.m. (Bermuda time) (1:00 p.m. UK time) on 23 November 2016.

4. The Company may treat as invalid a CREST Instruction in the circumstances set out in Regulation 35(5)(a) of the CREST Regulations.
5. As at the date of this Circular, the Company's issued share capital is 198,558,914 Ordinary Shares carrying on a poll one vote each.
6. Copies of the following documents will be available for inspection at the registered office of the Company, Canon's Court, 22 Victoria Street, Hamilton, HM12 Bermuda during normal business hours until the conclusion of the Special General Meeting: (a) the existing Bye-laws of the Company; (b) the Revised Bye-laws and a blacklined version of the Bye-laws showing proposed changes; and (c) a copy of the Circular.

BYE-LAWS

of

BLUE CAPITAL GLOBAL REINSURANCE FUND LIMITED

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BYE-LAWS

OF

BLUE CAPITAL GLOBAL REINSURANCE FUND LIMITED

Adopted by a Resolution dated [***]

INTERPRETATION

1. Interpretation

1.1. In these Bye-laws, the following terms shall have the following meanings unless the context otherwise requires:

Auditors means the person or firm for the time being appointed as auditors of the Company (if any);

Business Day means any day or days as the Directors may determine from time to time and detailed in the relevant Offering Memorandum in respect of any Share;

B Shares means a separate Class of Shares in the capital of the Company, designated as B Shares, and having the rights set out in these Bye-laws;

Bye-laws means these bye-laws of the Company as amended or supplemented from time to time in accordance with these Bye-laws;

C Shares means a separate class of Shares in the capital of the Company issued and designated as C Shares of whatever Class or Series having the rights set out in these Bye-laws;

C Share Surplus means, in relation to any Class of C Shares, the net assets of the Company attributable to the C Shares in that Class, being the assets attributable to the C Shares in that Class (including for the avoidance of doubt, any income and/or revenue (net of expenses) arising from or relating to such assets) less such proportion of the Company's liabilities as the Directors shall reasonably allocate to the assets of the Company attributable to such C Shares;

Calculation Time in relation to any Class of C Shares means the date determined by the Directors for the calculation of the respective net asset

values of the relevant Class of C Shares and the Ordinary Shares in issue for the purposes of Conversion, as detailed in the Offering Memorandum issued by the Company in respect of the relevant Class of C Shares;

Class means a class of Shares in the capital of the Company as created and designated by the Directors from time to time pursuant to these Bye-laws, and which shall include a sub-class if so designated by the Directors;

Companies Act means Companies Act 1981, as amended;

Conversion means:

- (i) in relation to any Class of C Shares, the conversion of that Class of C Shares into Ordinary Shares; and
- (ii) in relation to any B Shares, the conversion of those B Shares into a Class of Redemption Shares;

Conversion Ratio means A divided by B calculated to four decimal places (with 0.00005 being rounded upwards) where:

$$A = \frac{C-D}{E}$$

And

$$B = \frac{F-G}{H}$$

and where:

“C” is the aggregate of:

- (i) the value of the investments of the Company attributable to the C Shares of the relevant Class (other than investments which are subject to restrictions on transfer or a suspension of dealings, which are to be valued in accordance with (ii) below) which are listed or dealt in on a stock exchange or on a similar market:
 - (a) calculated in the case of investments of the Company which are listed on the London Stock Exchange according to the prices issued by the London Stock Exchange as at the Calculation Time, being the closing middle market prices for all investments other than the FTSE 100 constituents and FTSE 100 reserve list constituents for which the last trade prices shall be used. If any

such investments are traded under the London Stock Exchange Daily Electronic Trading Service (“SETS”) and the latest recorded prices at which such investments have been traded as shown in the London Stock Exchange Daily Official List differ materially from the bid and offer prices of the investments quoted on SETS as at the Calculation Time, the value of such investments shall be adjusted to reflect the fair realisable value as determined by the Directors. Investments of the Company which are listed, quoted or dealt in on any other recognised stock exchange shall be valued by reference to the closing middle market prices on the principal stock exchange or market where the relevant investment is listed, quoted or dealt in as at the Calculation Time, as shown by the relevant exchange's or market's recognised method of publication of prices for such investments. Debt related securities (including Government stocks) shall be valued by reference to the closing middle market price, subject to any adjustment to exclude any accrual of interest which may be included in the quoted price, as at the Calculation Time; or

- (b) where such published prices are not available, calculated by reference to the Directors' belief as to a fair current trading price at the Calculation Time for those investments, after taking account of any other price publication services reasonably available to the Directors;
- (ii) the value of all other investments of the Company attributable to the C Shares of the relevant Class in issue at the Calculation Time at their respective acquisition costs, subject to such adjustments as the Directors may deem appropriate to be made for any variations in the value of such investments between the date of acquisition and the Calculation Time; and
- (iii) the amount which, in the Directors' opinion, fairly reflects, at the Calculation Time, the value of the current assets of the Company attributable to the C Shares of the relevant Class (including cash and deposits with or balances at bank and including any accrued income and other items of a revenue nature less accrued expenses) other than those assets that are valued in accordance with paragraphs (i) or (ii) above in order to prevent any double-counting of the same assets;

“D” is the amount which (to the extent not otherwise deducted in the

calculation of “C”) in the Directors’ opinion fairly reflects the amount of the liabilities attributable to the C Shares of the relevant Class at the Calculation Time;

“E” is the number of C Shares of the relevant Class in issue at the Calculation Time;

“F” is the aggregate of:

- (i) the value of all the investments of the Company (other than investments which are subject to restrictions on transfer or a suspension of dealings, which are to be valued in accordance with (ii) below), other than investments attributable to the C Shares (of whatever Class) in issue at the Calculation Time, which are listed or dealt in on a stock exchange or on a similar market:
 - (a) calculated in the case of investments of the Company which are listed on the London Stock Exchange according to the prices issued by the London Stock Exchange as at the Calculation Time, being the closing middle market prices for all investments other than the FTSE 100 constituents and FTSE 100 reserve list constituents for which the last trade prices shall be used. If any such investments are traded under the London Stock Exchange Daily Electronic Trading Service (“**SETS**”) and the latest recorded prices at which such investments have been traded as shown in the London Stock Exchange Daily Official List differ materially from the bid and offer prices of the investments quoted on SETS as at the Calculation Time, the value of such investments shall be adjusted to reflect the fair realisable value as determined by the Directors. Investments of the Company which are listed, quoted or dealt in on any other recognised stock exchange shall be valued by reference to the closing middle market prices on the principal stock exchange or market where the relevant investment is listed, quoted or dealt in as at the Calculation Time, as shown by the relevant exchange’s or market’s recognised method of publication of prices for such investments. Debt related securities (including Government stocks) shall be valued by reference to the closing middle market price, subject to any adjustment to exclude any accrual of interest which may be included in the quoted price, as at the Calculation Time; or

- (b) where such published prices are not available, calculated by reference to the Directors' belief as to a fair current trading price at the Calculation Time for those investments, after taking account of any other price publication services reasonably available to the Directors;
- (ii) the value of all other investments of the Company, other than investments attributable to the C Shares (of whatever Class) in issue at the Calculation Time at their respective acquisition costs, subject to such adjustments as the Directors may deem appropriate to be made for any variations in the value of such investments between the date of acquisition and the Calculation Time, and
- (iii) the amount which, in the Directors' opinion, fairly reflects, at the Calculation Time, the value of the current assets of the Company (including cash and deposits with or balances at bank and including any accrued income or other items of a revenue nature less accrued expenses) other than those assets that are valued in accordance with paragraphs (i) or (ii) above in order to prevent any double-counting of the same assets, other than such assets attributable to the C Shares (of whatever Class) in issue at the Calculation Time;

“G” is the amount which (to the extent not otherwise deducted in the calculation of "F") in the Directors' opinion fairly reflects the amount of the liabilities and expenses of the Company at the Calculation Time including, for the avoidance of doubt, the full amount of all dividends declared but not paid) less the amount of “D”; and

“H” is the number of Ordinary Shares in issue at the Calculation Time;

Conversion Time means a time which falls after the Calculation Time and is the time at which the admission of the New Shares to Trading becomes effective and which is the opening of business on such Business Day as is selected by the Directors provided that such day shall not be more than twenty Business Days after the Calculation Time;

Company means Blue Capital Global Reinsurance Fund Limited;

Default Shares has the meaning given in Bye-law 55;

Directors means the directors for the time being of the Company and

“**Board**” shall mean the board of directors;

Direct Purchaser means a United States Person who acquired securities of the Company from the Company or its agents or affiliates;

Electronic Record has the same meaning as in the Electronic Transactions Act 1999 of Bermuda, as amended;

Indemnified Person means any Director, Officer, Resident Representative, member of a committee duly constituted under these Bye-laws and any liquidator, manager or trustee for the time being, acting in relation to the affairs of the Company, and their heirs, executors and administrators;

Independent Accountants means such firm of chartered accountants as the Directors may, from time to time, appoint for the purpose;

Ineligible Investor means any person who holds or owns Ordinary Shares in breach of the restrictions as to who may invest in the Company as determined by the Directors from time to time in their discretion;

Investment means any right or interest in any Share, stock, bond, debenture, debenture stock, unit, sub-unit or other security or any loan of money or any currency or interest in any currency and includes any futures or forward contract or similar financial or other derivative instruments and any rights in or options over any of the aforesaid, issued by or under the guarantee of any person, whether incorporated or unincorporated, or of any governmental body and whether paying interest or dividends or not and whether fully paid, partly paid or nil paid and includes any participation as a limited partner or participant in any partnership or unincorporated association;

Investment Manager means Blue Capital Management Ltd or such other person or persons as the Company may, from time to time, appoint as its investment manager(s);

London Stock Exchange means London Stock Exchange plc or its domestic market, as the context may require;

London Stock Exchange member firm means a member firm as defined in the rules from time to time of the London Stock Exchange;

Management Fees means the management fees, if any, payable to the

Investment Manager(s) and/or any other party advising on the managing of the Company, that Class or Series thereof, from time to time, in each case calculated and payable at the rates and in the manner specified in the Offering Memorandum at the time of determination of such management fees;

Member has the same meaning as in the Companies Act;

Memorandum means the memorandum of association of the Company for the time being;

Month means a calendar month;

Net Asset Value of the Company means the net asset value of the Company or of any Share (as the case may be), in each case determined in accordance with these Bye-laws;

Net Asset Value per Ordinary Share means the net asset value per Share of each Class or Series of Ordinary Share as determined in accordance with these Bye-laws;

New Share means Ordinary Shares arising on the conversion of the C Shares of the relevant Class;

Officer means an officer for the time being of the Company;

Offering Memorandum means the prospectus or other offer document, including any supplemental prospectus, issued from time to time by the Company in connection with any offer of Shares as the same may be amended and restated, supplemented or superseded from time to time;

Ordinary Resolution means a resolution of a general meeting passed by a majority of the Members or, where required, of a separate Class or Classes of Members entitled to vote in person or by proxy at the meeting, or a resolution in writing adopted in accordance with the provisions of these Bye-laws;

Ordinary Share means an ordinary Share in the capital of the Company having the rights set out in these Bye-laws;

Original Class and **Original Series** have the meaning given to such terms in Bye-law 4A.1;

Private Offering Holder means a United States Person who is a Direct Purchaser or a United States resident transferee of any Direct Purchaser;

Redemption Shares means a separate Class of Shares in the capital of the Company, designated as Redemption Shares of whatever Class or Series, and having the rights set out in these Bye-laws;

Redemption Share Surplus means, in relation to any Class of Redemption Shares, the net assets of the Company attributable to the Redemption Shares in that Class, being the assets attributable to the Redemption Shares of that Class (including for the avoidance of doubt, any income and/or revenue (net of expenses) arising from or relating to such assets) less such proportion of the Company's liabilities as the Directors shall reasonably allocate to the assets of the Company attributable to such Redemption Shares;

Registered Office means the registered office for the time being of the Company in Bermuda;

Register of Directors means the register of Directors and Officers to be kept in accordance with the Companies Act;

Register of Members means the register of Members to be kept in accordance with the Companies Act, including any branch Register of Members;

Relevant Security means Shares in the capital of the Company or rights to subscribe for, or to convert securities into, Shares in the capital of the Company;

Resident Representative means (if any) the individual or the company appointed to perform the duties of resident representative set out in the Companies Acts and includes any assistant or deputy Resident Representative appointed by the Directors to perform any of the duties of the Resident Representative;

Seal means the common seal of the Company (if any) and includes every duplicate seal;

Secretary means the secretary for the time being of the Company and any person appointed to perform any of the duties of the secretary;

Series means each series of Shares of each relevant Class in the capital of the Company created and designated by the Directors from time to time in accordance with these Bye-laws, and which shall include a sub-series if so designated by the Directors;

Share means a share in the capital of the Company of whatever Class or Series and includes a fraction of a Share;

Share Surplus means the net assets of the Company less: (i) the C Share Surplus (if any); and (ii) the Redemption Share Surplus (if any);

Special Resolution means a resolution passed at a meeting of the holders of the Shares or, where required, of a separate Class or Classes of Members entitled to vote either in person or by proxy at the meeting, duly convened and passed by a majority consisting of not less than three-fourths of the votes cast, or a resolution in writing adopted in accordance with the provisions of these Bye-laws;

Subscription Agreement means a subscription agreement to be entered into between the Company (or on its behalf) and an investor pursuant to which the investor subscribes for Shares in the Company;

Subscription Price means the price at which Ordinary Shares shall be issued as determined by the Directors in their discretion from time to time;

Tender Offer means an invitation by the Company to Shareholders to tender all or some of their Shares for reclassification into B Shares and Conversion into Redemption Shares;

Trading means trading on the Specialist Fund Market of the London Stock Exchange;

United States means the United States of America, its territories, possessions and all areas subject to its jurisdiction (including the commonwealth of Puerto Rico);

United States Person means a person resident in the United States, a corporation, partnership or other entity created or organised in or under the laws of the United States or any state thereof, any estate or trust the income of which is subject to United States federal income taxation regardless of its source, or any other person, entity, trust or estate included within the

definition of “U.S. person” in Rule 902(o) under the United States Securities Act of 1933, as amended, or as determined in accordance with the United States Investment Company Act of 1940, as amended;

Valuation Day means the day specified in the Offering Memorandum issued in respect of a Share on which the Net Asset Value per the relevant Share is determined or such other day(s) as may from time to time be determined by the Directors in consultation with the Investment Manager; and

Valuation Time means the time as the Directors or a duly authorized agent of the Company may determine in their discretion, on a Valuation Day as of which the Net Asset Value is determined.

- 1.2. Words importing the singular number include the plural number and vice versa.
- 1.3. Words importing the masculine gender include the feminine gender.
- 1.4. Words importing persons include corporations and any other legal or natural persons.
- 1.5. Any reference to writing includes all modes of representing or reproducing words in a visible and legible form, including in the form of an Electronic Record.
- 1.6. The word “may” shall be construed as permissive and the word “shall” shall be construed as imperative.
- 1.7. Any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be merely illustrative and shall not limit the sense of the words preceding those terms.
- 1.8. Where any provision of the Companies Act is referred to, the reference is to that provision as modified by any subsequent law for the time being in force.
- 1.9. Unless the context otherwise requires, words and expressions defined in the Companies Act bear the same meanings in these Bye-laws.
- 1.10. References to “days” are to calendar days, unless otherwise specified.
- 1.11. Headings are used for convenience only and shall not affect the construction of these Bye-laws.

REGISTERED AND OTHER OFFICES

2. Registered and other Offices

The Registered Office of the Company shall be at such place in Bermuda as the Directors shall from time to time determine. The Company, in addition to its Registered Office, may establish and maintain such other offices in Bermuda or elsewhere as the Directors may from time to time determine.

SHARES

3. Shares

- 3.1. The unissued Shares shall be at the disposal of the Directors, and they may (subject to the provisions of these Bye-laws, or the Companies Act) issue Shares in Classes and, if applicable, sub-classes, Series and sub-Series or refuse to issue any Shares to any subscriber in their absolute discretion or may allot, grant options over, or otherwise dispose of them to such person, on such terms and conditions, and with such rights and restrictions attached thereto, and at such times as they think fit, provided no Share shall be issued at a discount and no Share shall be issued to any Ineligible Investor.
- 3.2. The Directors may in their absolute discretion determine to classify or reclassify any authorised but unissued Ordinary Shares of any Class or Series into Ordinary Shares of a new Class or Series representing or having different rights. This may include, without limitation, Ordinary Shares of a Class or Series denominated in a currency other than the operational currency of the Class or Series.
- 3.3. The Company shall not issue bearer Shares.
- 3.4. The Company may, in accordance with the Companies Act, issue fractions of Shares to four decimal places.
- 3.5. Subject to the provisions of these Bye-laws, any Shares held by the Company as treasury shares shall be at the disposal of the Board, which may, in its absolute discretion, hold all or any of such Shares, dispose or transfer all or any of such Shares for cash or other consideration, or cancel all or any of such Shares.

ORDINARY SHARES

4. Ordinary Shares

- 4.1. The holders of Ordinary Shares shall be entitled to receive, and participate in, any dividends or other distributions out of the profits of the Company attributable to the Ordinary Shares and available for dividend or distribution and resolved by the Directors to be distributed.
- 4.2. On a return of assets on liquidation of the Company or otherwise, the assets of the Company available for distribution among the holders of Ordinary Shares shall be applied in the payment to the holders of each Class or Series of Ordinary Shares of the repayment of the nominal amount of the Ordinary Shares and any remaining balance then attributable to the relevant Class or Series, such payment being made in proportion to the number of Ordinary Shares of that Class or Series held.
- 4.3. The holders of Ordinary Shares shall be entitled to receive notice of and attend and vote at any general meeting of the Company.

TENDER OFFERS, B SHARES AND REDEMPTION SHARES

4A Tender Offers, B Shares and Redemption Shares

- 4A.1 In connection with, and subject to the terms of, a Tender Offer being made by the Company to the holders of any Class or Classes of Shares and with the consent or deemed consent of the holders of such Shares, the Directors may in their absolute discretion determine to reclassify any Shares of any Class or Series (such Class or Series being the "**Original Class**" or "**Original Series**" respectively) into B Shares. B Shares shall have the same rights as the Shares of the applicable Original Class or Original Series, save that, once in issue, B Shares shall automatically and immediately convert on a one-for-one basis into one or more Classes or Series of Redemption Shares, as determined by the Directors in their absolute discretion.
- 4A.2 The Directors may, if they so decide, designate each Class and Series of any Class of Redemption Shares in such manner as they see fit in order that each Class of Redemption Shares can be identified.
- 4A.3 The Directors shall allocate to each Class or Series of Redemption Shares a fraction of assets and liabilities of the Company attributable to the Original Class or Original Series (as the case may be), the numerator of such fraction being the total number of such Shares reclassified as B Shares, and its denominator being the total number of such Shares issues immediately prior to such reclassification.
- 4A.3 No dividends shall be declared in respect of any Redemption Share Surplus,

and accordingly the holders of Redemption Shares of any Class shall not receive or participate in any dividends. If any dividend is declared in respect of any Ordinary Shares or C Shares at any time that there is any Class of Redemption Shares in issue, the holders of Ordinary Shares and/or C Shares (as appropriate) shall be entitled to receive and participate in such dividend only insofar as such dividend is not attributed, at the sole discretion of the Directors, to the Redemption Share Surplus of such Class of Redemption Shares.

4A.4 Where Redemption Shares of any Class or Series are in issue, the capital and assets of the Company shall, on a winding up or on a return of capital prior, in each case, to their redemption, be applied as follows:

4A.3.1 the Share Surplus shall be divided amongst the holders of Ordinary Shares according to the rights attaching thereto as if the Share Surplus comprised the assets of the Company available for distribution;

4A.3.2 (where any C Shares are in issue) the C Share Surplus shall be divided amongst the holders of C Share(s) pro rata according to their holdings of C Shares; and

4A.3.3 the Redemption Share Surplus shall be divided among holders of Redemption Shares pro rata according to their holdings of Redemption Shares of the Class to which such Redemption Share Surplus relates.

4A.5 Without prejudice to any rights a holder of Redemption Shares may have pursuant to Bye-law 13), the Redemption Shares shall not carry any right to receive notice of, or to attend or vote at, any general meeting of the Company.

4A.6 Redemption Shares shall be transferable in accordance with these Bye-Laws and the Companies Act.

4A.7 For so long as there is any Class of Redemption Shares in issue, and without prejudice to its obligations under the Companies Act, the Company shall in relation to each Class of Redemption Shares:

4A.7.1 procure that the Company's records and bank accounts shall be operated so that the assets attributable to the Redemption Shares of the relevant Class can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall procure that separate cash accounts shall be created and

maintained in the books of the Company for the assets attributable to the Redemption Shares of the relevant Class;

4A.7.2 subject to Bye-law 4A.3, allocate to the assets attributable to the Redemption Shares of the relevant Class such proportion of the expenses or liabilities of the Company as the Directors fairly consider to be attributable to the Redemption Shares of the relevant Class; and

4A.7.3 give appropriate instructions to the Investment Manager to manage the Company's assets so that such undertakings can be complied with by the Company.

4B Redemption of Redemption Shares

4B.1 The holders of Redemption Shares of any Class shall not be entitled to redeem their Redemption Shares.

4B.2 Each Class of Redemption Shares shall be redeemed for cash, in one or more tranches, by the Company at such times as the Company in its absolute discretion may determine (without requiring any consent from the holders of the relevant Class of Redemption Shares) in accordance with the terms, and subject to the conditions, of the Tender Offer.

C SHARES

5. Issues of C Shares

5.1. Subject to the Companies Act, the Directors shall be authorised to issue C Shares in such Classes and Series and on such terms as they determine provided that such terms are consistent with the provisions contained in Bye-laws 5 to 11 (inclusive). The Directors shall, on the issue of each separate Class or Series of C Shares, determine the Calculation Time attributable to each such Class or Series of C Shares.

5.2. Each Class of C Shares, if in issue at the same time, shall be deemed to be a separate Class of Shares. The Directors may, if they so decide, designate each Class and Series of any Class of C Shares in such manner as they see fit in order that each Class of C Shares can be identified.

6. Dividends and Pari Passu Ranking of C Shares and New Shares

6.1. The holders of C Share(s) of a Class shall be entitled to receive, and participate in, any dividends declared only insofar as such dividend is attributed, at the sole discretion of the Directors, to the C Share Surplus of that Class.

- 6.2. If any dividend is declared in respect of the Ordinary Shares after the issue of any Class of C Shares and prior to the Conversion of that Class, the holders of Ordinary Shares shall be entitled to receive and participate in such dividend only insofar as such dividend is not attributed, at the sole discretion of the Directors, to the C Share Surplus of the relevant Class of C Shares.
- 6.3. The New Shares shall rank in full for all dividends and other distributions declared, made or paid after the Conversion Time and otherwise pari passu with the Ordinary Shares in issue at the Conversion Time.

7. **Rights as to Capital**

- 7.1. The capital and assets of the Company shall, on a winding up or on a return of capital prior, in each case, to Conversion be applied as follows:
 - 7.1.1. the Share Surplus shall be divided amongst the holders of Ordinary Shares according to the rights attaching thereto as if the Share Surplus comprised the assets of the Company available for distribution;
 - 7.1.2. the C Share Surplus shall be divided amongst the holders of C Share(s) pro rata according to their holdings of C Shares; and
 - 7.1.3. (where any Redemption Shares are in issue) the Redemption Share Surplus shall be applied in accordance with Bye-law 4A.4.

8. **Voting and Transfer**

The C Shares shall carry the right to receive notice of, and to attend or vote at, any general meeting of the Company in the same manner as Ordinary Shares (notwithstanding any difference in the respective Net Asset Values of the C Shares and Ordinary Shares). The C Shares shall be transferable in the same manner as the Ordinary Shares.

9. **Class Consents and Variation of Rights**

- 9.1. Without prejudice to the generality of the Bye-laws, until Conversion the consent of the holders of the C Shares as a class shall be required for, and accordingly, the special rights attached to the C Shares shall be deemed to be varied, inter alia, by:
 - 9.1.1. any alteration to the Memorandum or the Bye-laws; or
 - 9.1.2. any alteration, increase, consolidation, division, sub-division, cancellation, reduction or purchase by the Company of any issued or

authorised Share capital of the Company (other than on Conversion or unless pursuant to a power of the Company that has previously been granted or otherwise approved by Members prior to the issue of the relevant Class of C Shares); or

9.1.3. any allotment or issue of any security convertible into or carrying a right to subscribe for any Share or any other right to subscribe or acquire Shares; or

9.1.4. the passing of any resolution to wind up the Company.

