CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

of

RESILIENCE (BVI) LTD,

A BVI Business Company

March 16, 2026

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

Executive Summary of the Offering of Tokens

Tokens are integral to the operation of the **RE Protocol**, described further below, and **Registered Holders** of Tokens are entitled to certain rights described in this Memorandum.

THE APPLICABLE ASSETS OF THE TOKEN ISSUER ARE THE SOLE SOURCE OF PAYMENTS ON THE TOKENS. THE TOKENS DO NOT REPRESENT AN INTEREST IN OR OBLIGATION OF, AND ARE NOT INSURED OR GUARANTEED BY, RESILIENCE FOUNDATION, COVER RE INC., COVER REINSURANCE SPC OR ANY CELL MANAGER OR ANY OF THEIR RESPECTIVE AFFILIATES. SEE "*COVER REINSURANCE GROUP*," BELOW.

THE TOKENS REFERRED TO IN THESE MATERIALS, AND THE ASSETS DESCRIBED HEREIN, ARE SUBJECT TO MODIFICATION OR REVISION (INCLUDING THE POSSIBILITY THAT ONE OR MORE CLASSES OF TOKENS MAY BE SPLIT, COMBINED OR ELIMINATED AT ANY TIME PRIOR TO ISSUANCE OR AVAILABILITY OF A SUPPLEMENTAL MEMORANDUM) AND ARE OFFERED ON A "WHEN, AS AND IF ISSUED" BASIS. PROSPECTIVE INVESTORS SHOULD UNDERSTAND THAT, WHEN CONSIDERING THE PURCHASE OF THESE TOKENS, A CONTRACT OF SALE WILL COME INTO BEING NO SOONER THAN THE DATE ON WHICH THE RELEVANT CLASS OF TOKENS HAS BEEN PRICED AND THE TOKEN ISSUER HAS CONFIRMED THE ALLOCATION OF TOKENS TO BE MADE TO INVESTORS; ANY "INDICATIONS OF INTEREST" EXPRESSED BY ANY PROSPECTIVE INVESTOR, AND ANY "SOFT CIRCLES" GENERATED BY THE TOKEN ISSUER, WILL NOT CREATE BINDING CONTRACTUAL OBLIGATIONS FOR SUCH PROSPECTIVE INVESTORS, ON THE ONE HAND, OR THE TOKEN ISSUER OR ANY OF ITS SUBSIDIARIES, AGENTS OR AFFILIATES, ON THE OTHER HAND.

The Tokens are being offered by the Token Issuer from time to time in individually negotiated transactions at varying prices to be determined at the time of sale, subject to prior sale, when, as and if issued (the "**Offering**"). The Token Issuer reserves the right to withdraw, cancel or modify such offer and to reject orders in whole or in part without notice or reason. The Tokens will not be rated and no application has been made to a credit rating agency for a rating of the Tokens at issuance. No application has been made to list the Tokens on any decentralized exchange or stock exchange and no such application is envisaged in the future. If any application is made by any person following the date hereof, there can be no assurance that any such listing will be granted or maintained. See "*Potential Secondary Trading of Tokens,*" below.

See "Certain Risk Factors" herein for a discussion of certain factors to be considered in connection with an investment in the Tokens.

The RE Protocol

The **RE Protocol** ("**Resilience Protocol**" or "**Protocol**") is intended to act as a global transaction layer for risk, embodied in a collection of smart contract code and generalized protocols, initially developed and deployed on the Avalanche and Ethereum blockchains (see below for additional information on the parallel deployments to each blockchain).

The Protocol allows for the on-chain embodiment of reinsurance opportunities in segregated portfolios (such portfolios, the "**Risk Pools**") from a general liquidity layer held on-chain (the "**Liquidity Layer**"), and the allocation of capital to Risk Pools from the Liquidity Layer. Capital allocated to a Risk Pool can be pledged, either as direct collateral or indirect regulatory capital, to underlying risk to generate returns and allocate those returns amongst the liquidity layer, proposer, and various other stakeholders. The Protocol and each Risk Pool incorporate technical features (as amended, revised or updated from time to time, the "**Oracles**") which allow approved Cell Managers and counterparties to provide transparent, real-time information on relevant off-chain data through the Protocol, enabling an integrated on-chain view of the overall activities, assets, and liabilities on the Protocol.

NOTICE TO INVESTORS

Cover Reinsurance Group

Cover Re Inc. (a Delaware corporation) and Cover Reinsurance SPC, Ltd. (an exempted company registered as a segregated portfolio company under the laws of the Cayman Islands and licensed as a "*Class B(iii)*" insurer in the Cayman Islands (acting on behalf of and for the account of its segregated portfolios from time to time)) and each of their affiliates and subsidiaries from time to time (together, the "**Cover Reinsurance Group**") may from time to time act in different capacities in respect of the Resilience Protocol. See "*Cover Reinsurance Group*," below.

Resilience Foundation is an ownerless foundation company established under the laws of the Cayman Islands without any shareholders or members, and, therefore, is not capable of being under common ownership with any other entity or person. However, each Cover Reinsurance Group entity was established by sponsors or founders who were associated with the establishment of the Resilience Protocol and each other Resilience Entity and have knowledge of the Protocol and the Tokens, as well as the notes issued by the Cover Reinsurance Group. See "*Cover Reinsurance Group – Cell Manager & Service Provider*," below.

THE CELL MANAGERS (INCLUDING, WITHOUT LIMITATION, COVER REINSURANCE SPC, LTD.) DESCRIBED IN THESE MATERIALS MAY FROM TIME TO TIME PERFORM INVESTMENT AND ASSET MANAGEMENT AND/OR REINSURANCE SERVICES FOR, OR SOLICIT REINSURANCE INVESTMENT BUSINESS FROM, ANY PERSON OR COMPANY NAMED IN THESE MATERIALS OR ANY AFFILIATE THEREOF. EACH CELL MANAGER, ITS AFFILIATES AND/OR THEIR RESPECTIVE EMPLOYEES MAY FROM TIME TO TIME HAVE A LONG OR SHORT POSITION IN ANY TOKEN, RISK POOL, CONTRACT, SECURITY AND/OR REINSURANCE PRODUCT DISCUSSED IN THESE MATERIALS.

Resilience Foundation, each member of the Cover Reinsurance Group each other Cell Manager or any of their respective affiliates and third parties that provide information to the Protocol, Resilience Foundation, Cell Managers and the Token Issuer, do not guarantee the accuracy, completeness, timeliness or availability of any information, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or the results obtained from the use of such content.

Certain Specified Investments.

It is intended that the Resilience Protocol will invest in a certain reinsurance coverage opportunity provided by the Cover Reinsurance Group pursuant to a principal-at-risk note programme (the "**Cover Re Note Programme**"). Pursuant to the terms of which, Resilience INV SPC (acting for and on behalf of Resilience Inv SPC – reUSD Cell SP and Resilience Inv SPC – reUSDe Cell SP) shall purchase certain notes from time to time issued by Cover Reinsurance SPC, Ltd. (the "**Cover Re Issuer**"). Each note issued under the Cover Re Note Programme is being issued in order to provide funding to the Cover Re Issuer for its obligations under its reinsurance agreements with underlying cedants. Under each Cover Re reinsurance agreement, the Cover Re Issuer agrees to, among other things, post collateral into a trust account to secure obligations of the Cover Re Issuer owed to the underlying cedant, arising out of that

Cover Re reinsurance agreement. Proceeds from the notes shall be used exclusively to fund the Cover Re Issuer's obligation to collateralize its reinsurance obligations to the underlying cedant. Coupon payments due under the Cover Re Note Programme shall be made on the note(s) held by Resilience INV SPC in accordance with the terms and conditions of the Cover Re Note Programme. Resilience INV SPC intends to provide funding in one or more drawdowns to accomplish the purposes as set forth under the Cover Re Note Programme.

The Resilience Protocol will be subject to certain conflicts of interest involving the Cover Reinsurance Group.

In general, the transaction described in this Memorandum will involve various potential and actual conflicts of interest generally, and, in particular, involving the Cover Reinsurance Group.

There can be no assurance or guarantee that any of the principal invested in the notes under the Cover Re Note Programme will be returned, or if it is, whether all or some only will be returned. In addition, there is no assurance or guarantee of the payment of any interest or yield in respect of the notes thereunder.

CERTAIN ACTUAL, DIRECT AND INDIRECT CONFLICTS OF INTEREST ARISE IN RESPECT OF THE INVESTMENT BY RESILIENCE INV SPC IN THE COVER RE NOTE PROGRAMME, INCLUDING THAT THE ULTIMATE SPONSORS OR FOUNDERS IN RESPECT OF THE RE PROTOCOL AND THE COVER REINSURANCE GROUP HAVE VESTED, DIRECT AND INDIRECT ECONOMIC INTEREST IN THE SUCCESS OF EITHER OR BOTH OF THE RE PROTOCOL AND/OR THE COVER REINSURANCE GROUP.

Irrespective of the indirect connection between the Protocol and the Cover Reinsurance Group, the Cover Re Note Programme is structured as an arms'-length arrangement on commercial terms, and no special or undisclosed treatment will be made in favor of the Resilience Protocol as an investor thereunder. See further "*Cover Reinsurance Group*," below.

None of Resilience Foundation, the Cover Reinsurance Group, any Cell Manager, the Token Issuer or any of their respective affiliates and third party content providers give express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use, and they expressly disclaim any responsibility or liability for direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including lost income or profits and opportunity costs) in connection with the use of the information herein. Any statements herein regarding future financial performance are not statements of facts or recommendations to purchase, hold or sell securities. They do not address the suitability of Tokens for investment purposes and should not be relied on as investment advice. None of the Resilience Foundation, Cover Reinsurance Group, any Cell Manager, the Token Issuer or any of their respective affiliates have any responsibility to update any of the information provided in this summary document.

COVER REINSURANCE SPC, LTD. HAS BEEN ENGAGED BY RESILIENCE INV SPC TO ACT AS A CELL MANAGER IN CONNECTION WITH CERTAIN RISK POOLS AND OTHER REINSURANCE OPPORTUNITIES. COVER REINSURANCE SPC, LTD. AND/OR ITS AFFILIATES MAY FROM TIME TO TIME BE AN INVESTOR OR MANAGER OF RISK PORTFOLIOS OR PROVIDER OF OTHER REINSURANCE INVESTMENT OPPORTUNITIES, INCLUDING OTHER SIMILARLY STRUCTURED TRANSACTIONS, ADVISED BY COVER RE INC., COVER REINSURANCE SPC, LTD. OR THEIR AFFILIATES, AND MAY FROM TIME TO TIME BE A CLIENT OF THE TOKEN ISSUER OR ITS AFFILIATES. COVER REINSURANCE SPC, LTD. MAY EARN COMPENSATION FOR ACTING AS A CELL MANAGER AND IN RESPECT OF OTHER REINSURANCE OPPORTUNITIES. ACCORDINGLY, THE TOKEN ISSUER

HAS AN INCENTIVE TO ENDORSE COVER REINSURANCE SPC, LTD., COVER RE INC. AND THE ISSUE OF TOKENS RESULTS IN VARIOUS POTENTIAL AND ACTUAL MATERIAL CONFLICTS OF INTEREST WITH INVESTORS IN THE TOKENS. IN ADDITION, COVER REINSURANCE SPC, LTD., COVER RE INC. AND ITS AFFILIATES HAVE OTHER RELATIONSHIPS WITH THE TOKEN ISSUER, RESILIENCE FOUNDATION, RESILIENCE INV SPC AND THEIR AFFILIATES, INCLUDING IN CONNECTION WITH THE INVESTMENT, MANAGEMENT, AND BROKERAGE ACTIVITIES OF THE TOKEN ISSUER AND ITS AFFILIATES, INCLUDING (IF APPLICABLE) FINANCING FOR THIS OFFERING TRANSACTION AND OTHER POTENTIAL FINANCING ARRANGEMENTS WITH ENTITIES ASSOCIATED WITH OR MANAGED BY COVER RE INC. OR BY AN AFFILIATE OF COVER REINSURANCE SPC, LTD. AND COVER RE INC.

INVESTORS SHOULD REVIEW AND CONSIDER THIS INFORMATION AND THE RELATED CONFLICTS ON THE PART OF THE TOKEN ISSUER OR THE COVER REINSURANCE GROUP WHENEVER THE TOKEN ISSUER MAKES ANY STATEMENT IN CONNECTION WITH THE OFFERING (OR ANY TRANSACTION DESCRIBED HEREIN) OR PROMOTES COVER REINSURANCE SPC, LTD., COVER RE INC. WITH REGARD TO THE OFFERING (OR ANY TRANSACTION DESCRIBED HEREIN).

THE OFFERING

The Offering is intended to provide Token purchasers with the opportunity to participate in the RE Protocol by providing capital to be used to back Risk Pools on the Protocol through the purchase of certain cryptographically-enabled digital assets ("**Tokens**") which, in combination with certain other requirements to qualify as a Registered Holder (as defined below), entitle Token purchasers to indirectly participate in a particular tier of risk and attendant returns from Risk Pools on the Protocol. The Offering is comprised of two Tokens:

- **reUSD** enables participation in the Protocol's "**Basis-Plus Reserve**" program, and backs Risk Pools providing lower-risk tranches of capital to reinsurers in exchange for a premium on the then prevailing risk-free rate. reUSD is intended to be lower risk, lower return, and more readily redeemable than reUSDe. The Token Issuer will make distributions to the holders of reUSD senior in priority to the holders of reUSDe. Registered Holders of reUSD and any transferee of a registered holder, or any beneficial holder of reUSD, whose rights, in time and payment, rank most senior and in priority to each other Registered Holder of Tokens are referred to herein and in the Platform Agreement as "**Senior Creditors**" of the Token Issuer. See "*Description of the Platform Agreement*," below.

- **reUSDe** enables participation in the Protocol's "**Insurance Alpha**" program, and backs Risk Pools providing more junior, higher-risk funding tranches to reinsurers in exchange for a higher premium. The Token Issuer will make distributions to the holders of reUSDe junior in priority to the holders of reUSD. Registered Holders of reUSDe and any transferee of a registered holder, or any beneficial holder of reUSDe, whose rights, in time and payment, rank in priority to each Subordinated Creditor of the Token Issuer, and subordinate to the rights of each Senior Creditor (including, without limitation, holders of reUSD), are referred to herein and in the Platform Agreement as "**Mezzanine Creditors**" of the Token Issuer. There can be no assurance that the distributions from the Risk Pools will be sufficient to make distributions to holders of reUSDe after making payments that rank senior to payments on reUSDe, such as to holders of reUSD. See "*Description of the Platform Agreement*," below.

Liabilities owed by the Token Issuer to investors in reUSD rank senior in right and priority of payment, through contractual subordination, to liabilities owed by the Token Issuer to investors in reUSDe both prior to, and in the event of, any enforcement action in respect of the Protocol and its operating entities. See "*Limited Recourse; Non-Petition*," below. Where used herein, "**Class**" means, in the case of (x) the Tokens, all of the Tokens having the same stated maturity (if any), interest rate and designation, and (y) the Subordinated Funding, all of the Subordinated Funding. With respect to any exercise of voting rights, any *pari passu* Classes of Tokens that are entitled to vote on a matter will vote together as a single class. Pursuant to the more detailed terms of the Platform Agreement, each Senior Creditor of the Token Issuer (including each Registered Holder from time to time), shall initially appoint Resilience Foundation as senior agent and each Mezzanine Creditor shall appoint Resilience Foundation as mezzanine agent (in each such capacity, the "**Agent**"). The Agent will not be held liable for any loss, liability or expense incurred on its part arising out of or in connection with the performance of its obligations under the Platform Agreement. The Agent will, on behalf of the Senior Creditors and Mezzanine Creditors, respectively, perform the duties, obligations and responsibilities and, in such capacity, and exercise the rights, powers, authorities and discretions specifically given to the applicable Agent under or in connection with the Transaction Documents together with any other incidental rights, powers, authorities and discretions.

Assets

The Assets of the Token Issuer in respect of each Class of Tokens are limited in recourse so that the Senior Creditors will only have recourse to, and payments on the Senior Funding will only be made available from, the Senior Assets. Mezzanine Creditors will only have recourse to, and payments on the Mezzanine Funding will only be made available from, the Mezzanine Assets.

It is anticipated that by the date of this Memorandum that the Token Issuer will have completed the purchase, acquisition or commitment to purchase or invest in at least a majority (by par amount) of the Senior Assets and the Mezzanine Assets. It is expected (but there can be no assurance) that additional assets will be added over time to the portfolio comprising the Senior Assets and the Mezzanine Assets from time to time. The composition of the Assets will change over time as a result of the exercise of any option or similar right in connection with the acquisition or addition of additional Assets from time to time. Notwithstanding the foregoing, the Token Issuer does not have the ability to remove Assets from either the Senior Assets or the Mezzanine Assets and is not required to comply with any specific tests or criteria in respect of the transfer in of Assets.

The Protocol is generalized and capable of deployment on multiple underlying blockchains, which will initially include both the Ethereum and Avalanche blockchains. Each instance of the Protocol as deployed on a particular blockchain (each such a "**Protocol Deployment**" or "**Deployment**") is technically segregated from the others, and there exists a parallel version of each element of the Protocol (including the underlying smart contracts and Tokens themselves) for each blockchain on which it is deployed (such underlying blockchain for a given Protocol Deployment and corresponding Tokens referred to herein as the "**Applicable Chain**").

In general, references herein to the Tokens and various aspects of the Protocol, such as the Liquidity Layer, should be understood to be on an aggregated basis across all Protocol Deployments and Classes of Tokens, unless it is obvious on the face of the context that it should be understood otherwise, or as specifically noted; provide that, references herein the Senior Assets and/or Mezzanine Assets are references to the Assets backing payments on the Senior Funding and the Mezzanine Funding, as applicable. See "*Assets*," above. For example, references to "Liquidity Layer" in the context of the calculations of assets attributable to a Class or calculation of the Class Token Price (as defined below) are on an aggregate basis per Class across Applicable Chains, while references to the Escrow Contract in the context of a discussion of how to deposit funds for Tokens for issue by a particular Deployment should be read and understood as referencing the Escrow Contract for that particular Class on the relevant Applicable Chain.

An annotated flowchart depicting the relevant funds flow and smart contracts, documentation regarding the Protocol's operation and functionality, and the underlying code and smart contracts governing the operation of the Protocol's on-chain functionality can be inspected at https://re.xyz, along with the most recent code and technical audit reports with respect to the Protocol. Much of the operations underlying the Offering described herein are conducted by the Protocol and its self-executing smart contract framework, and long-term governance of the Protocol is expected to be vested in the community of Protocol users and other stakeholders in the reinsurance industry. However, in its initial stages of operation, the Re Protocol will be subject to a high level of operational control and oversight by the Resilience Foundation and certain other Cell Managers, including without limitation, members of the Cover Reinsurance Group and their affiliates and service providers, as described further below.

Token Issuer Organizational Structure & Relationship to the Protocol

The generation, distribution, and sale of Tokens by the Protocol is conducted and managed by Resilience (BVI) Ltd, a BVI business company ("**Token Issuer**"), but is processed through partially automated on-chain mechanisms (collectively referred to as the "**Escrow Contract**"). As of the initial launch of the RE Protocol, Token Issuer controls or has authority to designate control of private keys corresponding to the Protocol contribution flow through the Escrow Contract, such as the authority to approve or reject contributed funds from the Escrow Contract, and to move funds and approve wallet addresses in connection with redemptions claimed via the **Redemption Contract**.

The Token Issuer is wholly-owned by Resilience Foundation, an exempted limited guarantee foundation company established without share capital under the laws of the Cayman Islands ("**Resilience Foundation**" or "**Foundation**"). See "*Description of the Token Issuer*," below. The Resilience Foundation has been established to oversee the development and operation of the RE Protocol, including, without limitation, the approval process for new Risk Pools, Cells, and Cell Managers. Correspondingly, as of the initial launch of the RE Protocol, the Foundation controls or has authority to designate control of private keys corresponding to the authority to add or remove parties and corresponding wallet addresses from the whitelist to propose new Risk Pools (such persons "**Cell Managers**"), the allocation of capital from the Liquidity Layer to Risk Pools, and the deployment of new Risk Pools as proposed by individual Cell Managers. See "*Cover Reinsurance Group*," above.

Token Issuer, in turn, wholly-owns Resilience Inv SPC, a segregated portfolio company incorporated under the laws of the Cayman Islands ("**Resilience SPC**"). A segregated portfolio company (SPC) in the Cayman Islands is a single legal entity that can create separate segregated portfolios with distinct assets and liabilities (as described above, the "**Cells**"). Resilience SPC, as of the initial launch of the RE Protocol, controls or has the authority to designate control of the relevant private keys permitting its effective control and ownership of the Liquidity Layer and each Risk Pool. Resilience SPC will establish a separate Cell for each Cell Manager approved by the Foundation, and will retain at least mandatory co-signatory authority with Cell Managers with respect to Risk Pools assigned to each Cell. Amongst other requirements, each Cell Manager is required to provide certain guarantees and undertakings to Resilience SPC to undertake any necessary accounting and actions to ensure that data reported via the Oracles relating to any Risk Pools within that Cell Manager's associated Cell is complete, accurate, and up to date.

The Foundation shall be governed by appointed directors ("Directors") who will serve pursuant to service agreements. The Directors of the Foundation are Matthew Taber of Leeward Management and Anand Dhillon. The Foundation shall have governance and oversight responsibility of each of Resilience SPC, and Token Issuer respectively. The Foundation serves as the sole director of each of Token Issuer and Resilience SPC.

Issuance & Nature of the Tokens

Tokens will be issued under the laws of the British Virgin Islands in the form of a digital token, the ownership and transfer of which will be authenticated and recorded as a token on an open source, public, blockchain-based distributed computing platform and operating system featuring smart contract functionality (such assets generally referred to herein as "**Digital Assets**").

In order for a Token Holder to assert rights of ownership (including in respect of asserting right of repayment under a covenant to pay given by the Token Issuer), a Tokenholder must: (a) own a Token, and (b) be the registered beneficial owner of the debt which the applicable Token represents (such person, a **Registered Holder** (defined below).

DESCRIPTION OF THE PLATFORM AGREEMENT

Each investor in a Token, any transferee or a holder of a beneficial interest in a Token will be required (or deemed, as the case may be) to be party to and to agree to the terms of the ***Platform Agreement****, which governs, among other matters, the relationship between Tokenholders and contains certain provisions relating to contractual subordination, limiting recourse to certain assets of the Token Issuer and provides for non-petition covenants in respect of certain of the entities in the Resilience Protocol. The Platform Agreement referenced in* ***Annex A*** *attached hereto forms part of and must be read in conjunction with this Private Placement Memorandum. In the event of any inconsistency between the terms of this Private Placement Memorandum and the Platform Agreement, the provisions of the Platform Agreement shall take priority.*

The following summary describes certain provisions of the Platform Agreement. The summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Platform Agreement. The Platform Agreement shall be construed in accordance with and governed by the law of the Cayman Islands. Capitalized terms used but not defined in this section and elsewhere in this Memorandum are given the meanings set out in the Platform Agreement.

Priority of Payments

On each applicable payment date and on any Redemption Date of Tokens, proceeds will be applied in accordance with the Priority of Payments. Each of the Parties agrees that the Liabilities owed by the Debtors to the Creditors shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking Liabilities as follows:

(a) *first*, to the payment of the administrative expenses (including those of a Receiver or Delegate (if any)) of the Token Issuer, any costs and expenses due to the Token Issuer in respect of any Dismissal Costs, accrued and unpaid taxes (if any) of the Token Issuer and governmental fees and registered office fees of the Token Issuer; and then,

(b) *second*, to the Senior Agent and the Mezzanine Agent, pro *rata* and *pari passu*, in respect of any accrued Agent Fees then due and payable; and then,

(c) *third*, to the payment of the Senior Liabilities then due and payable in accordance with the Senior Payment Sequence; and then,

(d) *fourth*, to the payment of the Mezzanine Liabilities then due and payable in accordance with the Mezzanine Payment Sequence; and then,

(e) *fifth*, in discharge of the Subordinated Liabilities; and then,

(f) *sixth*, to the payment of any Liabilities in respect of each Bankruptcy Subordinated Class (if any),

together, the "**Priority of Payments**".

Additional Issuance

At any time, the Token Issuer may issue additional Tokens of one or more existing Classes subject to the terms of the Platform Agreement. At any time, the Token Issuer, at the direction or with the consent of the Agent, may also issue (i) additional Mezzanine Tokens or (ii) one or more new Classes that will be subordinate in right of payment of principal and interest to all existing Classes of Tokens (the "**Junior Mezzanine Tokens**") without requiring the consent of any other Tokenholders. The proceeds of any issuance of additional Tokens must be used in accordance with the terms hereof and in accordance with the particular Subscription Documents.

Limited Recourse; Non-Petition

The Tokens are limited recourse obligations of the Token Issuer and are non-recourse obligations of the Token Issuer; therefore, the Tokens are payable solely from the proceeds of the applicable Cells and all other applicable assets pursuant to the Priority of Payments. None of the other transaction parties or any of their respective affiliates or the Token Issuers' affiliates or any other person or entity will be obligated to make payments on the Tokens. Consequently, holders of the Tokens must rely solely on distributions available to the Token Issuer, following any applicable Enforcement Event, proceeds from the liquidation of thereof for on the Tokens. If distributions or proceeds from liquidation are insufficient to make payments on the Tokens, no other assets (in particular, no assets of the Holders of the Tokens, the transaction parties or any affiliates of any of the foregoing) will be available for payment of the deficiency and all obligations of the Token Issuer and any remaining claims against the Token Issuer in respect of the Tokens will be extinguished and will not thereafter revive.

The Token Issuer has agreed to provide the information contained in this Private Placement Memorandum, including its exhibits and attachments, and if an investor in the Tokens were to commence litigation against the Token Issuer relating thereto any Liability of the Token Issuer related thereto would be payable solely from the applicable assets available to the Token Issuer. If distributions thereunder are insufficient to make payments on the Tokens and such awards or recourse, no other assets (in particular, no assets of the Initial Service Provider, Cell Manager(s), the Resilience Foundation or Resilience SPC or any affiliates of any of the foregoing) will be available for payment of the deficiency. Administrative expenses of the Token Issuer are senior to other amounts owing by the Token Issuer. If the Token Issuer were required to pay any such amounts it could reduce or eliminate the ability of the Token Issuer to make payments to the holders of the Tokens.

No Enforcement by Tokenholders

Pursuant to the terms of the Platform Agreement, each Registered Holder will be required to agree with the Token Issuer that:

(i) only the Agent (in its absolute discretion) may enforce the Assets or take any Enforcement Action whether or not following an Insolvency Event and only in respect of the applicable Debtor in accordance with the terms and conditions of this Agreement and each other Transaction Document;

(ii) it will not take any steps or proceedings to procure the winding up, administration or liquidation of any Debtor or any Group Company; and

(iii) it will not take any other steps or action against any Debtor or any Group Company for the purpose of recovering any of the Liabilities (including by exercising any rights of set-off) or enforcing any rights arising out of any agreement against any Debtor or any Group Company.

Unsecured obligations of the Token Issuer

The Tokens will not be secured by any collateral, and, while the Senior Tokens and Mezzanine Tokens are Outstanding, Holders of the Subordinated Liabilities (if any) will not generally be entitled to exercise remedies under the Platform Agreement. The Agents will have no obligation to act on behalf of the Holders of Subordinated Tokens except as expressly provided in the Platform Agreement. Distributions to Holders of the Subordinated Tokens will be made solely from distributions on the assets after all other payments have been made pursuant to the Priority of Payments described herein. See "*Priority of Payments.*" There can be no assurance that the distributions on the assets will be sufficient to make distributions to Holders of the Subordinated Tokens after making payments that rank senior to payments on the Subordinated Tokens. The Token Issuer's ability to make distributions to the Holders of the Subordinated Tokens will be limited by the terms of the Platform Agreement. If distributions on the assets are insufficient to make distributions on the Subordinated Tokens, no other assets will be available for any such distributions.

