

13 January 2010

Alternative Asset Opportunities PCC Limited
(the “Company”)
Interim Management Statement

This interim management statement relates to the period from 1 September 2009 to the date of publication of this statement and has been prepared solely to provide additional information in order to meet the relevant requirement of the UK Listing Authority’s Disclosure and Transparency Rules, and should not be relied on by Shareholders, or any other party, for any other purpose.

The Company is a closed-ended Guernsey protected cell company with one cell known as the US Traded Life Interests Fund (the “Fund”).

Investment objective

The Company’s investment objective in respect of the Fund is to provide investors with an attractive capital return through investment predominantly in a diversified portfolio of U.S. Traded Life Interests (“TLIs”).

Financial position and performance

Over the period to 30 November 2009, the Company’s net asset value per share decreased by 4.5% to 88.5 pence. As at 30 November 2009, the shares were trading at a 27.1% discount to net asset value.

Three mortalities were accounted for in the period with a total face value of US\$7.6 million. There have been, in aggregate, 24 policy maturities since the Fund’s inception.

The Company’s US\$38 million borrowing facility with Allied Irish Banks expires in March 2010 and is currently in the process of being renewed. As of 30 November 2009 total borrowings under the present facility amounted to US\$27.3 million. Since that date a further US\$2 million has been drawn down under the facility and US\$6.2 million has been repaid to AIB, leaving a current balance of US\$23.2 million.

The Board is not aware of any other material events during the period from 1 September 2009 to 30 November 2009, or in the period from 1 December 2009 to the date of this announcement, which would have had a material impact on the financial position of the Company.

Illustrative predicted yields

The table below sets out the range of illustrative predicted yields over the remaining life of the Company, with reference to the 30 November 2009 NAV of 88.5 pence per share.

Variation in mortality ¹	LE change (years) ²	31 December 2012				31 December 2016			
		Policies surviving ³	Remaining Shares in force ⁴	IRR based on exit price range ⁵ :		Policies surviving ³	Remaining Shares in force ⁴	IRR based on exit price range ⁵ :	
				100% ⁶	70% ⁷			100% ⁶	70% ⁷
125%	-1.09	55.8%	65.7%	14.96%	2.40%	22.0%	15.2%	14.35%	8.74%
110%	-0.48	59.6%	75.4%	12.34%	0.06%	25.7%	22.4%	11.18%	5.72%
100%	0.00	62.3%	83.1%	10.48%	-1.59%	28.6%	28.6%	9.05%	3.69%
80%	+1.20	68.1%	100.0%	6.42%	-5.21%	35.8%	47.8%	4.68%	-0.46%
50%	+4.12	78.2%	100.0%	-1.06%	-11.86%	50.8%	100.0%	-2.95%	-7.71%
30%	+8.00	86.1%	100.0%	-7.57%	-17.67%	65.3%	100.0%	-14.43%	-18.63%
Ignore Medical Underwriting ⁸	n/a	78.3%	100.0%	0.02%	-10.91%	42.6%	76.0%	1.81%	-3.19%

Notes

1. The central case (100%) assumes that claims experience matches the valuation basis in force at 30 November 2009. The other scenarios assume that the mortality experience is higher (e.g. 110% means that if one expects 10 deaths, one instead experiences 11) or lower (e.g. 80% means that if one expects 10 deaths, one instead experiences 8).
2. This shows the effect of the mortality experience on the life expectancy (in years) for an otherwise normal 80-year-old non-smoker.
3. The proportion of policies surviving to the specified date based on the portfolio as at 30 November 2009. No allowance has been made for the policies that have matured after this date.

4. The model assumes that shares are repurchased whenever excess cash beyond that required for premium reserves is available. This column represents the number of shares still in force and not repurchased at the relevant date.
5. This shows how the return varies for a shareholder holding the shares between 30 November 2009 and the relevant date (31 December 2012 or 31 December 2016) based on the growth in the NAV per share.
6. Return based on growth in NAV per share assuming valuation at the relevant date using the valuation basis in force at 30 November 2009.
7. Return based on winding up at the relevant date assuming that the net realised proceeds of assets is 70% of the valuation calculated in accordance with the valuation basis in force at 30 November 2009.
8. Mortality outcome assuming the lives are all “normal” lives from the point of view of mortality expectations and ignoring the implied relative health from medical underwriting.

Source: SL Investment Management Limited

Top ten holdings

By reference to the most recent portfolio valuation of the Company as at 30 November 2009, the largest ten investments held by the Company, measured by life office exposure, were as follows:

Issuer	Number of policies	% of total assets as at 30 November 2009
American General Life Insurance Company (TX)	13	15.81%
Lincoln National Life Insurance Co	19	14.38%
Transamerica Life Insurance Company	21	13.18%
Massachusetts Mutual Life Insurance Co	10	9.07%
Pacific Life Insurance Company	6	6.89%
Aviva Life and Annuity Company	6	6.26%
John Hancock Life Insurance Company	10	6.20%
MetLife Insurance Company of Connecticut	8	4.14%
New York Life Insurance and Annuity Corp	6	3.46%
Security Life of Denver Insurance Co	1	3.11%

Company Information

Launch date	25 March 2004
EPIC	TLI
Year end	31 August (reverting to 30 June from 2010 onwards)
Report & Accounts	2009 Annual Report posted December, Interim posted April
AGM	February
Price Information	Financial Times (under INVESTMENT COMPANIES, listed as ‘AltAstsOpps.’)

Investor Information

The latest available portfolio information included in the interim and annual report and accounts can be accessed via http://www.rem.com/investmenttrusts/investors_tlif.php (under the Professional Investors section)

By order of the Board
Alternative Asset Opportunities PCC Limited

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