10. **Undertakings**

10.1. Until Conversion, and without prejudice to its obligations under the Companies Act, the Company shall in relation to each Class of C Shares:

10.1.1. procure that the Company's records and bank accounts shall be operated so that the assets attributable to the C Shares of the relevant Class can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall procure that separate cash accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares of the relevant Class; and

10.1.2. allocate to the assets attributable to the C Shares of the relevant Class such proportion of the expenses or liabilities of the Company incurred or accrued between the date on which the relevant Class of C Shares was issued and the Calculation Time (both dates inclusive) as the Directors fairly consider to be attributable to the C Shares of the relevant Class including, without prejudice to the generality of the foregoing, those liabilities specifically identified in the definition of "Conversion Ratio"; and

10.1.3. give appropriate instructions to the Investment Manager to manage the Company's assets so that such undertakings can be complied with by the Company.

11. **Conversion**

11.1. In relation to each Class of C Shares, the C Shares shall be converted into New Shares at the Conversion Time in accordance with the following provisions of this paragraph. The Directors shall procure that:

11.1.1. the Board (or its delegate) calculate, within two Business Days after the Calculation Time, the Conversion Ratio as at the Calculation Time and the number of New Shares to which each holder of C Shares of that Class shall be entitled on Conversion; and

11.1.2. the Independent Accountants shall be requested to certify, within three Business Days after the Calculation Time, that such calculations:

11.1.2.1. have been performed in accordance with the Bye-laws; and

11.1.2.2. are arithmetically accurate,

whereupon, subject to the proviso in the definition of Conversion Ratio, such calculations shall become final and binding on the Company and all Members.

11.2. The Directors shall procure that, as soon as practicable following such certificate, an announcement is made to a regulatory information service, advising holders of C Share(s) of that Class, the Conversion Time, the Conversion Ratio and the aggregate number of New Shares to which holders of C Share(s) of that Class are entitled on Conversion.

11.3. Conversion shall take place at the Conversion Time. On Conversion:

11.3.1. each issued C Share shall automatically convert into such number of New Shares as shall be necessary to ensure that, upon Conversion being completed, the aggregate number of C Shares which are converted into New Shares equals the aggregate number of C Shares of that Class in issue at the Calculation Time multiplied by the Conversion Ratio (rounded down to the nearest whole New Share);

11.3.2. the New Shares arising upon Conversion shall be divided amongst the former holders of C Share(s) pro rata according to their respective former holdings of C Shares of the relevant Class (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to New Shares, including, without prejudice to the generality of the foregoing, selling any such Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company) and for such purposes any Director is hereby authorised as agent on behalf of the former holders of C Share(s), in the case of a Share in certificated form, to execute any share transfer form and to do any other act or thing as may be required to give effect to the same including, in the case of a Share in uncertificated form, the giving of

directions to or on behalf of the former holders of any C Shares who shall be bound by them; and

11.3.3. forthwith upon Conversion, any certificates relating to the C Shares of the relevant Class shall be cancelled and the Company shall issue to each such former C Member new certificates in respect of the New Shares which have arisen upon Conversion unless such former holder of any C Shares elects to hold their New Shares in uncertificated form.

REPURCHASE OF SHARES

12. Repurchase of Shares

12.1. The Company shall be entitled to repurchase all or any Shares of any Class or Series as provided in these Bye-laws and otherwise at such times and in such manner as the Directors shall from time to time determine in their absolute discretion.

12.2. The Company may, at such times and in such manner as the Board shall determine in its absolute discretion, authorise the acquisition by the Company of its own Shares, to be held as treasury shares, upon such terms at the Directors may in their discretion determine, provided always that such acquisition is effected in accordance with the Companies Act and as otherwise may be provided in these Bye-laws. The Company shall be entered in the Register of Members as a Member in respect of the Shares held by the Company as treasury shares and shall be a Member of the Company but subject always to the provisions of the Companies Act and for the avoidance of doubt the Company shall not exercise any rights and shall not enjoy or participate in any of the rights attaching to those Shares save as expressly provided for in the Companies Act.

VARIATION OF SHARE RIGHTS

13. Variation of Share Rights

13.1. If at any time the Share capital is divided into different classes of Shares, all or any of the special rights attached to any class of Shares (unless otherwise provided by the terms of issue of the Shares of that class) may be varied or abrogated with the consent in writing of the holders of not less than seventy-five percent of the issued Shares of that class or with the sanction of a resolution passed by the holders of not less than seventy-five percent of the

issued Shares of that class as may be present in person or by proxy at a separate general meeting of the holders of the Shares of that class. To any such separate general meeting, all of the provisions of these Bye-laws relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be any one or more persons holding or representing by proxy not less than one third of the issued Shares of the class and that any holder of Shares of the relevant class present in person or by proxy may demand a poll and that every Member shall on a poll have one vote in respect of each Share of that class held by it at such time as the Directors in their discretion may determine. For the avoidance of doubt, subject to any rights or restrictions for the time being attached to any class, more than one Class or Series may be aggregated together as a “class” for the purpose of giving the consent or sanction in this Bye-law where the Directors determine that the relevant material adverse variation or abrogation affects each such Class and Series equally.

- 13.2. For the purpose of a separate class meeting, the Directors may treat two or more of all classes of Shares as forming one class if they consider that such class of Shares would be affected in the same way by the proposals under consideration.
- 13.3. The rights conferred upon the holders of any Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided in the rights attaching to such Shares, be deemed to be altered by the creation, allotment or issue of further Shares ranking *pari passu* therewith or subsequent to them or the repurchase of any Shares or the passing of any Directors’ resolution to change or vary any investment objective, investment technique, strategy, restriction and/or investment policy in relation to a Class or any modification of the fees payable to any service provider to the Company.

PRE-EMPTION RIGHTS

14. Pre-emption rights

- 14.1. Unless otherwise determined by Special Resolution of the Company and subject to Bye-laws 14.3 and 14.5, any Relevant Securities which are to be allotted wholly for cash or any Relevant Securities held in treasury that are to be sold wholly for cash shall, before they are allotted or sold be offered on the same or more favourable terms to: (i) the holders of Relevant Securities of the same class; and (ii) the holders of any other Relevant Securities who are entitled to be offered them, in proportion to the numbers of Relevant Securities of the relevant classes held by them respectively (excluding for this

purpose any Relevant Securities of the relevant classes held by the Company in treasury).

- 14.2. The offer pursuant to Bye-law 14.1 shall be made by notice specifying the number and class of Relevant Securities offered and the price per Relevant Security and shall invite each holder to whom the offer is made in accordance with Bye-law 14.1 to state in writing within a period not being less than 14 calendar days whether they are willing to accept any of the Relevant Securities and, if so, the maximum number of Relevant Securities that they are willing to accept. If the offer is not accepted within such period it will be deemed to be declined. After the expiration of such time, or on receipt of an indication from the person to whom the offer is made that he wishes to accept only some of the Relevant Securities offered, the directors may offer the Relevant Securities which have not been accepted in such manner as they see fit, subject to Bye-laws 14.3 and 14.5.
- 14.3. Bye-law 14.1 does not apply in the following circumstances:
 - 14.3.1. where the Company undertakes a rights issue or open offer provided the disapplication of Bye-law 14.1 is with respect to:
 - 14.3.1.1. Relevant Securities representing fractional entitlements; or
 - 14.3.1.2. Relevant Securities which the Company considers necessary or expedient to exclude from the offer on account of the laws or regulatory requirements of a territory other than Bermuda or the United Kingdom; and
 - 14.3.2. where the Company sells Relevant Securities held in treasury: (i) to an employee Share scheme; or (ii) at a price per Relevant Security that is at a premium to the then prevailing Net Asset Value per Relevant Security; and
 - 14.3.3. where the Company issues Shares pursuant to the exercise or conversion of any rights attaching to Relevant Securities that were themselves issued in compliance with these Bye-laws; and
 - 14.3.4. the issue of any Relevant Securities pursuant to any scrip dividend scheme implemented by the Company in accordance with these Bye-laws, or any bonus issue of Shares; and
- 14.4. No Relevant Security to which Bye-law 14.1 applies shall be issued more than three months after the expiry of the period for acceptance of the last offer of

such Relevant Securities made under Bye-law 14.1 unless the procedure set out in that Bye-law is repeated in respect of such Relevant Securities (and so that the time limit set out in this Bye-law 14.4 shall apply equally to any repetition of that procedure).

- 14.5. No Relevant Securities to which Bye-law 14.1 applies shall be issued at a price less than that at which they were offered to Members in accordance with Bye-law 8.1.
- 14.6. For the purposes of any disapplication of Bye-law 14.1 by Special Resolution, Relevant Securities that grant rights to subscribe for, or to convert into, Shares shall be deemed to relate to such number of Shares into which such Relevant Securities may convert pursuant to their initial terms of issue, notwithstanding any terms providing for subsequent adjustment of that number, and for the avoidance of doubt no additional shareholder authority shall be required in the event that that number of Shares is adjusted pursuant to those initial terms of issue.
- 14.7. Any Relevant Securities may, with the sanction either of the Board or an Ordinary Resolution, be issued on terms that they are or at the option of the Company or the holder are liable to be redeemed on such terms and in such manner as the Company before the issue may by Ordinary Resolution determine and subject to and in default of such determination as the Board may determine.

SHARE CERTIFICATES

15. Share Certificates

No member shall be entitled to a certificate for any or all of his, her or its Shares, unless the Directors shall determine otherwise.

NON-RECOGNITION OF TRUSTS

16. Non-Recognition of Trust

Unless the Directors so determine, the Company shall not be bound by or compelled to recognise in any way, even when notice thereof is given to it, any equitable, contingent, future or partial interest in any Share, or any other rights in respect of any Share other than an absolute right to the entirety thereof in the registered holder. Except as required by law, no person shall be recognised by the Company as holding

any Share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share (except only as by these Bye-laws or by law otherwise provided or under an order of a court of competent jurisdiction) or any other rights in respect of any Share except an absolute right to the entirety thereof in the registered holder.

COMMISSION ON SALE OF SHARES

17. Commission of Sale of Shares

The Company may in so far as the Companies Act from time to time permits pay a commission to any person in consideration of any subscription or agreement to subscribe whether absolutely or conditionally for any Shares of the Company. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid up Shares or partly in one way and partly in the other. The Company may also on any issue of Shares pay such brokerage fees as may be lawful.

DETERMINATION OF NET ASSET VALUE

18. Determination of Net Asset Value

18.1. The Net Asset Value of the Company, each Share, Class and each Series thereof shall be determined by the Directors or a duly authorised agent of the Company as at the Valuation Time on each relevant Valuation Day except where the determination of the Net Asset Value has been suspended under the provisions of these Bye-laws. The Net Asset Value as of a particular Valuation Time shall be calculated before giving effect to any subscription of Ordinary Shares that are effective as of such Valuation Time.

18.2. The Net Asset Value of the Company shall be equivalent to all the assets of the Company less all the liabilities of the Company, as at the Valuation Time on the relevant Valuation Day after taking into account any adjustments as determined by the Directors in their discretion.

18.3. The Net Asset Value of a Class or Series means the total assets of the Company attributable to the relevant Class or Series less the total liabilities of the Company attributable to the relevant Class or Series.

- 18.4. The Net Asset Value per Share of any Class or Series shall be the aggregate Net Asset Value of that Class or Series divided by the number of Shares of that Class or Series in issue as at the Valuation Time on the relevant Valuation Day.
- 18.5. Any fractions involved in the computation of the Net Asset Value shall be rounded to such number of decimal places of the unit of the relevant currency as the Directors may determine.
- 18.6. Determinations of Net Asset Value made by or on behalf of the Directors or their agents hereunder in the absence of bad faith or manifest error shall be binding on the Members and all other all parties concerned.
- 18.7. The value of the assets and liabilities of the Company and of each Class or Series thereof and the method of valuation of such assets and liabilities shall be determined by the Directors or a duly authorised agent of the Company (who may, if applicable, consult with and rely on the advice of the service providers to the Company). The Directors shall determine which accounting principles shall apply to the calculation of the Net Asset Value. Reserves may be established for estimated or accrued expenses, liabilities or contingencies in such manner and on such terms as the Directors may determine from time to time in their discretion.
- 18.8. All valuations of assets and liabilities of the Company made by the Directors pursuant to this Bye-law in the absence of bad faith or manifest error shall be final and conclusive as between the Company and its Members.

SUSPENSION

19. Suspension

- 19.1. The Directors may in their absolute discretion suspend (a) the calculation of the Net Asset Value of the Company, any relevant Class or Series and/or (b) the subscription for Ordinary Shares of a Class or Series and/or (c) the purchase by the Company of any Ordinary Shares of a Class or Series:
 - 19.1.1. during which any principal market on which a portion of the Company's assets deemed significant by the Directors, in consultation with the Investment Manager, is listed, quoted, traded or dealt in is closed (other than weekend or holiday closing) or trading in any such market is restricted or suspended;

- 19.1.2. during the existence of any state of affairs as a result of which disposal of a portion of the Company's assets deemed significant by the Directors, in consultation with the Investment Manager, is restricted under applicable U.S. or foreign securities laws or regulations, would cause the Company to incur liability or be required to disgorge profits under applicable securities laws or regulations, would result in a breach of contractual obligations of the Company to third parties, or would be materially prejudicial to investors; or
- 19.1.3. during any breakdown in the means normally employed in determining the price or value of the Company's assets or liabilities, or when for any other reason the prices or values of any assets or liabilities of the Company cannot reasonably be promptly or accurately ascertained;
- 19.1.4. during which the Company is unable to repatriate funds for the purpose of making payments on the repurchase of Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot be effected at normal rates of exchange; or
- 19.1.5. during the existence of any state of affairs as a result of which, in the opinion of the Directors, in consultation with the Investment Manager, disposal of the Company's assets, or the determination of the Net Asset Value of the Company, would not be reasonably practicable, or would be seriously prejudicial to the non-redeeming investors or the Company as a whole;
- 19.1.6. during the existence of any state of affairs as a result of which, in the opinion of the Directors, in consultation with the Investment Manager, considers it to be in the best interest of the Company.
- 19.2. Any such suspension shall take effect at such time as the Directors shall declare and shall remain in effect until the Directors declare the suspension to be at an end.

LIEN

20. Lien

- 20.1. The Company shall have a first and paramount lien on every Share (not being a fully paid Share) for all monies, whether presently payable or not, called or

payable, at a date fixed by or in accordance with the terms of issue of such Share in respect of such Share, and the Company shall also have a first and paramount lien on every Share (other than a fully paid Share) standing registered in the name of a Member, whether singly or jointly with any other person, for all the debts and liabilities of such Member or his estate to the Company, whether the same shall have been incurred before or after notice to the Company of any interest of any person other than such Member, and whether the time for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person, whether a Member or not. The Company's lien on a Share shall extend to all dividends payable thereon. The Directors may at any time, either generally or in any particular case, waive any lien that has arisen or declare any Share to be wholly or in part exempt from the provisions of this Bye-law.

- 20.2. The Company may sell, in such manner as the Directors may think fit, any Share on which the Company has a lien but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen (14) days after a notice in writing, stating and demanding payment of the sum presently payable and giving notice of the intention to sell in default of such payment, has been served on the holder for the time being of the Share.
- 20.3. The net proceeds of sale by the Company of any Shares on which it has a lien shall be applied in or towards payment or discharge of the debt or liability in respect of which the lien exists so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the Share prior to the sale) be paid to the person who was the holder of the Share immediately before such sale. For giving effect to any such sale, the Directors may authorise some person to transfer the Share sold to the purchaser thereof. The purchaser shall be registered as the holder of the Share and he shall not be bound to see to the application of the purchase money, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings relating to the sale.

CALLS ON SHARES

21. Calls on Shares

- 21.1. The Directors may from time to time make calls upon the Members (for the avoidance of doubt excluding the Company in respect of any nil or partly paid

Shares held by the Company as treasury shares) in respect of any moneys unpaid on their Shares (whether in respect of the par value of the Shares or premium or otherwise and not, by the terms of issue thereof, made payable at a future date fixed by or in accordance with such terms of issue); and each Member shall (subject to the Company serving upon him at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his Shares. A call may be revoked or postponed by the Directors wholly or in part as the Directors may determine. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.

- 21.2. Payment of a call may be made by instalments at the discretion of the Directors.
- 21.3. The joint holders of a Share shall be jointly and severally liable to pay calls in respect thereof.
- 21.4. If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day payment is due to the time of the actual payment at such rate as the Directors may determine, but the Directors may waive payment of such interest wholly or in part.
- 21.5. Any sum payable in respect of a Share on issue or allotment or at any fixed date, whether in respect of the par value of the Share or premium or otherwise, shall be deemed to be a call and if it is not paid all the relevant provisions as to payment of interest, forfeiture or otherwise of these Bye-laws shall apply as if such sum had become due and payable by virtue of a call duly made and notified.
- 21.6. The Directors may issue Shares with different terms as to the amount and times of payment of calls, or the interest to be paid.
- 21.7. The Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any Shares held by him; and may (until the amount would otherwise become payable) pay interest at such rate (not exceeding six per cent without the sanction of the Company in general meeting) as may be agreed upon between the Member paying the sum in advance and the Directors.

FORFEITURE OF SHARES

22. Forfeiture of Shares

- 22.1. If a Member fails to pay any call or instalment of a call by the date it becomes due and payable, the Directors may, at any time thereafter while such call or instalment remains unpaid, give notice to the Member requiring payment of the unpaid portion of the call or instalment, together with any accrued interest and expenses incurred by the Company by reason of such non-payment.
- 22.2. The notice shall specify where and by what date (not being less than the expiration of fourteen days from the date of the notice) payment is to be made and shall state that if it is not complied with the Shares in respect of which the call was made will be liable to be forfeited. The Directors may accept the surrender of any Share liable to be forfeited hereunder and, in such case, references to these Bye-laws to forfeiture shall include surrender.
- 22.3. If such notice is not complied with, any Share in respect of which the notice was given may thereafter, before the payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends declared, other distributions or other monies payable in respect of the forfeited Shares and not paid before the forfeiture.
- 22.4. A forfeited Share may be sold, re-allotted or otherwise disposed of upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition, the forfeiture may be cancelled on such terms as the Directors think fit.
- 22.5. A person whose Shares have been forfeited shall cease to be a Member in respect of the forfeited Shares, but shall remain liable to pay to the Company all moneys which at the date of forfeiture were presently payable by him in respect of the Shares together with interest at such rate as the Directors may determine from the date of forfeiture until payment, but his liability shall cease if and when the Company receives payment in full of all amounts due in respect of the Shares. The Company may enforce payment without being under any obligation to make any allowance for the value of the Shares forfeited.
- 22.6. An affidavit in writing by a Director or Secretary of the Company that a Share has been duly forfeited on a specified date, shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share. The

Company may receive the consideration, if any, given for the Share on any sale, re-allotment or disposition thereof and may authorise some person to execute a transfer of the Share in favour of the person to whom the Share is sold, re-allotted or otherwise disposed of, and he shall thereupon be registered as the holder of the Share, and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposition of the Share.

- 22.7. The provisions of these Bye-laws as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the par value of the Share, or by way of premium or otherwise, as if the same had been made payable by virtue of a call duly made and notified to the Member.

REGISTER OF MEMBERS

23. **Register of Members**

The Directors shall establish and maintain (or cause to be established and maintained) the Register of Members at the Registered Office or at such other place as determined by the Directors in the manner prescribed by the Companies Act. Unless the Board otherwise determines, the Register of Members shall be open to inspection in the manner prescribed by the Companies Act between 10:00 a.m. and 12:00 noon on every working day. Unless the Directors so determine, no Member or intending Member shall be entitled to have entered in the Register of Members any indication of any trust or any equitable, contingent, future or partial interest in any Share or any fractional part of a Share and if any such entry exists or is permitted by the Directors it shall not be deemed to abrogate any of the provisions of Bye-law 16.

REGISTER OF DIRECTORS AND OFFICERS

24. **Register of Directors and Officers**

The Secretary shall establish and maintain a register of the Directors and Officers of the Company as required by the Companies Act. The register of Directors and Officers shall be open to inspection in the manner prescribed by the Companies Act between 10:00 a.m. and 12:00 noon on every working day.

TRANSFER OF SHARES

25. Transfer of Shares

25.1. Subject to any applicable restrictions contained in these Bye-laws, any Member may transfer all or any of his Shares by an instrument of transfer in the usual common form or in any other form which the Directors may approve. The instrument of transfer of any Share shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee. The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the Register of Members in respect of such Share. All instruments of transfer, once registered, may be retained by the Company.

25.2. If it shall come to the notice of the Board that any Shares:

25.2.1. are or may be owned or held directly or beneficially by any person (whether on its own or in conjunction with any other circumstance appearing to the Board to be relevant) that is a pension or other benefit plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”) and in the opinion of the Board may result in the assets of the Company being considered “plan assets” within the meaning of regulations adopted under ERISA;

25.2.2. are or may be owned or held directly or beneficially such that the aggregate number of United States Persons who are holders or beneficial owners (which for the purposes of this Bye-law 25.3 shall include beneficial ownership by attribution pursuant to Section 3(c)(1)(A) of the United States Investment Company Act of 1940) of Shares or other securities of the Company and who are Private Offering Holders is or may be 100 or more; or

25.2.3. are or may be owned or held directly or beneficially by any person (whether on its own or in conjunction with any other circumstance appearing to the Board to be relevant) to whom a transfer of Shares or whose ownership or holding of any Shares might in the opinion of the Board require registration of the Company as an investment company under the United States Investment Company Act of 1940,

the Board may serve written notice (hereinafter called the "**Transfer Notice**") upon the person appearing in the Register of Members as the holder (the "**Vendor**") of any of the Shares concerned (the "**Relevant Shares**").

- 25.3. Any Transfer Notice served in accordance with this Bye-law 25 shall require the Vendor within 21 days (or such extended time as in all the circumstances the Board shall consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person, who, in the sole and conclusive determination of the Board, would not fall within Bye-law 25.3 above and whose ownership or holding of such Shares would not result in the aggregate number of Private Offering Holders who are beneficial owners or holders of Shares or other securities of the Company being 100 or more (such a person being hereinafter called an (“**Eligible Transferee**”). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Share to which it relates pursuant to the provisions of this Bye-law 25 applies, the rights and privileges attaching to the Relevant Shares shall be suspended and not capable of exercise.
- 25.4. If within 21 days after the giving of a Transfer Notice (or such extended time as in all the circumstances the Board shall consider reasonable) the Transfer Notice has not been complied with to the satisfaction of the Board, the Company may sell the Relevant Shares on behalf of the holder thereof, by instructing a London Stock Exchange member firm to sell them at the best price reasonably obtainable at the time of sale, to any Eligible Transferee or Eligible Transferees. To give effect to a sale, the Board may authorise in writing any officer or employee of the Company, or any officer or employee of the Secretary, to transfer the Relevant Shares on behalf of the holder thereof (or any person who is automatically entitled to the Shares by transmission or by law), or to cause the transfer of the Relevant Shares, to the purchaser and in relation to an uncertificated Share may require the operator to convert the Share into certificated form and an instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Shares. The purchaser is not bound to see to the application of the purchase money and the title of the transferee is not affected by any irregularity in or invalidity of the proceedings connected to the sale. The net proceeds of the sale of the Relevant Shares, after payment of the Company’s costs of the sale, shall be received by the Company, whose receipt shall be a good discharge for the purchase moneys, and shall belong to the Company and, upon receipt, the Company shall become indebted to the former holder of the Relevant Shares, or the person who is automatically entitled to the Relevant Shares by transmission or by law, for an amount equal to the net proceeds of transfer, in the case of certificated shares, upon surrender by him or them of the certificate for the Relevant Shares which the Vendor shall forthwith be obliged to deliver to the Company. The Company is deemed to be a debtor and not a trustee in respect of that

amount for the Member or other person. No interest is payable on that amount and the Company is not required to account for money earned on it. The amount may be employed in the business of the Company or as it thinks fit. The Company may register or cause the registration of the transferee as holder of the Relevant Shares and thereupon the transferee shall become absolutely entitled thereto.