The subordination of the Tokens will affect their right to payment; failure of a court to enforce non petition obligations will adversely affect Holders

The Tokens are subordinated to certain amounts payable by the Token Issuer to other parties as set forth in the Priority of Payments (including taxes, certain amounts owing to administrative expenses); each lower ranking class is subordinated to each higher ranking class; and the Subordinated Tokens are subordinated on each payment date to the Senior Tokens and the Mezzanine Tokens and certain fees and expenses (including, but not limited to, unpaid administrative expenses), in each case to the extent described herein. No payments of interest or distributions from proceeds of any kind will be made on any such class of Tokens on any payment date until interest due on the Tokens of each higher ranking class has been paid in full, no payments of principal (other than deferred interest (if any), to the extent set forth in the Priority of Payments) will be made on any such Class of Tokens on any payment date until principal of the Tokens of each higher ranking class has been paid in full, and no distributions from proceeds of any kind will be made on the Subordinated Tokens on any payment date until interest due on and all principal of the Tokens of each higher ranking class has been paid in full. Therefore, to the extent that any losses are suffered by any of the holders of any Tokens, such losses will be borne in the first instance by holders of the Subordinated Tokens, then by the holders of the Mezzanine Tokens, then by the holders of the Senior Tokens.

In addition, even if an event of default occurs, the Holders of the Tokens will not be entitled to determine the remedies to be exercised under the Platform Agreement, subject to the terms of the Platform Agreement. Remedies pursued by the Instructing Group could be adverse to the interests of the holders of the Tokens that are subordinated to the Tokens held by the Instructing Group, and the Instructing Group will have no obligation to consider any possible adverse effect on such other interests. The Collateral Obligations may only be sold and liquidated as described under the Platform Agreement.

In the event of any enforcement action by the Agent, each higher ranking class shall be paid in full, or to the extent 100% of Tokens of each Class consent, in other proceeds or payment in kind, before any further payment or distribution is made on account of any lower ranking classes, in each case in accordance with the Priority of Payments. On any payment date following any enforcement action, investors in any lower ranking class will not receive any payments until each higher ranking class is paid in full. If an event of default has occurred, but the applicable assets have not been liquidated and the Tokens have not been accelerated, payments on the Tokens will continue to be made in the order of priority described under "*Priority of Payments*." There can be no assurance that, after payment of principal of and interest on the Tokens senior to any Class, the Token Issuer will have sufficient funds to make payments in respect of such Class.

Bankruptcy Subordination Agreement

Each Holder of Tokens will agree, and each beneficial owner of Tokens will be deemed to agree, pursuant to the Platform Agreement, that it will not cause the filing of a petition in bankruptcy against, or present a winding up petition in respect of, the Token Issuer, Resilience Foundation or Resilience SPC (for the applicable preference period then in effect) plus one day after payment in full of the Tokens. If such provision failed to be enforceable under applicable bankruptcy laws, then the filing or presentation of such a petition could result in one or more payments on the Tokens made during the period prior to such filing being deemed to be preferential transfers subject to avoidance by the bankruptcy trustee or similar official exercising authority with respect to the Token Issuer's bankruptcy estate. Such a situation could also result in the bankruptcy court, trustee or receiver liquidating the applicable assets notwithstanding required class voting required for such liquidation pursuant to the Platform Agreement. If such provision is determined to be unenforceable or is violated by one or more Tokens or beneficial owners, the Filing Holder(s) will be subject to the Bankruptcy Subordination Agreement as described under the Platform Agreement. However, a bankruptcy court may find that such subordination agreement is not enforceable on the ground that it violates an essential policy underlying the United States Bankruptcy Code or other applicable bankruptcy or insolvency law.

The Assets of the Token Issuer may be insufficient to repay the Tokens

It is anticipated that the proceeds received by the Token Issuer on the date hereof from the issuance of the Tokens, net of certain fees and expenses, will be less than the aggregate amount of Tokens. Consequently, it is anticipated that on the date hereof the assets of the Token Issuer would be insufficient to redeem all of the Tokens in the event of an enforcement situation if enforced by the Agent under the terms and subject to the conditions of the Platform Agreement.

Transfer Restrictions

Because of the restrictions set out in the Offering Documents and the Platform Agreement, you are advised to consult legal counsel prior to making any offer, resale, or transfer of the Tokens.

The Tokens have not been registered under the Securities Act of the United States or any state securities or "Blue Sky" laws or the securities laws of any other jurisdiction and, accordingly, may not be reoffered, resold, pledged or otherwise transferred except in accordance with the restrictions described herein and set forth in the Offering Documents.

For the avoidance of doubt, each Token is not, and does not represent, stock or other equity interest in the Token Issuer, Resilience Foundation, Resilience SPC, any Cell Manager, or any other entity whatsoever.

Resilience SPC will publish for each Class a "Daily Accrual Price" and attendant estimated daily yield rate for that class. The Daily Accrual Price and associated yield rate compounds and is recalculated at 00:00 UTC daily, and is used to calculate the Token Unit Price for issuance and, when applicable, redemption processing. Class Net Asset Value ("NAV") remains an accounting and valuation metric and may differ from the Daily Accrual Price due to valuation methods, actuarial adjustments, timing, fees, and other adjustments.

Daily Accrual Price and published daily yield rate is calculated based on a trailing seven-day average of Reference Carry from the Deployment Mix of underlying Notes (defined in "*Use of Capital*", below) in any Risk Pools associated with that Class plus the undeployed reserve asset for that class; and a variable Protocol Spread (defined and discussed further below) applied at the level of the Protocol. The protocol-set "Protocol Spread" that may change over time and may be positive, zero, or negative.

"**Deployment Mix**" is determined using observable balances (on-chain protocol wallets versus off-chain attested accounts).

reUSD Reference Carry means the on-chain portion earns the basis-trade reference carry (the same basis trade used for the reUSDe on-chain reference) plus the reUSD spread; the off-chain portion, deployed to a reinsurer via a surplus note, earns a risk-free reference carry plus the reUSD spread.

reUSDe Reference Carry means a deployment-mix weighted reference carry (on-chain versus off-chain) plus the reUSDe spread. reUSDe ranks mezzanine as a token tranche and subordinated in all respects in right of payment relative to reUSD; reinsurance absorbs losses first, and only extreme claim seasons can push losses into tokens, with capital deployed from reUSDe Risk Pools absorbing losses for a given reinsurer before reUSD Risk Pool capital.

Use of Capital

Funds received to the Liquidity Layer will be eligible, subject to the terms and conditions of the Protocol, to be deployed by default into high-liquidity, cashlike instruments and accounts for the purposes of earning low-risk yield, and generally held in such instruments unless pledged to a Risk Pool requiring transfer of funds to a Trust Account or subject to a drawdown. Although the Directors have substantial discretion on these deployments, in line with the long-term goals of transparency and openness of the Protocol, the Directors expect to primarily or exclusively rely upon blockchain-based accounts and assets, such as the dollar-denominated tokens and yield-bearing accounts available from Ethena Protocol, for these purposes. Initially, this will conducted using multi-signature digital wallets and accounts held by or on behalf of Resilience SPC.

Individual Cell Managers may propose particular reinsurance investment opportunities to be funded in various forms, including, without limitation, debt instruments, notes or similarly structured instruments issued by third-party reinsurers (each, a "**Reinsurer**"). If approved by the Foundation, Resilience SPC will establish the applicable Risk Pool and provide funding by way of the applicable note (any such instrument is referred to herein as a "**Note**"), either internally segregating or transferring the committed funds from the applicable Class Liquidity Layer, and embodying the terms of the Risk Pool (including fees to be paid to the individual Cell Manager and Foundation on behalf of the Protocol, to the extent applicable) on-chain to display the relevant terms and related Oracles. Resilience SPC then either purchases the relevant Note using the funds allocated to such corresponding Risk Pool, or holds such funds in reserve for drawdown pursuant to the Note, in accordance with the underlying terms. Resilience SPC, as holder of notes issued by a Reinsurer, will be entitled to receive the applicable coupon amount pursuant to the terms and conditions of the applicable Note (together, the "**Coupon Amount**") a coupon payment payable pursuant to the terms of the Note, less certain expenses.

In general, each Reinsurer is issuing the Notes underlying the attendant Risk Pool in order to provide investment opportunities and participation rights in relation to certain agreements, either a specified set of opportunities or across the Reinsurer's entire book of business (the "**Reinsurance Agreements**"). Under the Reinsurance Agreements, the Reinsurer agrees to, among other things, post collateral into a trust account to secure reinsurance obligations of the Reinsurer (the "**Reinsurance Obligations**") under (i) certain reinsurance agreements between the Reinsurer and an underlying insurer (the "**Underlying Cedant**"), and (ii) certain other agreements with reinsurers or other reinsurance entities affiliated with the Reinsurer. The collateral obligation in respect of the Reinsurance Obligations can be met either by the provision of qualifying letters of credit or the transfer of cash into a trust account (each, a "**Trust Account**"), the beneficiary of which is an Underlying Cedant as set forth in a Reinsurance Agreement between the Underlying Cedant and the Reinsurer. Collateral provided by the Reinsurer by means of cash into a Trust Account may be used by Underlying Cedants (such collateral used for such purpose, "**Drawn Collateral**") to meet Reinsurance Obligations due to the Underlying Cedants in respect of claims under an identified portfolio of insurance policies (the "**Underlying Insurance Portfolio**"). Collateral provided by the Reinsurer should only be requested for drawdown by the Underlying Cedants from Trust Accounts ("**Collateral Calls**") once other assets available to the relevant Underlying Cedant have been used to meet claims. The parameters of the Reinsurance Obligations are set out in the Reinsurance Agreements.

The Risk Pools funded by the each of the reUSD and reUSDe Liquidity Layers are similar in purpose and instrumentality, but vary significantly in their relative priority and degree of exposure to insurance claims. The instrumentality and character of the investments underlying Risk Pools for each Class differ primarily in yield rate and attendant exposure to risk, with capital supplied from reUSD Risk Pools generally sitting at a highly senior position in the counterparty's reinsurance arrangements, while that supplied from reUSDe Risk Pools is at somewhat greater risk of exposure to insurance claims

Registered Holders

Only "**Registered Holders**" of Tokens are entitled to redemption opportunities and the other rights described in this Memorandum. Registered Holders must satisfy all of the eligibility and other requirements in (and otherwise remain in compliance with) the Token Issuer TOS, satisfy both initial and ongoing KYC/AML and other screening procedures as required in the Token Issuer's discretion, and establish and maintain an account and valid Holder Wallet via the Investor Dashboard. Note that although the Investor Dashboard interface will not include the Redemption queue function described herein at launch, as redemptions will not be available for at least several quarters, the Token Issuer anticipates doing so well in advance of any potential Redemption opportunities arising.

Token Redemption Opportunities

The Redemption Price, when redemptions are offered, will be based on the published Daily Accrual Price for the relevant Class at the applicable record time, subject to the Valuation Policy, fees, and other adjustments. reUSD will generally be redeemable up to a published percentage cap of available liquid assets on the Protocol. For reUSDe, redemption is not enabled until deployed capital is released based on actuarial reserving and release; such releases may take up to approximately 18 months or longer after deployment to begin. Once enabled, reUSDe redemption offers are expected to be made quarterly. If, upon such calculation, it is determined by the Directors, in their sole discretion, that there are unallocated liquid assets (i.e., not deployed in active Risk Pools) available in one or more Deployments that exceed expected demand and current actuarial requirements of Resilience SPC, the Token Issuer will offer Redemptions to Registered Holders pro rata to outstanding Redemption Requests. The total funds available for each such offer is determined on a per-Class basis. Once such an offer is made, it will trigger a limited review period during which a Registered Holder may choose to reject the offered Redemption Price, at the end of which the funds are automatically delivered to the applicable Registered Holder's wallet.

The reUSD Token Class will have an additional right (the "**Special Redemption Right**") to redeem on a continuous basis under certain conditions. So long as the available assets in the Liquidity Layer for the Class exceed the outstanding reUSD Risk Pool obligations by an actuarially-gated threshold (the "**Special Redemption Threshold**"), reUSD Tokens will be eligible for continuous Redemption pursuant to the standard process for Redemptions, except as to the periodicity of Redemption Dates and corresponding calculations, and a foreshortened review and acceptance period prior to expiration.

Rights of the Instructing Group

The Instructing Group will control many rights under the Platform Agreement and therefore, holders of the subordinated Tokens will have limited rights in connection with an event of default or distributions thereunder.

Under the Platform Agreement, many rights of the holders of the Tokens will be controlled by the Instructing Group. Remedies pursued by the Instructing Group upon an event of default could be adverse to the interests of the holders of Tokens subordinated to the Instructing Group. On any payment date after an enforcement event, all proceeds will be allocated in accordance with the Priority of Payments pursuant to which the Senior Tokens and the Mezzanine Tokens and certain other amounts owing by the Token Issuer will be paid in full before any allocation to the Subordinated Tokens, and each higher ranking class of Tokens (along with certain other amounts owing by the Token Issuers) will be paid in full before any allocation is made to a lower ranking class of Tokens. If an event of default has occurred and is continuing, the holders of the Subordinated Tokens will not have any creditors' rights against the Token Issuer and will not have the right to determine the remedies to be exercised under the Platform Agreement. There is no guarantee that any funds will remain to make distributions to the holders of lower ranking classes following any liquidation of the assets of the Token Issuer and the application of the proceeds from the assets to pay higher ranking classes of Tokens and the fees, expenses, and other liabilities payable by the Token Issuer.

Ownership of one or more Classes of Tokens may be concentrated

On the date hereof, a majority or all of the subordinated liabilities of the Token Issuer are expected to be purchased by one or more affiliated investors. If at any time one or more investors that are affiliated hold a majority of any class of Tokens, it may be more difficult for other investors to take certain actions that require consent of any such class or classes. When exercising such rights, a holder has no obligation to take into account the effect on other holders.

Projections, forecasts and estimates are forward looking statements and are inherently uncertain.

Estimates of the average lives of the Notes, together with any other projections, forecasts and estimates provided to prospective purchasers of the Notes are forward looking statements. Projections are necessarily speculative in nature, and it should be expected that some or all of the assumptions underlying the projections will not materialize or will vary significantly from actual results. Accordingly, actual results will vary from the projections, and such variations may be material. Some important factors that could cause actual results to differ materially from those in any forward looking statements include changes in interest rates, exchange rates and default and recovery rates; market, financial or legal uncertainties; the timing of acquisitions of Collateral Obligations; differences in the actual allocation of Collateral Obligations among asset categories from those assumed; mismatches between the time of accrual and receipt of Interest Proceeds from the Collateral Obligations. None of the Transaction Parties or any of their respective Affiliates has any obligation to update or otherwise revise any projections, forecasts or estimates, including any revisions to reflect changes in economic conditions or other circumstances arising after the date of this Offering Memorandum or to reflect the occurrence of unanticipated events, and the inclusion of such projections, forecasts or estimates should not be regarded as a representation by any of the Transaction Parties or any of their respective affiliates of the results that will actually be achieved.

Changes in tax law; imposition of tax on the Resilience Foundation

The Resilience Foundation is not currently subject to Cayman Islands tax. However, there can be no assurance that the Resilience Foundation will not in the future be subject to tax by Cayman Islands or some other jurisdiction as a result of a change in law. In the event that tax is imposed on Resilience Foundation, the ability of the Token Issuer to make payments on the Tokens may be impaired.

Limited Summary

Prospective investors should carefully read this Memorandum in its entirety. However, the contents of this Private Placement Memorandum ("**Memorandum**") should not be considered to be investment, legal or tax advice, and each prospective investor should consult with its own counsel and advisers as to all matters concerning an investment in the Tokens. In making your investment decision, you should only rely on the information contained in this Memorandum and the Transaction Documents. No person has been authorized to give you any information or to make any representation other than those contained in this Memorandum and the Transaction Documents. If you receive any other information, you should not rely on it.

You should not assume that the information contained in this Memorandum is accurate as of any date other than the date on the front cover of this Memorandum.

There will be no public offering of the Tokens. No offer to sell (or solicitation of an offer to buy) is being made in the United States of America or in any jurisdiction in which such offer or solicitation would be unlawful.

An investment in the Tokens is not suitable for all investors and will be appropriate only for financially sophisticated investors capable of analyzing and assessing the risks associated with reinsurance markets and cryptographically-enabled digital assets. An investor in the Tokens should have no need for liquidity with respect to its investment in the Tokens and no need to dispose of its Tokens or any portion thereof to satisfy any existing or contemplated indebtedness or obligation or for any other purpose.

Investors in the Tokens may be required to bear the financial risks of that investment for an indefinite period of time.

You are responsible for making your own examination of the Token Issuer and the Tokens and your own assessment of the merits and risks of investing in the Tokens. By purchasing any Tokens, you will be deemed to have acknowledged that:

- you have reviewed this Memorandum;

- you have had an opportunity to request any Additional Information that you need from the Token Issuer and its respective advisors;

- you have consulted with your own financial, legal and tax advisors regarding investment in the Tokens as you have deemed necessary and that your investment in the Tokens is within your powers and authority, is permissible under applicable laws governing such purchase, has been duly authorized by you and complies with applicable securities laws and other laws;

- none of the Cover Re Inc., Cover Re Cayman Ltd., Resilience Foundation or Resilience INV SPC is responsible for, or is making any representation to you concerning, (i) the future performance of the Token Issuer, (ii) the accuracy or completeness of this Memorandum or (iii) the value or validity of the assets or the Tokens; and

- you have not relied on Cover Re Inc., Cover Re Cayman Ltd., Resilience Foundation or Resilience INV SPC or any of their respective Affiliates in connection with the accuracy of such information or your investment decision.

This Memorandum has been prepared for the information of the person to whom it has been delivered (the "**Recipient**") by or on behalf of the Token Issuer, and may not be reproduced or used for any other purpose. By accepting this Memorandum, the Recipient agrees (i) not to reproduce or distribute this Memorandum, in whole or in part, without the prior written consent of the Token Issuer or its authorized representatives, (ii) to return this Memorandum to the Token Issuer or its authorized representatives upon request and (iii) not to disclose any information contained in this Memorandum or any other information relating to the Token Issuer, including, without limitation, Token Issuer or Token performance and financial statements, to any person who is not a trustee, director, officer, employee, auditor, agent, attorney, financial adviser or other professional adviser responsible for matters relating to the Token Issuer or Token or who otherwise has a need to know such information in connection with such person's responsibilities with respect to the Recipient and who is under an obligation to keep such information confidential, except to the extent such information is in the public domain (other than as a result of any action or omission of the Recipient or permitted person to whom the Recipient has disclosed such information).

Notwithstanding anything in this Memorandum to the contrary, each prospective Token purchaser (and each employee, representative or other agent of such investor) may disclose to pertinent persons tax treatment and tax structure information for purposes of obtaining tax advice or services, it being understood that "tax treatment" and "tax structure" do not include the name or the identifying information of (i) the Token Issuer or other entity referenced in this Memorandum, or (ii) the parties to a transaction.

This Memorandum is accurate as of its date in all material respects, and no representation or warranty is made as to its continued accuracy after such date. None of the Token Issuer, its affiliates, nor any of its authorized representatives has any obligation to update this Memorandum at any time in the future. **Information contained in this Memorandum is subject to modification, supplementation and amendment at any time and from time to time. The Token Issuer may periodically update and amend this Memorandum and the Issuer TOS, to which you will be bound. While the Token Issuer may take provide notice of such changes and amendments via a notice or pop-up on the Investor Dashboard, it is not obligated to do so, and you should regularly check for changes to the Issuer TOS, this Memorandum, and other pertinent terms and materials relating to the Tokens and your rights and obligations as a Registered Holder.**

Each investor will be required to acknowledge that it made an independent decision to invest in Tokens and that it is not relying on the Token Issuer, the Foundation, Resilience SPC, Cover Re US or Cover Re Cayman (together with their affiliates the "**Initial Service Provider**"), or any other person or entity (other than such investor's own advisers) with respect to the legal, tax, financial, risk or other considerations involved in an investment in Tokens. Past performance is no guarantee of future results. Each prospective or current investor, when making its decision to subscribe for Tokens or making a subsequent investment decision with respect to Tokens, can rely only on information included in the Offering Documents and any Additional Information (irrespective of any other information furnished to such investor). "**Additional Information**" means any information concerning the terms and conditions of the Tokens or the status of the Token Issuer communicated in writing to a prospective or current investor by an authorized representative of the Token Issuer that expressly modifies, supplements or amends the relevant Offering Document.

Each investor must determine the suitability of its investment in any of the Classes of Tokens offered hereunder and the related underlying Notes in light of its own financial and risk circumstances. Each potential investor should, among other things and without limitation:

- be capable of bearing the economic risk of an investment for an extended period or indefinitely, and understand that they may suffer a loss of some or all of their original principal investment;
- recognize that in case the Notes in held in or more Risk Pools need to be sold prior to maturity, the sale may have to be completed at a substantial discount from the initial price, and result in substantial losses;

- have read and understand the information set forth in this Memorandum and the other Offering Documents, including, without limitation, the form of Note and the documents referred to therein, at the time of investment and understand the risks associated with an indirect exposure to such agreements;
- have sufficient knowledge and experience from each of a business, financial, and technical perspective to make a meaningful evaluation of the RE Protocol, the Tokens and the related Notes, and the merits and risks of investing in such Tokens;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in Tokens and the related Notes and their impact on the value of Tokens;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in Tokens;
- be able to evaluate (either alone or with the help of appropriately qualified advisors) the possible scenarios and factors that may affect its investment and its ability to bear the applicable risks; and
- undertake such due diligence as it deems necessary in the circumstances in relation to the form and typical terms of Notes and the typical business practices of the Reinsurers to which investor will be exposed, including without limitation the manner and circumstances in which Collateral Calls can be made and the principal amount of the Notes that has been written down.

The Tokens are suitable only for sophisticated investors (i) that do not require immediate liquidity for their investments, (ii) for which an investment in the Tokens does not constitute a complete investment program, (iii) that fully understand and are willing and able to assume the risks of an investment in the Tokens, (iv) are not "US Persons" (as defined below), and (v) are not otherwise Prohibited Persons (as defined below under "Eligibility Requirements"), and (vi) otherwise qualified under applicable local law to invest in the Tokens. Each purchaser of Tokens will be required to represent that it is acquiring the Tokens for its own account, for investment purposes only and not with a view toward distributing or reselling the Tokens in whole or in part.

The Tokens are subject to limited liquidity and significant restrictions on transferability and resale under the Issuer TOS. Investors may be required to bear the financial risks of an investment in Tokens for an indefinite period of time. Investment in Tokens involves the risk of loss of the entire value of an investor's investment in Tokens.

The Tokens are not offered to persons incorporated, domiciled, located or formed in the United States of America ("USA") or formed at the direction (directly or indirectly) of any person domiciled or located in the USA or any other party that qualifies as a "U.S. Person" (as defined below under "Eligibility Requirements," including without restriction under to Rule 902(k) under the Securities Act of 1933). The Tokens have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any U.S. state securities laws or the laws of any other jurisdiction and, therefore, cannot be resold, reoffered or otherwise transferred unless they are so registered or an exemption from registration is available, and in any event never to a U.S. Person or other Prohibited Person absent specific, prior written authorization by the Token Issuer, at its sole discretion. The Tokens are not intended for investors who are U.S. Persons (as defined below under "Eligibility Requirements," including without restriction under Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended) and such investors may be subject to significant adverse U.S. tax consequences.

The Tokens have not been filed with, registered, approved by or disapproved by the U.S. Securities and Exchange Commission (the "SEC") or any other governmental agency, regulatory authority or national securities exchange of any country or jurisdiction. No such agency, authority or exchange has passed upon the accuracy or adequacy of this Memorandum or the merits of an investment in the Tokens offered hereby. Any representation to the contrary is a criminal offense.

THE TOKENS DESCRIBED IN THIS MEMORANDUM ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD TO ANY U.S. PERSON OR OTHER PROHIBITED PERSON.

NON-U.S. PERSONS WHO ARE INVESTORS WILL ONLY BE ENTITLED TO RESELL THEIR TOKENS TO OTHER NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS (AS DEFINED IN RULE 902 OF THE SECURITIES ACT) BUT MAY TRANSFER OR OTHERWISE SELL THEIR TOKENS VIA A PRIVATE OR PEER-TO-PEER TRANSACTION AND ONLY IN ACCORDANCE WITH THE TERMS OF SERVICE OF THE TOKEN ISSUER ("TOKEN ISSUER TOS"), OR THROUGH A DESIGNATED MARKETPLACE FOR TRADING PRIVATE SECURITIES IN THE SECONDARY MARKET, SHOULD THE FOUNDATION SPECIFY AND AUTHORIZE ONE IN THE FUTURE IN ACCORDANCE WITH ITS INTERNAL POLICIES, THE TOKEN ISSUER TOS AND ITS DISCRETION. THERE IS NO GUARANTEE THAT THE TOKEN ISSUER WILL BE ABLE OR WILLING TO LIST THE TOKENS ON AN APPROVED TRADING PLATFORM. INVESTORS SHOULD BE PREPARED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

AT PRESENT, THERE IS NO PUBLIC MARKET FOR THE TOKENS AND NO SECONDARY MARKET MAY EVER DEVELOP. NONE OF THE TOKEN ISSUER, THE FOUNDATION, RESILIENCE SPC, COVER RE US, COVER RE CAYMAN OR ANY AFFILIATED OR RELATED PARTY OF ANY OF THE FOREGOING HAS COMMITTED TO DEVELOPING OR MAINTAINING A SECONDARY MARKET.

The Token Issuer is not registered as an investment company under the U.S. Investment Company Act of 1940, as amended (the "Company Act"). The Token Issuer will not be required to adhere to certain restrictions and requirements under the Company Act, and investors will not be afforded the protections of the Company Act. None of the Foundation, Token Issuer, Resilience SPC, or their respective affiliates are registered under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

The Foundation does not believe that it, the Token Issuer or the or Resilience SPC is, or will be, required to register as a Money Services Business with the Financial Crimes Enforcement Network of the U.S. Department of the Treasury ("FinCEN") or obtain a money transmitter license with the banking department of any state, and therefore has not done so. There is a risk that one or more of these entities or their affiliates will be considered a Money Services Business and will be required to register with FinCEN or obtain money transmitter licenses from state banking departments which is likely to negatively impact operations and, in turn, negatively impact the value of the Tokens.

THE TOKENS AND THE NOTES ARE COMPLEX INSTRUMENTS AND ARE INTENDED FOR SALE ONLY TO INVESTORS CAPABLE OF UNDERSTANDING THE RISKS ENTAILED IN SUCH INSTRUMENTS. ALL INVESTORS SHOULD HAVE SUFFICIENT KNOWLEDGE AND

EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS TO BE CAPABLE OF EVALUATING THE MERITS AND RISKS OF INVESTING IN AND HOLDING TOKENS AND, INDIRECTLY, THE NOTES. AN INVESTMENT IN TOKENS AND, INDIRECTLY, THE NOTES SHOULD BE MADE ONLY BY INVESTORS WHO ARE ABLE AND PREPARED TO BEAR THE SUBSTANTIAL RISKS OF INVESTING THEREIN INCLUDING THE POTENTIAL LOSS OF ALL OR A PORTION OF THE ORIGINAL PRINCIPAL AMOUNT AND DISTRIBUTIONS THEREON. POTENTIAL INVESTORS IN TOKENS ARE STRONGLY ENCOURAGED TO CONSULT WITH THEIR FINANCIAL ADVISORS BEFORE MAKING ANY INVESTMENT DECISION.

THE TOKENS AND THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR ANY U.S. STATE OR NON-U.S. SECURITIES LAWS, AND ARE SUBJECT TO SUBSTANTIAL RESTRICTIONS ON TRANSFER AS SET FORTH UNDER.

THE TOKENS AND THE NOTES HAVE NOT BEEN RECOMMENDED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION, OR ANY OTHER REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THE DISCLOSURE IN THIS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE USE OF DRAWN COLLATERAL BY AN UNDERLYING CEDANT COULD OCCUR AT ANY TIME DURING THE APPLICABLE RISK PERIOD RESULTING IN A FULL OR PARTIAL LOSS OF AN INVESTMENT BY RESILIENCE SPC IN ONE OR MORE CLASSES OF NOTES AND ATTENDANT RISK POOLS.

