

Three Arrows Capital, Ltd (in Liquidation) (the "Company") Starry Night Application FAQs

On 21 December 2022, the Joint Liquidators issued a notice relating to the filing of an application in the BVI High Court seeking, amongst other things, a declaration that a list of Non-Fungible Tokens ("**NFTs**") known informally as the 'Starry Night Portfolio', be determined as being beneficially owned by and belonging to the Company, and treated as such for all purposes in the liquidation of the Company (the "**Starry Night Application**" or "**Application**").

The following questions and answers are being circulated to all known Starry Night investors to provide further information about the Application.

1. What is the 'Starry Night Application' about?

- a. The Joint Liquidators have recovered and are presently in control of a substantial number of NFTs, collectively and informally referred to as the Starry Night Portfolio.
- b. According to the Joint Liquidators' investigations:
 - i. Several investors subscribed for class Starry Night shares and/or Limited Partnership interests in Three Arrows Fund Ltd and/or Three Arrows Fund LP (collectively, the "**Feeder Funds**") (the "**Investors**").
 - ii. The Feeder Funds in turn made substantial investments in the Company by subscribing for shares in the Company. The Company's accounting records indicate that the Feeder Funds were issued with shares described (in those records) as "Starry Night class" shares. However, the Joint Liquidators note that there is no such distinct share category in the Company's articles of association or other constitutional documents.
 - iii. For internal accounting and NAV purposes, the Company kept records of assets and liabilities treated as associated with certain notional "classes" of shares, including the "Starry Night class" shares (i.e. the Starry Night Portfolio).
 - iv. The Feeder Funds' rights as shareholders in the Company in respect of notional "Starry Night class" shares were quantified by reference to the value of the Starry Night Portfolio. Holders of Class Starry Night shares in the Feeder Funds (i.e. the Investors) could thereby enjoy the commercial benefits/downside of the Starry Night Portfolio through the share structure and NAV calculation methods.
- c. However, neither the subscription agreements nor the constitutional documents of the Company or Feeder Funds provide for any particular assets such as to the Starry Night Portfolio to be held on trust for any particular investors. Instead, the documentation is, in the view of the Joint Liquidators, quite clear in stating that in the event of an insolvency all assets of the Company are to be made available to satisfy creditor claims in the first instance.
- d. The Application therefore seeks a declaration from the BVI Court that the assets within the Starry Night Portfolio belong to the Company (and not the Feeder Funds or the Investors) and, consequently, that the Joint Liquidators are entitled to sell those assets and distribute the proceeds to the Company's unsecured creditors.

- e. If the Court grants the relief sought in the Application, the "Starry Night Portfolio" assets will be declared to be part of the Company's estate for the sole benefit of the unsecured creditors of the Company.

2. Do any of the investors in Three Arrows Fund Ltd and / or Three Arrows Fund LP have a proprietary interest in the Starry Night Portfolio?

- a. As noted above, the Joint Liquidators consider that Investors' rights in respect of their "Class Starry Night" shares are contractual rights against the Feeder Funds.
- b. The Joint Liquidators consider that the Feeder Funds' rights in respect of their "Starry Night class" shares are shareholder rights against the Company.
- c. The Joint Liquidators do not, therefore, consider that the Investors or the Feeder Funds have any direct (i.e. proprietary) interest in the Starry Night Portfolio.
- d. For the reasons outlined above, the Joint Liquidators consider that the assets within the Starry Night Portfolio belong to the Company (and not the Feeder Funds or the Investors).

3. Are any of the investors in Three Arrows Fund, Ltd and/or in Three Arrows Fund LP entitled to submit a claim in the Company's liquidation?

- a. If an Investor claims to be a creditor of the Company because they made an investment into a Feeder Fund, the claim will almost certainly be rejected by the Joint Liquidators.
- b. This is because, based on current investigations, the Joint Liquidators consider that Investors in the Feeder Funds hold shares and/or interests in the Feeder Funds and are not creditors of the Company.
- c. However, anyone who considers that they are a creditor of the Company should complete a r184 claim form and submit it to the Joint Liquidators for their consideration. This can be found on the Company's liquidation website at <https://3aqliquidation.com> along with guidance notes.

4. Are the investors in Three Arrows Fund, Ltd and/or in Three Arrows Fund LP in the same category as all other creditors in the Company's liquidation?

No. See above at Q.3. The Joint Liquidators consider that Investors in Three Arrows Fund, Ltd and/or in Three Arrows Fund LP are not creditors of the Company as the Investors have only made investments into the Feeder Funds and not directly into the Company.

5. Can you share more details of the realisation/sale of the Starry Night portfolio?

The Joint Liquidators have secured the NFTs informally referred to as the Starry Night portfolio, and presently hold these assets pending the outcome of the Application. Investors are invited to visit the Company's liquidation website at <https://3aqliquidation.com> for future updates. The Joint Liquidators will not sell these assets without further reference to the BVI Court.

6. How can I participate in the Application?

The Joint Liquidators invite you to participate in the Application if you believe that you have a direct (i.e. proprietary) interest in the Starry Night Portfolio.

If you wish to formally participate in the Application, the Joint Liquidators will consider adding you as a respondent to the BVI Court proceedings.

There may be cost consequences of formal participation, and we recommend that you contact a lawyer to seek independent advice.

However, the Joint Liquidators are also open to receiving informal communications from Investors. Any correspondence provided can be put directly before the BVI Court.

7. How can I receive a copy of the Application?

The Joint Liquidators intend to provide the Application to all the Investors who request a copy by email at 3ACliquidation@teneo.com as set out in the Notice of Application which was sent to all Investors dated 21 December 2022.

8. What next steps may I take?

As an Investor your next steps may, non-exhaustively, include one or more of the following:

- a. Submitting a request for a copy of the Starry Night Application documents via email to 3ACliquidation@teneo.com if you have not done so.
- b. Become familiar with the Joint Liquidators' position in relation to the NFTs as set out in the Application.
- c. Seek independent legal advice in relation to any interest you may have in the Application.
- d. Consider providing material information relevant to the Starry Night Application for the Joint Liquidator's consideration.
- e. Consider providing information to the Joint Liquidators with a request that it be brought to the attention of the BVI Court.
- f. Consider submitting a request to participate in the Starry Night Application.

For any communications with the Joint Liquidators, please use the contact details below.

Dated: 11 January 2023

The address of the Liquidators is:
3rd Floor, Banco Popular Building
Road Town
British Virgin Islands

Contact for enquiries:

Email: 3ACliquidation@teneo.com
Website: <https://3acliquidation.com>