- 25.5. A person who becomes aware that his holding, directly or beneficially, of Shares will, or is likely to, fall within Bye-law 25.3 or, being a Private Offering Holder and a beneficial owner or holder of Shares, becomes aware that the aggregate number of Private Offering Holders who are beneficial owners or holder of shares of other securities of the Company is more than 100, shall forthwith, unless he has already received a Transfer Notice pursuant to paragraph Bye-law 25.3, either transfer the shares to one or more Eligible Transferees or give a request in writing to the Board for the issue of a Transfer Notice in accordance with Bye-law 25.3. Every such request in relation to certificated Shares shall be accompanied by the certificate(s) for the Shares to which it relates.
- 25.6. Subject to the provisions of this Bye-law 25, the Board shall, unless any member of the Board has reason to believe otherwise, be entitled to assume without enquiry that none of the Shares are held in such a way as to entitle the Board to serve a Transfer Notice in respect thereof. The Board may, however, at any time and from time to time call upon any holder (or a person who is automatically entitled to the Shares by transmission or by law) of Shares by notice in writing to provide such information and evidence as it shall require upon any matter connected with or in relation to such holder of Shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than 21 clear days after service of the notice requiring the same) as may be specified by the Board in the said notice, the Board may, in its absolute direction, treat any Share held by such holder or a person who is automatically entitled to the Shares by transmission or by law as being held in such a way as to entitle it to serve a Transfer Notice in respect thereof.
- 25.7. The Board shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this Bye-law 25. The exercise of the powers conferred by this Bye-law 25 shall not be questioned or invalidated in any case on the ground that there was insufficient evidence of direct or beneficial ownership or holding of Shares by any person or that the true direct or beneficial owner or holder of any Shares was

otherwise than as appeared to the Board at the relevant date provided that the said powers shall have been exercised in good faith.

TRANSMISSION OF SHARES

26. Transmission of Shares

- 26.1. If a Member dies, the survivor or survivors (where he was a joint holder), and the estate representative (where he was sole holder), shall be the only person recognised by the Company as having any title to the Share. The estate of a deceased Member is not thereby released from any liability in respect of any Share held by him, whether solely or jointly. For the purpose of this Bye-law, estate representative means the person to whom probate or letters of administration has or have been granted in Bermuda or, if there is no such person, such other person as the Directors may in their absolute discretion determine to be the person recognised by the Company for the purpose of this Bye-law.
- 26.2. Any person becoming entitled to a Share in consequence of the death or bankruptcy of a Member or otherwise by operation of applicable law (or in any way other than by transfer), may elect, upon such evidence being produced as may be required by the Directors as to his entitlement, either be registered himself as a Member in respect of the Share or, instead of being registered himself, to make such transfer of the Share as the deceased or bankrupt Member could have made. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to transfer the Shares, he shall signify his election by signing an instrument of transfer of such Shares in favour of his transferee. All the limitations, restrictions and provisions of these Bye-laws relating to the right to transfer and the registration of transfers of Shares shall be applicable to any such notice or instrument of transfer as aforesaid as if the death of the Member or other event giving rise to the transmission had not occurred and the notice or instrument of transfer was an instrument of transfer signed by such Member.
- 26.3. A person becoming entitled to a Share in consequence of the death or bankruptcy of the Member (or otherwise by operation of applicable law (or in any way other than by transfer), upon such evidence being produced as may be required by the Directors as to his entitlement, shall be entitled to the same dividends and other monies payable in respect of the Share as he would be entitled if he were the holder of such Share. However, he shall not be entitled,

until he becomes registered as the holder of such Share, to receive notices of or to attend or vote at general meetings of the Company or (except as aforesaid) to exercise any other rights or privileges of a Member. The Directors may at any time give notice requiring such person to elect either to be registered himself or to transfer the Share and, if the notice is not complied with within sixty days, the Directors may thereafter withhold payment of all dividends and other monies payable in respect of the Shares until the requirements of the notice have been complied with.

- 26.4. Subject to any directions of the Directors from time to time in force, the Secretary may exercise the powers and discretion of the Directors under Bye-law 26.

CONVERSION

27. Conversion

Subject to the rights and restrictions for the time being attached to any Class or Series, the Company may convert the Shares of such Member or Members into a separate Class, sub-Class, Series or sub-Series of Shares in accordance with the provisions of the Offering Memorandum or if the Directors determine that such conversion is necessary, advisable or desirable. Any such conversion shall be treated as a simultaneous repurchase of the relevant Shares and application of the proceeds of such repurchase to the purchase of the relevant Shares of the new Class sub-Class, Series or sub-Series, provided that the Directors may effect the Conversion of B Shares into Redemption Shares as contemplated in Bye-law 4A.1 in any manner that they may in their absolute discretion determine.

INCREASE OF CAPITAL

28. Increase of Capital

28.1. The Company may from time to time by Ordinary Resolution increase its Share capital by such sum, to be divided into new Shares of such par value, and with such rights, priorities and privileges attached thereto as the Ordinary Resolution shall prescribe.

28.2. The Company may, by the Ordinary Resolution increasing the capital, direct that the new Shares or any of them shall be offered in the first instance either at par or at a premium or (subject to the provisions of the Companies Act) at a discount to all the holders for the time being of Shares of any class or classes in

proportion to the number of such Shares held by them respectively or make any other provision as to the issue of the new Shares.

- 28.3. The new Shares shall be subject to the same provisions of these Bye-laws with reference to the payment of calls, lien, forfeiture, transfer, transmission and otherwise, as the Shares in the original Share capital.
- 28.4. Subject to any directions given by the Company in general meeting, all new Shares shall be at the disposal of the Directors in accordance with these Bye-laws.

ALTERATION OF CAPITAL

29. Alteration of Capital

- 29.1. Subject to Bye-law 29.3, the Company may from time to time by Ordinary Resolution:
 - 29.1.1. divide the Shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;
 - 29.1.2. consolidate and divide all or any of its Share capital into Shares of a larger par value than its existing Shares;
 - 29.1.3. sub-divide its Shares or any of them into Shares of smaller par value than is fixed by its Memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived;
 - 29.1.4. make provision for the issue and allotment of Shares which do not carry any voting rights;
 - 29.1.5. cancel any Shares which, at the date of the passing of the Ordinary Resolution, have not been taken or agreed to be taken by any person; and
 - 29.1.6. change the currency denomination of its Share capital.
- 29.2. Where any difficulty arises in regard to any division, consolidation, or sub-division under this Bye-Law, the Directors may settle the same as they think expedient and, in particular, may arrange for the sale of the Shares representing fractions and the distribution of the net proceeds of sale in due proportion amongst the Members who would have been entitled to the fractions, and for

this purpose the Directors may authorise some person to transfer the Shares representing fractions to the purchaser thereof, who shall not be bound to see to the application of the purchase money nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

- 29.3. For such time as the Share capital of the Company is divided into separate Classes, any divisions, consolidation, sub-division and cancellation of Shares as contemplated by Bye-law 29 shall only require an Ordinary Resolution of the Class of Shares which is proposed to be divided, consolidated, sub-divided or cancelled (as the case may be), subject always to the provisions of Bye-laws 9 and 13.

REDUCTION OF CAPITAL

30. Reduction of Capital

- 30.1. Subject to the Companies Act, its Memorandum and any confirmation or consent required by law or these Bye-laws, the Company may from time to time by Ordinary Resolution authorise the reduction of its issued Share capital or any Share premium account in any manner, provided that no such authority is required in relation to the repurchase (and/or cancellation) of Shares in accordance with Bye-law 12 or the redemption of Redemption Shares in accordance with Bye-law 4A.
- 30.2. In relation to any such reduction (except for the repurchase (and/or cancellation) of Shares or the redemption of Redemption Shares), the Company may by Ordinary Resolution determine the terms upon which such reduction is to be effected including, in the case of a reduction of part only of a class of Shares, those Shares to be affected.

GENERAL MEETINGS

31. General Meeting

- 31.1. Subject to section 71 of the Companies Act, an annual general meeting of the Company shall be held in each year other than the year of incorporation in accordance with the requirements of the Companies Act at such time and place as the Directors shall appoint.
- 31.2. All meetings of the Members other than an annual general meeting shall be called a special general meeting. The Directors may, whenever they think fit, convene a special general meeting.

- 31.3. The Directors shall, upon the requisition in writing of one or more Members holding in the aggregate not less than one tenth (1/10th) of such paid up capital of the Company as at the date of the deposit of the requisition carries the right of voting at general meetings, convene a special general meeting of the Company and section 74 of the Companies Act shall apply. Any such requisition shall state the purpose of the meeting, and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form, each signed by one or more requisitionists.
- 31.4. If the Directors do not convene a general meeting within twenty-one days from the date of the deposit of the requisition, the requisitionists or any or any of them, may themselves convene a special general meeting, but any meeting so convened shall not be held after the expiration of three months from the said date. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Directors.

NOTICE OF GENERAL MEETINGS

32. Notice of General Meetings

- 32.1. Subject to the Companies Act, at least fourteen clear days' notice (exclusive of the day on which the notice is served or deemed to be served, and of the day for which the notice is given) shall be given of any annual general meeting or special general meeting. Every notice shall specify the place, the day and the time of meeting and, the nature of the business to be conducted at the meeting, and shall be given in the manner provided in these Bye-laws or in such other manner (if any) as may be prescribed by the Company, to such persons as are entitled to receive such notices from the Company. A general meeting may be convened by shorter notice, or in the case of a meeting called as an annual general meeting, by all Members entitled to attend and vote at the meeting and in the case of any other meeting by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five percent in nominal value of the Shares giving that right.
- 32.2. The accidental omission to give notice of a meeting to, or the non receipt of a notice of a meeting by any Member entitled to receive notice shall not invalidate the proceedings at any meeting.

PROCEEDINGS AT GENERAL MEETINGS

33. Proceedings at General Meetings

- 33.1. No business shall be transacted at any general meeting unless a quorum of Members is present at the time that the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman, which shall not be treated as part of the business of the Meeting. Save as herein otherwise provided, one or more Members holding in the aggregate not less than one third of the total issued Share capital of the Company present in person or by proxy and entitled to vote shall be a quorum.
- 33.2. If within five minutes (or such longer time as the chairman of the meeting may determine to wait) after the time appointed for the meeting, a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week, at the same time and place or to such other day, time and place as the Chairman may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members present shall be a quorum.
- 33.3. A meeting of the Members may be held by telephone, electronic or other communication facilities (including, without limiting the generality of the foregoing, by telephone or video conferencing) by which all persons participating in the meeting can communicate with each other simultaneously and instantaneously, and participation in such a general meeting shall constitute presence in person at such meeting.
- 33.4. Any Director, and upon giving the required notice, the Resident Representative, if any, shall be entitled to attend and speak at any general meeting of the Company.
- 33.5. The chairman (if any) of the Directors shall preside as chairman at every general meeting of the Company. If there is no such chairman, or if at any meeting he is not present within five minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the Directors present shall choose one of their number to act or, if only one Director is present, he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, the Members present and entitled to vote shall elect one of their number to be chairman.

- 33.6. The chairman may with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTING

34. Voting

- 34.1. Save where a greater majority is required by the Companies Act or these By-laws, any question proposed for consideration at any general meeting shall be decided by simple majority of the votes cast.
- 34.2. At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands or by a count of votes received in the form of electronic records, unless before or on the declaration of the result of the show of hands or count of votes received as Electronic Records, on the withdrawal of any other demand for a poll, a poll is demanded by:
- 34.2.1. the chairman of the meeting; or
 - 34.2.2. at least three Members present in person or by proxy; or
 - 34.2.3. any Member or Members present in person or by proxy and holding collectively not less than one tenth of the total voting rights of all the Members having the right to vote at such meeting; or
 - 34.2.4. a Member or Members present in person or by proxy holding Shares conferring the right to vote at such meeting, being Shares on which an aggregate sum has been paid up equal to not less than one tenth of the total sum paid up on all such Shares conferring such right.
- 34.3. Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has, on a show of hands or count of notes received as Electronic Records, been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the minutes of the proceedings of the Company shall be conclusive evidence of that fact, without proof of the number or proportion of the votes recorded in favour of, or

against, that resolution. The demand for a poll may be withdrawn by the person or any persons making it at any time prior to the declaration of the result of the poll.

- 34.4. If a poll is duly demanded, it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 34.5. In the case of an equality of votes at a general meeting, whether on a show of hands or count of notes received as Electronic Records or on a poll, the chairman of the meeting at which the show of hands takes place or count of notes received as Electronic Records or at which the poll is demanded, shall not be entitled to a second or casting vote and the resolution shall fail.
- 34.6. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken in such manner and either forthwith or at such time later in the meeting as the chairman of the meeting shall direct.
- 34.7. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded and it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier.
- 34.8. On a poll votes may be cast either personally or by proxy.
- 34.9. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.
- 34.10. On a show of hands, every Member present in person or by proxy and entitled to vote shall have one vote. On a poll, every Member present in person or by proxy and entitled to vote shall have one vote for each Share of which he is the registered holder.
- 34.11. In the case of joint holders of a Share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.
- 34.12. A Member of unsound mind, or, in respect of whom an order has been made by a court having jurisdiction in lunacy, may vote, whether on a show of hands

or on a poll, by his receiver, committee, legal guardian or other person of similar nature appointed by such court, any any such receiver, committee, legal guardian or other person may vote by proxy and may otherwise act and be treated as such Member for the purpose of the general meeting.

29.12 No Member, unless the Directors otherwise determine, shall be entitled to vote at any general meeting, unless all calls or other sums presently payable by him in respect of Shares in the Company have been paid.

29.13 No objection shall be raised as to the qualification of any voter or as to whether any votes have been properly counted except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at the meeting shall be valid. Any objection made in due time and in accordance with these Bye-laws shall be referred to the chairman whose decision shall be final and conclusive.

PROXIES AND CORPORATE REPRESENTATIVES

35. Proxies and Corporate Representatives

35.1. Any corporation which is a Member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member of the Company.

35.2. The instrument appointing a proxy or corporate representative shall be in writing under the hand of the Member or his duly authorised attorney or, if the Member is a corporation, under the hand of its duly authorised representative. A proxy or corporate representative need not be a Member.

35.3. An instrument appointing a proxy may be in any usual or common form (or such other form as the Directors may approve) and may be expressed to be for a particular meeting or any adjournment thereof or may appoint a standing proxy until notice of revocation is received at the Registered Office or at such place or places as the Directors may otherwise specify for the purpose.

35.4. The operation of a standing proxy or authorisation shall be suspended at any general meeting or adjournment thereof at which the Member is present in person or by specially appointed proxy. The Directors may require evidence as

to the due execution and continuing validity of any standing proxy or authorisation and the operation of any such standing proxy or authorisation shall be deemed to be suspended until the Directors determine that they have received such satisfactory evidence.

- 35.5. The instrument appointing a proxy or corporate representative, and the power of attorney (if any) under which it is signed, together with such other evidence as to its due execution as the Directors may from time to time require, shall be deposited at the Registered Office of the Company or at such other place as is specified for that purpose in the notice convening the meeting no later than the time for holding the meeting or adjourned meeting (or in any notice of any adjournment or, in either case or the case of a written resolution, in any document sent therewith) prior to the holding of the relevant meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, before the time appointed for the taking of the poll, or, in the case of a written resolution to be signed by a corporate representative, prior to the effective date of the written resolution, and in default the instrument of proxy or authorisation shall not be treated as valid provided that the chairman of the meeting may in his discretion accept an instrument of proxy or authorisation sent by email or telefax upon receipt of email or telefax confirmation that the signed original thereof has been sent.
- 35.6. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll, to speak at the meeting and to vote on any amendment of a written resolution or amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy or authorisation shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.
- 35.7. A vote given in accordance with the terms of an instrument of proxy or authorisation shall be valid notwithstanding the previous death or unsoundness of mind of the principal, or revocation of the proxy or of the corporate authority, unless notice in writing of such death, unsoundness of mind or revocation was received by the Company at the Registered Office (or such other place as may be specified for the delivery of instruments of proxy or authorisation in the notice convening the meeting or other documents sent therewith) before the commencement of the general meeting, or adjourned meeting, at which the instrument or proxy is used.
- 35.8. Subject to the Companies Act, the Directors may at their discretion waive any of the provisions of these Bye-laws relating to proxies or authorisations and, in

particular, may accept such verbal or other assurances as they think fit as to the right of any person to attend, speak and vote on behalf of any Member at general meetings or to sign written resolutions.

WRITTEN RESOLUTIONS OF MEMBERS

36. Written Resolutions of Members

- 36.1. Except in the case of removal of Auditors or Directors, anything which may be done by Resolution (for the purposes of this Bye-law “Resolution” shall include an Ordinary Resolution or Special Resolution) of the Members in general meeting or by Resolution of any Class of Members in separate general meeting may be done by Resolution in writing, signed by the Members (or the holders of such separate class of Shares) who at the date of the notice of the resolutions in writing represents the majority of votes that would be required if the Resolutions had been voted on at a meeting of the Members. Such resolution in writing may be signed by the Members or its proxy, or in the case of a Member that is a corporation (whether or not a company within the meaning of the Companies Act) by its representative on behalf of such Members in as many counterparts as may be necessary.
- 36.2. Notice of any Resolution in writing to be made under this section shall be given to all Members who would be entitled to attend a meeting and vote on the Resolution. The requirement to give notice of any resolutions in writing to be made under this section to such Member shall be satisfied by giving to those Members a copy of that resolution in writing in the same manner as that required for the notice of the general meeting of the company at which Resolution could have been considered, except that the length of any period of notice shall not apply. The accidental omission to give notice, in accordance with the Bye-laws, of a resolution in writing to, or the non-receipt of such notice by, any person entitled to receive such notice shall not invalidate the passing of the Resolution in writing.
- 36.3. For the purposes of this Bye-law, the date of the Resolution in writing is the date when the Resolution is signed by, or on behalf of, the last Member to sign who establishes the majority of votes required for the passing of the Resolutions in writing and any reference in any enactment to the date of passing of a Resolution is, in relation to a Resolution in writing made in accordance with this Bye-law, a reference to such date.
- 36.4. A Resolution in writing made in accordance with this Bye-law shall constitute minutes for the purposes of the Companies Act and these Bye-laws.

APPOINTMENT AND REMOVAL OF DIRECTORS

37. **Appointment and Removal of Directors**

- 37.1. The number of Directors shall be not less than two nor, unless the Members by Ordinary Resolution of the holders of the Ordinary Shares may otherwise determine, more than ten. Directors shall serve for such term as the Members by Ordinary Resolution of the holders of the Ordinary Shares may determine, or in the absence of such determination, until they are removed from office or are disqualified or resign under the terms of these Bye-laws.
- 37.2. The Directors shall have the power at any time, and from time to time, to appoint any person to be a Director, either to fill a vacancy or as an additional Director.
- 37.3. The Company may by Ordinary Resolution of the holders of the Shares appoint and remove a Director or Directors.
- 37.4. No Share holding qualification shall be required for Directors unless otherwise required by the Company by Ordinary Resolution of the holders of the Ordinary Shares.
- 37.5. A majority of the Directors will be comprised of directors who are not affiliates of Montpelier Re Holdings Ltd or of any entity providing general management and administrative services to the Company, however, they may be affiliates of the entity providing fund administration services to the Company. Amendment of this Bye-law provision requires a Special Resolution.
- 37.6. At each annual general meeting of the Company one-third of the Directors or, if their number is not a multiple of three, then the whole number nearest to but below the number that represents one-third shall retire from office. The Directors to retire by rotation each year shall be those who have been longest in office since their last appointment or reappointment but as between Directors who became or were last re-appointed on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-appointment and shall, if he is not reappointed at such meeting, retain office until the meeting appoints someone in his place, or if it does not do so, until the conclusion of such meeting.

RESIGNATION AND DISQUALIFICATION OF DIRECTORS

38. Resignation and Disqualification of Directors

38.1. The office of Director shall ipso facto be vacated if the Director:

38.1.1. resigns his office by notice in writing to the Company; or

38.1.2. becomes of unsound mind or dies and the Directors resolve that his office is vacated; or

38.1.3. becomes bankrupt under the laws of any country or makes any arrangement or composition with his creditors generally; or

38.1.4. if he ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under any provisions of any law or enactment; or

38.1.5. ceases to be a director by virtue of the Companies Act or is removed from office pursuant to these Bye-laws.

ALTERNATE DIRECTORS

39. Alternate Directors

39.1. Any Director may by writing appoint any other Director, or other person willing to act, to be his alternate and remove his alternate so appointed by him. Such appointment or removal shall be by notice to the Registered Office signed by the Director making or revoking the appointment or in any other manner approved by the Directors, and shall be effective on the date the notice is given. Subject to the removal by the appointing Director, the alternate shall continue in office until the date on which his appointer ceases to be a Director or until he is removed by resolution of the Directors. An alternate may also be a Director in his own right and may act as alternate to more than one Director.

39.2. An alternate shall be entitled to receive notice of all meetings of the Directors, attend, be counted in the quorum, vote and act in such appointor's place at every such meeting at which the appointing Director is not personally present, and generally to perform all the functions of his appointor as a Director in his absence. These Bye-laws (except as regards powers to appoint an alternate and remuneration) apply equally to the alternate as though he were the Director in his own right. An alternate Director shall be deemed for all purposes to be a

Director and shall alone be responsible for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him. The signature of an alternate to any resolution in writing of the Director or a committee shall, unless the terms of the appointment provides to the contrary, be as effective as the signature of the Director or Directors to whom he is alternate.

DIRECTORS' FEES AND EXPENSES

40. Directors' Fees and Expenses

The remuneration to be paid to the Directors, if any, shall be determined by the Company by Ordinary Resolution in general meeting or, in the absence of such a determination, by the Directors. Each Director shall also be entitled to be paid his reasonable travelling, hotel and other expenses properly incurred by him in connection with his attendance at meetings of the Directors, committees of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other. The Directors may by resolution approve additional remuneration to any Director for services which in the opinion of the Directors go beyond the ordinary duties of a Director, and such extra remuneration shall be in addition to any remuneration provided for, by or pursuant to any other Bye-law.

DIRECTORS' INTERESTS

41. Directors' Interests

41.1. A Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as to remuneration and otherwise as the Directors may determine.

41.2. A Director or officer may act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or officer.

41.3. No Director or officer shall be disqualified from his office or prevented by such office from holding any office or place of profit under the Company or under any company in which the Company shall be a Member or have any interest, or from contracting with the Company, either as vendor, purchaser or

otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or officer shall be in any way interested be or be liable to be avoided nor shall any Director or officer so contracting, dealing or being so interested be liable to account to the Company for any profit realised by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established, provided the nature of the interest is disclosed at the first opportunity at a meeting of directors, or in writing to the directors.

- 41.4. Approval of disinterested Directors is required for any transaction involving the Company and an affiliate of any Director if the transaction is not made on arms-length terms in the ordinary course of business, as determined by the disinterested Directors, and approval of the Directors is required for any transaction between the Company and any of its affiliates that is not made on arms-length terms in the ordinary course of business, as determined by the Directors.
- 41.5. A Director (or his alternate Director in his absence) shall be at liberty to vote in respect of any contract or transaction in which he is interested and may be counted in the quorum at such meeting provided that the nature of the interest of the Director in any such contract or transaction shall be disclosed by him at or prior to its consideration and any vote thereon and provided that the director is not disqualified from doing so by the chairman of the meeting.
- 41.6. The nature of the interest of any Director or officer in any contract, dealing or transaction with or affecting the Company shall be disclosed by him at or prior to its consideration and any vote thereon and a general notice that a Director or officer is a Member of any specified firm or company and/or is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure hereunder and after such general notice it shall not be necessary to give special notice relating to any particular transaction.