THE NOTES UNDERLYING EACH RISK POOL ARE NOT RATED.

Whenever in this Memorandum the Resilience Foundation, the Token Issuer, Resilience SPC, Cover Re US, their respective affiliates or any other person is permitted or required to make a decision (i) in its “discretion” or under a grant of similar authority or latitude, such person may consider such interests and factors as it desires, including its own interests, or (ii) in its “good faith” or under another express standard, such person will act under such express standard.

TABLE OF CONTENTS

	Page
SUMMARY OF OFFERING	5
TOKEN OFFERING & THE RE PROTOCOL	18
THE NATURE AND ISSUANCE OF TOKENS	21
USE OF CAPITAL	22
ORGANIZATION & MANAGEMENT OF THE TOKEN ISSUER AND ITS AFFILIATES	23
CERTAIN RISK FACTORS	24
VALUATION	53
POTENTIAL CONFLICTS OF INTEREST	55
ADDITIONAL SERVICE PROVIDERS	62
TAX MATTERS	63
CERTAIN REGULATORY MATTERS	64
ELIGIBILITY REQUIREMENTS	68
PROCEDURE TO PURCHASE TOKENS	70
DESCRIPTION OF THE TOKEN ISSUER	71
ANNEX A (PLATFORM AGREEMENT)	72

INDEX OF DEFINED TERMS

Term	Page
Additional Information	xvii
AML/OFAC Obligations	64
Applicable Chain	vi
ASC	37
Cell Managers	vii
Cells	vii
Class Token Price	53
Collateral Calls	xiii
Commitment Fee	14
Conversion Price	14
Coupon Amount	xiii
Cover Re Cayman	5
Cover Re Fund	5
Cover Re US	5
Cover Services Agreement	5
Daily Accrual Price	xii
Deployment Mix	xii
Designated Exchange	14
Designated Smart Contract	19
Digital Assets	viii
Directors	vii
Drawn Balance	43
Drawn Collateral	xiii
Escrow Contract	vii
FASB	37
Final Redemption Date	43
FOIA	33
GAAP	15
Investor Dashboard	70
IRS	51
Legal Counsel	15
Liquidity Layer	ii
Mail	67
Memorandum	xv
Net Asset Value	53
NAV	53
Notes	x
OFAC	64
Offering	ii
Offering Documents	4
Oracles	iii
Prohibited Person	68
Protocol Deployment or Deployment	vi
Protocol Fees	12
Protocol Spread	19
Qualified Code Deference	20

Redemption Amount	8
Redemption Contract	8
Redemption Date	8
Redemption Price	47
Redemption Request	8
Reference Carry	19
Registered Token Holder or Registered Holder	8
Reinsurance Agreements	xiii
Reinsurer	xiii
Resilience Foundation	vii
Resilience Foundation or Foundation	vii
Resilience SPC	vii
RGC	5
Risk Pool Fees	11
Risk Pools	ii
Sanctioned Person	68
Sanctions List	68
Special Redemption Right	xiv
Special Redemption Threshold	xiv
Subscription Documents	13
The RE Protocol or Protocol	ii
Token Issuer	ii
Token Unit Price	6
Trust Account	xii
Underlying Cedant	xiii
Underlying Insurance Portfolio	xiii
US Person	68
Valuation Policy	7

SUMMARY OF OFFERING

The following is a summary of the principal terms of the Token Offering. This summary is qualified in its entirety by the more detailed information set forth in this Memorandum, any supplement to this Memorandum which is available upon request, the Token Issuer TOS, and each Investor's Token Purchase Agreement (collectively, the "**Offering Documents**"). This summary should be read in conjunction with such detailed information. In the event that any information in this Memorandum contradicts information set forth in any other Offering Document, the applicable Offering Document will control.

The following Summary of Offering summarizes the principal terms of an investment in Tokens, and is subject to, and qualified in its entirety by reference by, the Token Issuer TOS, Memorandum, Token Purchase Agreement, and any other Offering Documents.

Classes of Offered Tokens	The Offering is comprised of two Classes of Tokens: - **reUSD** enables participation in the Protocol's "**Basis-Plus Reserve**" program, and backs Risk Pools providing lower-risk tranches of capital to reinsurers in exchange for a premium on the then prevailing risk-free rate. reUSD is intended to be lower risk, lower return, and more readily redeemable than reUSDe. The Token Issuer will make distributions to the holders of reUSD senior in priority to the holders of reUSDe. Registered Holders of reUSD and any transferee of a registered holder, or any beneficial holder of reUSD, whose rights, in time and payment, rank most senior and in priority to each other Registered Holder of Tokens are referred to herein and in the Platform Agreement as "**Senior Creditors**" of the Token Issuer. See "*Description of the Platform Agreement*," below. - **reUSDe** enables participation in the Protocol's "**Insurance Alpha**" program, and backs Risk Pools providing more junior, higher-risk funding tranches to reinsurers in exchange for a higher premium. The Token Issuer will make distributions to the holders of reUSDe junior in priority to the holders of reUSD. Registered Holders of reUSDe and any transferee of a registered holder, or any beneficial holder of reUSDe, whose rights, in time and payment, rank in priority to each Subordinated Creditor of the Token Issuer, and subordinate to the rights of each Senior Creditor (including, without limitation, holders of reUSD), are referred to herein and in the Platform Agreement as "**Mezzanine Creditors**" of the Token Issuer. There can be no assurance that the distributions from the Risk Pools will be sufficient to make distributions to holders of reUSDe after making payments that rank senior

to payments on reUSDe, such as to holders of reUSD. See "*Description of the Platform Agreement*," below.

Although organized and run as parallel investment programs, as explained in greater detail in the Memorandum, reUSDe is effectively subordinated to reUSD in the event of a liquidation within the Protocol and its operating entities.

RE XYZ Structure	The generation, distribution, and sale of Tokens is conducted and managed by Resilience (BVI) Ltd, a BVI business company ("**Token Issuer**"), which is wholly-owned by Resilience Foundation, a Cayman foundation company ("**Resilience Foundation**"). The Cover Foundation has been established to oversee the RE Protocol's operations, including the approval of new Risk Pools and Cell Managers. The Foundation will be governed by appointed directors ("**Directors**") who will serve pursuant to service agreements. The Directors are Matthew Taber of Leeward Management and Anand Dhillon. Token Issuer wholly-owns Resilience Inv SPC, a Cayman segregated portfolio company ("**Resilience SPC**"). A segregated portfolio company (SPC) in the Cayman Islands is a single legal entity that can create separate segregated portfolios with distinct assets and liabilities (as described above, the "**Cells**"). Initially, the Directors shall serve on the board of directors of all of the Cover Foundation, its subsidiary the Token Issuer, and its indirect subsidiary Cover SPC.
Cover Re USA & Cover Re Cayman	Cover Re Inc., a Delaware corporation ("**Cover Re US**") Cover Re US is anticipated to provide services to Resilience Foundation pursuant to that certain Foundation Grant and Services Agreement between Cover Re US and Resilience Foundation (the "**Cover Services Agreement**"). The Protocol is operated, in part, pursuant to an exclusive license from Cover Re US to the Foundation which may be revokable under certain limited circumstances, such as fraud or malfeasance by the Directors. Cover Re US wholly-owns Cover Reinsurance SPC, Ltd. ("**Cover Re Cayman**"), which operates a reinsurance business in the Cayman Islands, which includes fund management services for an affiliated tokenized fund (the "**Cover Re Fund**") that also invests in Notes. Cover Re Cayman acts as the initial Cell Manager on the RE Protocol. See "*Cover Reinsurance Group*," above.
Future Governance & Development of the RE Protocol and Tokens	In the future, it is anticipated that a separate Cayman foundation could be established, to be known as the "Reinsurance Governance Council" ("**RGC**"). The RGC's purpose would be to bring together relevant stakeholders from the reinsurance industry to set policies for the Protocol, make recommendations to and appoint directors for Resilience Foundation, as well as other potential activities aimed at improving the Protocol. The goal of the RGC would be to impart the collective wisdom and experience of established reinsurance professionals onto the Protocol. The RGC is anticipated to be staffed by luminaries from the reinsurance industry and, potentially, other relevant experts or

stakeholders, independent of Cover Re US. These industry leaders will form a council that will have the authority to choose and appoint the Directors of the primary Foundation, potentially in consultation with the other key stakeholders in the Protocol and its ecosystem. By implementing this dual foundation structure, the protocol aims to achieve a balance between innovation and industry best practices.

Please note, it is possible that the RGC and related foundation will not come to fruition; in this case, decisionmaking would remain in the hands of the Directors absent other developments.

Use of Proceeds

The proceeds of the Offering are anticipated to be used principally for investment in Notes issued by Reinsurers, embodied on-chain and held in individual Cells. Upon approval of a Cell Manager opportunity proposal, a Risk Pool will be established on the Protocol embodying the terms of investment, including any applicable fees. Unallocated capital held at the Liquidity Layer will be discretionarily deployed to high-liquidity, yield-bearing accounts to generate additional yield pending deployment to or drawdown pursuant to an approved Risk Pool, such as yield-bearing, dollar-denominated tokens issued on Ethena Protocol, or yield-bearing accounts available using USDC tokens.

As described further in “Classes of Offered Tokens” above, the instrumentality and character of the investments underlying Risk Pools for each Class differ primarily in yield rate and attendant exposure to risk, with capital supplied from reUSD Risk Pools generally sitting at a highly senior position in the counterparty’s reinsurance arrangements, while that supplied from reUSDe Risk Pools is at somewhat greater risk of exposure to insurance claims. In each case, capital supplied to reinsurers by the Protocol sits senior to the direct proprietary capital of the reinsurer in question.

Pricing & Issuance of Tokens

Tokens will be issued in the form of Digital Assets, the ownership and transfer of which will be authenticated and recorded as a token on one of several open source, public, blockchain-based distributed computing platform and operating system featuring smart contract functionality (i.e. an Applicable Chain). Notwithstanding the foregoing, although records of Token ownership will be viewable on the Applicable Chain, record and beneficial ownership of the Tokens for purposes of establishing redemption or other claims under the rights described in this Memorandum will be reflected on the records of the Token Issuer, which constitute the official record of Registered Holders and govern the beneficial ownership of the Tokens.

Tokens will be issued in exchange for Investor's capital contribution to the Token Issuer via the Escrow Contract. Tokens will be issued as of the date on which investment is released from the Escrow Contract at the Daily Accrual Price (the "Token Unit Price") set at the time Investor's funds were deposited into the relevant Escrow Contract. The Daily Accrual Price for each Class is published daily, compounds daily, and is computed from the applicable Reference Carry (which depends on the Deployment Mix of on-chain versus off-chain backing) plus a protocol-set Protocol Spread that may be positive, zero, or negative and may change over time. The foregoing calculation shall be subject to adjustment in accordance with the Resilience SPC's valuation framework, to be determined by the Foundation in its sole discretion (the "**Valuation Policy**"), and based upon reports from individual Reinsurers and their auditors and financial providers relevant to a particular Risk Pools. The Valuation Policy and calculation of Daily Accrual Price may account for, and the Redemption Price be subject to adjustment for unpaid or accrued Protocol Fees, unfunded but outstanding obligations, Cell Manager and Cell Manager Performance Fees, taxes or tax withholding, or as otherwise described in this Memorandum or other Offering Document

Tokens in each Class will be issued at the prevailing Class Token Unit Price. Purchases of Tokens made using non-dollar-denominated Digital Assets will be quoted a conversion price and be subject to a 5% slippage tolerance on conversion. In the event an Investor's contributed Digital Asset price is outside the slippage tolerance at the time the subscription process is completed, contributed Digital Assets will be returned to the Investor and be available for resubmission at a new price and conversion rate.

The Token Issuer will publish Daily Accrual Price, yield rates, and other relevant on-chain and Oracle data through the Investor Dashboard.

For the purpose of calculating the published Daily Accrual Price, yield rate, and any resulting Token Unit Price or Redemption Price, Resilience SPC shall be entitled to, rely on, and will not be responsible for the accuracy of, financial data furnished to it by Cell Managers, Reinsurers, underlying cedants, or other market participants and independent third-party pricing services. The Token Issuer and Resilience SPC may also use and rely on industry standard financial models in pricing any of their assets. Resilience SPC does not expect to engage an independent auditor, but willundertake reasonable best efforts to provide monthly audits and attestations of underlying account balances reported via the Oracles; provided that such reporting remains subject to commercial reasonability, and some such attestations may be provided in arrears. Resilience SPC may, at the discretion of the Directors, appoint an independent auditor at a future time.

Unless indicated specifically otherwise, Daily Accrual Prices and yield rates for each Class are calculated and reported on an aggregated basis across all Applicable Chains

Token Redemption Rights

A Redemption Request may only be made by a holder of Tokens that (i) satisfies all of the requirements in the Token Issuer TOS, (ii) has completed the KYC/AML and other screening procedures described in "Subscription & Onboarding Process" below, and (iii) satisfies the requirements described under "Eligibility" below (each a "**Registered Token Holder**" or "**Registered Holder**").

The Redemption Price, when redemptions are offered, will be based on the published Daily Accrual Price for the relevant Class at the applicable record time, subject to the Valuation Policy, fees, and other adjustments. reUSD will generally be redeemable up to a published percentage cap of available liquid assets on the Protocol. For reUSDe, redemption is not enabled until deployed capital is released based on actuarial reserving and release; such releases may take up to approximately 18 months or longer after deployment to begin. Once enabled, reUSDe redemption offers are expected to be made quarterly.

If, upon such calculation, it is determined by the Directors, in their sole discretion, that there are unallocated liquid assets (i.e., not deployed in active Risk Pools) available in one or more Deployments that exceed expected demand and current actuarial requirements of Resilience SPC, the Token Issuer will offer Redemptions to Token holders (subject to the limitations discussed below)(the date of any such determination and publication as to an offered Redemption being the "**Redemption Date**" for that Redemption). The total funds available for each such offer is determined on a per-Class basis (such being the "**Redemption Amount**" as to each Protocol Deployment). Once such an offer is made, it will trigger a limited review period during which a Registered Holder may choose to reject the offered Redemption Price, at the end of which the funds are automatically delivered to the applicable Registered Holder's wallet.

Registered Holders*,* at any time following the 40^{th} day from the creation and delivery of the Tokens in question, may request a complete or partial redemption of its Tokens (a "**Redemption Request**") via the Investor Dashboard interface or by otherwise calling the relevant function from the Protocol smart contracts governing redemption queues (the "**Redemption Contract**") to be effected on the next Redemption Date. On the Redemption Date, the number of Tokens available for redemption for each Class will be divided by the number of Tokens subject to outstanding Redemption Requests for that Class, and each eligible redeeming Holder will receive the opportunity to redeem the resulting percentage of their requested Token redemptions. Redeeming Holders will have a one-month period during which they can accept the final redemption terms displayed on their Investor Dashboard, including any applicable Protocol Fee displayed in connection therewith, after which the Redemption Request expires and must be resubmitted for a new Redemption Date and Redemption Price. However, any Tokens for which a Redemption Request was submitted, but were not covered by the Redemption Offer, will remain 'in queue' for the next Redemption Date unless withdrawn by the Holder. Distributions of redemption proceeds are automatically managed by the Redemption Contract on the Applicable Chain.

Tokens are burned automatically upon delivery of the agreed Redemption Price for each such Token to the redeeming Registered Holder's wallet.

Investors should note that none of the Cell Managers, Token Issuer, Resilience Foundation, Resilience SPC, the Directors or any other person is under any obligation to sell, or cause to be sold, any Note in order to create liquid assets to be available for Redemption, and there is no expectation of doing so at any time. Liquid assets will become available solely as they are released from the underlying Risk Pools (to the extent initially deployed there). Even if liquid assets are available, the Directors are entitled, in their sole discretion, to retain and reallocate all available liquid assets to available or proposed Risk Pools.

A Redemption Request must be given solely by calling the Redemption Contract via the Investor Dashboard. None of the Token Issuer, the Resilience Foundation, the Resilience SPC (or any respective designee or agent of the foregoing) shall be responsible for any mis-delivery or non-receipt of any request delivered in any other manner. The Token Issuer will confirm the successful entry of a Redemption Request into the Redemption Contract the on the Investor Dashboard once it enters the Redemption Contract queue. In the event no acknowledgement or confirmation of successful entry into the queue is received from the Token Issuer or its designee within one hour of submitting the request, the Registered Holder should assume that such Redemption Request has not been effective and they should contact the Token Issuer via the chat interface on the Investor Dashboard to confirm the status of its request and obtain assistance in correctly doing so.

No Redemption proceeds will be paid to Registered Holders until the Redemption Contract has received the Redemption Request executed by the Registered Holder using a valid associated wallet address and such Registered Holder's request has progressed to the front of the Redemption Contract on the Applicable Chain.

In the future, Redemptions may be offered more or less frequently than quarterly and solely as determined from time to time by the Directors.

reUSD Class Special Redemptions

The reUSD Token Class will have an additional right (the "**Special Redemption Right**") to redeem on a continuous basis under certain conditions. So long as the available assets in the Liquidity Layer for the Class exceed the outstanding reUSD Risk Pool obligations by an actuarially-gated threshold (the "**Special Redemption Threshold**"), reUSD Tokens will be eligible for continuous Redemption pursuant to the standard process for Redemptions, except as to the periodicity of Redemption Dates and corresponding calculations, and a foreshortened review and acceptance period prior to expiration.

If at any time the reUSD Liquidity Layer falls below the Special Redemption Threshold, reUSD Tokens become subject to the standard Redemption Rights.

Mandatory Redemptions & Controls

The Token Issuer reserves the right to compel the redemption of all or any portion of any Holder's Tokens at any time at its sole discretion. Settlements of such mandatory redemptions will be made in the same manner as voluntary redemptions.

Any person that fails to satisfy the requirements for being a Registered Holder cannot participate in a Redemption. Furthermore, the Token Issuer, in its sole discretion, may cause all Tokens held by such persons to be frozen and, where required or advisable in the Token Issuer's sole discretion, reported to (and potentially made subject to confiscation by) appropriate governmental bodies or law enforcement agencies.

Interest Payments

Subject to the redemption rights set forth above, interest payments or other distributions will not ordinarily be made to the Token Holders. All such payments on underlying Risk Pool contracts or yield-bearing cash instruments and Digital Assets will ordinarily be retained in the Liquidity Layer for reinvestment.

Cell Managers

Cell Managers are initially evaluated and approved by Resilience Foundation, and are responsible for identifying, evaluating, and proposing reinsurance investment opportunities in Notes issued by Reinsurers for allocation to their specific Cell. The initial approved Cell Manager is Cover Re Cayman. The Foundation will have sole initial discretion to terminate or suspend Cell Manager's authority to make proposals and operate Risk Pools.

Cell Managers may be entitled to certain management and performance-based fees (as described below under "**Risk Pool Fees**") in connection with approved Risk Pools. The terms and conditions of these fees and fee structures will be proposed by a prospective Cell Manager and approved by Resilience Foundation, in its sole discretion, and be embodied on-chain as a Risk Pool on the Protocol to provide transparency into both current assets of the Protocol, and the terms and fees applicable to any particular deal.

Each Cell Manager is required to provide certain guarantees and undertakings to Resilience SPC to undertake any necessary accounting and actions to ensure that data reported via the Oracles relating to any Risk Pools within that Cell Manager's associated Cell is complete, accurate, and up to date, ensure that Reinsurers and other counterparties are obligated to deliver audited statements and information relating to the value of the Risk Pools and Cells under the purview of each such Cell Manager, and otherwise satisfy and remain in compliance with the Foundation's current Cell Manager approval and conduct policies. Cell Managers and, when possible, ultimate counterparties to the Notes will each be required to indemnify Resilience SPC for losses arising from falsified or negligently-provided data, unless it was provided in reliance on an audited statement by a duly licensed and reputable auditor in the relevant jurisdiction with respect to such information from the corresponding Reinsurer or other relevant counterparty.

Risk Pool Fees

Cell Managers and the Foundation (on behalf of the Protocol), will each generally be entitled to seek two forms of compensation with respect to each Risk Pool: (i) Management Fees, determined as a fixed percentage of the capital deployed to a Risk Pool, and (ii) Performance Fees, determined as a percentage of returns above cost (collectively "**Risk Pool Fees**"). Rates for each, to the extent applicable, are established and accepted pursuant to the originating Cell Manager Proposal and published as part of the bundle of public smart contracts and Oracle feeds embodying that Risk Pool on the public Protocol. Performance compensation may be paid to Cell Managers on an individual Risk Pool basis, and there is no expectation that any the individual Cell Managers will be subject to any form of clawback, high water mark, or other comparable terms across all Risk Pools within their Cell.

In certain cases, including the initial Cell Manager, the Cell Manager may be a commonly owned or controlled affiliate of the Reinsurers contracting with Resilience SPC within their Cell. Although the initial Cell Manager does not expect to seek any independent Risk Pool Fees on Risk Pools with its proprietary Reinsurer, there is no current restriction on doing so, and future Cell Managers may choose to do so (subject to the approval of the Foundation).

Protocol Fees

In addition to any Risk Pool Fees, the Protocol may automatically assess a fee (a "**Protocol Fee**") on certain transactions and activities occurring on the Protocol; this includes fees assessed upon deposits to the Escrow Contract and withdrawals from the Redemption Contract. Protocol Fees are intended to both recover on-chain costs, such as to recover gas fees or other costs associated with the transaction, and support the ongoing operation of the Protocol. Protocol Fees are variable and may differ between transactions, Classes, and accounts, in part as a consequence of differing cost requirements to, for example, swap a particular Digital Asset contributed in-kind to the Escrow Contract. Any Protocol Fee associated with a particular transaction will be separately displayed in connection with the approval of any transaction.

In addition to the transaction-based fees described above, a Protocol Fee may, in the future, be added on a basis other than individual transactions, such as a Protocol Fee collected on aggregate yield across the Protocol, or a portion of Risk Pool Fees collected on a particular Class or across the Protocol. Protocol Fees are received by the Foundation on behalf of the Protocol.

In the future, the Protocol Spread may also function as a separate Protocol Fee. If the Protocol Spread is set to be negative, it will effectively act as performance-based fee on the yield collected from a given Deployment Mix to the Foundation for the long-term benefit of the Protocol; *provided* that, in the event that the Protocol Spread is set to be negative, in no event shall the yield on Tokens be less than zero. Any proceeds or amounts derived from such Protocol Spread set to negative may be held in the Liquidity Layer or returned by way of dividend to Resilience Foundation, or used for the general purposes of the Resilience Protocol. See "*Use of Proceeds*," above.

Eligibility

Tokens will be issued exclusively to investors that are not Prohibited Persons (as defined below) and are otherwise qualified under applicable local law to invest in the Tokens.

Subscription & Onboarding Process

At the sole and absolute discretion of Resilience Foundation, the Token Issuer shall issue Tokens on a continuous basis on each Applicable Chain, beginning with the initial launch of a Protocol Deployment on each of the Ethereum and Avalanche blockchains. However, the Token Issuer reserves the right to suspend or terminate the Offering at any time, including solely as to a particular Deployment or Applicable Chain, and to resume the Offering on an as-needed basis to meet the needs of additional Risk Pools if suspended. Each Investor will be required to make an initial contribution of at least $10, although the Token Issuer may increase such minimum investment threshold or accept contributions of a lesser amount in its sole discretion.

All investors will be required to initially create an Investor Dashboard account and link a digital wallet to the account. Wallets are screened by third-party vendors for anti-money laundering and related risks at the time of connection, and failure to pass such screening may result in a temporary or permanent bar on such Investor's ability to purchase Tokens. Once an Investor has connected a valid wallet and established their account, they may submit funds in the form of USDC or other Digital Assets approved by the Token Issuer to the Escrow Contract and lock in a Class Token Unit Price for their intended Class of Tokens, including conversion price and slippage tolerance as to any contributed Digital Assets, as of the time of funding (*see* discussion of in-kind subscriptions below for additional details regarding purchases).

However, each investor must complete the required subscription documents, as applicable (consisting of the Token Purchase Agreement and investor questionnaire, all information and materials requested in connection with know-your-customer and source-of-funds verification (at the discretion of the Token Issuer and its service providers), and a statement of tax residence under penalty of perjury (collectively the "**Subscription Documents**")) prior to being issued Tokens. Investors will be required to complete the Subscription Documents in order to confirm that they are eligible to invest in the Tokens, at which point their funds will be released from the Escrow Contract and a number of Tokens correspondingly delivered to the Investor's digital wallet (based on the Class Token Unit Price as of the time the Escrow Contract was funded). Failure to complete the Subscription Documents in a timely manner may result in the Escrow Contract returning the contributed funds to the originating wallet, or (if necessary or advisable in the sole discretion of the Directors to comply with applicable law or mitigate legal risk to the Token Issuer or any of its parents, subsidiaries, service providers, or other affiliates) freeze the funds in the Escrow Account pending report to, license from, or potential confiscation by appropriate governmental bodies or law enforcement agencies.

Purchases using USDC or other permitted dollar-denominated cryptocurrency will be priced at one U.S. Dollar per USDC or equivalent token. Other Digital Assets contributed in-kind for purchase of Tokens will be provided a **Conversion Price** for the assets in question as of the time of their contribution to the applicable Escrow Contract. However, the assets will not be converted to USDC by the Escrow Contract until the Subscription Documents and other requirements to purchase the relevant Tokens have been completed. In the event the price of the contributed Digital Assets has varied from the originally quoted Conversion Price by more than 5% at the time the subscription process is completed, the transaction will automatically fail, and the Investor will be required to re-contribute to the Escrow Contract at a new Class Token Unit Price.

Investors may cancel the subscription process and recall funds from the Escrow Contract at any time prior to the completion of the subscription process and issuance of the Tokens.

Capital Commitment of Cell Managers

The initial Cell Manager will generally offer Risk Pools relating to its own proprietary Reinsurer. However, there is no current specified requirement for any Cell Manager to commit their own funds or capital to either the Protocol as a whole, their particular Cell, or any individual Risk Pool. However, the Foundation may, in the future, require Cell Managers to make a payment of some sort scaled to the size of a Risk Pool or other metric to be determined by the Directors (the "**Commitment Fee**"), to be contributed, staked or posted as a bond, or otherwise placed at risk to discourage excessively risky or malfeasant behavior by the Cell Managers.

Potential Secondary Trading of Tokens

Although Registered Holders and other Token holders may, under limited circumstances and solely in compliance with the Issuer TOS and other restrictions and limitations contained in the Offering Documents, there is no current market for Tokens and one may never develop. The Token Issuer may, in the future, designate a digital asset securities exchange on which Token holders may transfer or resell their Tokens (a "**Designated Exchange**"). However, there can be no assurance that any Designated Exchange will be chosen, that the Token Issuer will be able or willing to list the Tokens on a Designated Exchange, and neither the Token Issuer nor any other party is under any obligation to do so. Investors should be prepared to hold their Tokens indefinitely.

In the event that the Foundation designates one or more Designated Exchanges, Resilience SPC may, at the discretion of the Foundation, allocation up to 10% of the unallocated assets in the Liquidity Layers of each Class towards the support of such markets.

Notwithstanding anything to the contrary, pursuant to the Issuer TOS, **Tokens cannot be sold to any U.S. Person or other Prohibited Person on the secondary market, and each Token holder is responsible for ensuring no such sale occurs and shall be liable to indemnify the Token Issuer and certain other parties in event such holder sells a Token to a Prohibited Person.** The Token Issuer intends to actively monitor public transaction records and holdings of Tokens for potential transactions with Prohibited Persons, and may at its sole discretion freeze the Tokens in question, forcibly redeem the Tokens from the suspect wallet, and/or blacklist and forcibly redeem the selling address and any associated Investor accounts. The Token Issuer may hold back up to 100% of such redemptions for 18 months to address regulatory, legal, technical, or other concerns as it sees fit in its sole discretion.