POWERS AND DUTIES OF DIRECTORS

Powers and Duties of Directors

- 41.7. The business of the Company shall be managed by the Directors, who may pay all expenses incurred in promoting and incorporating the Company and may exercise all such powers of the Company as are not, by the Companies Act or these Bye-laws, required to be exercised by the Company in general meeting, subject, nevertheless, to any clause of these Bye-laws, to the provisions of the Companies Act, and to such regulations, being not inconsistent with the

aforesaid clauses or provisions, as may be prescribed by the Company in general meeting but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

- 41.8. The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof, to issue debentures, debenture stock and other securities and guarantees whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.
- 41.9. All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or not, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine.
- 41.10. The Directors on behalf of the Company may provide benefits, whether by the payment of gratuities or pensions or otherwise, for any person including any Director or former Director who has held any executive office or employment with the Company or any body corporate which is or has been a subsidiary or affiliate of the Company or a predecessor in the business of the Company or of any such subsidiary or affiliate, and to any member of his family or any person who is or was dependent on him, and may contribute to any fund and pay premiums for the purchase or provision of any such gratuity, pension or other benefit, or for the insurance of any such person.
- 41.11. No document or deed otherwise duly executed and delivered by or on behalf of the Company shall be regarded as invalid merely because at the date of delivery of the deed or document, the Director, Secretary or other officer or person who shall have executed the same and/or affixed the Seal (if any) thereto as the case may be for and on behalf of the Company shall have ceased to hold such office or to hold such authority on behalf of the Company.
- 41.12. The Directors may from time to time appoint one of their number to be a managing director, joint managing director or an assistant managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Directors may determine and may revoke or terminate any such appointments. Any such revocation or termination as aforesaid shall be without prejudice to any claim for damages that such Director may have against the Company or the Company may have against such

Director for any breach of any contract of service between him and the Company which may be involved in such revocation or termination. Any person so appointed shall receive such remuneration (if any) (whether by way of salary, commission, participation in profits or otherwise) as the Directors may determine, and either in addition to or in lieu of his remuneration as a Director.

- 41.13. Notwithstanding any provision in these Bye-laws to the contrary, a sole Director shall be entitled to exercise all of the powers and functions of the Directors which may be imposed on them by Companies Act or by these Bye-laws.

DELEGATION OF DIRECTORS' POWERS

42. Delegation of Directors' Powers

- 42.1. Directors may from time to time and at any time by power of attorney or otherwise appoint any company, firm or person or fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Bye-laws) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney and of such attorney as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.
- 42.2. The Directors may delegate any of the powers exercisable by them to a managing director, Director or any other person or persons acting individually or jointly as they may from time to time by resolution appoint upon such terms and conditions and with such restrictions as they may think fit, and may from time to time by resolution revoke, withdraw, alter or vary all or any such powers.

PROCEEDINGS OF DIRECTORS

43. Proceedings of Directors

- 43.1. The Directors may meet together (either within or without Bermuda) for the despatch of business, adjourn, and otherwise regulate their meetings and

proceedings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman shall not have a second or casting vote and the motion shall be deemed to have been lost.

- 43.2. A Director or Alternate Director may, and the Secretary on the requisition of a Director or Alternate Director shall, at any time, summon a meeting of Directors by at least five days notice in writing to every Director and alternate Director which notice shall set forth the general nature of the business to be considered provided however that notice may be waived by all the Directors (or their alternates) either at, before or retrospectively after the meeting is held provided further that notice or waiver thereof may be given by email or other electronic communication.
- 43.3. The quorum for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed by the Directors, shall be two Directors or their proxies, and shall be one if there is a sole Director. An alternate appointed by a Director shall be counted in a quorum at a meeting at which the Director appointing him is not present provided always that where a Director is acting in his own right and also as an alternate he is only counted once in the quorum. A Director who ceases to be a Director at a meeting of the Directors may continue to be present and to act as a Director and be counted in the quorum until the termination of the meeting provided no other Director objects and if otherwise a quorum of Directors would not be present.
- 43.4. The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to these Bye-laws as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose.
- 43.5. The Directors may elect a chairman of their meetings and determine the period for which he is to hold office; but if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.
- 43.6. A resolution in writing signed by all of the Directors or all of the members of a committee of Directors for the time being entitled to receive notice of a meeting of the Directors (or by an alternate Director as provided in these Bye-laws), including a resolution signed in counterpart and/or sent or evidenced by

way of signed telefax or electronic transmission, shall be as valid and effectual as if it had been passed at a meeting of the Directors or of a committee of Directors duly called and constituted.

- 43.7. To the extent permitted by law, a meeting of the Directors or a committee appointed by the Directors may be held by means of such telephone, electronic or other communication facilities (including, without limiting the generality of the foregoing, by telephone or by video conferencing) as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously and participation in such a meeting shall constitute presence in person at such meeting. Such a meeting shall be deemed to take place where the largest group of those Directors participating in the meeting is physically assembled, or, if there is no such group, where the chairman of the meeting then is.
- 43.8. All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

COMMITTEES OF DIRECTORS

44. Committees of Directors

- 44.1. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Directors.
- 44.2. A committee may elect a chairman of its meetings; if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.
- 44.3. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present and in case of an equality of votes the chairman shall not have a second or casting vote and the motion shall be deemed to have been lost.

OFFICERS

45. Officers

The Directors may appoint a Secretary and such other officers as they may from time to time consider necessary upon such terms as to duration of office, remuneration and otherwise as they may think fit. Such Secretary or other officers need not be Directors and in the case of the other officers may be ascribed such titles as the Directors may decide and the Directors may revoke or terminate any such election or appointment. Any such revocation or termination shall be without prejudice to any claim for any damages that such officer may have against the Company or the Company may have against such officer for any breach of any contract of service between him and the Company which may be involved in such revocation or termination. Save as provided in the Companies Act or these Bye-laws, the powers and duties of the officers of the Company shall be such (if any) as are determined from time to time by the Directors.

SERVICE PROVIDERS

46. Service Providers

The Directors may appoint or remove at any time any one or more person or persons to act as service providers to the Company including, but without limitation, as administrator, custodian, distributor, investment adviser, investment manager and/or prime broker to the Company and the Directors may entrust to and confer upon such service providers any of the powers exercisable by them as Directors upon such terms and conditions, including without limitation, the right to remuneration payable by, and indemnification from, the Company and with such restrictions and with such powers of delegation as they think fit and either collaterally with or to the exclusion of their own powers.

MINUTES

47. Minutes

47.1. The Directors shall cause minutes to be made and records kept for the purpose of recording:

47.1.1.all appointments of officers made by the Directors;

47.1.2.the names of the Directors and other persons present at each meeting of the Directors and of any committee of the Directors;

47.1.3.all resolutions and proceedings at all meetings of the Members of the Company or any class of Members and of the Directors and of committees of Directors; and the chairman of all such meetings or of any meeting confirming the minutes thereof shall sign the same.

SEALS

48. Seals

48.1. The Directors may authorise the production of a common seal of the Company and one or more duplicate common seals of the Company, which shall consist of a circular device with the name of the Company around the outer margin thereof and the country and year of registration in Bermuda across the centre thereof.

48.2. Any document required to be under seal or executed as a deed on behalf of the Company may be

48.2.1. executed under the Seal in accordance with these Bye-Laws; or

48.2.2. signed or executed by any person authorised by the Directors for that purpose, without the use of the Seal.

48.3. The Directors shall provide for the custody of every Seal. A Seal shall only be used by authority of the Directors or of a committee constituted by the Directors. Subject to these Bye-Laws, any instrument to which a Seal is affixed shall be attested by the signature of:

48.3.1. a Director; or

48.3.2. the Secretary; or

48.3.3. any one person authorised by the Directors for that purpose.

DIVIDENDS AND OTHER DISTRIBUTIONS

49. Dividend and Other Distributions

49.1. Subject to these Bye-laws and the Companies Act, the Directors may from time to time declare dividends or distributions, as the case may be, to be paid to the relevant Member according to their rights and interests, including such interim dividends as appear to the Directors to be justified by the position of the Company. The Directors, in their discretion, may determine that any

dividend shall be paid in cash or shall be satisfied in paying up in full Shares in the Company to be issued to the Members credited as fully paid or partly paid or partly in one way and partly the other. The Directors may also pay any fixed cash dividend which is payable on any Shares of the Company half yearly or on such other dates, whenever the position of the Company, in the opinion of the Directors, justifies such payment.

- 49.2. No dividend shall be paid otherwise than out of profits or out of monies otherwise available for dividend in accordance with the Law.
- 49.3. Except insofar as the rights attaching to, or the terms of issue of, any Share otherwise provide:
 - 49.3.1. all dividends or distributions out of contributed surplus may be declared and paid according to the amounts paid up on the Shares in respect of which the dividend or distribution is paid, and an amount paid up on a Share in advance of calls may be treated for the purpose of this Bye-law as paid-up on the Share;
 - 49.3.2. dividends or distributions out of contributed surplus may be apportioned and paid pro rata according to the amounts paid-up on the Shares during any portion or portions of the period in respect of which the dividend or distribution is paid.
- 49.4. The Directors may deduct from any dividend, distribution or other monies payable to a Member by the Company on or in respect of any Shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in respect of Shares of the Company.
- 49.5. No dividend, distribution or other monies payable by the Company on or in respect of any Share shall bear interest against the Company.
- 49.6. Any dividend, distribution or interest, or part thereof payable in cash, or any other sum payable in cash to the holder of Shares may be paid by cheque or warrant sent through the post or by courier addressed to the holder at his address in the Register of Members or, in the case of joint holders, addressed to the holder whose name stands first in the Register of Members in respect of the Shares at his registered address as appearing in the Register of Members or addressed to such person at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first in the Register of Members in respect of such Shares, and shall be sent at his or their

risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two (2) or more joint holders may give effectual receipts for any dividends, distributions or other monies payable or property distributable in respect of the Shares held by such joint holders.

- 49.7. Any dividend or distribution out of contributed surplus unclaimed for a period of six (6) years from the date of declaration of such dividend or distribution shall be forfeited and shall revert to the Company and the payment by the Directors of any unclaimed dividend, distribution, interest or other sum payable on or in respect of the Share into a separate account shall not constitute the Company a trustee in respect thereof.
- 49.8. The Directors may also, in addition to its other powers, direct payment or satisfaction of any dividend or distribution out of contributed surplus wholly or in part by the distribution of specific assets, and in particular of paid-up shares or debentures of any other company, and where any difficulty arises in regard to such distribution or dividend, the Directors may settle it as it thinks expedient, and in particular, may authorise any person to sell and transfer any fractions or may ignore fractions altogether, and may fix the value for distribution or dividend purposes of any such specific assets and may determine that cash payments shall be made to any Members upon the footing of the values so fixed in order to secure equality of distribution and may vest any such specific assets in trustees as may seem expedient to the Directors, provided that such dividend or distribution in respect of any Shares must be sanctioned by a Special Resolution of the relevant class of Share and may not be satisfied by the distribution of any partly paid shares or debentures of any company without the consent of each Member to whom it is proposed any such distribution is made.

RESERVES

50. Reserves

The Directors may, before declaring any dividend or distribution, set aside such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for meeting contingencies, or for equalising dividends, or for any other purpose of the Company, and pending such application may, in their discretion, be employed in the business of the Company or be invested in such manner as the Directors may from time to time think fit. The Directors may also without placing the same to reserve carry forward any sums which they think it prudent not to distribute.

CAPITALISATION OF PROFITS

51. Capitalisation of Profits

- 51.1. The Directors may capitalise any sum standing to the credit of any of the Company's reserve accounts which are available for distribution (including its Share premium account subject to the Companies Act) for any Class or any sum standing to the credit of the profit and loss account of any Class or otherwise available for distribution for any Class and may appropriate such sums to Members of the relevant Class in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend and to apply such sum on their behalf in paying up in full unissued Shares of the relevant Class for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid.
- 51.2. Where any difficulty arises in regard to any distribution under the last preceding Bye-law, the Directors may settle the same as they think expedient and, in particular, may authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments should be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Directors. The Directors may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

RECORD DATE

52. Record Date

The Directors may fix in advance a date as the record date to determine the Members entitled to notice of or to vote at a meeting of the Members and, for the purpose of determining the Members entitled to receive payment of any dividend, the Directors may, at or within 90 days prior to the date of the declaration of such dividend, fix a subsequent date as the record date for such determination. If no such record date is fixed, the record date shall be the date on which notice of the meeting is sent or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be. A determination of Members entitled to vote at any meeting of Members in accordance with these Bye-laws shall apply to any adjournment thereof.

ACCOUNTING RECORDS

53. Accounting Records

- 53.1. The records of account shall be kept at the Registered Office or at such other place or places as the Directors thinks fit, and shall at all times be open to inspection by the Directors PROVIDED; that if the records of account are kept at some place outside Bermuda, there shall be kept at an office of the Company in Bermuda such records as will enable the Directors to ascertain with reasonable accuracy the financial position of the Company at the end of each three (3) month period. No Member (other than an Officer of the Company) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the Directors or by Ordinary Resolution.
- 53.2. A copy of every balance sheet and statement of income and expenditure, including every document required by law to be annexed thereto, which is to be laid before the Company in general meeting, together with a copy of the auditors' report, shall be sent to each person entitled thereto in accordance with the requirements of the Companies Act.

SERVICE OF NOTICES AND DOCUMENTS

54. Service of Notices and Documents

- 54.1. Any notice or other document (including but not limited to a Share certificate, any notice of a general meeting of the Company, any instrument of proxy) may be sent to, served on or delivered to any Member by the Company:
- 54.1.1. personally;
 - 54.1.2. by sending it through the post (by airmail where applicable) in a pre-paid letter addressed to such Member at his address as appearing in the Register;
 - 54.1.3. by sending it by courier to or leaving it at the Member's address appearing in the Register;
 - 54.1.4. where applicable, by sending it by email or facsimile or other mode of representing or reproducing words in a legible and non-transitory form or by sending an electronic record of it by electronic means, in each

case to an address or number supplied by such Member for the purposes of communication in such manner; or

54.1.5. by publication of an electronic record of it on a website and notification of such publication (which shall include the address of the website, the place on the website where the document may be found, and how the document may be accessed on the website) by any of the methods set out in paragraphs 54.1.1, 54.1.2, 54.1.3 and 54.1.4 of this Bye-law, in accordance with the Companies Act.

54.2. In the case of joint holders of a Share, service or delivery of any notice or other document on or to one of the joint holders shall for all purposes be deemed as sufficient service on or delivery to all the joint holders.

54.3. Any notice or other document shall be deemed to have been served on or delivered to any Member by the Company:

54.3.1. if sent by personal delivery, at the time of delivery;

54.3.2. if sent by post, forty-eight (48) hours after it was put in the post;

54.3.3. if sent by courier or facsimile, twenty-four (24) hours after sending;

54.3.4. if sent by email or other mode of representing or reproducing words in a legible and non-transitory form or as an electronic record by electronic means, twelve (12) hours after sending; or

54.3.5. if published as an electronic record on a website, at the time that the notification of such publication shall be deemed to have been delivered to such Member,

54.3.6. and in proving such service or delivery, it shall be sufficient to prove that the notice or document was properly addressed and stamped and put in the post, published on a website in accordance with the Companies Act and the provisions of these Bye-laws, or sent by courier, facsimile, email or as an electronic record by electronic means, as the case may be, in accordance with these Bye-laws.

54.4. Each Member and each person becoming a Member subsequent to the adoption of these Bye-laws, by virtue of its holding or its acquisition and continued holding of a Share, as applicable, shall be deemed to have acknowledged and agreed that any notice or other document (excluding a

Share certificate) may be provided by the Company by way of accessing them on a website instead of being provided by other means.

- 54.5. Any notice or other document delivered, sent or given to a Member in any manner permitted by these Bye-laws shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any Share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service or delivery of the notice or document, have been removed from the Register as the holder of the Share, and such service or delivery shall for all purposes be deemed as sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the Share.
- 54.6. Save as otherwise provided, the provisions of these Bye-Laws as to service of notices and other documents on Members shall mutatis mutandis apply to service or delivery of notices and other documents to the Company or any Director, Alternate Director or Resident Representative pursuant to these Bye-Laws.

NOTIFICATION BY INTERESTED MEMBERS

55. Notification by Interested Members

- 55.1. The Directors may serve notice on any holder of Shares in the Company requiring that holder of Shares disclose to the Company the identity of any person (other than the holder of Shares) who has an interest in such Shares. Any notice shall require any information in response to such notice to be given within such reasonable time as the Directors may determine.
- 55.2. Unless otherwise directed by the Directors, for so long as any person is in default of his obligations under this Bye-law within the prescribed period (which shall be 28 days after the service of notice by the Company or 14 days, if the Shares concerned represent 0.25 per cent. or more of the issued Shares of the Company), the Directors may in their absolute discretion serve a direction notice on the holder of such Shares. The direction notice may direct that in respect of the Shares of which the default has occurred (the “**Default Shares**”), the holder shall not be entitled to vote at any general meeting of the Company. Where the Default Shares represent at least 0.25 per cent of the

class of Shares concerned, the direction notice may additionally direct that dividends on such Shares be retained by the Company (without interest) and that no transfer of the Default Shares (other than a transfer authorised under the Bye-laws) shall be registered until the default is rectified.

55.3. In this Bye-law, “**Interest**” includes an interest of any kind, (whether conditional or absolute) whatsoever in the Shares (and accordingly there are to be disregarded any restraints or restrictions to which the exercise of any right attached to the interest is or may be subject), including:

55.3.1. a joint interest,

55.3.2. a beneficial interest,

55.3.3. a contractual right to purchase;

55.3.4. the right to exercise any right conferred by or the right to control the exercise of such right in Shares; or

55.3.5. the right to call for delivery of, the right to acquire or the obligation to take an interest in Shares.

55.4. For the purposes of 55.3.4 above, a person is entitled to exercise or control the exercise of any right conferred by the holding of Shares if he has a right (whether subject to conditions or not) the exercise of which would make him so entitled, or is under an obligation (whether so subject or not) the fulfilment of which would make him so entitled

WINDING UP

56. Winding Up

56.1. Subject to the Companies Act and these Bye-laws, if the Company shall be wound up, the liquidator may, with the sanction of a Ordinary Resolution of the Company and any other sanction required by the Companies Act, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purposes set such values as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trust for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to

accept any Shares or other assets upon which there is any liability. For the avoidance of doubt the Company shall be wound up in accordance with provisions of the Companies Act, and any other statute which applies to the winding up of a company.

- 56.2. If the Company shall be wound up and the assets available for distribution amongst the Members of a Class as such shall be insufficient to repay the whole of the paid up capital issued in respect of such Class, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members of the relevant Class in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the Shares held by them respectively. And if in a winding up the assets available for distribution amongst the Members of a Class shall be more than sufficient to repay the whole of the capital paid up in respect of such Class at the commencement of the winding up, the excess shall be distributed amongst the Members of the relevant Class in proportion to the capital paid up at the commencement of the winding up on the Shares held by them respectively, provided that if there is more than one Class of Shares in issue on the commencement of the winding up, the Share Surplus shall be divided amongst the holders of Ordinary Shares according to the rights attaching thereto as if the Share Surplus comprised the assets of the Company available for distribution and the C Share Surplus shall be divided amongst the holders of C Share(s) pro rata according to their holdings of C Shares, and the Redemption Share Surplus shall be divided amongst the holders of Redemption Shares pro rata according to their holdings of Redemption Shares of the relevant Class. This Bye-law is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

INDEMNITY

57. Indemnity

- 57.1. Subject to the proviso below, every Indemnified Person shall be indemnified and held harmless out of the assets of the Company against all liabilities, loss, damage or expense (including but not limited to liabilities under contract, tort and statute or any applicable foreign law or regulation and all reasonable legal and other costs including defence costs incurred in defending any legal proceedings whether civil or criminal and expenses properly payable) incurred or suffered by him by or by reason of any act done, conceived in or omitted in the conduct of the Company's business or in the discharge of his duties and the indemnity contained in this Bye-law shall extend to any Indemnified Person

acting in any office or trust in the reasonable belief that he has been appointed or elected to such office or trust notwithstanding any defect in such appointment or election PROVIDED ALWAYS that the indemnity contained in this Bye-law shall not extend to any matter which would render it void pursuant to the Companies Act.

- 57.2. No Indemnified Person shall be liable to the Company for the acts, defaults or omissions of any other Indemnified Person.
- 57.3. Every Indemnified Person shall be indemnified out of the assets of the Company against all liabilities incurred by him or by reason of any act done, conceived in or omitted in the conduct of the Company's business or in the discharge of his duties in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted, or in connection with any application under the Companies Act in which relief from liability is granted to him by the court.
- 57.4. To the extent that any Indemnified Person is entitled to claim an indemnity pursuant to these Bye-laws in respect of amounts paid or discharged by him, the relevant indemnity shall take effect as an obligation of the Company to reimburse the person making such payment or effecting such discharge.
- 57.5. Each Member and the Company agree to waive any claim or right of action he or it may at any time have, whether individually or by or in the right of the Company, against any Indemnified Person on account of any action taken by such Indemnified Person or the failure of such Indemnified Person to take any action in the performance of his duties with or for the Company PROVIDED HOWEVER that such waiver shall not apply to any claims or rights of action arising out of the fraud of such Indemnified Person or to recover any gain, personal profit or advantage to which such Indemnified Person is not legally entitled.
- 57.6. Expenses incurred in defending any civil or criminal action or proceeding for which indemnification is required pursuant to these Bye-Laws shall be paid by the Company in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of the Indemnified Person to repay such amount if any allegation of fraud or dishonesty is proved against the Indemnified Person.
- 57.7. The advance of moneys would not be paid unless the advance was duly authorized upon a determination that the indemnification of the Indemnified Person was appropriate because the Indemnified Person had met the standard

of conduct which would entitle the Indemnified Person to indemnification and further the determination referred to above must be made by a majority vote of the Directors at a meeting duly constituted by a quorum of Directors not party to the proceedings in respect of which the indemnification is, or would be, claimed; or, in the case such meeting cannot be constituted by lack of disinterested quorum by an independent third party; or, alternatively, by a majority vote of the Members.

57.8. Each Member of the Company, by virtue of its acquisition and continued holding of a Share shall be deemed to have acknowledged and agreed that the advances of funds may be made by the Company as aforesaid, and when made by the Company under this Bye-law 51 are made to meet expenditures incurred for the purpose of enabling such Indemnified Person to properly perform his or her duties to the Company.

ORGANISATION EXPENSES

58. **Organisation Expenses**

The preliminary and organisation expenses incurred in forming the Company and in connection with the initial offering of Ordinary Shares and any listing of the Shares on any stock exchange shall be paid by the Company and may be amortised in such manner and over such period of time and at such rate as the Directors shall determine and the amount so paid shall, in the accounts of the Company, be charged against income and/or capital.

AMALGAMATION

59. **Amalgamation**

Any resolution proposed for consideration at any general meeting to approve the amalgamation of the Company with any other company, wherever incorporated, shall require the approval of a simple majority of votes cast at such meeting and the quorum for such meeting shall be that required in these Bye-laws and a poll may be demanded in respect of such resolution in accordance with the provisions of Bye-Law 29.2.

DISCONTINUATION

60. **Discontinuation**

Subject to the Companies Act, the Directors may approve the discontinuation of the

Company in Bermuda and the continuation of the Company in a jurisdiction outside Bermuda. The Directors, having resolved to approve the discontinuation of the Company, may further resolve not to proceed with any application to discontinue the Company in Bermuda or may vary such application as it sees fit.

ALTERATION OF BYE-LAWS

61. Alteration of Bye-Laws

These Bye-laws may be amended from time to time by resolution of the Directors, but subject to approval by Ordinary Resolution.

DEPOSITORY INTERESTS

62. Depository Interests

The Directors shall, subject always to the Companies Act, any other applicable law and regulations and the facilities and requirements of any relevant system concerned and these Bye-laws, have power to implement and/or approve any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title to and transfer of interests in warrants or Shares in the form of depository interests or similar interests, instruments or securities and to the extent such arrangements are so implemented, no provision of these Bye-laws shall apply or have effect to the extent that it is in any respect inconsistent with the holding or transfer thereof or the Shares or warrant represented thereby. The Directors may from time to time take such actions and do such things as it may, in their absolute discretion, think fit in relation to the operation of any such arrangements.

CONTINUATION

63. Continuation

If the Company's Net Asset Value as at 30 June 2014 is less than US\$150 million, the Directors will convene a general meeting within four calendar months of 30 June 2014 to propose a continuation vote to Members for the Company to continue in its existing format, requiring approval by Ordinary Resolution.