Fiscal Year	The Token Issuer and Resilience SPC will each have a fiscal year ending on December 31 of each calendar year.
Reports to Investors	In addition to the reports described in the section "*Pricing & Issuance of Tokens*" above, Token Issuer will publish annual financial statements for Resilience SPC, which will be prepared in accordance with accounting principles generally accepted in the United States ("**GAAP**").
Duration	Each of the Token Issuer and Resilience SPC shall continue until the earlier of (i) a determination by Resilience Foundation determines that the Token Issuer should be wound up and dissolved, or (ii) the termination, bankruptcy, insolvency or dissolution of the Token Issuer (such term, the "**Term**").
Limited Liability	Investors will not have personal liability for the debts or obligations of the Token Issuer or Resilience SPC in excess of their investment in the Tokens and any gains thereon.
Legal Counsel	Lindgren, Lindgren, Oehm & You ("**LLOY**") has been engaged by Resilience Foundation to represent it as counsel with respect to U.S. legal matters. LLOY also has been engaged by the Foundation to represent and will represent the Foundation in connection with these matters and other matters for which it is retained to do so. Travers Thorp Alberga ("**TTA**" and, together with LLOY, "**Legal Counsel**") has been engaged to represent the

Foudnation with respect to Cayman Islands and BVI legal matters.

LLOY and TTA are compensated for their services pursuant to the terms of their respective relevant engagements.

No separate counsel has been engaged to independently represent the Investors in connection with these matters. Legal Counsel have not conducted diligence on behalf of Investors nor monitor any entity referenced in this Memorandum for compliance with this Memorandum or other legal or regulatory matters.

Amendments to the Terms of Service Governing the Tokens

The Token Issuer has broad authority to amend the Issuer TOS at its discretion. All Registered Holders, as a condition of the Issuer TOS, agree to routinely monitor their Investor Dashboard for any such amendments, to which they will have deemed to have consented in advance, except as noted otherwise. In the case of amendments which are certain or highly likely to have a materially negative economic impact upon the Registered Holders, Registered Holders will receive notification on their Investor Dashboard at least fifteen days prior to the amendments going live, and shall be deemed to have consented to such amendments at the expiration of the fifteen-day period unless Registered Holders holding an absolute majority of all Tokens in circulation across all Applicable Chains affirmatively reject the amendment, and in any event, a Registered Holder's sole remedy in event of an amendment they do not wish to consent to shall be entering a Redemption Request as to all of their Tokens prior to the expiration of the fifteen-day period, in which event they shall not be bound by the proposed amendments unless they arise from an affirmative obligation of applicable law and doing so would unduly prejudice the Protocol, Resilience Entities, or their respective affiliates, in the absolute discretion of the Directors. The Token Issuer has broad authority to amend the Issuer TOS at its discretion. All Registered Holders, as a condition of the Issuer TOS, agree to routinely monitor their Investor Dashboard for any such amendments, to which they will have deemed to have consented in advance, except as noted otherwise. In the case of amendments which are certain or highly likely to have a materially negative economic impact upon the Registered Holders, Registered Holders will receive notification on their Investor Dashboard at least fifteen days prior to the amendments going live, and shall be deemed to have consented to such amendments at the expiration of the fifteen-day period unless Registered Holders holding an absolute majority of the Eligible Voting Tokens of the affected Class (or each affected Class, if more than one) in circulation across all Applicable Chains affirmatively reject the amendment. For purposes of class-specific economic changes, voting is conducted solely by the affected Class, and "Eligible Voting Tokens" means the circulating supply of that Class excluding Tokens held or controlled by the Token Issuer, the Resilience Foundation, or their respective affiliates. Amendments adopted through this negative-consent process will be binding on all Registered Holders, except where required by applicable law and a different process would unduly prejudice the Protocol, Resilience Entities, or their respective affiliates, in the absolute discretion of the Directors.

[*End of Summary of Offering; Memorandum Continues on Following Page*]

TOKEN OFFERING & THE RE PROTOCOL

The Offering is intended to provide purchasers the opportunity to participate in the RE Protocol described below by providing capital to be used to back Risk Pools on the Protocol through the purchase of certain cryptographically-enabled digital assets ("**Tokens**") which, in combination with certain other requirements to qualify as a Registered Holder (as defined below), entitle purchasers to indirectly participate in a particular tier of risk and attendant returns from Risk Pools on the Protocol. The Offering is comprised of two tiers (or "**Classes**") of Tokens:

- **reUSD** enables participation in the Protocol's "**Basis-Plus Reserve**" program, and backs Risk Pools providing lower-risk tranches of capital to reinsurers in exchange for a premium on the then prevailing risk-free rate. reUSD is intended to be lower risk, lower return, and more readily redeemable than reUSDe. The Token Issuer will make distributions to the holders of reUSD senior in priority to the holders of reUSDe. Registered Holders of reUSD and any transferee of a registered holder, or any beneficial holder of reUSD, whose rights, in time and payment, rank most senior and in priority to each other Registered Holder of Tokens are referred to herein and in the Platform Agreement as "**Senior Creditors**" of the Token Issuer. See "*Description of the Platform Agreement*," below.

- **reUSDe** enables participation in the Protocol's "**Insurance Alpha**" program, and backs Risk Pools providing more junior, higher-risk funding tranches to reinsurers in exchange for a higher premium. The Token Issuer will make distributions to the holders of reUSDe junior in priority to the holders of reUSD. Registered Holders of reUSDe and any transferee of a registered holder, or any beneficial holder of reUSDe, whose rights, in time and payment, rank in priority to each Subordinated Creditor of the Token Issuer, and subordinate to the rights of each Senior Creditor (including, without limitation, holders of reUSD), are referred to herein and in the Platform Agreement as "**Mezzanine Creditors**" of the Token Issuer. There can be no assurance that the distributions from the Risk Pools will be sufficient to make distributions to holders of reUSDe after making payments that rank senior to payments on reUSDe, such as to holders of reUSD. See "*Description of the Platform Agreement*," below.

Although intended and offered as parallel investment programs, as described further below under "Organization & Management of the Token Issuer & its Affiliates," the Protocol and each Class of Token is embodied within a single operating structure. Consequently, <u>**reUSDe is effectively subordinated to reUSD**</u> in the event of a liquidation within the Protocol and its operating entities.

The **RE Protocol** (or "**Protocol**") is intended to act as a global transaction layer for risk, embodied in a collection of smart contract code and generalized protocols, initially developed and deployed on the Avalanche and Ethereum blockchains (see below for additional information on the parallel deployments to each blockchain).

The Protocol allows for the on-chain embodiment of reinsurance opportunities ("**Risk Pools**") from a general liquidity layer held on-chain (the "**Liquidity Layer**"), and the allocation of capital to those opportunities from the Liquidity Layer. Capital allocated to a Risk Pool can be pledged as collateral to underlying risk to generate returns, and allocate those returns amongst the liquidity layer, pool creator, and various other stakeholders on a programmable basis. The Protocol and each Risk Pool incorporate technical features ("**Oracles**") which allow approved Risk Pool managers and counterparties to provide transparent, real-time information on relevant off-chain data through the Protocol, enabling an integrated on-chain view of the overall activities, assets, and liabilities on the Protocol.

The Protocol is generalized and capable of deployment on multiple underlying blockchains, which will initially include both the Ethereum and Avalanche blockchains. Although each instance of the Protocol as deployed on a particular blockchain (each such a "**Protocol Deployment**" or "**Deployment**") is technically segregated from the others, and there exists a parallel version of each element of the Protocol (including the underlying smart contracts and Tokens themselves) for each blockchain on which it is deployed (such underlying blockchain for a given Protocol Deployment and corresponding Tokens referred to herein as the "**Applicable Chain**"), the Tokens in each Class are *pari passu* as to rights and risks regardless of the Applicable Chain.

In general, references herein to the Tokens and various aspects of the Protocol, such as the Liquidity Layer, should be understood to be on an aggregated basis across all Protocol Deployments and Classes of Tokens, unless it is obvious on the face of the context that a particular Deployment is intended or as specifically noted. For example, references to "Liquidity Layer" in the context of the calculation of the Daily Accrual Price, Token Unit Price, Redemption Price, or Class Net Asset Value (as defined below) are on an aggregate basis per Class across Applicable Chains, while references to the Escrow Contract in the context of a discussion of how to deposit funds for Tokens to be issued by a particular Deployment should be read and understood as referencing the Escrow Contract for that particular Class on the relevant Applicable Chain.

Contributions of capital to the Liquidity Layer (conducted through the Escrow Contract for the relevant Protocol Deployment) generate corresponding Tokens on the Applicable Chain. Regardless of which Deployment is used, the issuance price (the "Token Unit Price") for a given Class of Tokens is based on the published Daily Accrual Price for that Class as of the time the Investor's funds are deposited into the relevant Escrow Contract (subject to the conversion and slippage mechanics described herein for non-dollar-denominated Digital Assets), and not on a net asset value mark-to-market of the underlying Risk Pools at the time of issuance. The Daily Accrual Price compounds daily and is computed from (i) the applicable reference carry (the "Reference Carry"), which depends on the deployment mix (the "Deployment Mix") of on-chain and off-chain backing assets and Risk Pools for that Class, and (ii) a protocol-set spread (the "Protocol Spread") that may be positive, zero, or negative and may change over time, in each case as further described under "Valuation" below and in the other Offering Documents. As discussed further below, each Token represents a limited recourse, cash-settled note of the Token Issuer with returns that are intended to accrue through the Daily Accrual Price, and that is indirectly exposed to the performance of one or more investments in Notes (as defined below), together with any undeployed capital held in the Liquidity Layer and yield earned thereon.

A crucial aspect of the Protocol and Offering is the reliance on self-executing 'smart contracts' and code functions to replace the need for traditional intermediaries, custodians, and gatekeepers. Although the initial stage of the Protocol will have a relatively high degree of manual control or capacity for human intervention relative to the intended end-state, even at launch many of the functions of the Protocol on which this Offering depends will already be in an immutable, self-executing, or autonomous state, and the Resilience Entities will have little or no ability to change or interfere with the functioning of those elements of the Protocol and Offering (such elements and functions the "**Designated Smart Contracts**"). As a condition to acquiring Tokens or becoming a Registered Holder, investors will be required to agree (i) that they understand that any function or action covered by a Designated Smart Contract, such as depositing funds for investment, can only be conducted using the apposite Designated Smart Contract (i.e., the Escrow Contract for funding a purchase of Tokens); (ii) to accept the outcomes generated by the code of the Designated Smart Contracts as determinative, binding, and preemptive as to any potential conflict with respect to any legal agreement (including the Offering Materials) covering or referencing the use and outcome of a Designated Smart Contract, and treat such outcomes as non-appealable outside extremely limited circumstances; and (iii) waive any right to sue or assert other claims or complaints against any party with respect any fact, outcome, or conflict arising from the operation of Designated Smart Contracts, other than with under certain limited exceptions such as a malicious hack, technical failure resulting in the Designated Smart Contract being rendered inaccessible or inoperable, or a binding legal order from a court or government agency with appropriate jurisdiction (such agreements and conditions with respect to the Designated Smart Contracts referred to as "**Qualified Code Deference**"). As the Protocol develops and grows, the list of Designated Smart Contracts will change and expand. Each Investor and Registered Holder should, and will be required to affirmatively agree to, regularly monitor and review the most current Designated Smart Contract list, published code, and current state of the Protocol, and will be required to represent that they possess the technical knowledge and skills (or have the services of advisers with the same) sufficient to understand, identify, and assess the nature and risks of the Designated Smart Contracts and other elements of the Protocol.

An annotated flowchart depicting the relevant funds flow and smart contracts, documentation regarding the Protocol's operation and functionality, and the underlying code and smart contracts governing the operation of the Protocol's on-chain functionality can be inspected at https://re.xyz, including an description of the of the Designated Smart Contracts currently subject to Qualified Code Deference. The most recent code & technical audit reports with respect to the Protocol will be published in the same location as they become available. Much of the operations underlying the **Offering** described herein are conducted by the Protocol and its self-executing smart contract framework, and long-term governance of the Protocol is expected to be vested in the community of Protocol users and other stakeholders in the reinsurance industry. However, in its initial stages of operation, the RE Protocol will be subject to a high level of operational control and oversight by the Resilience Foundation and its affiliates and service providers, as described further below.

THE NATURE AND ISSUANCE OF TOKENS

Tokens will be issued as tranches of notes under the laws of the British Virgin Islands in the form of a digital token, the ownership and transfer of which will be authenticated and recorded as a token on an open source, public, blockchain-based distributed computing platform and operating system featuring smart contract functionality (such assets generally referred to herein as "**Digital Assets**"). While ownership and possession of Tokens is a necessary condition to assert rights as a holder under the corresponding deed poll held by the Token Issuer, it is insufficient on its own; registered beneficial ownership of the debt of the Token Issuer, and the and ability to assert any claims for redemptions or otherwise thereon, accrues only to **Registered Holders** (as defined and described further below).

For the avoidance of doubt, each Token is not, and does not represent, stock or other equity interest in the Token Issuer, Resilience Foundation, Resilience SPC, the Initial Service Provider or, any Cell Manager, or any other entity whatsoever.

Resilience SPC will publish for each Class a daily accrual-based price (the "Daily Accrual Price") and an attendant estimated daily yield rate for that Class. The Daily Accrual Price compounds daily and is recalculated at 00:00 UTC each day. The Daily Accrual Price is used as the Token Unit Price for issuance and, when applicable, as the reference price for any Redemption Price for that Class (in each case subject to the Valuation Policy, Protocol Fees, and other adjustments described in this Memorandum and the other Offering Documents). The published yield rate used to compute the Daily Accrual Price is calculated based on a trailing seven-day average of (i) Reference Carry and (ii) the Protocol Spread. "Reference Carry" is determined by reference to the then-current Deployment Mix of on-chain and off-chain backing assets and Risk Pools for that Class. "Protocol Spread" is a protocol-set spread that may be positive, zero, or negative and may change over time. Class Net Asset Value ("NAV") remains an accounting and valuation metric and may differ from the Daily Accrual Price (and therefore Token Unit Prices and Redemption Prices) due to differences in valuation methods, actuarial reserving and release, timing, fees, taxes, loss recognition, and other adjustments.

Tokens are specific to a particular Protocol Deployment and are issued separately on each corresponding Applicable Chain. Consequently, although they are priced and treated in many ways as equivalent, the Tokens issued by each Deployment may not be perfectly fungible across Applicable Chains, even if they are intended to be *pari passu* as to legal and economic rights conferred to Registered Holders, and differ significantly in the technical risk arising from the underlying blockchains.

There are no current mechanisms or support for bridging, exchanging, or otherwise providing fungibility between Tokens issued on each Applicable Chain, and no current plan to do so. Even if the Resilience Entities or another party were to decide to attempt to implement such a feature, there is no guarantee it would be technically possible or economically feasible, as such an integration presents a significant technical and security challenge. <u>Investors should be certain to carefully consider which Protocol Deployment they wish to receive Tokens from, including the different risks involved in each, and be sure to only use digital wallets, contributed funds, and interact with the Deployment on their intended Applicable Chain</u>.

USE OF CAPITAL

Funds received to the Liquidity Layer will be deployed by default into high-liquidity, cashlike instruments and accounts for the purposes of earning low-risk yield, and generally held in such instruments unless pledged to a Risk Pool requiring transfer of funds to a Trust Account or subject to a drawdown. Although the Directors have substantial discretion on these deployments, in line with the long-term goals of transparency and openness of the Protocol, the Directors expect to primarily or exclusively rely upon blockchain-based accounts and assets, such as the dollar-denominated tokens and yield-bearing accounts available from Ethena Protocol, for these purposes. Initially, this will conducted using multi-signature digital wallets and accounts held by or on behalf of Resilience SPC.

Individual Cell Managers may propose particular reinsurance investment opportunities in the form of Notes issued by Reinsurers. If approved by the Foundation, the SPC will establish the Risk Pool by entering into the Note, either internally segregating or transferring the committed funds from the applicable Class Liquidity Layer, and embodying the terms of the Risk Pool (including fees to be paid to the individual Cell Manager and Foundation on behalf of the Protocol, to the extent applicable) on-chain to display the relevant terms and related Oracles. Resilience SPC then either purchases the relevant Note using the funds allocated to such corresponding Risk Pool, or hold them in reserve for drawdown pursuant to the Note, in accordance with the underlying terms. Resilience SPC, as holder of Notes, will be entitled to receive the Coupon Amount payable pursuant to the terms of the Note, less certain expenses. The Coupon Amount will, in turn, correspond to the level of risk undertaken in connection with that Note, as described below.

Risk Pools generally come in two categories, corresponding to the relative intended risk levels of the Classes of Tokens: direct participation in reinsurance risk (via the reUSDe Class), and the lower-risk provision of regulatory capital to Reinsurers (via the reUSD Class).

In each of the reUSD and reUSDe Class Risk Pools, the Reinsurer is issuing the Notes underlying the attendant Risk Pool in order to provide investment opportunities and participation rights in relation to Reinsurance Agreements, either to be committed to specific deals or to be made available as collateral across the Reinsurer's entire book of business. Under the Reinsurance Agreements, the Reinsurer agrees to, among other things, post collateral into a trust account to secure Reinsurance Obligations under (i) certain reinsurance agreements between the Reinsurer and an Underlying Cedant, and (ii) certain other agreements with reinsurers or other reinsurance entities affiliated with the Reinsurer. The collateral obligation in respect of the Reinsurance Obligations can be met either by the provision of qualifying letters of credit or the transfer of cash into a Trust Account, the beneficiary of which is an Underlying Cedant as set forth in a Reinsurance Agreement between the Underlying Cedant and the Reinsurer. Collateral provided by the Reinsurer by means of cash into a Trust Account may be used by Underlying Cedants to meet Reinsurance Obligations due to the Underlying Cedants in respect of claims under an Underlying Insurance Portfolio. Collateral provided by the Reinsurer should only be requested for Collateral Calls once other assets available to the relevant Underlying Cedant have been used to meet claims. The parameters of the Reinsurance Obligations are set out in the Reinsurance Agreements.

The principal difference between Risk Pools funded by the reUSD and reUSDe Class Liquidity Layers are their relative exposure to insurance claims. Although each will sit senior to the proprietary capital of the counterparty Reinsurer, capital supplied from reUSDe Risk Pools will be subject to claims in advance of any claims against corresponding reUSD Risk Pools for the same Reinsurer or deal(s). The Notes underlying the former Risk Pools may be subject to claims in heavy claims seasons if the Reinsurer's capital is exhausted, while the latter Risk Pools are only likely to be drawn under relatively catastrophic scenarios, such as the disorderly bankruptcy of the relevant Reinsurer.

ORGANIZATION & MANAGEMENT OF THE TOKEN ISSUER AND ITS AFFILIATES

The generation, distribution, and sale of Tokens by the Protocol is conducted and managed by Resilience (BVI) Ltd, a BVI business company ("**Token Issuer**"), but is processed through partially automated on-chain mechanisms (collectively referred to as the "**Escrow Contract**"). As of the initial launch of the RE Protocol, Token Issuer controls or has authority to designate control of private keys corresponding to the Protocol contribution flow through the Escrow Contract, such as the authority to approve or reject contributed funds from the Escrow Contract, and to move funds and approve wallet addresses in connection with redemptions claimed via the **Redemption Contract**.

The Token Issuer is wholly-owned by Resilience Foundation, an exempted limited guarantee Cayman foundation company ("**Resilience Foundation**" or "**Foundation**"). The Resilience Foundation has been established to oversee the development and operation of the RE Protocol, including the approval process for new Risk Pools, Cells, and Cell Managers. Correspondingly, as of the initial launch of the RE Protocol, the Foundation controls or has authority to designate control of private keys corresponding to the authority to add or remove parties and corresponding wallet addresses from the whitelist to propose new Risk Pools (such persons "**Cell Managers**"), the allocation of capital from the Liquidity Layer to Risk Pools, and the deployment of new Risk Pools as proposed by individual Cell Managers.

Token Issuer, in turn, wholly-owns Resilience Inv SPC, a Cayman segregated portfolio company ("**Resilience SPC**"). A segregated portfolio company (SPC) in the Cayman Islands is a single legal entity that can create separate segregated portfolios with distinct assets and liabilities (as described above, the "**Cells**"). Resilience SPC, as of the initial launch of the RE Protocol, controls or has the authority to designate control of the relevant private keys permitting its effective control and ownership of the Liquidity Layer and each Risk Pool. Resilience SPC will establish a separate Cell for each Cell Manager approved by the Foundation, and will retain at least mandatory co-signatory authority with Cell Managers with respect to Risk Pools assigned to each Cell. Amongst other requirements, each Cell Manager is required to provide certain guarantees and undertakings to Resilience SPC to undertake any necessary accounting and actions to ensure that data reported via the Oracles relating to any Risk Pools within that Cell Manager's associated Cell is complete, accurate, and up to date.

The Foundation shall be governed by appointed directors ("**Directors**") who will serve pursuant to service agreements. The Directors of the Foundation are Matthew Taber of Leeward Management and Anand Dhillon. The Foundation shall have governance and oversight responsibility of each of the Resilience SPC, and Token Issuer respectively. The Foundation serves as the sole director of each of Token Issuer and Resilience SPC.

CERTAIN RISK FACTORS

Prospective Investors should carefully consider the risks involved in an investment in the Tokens, including, without limitation, those discussed below. Additional or new risks not addressed below may affect the Tokens. The following list of risk factors cannot be and is not intended to be exhaustive. Prospective Investors should consult their own legal, tax and financial advisers about the risks of an investment in the Tokens. The following risk factors and other relevant risks could have a material adverse effect on the Tokens and the Investors' investments therein.

Risks Relating to Blockchain Technology and Digital Assets

Digital Assets Generally

Digital assets present a constantly changing environment in which the associated risks also are constantly changing. The characteristics of digital assets differ from those of traditional securities, currencies, and commodities. Importantly, digital assets generally are not backed by a central bank or a national, supranational, or quasi-national organization, any hard assets, human capital, or other form of credit. Digital assets are often determined by (and fluctuates often, according to) supply and demand factors, the use of the digital asset for payments, the narrative of the digital asset as a store of value and the value that various market participants place on it though their mutual agreement, barter, or transactions. Further, the lack of any central authority may become a serious liability in the event that problems arise with respect to the digital asset, as there will be no trusted central authority to resolve such problems.

Regulation of tokens (including Token) and token offerings such as this, cryptocurrencies, blockchain technologies, and cryptocurrency exchanges currently is undeveloped and likely to rapidly evolve, varies significantly among international, federal, state and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies in the United States and in other countries may in the future, adopt laws, regulations, guidance, or other actions, which may severely impact the development and growth of the RE Protocol and the adoption and utility of the Tokens.

Failure by the Company, the Token Foundation or certain users of the RE Protocol to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines.

Highly Uncertain Legal and Regulatory Environment for Blockchains and Digital Assets

As blockchain networks and blockchain assets have grown in popularity and in market size, federal and state agencies have begun to take interest in, and in some cases regulate, their use and operation. In the case of virtual currencies, state regulators like the New York Department of Financial Services have created new regulatory frameworks. Others, as in Texas, have published guidance on how their existing regulatory regimes apply to virtual currencies. Some states, like New Hampshire, North Carolina, and Washington, have amended their state's statutes to include virtual currencies into existing licensing regimes. Treatment of virtual currencies continues to evolve under federal law as well. The Department of the Treasury, the Securities Exchange Commission, and the Commodity Futures Trading Commission, for example, have published guidance on the treatment of virtual currencies. The IRS released guidance treating virtual currency as property that is not currency for US federal income tax purposes, although there is no indication yet whether other courts or federal or state regulators will follow this classification. Both federal and state agencies have instituted enforcement actions against those violating their interpretation of existing laws.

The regulation of non-currency use of blockchain assets is also uncertain. The CFTC has publicly taken the position that certain blockchain assets are commodities, and the SEC has issued a public report stating federal securities laws require treating some blockchain assets as securities. To the extent that a domestic government or quasi-governmental agency exerts regulatory authority over a blockchain network or asset, the Protocol and the Tokens may be materially and adversely affected.

Blockchain networks also face an uncertain regulatory landscape in many foreign jurisdictions such as the European Union, China and Russia. Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect the Protocol. For instance, China has recently adopted certain regulations prohibiting so-called 'initial coin offerings.' Such laws, regulations or directives may conflict with those of the United States or may directly and negatively impact the Company's business. The effect of any future regulatory change is impossible to predict, but such change could be substantial and materially adverse to the development and growth of the RE Protocol and the adoption and utility of the Tokens.

New or changing laws and regulations or interpretations of existing laws and regulations, in the United States and other jurisdictions, may materially and adversely impact the value of the currency with which the Tokens may be purchased or exchanged, the liquidity of the Tokens, the ability to access marketplaces or exchanges on which to trade the Tokens, and the structure, rights and transferability of Tokens.

Potential Regulatory Risks of Decentralized Finance

Legal, tax, and regulatory developments may occur in the future that may adversely affect the Protocol. Securities and futures markets are subject to comprehensive regulation and limitation of statutes, regulatory rules and margin requirements enforced by the SEC, other government regulators and self-regulatory organizations and exchanges, which are authorized to take extraordinary actions in the event of market emergencies. In addition, digital asset markets, including AMMs, are increasingly coming under regulatory review and may become increasingly regulated in the future. The regulation of decentralized finance, including decentralized exchange protocols such as AMMs, and protocols that engage in such activity is an evolving area of law and is subject to modification by government and judicial actions. The regulatory environment for decentralized finance is evolving and changes in the regulation of decentralized protocols may adversely affect the ability of the Protocol to pursue its objectives.

General Economic Conditions

The Token Issuer's ability to make payments on the Tokens will depend in part on general economic conditions and the financial health of insurance and/or resinsurance companies. Negative trends or volatility in economic conditions generally or in particular insurance, reinsurance, credit and other financial markets are likely to increase the number of non-performing assets and decrease the value and collectability of the underlying assets generally. The business, financial condition or results of operations of the obligors on the underlying assets may be adversely affected by a worsening of economic and business conditions. There is no assurance that conditions in the credit and other financial markets will not deteriorate and there is a material possibility that economic activity will be volatile over the moderate to long term. To the extent that economic and business conditions deteriorate, non-performing assets are likely to increase, and the value and collectability of the underlying assets are likely to decrease. A decrease in market value of the underlying assets would also adversely affect the sale proceeds (if any) that could be obtained upon the sale of the underlying assets and could ultimately affect the ability of the Token Issuer to pay in full or redeem the Tokens, as well as the ability to make any distributions to the Subordinated Creditors.

Negative economic trends, either globally, nationally or in specific geographic areas of the United States, could result in an increase in bond and loan defaults and delinquencies. In addition, certain industries may feel the impact of such negative economic trends more than others. There is a material possibility that economic activity will be volatile or will slow significantly, and some obligors may be significantly and negatively impacted by these negative economic trends. A decreased ability of obligors to obtain refinancing (particularly as high levels of required refinancings approach) may result in an economic decline that could cause a deterioration in loan and bond performance generally and lead to increased defaults and delinquencies in the insurance, reinsurance and loan markets and the decentralized and tokenized markets. In addition, negative economic trends would also increase the likelihood that major financial institutions or other entities having a significant impact on the credit and other financial markets may suffer a bankruptcy or insolvency, as occurred during the recession in the U.S. economy several years ago. The bankruptcy or insolvency of any such entity may have an adverse effect on the Token Issuer and the Tokens and may trigger future crises in the global credit markets and overall economy, which could have a significant adverse effect on the Token Issuer and the Tokens.

The risks described above, as well as the risks described herein, may be precipitated or exacerbated by geopolitical events, including, without limitation, wars, other military conflicts, trade wars, sanctions, embargoes, pandemic (including the Covid-19 pandemic) and other international incidents. How long any such event will last, and what effect any such event will have on particular markets or obligors and, consequently, on the Token Issuer and the Tokens, cannot be predicted.