BYE-LAWS

of

BLUE CAPITAL GLOBAL REINSURANCE FUND LIMITED

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BYE-LAWS

OF

BLUE CAPITAL GLOBAL REINSURANCE FUND LIMITED

Adopted by a Resolution dated ~~15 November 2012~~ [***]

INTERPRETATION

1. Interpretation

- 1.1. In these Bye-laws, the following terms shall have the following meanings unless the context otherwise requires:

Auditors means the person or firm for the time being appointed as auditors of the Company (if any);

Business Day means any day or days as the Directors may determine from time to time and detailed in the relevant Offering Memorandum in respect of any Share;

B Shares means a separate Class of Shares in the capital of the Company, designated as B Shares, and having the rights set out in these Bye-laws;

Bye-laws means these bye-laws of the Company as amended or supplemented from time to time in accordance with these Bye-laws;

C Shares means a separate class of Shares in the capital of the Company issued and designated as C Shares of whatever Class or Series having the rights set out in these Bye-laws;

C Share Surplus means, in relation to any Class of C Shares, the net assets of the Company attributable to the C Shares in that Class, being the assets attributable to the C Shares in that Class (including for the avoidance of doubt, any income and/or revenue (net of expenses) arising from or relating to such assets) less such proportion of the Company's liabilities as the Directors shall reasonably allocate to the assets of the Company attributable to such C Shares;

Calculation Time in relation to any Class of C Shares means the date determined by the Directors for the calculation of the respective net asset values of the relevant Class of C Shares and the Ordinary Shares in issue for the purposes of Conversion, as detailed in the Offering Memorandum issued by the Company in respect of the relevant Class of C Shares;

Class means a class of Shares in the capital of the Company as created and designated by the Directors from time to time pursuant to these Bye-laws, and which shall include a sub-class if so designated by the Directors;

Companies Act means Companies Act 1981, as amended;

Conversion means:

(i) in relation to any Class of C Shares, the conversion of that Class of C Shares into Ordinary Shares; ~~and~~

(ii) in ~~accordance with these Bye laws~~ relation to any B Shares, the conversion of those B Shares into a Class of Redemption Shares;

Conversion Ratio means A divided by B calculated to four decimal places (with 0.00005 being rounded upwards) where:

$$A = \frac{C-D}{E}$$

~~and~~

And

$$B = \frac{F-G}{H}$$

and where:

“C” is the aggregate of:

(i) ~~(i)~~ — the value of the investments of the Company attributable to the C Shares of the relevant Class (other than investments

which are subject to restrictions on transfer or a suspension of dealings, which are to be valued in accordance with (ii) below which are listed or dealt in on a stock exchange or on a similar market:

(a) ~~(a)~~—calculated in the case of investments of the Company which are listed on the London Stock Exchange according to the prices issued by the London Stock Exchange as at the Calculation Time, being the closing middle market prices for all investments other than the FTSE 100 constituents and FTSE 100 reserve list constituents for which the last trade prices shall be used. If any such investments are traded under the London Stock Exchange Daily Electronic Trading Service (“SETS”) and the latest recorded prices at which such investments have been traded as shown in the London Stock Exchange Daily Official List differ materially from the bid and offer prices of the investments quoted on SETS as at the Calculation Time, the value of such investments shall be adjusted to reflect the fair realisable value as determined by the Directors. Investments of the Company which are listed, quoted or dealt in on any other recognised stock exchange shall be valued by reference to the closing middle market prices on the principal stock exchange or market where the relevant investment is listed, quoted or dealt in as at the Calculation Time, as shown by the relevant exchange's or market's recognised method of publication of prices for such investments. Debt related securities (including Government stocks) shall be valued by reference to the closing middle market price, subject to any adjustment to exclude any accrual of interest which may be included in the quoted price, as at the Calculation Time; or

(b) ~~(b)~~—where such published prices are not available, calculated by reference to the Directors' belief as to a fair current trading price at the Calculation Time for those investments, after taking account of any other price publication services reasonably available to the Directors;

(ii) ~~(ii)~~—the value of all other investments of the Company attributable to the C Shares of the relevant Class in issue at the Calculation Time at their respective acquisition costs, subject to such adjustments as the Directors may deem appropriate to be made for any variations in the value of such investments between the date of acquisition and the Calculation Time; and

(iii) ~~(iii)~~—the amount which, in the Directors’ opinion, fairly reflects, at the Calculation Time, the value of the current assets of the Company attributable to the C Shares of the relevant Class (including cash and deposits with or balances at bank and including any accrued income and other items of a revenue nature less accrued expenses) other than those assets that are valued in accordance with paragraphs (i) or (ii) above in order to prevent any double-counting of the same assets;

“D” is the amount which (to the extent not otherwise deducted in the calculation of “C”) in the Directors’ opinion fairly reflects the amount of the liabilities attributable to the C Shares of the relevant Class at the Calculation Time;

“E” is the number of C Shares of the relevant Class in issue at the Calculation Time;

“F” is the aggregate of:

(i) ~~(i)~~—the value of all the investments of the Company (other than investments which are subject to restrictions on transfer or a suspension of dealings, which are to be valued in accordance with (ii) below), other than investments attributable to the C Shares (of whatever Class) in issue at the Calculation Time, which are listed or dealt in on a stock exchange or on a similar market:

(a) ~~(a)~~—calculated in the case of investments of the Company which are listed on the London Stock Exchange

according to the prices issued by the London Stock Exchange as at the Calculation Time, being the closing middle market prices for all investments other than the FTSE 100 constituents and FTSE 100 reserve list constituents for which the last trade prices shall be used. If any such investments are traded under the London Stock Exchange Daily Electronic Trading Service (“SETS”) and the latest recorded prices at which such investments have been traded as shown in the London Stock Exchange Daily Official List differ materially from the bid and offer prices of the investments quoted on SETS as at the Calculation Time, the value of such investments shall be adjusted to reflect the fair realisable value as determined by the Directors. Investments of the Company which are listed, quoted or dealt in on any other recognised stock exchange shall be valued by reference to the closing middle market prices on the principal stock exchange or market where the relevant investment is listed, quoted or dealt in as at the Calculation Time, as shown by the relevant exchange’s or market’s recognised method of publication of prices for such investments. Debt related securities (including Government stocks) shall be valued by reference to the closing middle market price, subject to any adjustment to exclude any accrual of interest which may be included in the quoted price, as at the Calculation Time; or

(b) ~~(b)~~—where such published prices are not available, calculated by reference to the Directors’ belief as to a fair current trading price at the Calculation Time for those investments, after taking account of any other price publication services reasonably available to the Directors;

(ii) ~~(ii)~~—the value of all other investments of the Company, other than investments attributable to the C Shares (of whatever Class) in issue at the Calculation Time at their respective acquisition costs, subject to such adjustments as the Directors may deem appropriate to be made for any variations in the value of such investments between the date of acquisition and the Calculation Time, and

(iii) ~~(iii)~~—the amount which, in the Directors’ opinion, fairly reflects, at the Calculation Time, the value of the current assets of the Company (including cash and deposits with or balances at bank and including any accrued income or other items of a revenue nature less accrued expenses) other than those assets that are valued in accordance with paragraphs (i) or (ii) above in order to prevent any double-counting of the same assets, other than such assets attributable to the C Shares (of whatever Class) in issue at the Calculation Time;

“G” is the amount which (to the extent not otherwise deducted in the calculation of "F") in the Directors’ opinion fairly reflects the amount of the liabilities and expenses of the Company at the Calculation Time including, for the avoidance of doubt, the full amount of all dividends declared but not paid) less the amount of “D”; and

“H” is the number of Ordinary Shares in issue at the Calculation Time;

Conversion Time means a time which falls after the Calculation Time and is the time at which the admission of the New Shares to Trading becomes effective and which is the opening of business on such Business Day as is selected by the Directors provided that such day shall not be more than twenty Business Days after the Calculation Time;

Company means Blue Capital Global Reinsurance Fund Limited;

Default Shares has the meaning given in Bye-law 55;

Directors means the directors for the time being of the Company and “**Board**” shall mean the board of directors;

Direct Purchaser means a United States Person who acquired securities of the Company from the Company or its agents or affiliates;

Electronic Record has the same meaning as in the Electronic

Transactions Act 1999 of Bermuda, as amended;

Indemnified Person means any Director, Officer, Resident Representative, member of a committee duly constituted under these Bye-laws and any liquidator, manager or trustee for the time being, acting in relation to the affairs of the Company, and their heirs, executors and administrators;

Independent Accountants means such firm of chartered accountants as the Directors may, from time to time, appoint for the purpose;

Ineligible Investor means any person who holds or owns Ordinary Shares in breach of the restrictions as to who may invest in the Company as determined by the Directors from time to time in their discretion;

Investment means any right or interest in any Share, stock, bond, debenture, debenture stock, unit, sub-unit or other security or any loan of money or any currency or interest in any currency and includes any futures or forward contract or similar financial or other derivative instruments and any rights in or options over any of the aforesaid, issued by or under the guarantee of any person, whether incorporated or unincorporated, or of any governmental body and whether paying interest or dividends or not and whether fully paid, partly paid or nil paid and includes any participation as a limited partner or participant in any partnership or unincorporated association;

Investment Manager means Blue Capital Management Ltd or such other person or persons as the Company may, from time to time, appoint as its investment manager(s);

London Stock Exchange means London Stock Exchange plc or its domestic market, as the context may require;

London Stock Exchange member firm means a member firm as defined in the rules from time to time of the London Stock Exchange;

Management Fees means the management fees, if any, payable to the Investment Manager(s) and/or any other party advising on the managing of the Company, that Class or Series thereof, from time to

time, in each case calculated and payable at the rates and in the manner specified in the Offering Memorandum at the time of determination of such management fees;

Member has the same meaning as in the Companies Act;

Memorandum means the memorandum of association of the Company for the time being;

Month means a calendar month;

Net Asset Value of the Company means the net asset value of the Company or of any Share (as the case may be), in each case determined in accordance with these Bye-laws;

Net Asset Value per Ordinary Share means the net asset value per Share of each Class or Series of Ordinary Share as determined in accordance with these Bye-laws;

New Share means Ordinary Shares arising on the conversion of the C Shares of the relevant Class;

Officer means an officer for the time being of the Company;

Offering Memorandum means the prospectus or other offer document, including any supplemental prospectus, issued from time to time by the Company in connection with any offer of Shares as the same may be amended and restated, supplemented or superseded from time to time;

Ordinary Resolution means a resolution of a general meeting passed by a majority of the Members or, where required, of a separate Class or Classes of Members entitled to vote in person or by proxy at the meeting, or a resolution in writing adopted in accordance with the provisions of these Bye-laws;

Ordinary Share means an ordinary Share in the capital of the Company having the rights set out in these Bye-laws;

[Original Class and Original Series have the meaning given to such terms in Bye-law 4A.1;](#)

Private Offering Holder means a United States Person who is a Direct Purchaser or a United States resident transferee of any Direct Purchaser;

Redemption Shares means a separate Class of Shares in the capital of the Company, designated as Redemption Shares of whatever Class or Series, and having the rights set out in these Bye-laws;

Redemption Share Surplus means, in relation to any Class of Redemption Shares, the net assets of the Company attributable to the Redemption Shares in that Class, being the assets attributable to the Redemption Shares of that Class (including for the avoidance of doubt, any income and/or revenue (net of expenses) arising from or relating to such assets) less such proportion of the Company's liabilities as the Directors shall reasonably allocate to the assets of the Company attributable to such Redemption Shares;

Registered Office means the registered office for the time being of the Company in Bermuda;

Register of Directors means the register of Directors and Officers to be kept in accordance with the Companies Act;

Register of Members means the register of Members to be kept in accordance with the Companies Act, including any branch Register of Members;

Relevant Security means Shares in the capital of the Company for rights to subscribe for, or to convert securities into, Shares in the capital of the Company;

Resident Representative means (if any) the individual or the company appointed to perform the duties of resident representative set out in the Companies Acts and includes any assistant or deputy Resident Representative appointed by the Directors to perform any of the duties of the Resident Representative;

Seal means the common seal of the Company (if any) and includes every duplicate seal;

Secretary means the secretary for the time being of the Company and

any person appointed to perform any of the duties of the secretary;

Series means each series of Shares of each relevant Class in the capital of the Company created and designated by the Directors from time to time in accordance with these Bye-laws, and which shall include a sub-series if so designated by the Directors;

Share means a share in the capital of the Company of whatever Class or Series and includes a fraction of a Share;

Share Surplus means the net assets of the Company less: [\(i\) the C Share Surplus; \(if any\); and \(ii\) the Redemption Share Surplus \(if any\);](#)

Special Resolution means a resolution passed at a meeting of the holders of the Shares or, where required, of a separate Class or Classes of Members entitled to vote either in person or by proxy at the meeting, duly convened and passed by a majority consisting of not less than three-fourths of the votes cast, or a resolution in writing adopted in accordance with the provisions of these Bye-laws;

Subscription Agreement means a subscription agreement to be entered into between the Company (or on its behalf) and an investor pursuant to which the investor subscribes for Shares in the Company;

Subscription Price means the price at which Ordinary Shares shall be issued as determined by the Directors in their discretion from time to time;

[Tender Offer](#) means an invitation by the Company to Shareholders to tender all or some of their Shares for reclassification into B Shares and Conversion into Redemption Shares;

Trading means trading on the Specialist Fund Market of the London Stock Exchange;

United States means the United States of America, its territories, possessions and all areas subject to its jurisdiction (including the commonwealth of Puerto Rico);

United States Person means a person resident in the United States, a corporation, partnership or other entity created or organised in or

under the laws of the United States or any state thereof, any estate or trust the income of which is subject to United States federal income taxation regardless of its source, or any other person, entity, trust or estate included within the definition of “U.S. person” in Rule 902(o) under the United States Securities Act of 1933, as amended, or as determined in accordance with the United States Investment Company Act of 1940, as amended;

Valuation Day means the day specified in the Offering Memorandum issued in respect of a Share on which the Net Asset Value per the relevant Share is determined or such other day(s) as may from time to time be determined by the Directors in consultation with the Investment Manager; and

Valuation Time means the time as the Directors or a duly authorized agent of the Company may determine in their discretion, on a Valuation Day as of which the Net Asset Value is determined.

- 1.2. Words importing the singular number include the plural number and vice versa.
- 1.3. Words importing the masculine gender include the feminine gender.
- 1.4. Words importing persons include corporations and any other legal or natural persons.
- 1.5. Any reference to writing includes all modes of representing or reproducing words in a visible and legible form, including in the form of an Electronic Record.
- 1.6. The word “may” shall be construed as permissive and the word “shall” shall be construed as imperative.
- 1.7. Any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be merely illustrative and shall not limit the sense of the words preceding those terms.
- 1.8. Where any provision of the Companies Act is referred to, the reference is to that provision as modified by any subsequent law for the time being in force.
- 1.9. Unless the context otherwise requires, words and expressions defined in the Companies Act bear the same meanings in these Bye-laws.

- 1.10. References to “days” are to calendar days, unless otherwise specified.
- 1.11. Headings are used for convenience only and shall not affect the construction of these Bye-laws.

REGISTERED AND OTHER OFFICES

2. Registered and other Offices

The Registered Office of the Company shall be at such place in Bermuda as the Directors shall from time to time determine. The Company, in addition to its Registered Office, may establish and maintain such other offices in Bermuda or elsewhere as the Directors may from time to time determine.

SHARES

3. Shares

- 3.1. The unissued Shares shall be at the disposal of the Directors, and they may (subject to the provisions of these Bye-laws, or the Companies Act) issue Shares in Classes and, if applicable, sub-classes, Series and sub-Series or refuse to issue any Shares to any subscriber in their absolute discretion or may allot, grant options over, or otherwise dispose of them to such person, on such terms and conditions, and with such rights and restrictions attached thereto, and at such times as they think fit, provided no Share shall be issued at a discount and no Share shall be issued to any Ineligible Investor.
- 3.2. The Directors may in their absolute discretion determine to classify or reclassify any authorised but unissued Ordinary Shares of any Class or Series into Ordinary Shares of a ~~New~~new Class or Series representing or having different rights. This may include, without limitation, Ordinary Shares of a Class or Series denominated in a currency other than the operational currency of the Class or Series.
- 3.3. ~~The~~ Company shall not issue bearer Shares.
- 3.4. The Company may, in accordance with the Companies Act, issue fractions of Shares to four decimal places.
- 3.5. Subject to the provisions of these Bye-laws, any Shares held by the Company as treasury shares shall be at the disposal of the Board, which may, in its absolute discretion, hold all or any of such Shares, dispose

or transfer all or any of such Shares for cash or other consideration, or cancel all or any of such Shares.

ORDINARY SHARES

4. Ordinary Shares

- 4.1. The holders of Ordinary Shares shall be entitled to receive, and participate in, any dividends or other distributions out of the profits of the Company attributable to the Ordinary Shares and available for dividend or distribution and resolved by the Directors to be distributed.
- 4.2. On a return of assets on liquidation of the Company or otherwise, the assets of the Company available for distribution among the holders of Ordinary Shares shall be applied in the payment to the holders of each Class or Series of Ordinary Shares of the repayment of the nominal amount of the Ordinary Shares and any remaining balance then attributable to the relevant Class or Series, such payment being made in proportion to the number of Ordinary Shares of that Class or Series held.
- 4.3. The holders of Ordinary Shares shall be entitled to receive notice of and attend and vote at any general meeting of the Company.

TENDER OFFERS, B SHARES AND REDEMPTION SHARES

4A Tender Offers, B Shares and Redemption Shares

4A.1 In connection with, and subject to the terms of, a Tender Offer being made by the Company to the holders of any Class or Classes of Shares and with the consent or deemed consent of the holders of such Shares, the Directors may in their absolute discretion determine to reclassify any Shares of any Class or Series (such Class or Series being the "Original Class" or "Original Series" respectively) into B Shares. B Shares shall have the same rights as the Shares of the applicable Original Class or Original Series, save that, once in issue, B Shares shall automatically and immediately convert on a one-for-one basis into one or more Classes or Series of Redemption Shares, as determined by the Directors in their absolute discretion.

4A.2 The Directors may, if they so decide, designate each Class and Series of any Class of Redemption Shares in such manner as they see fit in order that each Class of Redemption Shares can be identified.

4A.3 The Directors shall allocate to each Class or Series of Redemption Shares a fraction of assets and liabilities of the Company attributable to the Original Class or Original Series (as the case may be), the numerator of such fraction being the total number of such Shares reclassified as B Shares, and its denominator being the total number of such Shares issues immediately prior to such reclassification.

4A.3 No dividends shall be declared in respect of any Redemption Share Surplus, and accordingly the holders of Redemption Shares of any Class shall not receive or participate in any dividends. If any dividend is declared in respect of any Ordinary Shares or C Shares at any time that there is any Class of Redemption Shares in issue, the holders of Ordinary Shares and/or C Shares (as appropriate) shall be entitled to receive and participate in such dividend only insofar as such dividend is not attributed, at the sole discretion of the Directors, to the Redemption Share Surplus of such Class of Redemption Shares.

4A.4 Where Redemption Shares of any Class or Series are in issue, the capital and assets of the Company shall, on a winding up or on a return of capital prior, in each case, to their redemption, be applied as follows:

4A.3.1 the Share Surplus shall be divided amongst the holders of Ordinary Shares according to the rights attaching thereto as if the Share Surplus comprised the assets of the Company available for distribution;

4A.3.2 (where any C Shares are in issue) the C Share Surplus shall be divided amongst the holders of C Share(s) pro rata according to their holdings of C Shares; and

4A.3.3 the Redemption Share Surplus shall be divided among holders of Redemption Shares pro rata according to their holdings of Redemption Shares of the Class to which such Redemption Share Surplus relates.

4A.5 Without prejudice to any rights a holder of Redemption Shares may have pursuant to Bye-law 13), the Redemption Shares shall not carry any right to receive notice of, or to attend or vote at, any general meeting of the Company.

4A.6 Redemption Shares shall be transferable in accordance with these Bye-Laws and the Companies Act.

4A.7 For so long as there is any Class of Redemption Shares in issue, and without prejudice to its obligations under the Companies Act, the Company shall in relation to each Class of Redemption Shares:

4A.7.1 procure that the Company's records and bank accounts shall be operated so that the assets attributable to the Redemption Shares of the relevant Class can, at all times, be separately identified and, in particular but without prejudice to the generality of the foregoing, the Company shall procure that separate cash accounts shall be created and maintained in the books of the Company for the assets attributable to the Redemption Shares of the relevant Class;

4A.7.2 subject to Bye-law 4A.3, allocate to the assets attributable to the Redemption Shares of the relevant Class such proportion of the expenses or liabilities of the Company as the Directors fairly consider to be attributable to the Redemption Shares of the relevant Class; and

4A.7.3 give appropriate instructions to the Investment Manager to manage the Company's assets so that such undertakings can be complied with by the Company.

4B Redemption of Redemption Shares

4B.1 The holders of Redemption Shares of any Class shall not be entitled to redeem their Redemption Shares.

4B.2 Each Class of Redemption Shares shall be redeemed for cash, in one or more tranches, by the Company at such times as the Company in its absolute discretion may determine (without requiring any consent from the holders of the relevant Class of Redemption Shares) in accordance with the terms, and subject to the conditions, of the Tender Offer.

C SHARES

5. Issues of C Shares

5.1. Subject to the Companies Act, the Directors shall be authorised to issue C Shares in such Classes and Series and on such terms as they determine provided that such terms are consistent with the provisions contained in Bye-laws 5 to 11 (inclusive). The Directors shall, on the

issue of each separate Class or Series of C Shares, determine the Calculation Time attributable to each such Class or Series of C Shares.

- 5.2. Each Class of C Shares, if in issue at the same time, shall be deemed to be a separate Class of Shares. The Directors may, if they so decide, designate each Class and Series of any Class of C Shares in such manner as they see fit in order that each Class of C Shares can be identified.

6. **Dividends and Pari Passu Ranking of C Shares and New Shares**

- 6.1. The holders of C Share(s) of a Class shall be entitled to receive, and participate in, any dividends declared only insofar as such dividend is attributed, at the sole discretion of the Directors, to the C Share Surplus of that Class.
- 6.2. If any dividend is declared in respect of the Ordinary Shares after the issue of any Class of C Shares and prior to the Conversion of that Class, the holders of Ordinary Shares shall be entitled to receive and participate in such dividend only insofar as such dividend is not attributed, at the sole discretion of the Directors, to the C Share Surplus of the relevant Class of C Shares.
- 6.3. The New Shares shall rank in full for all dividends and other distributions declared, made or paid after the Conversion Time and otherwise pari passu with the Ordinary Shares in issue at the Conversion Time.

7. **Rights as to Capital**

- 7.1. The capital and assets of the Company shall, on a winding up or on a return of capital prior, in each case, to Conversion be applied as follows:

- 7.1.1. the Share Surplus shall be divided amongst the holders of Ordinary Shares according to the rights attaching thereto as if the Share Surplus comprised the assets of the Company available for distribution; ~~and~~

- 7.1.2. the C Share Surplus shall be divided amongst the holders of C Share(s) pro rata according to their holdings of C Shares; and

~~7.1.2.~~ 7.1.3. (where any Redemption Shares are in issue) the Redemption Share Surplus shall be applied in accordance with Bye-law 4A.4.

8. **Voting and Transfer**

The C Shares shall carry the right to receive notice of, and to attend or vote at, any general meeting of the Company in the same manner as Ordinary Shares (notwithstanding any difference in the respective Net Asset Values of the C Shares and Ordinary Shares). The C Shares shall be transferable in the same manner as the Ordinary Shares.

9. **Class Consents and Variation of Rights**

9.1. Without prejudice to the generality of the Bye-laws, until Conversion the consent of the holders of the C Shares as a class shall be required for, and accordingly, the special rights attached to the C Shares shall be deemed to be varied, inter alia, by:

9.1.1. any alteration to the Memorandum or the Bye-laws; or

9.1.2. any alteration, increase, consolidation, division, sub-division, cancellation, reduction or purchase by the Company of any issued or authorised Share capital of the Company (other than on Conversion or unless pursuant to a power of the Company that has previously been granted or otherwise approved by Members prior to the issue of the relevant Class of C Shares); or

9.1.3. any allotment or issue of any security convertible into or carrying a right to subscribe for any Share or any other right to subscribe or acquire Shares; or

9.1.4. the passing of any resolution to wind up the Company.

10. **Undertakings**

10.1. Until Conversion, and without prejudice to its obligations under the Companies Act, the Company shall in relation to each Class of C Shares:

10.1.1. procure that the Company's records and bank accounts shall be operated so that the assets attributable to the C Shares of the relevant Class can, at all times, be separately identified and, in

particular but without prejudice to the generality of the foregoing, the Company shall procure that separate cash accounts shall be created and maintained in the books of the Company for the assets attributable to the C Shares of the relevant Class; and

10.1.2. allocate to the assets attributable to the C Shares of the relevant Class such proportion of the expenses or liabilities of the Company incurred or accrued between the date on which the relevant Class of C Shares was issued and the Calculation Time (both dates inclusive) as the Directors fairly consider to be attributable to the C Shares of the relevant Class including, without prejudice to the generality of the foregoing, those liabilities specifically identified in the definition of “Conversion Ratio”; and

10.1.3. give appropriate instructions to the Investment Manager to manage the Company’s assets so that such undertakings can be complied with by the Company.

11. **Conversion**

11.1. In relation to each Class of C Shares, the C Shares shall be converted into New Shares at the Conversion Time in accordance with the following provisions of this paragraph. The Directors shall procure that:

11.1.1. the Board (or its delegate) calculate, within two Business Days after the Calculation Time, the Conversion Ratio as at the Calculation Time and the number of New Shares to which each holder of C Shares of that Class shall be entitled on Conversion; and

11.1.2. the Independent Accountants shall be requested to certify, within three Business Days after the Calculation Time, that such calculations:

11.1.2.1. have been performed in accordance with the Bye-laws; and

11.1.2.2. are arithmetically accurate,

whereupon, subject to the proviso in the definition of Conversion Ratio, such calculations shall become final and binding on the Company and all Members.

11.2. The Directors shall procure that, as soon as practicable following such certificate, an announcement is made to a regulatory information service, advising holders of C Share(s) of that Class, the Conversion Time, the Conversion Ratio and the aggregate number of New Shares to which holders of C Share(s) of that Class are entitled on Conversion.

11.3. Conversion shall take place at the Conversion Time. On Conversion:

11.3.1. each issued C Share shall automatically convert into such number of New Shares as shall be necessary to ensure that, upon Conversion being completed, the aggregate number of C Shares which are converted into New Shares equals the aggregate number of C Shares of that Class in issue at the Calculation Time multiplied by the Conversion Ratio (rounded down to the nearest whole New Share);

11.3.2. the New Shares arising upon Conversion shall be divided amongst the former holders of C Share(s) pro rata according to their respective former holdings of C Shares of the relevant Class (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to New Shares, including, without prejudice to the generality of the foregoing, selling any such Shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company) and for such purposes any Director is hereby authorised as agent on behalf of the former holders of C Share(s), in the case of a Share in certificated form, to execute any share transfer form and to do any other act or thing as may be required to give effect to the same including, in the case of a Share in uncertificated form, the giving of directions to or on behalf of the former holders of any C Shares who shall be bound by them; and

11.3.3. forthwith upon Conversion, any certificates relating to the C Shares of the relevant Class shall be cancelled and the Company shall issue to each such former C Member new certificates in respect of the New Shares which have arisen upon Conversion unless such former holder of any C Shares elects to hold their New Shares in uncertificated form.

REPURCHASE OF SHARES

12. Repurchase of Shares

12.1. The Company shall be entitled to repurchase all or any Shares of any Class or Series as provided in these Bye-laws and otherwise at such times and in such manner as the Directors shall from time to time determine in their absolute discretion.

12.2. The Company may, at such times and in such manner as the Board shall determine in its absolute discretion, authorise the acquisition by the Company of its own Shares, to be held as treasury shares, upon such terms at the Directors may in their discretion determine, provided always that such acquisition is effected in accordance with the Companies Act and as otherwise may be provided in these Bye-laws. The Company shall be entered in the Register of Members as a Member in respect of the Shares held by the Company as treasury shares and shall be a Member of the Company but subject always to the provisions of the Companies Act and for the avoidance of doubt the Company shall not exercise any rights and shall not enjoy or participate in any of the rights attaching to those Shares save as expressly provided for in the Companies Act.

VARIATION OF SHARE RIGHTS

13. Variation of Share Rights

13.1. If at any time the Share capital is divided into different classes of Shares, all or any of the special rights attached to any class of Shares (unless otherwise provided by the terms of issue of the Shares of that class) may be varied or abrogated with the consent in writing of the holders of not less than seventy- five percent of the issued Shares of that class or with the sanction of a resolution passed by the holders of not less than seventy- five percent of the issued Shares of that class as may be present in person or by proxy at a separate general meeting of the holders of the Shares of that class. To any such separate general meeting, all of the provisions of these Bye-laws relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be any one or more persons holding or representing by proxy not less than one third of the issued Shares of the class and that any holder of Shares of the relevant class present in person or by proxy

may demand a poll and that every Member shall on a poll have one vote in respect of each Share of that class held by it at such time as the Directors in their discretion may determine. For the avoidance of doubt, subject to any rights or restrictions for the time being attached to any class, more than one Class or Series may be aggregated together as a “class” for the purpose of giving the consent or sanction in this Bye-law where the Directors determine that the relevant material adverse variation or abrogation affects each such Class and Series equally.

- 13.2. For the purpose of a separate class meeting, the Directors may treat two or more of all classes of Shares as forming one class if they consider that such class of Shares would be affected in the same way by the proposals under consideration.
- 13.3. The rights conferred upon the holders of any Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided in the rights attaching to such Shares, be deemed to be altered by the creation, allotment or issue of further Shares ranking *pari passu* therewith or subsequent to them or the repurchase of any Shares or the passing of any Directors’ resolution to change or vary any investment objective, investment technique, strategy, restriction and/or investment policy in relation to a Class or any modification of the fees payable to any service provider to the Company.

PRE-EMPTION RIGHTS

14. Pre-emption rights

- 14.1. Unless otherwise determined by Special Resolution of the Company and subject to Bye-laws 14.3 and 14.5, any Relevant Securities which are to be allotted wholly for cash or any Relevant Securities held in treasury that are to be sold wholly for cash shall, before they are allotted or sold be offered on the same or more favourable terms to: (i) the holders of Relevant Securities of the same class; and (ii) the holders of any other Relevant Securities who are entitled to be offered them, in proportion to the numbers of Relevant Securities of the relevant classes held by them respectively (excluding for this purpose any Relevant Securities of the relevant classes held by the Company in treasury).
- 14.2. The offer pursuant to Bye-law 14.1 shall be made by notice specifying the number and class of Relevant Securities offered and the price per

Relevant Security and shall invite each holder to whom the offer is made in accordance with Bye-law 14.1 to state in writing within a period -not being less than 14 calendar days whether they are willing to accept any of the Relevant Securities and, if so, the maximum number of Relevant Securities that they are willing to accept. If the offer is not accepted within such period it will be deemed to be declined. After the expiration of such time, or on receipt of an indication from the person to whom the offer is made that he wishes to accept only some of the Relevant Securities offered, the directors may offer the Relevant Securities which have not been accepted in such manner as they see fit, subject to Bye-laws 14.3 and 14.5.

14.3. Bye-law 14.1 does not apply in the following circumstances:

14.3.1. where the Company undertakes a rights issue or open offer provided the disapplication of Bye-law 14.1 is with respect to:

14.3.1.1. Relevant Securities representing fractional entitlements; or

14.3.1.2. Relevant Securities which the Company considers necessary or expedient to exclude from the offer on account of the laws or regulatory requirements of a territory other than Bermuda or the United Kingdom; and

14.3.2. where the Company sells Relevant Securities held in treasury; (i) to an employee Share scheme; or (ii) at a price per Relevant Security that is at a premium to the then prevailing Net Asset Value per Relevant Security; and

14.3.3. where the Company issues Shares pursuant to the exercise or conversion of any rights attaching to Relevant Securities that were themselves issued in compliance with these Bye-laws; and

14.3.4. the issue of any Relevant Securities pursuant to any scrip dividend scheme implemented by the Company in accordance with these Bye-laws, or any bonus issue of Shares; and

14.4. No Relevant Security to which Bye-law 14.1 applies shall be issued more than three months after the expiry of the period for acceptance of the last offer of such Relevant Securities made under Bye-law 14.1 unless the procedure set out in that Bye-law is repeated in respect of such

Relevant Securities (and so that the time limit set out in this Bye-law 14.4 shall apply equally to any repetition of that procedure).

- 14.5. No Relevant Securities to which Bye-law 14.1 applies shall be issued at a price less than that at which they were offered to Members in accordance with Bye-law 8.1.
- 14.6. For the purposes of any disapplication of Bye-law 14.1 by Special Resolution, Relevant Securities that grant rights to subscribe for, or to convert into, Shares shall be deemed to relate to such number of Shares into which such Relevant Securities may convert pursuant to their initial terms of issue, notwithstanding any terms providing for subsequent adjustment of that number, and for the avoidance of doubt no additional shareholder authority shall be required in the event that that number of Shares is adjusted pursuant to those initial terms of issue.
- 14.7. Any Relevant Securities may, with the sanction either of the Board or an Ordinary Resolution, be issued on terms that they are or at the option of the Company or the holder are liable to be redeemed on such terms and in such manner as the Company before the issue may by Ordinary Resolution determine and subject to and in default of such determination as the Board may determine.

SHARE CERTIFICATES

15. Share Certificates

No member shall be entitled to a certificate for any or all of his, her or its Shares, unless the Directors shall determine otherwise.

NON-RECOGNITION OF TRUSTS

16. Non-Recognition of Trust

Unless the Directors so determine, the Company shall not be bound by or compelled to recognise in any way, even when notice thereof is given to it, any equitable, contingent, future or partial interest in any Share, or any other rights in respect of any Share other than an absolute right to the entirety thereof in the registered holder. Except as required by law, no person shall be recognised by the Company as holding any Share upon any trust, and the

Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share (except only as by these Bye-laws or by law otherwise provided or under an order of a court of competent jurisdiction) or any other rights in respect of any Share except an absolute right to the entirety thereof in the registered holder.

COMMISSION ON SALE OF SHARES

17. Commission of Sale of Shares

The Company may in so far as the Companies Act from time to time permits pay a commission to any person in consideration of any subscription or agreement to subscribe whether absolutely or conditionally for any Shares of the Company. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid up Shares or partly in one way and partly in the other. The Company may also on any issue of Shares pay such brokerage fees as may be lawful.

DETERMINATION OF NET ASSET VALUE

18. Determination of Net Asset Value

18.1. The Net Asset Value of the Company, each Share, Class and each Series thereof shall be determined by the Directors or a duly authorised agent of the Company as at the Valuation Time on each relevant Valuation Day except where the determination of the Net Asset Value has been suspended under the provisions of these Bye-laws. The Net Asset Value as of a particular Valuation Time shall be calculated before giving effect to any subscription of Ordinary Shares that are effective as of such Valuation Time.

18.2. The Net Asset Value of the Company shall be equivalent to all the assets of the Company less all the liabilities of the Company, as at the Valuation Time on the relevant Valuation Day after taking into account any adjustments as determined by the Directors in their discretion.

- 18.3. The Net Asset Value of a Class or Series means the total assets of the Company attributable to the relevant Class or Series less the total liabilities of the Company attributable to the relevant Class or Series.
- 18.4. The Net Asset Value per Share of any Class or Series shall be the aggregate Net Asset Value of that Class or Series divided by the number of Shares of that Class or Series in issue as at the Valuation Time on the relevant Valuation Day.
- 18.5. Any fractions involved in the computation of the Net Asset Value shall be rounded to such number of decimal places of the unit of the relevant currency as the Directors may determine.
- 18.6. Determinations of Net Asset Value made by or on behalf of the Directors or their agents hereunder in the absence of bad faith or manifest error shall be binding on the Members and all other all parties concerned.
- 18.7. The value of the assets and liabilities of the Company and of each Class or Series thereof and the method of valuation of such assets and liabilities shall be determined by the Directors or a duly authorised agent of the Company (who may, if applicable, consult with and rely on the advice of the service providers to the Company). The Directors shall determine which accounting principles shall apply to the calculation of the Net Asset Value. Reserves may be established for estimated or accrued expenses, liabilities or contingencies in such manner and on such terms as the Directors may determine from time to time in their discretion.
- 18.8. All valuations of assets and liabilities of the Company made by the Directors pursuant to this Bye-law in the absence of bad faith or manifest error shall be final and conclusive as between the Company and its Members.

SUSPENSION

19. Suspension

- 19.1. The Directors may in their absolute discretion suspend (a) the calculation of the Net Asset Value of the Company, any relevant Class or Series and/or (b) the subscription for Ordinary Shares of a Class or

Series and/or (c) the purchase by the Company of any Ordinary Shares of a Class or Series:

- 19.1.1. during which any principal market on which a portion of the Company's assets deemed significant by the Directors, in consultation with the Investment Manager, is listed, quoted, traded or dealt in is closed (other than weekend or holiday closing) or trading in any such market is restricted or suspended;
- 19.1.2. during the existence of any state of affairs as a result of which disposal of a portion of the Company's assets deemed significant by the Directors, in consultation with the Investment Manager, is restricted under applicable U.S. or foreign securities laws or regulations, would cause the Company to incur liability or be required to disgorge profits under applicable securities laws or regulations, would result in a breach of contractual obligations of the Company to third parties, or would be materially prejudicial to investors; or
- 19.1.3. during any breakdown in the means normally employed in determining the price or value of the Company's assets or liabilities, or when for any other reason the prices or values of any assets or liabilities of the Company cannot reasonably be promptly or accurately ascertained;
- 19.1.4. during which the Company is unable to repatriate funds for the purpose of making payments on the repurchase of Shares or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of Shares cannot be effected at normal rates of exchange; or
- 19.1.5. during the existence of any state of affairs as a result of which, in the opinion of the Directors, in consultation with the Investment Manager, disposal of the Company's assets, or the determination of the Net Asset Value of the Company, would not be reasonably practicable, or would be seriously prejudicial to the non-redeeming investors or the Company as a whole;
- 19.1.6. during the existence of any state of affairs as a result of which, in the opinion of the Directors, in consultation with the

Investment Manager, considers it to be in the best interest of the Company.

- 19.2. Any such suspension shall take effect at such time as the Directors shall declare and shall remain in effect until the Directors declare the suspension to be at an end.

LIEN

20. Lien

- 20.1. The Company shall have a first and paramount lien on every Share (not being a fully paid Share) for all monies, whether presently payable or not, called or payable, at a date fixed by or in accordance with the terms of issue of such Share in respect of such Share, and the Company shall also have a first and paramount lien on every Share (other than a fully paid Share) standing registered in the name of a Member, whether singly or jointly with any other person, for all the debts and liabilities of such Member or his estate to the Company, whether the same shall have been incurred before or after notice to the Company of any interest of any person other than such Member, and whether the time for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person, whether a Member or not. The Company's lien on a Share shall extend to all dividends payable thereon. The Directors may at any time, either generally or in any particular case, waive any lien that has arisen or declare any Share to be wholly or in part exempt from the provisions of this Bye-law.
- 20.2. The Company may sell, in such manner as the Directors may think fit, any Share on which the Company has a lien but no sale shall be made unless some sum in respect of which the lien exists is presently payable nor until the expiration of fourteen (14) days after a notice in writing, stating and demanding payment of the sum presently payable and giving notice of the intention to sell in default of such payment, has been served on the holder for the time being of the Share.
- 20.3. The net proceeds of sale by the Company of any Shares on which it has a lien shall be applied in or towards payment or discharge of the debt or liability in respect of which the lien exists so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the Share prior to the

sale) be paid to the person who was the holder of the Share immediately before such sale. For giving effect to any such sale, the Directors may authorise some person to transfer the Share sold to the purchaser thereof. The purchaser shall be registered as the holder of the Share and he shall not be bound to see to the application of the purchase money, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings relating to the sale.

CALLS ON SHARES

21. Calls on Shares

- 21.1. The Directors may from time to time make calls upon the Members [\(for the avoidance of doubt excluding the Company in respect of any nil or partly paid Shares held by the Company as treasury shares\)](#) in respect of any moneys unpaid on their Shares (whether in respect of the par value of the Shares or premium or otherwise and not, by the terms of issue thereof, made payable at a future date fixed by or in accordance with such terms of issue); and each Member shall (subject to the Company serving upon him at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his Shares. A call may be revoked or postponed by the Directors wholly or in part as the Directors may determine. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.
- 21.2. Payment of a call may be made by instalments at the discretion of the Directors.
- 21.3. The joint holders of a Share shall be jointly and severally liable to pay calls in respect thereof.
- 21.4. If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day payment is due to the time of the actual payment at such rate as the Directors may determine, but the Directors may waive payment of such interest wholly or in part.
- 21.5. Any sum payable in respect of a Share on issue or allotment or at any fixed date, whether in respect of the par value of the Share or premium or otherwise, shall be deemed to be a call and if it is not paid all the

relevant provisions as to payment of interest, forfeiture or otherwise of these Bye-laws shall apply as if such sum had become due and payable by virtue of a call duly made and notified.

- 21.6. The Directors may issue Shares with different terms as to the amount and times of payment of calls, or the interest to be paid.
- 21.7. The Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any Shares held by him; and may (until the amount would otherwise become payable) pay interest at such rate (not exceeding six per cent without the sanction of the Company in general meeting) as may be agreed upon between the Member paying the sum in advance and the Directors.

FORFEITURE OF SHARES

22. Forfeiture of Shares

- 22.1. If a Member fails to pay any call or instalment of a call by the date it becomes due and payable, the Directors may, at any time thereafter while such call or instalment remains unpaid, give notice to the Member requiring payment of the unpaid portion of the call or instalment, together with any accrued interest and expenses incurred by the Company by reason of such non-payment.
- 22.2. The notice shall specify where and by what date (not being less than the expiration of fourteen days from the date of the notice) payment is to be made and shall state that if it is not complied with the Shares in respect of which the call was made will be liable to be forfeited. The Directors may accept the surrender of any Share liable to be forfeited hereunder and, in such case, references to these Bye-laws to forfeiture shall include surrender.
- 22.3. If such notice is not complied with, any Share in respect of which the notice was given may thereafter, before the payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all dividends declared, other distributions or other monies payable in respect of the forfeited Shares and not paid before the forfeiture.

- 22.4. A forfeited Share may be sold, re-allotted or otherwise disposed of upon such terms and in such manner as the Directors shall think fit, and at any time before a sale, re-allotment or disposition, the forfeiture may be cancelled on such terms as the Directors think fit.
- 22.5. A person whose Shares have been forfeited shall cease to be a Member in respect of the forfeited Shares, but shall remain liable to pay to the Company all moneys which at the date of forfeiture were presently payable by him in respect of the Shares together with interest at such rate as the Directors may determine from the date of forfeiture until payment, but his liability shall cease if and when the Company receives payment in full of all amounts due in respect of the Shares. The Company may enforce payment without being under any obligation to make any allowance for the value of the Shares forfeited.
- 22.6. An affidavit in writing by a Director or Secretary of the Company that a Share has been duly forfeited on a specified date, shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share. The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or disposition thereof and may authorise some person to execute a transfer of the Share in favour of the person to whom the Share is sold, re-allotted or otherwise disposed of, and he shall thereupon be registered as the holder of the Share, and shall not be bound to see to the application of the purchase money (if any) nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposition of the Share.
- 22.7. The provisions of these Bye-laws as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the par value of the Share, or by way of premium or otherwise, as if the same had been made payable by virtue of a call duly made and notified to the Member.

REGISTER OF MEMBERS

23. Register of Members

The Directors shall establish and maintain (or cause to be established and maintained) the Register of Members at the Registered Office or at such other place as determined by the Directors in the manner prescribed by the Companies Act. Unless the Board otherwise determines, the Register of

Members shall be open to inspection in the manner prescribed by the Companies Act between 10:00 a.m. and 12:00 noon on every working day. Unless the Directors so determine, no Member or intending Member shall be entitled to have entered in the Register of Members any indication of any trust or any equitable, contingent, future or partial interest in any Share or any fractional part of a Share and if any such entry exists or is permitted by the Directors it shall not be deemed to abrogate any of the provisions of Bye-law 16.

REGISTER OF DIRECTORS AND OFFICERS

24. Register of Directors and Officers

The Secretary shall establish and maintain a register of the Directors and Officers of the Company as required by the Companies Act. The register of Directors and Officers shall be open to inspection in the manner prescribed by the Companies Act between 10:00 a.m. and 12:00 noon on every working day.

TRANSFER OF SHARES

25. Transfer of Shares

25.1. Subject to any applicable restrictions contained in these Bye-laws, any Member may transfer all or any of his Shares by an instrument of transfer in the usual common form or in any other form which the Directors may approve. The instrument of transfer of any Share shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee. The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the Register of Members in respect of such Share. All instruments of transfer, once registered, may be retained by the Company.

25.2. If it shall come to the notice of the Board that any Shares:

25.2.1. are or may be owned or held directly or beneficially by any person (whether on its own or in conjunction with any other circumstance appearing to the Board to be relevant) that is a pension or other benefit plan subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") and in the opinion of the Board may result

in the assets of the Company being considered “plan assets” within the meaning of regulations adopted under ERISA;

25.2.2. are or may be owned or held directly or beneficially such that the aggregate number of United States Persons who are holders or beneficial owners (which for the purposes of this Bye-law 25.3 shall include beneficial ownership by attribution pursuant to Section 3(c)(1)(A) of the United States Investment Company Act of 1940) of Shares or other securities of the Company and who are Private Offering Holders is or may be 100 or more; or

25.2.3. are or may be owned or held directly or beneficially by any person (whether on its own or in conjunction with any other circumstance appearing to the Board to be relevant) to whom a transfer of Shares or whose ownership or holding of any Shares might in the opinion of the Board require registration of the Company as an investment company under the United States Investment Company Act of 1940,

the Board may serve written notice (hereinafter called the "**Transfer Notice**") upon the person appearing in the Register of Members as the holder (the "**Vendor**") of any of the Shares concerned (the "**Relevant Shares**").

25.3. Any Transfer Notice served in accordance with this Bye-law 25 shall require the Vendor within 21 days (or such extended time as in all the circumstances the Board shall consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person, who, in the sole and conclusive determination of the Board, would not fall within Bye-law 25.3 above and whose ownership or holding of such Shares would not result in the aggregate number of Private Offering Holders who are beneficial owners or holders of Shares or other securities of the Company being 100 or more (such a person being hereinafter called an ("**Eligible Transferee**"). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Share to which it relates pursuant to the provisions of this Bye-law 25 applies, the rights and privileges attaching to the Relevant Shares shall be suspended and not capable of exercise.

25.4. If within 21 days after the giving of a Transfer Notice (or such extended time as in all the circumstances the Board shall consider reasonable)

the Transfer Notice has not been complied with to the satisfaction of the Board, the Company may sell the Relevant Shares on behalf of the holder thereof, by instructing a London Stock Exchange member firm to sell them at the best price reasonably obtainable at the time of sale, to any Eligible Transferee or Eligible Transferees. To give effect to a sale, the Board may authorise in writing any officer or employee of the Company, or any officer or employee of the Secretary, to transfer the Relevant Shares on behalf of the holder thereof (or any person who is automatically entitled to the Shares by transmission or by law), or to cause the transfer of the Relevant Shares, to the purchaser and in relation to an uncertificated Share may require the operator to convert the Share into certificated form and an instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Shares. The purchaser is not bound to see to the application of the purchase money and the title of the transferee is not affected by any irregularity in or invalidity of the proceedings connected to the sale. The net proceeds of the sale of the Relevant Shares, after payment of the Company's costs of the sale, shall be received by the Company, whose receipt shall be a good discharge for the purchase moneys, and shall belong to the Company and, upon receipt, the Company shall become indebted to the former holder of the Relevant Shares, or the person who is automatically entitled to the Relevant Shares by transmission or by law, for an amount equal to the net proceeds of transfer, in the case of certificated shares, upon surrender by him or them of the certificate for the Relevant Shares which the Vendor shall forthwith be obliged to deliver to the Company. The Company is deemed to be a debtor and not a trustee in respect of that amount for the Member or other person. No interest is payable on that amount and the Company is not required to account for money earned on it. The amount may be employed in the business of the Company or as it thinks fit. The Company may register or cause the registration of the transferee as holder of the Relevant Shares and thereupon the transferee shall become absolutely entitled thereto.