Moreover, changing political, economic, regulatory, social and market conditions, including foreign or domestic political crises, wars, revolts, insurrections, armed conflicts, terrorism, public health crises, pandemics, natural disasters and man-made disasters could contribute to instability in domestic and global political institutions, regulatory agencies and financial markets alike. For example, in February 2022, Russia invaded Ukraine, creating instability in Europe and impacting the global financial markets. Many countries, including the United States, the United Kingdom and those in the European Union imposed sanctions against Russia as a result of such invasion. Such war between Russian and Ukraine, any expansion of such war or any further sanctions imposed on Russia, including exclusion of certain Russian banks from SWIFT, could lead to additional disruptions in financial markets and negatively affect credit markets generally. Further, a military conflict between Israel and Hamas broke out in October 2023, the broader consequences of which are difficult to predict at this time, but may include regional instability and geopolitical shifts, heightened regulatory scrutiny related to sanctions compliance, increased inflation, further increases or fluctuations in commodity and energy prices, decreases in global travel, disruptions to the global energy supply and other adverse effects on macroeconomic conditions. The severity and duration of these and any other new or ongoing conflicts and their impact on global economic and market conditions are impossible to predict, and as a result, present material uncertainty and risk with respect to the Token Issuer and the performance of its investments and operations and the ability of the Token Issuer to achieve its investment objectives. Similar risks will exist to the extent that any portfolio entities, service providers, vendors or certain other parties have material operations or assets in affected regions.

Several nations, including the United States and within the EU and the UK, are currently suffering from significant economic distress. There can be no assurance as to the resolution of the economic problems in those countries, nor as to whether such problems will spread to other countries or otherwise negatively affect economies or markets. A debt default by a sovereign nation or other potential consequences of these economic problems may trigger additional crises in the global insurance or reinsurance markets and overall economy which could have a significant adverse effect on the Token Issuer and the Tokens. In addition, obligors of underlying assets may be organized in, or otherwise domiciled in, or have a substantial percentage of their revenues or assets in, certain of such countries currently suffering from economic distress, or other countries that may begin to suffer economic distress, and the uncertainty and market instability in any such country may increase the likelihood of default by such obligor. In the event of its insolvency, any such obligor, by virtue of being organized in such a jurisdiction or having a substantial percentage of its revenues or assets in such a jurisdiction, may be more likely to be subject to bankruptcy or insolvency proceedings in such jurisdiction at the same time as such jurisdiction is itself potentially unstable. In addition, it is possible that countries that have adopted the Euro could abandon the Euro and return to a national currency. The effects on a country of abandonment of the Euro are impossible to predict, but are likely to be negative. The exit of any country out of the EU or the abandonment by any country of the Euro would likely have a destabilizing effect on all Euro zone countries and their economies and a negative effect on the global economy as a whole and may adversely affect holders of the Tokens.

Risks Relating to the Re Protocol & Token

Risks of Reliance on the Protocol

The Offering, functionality relating to the Tokens, and operations of the Resilience Entities are all highly dependent upon the operation, integrity, and functionality of the Re Protocol. The Protocol, its associated code and smart contracts, the software applications used to facilitate the issuance and redemption of Tokens, and other interfaces or applications built upon the Protocol are still in a development stage and are unproven, and there can be no assurances that the Protocol's operation will be uninterrupted or fully secure, which may result in loss (such as through the irretrievable loss of assets held or sent through the smart contract wallets and other features of the Protocol utilized in connection with the Tokens. Further, the Protocol may also be the target of malicious attacks seeking to identify and exploit weaknesses in the software or the Protocol which may result in the loss or theft of Tokens. For example, if Token and the Protocol are subject to unknown and known security attacks (such as double-spend attacks, 51% attacks, or other malicious attacks), this may materially and adversely affect the Protocol, and could cause the loss of the entirety of an Investors Tokens or underlying value.

Adoption Risk

The long-term prospects of the Tokens and Protocol at large are dependent upon the successful adoption of the Protocol in particular, and blockchain technology in general, by reinsurers, regulators, and other reinsurance market participants and stakeholders. A failure to attract sufficient Cell Managers of high quality or convince Reinsurers to accept collateral or regulatory capital from the Protocol could result in a lack of available deals to effectuate the goals of Resilience SPC and the Protocol as described herein; similarly, a failure to bring enough capital into the Protocol through issuances of Tokens could limit the attractiveness of the Protocol to potential Cell Managers and other counterparties. Any such failure could have a significant negative impact the value of the Tokens.

Reliance on Initial Service Provider/Developers

The Resilience Parties are dependent upon the Initial Service Provider to provide key initial support services with respect to the operation and deployment of the Protocol and conduct of this Offering. The Foundation is similarly dependent upon an exclusive license to certain intellectual property rights held by the Initial Service Provider to deploy and operate on the Protocol, conduct the Offering, and issue or redeem Tokens, and the license is terminable under certain conditions. In event that the Resilience Parties are unable to maintain the continuing services of the Initial Service Provider (or find a suitable replacement), or if the aforementioned license were to be terminated, it could have significant or even catastrophic impact upon the operation of the Protocol and functionality of the Tokens, which could in turn result in material or total loss of value in the Tokens.

Uncertainty of Intellectual Property Rights

Third parties may assert intellectual property rights claims relating to the operation of the RE Protocol. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in the Protocol's long-term viability or the ability of end-users to hold and transfer the underlying digital assets. Additionally, a meritorious intellectual property rights claim could prevent the Company and other end-users from accessing, holding or transferring their Tokens.

Disruption Risk

The markets for digital assets and related protocols have experienced frequent disruptions, thefts by state and non-state actors and other issues that have resulted in participant losses. This is expected to continue in the future. The nature of many digital assets systems as a means of avoiding significant government and tax oversight and the high level of anonymity inherent in these markets make them possible targets for technologically sophisticated criminals.

Risks Relating to Underlying Blockchains

Tokens will be issued on one or more underlying blockchains, such as the Avalanche and Ethereum blockchain networks (i.e., each Applicable Chain). These distributed ledger networks are an emerging technology, reliance on which entail a variety of heightened risks:

a) a rapidly evolving regulatory landscape, which might include security, privacy or other regulatory concerns that could require changes to digital systems that disrupt transactions in the Tokens;

b) the possibility of undiscovered technical flaws in an underlying technology, including in the process by which transactions are recorded to the blockchain or by which the validity of a copy of such blockchain can be authenticated;

c) the possibility that security measures that authenticate prior transactions could be compromised, or "hacked", which could allow an attacker to alter the blockchain and thereby disrupt the ability to corroborate definitive transactions recorded on the blockchain;

d) the possibility that new technologies or services will inhibit access to the blockchain;

e) the possibility that changes to policies of the blockchain will limit the ability to withdraw and deposit fiat currency;

f) the possibility that other participants in the blockchain could collude to manipulate the Unit price or limit liquidity in Tokens which could restrict a Holder's ability to divest its holdings of Tokens;

g) the possibility of breakdowns and transaction halts as a result of undiscovered technology flaws that could prevent transactions for a period of time;

h) the possibility that a digital "wallet" application or interface is hacked by a third party, resulting in a loss of the Holder's Tokens; and

i) the possibility that an Holder's private key is lost or stolen, and the Token Issuer is unable to verify the loss or theft could result in irreversible losses.

Risks Relating to Parallel Deployments of the Protocol

Tokens are specific to the particular Protocol Deployment, and are issued separately on each Applicable Chain. Consequently, the Tokens issued on each Applicable Chain differ somewhat in the technical risk arising from the underlying blockchains. The technical risks, development stages, transaction cost structures, and other features of each Applicable Chain vary wildly, and are extremely difficult to assess. None of the Resilience Entities nor any other parties involved in this Offering, or the creation or deployment of the RE Protocol itself, has any relationship with or ability to influence or control any aspect of any of the Applicable Chains. For example, technical failures or hacks on a particular Applicable Chain could cause the Tokens issued on, and funds deployed to Risk Pools using, that Deployment to become frozen, worthless, or irretrievable, even in a situation where the funds on other Applicable Chains is still of value or would be recoverable. Investors must bear the underlying differential technical and functional risks of each Applicable Chain they hold Tokens on, and could suffer from a partial or total loss of their investment as a consequence.

Regulatory Risk

The entities and Protocols that may be able to technologically support the ability of Holders of Tokens to engage in peer-to- peer transactions, to the extent they exist at all, are unlikely to be licensed under the virtual currency or money transmission regulations of any state in the United States or registered with FinCEN, or any equivalent foreign body, and may be self-executing smart contract systems with no particular entity managing or controlling them. If any regulatory authority were to assert that additional licensing or registration was required for any such party, or that such systems were unlawful in the first instance, it could affect their operations or viability, and could adversely affect the ability of Holders of Tokesn to engage in peer-to-peer transfers of the Tokens. This in turn would have a material adverse effect on the liquidity of the Tokens and the Holders' ability to transfer the Tokens. Investors may not be able to liquidate their investment in the event of an emergency or for any other reason, and Tokens may not be readily acceptable as collateral for loans. Tokens should be purchased only by prospective investors who can bear the economic risk of their investment, who can afford to have their funds committed to an illiquid investment and who, if necessary, can afford a complete loss of their investment

Risks Relating to the Market Generally

General Economic and Market Conditions

The success of the Token Issuer and Resilience SPC's activities, and the value of the Tokens, will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the SPC's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations).

Systemic Risk

Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Financial intermediaries, such as banks or exchanges with which the Token Issuer or its affiliates interact, as well as the Token Issuer itself, are all subject to systemic risk. A systemic failure could have material adverse consequences on the value of the Tokens.

Assumption of Business, Terrorism and Catastrophe Risks

The Token Issuer may be subject to the risk of loss arising from exposure that it may incur, indirectly, due to the occurrence of various events, including, without limitation, hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events. These risks of loss can be substantial and could have a material adverse effect on the Tokens and the Investors' investments therein.

Risks Related to Domestic and International Affairs

Tokens may be subject to the risk of loss arising from exposure that may incur, indirectly or directly, due to political instability both domestically and abroad. In particular, Russia's invasion of Ukraine and the resulting crisis has created new challenges for businesses and is having significant effects on commercial transactions and capital markets throughout the world, including in the United States. The war in Ukraine and the resulting sanctions and exports controls imposed related to Russia and Belarus by the United States and other nations are causing supply chain disruptions, cost increases, and related business continuity concerns. As Western sanctions continue to damage the Russian economy, it is possible that Russia-linked affiliates may retaliate by cyberattacks on commercial entities, damage property insured by coverholder's in the Protocol, or other direct acts against Western countries. It is impossible to predict if or how such acts of retaliation would affect the value of the Tokens, but it is possible that Resilience SPC would suffer direct or indirect loss, which could be substantial.

Global Health Events

Epidemics, pandemics, and other widespread public health problems, including covid-19, could adversely affect the value of the Tokens. Since March 2020, covid-19 has wrought significant social and economic disruption, leading to market volatility, periods of decreased economic activity throughout the globe, reduced or ceased business operations, decline in international trade and shortages of supplies, goods, and services.

Future crises may materially and negatively affect the investments underlying the Tokens and the Investor's investments therein. The extent of the impact of any public health emergency on Resilience SPC and its investments' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Cell Managers to source, diligence and execute new investments and the ability of Resilience SPC to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the capital deployment strategy that Resilience Foundation intends to pursue with the Protocol , all of which could adversely affect Resilience SPC ability to fulfill its investment objectives. In addition, the operations of Resilience SPC, the Token Issuer, or the Foundation may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

Lack of Active Markets for Tokens

There can be no guarantee as to when, if ever, an active market for Tokens will develop or will be maintained. Even if an active market does develop, it may not provide significant liquidity, or Tokens may not trade at prices advantageous to Investors. Furthermore, quotation of the interests may be halted due to market conditions, or in light of the applicable market rules and procedures. If an Investor wishes to sell Tokens at a time when no active market for Tokens exists or when quotations are halted (assuming that the Investor is able to sell Tokens), prices for Tokens are likely to be lower than the price a Investor would otherwise receive and, accordingly, the Investor may suffer significant losses if they choose to sell at such a time.

Regulatory Risks

Legal and Regulatory Environment

Actions of federal, state, and local governmental authorities have always been a part of the matrix of risks facing all investors, and the legal, tax and regulatory environment worldwide for alternative investment structures and their managers and service providers is always evolving. For example, there has recently been an increase in scrutiny of the private investment fund industry by governmental agencies and self-regulatory organizations. New laws, regulations, or actions taken by regulators may have a material adverse effect on the ability of Resilience SPC to pursue its investment program, the value of investments held by Resilience SPC, and the Investors' investments in the Tokens. These risks are particularly acute in the context of the Offering, as the novel use of blockchain technology and organizational structure relating to the Protocol and its operation is untested, and the applicability of both new and existing laws to its activities remains unclear and subject to change. In addition, the Foundation may, in its sole discretion, cause Resilience SPC or the Token Issuer to be subject to certain laws and regulations if it believes that an investment or business activity is in the interests of the Foundation, its subsidiaries, or the RE Protocol, even if such laws and regulations may have a detrimental effect on one or more Investors.

Increased Regulatory Oversight

There can be no assurance that the Resilience Entities or any of their affiliates will avoid regulatory examination and possibly enforcement actions in the future. Increased regulation and regulatory oversight of alternative investment vehicles and their associated parties may impose administrative burdens on one or more of the Resilience Entities, including, without limitation, responding to examinations and other regulatory inquiries and implementing policies and procedures. Such administrative burdens may divert the Directors' time, attention and resources from portfolio management activities to responding to inquiries, examinations and enforcement actions (or threats thereof). Regulatory inquiries often are confidential in nature, may involve a review of an individual's or a firm's activities or may involve studies of the industry or industry practices, as well as the practices of a particular institution.

Absence of Regulatory Oversight

None of the Resilience Entities nor the Tokens are expected to be registered under the securities laws of any country. In particular, none of the Resilience Entities will be registered as an investment company under the Company Act, and, therefore, will not be required to adhere to the restrictions and requirements under the Company Act. Accordingly, the provisions of the Company Act are not applicable.

Governmental Interventions

Extreme volatility and illiquidity in markets has in the past led to, and may in the future lead to, extensive governmental interventions in equity, credit and currency markets. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when these restrictions will be imposed, what the interim or permanent restrictions will be or the effect of such restrictions on the strategies underlying the Tokens.

New/Changes in Law & Regulation in the Insurance Industry

Changes in applicable insurance laws or regulations or changes in the way insurance regulators administer those laws or regulations could adversely affect the operating environment of Underlying Cedants and increase their exposure to loss or put them at a competitive disadvantage. Property and casualty insurers are subject to extensive supervision in their domiciliary states and in the states in which they do business. This regulatory oversight includes matters relating to: licensing and examination; approval of premium rates; market conduct; policy forms; limitations on the nature and amount of certain investments; claims practices; mandated participation in involuntary markets and guaranty funds; reserve adequacy; insurer solvency; transactions between affiliates; the amount of dividends that insurers may pay; and restrictions on underwriting standards. Such regulation and supervision are primarily for the benefit and protection of policyholders rather than stockholders. The NAIC and state insurance regulators re-examine existing laws and regulations from time to time, specifically focusing on areas such as: insurance company investments; issues relating to the solvency of insurance companies; risk-based capital guidelines; restrictions on the terms and conditions included in insurance policies; certain methods of accounting; reserves for unearned premiums, losses and other purposes; the values at which insurance companies may carry investment securities and the definition of other-than-temporary impairment of investment securities; and interpretations of existing laws and the development of new laws.

Changes in state laws and regulations, as well as changes in the way state regulators view related-party transactions in particular could change the operating environment of Underlying Cedants and have an adverse effect on their business.

Compliance with Anti-Money laundering Requirements; Public Disclosure Obligations

In response to increased regulatory concerns by U.S. and international authorities with respect to the sources of funds used in investments activities, the Token Issuer may request Investors and other Registered Holders to provide additional documentation verifying, among other things, such Registered Holders’ identity and source of funds used to purchase Tokens. The Token Issuer may decline to accept a subscription, freeze the Tokens in a digital wallet, or forcibly redeem the Tokens if this information is not provided or on the basis of such information provided. Requests for documentation and Additional Information may be made at any time during which a Registered Holder holds any Tokens. The Token Issuer may be required to provide this information, or failure to comply with such requests, to appropriate governmental authorities, in certain circumstances without notifying the Investors that the information has been provided. The Token Issuer will take steps as it determines are necessary to comply with applicable law, regulations, orders, directives or special measures. Governmental authorities are continuing to consider appropriate measures to implement, and at this point it is unclear what steps the Token Issuer may be required to take; however, these steps may include prohibiting a Investor from acquiring additional Tokens, depositing distributions to which a Registered Holder would otherwise be entitled in an escrow account, or causing the forced redemption of all of a Registered Holder's Tokens.

Further, the Token Issuer or its subsidiary may be required to disclose confidential information relating to the Resilience SPC, its investments, its financial results and it investors to third parties that may request such information if and to the extent required by federal, state or local law or regulation or the laws or regulations of any other jurisdiction applicable to the Token Issuer or any of its investors, including any investors that are public agencies or governmental bodies. There can be no assurance that such information will not be disclosed either publicly or to regulators, or otherwise. In addition, in order to comply with regulations and policies to which the Resilience Parties or service providers (including financial institutions) are or may become subject, or to satisfy regulatory or other requirements in connection with transactions, the Resilience Parties may be required to disclose information about the Registered Holders, including their identities.

Freedom of Information Act and Other Similar Laws

The Token Issuer may withhold all or any part of the information otherwise to be provided to an investor under certain circumstances in order to prevent public disclosure of such information under the U.S. Freedom of Information Act ("**FOIA**"), any governmental public records access law, any state or other jurisdiction's laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement. Investors and other Registered Holders may be adversely impacted by such withholding of information, as they will not be able to monitor the value of their Tokens as closely as if there were no withholding of such information. To the extent information is disclosed to Registered Holder that is subject to such laws, there can be no assurance that such information will not be disclosed either publicly or to regulators, law enforcement agencies or otherwise, and such disclosure could, for example, affect the Foundation's competitive advantage in attracting Cell Managers and attendant Risk Pool opportunities.

Risks Related to the Structure , Management, and Activities of the Resilience Entities

Risk of Loss

All investments carry some level of risk. No guarantee or representation is made that any of the Risk Pools, or the overall investment strategy described herein, will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past performance is not indicative of future results.

Insolvency of Token Issuer

In the event of the insolvency of the Token Issuer, the Token holders would be treated as unsecured creditors of the Token Issuer, ranking behind secured creditors, the expenses of the liquidation and preferential creditors. In insolvency, any amounts a Token holder may have received on a redemption of their Tokens may therefore be reduced or they may not receive any amounts on redemption of their Tokens at all.

Insolvency of Resilience SPC

The Companies Act of the Cayman Islands specifies how assets and liabilities of the Resilience SPC as a Cayman Islands segregated portfolio company should be treated both before or after the commencement of its winding up, such that assets within a segregated portfolio should only be used to discharge the liabilities of that segregated portfolio. If a segregated portfolio is insolvent, then a receiver can be appointed to manage that segregated portfolio to close it down and distribute its assets to its creditors, but without recourse to the assets of any other segregated portfolio.

However, the position may be less certain where Resilience SPC has assets located outside the Cayman Islands or is otherwise conducting business outside the Cayman Islands. To the extent insolvency (or other) proceedings are brought against the Resilience SPC in a jurisdiction other than the Cayman Islands, the courts of such jurisdiction might not recognize the statutory ring-fencing under the Companies Act of the Cayman Islands with the result that assets held within one segregated portfolio could be used to discharge the liabilities of another segregated portfolio or the general obligations of the Resilience SPC. Were such issues to arise in respect of Resilience SPC, the assets available to the creditors of solvent segregated portfolios could be diminished, which could adversely affect the amounts of distributions and principal available in respect of the Notes in respect of such segregated portfolios.

Significant Fees and Expenses

The fees and expenses associated with the Protocol and individual Risk Pools may be significant, particularly on an aggregated basis, and except with respect to certain fees and expenses described herein, the overall fees and expenses (including Performance Fees) paid by Resilience SPC with respect to the individual Risk Pools and other investment activities will not be fully known or disclosed in advance, due to the nature of Cell Manager proposals and Risk Pool deployments. In addition to explicit fees and expenses, protocol-level parameters (including the Protocol Spread) may operate as an additional economic adjustment to Reference Carry and therefore may reduce (or increase) the yield accruing to Token Holders through the Daily Accrual Price. Any such fees, spreads, or parameters may change over time.

Risk of Reduced Resilience Entity Funding

The Resilience Entities have secured debt financing for operational purposes for an anticipated maximum of two years, beyond which operational costs of both the Resilience Entities and any Protocol infrastructure are expected to be covered by Protocol Fees and other revenue sources (which may include, among other things, the Protocol Spread or other protocol-level economic parameters that affect the yield accruing to Token Holders through the Daily Accrual Price). Failure to realize such revenue could impact the Resilience Entities' ability to (i) retain employees, (ii) provide the same level of service to the Protocol as it has in the past, and (iii) continue operations. In the latter event, it could be required to redeem all outstanding Tokens, potentially at a substantial loss.

Limited Liquidity

An investment in Tokens has limited liquidity because Investors and other Registered Holders will generally have only limited rights to redeem or transfer their Tokens, and the volume or availability of any redemption opportunities is ultimately at the sole discretion of the Foundation and its Directors. Investors must be prepared to bear the financial risks of an investment in the Tokens for an indefinite period of time, and see the discussions regarding "Designated Exchanges & Secondary Trading of the Tokens" herein for additional information regarding the limitations on their ability to sell Tokens.

Illiquidity and Restricted Securities Risk

Illiquidity risk is the risk that the investments held by Resilience SPC may be difficult or impossible to sell at the time that the Resilience SPC would like without significantly changing the market value of the investment. As a relatively new type of financial instrument, there is limited trading history for reinsurance-related securities, even for those securities deemed to be liquid.

Resilience SPC expects at times to invest up to 100% of its net assets attributable to certain Classes in Risk Pools linked to securities that are illiquid. Given the principally casualty risks, and small amount of property risks, that will be subject to the reinsurance notes or sidecar interests that the Resilience SPC will invest in, the Token Issuer believes a sufficient liquid market may not exist for such reinsurance-related securities. There can be no assurance that a liquid market for the SPC's investments will be available. Resilience SPC's ability to realize full value in the event of the need to liquidate certain assets may be impaired or result in losses to the Token Holders. Resilience SPC may be unable to sell its investments, even under circumstances when the Directors believe it would be in the best interests of the SPC or Token holders to do so. Illiquid investments may also be difficult to value and their pricing may be more volatile than more liquid investments, which could adversely affect the price at which the Directors or a Cell Manager is able to sell such instruments. Illiquid investments may involve greater risk than liquid investments. Illiquidity risk also may be greater in times of financial stress.

Certain of the instruments in which the individual Risk Pools may invest may be subject to restrictions on resale by the federal securities laws or otherwise, such as securities offered privately pursuant to Section 4(a)(2) of the Securities Act and securities issued pursuant to Rule 144A under the Securities Act. While certain restricted securities may, notwithstanding their limitations on resale, be treated as liquid if the Foundation so determines, pursuant to the applicable procedures, that such treatment is warranted, there can be no guarantee that any such determination will continue. Restricted securities previously determined to be liquid may subsequently become illiquid while held by Resilience SPC. Even if such restricted securities are not deemed to be illiquid, they may nevertheless be difficult to value and a particular Risk Pool may be required to hold restricted securities when it otherwise would sell such securities or may be forced to sell securities at a price lower than the price the Resilience SPC has valued such securities, and it may incur additional expense when disposing of restricted securities, including costs to register the sale of the securities. This may result in a loss in value for one or all Classes of Tokens.

Valuation Risk

The Tokens are subject to valuation risk, which is the risk that one or more of the instruments and positions in which Resilience SPC (either directly or through a Risk Pool) invests, or that are used to calculate Reference Carry and the Daily Accrual Price, are priced, valued, or modeled incorrectly due to factors such as incomplete data, market instability, illiquidity, reliance on third-party data or Oracles, or human error. Assets and liabilities are valued in accordance with the Valuation Policy. The valuation of any asset or liability involves inherent uncertainty. The value of any asset or liability determined in accordance with the Valuation Policy may differ materially from the value that could have been realized in an actual sale, transfer, settlement, or liquidation for a variety of reasons, including the timing of the transaction and liquidity in the market. Uncertainties as to the valuation of portfolio positions and actuarial assumptions could have a material adverse impact on the Daily Accrual Price, any published yield rates, Token Unit Prices and Redemption Prices, and the Net Asset Value of one or more Classes.

Because the notes or sidecar interests represent an interest in one or more underlying reinsurance contracts, each of the Protocol and Resilience SPC has limited transparency into the individual underlying contract(s) and, therefore, must rely upon the risk assessment and sound underwriting practices of the Underlying Cedant. Accordingly, it may be more difficult to fully evaluate the underlying risk profile of each Risk Pool; the lack of transparency may make the valuation of Notes or sidecar interests more difficult and potentially result in mispricing that could result in losses to Resilience SPC or individual Holders.

In addition, pricing of reinsurance-related securities is subject to the added uncertainty caused by the inability to generally predict whether, when or where a natural disaster or other triggering event will occur. Even after a natural disaster or other triggering event occurs, the pricing of reinsurance-related securities is subject to uncertainty for a period of time until event parameters, ultimate loss amounts and other factors are finalized and communicated to Resilience SPC. Risk Pools deployed in reinsurance-related securities for which market quotations are not available will be valued pursuant to procedures adopted by the Foundation primarily in reliance on the reported, audited statements from underlying Reinsurers linked to each Risk Pool. Even for reinsurance-related securities for which market quotations are generally readily available, upon the occurrence or possible occurrence of a trigger event, and until the completion of the settlement and auditing of applicable loss claims, a Risk Pool deployed in a reinsurance-related security may be priced using fair value methods. Many of the reinsurance-related securities held in particular Risk Pools are priced using fair value methods. Portfolio securities that are valued using techniques other than market quotations, including fair valued securities, may be subject to greater fluctuation in their value from one day to the next than would be the case if market quotations were used. There is no assurance that Resilience SPC could exit a Risk Pool or otherwise sell a portfolio security for the value established for it at any time and it is possible that Token (and particularly, reUSDe) Holders could incur a loss because a portfolio security is sold at a discount to its established value. If securities are mispriced, Token holders could lose money upon redemption or could pay too much for Tokens purchased.

Daily Accrual Price, Yield Rate, Reference Carry, and Protocol Spread Risks

The Token Unit Price for issuance and the Redemption Price (when and if offered) are each based on the published Daily Accrual Price for the relevant Class, subject to the Valuation Policy and other adjustments described herein. The Daily Accrual Price is a formula-based accrual metric that is intended to reflect the accrual of returns over time and is not a mark-to-market net asset value or the price at which Tokens could be sold in any secondary transaction (if any). Accordingly, the Daily Accrual Price may differ materially from the Net Asset Value of a Class and from the value that could be realized in an actual sale, transfer, settlement, or liquidation of the underlying Assets.

The published yield rate used to compute the Daily Accrual Price is calculated based on a trailing seven-day average of Reference Carry attributable to the then-current Deployment Mix of on-chain and off-chain backing assets for the relevant Class, plus the Protocol Spread. Because the yield rate is based on a trailing average, it may lag changes in the underlying returns, losses, reserves, fees, or other adjustments applicable to a Class. In addition, the Deployment Mix may change over time and may change the sources, volatility, and risk profile of Reference Carry. As a result, Token Holders may experience periods of lower yield than expected, higher volatility, or decreases in the Daily Accrual Price, including as a result of loss events, adverse market conditions affecting any cash-like reserves or Digital Assets held in the Liquidity Layer, or adverse performance of any Risk Pools.

The Protocol Spread is set at the level of the Protocol (and may in the future be modified through governance processes) and may change over time, including being set to a positive number, zero, or a negative number. Changes to the Protocol Spread (or to the methodology for calculating Reference Carry, the trailing averaging period, or other inputs to the Daily Accrual Price) may occur without the consent of Token Holders and could materially reduce the yield accruing to Token Holders or cause the Daily Accrual Price to increase more slowly, remain flat, or decrease. In extreme circumstances, a negative Protocol Spread, valuation adjustments, or realized or expected losses could result in a negative yield rate and a decline in the Daily Accrual Price.