- 25.5. A person who becomes aware that his holding, directly or beneficially, of Shares will, or is likely to, fall within Bye-law 25.3 or, being a Private Offering Holder and a beneficial owner or holder of Shares, becomes aware that the aggregate number of Private Offering Holders who are beneficial owners or holder of shares of other securities of the Company is more than 100, shall forthwith, unless he has already received a

Transfer Notice pursuant to paragraph Bye-law 25.3, either transfer the shares to one or more Eligible Transferees or give a request in writing to the Board for the issue of a Transfer Notice in accordance with Bye-law 25.3. Every such request in relation to certificated Shares shall be accompanied by the certificate(s) for the Shares to which it relates.

- 25.6. Subject to the provisions of this Bye-law 25, the Board shall, unless any member of the Board has reason to believe otherwise, be entitled to assume without enquiry that none of the Shares are held in such a way as to entitle the Board to serve a Transfer Notice in respect thereof. The Board may, however, at any time and from time to time call upon any holder (or a person who is automatically entitled to the Shares by transmission or by law) of Shares by notice in writing to provide such information and evidence as it shall require upon any matter connected with or in relation to such holder of Shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than 21 clear days after service of the notice requiring the same) as may be specified by the Board in the said notice, the Board may, in its absolute direction, treat any Share held by such holder or a person who is automatically entitled to the Shares by transmission or by law as being held in such a way as to entitle it to serve a Transfer Notice in respect thereof.
- 25.7. The Board shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this Bye-law 25. The exercise of the powers conferred by this Bye-law 25 shall not be questioned or invalidated in any case on the ground that there was insufficient evidence of direct or beneficial ownership or holding of Shares by any person or that the true direct or beneficial owner or holder of any Shares was otherwise than as appeared to the Board at the relevant date provided that the said powers shall have been exercised in good faith.

TRANSMISSION OF SHARES

26. Transmission of Shares

- 26.1. If a Member dies, the survivor or survivors (where he was a joint holder), and the estate representative (where he was sole holder), shall be the only person recognised by the Company as having any title to the Share. The estate of a deceased Member is not thereby released from

any liability in respect of any Share held by him, whether solely or jointly. For the purpose of this Bye-law, estate representative means the person to whom probate or letters of administration has or have been granted in Bermuda or, if there is no such person, such other person as the Directors may in their absolute discretion determine to be the person recognised by the Company for the purpose of this Bye-law.

- 26.2. Any person becoming entitled to a Share in consequence of the death or bankruptcy of a Member or otherwise by operation of applicable law (or in any way other than by transfer), may elect, upon such evidence being produced as may be required by the Directors as to his entitlement, either be registered himself as a Member in respect of the Share or, instead of being registered himself, to make such transfer of the Share as the deceased or bankrupt Member could have made. If the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to transfer the Shares, he shall signify his election by signing an instrument of transfer of such Shares in favour of his transferee. All the limitations, restrictions and provisions of these Bye-laws relating to the right to transfer and the registration of transfers of Shares shall be applicable to any such notice or instrument of transfer as aforesaid as if the death of the Member or other event giving rise to the transmission had not occurred and the notice or instrument of transfer was an instrument of transfer signed by such Member.
- 26.3. A person becoming entitled to a Share in consequence of the death or bankruptcy of the Member (or otherwise by operation of applicable law (or in any way other than by transfer), upon such evidence being produced as may be required by the Directors as to his entitlement, shall be entitled to the same dividends and other monies payable in respect of the Share as he would be entitled if he were the holder of such Share. However, he shall not be entitled, until he becomes registered as the holder of such Share, to receive notices of or to attend or vote at general meetings of the Company or (except as aforesaid) to exercise any other rights or privileges of a Member. The Directors may at any time give notice requiring such person to elect either to be registered himself or to transfer the Share and, if the notice is not complied with within sixty days, the Directors may thereafter withhold

payment of all dividends and other monies payable in respect of the Shares until the requirements of the notice have been complied with.

- 26.4. Subject to any directions of the Directors from time to time in force, the Secretary may exercise the powers and discretion of the Directors under Bye-law 26.

CONVERSION

27. Conversion

Subject to the rights and restrictions for the time being attached to any Class or Series, the Company may convert the Shares of such Member or Members into a separate Class, sub-Class, Series or sub-Series of Shares in accordance with the provisions of the Offering Memorandum or if the Directors determine that such conversion is necessary, advisable or desirable. Any such conversion shall be treated as a simultaneous repurchase of the relevant Shares and application of the proceeds of such repurchase to the purchase of the relevant Shares of the new Class sub-Class, Series or sub-Series, [provided that the Directors may effect the Conversion of B Shares into Redemption Shares as contemplated in Bye-law 4A.1 in any manner that they may in their absolute discretion determine.](#)

INCREASE OF CAPITAL

28. Increase of Capital

- 28.1. The Company may from time to time by Ordinary Resolution increase its Share capital by such sum, to be divided into new Shares of such par value, and with such rights, priorities and privileges attached thereto as the Ordinary Resolution shall prescribe.
- 28.2. The Company may, by the Ordinary Resolution increasing the capital, direct that the new Shares or any of them shall be offered in the first instance either at par or at a premium or (subject to the provisions of the Companies Act) at a discount to all the holders for the time being of Shares of any class or classes in proportion to the number of such Shares held by them respectively or make any other provision as to the issue of the new Shares.

- 28.3. The new Shares shall be subject to the same provisions of these Bye-laws with reference to the payment of calls, lien, forfeiture, transfer, transmission and otherwise, as the Shares in the original Share capital.
- 28.4. Subject to any directions given by the Company in general meeting, all new Shares shall be at the disposal of the Directors in accordance with these Bye-laws.

ALTERATION OF CAPITAL

29. Alteration of Capital

- 29.1. Subject to Bye-law 29.3, the Company may from time to time by Ordinary Resolution:
- 29.1.1. divide the Shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;
 - 29.1.2. consolidate and divide all or any of its Share capital into Shares of a larger par value than its existing Shares;
 - 29.1.3. sub-divide its Shares or any of them into Shares of smaller par value than is fixed by its Memorandum, so, however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived;
 - 29.1.4. make provision for the issue and allotment of Shares which do not carry any voting rights;
 - 29.1.5. cancel any Shares which, at the date of the passing of the Ordinary Resolution, have not been taken or agreed to be taken by any person; and
 - 29.1.6. change the currency denomination of its Share capital.
- 29.2. Where any difficulty arises in regard to any division, consolidation, or sub-division under this Bye-Law, the Directors may settle the same as they think expedient and, in particular, may arrange for the sale of the Shares representing fractions and the distribution of the net proceeds of sale in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Directors may

authorise some person to transfer the Shares representing fractions to the purchaser thereof, who shall not be bound to see to the application of the purchase money nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

- 29.3. For such time as the Share capital of the Company is divided into separate Classes, any divisions, consolidation, sub-division and cancellation of Shares as contemplated by Bye-law 29 shall only require an Ordinary Resolution of the Class of Shares which is proposed to be divided, consolidated, sub-divided or cancelled (as the case may be), subject always to the provisions of Bye-laws 9 and 13.

REDUCTION OF CAPITAL

30. Reduction of Capital

- 30.1. Subject to the Companies Act, its Memorandum and any confirmation or consent required by law or these Bye-laws, the Company may from time to time by Ordinary Resolution authorise the reduction of its issued Share capital or any Share premium account in any manner, provided that no such authority is required in relation to the repurchase (and/or cancellation) of Shares in accordance with Bye-law 12 or the redemption of Redemption Shares in accordance with Bye-law 4A.
- 30.2. In relation to any such reduction, (except for the repurchase (and/or cancellation) of Shares or the redemption of Redemption Shares), the Company may by Ordinary Resolution determine the terms upon which such reduction is to be effected including, in the case of a reduction of part only of a class of Shares, those Shares to be affected.

GENERAL MEETINGS

31. General Meeting

- 31.1. Subject to section 71 of the Companies Act, an annual general meeting of the Company shall be held in each year other than the year of incorporation in accordance with the requirements of the Companies Act at such time and place as the Directors shall appoint.

- 31.2. All meetings of the Members other than an annual general meeting shall be called a special general meeting. The Directors may, whenever they think fit, convene a special general meeting.
- 31.3. The Directors shall, upon the requisition in writing of one or more Members holding in the aggregate not less than one tenth (1/10th) of such paid up capital of the Company as at the date of the deposit of the requisition carries the right of voting at general meetings, convene a special general meeting of the Company and section 74 of the Companies Act shall apply. Any such requisition shall state the purpose of the meeting, and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form, each signed by one or more requisitionists.
- 31.4. If the Directors do not convene a general meeting within twenty-one days from the date of the deposit of the requisition, the requisitionists or any or any of them, may themselves convene a special general meeting, but any meeting so convened shall not be held after the expiration of three months from the said date. A general meeting convened by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by the Directors.

NOTICE OF GENERAL MEETINGS

32. Notice of General Meetings

- 32.1. Subject to the Companies Act, at least fourteen clear days' notice (exclusive of the day on which the notice is served or deemed to be served, and of the day for which the notice is given) shall be given of any annual general meeting or special general meeting. Every notice shall specify the place, the day and the time of meeting and, the nature of the business to be conducted at the meeting, and shall be given in the manner provided in these Bye-laws or in such other manner (if any) as may be prescribed by the Company, to such persons as are entitled to receive such notices from the Company. A general meeting may be convened by shorter notice, or in the case of a meeting called as an annual general meeting, by all Members entitled to attend and vote at the meeting and in the case of any other meeting by a majority in number of the Members having the right to attend and vote at the

meeting, being a majority together holding not less than ninety-five percent in nominal value of the Shares giving that right.

- 32.2. The accidental omission to give notice of a meeting to, or the non receipt of a notice of a meeting by any Member entitled to receive notice shall not invalidate the proceedings at any meeting.

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PROCEEDINGS AT GENERAL MEETINGS

33. Proceedings at General Meetings

- 33.1. No business shall be transacted at any general meeting unless a quorum of Members is present at the time that the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman, which shall not be treated as part of the business of the Meeting. Save as herein otherwise provided, one or more Members holding in the aggregate not less than one third of the total issued Share capital of the Company present in person or by proxy and entitled to vote shall be a quorum.
- 33.2. If within five minutes (or such longer time as the chairman of the meeting may determine to wait) after the time appointed for the meeting, a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week, at the same time and place or to such other day, time and place as the Chairman may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members present shall be a quorum.
- 33.3. A meeting of the Members may be held by telephone, electronic or other communication facilities (including, without limiting the generality of the foregoing, by telephone or video conferencing) by which all persons participating in the meeting can communicate with each other simultaneously and instantaneously, and participation in such a general meeting shall constitute presence in person at such meeting.
- 33.4. Any Director, and upon giving the required notice, the Resident Representative, if any, shall be entitled to attend and speak at any general meeting of the Company.
- 33.5. The chairman (if any) of the Directors shall preside as chairman at every general meeting of the Company. If there is no such chairman, or if at any meeting he is not present within five minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the Directors present shall choose one of their number to act or, if only one Director is present, he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to

take the chair, the Members present and entitled to vote shall elect one of their number to be chairman.

- 33.6. The chairman may with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for ten days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTING

34. Voting

- 34.1. Save where a greater majority is required by the Companies Act or these Bye-laws, any question proposed for consideration at any general meeting shall be decided by simple majority of the votes cast.
- 34.2. At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands or by a count of votes received in the form of electronic records, unless before or on the declaration of the result of the show of hands or count of votes received as Electronic Records, on the withdrawal of any other demand for a poll, a poll is demanded by:
- 34.2.1. the chairman of the meeting; or
 - 34.2.2. at least three Members present in person or by proxy; or
 - 34.2.3. any Member or Members present in person or by proxy and holding collectively not less than one tenth of the total voting rights of all the Members having the right to vote at such meeting; or
 - 34.2.4. a Member or Members present in person or by proxy holding Shares conferring the right to vote at such meeting, being Shares on which an aggregate sum has been paid up equal to not less

than one tenth of the total sum paid up on all such Shares conferring such right.

- 34.3. Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has, on a show of hands or count of notes received as Electronic Records, been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the minutes of the proceedings of the Company shall be conclusive evidence of that fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution. The demand for a poll may be withdrawn by the person or any persons making it at any time prior to the declaration of the result of the poll.
- 34.4. If a poll is duly demanded, it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 34.5. In the case of an equality of votes at a general meeting, whether on a show of hands or count of notes received as Electronic Records or on a poll, the chairman of the meeting at which the show of hands takes place or count of notes received as Electronic Records or at which the poll is demanded, shall not be entitled to a second or casting vote and the resolution shall fail.
- 34.6. A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken in such manner and either forthwith or at such time later in the meeting as the chairman of the meeting shall direct.
- 34.7. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded and it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier.
- 34.8. On a poll votes may be cast either personally or by proxy.
- 34.9. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.
- 34.10. On a show of hands, every Member present in person or by proxy and entitled to vote shall have one vote. On a poll, every Member present in

person or by proxy and entitled to vote shall have one vote for each Share of which he is the registered holder.

34.11. In the case of joint holders of a Share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.

34.12. A Member of unsound mind, or, in respect of whom an order has been made by a court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his receiver, committee, legal guardian or other person of similar nature appointed by such court, any any such receiver, committee, legal guardian or other person may vote by proxy and may otherwise act and be treated as such Member for the purpose of the general meeting.

29.12 No Member, unless the Directors otherwise determine, shall be entitled to vote at any general meeting, unless all calls or other sums presently payable by him in respect of Shares in the Company have been paid.

29.13 No objection shall be raised as to the qualification of any voter or as to whether any votes have been properly counted except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at the meeting shall be valid. Any objection made in due time and in accordance with these Bye-laws shall be referred to the chairman whose decision shall be final and conclusive.

PROXIES AND CORPORATE REPRESENTATIVES

35. Proxies and Corporate Representatives

35.1. Any corporation which is a Member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the

corporation which he represents as that corporation could exercise if it were an individual Member of the Company.

- 35.2. The instrument appointing a proxy or corporate representative shall be in writing under the hand of the Member or his duly authorised attorney or, if the Member is a corporation, under the hand of its duly authorised representative. A proxy or corporate representative need not be a Member.
- 35.3. An instrument appointing a proxy may be in any usual or common form (or such other form as the Directors may approve) and may be expressed to be for a particular meeting or any adjournment thereof or may appoint a standing proxy until notice of revocation is received at the Registered Office or at such place or places as the Directors may otherwise specify for the purpose.
- 35.4. The operation of a standing proxy or authorisation shall be suspended at any general meeting or adjournment thereof at which the Member is present in person or by specially appointed proxy. The Directors may require evidence as to the due execution and continuing validity of any standing proxy or authorisation and the operation of any such standing proxy or authorisation shall be deemed to be suspended until the Directors determine that they have received such satisfactory evidence.
- 35.5. The instrument appointing a proxy or corporate representative, and the power of attorney (if any) under which it is signed, together with such other evidence as to its due execution as the Directors may from time to time require, shall be deposited at the Registered Office of the Company or at such other place as is specified for that purpose in the notice convening the meeting no later than the time for holding the meeting or adjourned meeting (or in any notice of any adjournment or, in either case or the case of a written resolution, in any document sent therewith) prior to the holding of the relevant meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, before the time appointed for the taking of the poll, or, in the case of a written resolution to be signed by a corporate representative, prior to the effective date of the written resolution, and in default the instrument of proxy or authorisation shall not be treated as valid provided that the chairman of the meeting may in his discretion accept an instrument of proxy or authorisation sent by email

or telefax upon receipt of email or telefax confirmation that the signed original thereof has been sent.

- 35.6. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll, to speak at the meeting and to vote on any amendment of a written resolution or amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy or authorisation shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.
- 35.7. A vote given in accordance with the terms of an instrument of proxy or authorisation shall be valid notwithstanding the previous death or unsoundness of mind of the principal, or revocation of the proxy or of the corporate authority, unless notice in writing of such death, unsoundness of mind or revocation was received by the Company at the Registered Office (or such other place as may be specified for the delivery of instruments of proxy or authorisation in the notice convening the meeting or other documents sent therewith) before the commencement of the general meeting, or adjourned meeting, at which the instrument or proxy is used.
- 35.8. Subject to the Companies Act, the Directors may at their discretion waive any of the provisions of these Bye-laws relating to proxies or authorisations and, in particular, may accept such verbal or other assurances as they think fit as to the right of any person to attend, speak and vote on behalf of any Member at general meetings or to sign written resolutions.

WRITTEN RESOLUTIONS OF MEMBERS

36. Written Resolutions of Members

- 36.1. Except in the case of removal of Auditors or Directors, anything which may be done by Resolution (for the purposes of this Bye-law "Resolution" shall include an Ordinary Resolution or Special Resolution) of the Members in general meeting or by Resolution of any Class of Members in separate general meeting may be done by Resolution in writing, signed by the Members (or the holders of such separate class of Shares) who at the date of the notice of the resolutions in writing represents the majority of votes that would be required if the Resolutions had been voted on at a meeting of the Members. Such

resolution in writing may be signed by the Members or its proxy, or in the case of a Member that is a corporation (whether or not a company within the meaning of the Companies Act) by its representative on behalf of such Members in as many counterparts as may be necessary.

- 36.2. Notice of any Resolution in writing to be made under this section shall be given to all Members who would be entitled to attend a meeting and vote on the Resolution. The requirement to give notice of any resolutions in writing to be made under this section to such Member shall be satisfied by giving to those Members a copy of that resolution in writing in the same manner as that required for the notice of the general meeting of the company at which Resolution could have been considered, except that the length of any period of notice shall not apply. The accidental omission to give notice, in accordance with the Bye-laws, of a resolution in writing to, or the non-receipt of such notice by, any person entitled to receive such notice shall not invalidate the passing of the Resolution in writing.
- 36.3. For the purposes of this Bye-law, the date of the Resolution in writing is the date when the Resolution is signed by, or on behalf of, the last Member to sign who establishes the majority of votes required for the passing of the Resolutions in writing and any reference in any enactment to the date of passing of a Resolution is, in relation to a Resolution in writing made in accordance with this Bye-law, a reference to such date.
- 36.4. A Resolution in writing made in accordance with this Bye-law shall constitute minutes for the purposes of the Companies Act and these Bye-laws.

APPOINTMENT AND REMOVAL OF DIRECTORS

37. Appointment and Removal of Directors

- 37.1. The number of Directors shall be not less than two nor, unless the Members by Ordinary Resolution of the holders of the Ordinary Shares may otherwise determine, more than ten. Directors shall serve for such term as the Members by Ordinary Resolution of the holders of the Ordinary Shares may determine, or in the absence of such determination, until they are removed from office or are disqualified or resign under the terms of these Bye-laws.

- 37.2. The Directors shall have the power at any time, and from time to time, to appoint any person to be a Director, either to fill a vacancy or as an additional Director.
- 37.3. The Company may by Ordinary Resolution of the holders of the Shares appoint and remove a Director or Directors.
- 37.4. No Share holding qualification shall be required for Directors unless otherwise required by the Company by Ordinary Resolution of the holders of the Ordinary Shares.
- 37.5. A majority of the Directors will be comprised of directors who are not affiliates of Montpelier Re Holdings Ltd or of any entity providing general management and administrative services to the Company, however, they may be affiliates of the entity providing fund administration services to the Company. Amendment of this Bye-law provision requires a Special Resolution.
- 37.6. At each annual general meeting of the Company one-third of the Directors or, if their number is not a multiple of three, then the whole number nearest to but below the number that represents one-third shall retire from office. The Directors to retire by rotation each year shall be those who have been longest in office since their last appointment or reappointment but as between Directors who became or were last re-appointed on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-appointment and shall, if he is not reappointed at such meeting, retain office until the meeting appoints someone in his place, or if it does not do so, until the conclusion of such meeting.

RESIGNATION AND DISQUALIFICATION OF DIRECTORS

38. Resignation and Disqualification of Directors

- 38.1. The office of Director shall ipso facto be vacated if the Director:
- 38.1.1. resigns his office by notice in writing to the Company; or
- 38.1.2. becomes of unsound mind or dies and the Directors resolve that his office is vacated; or

38.1.3. becomes bankrupt under the laws of any country or makes any arrangement or composition with his creditors generally; or

38.1.4. if he ceases to be a Director by virtue of, or becomes prohibited from being a Director by reason of, an order made under any provisions of any law or enactment; or

38.1.5. ceases to be a director by virtue of the Companies Act or is removed from office pursuant to these Bye-laws.

ALTERNATE DIRECTORS

39. Alternate Directors

39.1. Any Director may by writing appoint any other Director, or other person willing to act, to be his alternate and remove his alternate so appointed by him. Such appointment or removal shall be by notice to the Registered Office signed by the Director making or revoking the appointment or in any other manner approved by the Directors, and shall be effective on the date the notice is given. Subject to the removal by the appointing Director, the alternate shall continue in office until the date on which his appointer ceases to be a Director or until he is removed by resolution of the Directors. An alternate may also be a Director in his own right and may act as alternate to more than one Director.

39.2. An alternate shall be entitled to receive notice of all meetings of the Directors, attend, be counted in the quorum, vote and act in such appointor's place at every such meeting at which the appointing Director is not personally present, and generally to perform all the functions of his appointor as a Director in his absence. These Bye-laws (except as regards powers to appoint an alternate and remuneration) apply equally to the alternate as though he were the Director in his own right. An alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him. The signature of an alternate to any resolution in writing of the Director or a committee shall, unless the terms of the appointment provides to the contrary, be as effective as the signature of the Director or Directors to whom he is alternate.

DIRECTORS' FEES AND EXPENSES

40. Directors' Fees and Expenses

The remuneration to be paid to the Directors, if any, shall be determined by the Company by Ordinary Resolution in general meeting or, in the absence of such a determination, by the Directors. Each Director shall also be entitled to be paid his reasonable travelling, hotel and other expenses properly incurred by him in connection with his attendance at meetings of the Directors, committees of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Directors, or a combination partly of one such method and partly the other. The Directors may by resolution approve additional remuneration to any Director for services which in the opinion of the Directors go beyond the ordinary duties of a Director, and such extra remuneration shall be in addition to any remuneration provided for, by or pursuant to any other Bye-law.

DIRECTORS' INTERESTS

41. Directors' Interests

41.1. A Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as to remuneration and otherwise as the Directors may determine.

41.2. A Director or officer may act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or officer.

41.3. No Director or officer shall be disqualified from his office or prevented by such office from holding any office or place of profit under the Company or under any company in which the Company shall be a Member or have any interest, or from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or officer shall be in any way interested be or be liable to be avoided nor shall any Director or officer so contracting, dealing or being so interested be liable to account to the Company for

any profit realised by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established, provided the nature of the interest is disclosed at the first opportunity at a meeting of directors, or in writing to the directors.

- 41.4. Approval of disinterested Directors is required for any transaction involving the Company and an affiliate of any Director if the transaction is not made on arms-length terms in the ordinary course of business, as determined by the disinterested Directors, and approval of the Directors is required for any transaction between the Company and any of its affiliates that is not made on arms-length terms in the ordinary course of business, as determined by the Directors.
- 41.5. A Director (or his alternate Director in his absence) shall be at liberty to vote in respect of any contract or transaction in which he is interested and may be counted in the quorum at such meeting provided that the nature of the interest of the Director in any such contract or transaction shall be disclosed by him at or prior to its consideration and any vote thereon and provided that the director is not disqualified from doing so by the chairman of the meeting.
- 41.6. The nature of the interest of any Director or officer in any contract, dealing or transaction with or affecting the Company shall be disclosed by him at or prior to its consideration and any vote thereon and a general notice that a Director or officer is a Member of any specified firm or company and/or is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure hereunder and after such general notice it shall not be necessary to give special notice relating to any particular transaction.

POWERS AND DUTIES OF DIRECTORS

Powers and Duties of Directors

- 41.7. The business of the Company shall be managed by the Directors, who may pay all expenses incurred in promoting and incorporating the Company and may exercise all such powers of the Company as are not, by the Companies Act or these Bye-laws, required to be exercised by the Company in general meeting, subject, nevertheless, to any clause of these Bye-laws, to the provisions of the Companies Act, and to such regulations, being not inconsistent with the aforesaid clauses or provisions, as may be prescribed by the Company in general meeting

but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

- 41.8. The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof, to issue debentures, debenture stock and other securities and guarantees whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.
- 41.9. All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or not, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine.
- 41.10. The Directors on behalf of the Company may provide benefits, whether by the payment of gratuities or pensions or otherwise, for any person including any Director or former Director who has held any executive office or employment with the Company or any body corporate which is or has been a subsidiary or affiliate of the Company or a predecessor in the business of the Company or of any such subsidiary or affiliate, and to any member of his family or any person who is or was dependent on him, and may contribute to any fund and pay premiums for the purchase or provision of any such gratuity, pension or other benefit, or for the insurance of any such person.
- 41.11. No document or deed otherwise duly executed and delivered by or on behalf of the Company shall be regarded as invalid merely because at the date of delivery of the deed or document, the Director, Secretary or other officer or person who shall have executed the same and/or affixed the Seal (if any) thereto as the case may be for and on behalf of the Company shall have ceased to hold such office or to hold such authority on behalf of the Company.
- 41.12. The Directors may from time to time appoint one of their number to be a managing director, joint managing director or an assistant managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Directors may determine and may revoke or terminate any such appointments. Any such revocation or termination as aforesaid shall be without prejudice

to any claim for damages that such Director may have against the Company or the Company may have against such Director for any breach of any contract of service between him and the Company which may be involved in such revocation or termination. Any person so appointed shall receive such remuneration (if any) (whether by way of salary, commission, participation in profits or otherwise) as the Directors may determine, and either in addition to or in lieu of his remuneration as a Director.

- 41.13. Notwithstanding any provision in these Bye-laws to the contrary, a sole Director shall be entitled to exercise all of the powers and functions of the Directors which may be imposed on them by Companies Act or by these Bye-laws.

DELEGATION OF DIRECTORS' POWERS

42. Delegation of Directors' Powers

- 42.1. Directors may from time to time and at any time by power of attorney or otherwise appoint any company, firm or person or fluctuating body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Bye-laws) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney and of such attorney as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.
- 42.2. The Directors may delegate any of the powers exercisable by them to a managing director, Director or any other person or persons acting individually or jointly as they may from time to time by resolution appoint upon such terms and conditions and with such restrictions as they may think fit, and may from time to time by resolution revoke, withdraw, alter or vary all or any such powers.

PROCEEDINGS OF DIRECTORS

43. Proceedings of Directors

- 43.1. The Directors may meet together (either within or without Bermuda) for the despatch of business, adjourn, and otherwise regulate their meetings and proceedings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman shall not have a second or casting vote and the motion shall be deemed to have been lost.
- 43.2. A Director or Alternate Director may, and the Secretary on the requisition of a Director or Alternate Director shall, at any time, summon a meeting of Directors by at least five days notice in writing to every Director and alternate Director which notice shall set forth the general nature of the business to be considered provided however that notice may be waived by all the Directors (or their alternates) either at, before or retrospectively after the meeting is held provided further that notice or waiver thereof may be given by email or other electronic communication.
- 43.3. The quorum for the transaction of the business of the Directors may be fixed by the Directors and unless so fixed by the Directors, shall be two Directors or their proxies, and shall be one if there is a sole Director. An alternate appointed by a Director shall be counted in a quorum at a meeting at which the Director appointing him is not present provided always that where a Director is acting in his own right and also as an alternate he is only counted once in the quorum. A Director who ceases to be a Director at a meeting of the Directors may continue to be present and to act as a Director and be counted in the quorum until the termination of the meeting provided no other Director objects and if otherwise a quorum of Directors would not be present.
- 43.4. The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to these Bye-laws as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose.
- 43.5. The Directors may elect a chairman of their meetings and determine the period for which he is to hold office; but if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.

- 43.6. A resolution in writing signed by all of the Directors or all of the members of a committee of Directors for the time being entitled to receive notice of a meeting of the Directors (or by an alternate Director as provided in these Bye-laws), including a resolution signed in counterpart and/or sent or evidenced by way of signed telefax or electronic transmission, shall be as valid and effectual as if it had been passed at a meeting of the Directors or of a committee of Directors duly called and constituted.
- 43.7. To the extent permitted by law, a meeting of the Directors or a committee appointed by the Directors may be held by means of such telephone, electronic or other communication facilities (including, without limiting the generality of the foregoing, by telephone or by video conferencing) as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously and participation in such a meeting shall constitute presence in person at such meeting. Such a meeting shall be deemed to take place where the largest group of those Directors participating in the meeting is physically assembled, or, if there is no such group, where the chairman of the meeting then is.
- 43.8. All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

COMMITTEES OF DIRECTORS

44. Committees of Directors

- 44.1. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Directors.
- 44.2. A committee may elect a chairman of its meetings; if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.

44.3. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present and in case of an equality of votes the chairman shall not have a second or casting vote and the motion shall be deemed to have been lost.

OFFICERS

45. Officers

The Directors may appoint a Secretary and such other officers as they may from time to time consider necessary upon such terms as to duration of office, remuneration and otherwise as they may think fit. Such Secretary or other officers need not be Directors and in the case of the other officers may be ascribed such titles as the Directors may decide and the Directors may revoke or terminate any such election or appointment. Any such revocation or termination shall be without prejudice to any claim for any damages that such officer may have against the Company or the Company may have against such officer for any breach of any contract of service between him and the Company which may be involved in such revocation or termination. Save as provided in the Companies Act or these Bye-laws, the powers and duties of the officers of the Company shall be such (if any) as are determined from time to time by the Directors.

SERVICE PROVIDERS

46. Service Providers

The Directors may appoint or remove at any time any one or more person or persons to act as service providers to the Company including, but without limitation, as administrator, custodian, distributor, investment adviser, investment manager and/or prime broker to the Company and the Directors may entrust to and confer upon such service providers any of the powers exercisable by them as Directors upon such terms and conditions, including without limitation, the right to remuneration payable by, and indemnification from, the Company and with such restrictions and with such powers of delegation as they think fit and either collaterally with or to the exclusion of their own powers.

MINUTES

47. Minutes

47.1. The Directors shall cause minutes to be made and records kept for the purpose of recording:

47.1.1. all appointments of officers made by the Directors;

47.1.2. the names of the Directors and other persons present at each meeting of the Directors and of any committee of the Directors;

47.1.3. all resolutions and proceedings at all meetings of the Members of the Company or any class of Members and of the Directors and of committees of Directors; and the chairman of all such meetings or of any meeting confirming the minutes thereof shall sign the same.

SEALS

48. Seals

48.1. The Directors may authorise the production of a common seal of the Company and one or more duplicate common seals of the Company, which shall consist of a circular device with the name of the Company around the outer margin thereof and the country and year of registration in Bermuda across the centre thereof.

48.2. Any document required to be under seal or executed as a deed on behalf of the Company may be

48.2.1. executed under the Seal in accordance with these Bye-Laws; or

48.2.2. signed or executed by any person authorised by the Directors for that purpose, without the use of the Seal.

48.3. The Directors shall provide for the custody of every Seal. A Seal shall only be used by authority of the Directors or of a committee constituted by the Directors. Subject to these Bye-Laws, any instrument to which a Seal is affixed shall be attested by the signature of:

48.3.1. a Director; or

48.3.2. the Secretary; or

48.3.3. any one person authorised by the Directors for that purpose.

DIVIDENDS AND OTHER DISTRIBUTIONS

49. Dividend and Other Distributions

- 49.1. Subject to these Bye-laws and the Companies Act, the Directors may from time to time declare dividends or distributions, as the case may be, to be paid to the relevant Member according to their rights and interests, including such interim dividends as appear to the Directors to be justified by the position of the Company. The Directors, in their discretion, may determine that any dividend shall be paid in cash or shall be satisfied in paying up in full Shares in the Company to be issued to the Members credited as fully paid or partly paid or partly in one way and partly the other. The Directors may also pay any fixed cash dividend which is payable on any Shares of the Company half yearly or on such other dates, whenever the position of the Company, in the opinion of the Directors, justifies such payment.
- 49.2. No dividend shall be paid otherwise than out of profits or out of monies otherwise available for dividend in accordance with the Law.
- 49.3. Except insofar as the rights attaching to, or the terms of issue of, any Share otherwise provide:
- 49.3.1. all dividends or distributions out of contributed surplus may be declared and paid according to the amounts paid up on the Shares in respect of which the dividend or distribution is paid, and an amount paid up on a Share in advance of calls may be treated for the purpose of this Bye-law as paid-up on the Share;
- 49.3.2. dividends or distributions out of contributed surplus may be apportioned and paid pro rata according to the amounts paid-up on the Shares during any portion or portions of the period in respect of which the dividend or distribution is paid.
- 49.4. The Directors may deduct from any dividend, distribution or other monies payable to a Member by the Company on or in respect of any Shares all sums of money (if any) presently payable by him to the

Company on account of calls or otherwise in respect of Shares of the Company.

- 49.5. No dividend, distribution or other monies payable by the Company on or in respect of any Share shall bear interest against the Company.
- 49.6. Any dividend, distribution or interest, or part thereof payable in cash, or any other sum payable in cash to the holder of Shares may be paid by cheque or warrant sent through the post or by courier addressed to the holder at his address in the Register of Members or, in the case of joint holders, addressed to the holder whose name stands first in the Register of Members in respect of the Shares at his registered address as appearing in the Register of Members or addressed to such person at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first in the Register of Members in respect of such Shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two (2) or more joint holders may give effectual receipts for any dividends, distributions or other monies payable or property distributable in respect of the Shares held by such joint holders.
- 49.7. Any dividend or distribution out of contributed surplus unclaimed for a period of six (6) years from the date of declaration of such dividend or distribution shall be forfeited and shall revert to the Company and the payment by the Directors of any unclaimed dividend, distribution, interest or other sum payable on or in respect of the Share into a separate account shall not constitute the Company a trustee in respect thereof.
- 49.8. The Directors may also, in addition to its other powers, direct payment or satisfaction of any dividend or distribution out of contributed surplus wholly or in part by the distribution of specific assets, and in particular of paid-up shares or debentures of any other company, and where any difficulty arises in regard to such distribution or dividend, the Directors may settle it as it thinks expedient, and in particular, may authorise any person to sell and transfer any fractions or may ignore fractions altogether, and may fix the value for distribution or dividend purposes of any such specific assets and may determine that cash payments shall be made to any Members upon the footing of the values

so fixed in order to secure equality of distribution and may vest any such specific assets in trustees as may seem expedient to the Directors, provided that such dividend or distribution in respect of any Shares must be sanctioned by a Special Resolution of the relevant class of Share and may not be satisfied by the distribution of any partly paid shares or debentures of any company without the consent of each Member to whom it is proposed any such distribution is made.

RESERVES

50. Reserves

The Directors may, before declaring any dividend or distribution, set aside such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors, be applicable for meeting contingencies, or for equalising dividends, or for any other purpose of the Company, and pending such application may, in their discretion, be employed in the business of the Company or be invested in such manner as the Directors may from time to time think fit. The Directors may also without placing the same to reserve carry forward any sums which they think it prudent not to distribute.

CAPITALISATION OF PROFITS

51. Capitalisation of Profits

51.1. The Directors may capitalise any sum standing to the credit of any of the Company's reserve accounts which are available for distribution (including its Share premium account subject to the Companies Act) for any Class or any sum standing to the credit of the profit and loss account of any Class or otherwise available for distribution for any Class and may appropriate such sums to Members of the relevant Class in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend and to apply such sum on their behalf in paying up in full unissued Shares of the relevant Class for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid.

51.2. Where any difficulty arises in regard to any distribution under the last preceding Bye-law, the Directors may settle the same as they think expedient and, in particular, may authorise any person to sell and

transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments should be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Directors. The Directors may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

RECORD DATE

52. Record Date

The Directors may fix in advance a date as the record date to determine the Members entitled to notice of or to vote at a meeting of the Members and, for the purpose of determining the Members entitled to receive payment of any dividend, the Directors may, at or within 90 days prior to the date of the declaration of such dividend, fix a subsequent date as the record date for such determination. If no such record date is fixed, the record date shall be the date on which notice of the meeting is sent or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be. A determination of Members entitled to vote at any meeting of Members in accordance with these Bye-laws shall apply to any adjournment thereof.

ACCOUNTING RECORDS

53. Accounting Records

53.1. The records of account shall be kept at the Registered Office or at such other place or places as the Directors thinks fit, and shall at all times be open to inspection by the Directors PROVIDED; that if the records of account are kept at some place outside Bermuda, there shall be kept at an office of the Company in Bermuda such records as will enable the Directors to ascertain with reasonable accuracy the financial position of the Company at the end of each three (3) month period. No Member (other than an Officer of the Company) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the Directors or by Ordinary Resolution.

- 53.2. A copy of every balance sheet and statement of income and expenditure, including every document required by law to be annexed thereto, which is to be laid before the Company in general meeting, together with a copy of the auditors' report, shall be sent to each person entitled thereto in accordance with the requirements of the Companies Act.

SERVICE OF NOTICES AND DOCUMENTS

54. Service of Notices and Documents

- 54.1. Any notice or other document (including but not limited to a Share certificate, any notice of a general meeting of the Company, any instrument of proxy) may be sent to, served on or delivered to any Member by the Company:

54.1.1. personally;

54.1.2. by sending it through the post (by airmail where applicable) in a pre-paid letter addressed to such Member at his address as appearing in the Register;

54.1.3. by sending it by courier to or leaving it at the Member's address appearing in the Register;

54.1.4. where applicable, by sending it by email or facsimile or other mode of representing or reproducing words in a legible and non-transitory form or by sending an electronic record of it by electronic means, in each case to an address or number supplied by such Member for the purposes of communication in such manner; or

54.1.5. by publication of an electronic record of it on a website and notification of such publication (which shall include the address of the website, the place on the website where the document may be found, and how the document may be accessed on the website) by any of the methods set out in paragraphs 54.1.1, 54.1.2, 54.1.3 and 54.1.4 of this Bye-law, in accordance with the Companies Act.

- 54.2. In the case of joint holders of a Share, service or delivery of any notice or other document on or to one of the joint holders shall for all

purposes be deemed as sufficient service on or delivery to all the joint holders.

54.3. Any notice or other document shall be deemed to have been served on or delivered to any Member by the Company:

54.3.1. if sent by personal delivery, at the time of delivery;

54.3.2. if sent by post, forty-eight (48) hours after it was put in the post;

54.3.3. if sent by courier or facsimile, twenty-four (24) hours after sending;

54.3.4. if sent by email or other mode of representing or reproducing words in a legible and non-transitory form or as an electronic record by electronic means, twelve (12) hours after sending; or

54.3.5. if published as an electronic record on a website, at the time that the notification of such publication shall be deemed to have been delivered to such Member,

54.3.6. and in proving such service or delivery, it shall be sufficient to prove that the notice or document was properly addressed and stamped and put in the post, published on a website in accordance with the Companies Act and the provisions of these Bye-laws, or sent by courier, facsimile, email or as an electronic record by electronic means, as the case may be, in accordance with these Bye-laws.

54.4. Each Member and each person becoming a Member subsequent to the adoption of these Bye-laws, by virtue of its holding or its acquisition and continued holding of a Share, as applicable, shall be deemed to have acknowledged and agreed that any notice or other document (excluding a Share certificate) may be provided by the Company by way of accessing them on a website instead of being provided by other means.

54.5. Any notice or other document delivered, sent or given to a Member in any manner permitted by these Bye-laws shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or

bankruptcy or other event, be deemed to have been duly served or delivered in respect of any Share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service or delivery of the notice or document, have been removed from the Register as the holder of the Share, and such service or delivery shall for all purposes be deemed as sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the Share.

- 54.6. Save as otherwise provided, the provisions of these Bye-Laws as to service of notices and other documents on Members shall mutatis mutandis apply to service or delivery of notices and other documents to the Company or any Director, Alternate Director or Resident Representative pursuant to these Bye-Laws.

NOTIFICATION BY INTERESTED MEMBERS

55. Notification by Interested Members

- 55.1. The Directors may serve notice on any holder of Shares in the Company requiring that holder of Shares disclose to the Company the identity of any person (other than the holder of Shares) who has an interest in such Shares. Any notice shall require any information in response to such notice to be given within such reasonable time as the Directors may determine.
- 55.2. Unless otherwise directed by the Directors, for so long as any person is in default of his obligations under this Bye-law within the prescribed period (which shall be 28 days after the service of notice by the Company or 14 days, if the Shares concerned represent 0.25 per cent. or more of the issued Shares of the Company), the Directors may in their absolute discretion serve a direction notice on the holder of such Shares. The direction notice may direct that in respect of the Shares of which the default has occurred (the “**Default Shares**”), the holder shall not be entitled to vote at any general meeting of the Company. Where the Default Shares represent at least 0.25 per cent of the class of Shares concerned, the direction notice may additionally direct that dividends on such Shares be retained by the Company (without interest) and that no transfer of the Default Shares (other than a

transfer authorised under the Bye-laws) shall be registered until the default is rectified.

55.3. In this Bye-law, “**Interest**” includes an interest of any kind, (whether conditional or absolute) whatsoever in the Shares (and accordingly there are to be disregarded any restraints or restrictions to which the exercise of any right attached to the interest is or may be subject), including:

55.3.1. a joint interest,

55.3.2. a beneficial interest,

55.3.3. a contractual right to purchase;

55.3.4. the right to exercise any right conferred by or the right to control the exercise of such right in Shares; or

55.3.5. the right to call for delivery of, the right to acquire or the obligation to take an interest in Shares.

55.4. For the purposes of 55.3.4 above, a person is entitled to exercise or control the exercise of any right conferred by the holding of Shares if he has a right (whether subject to conditions or not) the exercise of which would make him so entitled, or is under an obligation (whether so subject or not) the fulfilment of which would make him so entitled

WINDING UP

56. **Winding Up**

56.1. Subject to the Companies Act and these Bye-laws, if the Company shall be wound up, the liquidator may, with the sanction of a Ordinary Resolution of the Company and any other sanction required by the Companies Act, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purposes set such values as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in

trustees upon such trust for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any Shares or other assets upon which there is any liability. For the avoidance of doubt the Company shall be wound up in accordance with provisions of the Companies Act, and any other statute which applies to the winding up of a company.

- 56.2. If the Company shall be wound up and the assets available for distribution amongst the Members of a Class as such shall be insufficient to repay the whole of the paid up capital issued in respect of such Class, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members of the relevant Class in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the Shares held by them respectively. And if in a winding up the assets available for distribution amongst the Members of a Class shall be more than sufficient to repay the whole of the capital paid up in respect of such Class at the commencement of the winding up, the excess shall be distributed amongst the Members of the relevant Class in proportion to the capital paid up at the commencement of the winding up on the Shares held by them respectively, provided that if there is more than one Class of Shares in issue on the commencement of the winding up, the Share Surplus shall be divided amongst the holders of Ordinary Shares according to the rights attaching thereto as if the Share Surplus comprised the assets of the Company available for distribution and the C Share Surplus shall be divided amongst the holders of C Share(s) pro rata according to their holdings of C Shares, and the Redemption Share Surplus shall be divided amongst the holders of Redemption Shares pro rata according to their holdings of Redemption Shares of the relevant Class. This Bye-law is to be without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

INDEMNITY

57. Indemnity

- 57.1. Subject to the proviso below, every Indemnified Person shall be indemnified and held harmless out of the assets of the Company against all liabilities, loss, damage or expense (including but not limited to liabilities under contract, tort and statute or any applicable foreign law or regulation and all reasonable legal and other costs including

defence costs incurred in defending any legal proceedings whether civil or criminal and expenses properly payable) incurred or suffered by him by or by reason of any act done, conceived in or omitted in the conduct of the Company's business or in the discharge of his duties and the indemnity contained in this Bye-law shall extend to any Indemnified Person acting in any office or trust in the reasonable belief that he has been appointed or elected to such office or trust notwithstanding any defect in such appointment or election PROVIDED ALWAYS that the indemnity contained in this Bye-law shall not extend to any matter which would render it void pursuant to the Companies Act.

- 57.2. No Indemnified Person shall be liable to the Company for the acts, defaults or omissions of any other Indemnified Person.
- 57.3. Every Indemnified Person shall be indemnified out of the assets of the Company against all liabilities incurred by him or by reason of any act done, conceived in or omitted in the conduct of the Company's business or in the discharge of his duties in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted, or in connection with any application under the Companies Act in which relief from liability is granted to him by the court.
- 57.4. To the extent that any Indemnified Person is entitled to claim an indemnity pursuant to these Bye-laws in respect of amounts paid or discharged by him, the relevant indemnity shall take effect as an obligation of the Company to reimburse the person making such payment or effecting such discharge.
- 57.5. Each Member and the Company agree to waive any claim or right of action he or it may at any time have, whether individually or by or in the right of the Company, against any Indemnified Person on account of any action taken by such Indemnified Person or the failure of such Indemnified Person to take any action in the performance of his duties with or for the Company PROVIDED HOWEVER that such waiver shall not apply to any claims or rights of action arising out of the fraud of such Indemnified Person or to recover any gain, personal profit or advantage to which such Indemnified Person is not legally entitled.
- 57.6. Expenses incurred in defending any civil or criminal action or proceeding for which indemnification is required pursuant to these Bye-Laws shall be paid by the Company in advance of the final

disposition of such action or proceeding upon receipt of an undertaking by or on behalf of the Indemnified Person to repay such amount if any allegation of fraud or dishonesty is proved against the Indemnified Person.

- 57.7. The advance of moneys would not be paid unless the advance was duly authorized upon a determination that the indemnification of the Indemnified Person was appropriate because the Indemnified Person had met the standard of conduct which would entitle the Indemnified Person to indemnification and further the determination referred to above must be made by a majority vote of the Directors at a meeting duly constituted by a quorum of Directors not party to the proceedings in respect of which the indemnification is, or would be, claimed; or, in the case such meeting cannot be constituted by lack of disinterested quorum by an independent third party; or, alternatively, by a majority vote of the Members.
- 57.8. Each Member of the Company, by virtue of its acquisition and continued holding of a Share shall be deemed to have acknowledged and agreed that the advances of funds may be made by the Company as aforesaid, and when made by the Company under this Bye-law 51 are made to meet expenditures incurred for the purpose of enabling such Indemnified Person to properly perform his or her duties to the Company.

ORGANISATION EXPENSES

58. Organisation Expenses

The preliminary and organisation expenses incurred in forming the Company and in connection with the initial offering of Ordinary Shares and any listing of the Shares on any stock exchange shall be paid by the Company and may be amortised in such manner and over such period of time and at such rate as the Directors shall determine and the amount so paid shall, in the accounts of the Company, be charged against income and/or capital.

AMALGAMATION

59. Amalgamation

Any resolution proposed for consideration at any general meeting to approve

the amalgamation of the Company with any other company, wherever incorporated, shall require the approval of a simple majority of votes cast at such meeting and the quorum for such meeting shall be that required in these Bye-laws and a poll may be demanded in respect of such resolution in accordance with the provisions of Bye-Law 29.2.

DISCONTINUATION

60. Discontinuation

Subject to the Companies Act, the Directors may approve the discontinuation of the Company in Bermuda and the continuation of the Company in a jurisdiction outside Bermuda. The Directors, having resolved to approve the discontinuation of the Company, may further resolve not to proceed with any application to discontinue the Company in Bermuda or may vary such application as it sees fit.

ALTERATION OF BYE-LAWS

61. Alteration of Bye-Laws

These Bye-laws may be amended from time to time by resolution of the Directors, but subject to approval by Ordinary Resolution.

DEPOSITORY INTERESTS

62. Depository Interests

The Directors shall, subject always to the Companies Act, any other applicable law and regulations and the facilities and requirements of any relevant system concerned and these Bye-laws, have power to implement and/or approve any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title to and transfer of interests in warrants or Shares in the form of depository interests or similar interests, instruments or securities and to the extent such arrangements are so implemented, no provision of these Bye-laws shall apply or have effect to the extent that it is in any respect inconsistent with the holding or transfer thereof or the Shares or warrant represented thereby. The Directors may from time to time take such actions and do such things as it may, in their absolute discretion, think fit in relation to the operation of any such arrangements.

CONTINUATION

63. **Continuation**

If the Company's Net Asset Value as at 30 June 2014 is less than US\$150 million, the Directors will convene a general meeting within four calendar months of 30 June 2014 to propose a continuation vote to Members for the Company to continue in its existing format, requiring approval by Ordinary Resolution.