The Daily Accrual Price and published yield rate depend on the integrity of on-chain and off-chain data, including Oracle-reported balances, third-party pricing inputs, and valuation reports for underlying Risk Pools. Errors, delays, manipulation, outages, or other failures affecting such data or the calculations built upon it could result in incorrect Daily Accrual Prices or yield rates. Any such errors may be corrected, potentially with retroactive effect, and such corrections could adversely affect Token Holders, including by changing Token Unit Prices, Redemption Prices, or secondary market prices (if any).

GAAP Net Asset Value Divergence

Due to requirements under U.S. generally accepted accounting principles ("GAAP"), the Net Asset Value of Resilience SPC and each Class for purposes of GAAP-compliant financial reporting may diverge from Net Asset Value as determined for other purposes under the Valuation Policy, and may diverge materially from the Daily Accrual Price (and therefore Token Unit Prices and Redemption Prices) for that Class. Net asset value divergence may occur, for example, in connection with the amortization of the organizational and initial offering expenses of the Token Issuer, the measuring of fair value (as a result of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820), or the recognition or unrecognition of uncertain tax positions (as a result of FASB ASC 740).

No Ownership or Voting Rights

Tokens are not voting stock or any other form of equity in the Token Issuer or any other entity whatsoever, and confer no voting, ownership, or other rights or privileges with respect to any Resilience Entity except as explicitly described herein or enabled on the Re Protocol. By acquiring Tokens, you are not acquiring the right to elect directors, to vote on matters regarding any Resilience Entity or other legal entity, or to take other actions normally associated with the ownership of shares or other forms of equity, such as the right to bring "oppression" or "derivative" actions.

Lack of Operating History; Novel Operating Structure

The Token Issuer (and each of the Resilience Entities) is a recently formed entity with limited prior operating history of its own. Similarly, the Resilience Entities, their operations, and the Offering described herein are closely entwined with, and dependent upon, the Re Protocol, which is itself a novel and untested legal and technical structure. Prospective investors will consequently lack material operating history to evaluate prior to purchasing Tokens.

Dependence on Service Providers

As Resilience SPC itself has no employees, it is also upon its counterparties and the businesses that are not controlled by the Foundation or its Directors that provide services to the Resilience Entities (the "**Service Providers**"). Examples of Service Providers include Legal Counsel and the Initial Service Provider. Errors are inherent in the business and operations of any business, and although the Foundation will adopt measures to prevent and detect errors by, and misconduct of, counterparties and Service Providers, and transact with counterparties and Service Providers it believes to be reliable, such measures may not be effective in all cases. Errors or misconduct could have a material adverse effect on the activities of the Resilience Entities or functionality of the Protocol, and consequently the value of the Tokens.

Each Registered Holder's relationship in respect of its Tokens is with the Token Issuer only. Accordingly, absent a direct contractual relationship between the investor and the relevant Service Provider, no Holder will have any contractual claim against any Service Provider for any reason related to its services to the Resilience Entities or Protocol.

Proposal Approvals & Due Diligence Process

Before approving proposed Regulatory Allocations or Risk Pools and the associated investments, the Directors will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Directors may be required to evaluate important and complex business, financial, tax, accounting and legal issues. When conducting due diligence and making an assessment regarding an investment, the Directors will rely on the resources reasonably available to them, which in some circumstances, whether or not known to the Directors at the time, may not be sufficient, accurate, complete or reliable. Due diligence may not reveal or highlight matters that could have a material adverse effect on the value of an investment. Furthermore, although Directors will generally conduct their own due diligence, they will generally be highly reliant upon information and documentation provided or obtained by the Cell Manager proposing the investment in question.

Competition; Availability of Investments

Certain markets in which Resilience SPC may wish invest are extremely competitive for attractive investment opportunities. As a result, there can be no assurance that Resilience SPC or any of the Cell Managers will be able to identify or successfully pursue attractive investment opportunities in such environments.

Risks Associated with Reinsurers and Cell Managers

Insolvency of Reinsurers

The Reinsurers may be thinly capitalized, or have limited funds available to pay expenses which could result in it or the Notes being unable to function as may be in the Investors' interest.

Expenses of each Reinsurer are payable principally out of the issuance proceeds from the Participating Notes, which will be issued above par. In the event that such funds are not sufficient to pay such expenses, the ability of each Reinsurer to operate effectively may be impaired, and, without limitation, it may not be able to defend or prosecute legal proceedings that may be brought against it or that it might otherwise bring to protect the interests of the Reinsurer, and there is a risk of insolvency of the Reinsurer. Any such shortfall may also impact the amount of distributions and principal available in respect of the Notes.

Specific Reinsurers, Cell Managers, and Counterparties Unidentified

Other than the Initial Cell Manager, the Reinsurers and other counterparties with which Resilience SPC will contract are unknown and will be identified and proposed by the individual Cell Managers, and the approval of those proposals and Risk Pool or Regulatory Allocation counterparties are ultimately at the sole discretion of the Directors. Token Holders will have limited to no insight or advance information regarding future Cell Managers and Reinsurers or other counterparties.

Reliance on Independent Contractors

The Initial Cell Manager is reliant on certain third-party service providers to perform certain roles in respect of the Notes and certain other transaction documents, as may be future Cell Managers and/or Reinsurers. If any of such third-party service providers fail to perform such roles or do so negligently, Resilience SPC, as noteholder under the Notes, may suffer loss and they will have no direct relationship or recourse to such third party service providers. In the event that any relevant third party fails to perform its obligations under the respective agreements to which it is a party or performs such obligations negligently, the value of the Tokens may be adversely affected.

Impact of Insurance Regulation

The ability of each Reinsurer to perform its obligations under the Notes may be impacted by the classification under applicable law and regulations. Without limitation to the generality of the foregoing, recently, the insurance and reinsurance regulatory framework has been subject to increased scrutiny in the United States and various states within the United States. In the past, there have been Congressional and other initiatives in the United States regarding increased supervision and regulation of the insurance industry, including proposals to supervise and regulate alien reinsurers. It is not possible to predict the future impact, if any, of changing law or regulation on the operations of the Reinsurer. There can be no assurance that regulators in Cayman Islands, the United States or elsewhere will not assert that the Reinsurer is engaged in insurance activities for which it is not authorized and bring enforcement actions against the Reinsurer, which in each case could have material adverse effects on the ability of the Reinsurer to satisfy its obligations under the Notes or other agreements with Resilience SPC.

Risks Relating to Reinsurance

The Tokens are indirectly subject to reinsurance risk, either through Notes pledged as collateral under the Insurance Alpha program, or pledged as regulatory collateral to Reinsurers under the Basis-Plus Reserve program. Without limitation, investors should be aware of the following risks.

Reinsurance Industry Risk

The performance of the reinsurance industry is tied to the occurrence of various triggering events, including weather, natural disasters (hurricanes, earthquakes, etc.), non-natural large catastrophes and other specified events causing physical or economic loss. Triggering events are typically defined by three criteria: an event; a geographic area in which the event must occur; and a threshold of economic or physical loss (either actual or modeled) caused by the event, together with a method to measure such loss. Generally, the event is either a natural or non-natural peril of a kind that results in significant physical or economic loss. Natural perils include disasters such as hurricanes, earthquakes, windstorms, pandemics, epidemics, fires and floods. Non-natural perils include disasters resulting from human activity, such as commercial and industrial accidents or business interruptions. Major natural disasters in populated areas (such as in the cases of hurricane Katrina in New Orleans in 2005, super storm Sandy in the New York City metropolitan area in 2012 and hurricane Irma in Florida and the Caribbean in 2017) or related to high-value insured property (such as plane crashes) can result in significant losses and investors in insurance-linked securities tied to such exposures may also experience substantial losses. If the likelihood and severity of natural and other large disasters increase, the risk of significant losses to reinsurers may increase. Typically, one significant triggering event (even in a major metropolitan area) will not result in financial failure to a reinsurer. However, a series of major triggering events could cause the failure of a reinsurer. Similarly, to the extent a Risk pool invests in insurance-linked securities for which a triggering event occurs, losses associated with such event will result in losses to Resilience

SPC and a series of major triggering events affecting a large portion of the insurance-linked securities held in multiple Risk Pools will result in substantial losses to the value of reUSD and, potentially, all Classes of Tokens. In addition, unexpected events such as natural disasters or terrorist attacks could lead to government intervention. Political, judicial and legal developments affecting the reinsurance industry could also create new and expanded theories of liability or regulatory or other requirements; such changes could have a material adverse effect on the value of the Tokens.

Exposure to Underlying Claims Management

The Outstanding Principal Balance of the Notes and the amount of principal due under the Notes will be linked to the claims made on the Insurer by the Underlying Cedants in respect of Reinsurance Obligations and the Notes will therefore be subject to the underwriting and claims management operations of the Insurer, the Underlying Cedants and their affiliated entities and service providers, as applicable. The Insurer will effectively "follow the fortunes" of the Underlying Cedants and the underlying policies. There can be no assurance as to the quality of the underwriting and claims management of the parties involved. Each External Structure Party will apply its own methodology and risk assessment, which may be more conservative or yield different outcomes than that applied, expected or modelled by any Resilience Entity or Investor or other Registered Holder. Resilience SPC (through each Cell), as noteholder under the Notes, will not have any rights to dispute the frequency, amount or terms of the Collateral Calls (subject to the provisions of the Transaction Documents), nor will they have any ability to require the return of such collateral provided unless a surplus is confirmed and becomes payable.

Risk that Claims May Exceed Loss Estimates

Reserving for losses is inherently uncertain in that there will always be a reporting lag between a loss event taking place, a Collateral Call, if any, made on the Insurer and, by extension, the Reinsurer and assets becoming Drawn Collateral, as the case may be. These factors require the applicable Underlying Cedants to make significant assumptions when establishing loss reserves and actual claims and claim expenses may deviate, perhaps substantially, from amounts estimated when Collateral Calls are made.

Claims and Coverage

As industry practice and legal, judicial, social and other conditions change, unexpected and unintended issues related to claims and coverage may emerge. These changes may not become immediately apparent. As a result, the full extent of liability as a result of these changes may not be known for many years, which could in turn affect Collateral Calls, the release of assets from Trust Accounts or payments due by the Reinsurer to the Underlying Cedant at the Redemption Date of the Notes.

The Effects of Emerging Claim and Coverage Issues on Resilience SPC and the Tokens are Uncertain; Covid 19

As industry practices and legal, judicial, social and other environmental conditions change, unexpected and unintended issues related to claims and coverage may emerge. For example, claim and coverage issues can arise when the application of insurance or reinsurance policy language to potentially covered claims is unclear or disputed by the parties. These issues may adversely affect the Notes (and therefore the Fund) by either indirectly extending coverage beyond the original underwriting intent of the Reinsurance Agreements or by increasing the number or size of claims. In some instances, these changes may not become apparent until sometime after the applicable Underlying Cedant has assumed risks under the Reinsurance Agreements that are affected by the changes.

Certain countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and most recently, covid-19. The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy, and business activity in any of the countries in which relevant risks are insured and thereby adversely affect the performance of the Risk Pools. The outbreak of an infectious disease or any other serious public health concern, including the on-going covid- 19 coronavirus pandemic, could lead to expansive interpretations of business interruption coverage by regulators, courts or governmental agencies which in turn could have an adverse impact on the performance of the Risk Pools. In particular, the on-going covid-19 coronavirus pandemic is rapidly evolving and many countries, states, provinces, districts, departments and municipalities continue to implement quarantines, curfews, prohibitions on travel and capacity limits on or the closure of offices, businesses, schools, retail stores and other public venues, including certain infrastructure structures and facilities. The extent of the impact of the ongoing covid-19 coronavirus pandemic and the effects that it will have on the insurance and reinsurance industries cannot be fully determined at this time. As a result, the ongoing covid-19 coronavirus pandemic may adversely impact the value of the Tokens. The monetary effect of certain claims also may be hard to predict or ascertain upon inception and potential losses from such claims can be significant.

Risks Relating to Recharacterization of Coverage

As industry practices and legal, judicial, social and other environmental conditions change, unexpected issues related to claims and coverage may emerge. These issues may adversely affect the performance of the Tokens by either creating or extending coverage beyond the express terms of the applicable Reinsurance Agreement (for example, to include communicable disease or terrorism) or by increasing the nature, number or size of claims. For example, the potential exists for elevated frequency and severity of claims as a result of litigation or in the event of legislative action to retroactively mandate coverage irrespective of terms, exclusions or other conditions included in the policies that would otherwise preclude coverage. In some instances, these changes may not become apparent until long after the underlying risks have been assumed.

In the event legal or regulatory mandates recharacterize losses as covered by policies written by an Underlying Cedant and within the scope of an applicable Reinsurance Agreement or otherwise modify the coverages or exclusions under any such policies, there could be more claims and losses under such policies than otherwise would have been experienced had the courts and regulatory authorities interpreted such policies consistently with the terms and coverage expressly identified or contemplated in such Reinsurance Agreement and policies. Changes in other legal theories of liability under such policies or the failure of any loss limitation applied to such policies could also adversely impact the loss experiences under such policies. In addition, to the extent that any disputes are prolonged due to the controversies over different interpretations of such policies and corresponding coverages, they could lead to delay in claim settlements and uncertainties over the reserve process and amounts. Any such delays and uncertainties and any of the additional claims and losses described above in this paragraph will adversely affect the ability of the Reinsurer to make Coupon Payments (as defined in the applicable Note) on the Notes to the extent they adversely affect its operations as all fees, costs, expenses and losses reduce the cash available for such Coupon Payments under the Notes.

Competition in the Insurance Industry

The pace of innovation within the insurance industry is rapidly increasing, and the Underlying Cedants may be unable to effectively implement new technologies and anticipate changes in customer preferences and insurance needs, which could put them at a competitive disadvantage and adversely affect their future profitability.

Innovation, recent technological developments, changing customer demographics and preferences, societal shifts and emerging technologies are greatly impacting the insurance industry. The Underlying Cedants may compete with much larger insurers that are focused on implementing technology and innovative solutions to select and price risks, enhance the experience of their customers and improve their operations. Underlying Cedants may be unable to anticipate changes in customer expectations and keep pace with the technological changes their competitors implement, and as a result, may not be able to attract and maintain quality accounts, adequately price risks or operate as efficiently as their competitors.

Reinsurance Underwriting Risk

The financial results of insurance companies depend primarily on their ability to underwrite risks effectively and to charge adequate rates to policyholders. The financial condition, cash flows and results of operations of such companies depend on their ability to underwrite and set rates accurately for a full spectrum of risks across a number of lines of insurance. Rate adequacy is necessary to generate sufficient premium to pay losses, loss adjustment expenses and underwriting expenses and to realize a profit. The ability to underwrite and set rates effectively is subject to a number of risks and uncertainties, including those related to: the availability of sufficient, reliable data; the ability to conduct a complete and accurate analysis of available data; the ability to recognize in a timely manner changes in trends and to project both the severity and frequency of losses with reasonable accuracy; uncertainties generally inherent in estimates and assumptions; the ability to project changes in certain operating expense levels with reasonable certainty; the development, selection and application of appropriate rating formulae or other pricing methodologies; the effective development, governance and appropriate use of modeling tools to assist with correctly and consistently achieving the intended results in underwriting and pricing; the ability to innovate with new pricing strategies and the success of those innovations upon implementation; the ability to secure regulatory approval of premium rates on an adequate and timely basis; the ability to predict policyholder retention accurately; unanticipated court decisions, legislation or regulatory action; unanticipated changes in such companies' claim settlement practices; changes in driving patterns for auto exposures; changes in weather patterns for property exposures; changes in the medical sector of the economy that impact bodily injury loss costs; changes in auto repair costs, auto parts prices and used car prices; the impact of emerging technologies, including driver assistance technologies and autonomous vehicles, on pricing, insurance coverages and loss costs; the impact of inflation and other factors on the cost and availability of construction materials and labor; the ability to monitor property concentration in catastrophe-prone areas, such as hurricane, earthquake and wind/hail regions; and the general state of the economy in the states in which the Underlying Cedants operate. Such risks may result in Underlying Cedants basing their premium rates on inadequate or inaccurate data or inappropriate assumptions or methodologies and may cause the Management Company's estimates of future changes in the frequency or severity of claims to be incorrect. As a result, Underlying Cedants could underprice risks, which would negatively affect the value of the Tokens, or Underlying Cedants could overprice risks, which could reduce their premium volume and competitiveness. In either event, underpricing or overpricing risks could adversely impact the value of the Tokens.

General Investment Risks Relating to the Notes

Resilience SPC (acting on behalf of its applicable segregate portfolios from time to time), as the sole noteholder under the Notes, will be exposed to the risk of the Notes in each Risk Pool and each Holder will accordingly be exposed to such risks, even with respect to Risk Pools held within programs underlying a different Class. The Notes will be held by specific segregated portfolios of Resilience SPC. Segregated portfolios established by and held within a segregated portfolio company (such as Resilience SPC) are, subject to certain conditions, subject to statutory ringfencing as a matter of law in the Cayman Islands in respect of assets and liabilities. Such assets and liabilities are segregated from both: (a) the general assets of the segregated portfolio company and (b) the assets and liabilities of each other segregated portfolio of that segregated portfolio company. Potential Token Purchasers should understand and evaluate the risks of the Notes to which they will have indirect exposure through their the Tokens prior to making any investment decision. The Notes are complex speculative instruments. The value of the Tokens is ultimately dependent upon the Risk Pools and underlying the Notes, and the Tokens are intended for sale only to investors capable of understanding and assuming the high risks entailed in such instruments. Potential investors are strongly encouraged to consult with their financial, legal, actuarial and tax advisors before making any investment decision in respect of the Tokens and the related Notes.

Loss of Principal and Distributions

Resilience SPC, as the noteholder under the Notes, bears the risk that they could lose all or a portion of the principal of, and distributions on the Notes.

For example and without limitation, if during the transaction there are Collateral Calls and the assets in respect of such Collateral Calls subsequently become Drawn Collateral, then the Outstanding Principal Amount of the Notes will be reduced without any commensurate payment to noteholders, by the amount so drawn (the "**Drawn Balance**"). The Drawn Balance will be allocated on a pro-rata basis on terms set forth in the applicable Note. Each Holder will be exposed to the risk of such reductions on the Notes through their Tokens. It is possible for the Drawn Balance to decrease as well as increase during the term of the Note. The Drawn Balance could decrease if, for example, proceeds of a recovery or subrogation right are received by the Underlying Cedant, reducing the applicable loss. A decrease in the Drawn Balance will result in an increase of the Outstanding Principal Amount of the Notes and losses for Investors on previously written-down Notes would be reduced accordingly, subject to any subsequent increase in the Drawn Balance. Any excess collateral in the transaction which does not result in a reduction of the Drawn Balance pursuant to a Note will not be applied to increase the Outstanding Principal Amount of such Note. Any such excess collateral on the applicable Note's redemption date (the "**Final Redemption Date**") will be applied in accordance with the terms of the Note.

The amount of distributions payable on the Notes in respect of a calendar quarter will be determined by reference to the Outstanding Principal Amount of the Notes and reductions in the Outstanding Principal Amount of the Notes will reduce the amount of such distributions payable on the Notes on that Payment Date accordingly. In accordance with the terms of the Note, the Reinsurer may distribute Coupon Payments in any given quarter in an amount equal to the Minimum Coupon Rate plus any Additional Coupon Rate in respect of such quarter (each as defined in the Note), multiplied by the Outstanding Principal Amount in respect of such quarter. Generally, the Minimum Coupon Rate is equal to 0.5% per annum. The amount of any such distribution in any quarter is at the discretion of the Reinsurer, and while any Minimum Coupon Amounts shall accrue and remain payable to the Note holder in accordance with the terms of the Note, an Additional Coupon Amounts (as defined in the Note) in any quarter, if positive, may be retained as Accrued Coupon Amounts by the Reinsurer and offset against negative returns in any subsequent quarter. In the event that the Outstanding Principal Amount is reduced on account of Collateral Calls becoming Drawn Collateral, but such reduction is subsequently reversed (in whole or in part), Investors will not be entitled to "make-up distributions" or any other compensation for the period during which the distributions were determined by reference to the reduced Outstanding Principal Amount.

The Notes carry large uncertainties and major risk exposures to adverse conditions. If a trigger event, as defined within the terms of the Note, involves losses or other metrics exceeding a specific magnitude in the geographic region and period specified therein, the applicable Risk Pool may lose a portion or all of its investment in the Note. Such losses may be substantial. Because the Notes may cover "catastrophic" events that, if they occur, will result in significant losses, the Notes may carry a high degree of risk of loss. Because Notes represent an interest, either proportional or non-proportional, in one or more underlying reinsurance contracts, Resilience SPC, the Protocol, and Investors or other Registered Holders may have limited transparency into the individual underlying contract(s) and, therefore, must rely upon the risk assessment and sound underwriting practices of the Underlying Cedant. Accordingly, it may be more difficult to fully evaluate the underlying risk profile of a Token's exposure to the Notes, which will place the assets at greater risk of loss than if the more complete information were available. The lack of transparency may also make the valuation of Notes more difficult and potentially result in mispricing that could result in losses to the value of the Tokens.

Maturity

The Final Redemption Date of each Note is not fixed and may fall significantly before or after the expected redemption date at the time the Note is entered into.

The Final Redemption Date may fall after the expected redemption date if, at such time with respect to the applicable Note, the amount available for distribution from the Collateral Account pursuant to the Reinsurance Agreement is greater than zero.

Conversely, the Final Redemption Date of the Notes may arise much earlier than the expected redemption date for a number of reasons. For instance and without limitation, as a result of an event of default or certain other termination events under the Notes the Final Redemption Date may occur prior to the expected redemption date. The noteholder under the Notes will receive no additional compensation in this circumstance and the Notes do not contain a "make-whole" obligation in the event that the Final Redemption Date occurs prior to the expected redemption date. Noteholders (and investors) may not be able to reinvest the principal they receive back prior to the expected redemption date at a rate of return similar to that under the Notes.

Early Redemption

The Notes are subject to early redemption in certain circumstances which will in turn reduce the amount of Distributions payable on the Notes.

The amount of distributions payable on the Notes in respect of a calendar quarter will be determined by reference to the Outstanding Principal Amount of the Notes and redemptions as described above will reduce the Outstanding Principal Amount of the Notes and therefore the amount of distributions payable on the Notes going forward after such redemptions. The noteholder under the Notes will receive no additional compensation upon the occurrence of such redemptions and the Notes do not contain a "make-whole" obligation. Noteholders (and investors) may not be able to reinvest the principal they receive back pursuant to such redemptions at a rate of return similar to that under the Notes.

Non-Recourse

The Notes are limited recourse obligations of the Reinsurer and amounts due in respect of the Notes are payable only to the extent that the Reinsurer receives monies due to it under the Transaction Documents. The Reinsurer will not have any other funds available to it to meet its obligations under the Notes and its obligations ranking in priority to, or pari passu with, the Notes. Following enforcement of the Security, the only funds available to the Trustee for and on behalf of the noteholder under the Notes will consist solely of the proceeds of enforcement of the Security. The noteholder will have no right to proceed directly against, amongst other parties, the Underlying Cedants or to take title to, or possession of, the Security. The Reinsurer is the only entity responsible for making any payments on the Notes.

Notes are Obligations only of the Reinsurer

The Notes will be obligations of the applicable Reinsurer only and will not be obligations or responsibility of, or guaranteed by, any other person or entity.

If distributions of amounts received by the applicable Reinsurer under the Transaction Documents and, after enforcement of the Security, the proceeds of enforcement of the Security are insufficient to make payments on the Notes in full, no other assets will be available for payment of any such shortfall and, following realization of the Security, no debt shall be owed by the Reinsurer in respect of any such shortfall. The entitlement of the noteholder under the applicable Note will be limited to the proceeds of the enforcement of the Security.

Accordingly, Resilience SPC (as noteholder under the Notes) may receive on redemption an amount less than the face value of their Notes and the Reinsurer may be unable to pay, in full, distributions due on the Notes.

Limited Liquidity

There is currently no secondary market for the Notes. Neither the Initial Cell Manager nor any other entity involved with the Notes intends to create a market for the Notes and there is no expectation that a secondary market will develop.

Ratings

The Notes at the time of purchase are not issued with a public or private rating by any credit rating agency and there is currently no intention to solicit any such rating. Even if they were, such ratings do not comment as to market price, fair market value, or suitability for a particular investor nor do the ratings accorded the Notes address the likelihood that the Reinsurer would be able to sell such Notes. The ratings are based on current information furnished to the relevant rating agencies that would provide the ratings by or on behalf of the Reinsurer and information obtained from other sources. The ratings of the Notes may be changed, suspended or withdrawn as a result of changes in, or the unavailability of, certain information. Accordingly, there can be no assurance that any ratings of the applicable Notes, if issued, could be maintained.

Sources of Funds for Payment of Principal

A Reinsurer's only sources of funds for repayment of the principal amount of the Notes will be the assets subject to the Security, in particular the cash and securities standing to the credit of the Accounts. To the extent that such assets are insufficient to pay the obligations of the Reinsurer, the noteholder may receive less than they would otherwise be entitled to and suffer loss accordingly.

Any amounts withdrawn from such accounts pursuant to a Collateral Call will cease to be subject to the Security, though the Reinsurer may, in time, have a contractual claim to the return of any such assets that have been released from the Trust Account by the applicable Underlying Cedant and become payable to the Reinsurer. Following a Collateral Call, the Outstanding Principal Amount of the Notes may be greater than the amount standing to the credit of the Trust Account subject to the Security.

Limited Number of Investments; Lack of Diversity

Resilience SPC will invest solely in Notes (through the Risk Pools), and certain yield-bearing cash-like Digital Assets as discussed herein. As a result, Resilience SPC's investment portfolio will be highly concentrated, and the adverse performance of the Notes generally would substantially affect the value of the Tokens. Moreover, each Class will invest solely in a particular category of Risk Pool (according to intended risk and return ratios for the Class in question), and will consequently be even more concentrated than Resilience SPC as a whole.

Risks related to Other Entities in the Transaction Structure

Reliance on Creditworthiness and Performance of Transaction Parties

The noteholder under the Notes is exposed to the creditworthiness and performance of the other parties in the structure. The ability of each Reinsurer to meet its obligations under the Notes will be dependent, where applicable, upon a number of factors, including, without limitation, the payment of all sums due from the Underlying Cedants, the receipt of income and principal in respect of the assets subject to the Security in accordance with the Trust Agreement, the repayment by the Custodian and Account Bank of the cash balance of the Collateral Account, the payment by the Paying Agent of payments required pursuant to the Agency Agreement and upon the performance by the other parties thereto of their respective obligations under the other Transaction Documents.

For example but without limitation, a number of the calculations and determinations made pursuant to the Notes are based on information or calculations and determinations made by External Structure Parties. If any such information, determinations or calculations or not made, are incorrect or are otherwise made in bad faith or negligently, the amounts available to the Reinsurers to meet their obligations under the Notes and their ability to perform their respective obligations in respect of the Notes may be affected.

Furthermore, a Reinsurer may have no legal relationship with the External Structure Parties. In the event of a dispute, a Reinsurer may have no legal recourse against any External Structure Party, notwithstanding that the Reinsurer may have transferred cash to one or more Trust Accounts. None of the Reinsurers, the Trustee or any agent or representative of the Reinsurers are likely to have any proprietary or contractual rights or recourse over assets standing to the credit of any Trust Account (including assets the Reinsurer has provided pursuant to a Collateral Call) or any contractual claim against an External Structure Party. This could negatively impact the noteholder under the Notes in a number of ways, including reduced distributions and ultimately write-downs of the Notes.

Accordingly, Resilience SPC, as noteholder under the Notes, is exposed, among other things, to the creditworthiness, performance, procedures and behavior of the External Structure Parties and none of the noteholder, the Reinsurer or the Trustee will have any recourse any the External Structure Parties in this regard or otherwise.

None of the External Structure Parties is obliged to make payments to the noteholder in respect of the Notes, and the noteholder will not have any direct rights (directly or indirectly through the Trustee) against any of these or their respective assets, including the Trust Accounts.

Conflicts

Various potential and actual conflicts of interest may arise between the interests of Resilience SPC, as noteholder under the Notes, the interests of any of the Transaction Parties, on the other hand, and/or the interests of the Holders, as a result of the various businesses and activities of the Transaction Parties, and none of such persons is required to resolve such conflicts of interest in favor of the Token Holders or Resilience SPC.

Determination of the Redemption Amount and Redemption Price

Resilience SPC will, subject to the Valuation Policy and any applicable dispute resolution procedures described in the Notes and other Transaction Documents, determine (i) the amount of liquid assets available for any Redemption offer (the "Redemption Amount") based upon the then-available unallocated liquidity in the Liquidity Layers across Deployments for the applicable Class, and (ii) the per-Token price applicable to such Redemption (the "Redemption Price") based on the published Daily Accrual Price for that Class at the applicable record time, as adjusted pursuant to the Valuation Policy, Protocol Fees, accrued expenses, taxes or withholding, and other adjustments described herein and in the other Offering Documents. These determinations necessarily involve estimates, assumptions, and the use of third-party data and valuation reports, including estimates of expected losses, accrued and unpaid obligations, and the timing of release of capital from underlying Risk Pools. Any such estimates may prove to be incorrect, may be revised, and may result in a Redemption Price that is lower than a Holder expected or lower than the Daily Accrual Price, Net Asset Value, or any secondary market price for the Tokens (if any). None of the Resilience Entities, as noteholder under the Notes, nor the Registered Holders will have any recourse to any entity for any such difference and they will not be entitled to dispute or challenge the determinations made for purposes of the Redemption Amount or Redemption Price, except as expressly provided in the applicable Transaction Documents.

Risk Relating to an Investment in the Tokens

Suitability

The Tokens are not suitable investments for all investors. Without limitation, prospective investors should not commit to purchase Tokens unless they understand and are able to bear the risks associated with the Tokens. For the reasons set forth below, the returns and the aggregate amount and timing of payments on the Tokens are subject to material variability over time. The interaction of the foregoing factors and their effects are impossible to predict and are likely to change from period to period. As a result, an investment in the Tokens involves substantial risks and uncertainties and should be considered only by sophisticated investors with substantial investment experience with similar types of securities and who have conducted appropriate diligence.

No Assurances

None of the Resilience Entities nor any of their respective Affiliates makes any assurance, guarantee or representation as to the expected or projected success, return, timing and amount of payments, performance result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) to any Investor of ownership of the tokens. No Investor or other person may rely on any such party for a determination of expected or projected success, return, performance result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) to any such person of ownership of the Tokens. Each Investor will be required to represent that, among other things, it has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisors regarding investment in the Tokens as it has deemed necessary and that the investment by it is within its powers and authority, is permissible under applicable laws governing such purchase, has been duly authorized by it and complies with applicable securities laws and other laws and regulations.

Lack of Liquidity and Limited Transferability of Tokens

An investment in Tokens is a long-term commitment and there is no assurance of any opportunity to redeem or distribute funds to the Investors or any other Holders. The Tokens will not be registered under the Securities Act, or any state securities laws and may not be transferred unless registered under applicable federal and state securities laws or unless an exemption from such laws is available. The Token Issuer has no plans, and is under no obligation, to register the Tokens under such U.S. laws or any foreign equivalents. No market exists for the Tokens, and none is expected to develop. Transfer of the Tokens is also subject to numerous restrictions set forth in the Issuer TOS, including the obligation to indemnify the Token Issuer and its Affiliates of any damages or losses arising from an unlawful or unpermitted transfer. Redemption opportunities will be offered solely to the extent and at the discretion of the Directors. Consequently, Holders may not be able to liquidate their investment in the event of a change of circumstances or for any other reason. Resilience SPC's principal investment is in the Notes, which are highly illiquid because will not in the ordinary course be traded and there is no market for them. Investment in Tokens requires the ability and willingness to accept such lack of liquidity as well as a high degree of risk.

Holders Will Not Have any Direct Interest in the Risk Pools, Notes, or Other Assets of Resilience SPC

Token Holders are exposed to the Risk Pools, Regulatory Allocations, and Notes (and other assets of Resilience SPC) indirectly and have no privity with the Reinsurer, any Cell Manager, Resilience SPC itself, or any Underlying Cedant and are not third-party beneficiaries of any of the related documentation. Accordingly, the Holders are entirely reliant upon the exercise of rights under the Notes and management of cash instruments by Resilience SPC and the individual Cell Managers in accordance with their respective instructions and policies, and on the exercise of the Reinsurer or the Underlying Cedant under the applicable documentation, including the Reinsurance Agreements.

Related Parties

In the ordinary course of their respective businesses, in addition to their participation in the transactions contemplated hereby, the Cell Managers (including the Initial Cell Manager), Reinsurers, and the Underlying Cedants, and their respective affiliates may expect to engage in the future in insurance and reinsurance, insurance and reinsurance related brokerage, financial services, investment banking, general financing, banking and other transactions with such other parties and their respective affiliates.

Potential Conflicts Related to Investments in the Risk Transfer Intermediaries

Resilience SPC implements the Protocol investment program by making investments indirectly in both Reinsurers themselves via regulatory Allocations, and in the Notes through the individual Cells managed by Cell Managers. In certain cases, these may present conflicts of interest amongst the involved parties. Certain agreements between the parties to the investment transactions described herein may not be the result of arms' length negotiations and the relationship of the parties thereto may involve conflicts between the interests of the Holders, Resilience SPC, the other Resilience entities, the Cell Managers, and the interests of the risk transfer intermediaries or the affiliates of the foregoing. There can be no assurance that these transactions will be made on terms at least as favorable to Resilience SPC and the value of the Tokens as those that would have been obtained in an arms' length transaction.

Risks Related to the Operations of the Resilience Entities and Protocol

Systems and Operational Risks Generally

The value of the Tokens depends on the ability of the Resilience Entities to develop and implement appropriate systems for the operation of the Protocol and the investment and other activities described. The Resilience Entities rely heavily and on a daily basis on financial, accounting and other data processing systems (in addition to the Protocol and underlying blockchains themselves) to execute, clear and settle transactions across numerous and diverse markets, to monitor its portfolio and capital, and to generate risk management and other reports that are critical to oversight of the Protocol and activities of Resilience SPC and the individual Risk Pools. In addition, the Issuer relies on information systems to store sensitive information about Resilience SPC, the Foundation, their Affiliates, and Investors and other Holders. Failures in the systems employed by the Resilience Entities, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Disruptions in the operation of the foregoing may cause Resilience Entities or Protocol itself to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. In addition, to the extent that unanticipated operational or trading problems or issues arise, the Directors' past experience and qualifications may not be suitable for solving these problems or issues. Any of the foregoing failures or disruptions could have a material adverse effect on value of the Tokens or ability to redeem or liquidate an Investor or other Holder's Tokens.

Cybersecurity Risk

As part of its business, the each of the Resilience Entities processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Resilience Entities (and the Protocol generally) and personally identifiable information of the Investors and other Holders. Similarly, service providers of the Resilience Entities may process, store and transmit such information. The Foundation has, and will to the best of its ability ensure Service Providers maintain, procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Issuer or other Resilience Entities may be susceptible to compromise, leading to a data breach. The systems or facilities of the Resilience Entities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Issuer to Investors or other Registered Holders may also be susceptible to compromise. Breach of the Resilience Entities' information systems may cause information relating to the transactions of the Resilience Entities or Protocol, and personally identifiable information of the Investors to be lost or improperly accessed, used or disclosed.

The service providers of the Resilience Entities are subject to the same electronic information security threats as the Resilience Entities. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of Issuer and personally identifiable information of the Investors or other Holders may be lost or improperly accessed, used or disclosed.

Use of Systems

Each of the Issuer and Resilience SPC relies extensively on the use of computer systems, hardware, software and telecommunications equipment, and makes use of its own models as well as systems that are publicly available or provided by third parties. Accordingly, Token Holders are exposed to the risk that computer hardware, software, electronic equipment and other services used by the Resilience Entities may cease to be available, for example, due to the insolvency of the provider or the discontinuation of services or software updates. In such circumstances, the Resilience Entities would seek to obtain equivalent hardware, software and services from an alternative supplier.

System Failure

As the Resilience Entities makes extensive use of computer hardware, systems and software, Token Holders exposed to risks caused by failures of information technology infrastructure and data. In addition, outright failure or a partial impairment (whether due to external situations or internal file corruption) of the underlying hardware, operating system, software or network may leave Resilience SPC or the Protocol at large unable to trade either generally or in certain of its strategies, or take other key actions to its business, and this may expose it to risk should the outage coincide with turbulent market conditions.

Data Feed Failure

Both the Oracles and the models relied upon by the Resilience Entities in managing technical and economic risk utilize data feeds from a number of sources. If these data feeds were to be corrupted, compromised, or discontinued in any manner, or not delivered or accessible in a timely manner, the models may not be properly formulated. This failure to receive the data feeds or receive the data feeds in a timely manner may leave Resilience SPC unable to trade or may result in deployments to Risk Pools or other trades that are not aligned with an algorithm’s goal, and this may expose SPC and Token holders to risk of loss or loss of opportunities, in particular if the loss of the data feed coincides with turbulent market conditions. If the data feeds are compromised or discontinued in any material manner or if the data feeds are not delivered or accessible in a timely manner, it may result in a loss in the value for the Tokens, which could be material.

Risk of Programming Implementation Error or Logical Error

The Resilience Entities and Protocol are ultimately dependent upon the proper functionality of a variety of software. Each is therefore at risk of errors of implementation (colloquially known as “bugs”) and errors of design that may exist or arise in the software or models, and which may cause inappropriate or aberrant behavior under certain conditions. While reasonable steps have been taken to ensure that the Protocol and other software is adequate in design and free from manifest bugs, formal proof of bug-free code has not been undertaken, nor can the underlying logical or mathematical models be certified as free from error; investors should expect that – at any given time – the Protocol’s code base, or any other software relied upon by the Resilience Entities, will contain errors and bugs.

As with any software, upgrades, "bug fixes" and various other improvements may be introduced over time and the risk therefore exists that such changes may detrimentally affect the performance of the Tokens, rather than improve it.

Furthermore, without limitation, while the software has been tested and the Protocol code has been audited, no guarantee can be given that a unique combination of input conditions experienced when running the system "live" and which has not been encountered during development, will not cause the system to fail, perform aberrantly, or take positions that are (under some reasonable criteria) judged to be inappropriate.

Risks Inherent in Computer-Driven and Intellectual Property Based Systems

The Protocol and Resilience Entities relies to a material extent on a wide range of intellectual property systems, including computer hardware and software systems and telecommunications systems, in substantially all phases of its operations, including research, valuation, trade identification and construction, trade execution, clearing, risk management, back office functions and reporting.

As described above, intellectual property systems are subject to a number of inherent and unpredictable risks. For the sake of clarity and without limitation, though losses arising from computer-driven and intellectual property-based systems could adversely affect the value of the Tokens.

Quantitative Model Risk and Risk Management Danger

There can be no assurance that the models used by the Resilience Entities with regards to aggregate Protocol risk or the valuation of the Risk Pools will continue to be viable. The use of a model that is not viable or not completely viable could, at any time, have a material adverse effect on the performance of the Risk Pools. There can be no assurance that Resilience SPC will achieve its investment objectives or that the models (even if completely or partially viable) will continue to further or ultimately be capable of furthering the investment objectives described herein.

Significant elements of the investment processes described herein currently, or will in the future, occur autonomously. Undesired results from automatic transactions may only be detected after the fact, perhaps after a significant number of transactions have occurred, and are likely irreversible.

Risk management techniques are based in part on the observation of historical market behavior, which may not predict market divergences that are larger than historical indicators. Also, information used to manage risks may not be accurate, complete or current, and such information may be subject to misinterpretation. In this complex environment, effective risk management depends upon many factors, not all of which may be properly identified, and effective assessment, analysis, process creation, control or treatment of risks could be difficult to implement. For the sake of clarity and without limitation, though losses arising from quantitative model risks could adversely affect the value of the Tokens, such losses would likely be irreversible and unreimbursed.

At times the Resilience Entities or their Directors may manually override or shut down the operations of a quantitative model. This would generally be done in an effort to mitigate the damage from a deteriorating or malfunctioning model or a model that is reacting negatively to unforeseen market conditions. Such an override or intervention could result in greater losses than would be the case if there had been no intervention or could result in the model being overridden or inactive at a time when the model would have achieved gains for the portfolio.

Tax-Related Risks

The Tokens are not intended for purchase by investors who are U.S. Persons, as defined under Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended (such holders of Tokens, “U.S. Holders”). The U.S. federal income tax consequences of the acquisition, ownership, and disposition of Tokens will depend on the U.S. federal income tax classification and characterization of the Tokens. The determination of whether cryptocurrency such as the Tokens represents debt, equity, a commodity or some other instrument or interest is based on all the relevant facts and circumstances. There are no regulations, published rulings or judicial decisions addressing the characterization for U.S. federal income tax purposes of cryptocurrency with terms substantially the same as the Tokens and no rulings have or will be sought from the Internal Revenue Service (“IRS”) regarding the characterization of the Tokens.

One possible characterization of the Tokens for the purposes of U.S. tax law, particularly in light of the Daily Accrual Price mechanism and published yield rate, is as debt instruments of the Token Issuer. If the Tokens were treated as debt instruments for U.S. federal income tax purposes, U.S. Holders could be required to accrue interest or original issue discount (“OID”) as ordinary income on a current basis (potentially based on the Daily Accrual Price and published yield rate), regardless of whether any cash distributions are received, and could be subject to materially different rules regarding timing, character, information reporting, and withholding.

Another possible characterization of the Tokens is as equity in the Token Issuer. Assuming that is the case, the Token Issuer may be treated as a “passive foreign investment company” or PFIC for U.S. federal income tax purposes. If the Tokens were to be treated as equity of the Token Issuer, and the Token Issuer were treated as a PFIC in any year, U.S. Holders of the Tokens would be required (i) to pay a special U.S. addition to tax on certain distributions and gains on sale of the Tokens and (ii) to pay tax on any gain from the sale of Tokens at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain.

Prospective purchasers who would be U.S. Holders should consult their tax advisers regarding the potential application of the PFIC regime, the possibility of characterization of the Tokens as debt instruments under the U.S. Internal Revenue Code, and the resulting U.S. federal, state and local tax consequences of an investment in the Tokens.

Certain Other Risks

You should consult your own legal, tax and financial advisers regarding the desirability of an investment in the Tokens because no independent advisers were appointed to represent you in connection with the creation and offering of the Tokens, the RE Protocol, or the entities discussed herein.

While the Foundation, Issuer, and Resilience SPC have consulted with legal, tax and financial advisers regarding the deployment of the Protocol, formation of the so-named entities, and offering of the Tokens, no counsel has been appointed to represent you in connection with the offering of the Tokens. Accordingly, you should consult your own counsel, accountants and other advisers before investing in Tokens.

Competing claims over ownership of intellectual-property rights related to the Protocol could adversely affect the Resilience Entities and an investment in Tokens.

The ability of the Resilience Entities to operate the Protocol and Offering is dependent upon the grant of an exclusive license to key relevant intellectual property rights and underlying assets from the Initial Service Providers, which could be terminated under certain conditions, such as fraud, gross negligence, or malfeasance by the Foundation or its affiliates, and the loss of which could seriously impair or render impossible the operation of the Resilience Entities, Protocol, or any of the aspects of the Offering described herein. In addition, other third parties may allege or assert ownership of intellectual property rights which may be related to the design, structure and operations of the Protocol or Resilience Entities. The negotiation, litigation or settlement of such claims may result in expenses or damages that could adversely affect the Token, Protocol, or Resilience Entities, or lead to their respective termination.

VALUATION

Daily Accrual Price (Class Token Price)

Resilience SPC will publish for each Class a daily accrual-based price (the "**Daily Accrual Price**", also referred to herein as the "**Class Token Price**") and an attendant estimated daily yield rate for that Class. The Daily Accrual Price compounds daily and is recalculated at 00:00 UTC each day. The Daily Accrual Price is used as the Token Unit Price for issuance and, when applicable, as the reference price for Redemption Prices for that Class (in each case subject to the Valuation Policy, Protocol Fees, and other adjustments described in this Memorandum and the other Offering Documents).

The published yield rate used to compute the Daily Accrual Price is calculated based on a trailing seven-day average of (i) Reference Carry and (ii) the Protocol Spread. "**Reference Carry**" is determined by reference to the then-current Deployment Mix of on-chain and off-chain backing assets and Risk Pools for that Class. "**Deployment Mix**" refers to the composition of such on-chain and off-chain backing assets and Risk Pools (which may change over time). "**Protocol Spread**" is a protocol-set spread that may be positive, zero, or negative and may change over time. Reference Carry may reflect, among other things, yield on cash-like reserves, stablecoins, or other Digital Assets held in the Liquidity Layer, interest on yield-bearing accounts, and coupon and other payments on Notes and other Risk Pool contracts, in each case as applicable to the relevant Class. Because the Daily Accrual Price is a formula-based accrual metric, it may not reflect the price at which Tokens could be sold in any secondary transaction (if any), and it may differ from the Net Asset Value of the relevant Class.

Net Asset Value

The Net Asset Value of each Class will be equal to the value of all the assets in (i) the Liquidity Layer attributable to the corresponding Class of Tokens, (ii) all yield-bearing accounts funded from the foregoing Liquidity Layer, and (iii) the value of the Notes and other contracts underlying all of the Risk Pools attributable to that Class, less all the liabilities of Resilience SPC attributable to the foregoing as of the time of the calculation (subject to adjustment in accordance with standard actuarial and valuation models applicable to the reinsurance industry, including those applied by ultimate Reinsurer counterparties or corresponding Cell Managers in reporting asset values). Net Asset Value is an accounting and valuation metric and may differ from the Daily Accrual Price used for issuance and, when applicable, redemption processing.

Valuation Policy; adjustments

The foregoing calculations (including the Daily Accrual Price, any published yield rate, and Class Net Asset Value) shall be subject to adjustment in accordance with Resilience SPC's valuation framework, to be determined by the Foundation in its sole discretion (the "**Valuation Policy**"), and based upon reports from individual Reinsurers and their auditors and financial providers relevant to particular Risk Pools. The Valuation Policy and such calculations may account for, and the Token Unit Price and Redemption Price may be subject to adjustment for, unpaid or accrued Protocol Fees, unfunded but outstanding obligations, Cell Manager and Cell Manager Performance Fees, taxes or tax withholding, realized or expected losses (including Collateral Calls and Drawn Collateral), reserves, and other items as otherwise described in this Memorandum or other Offering Documents.

Publication; reliance on third-party data

The Token Issuer will publish Daily Accrual Prices, yield rates, and other relevant on-chain and Oracle data through the Investor Dashboard, and may also publish Net Asset Value and related metrics from time to time (including periodic financial statements). For the purpose of calculating the published Class Net Asset Value or the Daily Accrual Price (and any resulting Token Unit Price or Redemption Price), Resilience SPC shall be entitled to, rely on, and will not be responsible for the accuracy of, financial data furnished to it by Cell Managers, Reinsurers, underlying cedants, other market participants and independent third-party pricing services. The Token Issuer and Resilience SPC may also use and rely on industry-standard financial models in pricing any of their assets. Resilience SPC expects to engage an auditor and make reasonable best efforts to provide monthly audits and attestations of underlying account balances reported via the Oracles; provided that such reporting remains subject to commercial reasonability, and some such attestations may be provided in arrears.

Unless indicated specifically otherwise, Daily Accrual Prices and Net Asset Values for each Class are calculated and reported on an aggregated basis across all Applicable Chains.

CERTAIN CONFLICTS OF INTEREST

In general, the transaction described in this Memorandum will involve various potential and actual conflicts of interest. Prospective investors should understand that (i) the relationships among the Protocol, the Resilience Entities (and each of them), Directors, Cell Managers, and other service providers and counterparties, as well as the employees, contractors, directors, owners, and other affiliates of each of the foregoing, are complex, dynamic, and under active iteration and development. Except in limited circumstances or to the extent further described herein the Directors, Cell Managers, and other key participants in the Protocol or Offering are generally independent parties with their own, parallel business activities and interests, and except in limited circumstances, no one involved in the Offering, the Token or the operation of the Protocol owes fiduciary obligation to the Investors, Registered Holders, or any other Token holder.

Moreover, as the businesses, activities, and interests of each of the key participants in the Protocol or Offering change over time, and the Protocol itself undergoes continual development and updates, Token holders may be exposed, to new or additional conflicts of interest. There can be no assurance that this Memorandum addresses or anticipates every possible current or future conflict of interest that may arise or that is or may be detrimental to the Investors or other Token holders. *Prospective Investors should consult with their own advisers regarding the possible implications on their investment in the Tokens of the conflicts of interest described in this Memorandum.*

Relating to the Token Holders

The Foundation and Token Holders May Have Conflicting Interests.

The Directors are under no obligation to consider the interests of the Token Holders (except the limited circumstance where the Directors are exercising their roles on behalf of the Foundation in the Foundation's capacity as director of the Token Issuer at a time when there is a risk of insolvency of the Token Issuer) at all, except insofar as the Token and its continued functionality is key to the success of the Protocol as a whole, and there is no guarantee that those interests are or will remain fully aligned. In operating the Protocol, including the development of processes and standards for the approval of Cell Managers and their Risk Pool proposals, the Directors will consider the objectives of the Foundation and RE Protocol as a whole, which may not be commensurate with the investment, tax or other objectives of Token holders as a whole, or on an individual basis. Furthermore, Registered Holders and other Token holders may have conflicting investment, tax and other interests with respect to their investments in the Tokens. As a consequence, conflicts of interest may arise in connection with decisions made by the Directors or individual Cell Managers that may be more beneficial for the long-term value and effectiveness of the Protocol even at the detriment of Token holders generally, or that prejudice or benefit one Token holder over another Token holder.

For example, the Foundation expects to generate revenue to sustain the operations of the Resilience Entities and further its purpose of developing the Protocol primarily from Protocol Fees; however, the decision whether to offer available liquidity for Redemptions versus retain it for future deployment to additional Risk Pools is entirely at the Directors' discretion. Because the Directors owe their duties to the Foundation and its purpose rather than to the Token Holders (except in the limited circumstance where the Directors are exercising their roles on behalf of the Foundation in the Foundation's capacity as director of the Token Issuer at a time when there is a risk of insolvency of the Token Issuer), they may have little or no incentive to offer Redemptions, or be incentivized to overestimate expected demand and offer smaller Redemption Amounts than would be the case if the Directors were fiduciaries of the Investors or other Token holders.

The Lack of Exclusivity and Other Activities of the Directors and other Service Providers May Conflict With the Interests of Token Holders.

The Directors, key service providers, and their respective affiliates and personnel will devote as much of their time to the activities of the Protocol and Resilience Entities as they deem necessary and appropriate. None of the foregoing parties are restricted from entering into other equivalent relationships or from engaging in other business activities, even if such activities may be in competition with the Protocol and/or may involve substantial time and resources of the Directors, service provider, or their respective affiliates or personnel. These activities could be viewed as creating a conflict of interest in that the time and effort of the Directors and other service providers, as none of them nor their affiliates and personnel will not be devoted exclusively to the business of the Protocol or Resilience Entities, but will be allocated between the business of the Resilience entities and the management of other accounts and businesses.

Conflicts of interest may arise from the fact that any Service Provider or any affiliate of a Service Provider may provide services to, or have business, financial, personal or other relations with private funds, reinsurance firms, or other investment vehicles and businesses with investment programs or business activities similar to that of Resilience Entities or the Protocol. Any Service Provider or any affiliate of a Service Provider may be a Token Holder, Cell Manager, Reinsurer, or commercial counterparty of the Protocol or one or more of the Resilience Entities or individual Cells.

In particular, the Initial Service Provider may have a particular conflict of interest with respect to the terms of the license to the Foundation necessary to the operation of the Protocol. For example, in the event of a merger offer or certain other commercial conditions, Cover Re US may be incentivized to attempt to terminate or renegotiate the license in a way that favors itself and its shareholders over the Foundation, Token holders, or then-deployed and operating Protocol.

There May Be Conflicting Interests Amongst Holders of Tokens of Different Classes, Particularly Given the Lack of Formal Segregation.

Each Class of Tokens is intended to provide indirect exposure to a different risk tier of the Protocol's overall investment program as though each such Class were investing into a truly segregated vehicle. However, as discussed elsewhere in this Memorandum, although the reUSDe Tokens are subordinate to the reUSD Tokens there remains the possibility of a claim arising from the reUSDe Risk Pools penetrating the artificial internal barrier between the Classes and seeking recompense from funds that have been internally allocated by Resilience SPC to the reUSD Class. As a consequence, the Foundation will have to balance allocations to high-yield Risk Pools on behalf of the reUSDe Class against the need to ensure the intended risk profile of reUSD. This could result in either reUSD facing greater risks than expected, reUSDe losing out on investment opportunities it might otherwise have pursued, or some combination thereof.

Relating to the Cell Managers

Various potential and actual conflicts of interest may arise from the regulatory status and overall advisory, investment and other activities of the Cell Managers, their Affiliates and their respective clients and the Protocol, the Resilience Entities and their affiliates and each Risk Pool. The following briefly summarizes some of these conflicts, but is not intended to be an exhaustive list of all such conflicts or their potential consequences.

MEMBERS OF THE COVER REINSURANCE GROUP ARE, AS OF THE DATE HEREOF, AND IN THE FUTURE MAY BE, APPOINTED AS, CELL MANAGERS TO THE RISK

POOLS OF THE RESILIENCE PROTOCOL. IN ADDITION, THE RESILIENCE PROTOCOL SHALL ENGAGE AS AN INVESTOR IN THE COVER RE NOTE PROGRAMME. SEE "*COVER REINSURANCE GROUP*," ABOVE.

Past performance of Cell Managers not indicative of future results.

The performance of an investment in the Tokens will be in part dependent on the analytical and managerial expertise of the investment professionals associated with each Cell Manager. The past performance of any risk pool, cell, portfolio, fund, account, client or other investment vehicle (collectively, including future portfolios, funds, accounts, clients or other investment vehicles, "**Other Accounts**") managed or advised by any Cell Manager or its affiliates or their respective members, partners, officers, directors or employees (collectively, the "**Cell Manager Parties**"), including investment professionals currently associated with the Cell Manager Parties when at prior places of employment, may not be indicative of the results that the Cell Managers on behalf of the applicable Cell or Risk Pool may be able to achieve. Similarly, the past performance of Cell Manager Parties, and of the Token Issuer, over a particular period may not be indicative of the results that may occur in future periods. Furthermore, the nature of, and risks associated with, the Token Issuer's investments within the Protocol in individual Cells may differ from those investments and strategies undertaken in connection with Other Accounts. There can be no assurance that the Token Issuer's investments within the Protocol in individual Cells will perform as well as Other Accounts or as well as the Token Issuer's investments within the Protocol in individual Cells performed prior to the date hereof, that the Token Issuer will be able to avoid losses or that the Cell Manager on behalf of the Risk Pools or individual Cells will be able to make investments similar to such past investments made on behalf of Other Accounts or on behalf of the Token Issuer. There is no assurance that any target return or investment objective will be achieved; a loss of some or all of an investment can occur. In addition, such past investments may have been made under different market conditions, different vintage years, utilizing a capital structure and an asset mix that are different from the capital structure and/or asset mix of the Protocol, each Risk Pool and individual Cells as of the date hereof. Moreover, because the investment criteria that govern investments in each Risk Pool and individual Cells do not govern the investments and investment strategies of Cell Manager Parties generally, each Risk Pool and individual Cells, and the results it yields, are not directly comparable with, and may differ substantially from, Other Accounts.

The reinsurance obligations acquired by the Protocol, each Risk Pool and individual Cells may be different from those expected to be purchased by a Cell Manager, on behalf of the Protocol, due to market conditions, availability of such reinsurance obligations and other factors. The actual composition of the portfolio of reinsurance obligations owned by the Protocol will change from time to time. There is no assurance that any assets expected to be purchased will be available or be available at the expected prices and expected quantities.

The investment professionals of the Cell Managers will attend to matters unrelated to the investment activities of the Protocol, Resilience Entities or any individual Cells.

Although the professional staff associated with the Cell Managers will devote as much time to Protocol, Resilience Entities or any individual Cells as the Cell Manager deems appropriate to perform its duties and in accordance with reasonable commercial standards, the staff may have conflicts in allocating their time and services among the Protocol, Resilience Entities or any individual Cells and Other Accounts. The professional staff associated with the Cell Managers are not prohibited from becoming actively involved in other activities not concerning the investment activities of the Protocol, Resilience Entities or any individual Cell and will not be able to devote all of their working time to the business and affairs of the Protocol, Resilience Entities or any individual Cells.

The Protocol, Resilience Entities and individual Cells will depend on the managerial expertise available to the Cell Managers and their key personnel.

The performance of the Tokens will be highly dependent upon the skills of each Cell Manager in analyzing, acquiring and managing the Risk Pools and associated reinsurance opportunities. Each individual Cell's activities will be directed by a Cell Manager. The Resilience Entities will generally not make decisions with respect to the management, disposition or other realization of any reinsurance products, or other decisions regarding the business and affairs of the Protocol, Resilience Entities and individual Cells. Consequently, the success of the Protocol, Resilience Entities and individual Cells will depend, in large part, on the skill and expertise of the investment professionals associated with the Cell Managers.

There can be no assurance that such investment professionals will continue to serve in their current positions or continue to be authorized persons of any Cell Manager. Although such investment professionals will devote such time as they determine in their discretion is reasonably necessary to fulfill such Cell Manager's obligations, they will not devote all of their professional time to the affairs of the Protocol, Resilience Entities and individual Cells. The loss of one or more of these individuals could have a material adverse effect on the performance of the Tokens. In addition, individuals not currently associated with the current Cell Managers may become associated with any Cell Manager and the performance of the Risk Pools and each individual Cell may also depend on the financial and managerial experience of such individuals.

There is no limitation or restriction on the Cover Reinsurance Group with regard to acting as manager or advisor (or in a similar role, as applicable) to any current or future Other Account. This and other future activities of the Cover Reinsurance Group and its parties may give rise to additional conflicts of interest.

No ethical screens or information barriers.

By reason of the advisory and/or other activities of the Cover Reinsurance Group, the Cover Reinsurance Group may acquire confidential or material non-public information, or be restricted from initiating transactions in certain securities or other investments. If any Cover Reinsurance Group or any of its personnel were to receive material non-public information about a particular obligor or reinsurance obligation or other asset, the Cover Reinsurance Group may be prevented from causing the Risk Pool to purchase or sell such asset due to legal and internal restrictions imposed on the Cover Reinsurance Group. Notwithstanding the maintenance of certain internal controls relating to the management of material non-public information, it is possible that such controls could fail and result in the Cover Reinsurance Group, or one of its investment professionals, buying or selling an asset while, at least constructively, in possession of material non-public information. Inadvertent trading on material non-public information could have adverse effects on the Cover Reinsurance Group's reputation, result in the imposition of regulatory or financial sanctions, and as a consequence, negatively impact the Cover Reinsurance Group's ability to perform its investment management services to the Resilience Protocol. In addition, while certain Cover Reinsurance Group parties currently operate without information barriers on an integrated basis, such entities could be required by certain regulations, or decide that it is advisable, to establish information barriers. In such event, the Cover Reinsurance Group's ability to operate as an integrated platform could also be impaired, which would limit the Cover Reinsurance Group's access to personnel of its Affiliates and potentially impair its ability to manage the Risk Pool's investments.

Cell Managers May Not Have Arms-Length Relationships with Reinsurers or Other Counterparties.

Cell Managers are not required to negotiate terms proposed to the Protocol for funding at arms length with Reinsuers or other counterparties. In many cases, including with respect to the Initial Cell Manager, the Cell Manager and counterparty Reinsurer may be the same party, or be under common control and ownership. Although the terms will still be subject to the review and approval of the Directors, they may have limited insight into the course of negotiation of those terms or whether they reflect market rates and standards, and may have limited incentive to conduct meaningful due diligence in connection with their approval.

Cell Managers Have No Obligation to Allocate Opportunities to the Protocol, and May Have Different or More Favorable Compensation Arrangements With Other Potential Funding Sources.

The Cell Managers, including the Initial Cell Manager, could be subject to a conflict of interest because varying compensation arrangements among the Protocol and other potential funders could incentivize the Cell Managers to manage or propose compensation terms differently, including in ways that could make the allocation of new investment opportunities to the Protocol, Resilience Entities or any individual Cells less profitable than certain Other Accounts or funding sources. This could incentivize Cell Managers to direct their most valuable proposals away from the Protocol, Resilience Entities or any individual Cells; as the Cell Managers have no obligation to present opportunities to the Protocol, the Foundation may need to agree to higher Risk Pool Fees than expected or typical in the market to attract sufficient quality or volume of deals for its Risk Pools, which would reduce returns to the Token Holders. There is a risk that the Directors may (in their sole discretion) determine that they could be under a fiduciary obligation to do so at the detriment of Token Holders if they believed it necessary or prudent for the long-term success and growth of the overall Protocol.

The Nature of the Risk Pool Fees, and Lack of Capital Commitment Obligations, May Incentivize Excessive Risk-Taking by Both Directors and Cell Managers.

None of the Resilience Entities, Directors, and Cell Managers are currently obligated to put any of their own capital or value at risk in proposing or approving particular Risk Pools. Both the individual Cell Managers and the Foundation earn Risk Pool Fees based on performance, but these fees are not offset whatsoever by losses on other Risk Pools, in the same Cell or otherwise. These factors could significantly incentivize the Cell Managers to propose, and the Directors to approve, Risk Pools that are much higher risk than if they were obligated to put value at risk in the deal, or faced a loss of fees if it failed to fully return deployed capital. This may create a significant conflict of interest between the Directors and Cell Managers on the one hand, and the Token holders on the other, in connection with both the proposal and actual approval of Risk Pools.

The Foundation May Adjust the Protocol Spread and Other Pricing Parameters in a Manner that Adversely Affects Token Holders.

The Protocol Spread is set at the level of the Protocol and may be adjusted from time to time by the Foundation and its Directors (or, if implemented in the future, any protocol governance mechanism). The Protocol Spread (and related parameters such as the methodology for calculating Reference Carry, the trailing averaging period, or other inputs used to calculate the Daily Accrual Price) directly affects the Daily Accrual Price and yield rate for each Class and therefore affects Token Unit Prices and Redemption Prices.

The Foundation and its affiliates may have incentives to adjust the Protocol Spread or related parameters to fund operating expenses, repay or service financing, incentivize certain Deployments, counterparties, or Risk Pool structures, manage Protocol liquidity or reserves, or otherwise advance the development and operation of the Protocol. Any such incentives may conflict with the interests of Token Holders seeking to maximize yield or maintain stability in the Daily Accrual Price.

Changes to the Protocol Spread may be made without the consent of Token Holders and could take effect immediately. Such changes could materially reduce the yield accruing to Token Holders, including by setting the Protocol Spread to zero or a negative number, or by otherwise causing the Daily Accrual Price to increase more slowly, remain flat, or decrease. In addition, differing Classes of Tokens may be affected differently by such changes, which may exacerbate conflicts among holders of different Classes.

Certain Additional Risks relating to the Cover Reinsurance Group

The following briefly summarizes certain potential and actual conflicts of interest which may arise from the overall investment activity of Cover Reinsurance Group, but is not intended to be an exhaustive list of all such conflicts. The scope of the activities of Cover Reinsurance Group and Other Accounts may give rise to conflicts of interest or other restrictions and/or limitations imposed on the Issuer in the future that cannot be foreseen or mitigated at this time.

The Cover Reinsurance Group and their Other Accounts have invested and may continue to invest in reinsurance obligations and other securities that would also be appropriate as investment opportunities for the Resilience Protocol. No member of the Cover Reinsurance Group is under any obligation to offer investment opportunities of which they become aware to the Resilience Protocol or to account to the Resilience Protocol for (or share with the Resilience Protocol or inform the Resilience Protocol of) any such investment opportunity or any benefit received by them from any such investment opportunity.

Furthermore, the Cover Reinsurance Group may make an investment for its own account or on behalf of any Other Account without offering any investment opportunity or making any investment on behalf of the Resilience Protocol and without informing the Resilience Protocol of such investment opportunity or such actual investment. Affirmative obligations may exist, or may arise in the future, whereby one or more Cover Reinsurance Group are obligated to offer certain investment opportunities to Other Accounts before or without the Cover Reinsurance Group offering such investment opportunities to the Resilience Protocol. The Cover Reinsurance Group may make investments on behalf of the Resilience Protocol in reinsurance obligations or other assets that it has declined to make for its own account or Other Accounts. The Cover Reinsurance Group may also decline to make investments on behalf of the Resilience Protocol as a result of internal constraints, restrictions or policies of the Cover Reinsurance Group, other Cover Reinsurance Group parties or other stakeholders that may not be applied to investments made for its own account or Other Accounts.

Members of the Cover Reinsurance Group may be entitled to a management fee and in certain circumstances, an incentive management fee pursuant to the terms of the Cover Re Note Programme. By reason of the management fees, members of the Cover Reinsurance Group may have a conflict between their obligation to manage Resilience INV SPC's portfolio prudently and the financial incentive created by such fees for the members of the Cover Reinsurance Group to make investments that are riskier or more aggressive than would be the case in the absence of such fees.

ADDITIONAL SERVICE PROVIDERS

Designated Exchange & Secondary Trading of Tokens

Although Token holders may, under limited circumstances and solely in compliance with the Issuer TOS and other restrictions and limitations contained in the Offering Documents, there is no current market for Tokens and one may never develop. The Token Issuer may, in the future, designate a digital asset securities exchange on which Token holders may transfer or resell their Tokens (a "**Designated Exchange**"). However, there can be no assurance that any Designated Exchange will be chosen, that the Issuer will be able or willing to list the Tokens on a Designated Exchange, and neither the Token Issuer nor any other party is under any obligation to do so. Investors should be prepared to hold their Tokens indefinitely.

Notwithstanding anything to the contrary, pursuant to the Issuer TOS, **Tokens cannot be sold to any U.S. Person or other Prohibited Person on the secondary market, and each Token holder is responsible for ensuring no such sale occurs and shall be liable to indemnify the Issuer and certain other parties in event such holder sells a Token to a Prohibited Person.** The Issuer intends to actively monitor public transaction records and holdings of Tokens for potential transactions with, or holders in, the U.S. and other prohibited jurisdictions, and may at its sole discretion freeze the Tokens in question, forcibly redeem the Tokens from the suspect wallet, and/or blacklist and forcibly redeem the selling address and any associated Investor accounts. The Issuer may hold back up to 100% of such redemptions for 18 months to address regulatory, legal, technical, or other concerns as it sees fit in its sole discretion.

Cover Reinsurance Group – Cell Manager & Service Provider

Cover Re Inc., a Delaware corporation ("**Cover Re US**") Cover Re US provides certain technical support, development, and consulting services to Resilience Foundation pursuant to that certain Foundation Grant and Services Agreement between Cover Re US and Resilience Foundation (the "**Cover Services Agreement**"). In addition, Cover Re US has licensed certain key intellectual property on an exclusive basis to the Foundation which is critical to the operation of the Protocol; although it may be published pursuant to an open-source license in the future, or assigned fully to the Foundation or another entity, the exclusive license may be revoked under certain limited conditions by Cover Re US, such as evidence of fraud or malfeasance by the Directors.

Cover Re US wholly-owns Cover Reinsurance SPC, Ltd., which operates a reinsurance business in the Cayman Islands, which includes fund management services for an affiliated tokenized fund that invests in Participation Notes. Cover Re Cayman was appointed to act as the initial Cell Manager on the RE Protocol.

See further "*Certain Specified Investments*," above, in respect of certain risks and conflicts of interest regarding the Cover Re Note Programme, above.

TAX MATTERS

The tax status of the Token Issuer under the tax laws of the British Virgin Islands, and of the Resilience Foundation and Resilience SPC under the tax laws of the Cayman Islands is summarized below. The summary is based on the assumption that the Token Issuer, the Resilience Foundation and the Resilience SPC are continued to be owned, managed and operated as contemplated by their constitutional documentation as of the date hereof. The below is a summary of existing laws as applied at the date of this Memorandum, but no representation, warranty or undertaking is made or intended by any of the Token Issuer, Resilience Foundation, Resilience SPC, any Cell Manager or any of their respective advisors that changes in such laws or their application or interpretation will not be made in the future.

There can be no assurance that BVI tax laws and/or Cayman Islands tax laws will not be changed adversely with respect to the Token Issuer and the Resilience Foundation and Resilience SPC. Persons interested in purchasing Tokens should consult their own tax advisers with respect to the tax consequences, including the income tax consequences, if any, to them of the purchase, holding, redemption, sale or transfer of the Tokens.

The Token Issuer is not currently subject to any income or capital gains taxes in the British Virgin Islands. No capital or stamp duties are currently levied in the British Virgin Islands on the issue, transfer or redemption of virtual assets. The Token Issuer is not currently subject to any income, withholding or capital gains taxes in the British Virgin Islands with respect to its holding of shares in the Resilience SPC or any dividends received on such shares.

The Resilience Foundation is not currently subject to any income, withholding or capital gains taxes in respect of its holdings of shares in the Token Issuer or any dividends received on such shares.

The following is a discussion of certain Cayman Islands tax consequences of an investment in the Tokens. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider your particular circumstances and does not consider tax consequences other than those arising under Cayman Islands law.

Under existing Cayman Islands Laws:

(i) Payments of interest, principal and other amounts on the Tokens will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal and other amounts on the Tokens or a distribution to any Subordinated Creditor, nor will gains derived from the disposal of the Tokens be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax;

(ii) No stamp duty is payable in respect of the issuance or transfer of the Tokens. The holder of any Tokens (or a legal personal representative of such Registered Holder) whose Tokens are brought into the Cayman Islands may in certain circumstances be liable to pay stamp duty imposed under the laws of the Cayman Islands in respect of such Tokens;

(iii) Certificates evidencing the Tokens (if any), in registered form, to which title is not transferable by delivery, should not attract Cayman Islands stamp duty; and

(iv) An instrument transferring title to a Token, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty.

CERTAIN REGULATORY MATTERS

U.S. Investment Company and Investment Advisers Regulation

Neither the Token Issuer nor any of its affiliates believe they are subject to, nor do any of them intend to register pursuant to the Company Act, Advisers Act, or Commodities Exchange Act. Each purchaser of Tokens is required to represent that it is not a "U.S. Person" as defined herein, including for purposes of the Securities Act, and otherwise qualified to invest in that Person's jurisdiction of residence or incorporation.

Anti-Money Laundering Regulations

Identity Verification

In order to comply with laws and regulations aimed at the prevention of money laundering and terrorist and proliferation financing and sanctions, the Token Issuer is required to adopt and maintain anti-money laundering procedures and, accordingly, the Token Issuer will require subscribers to provide evidence to verify their identity, the identity of their beneficial owners and controllers (where applicable), and the source of funds.

The Token Issuer reserves the right to request such information as is necessary to verify the identity of any Investor or Token Holder and the identity of their beneficial owners and controllers (where applicable). Where the circumstances permit, the Token Issuer may be satisfied that full due diligence may not be required at subscription under applicable law. However, detailed verification information may be required prior to the release of any withdrawal proceeds or any issuance of Tokens by an Investor or Registered Holder.

In the event of delay or failure by any Holder or Investor to produce any information required for verification purposes, the Token Issuer will (i) refuse to accept a subscription and any funds submitted in connection with such subscription; (ii) in the case of a transfer of Tokens to an ineligible Holder, freeze or forcibly redeem the Tokens in question, and blacklist the transacting addresses; and (iii) cause the forced redemption, subject to a discretionary holdback of up to 100% of the proceeds for the purposes of satisfying any required indemnities from the Registered Holder in connection with the underlying non-permitted transaction.

The Token Issuer also may refuse to make any withdrawal or distribution payment to a Registered Holder if the Token Issuer or Resilience SPC suspects or is advised that the payment of withdrawal proceeds or distribution amounts to such Registered Holder may be non-compliant with applicable laws or regulations, or if such refusal is considered necessary or appropriate to ensure the compliance by the Token Issuer or its affiliates with any applicable laws or regulations.

Freezing Accounts

The Token Issuer reserves the right, and it and/or Resilience SPC may be obligated pursuant to any applicable anti- money laundering laws or the laws, regulations, and Executive Orders administered by the U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**"), or other laws or regulations in any relevant jurisdiction (collectively, "**AML/OFAC Obligations**"), to "freeze the account" of a Holder or Investor, either by (i) rejecting the capital contribution of a subscriber or Investor; (ii) segregating the assets in the account in compliance with applicable laws or regulations; (iii) declining any withdrawal request of a Registered Holder; (iv) suspending payment of withdrawal proceeds to a Registered Holder; (v) refusing to make any distribution to a Registered Holder, or (vi) mechanically locking the Tokens in a Holder's wallet from being transferred. The Fund may be required to report such action and to disclose the subscriber's or Investor's identity to OFAC or other applicable governmental and regulatory authorities.

Sanctions and Required Representations

The Token Issuer and its affiliates is subject to laws that restrict it from dealing with certain persons, including, without limitation, persons named on any applicable sanctions lists and persons that are located or domiciled in sanctioned jurisdictions. Accordingly, each Registered Holder and Investor will be required to make such representations to the Token Issuer as it or its affiliates will require in connection with applicable AML/OFAC Obligations, including, without limitation, representations to the Token Issuer that, to the best of its knowledge, such Registered Holder or Investor (and (i) any person controlling or controlled by the Registered Holder or Investor; (ii) if the Registered Holder or Investor is a privately held entity, any person having a beneficial interest in the Registered Holder or Investor; and (iii) any person for whom the Registered Holder or Investor is acting as agent or nominee in connection with the investment) is not Sanctioned Person (or otherwise Prohibited Person, each as defined below). Where a Holder is a Sanctioned Person, or otherwise found to be a Prohibited Person, the Token Issuer may, without notice, be required to cease any further dealings with such Holder until such sanctions are lifted or a license is sought under applicable law to continue dealings.

Each Registered Holder and Investor will also be required to represent to that, to the best of its knowledge, such Registered Holder or Investor (and (i) any person controlling or controlled by the Registered Holder or Investor; (ii) if the Registered Holder or Investor is a privately held entity, any person having a beneficial interest in the Registered Holder or Investor; and (iii) any person for whom the Registered Holder or Investor is acting as agent or nominee in connection with the investment) is not a politically exposed person[1], or any family member[2] or close associate[3] of a politically exposed person.

Such Registered Holder or Investor will also be required to represent to the Fund that amounts contributed by it to the Protocol were not directly or indirectly derived from activities that may contravene applicable laws and regulations, including, without limitation, any applicable anti-money laundering laws and regulations.

Each Registered Holder and Investor must notify the Token Issuer promptly in writing should it become aware of any change in the information set forth in its representations.

Addition of the British Virgin Islands to the FATF Monitoring List

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[1] For these purposes, a "politically exposed person" is (a) a person who is or has been entrusted with prominent public functions by a foreign country, for example a Head of State or of government, senior politician, senior government, judicial or military official, senior executive of a state owned corporation, and important political party official; (b) a person who is or has been entrusted domestically with prominent public functions, for example a Head of State or of government, senior politician, senior government, judicial or military official, senior executives of a state owned corporation and important political party official; and (c) a person who is or has been entrusted with a prominent function by an international organisation like a member of senior management, such as a director, a deputy director and a member of the board or equivalent functions.

[2] A "family member" includes the spouse, parent, sibling or child of a politically exposed person.

[3] A "close associate" means any natural person who is known to hold the ownership or control of a legal instrument or person jointly with a politically exposed person, or who maintains some other kind of close business or personal relationship with a politically exposed person, or who holds the ownership or control of a legal instrument or person which is known to have been established to the benefit of a politically exposed person.

On 13 June 2025, the Financial Action Task Force (the "**FATF**") published an updated list of "jurisdictions under increased monitoring" in respect of anti-money laundering (the "**Monitoring List**"). The updated Monitoring List included the British Virgin Islands, where the Token Issuer was established and is currently domiciled. The government and regulators in the British Virgin Islands are working to implement the FATF recommendations in respect of counter-money laundering proposals. The FATF has noted: *"[w]hen the FATF places a jurisdiction under increased monitoring, it means the country has committed to resolve swiftly the identified strategic deficiencies within agreed timeframes and is subject to increased monitoring*."

As part of the Plenary outcomes published on 13 June 2025, the FATF recognized that the British Virgin Islands have made significant progress on the FATF recommended actions under the *BVI Mutual Evaluation Report* (the "**MER**") published by the Caribbean FATF in February 2024. In the MER, the British Virgin Islands was rated as compliant or largely compliant with 36 of the FATF's 40 Recommendations. Potential investors should take note of this section in respect of their risk analysis, and note:

- no penalties or sanctions result from being on the Monitoring List;
- the FATF does not call for the application of enhanced due diligence measures to be applied to jurisdictions under increased monitoring;
- the British Virgin Islands is not on the FATF's list of "non-cooperative jurisdictions" or "high risk jurisdictions subject to a call for action", also known as the FATF blacklist; and
- the Monitoring List is not concerned with tax transparency or international cooperation.

However, there is no guarantee that the British Virgin Islands will be removed from the Monitoring List or that the British Virgin Islands will not be placed on the FATF blacklist. In the event of either occurrence, there is a possibility that the Token Issuer could be redomiciled to another jurisdiction which was not on either the Monitoring List or the FATF blacklist. Such redomiciliation of the Token Issuer could be funded using proceeds received by the RE Protocol in priority to payments on the Tokens, which could have an impact on the funds available to the Token Issuer to make payments on the Tokens.

Data Protection

Prospective investors should note that, in certain circumstances, personal data may need to be supplied in order for an investment in the Tokens to be made and for that investment in the Tokens to continue.

Under the BVI Data Protection Act (the "**BVI Data Protection Act**"), the Token Issuer is required to comply with certain principles in respect of data protection, intended to safeguard the rights of data subjects. This includes but is not limited requirements that data is processed lawfully, promoting fair and lawful processing for specified, explicit legitimate purposes. Personal data must be adequate, relevant, and limited to what is necessary in relation to the purposes for which it is processed. Personal data must be accurate and, where necessary, kept up to date. Entities must take reasonable steps to ensure that inaccurate personal data is rectified or erased without delay. Personal data must be kept in a form that permits identification of data subjects for no longer than is necessary for the purposes for which the data is processed. Entities must be able to demonstrate compliance with the data protection principles, including maintaining records of data processing activities, conducting data protection impact assessments where necessary.

The Resilience Foundation and Resilience SPC's use of personal data is governed by the Cayman Islands Data Protection Act (As Revised) and, in respect of any EU data subjects, the EU General Data Protection Regulation (together, the "**Cayman Data Protection Legislation**").

Under the Cayman Data Protection Legislation, individual data subjects have rights and the Resilience Foundation and Resilience SPC as data controllers have obligations with respect to the processing of personal data by the Token Issuer, Resilience Foundation and Resilience SPC and its affiliates and delegates. Breach of the Cayman Data Protection Legislation by the Token Issuer, Resilience Foundation and Resilience SPC could lead to enforcement action. The Token Issuer's privacy notice provides information on the Issuer's use of personal data under the Cayman Data Protection Legislation.

If you are an individual prospective investor, the processing of personal data by and on behalf of the Resilience Foundation and Resilience SPC and the Token Issuer is directly relevant to you. If you are an institutional investor that provides personal data on individuals connected to you for any reason in relation to your investment in the Tokens (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents), this will be relevant for those individuals and you should transmit the privacy notice to such individuals or otherwise advise them of its content. Delegation

Where permitted by applicable law, and subject to certain conditions, the Token Issuer or other Resilience Entities may delegate the maintenance of its anti-money laundering procedures (including the acquisition of due diligence information) to a suitable person.

Handling of Communications

All correspondence, information, documents and notices ("**Mail**") addressed to the Token Issuer or any of its affiliates should be conducted via the Investor Dashboard and related interfaces exclusively, unless directed otherwise via the Investor Dashboard. Any Mail received at the registered office will be forwarded unopened to the forwarding address supplied by the Token Issuer or its affiliate (the "**Addressee**") to be dealt with on a discretionary basis. **Many of the actions discussed herein require direct interaction with the underlying RE Protocol, and failure to use the Investor Dashboard to perform such actions or communications (including but not limited to Redemption Requests), may result in significant delay or loss to Investors. The Foundation, Issuer, Resilience SPC, and their respective directors, officers, advisors or service providers (including the organization which provides registered office services in the Cayman Islands and British Virgin Islands, as applicable) shall not be liable for the late or failed receipt by the Addressee of any Mail delivered in such or any other manner than that via the Investor Dashboard as prescribed.**

ELIGIBILITY REQUIREMENTS

Each prospective purchaser is urged to consult with its own advisers to determine the suitability of an investment in Tokens, and the relationship of such an investment to the purchaser's overall investment program and financial and tax position. Each purchaser of Tokens is required to represent that it is not a "**Prohibited Person**" as defined below, and is otherwise qualified to invest under the laws of their local jurisdiction. Each purchaser of Tokens is required to represent that it has evaluated the technical and financial risks of investing in the Tokens, understands there are substantial risks of loss incidental to the purchase of Tokens and has determined that the Tokens are a suitable investment for such purchaser.

"**Prohibited Person**" means:

- **(a)** any U.S. Person;
- (b) the Government of Venezuela;
- (c) citizen, domiciled or resident of, Government or Government Official of, or person in or subject to the jurisdiction of, any Prohibited Jurisdiction; and
- (d) any Sanctioned Person.

"**Sanctions List**" means (i) the "Specially Designated Nationals and Blocked Persons" ("**SDN**") List and the Non-SDN List, including the "Sectoral Sanctions Identifications List", published by OFAC; (ii) the Section 311 Special Measures for Jurisdictions, Financial Institutions, or International Transactions of Primary Money Laundering Concern published by FinCEN; and (iii) any other foreign terrorist organisation or other sanctioned, restricted, or debarred party list or program published by the FIA, or under Economic Sanctions, AML, or CTF Laws of or by Governments of (a) the Cayman Islands, (b) the British Virgin Islands, (c) the United Kingdom, (d) the United States or (e) the United Nations.

"**Sanctioned Person**" refers to any person or Digital Wallet Address that is:

- (e) specifically listed in any Sanctions List or dealing (directly or indirectly) with any third-party named on any Sanctions List, including any person transacting on behalf of or facilitating activity for such a person;
- (f) directly or indirectly owned 50 percent or more by any person or group of persons in the aggregate, or a Digital Wallet associated with such person or persons, referred to in any Sanctions List, or Government or Government Official of any Prohibited Jurisdiction; or
- (g) that is subject to any Government Approval or otherwise sanctioned, restricted or penalised under applicable Economic Sanctions, AML or CTF Laws.

"**U.S. Citizen** or **U.S. Resident**" includes any U.S. citizen, U.S. lawful permanent resident, individual who meets the "substantial presence" test described in section 7701(b)(3) of the U.S. Internal Revenue Code of 1986 (as amended), protected individual under section 1324b(a)(3) of the U.S. Immigration and Nationality Act, or individual who holds a passport issued by the United States Government.

"**U.S. Person**" means:

- (h) a U.S. Citizen, U.S. domicile, U.S. Resident or person located in the U.S.;

(i) a corporation, partnership, or other entity established or organised in or under the Laws of the United States or formed at the direction (directly or indirectly) of any person domiciled or located in the U.S.;

(j) any estate of a decedent who was a U.S. Citizen or U.S. Resident;

(k) any trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust, and (ii) one or more United States persons have the authority to control all substantial decisions of the trust;

(l) any person organised or incorporated outside the United States and the Territory or Insular Possession of the United States in which any of the foregoing, whether singularly or in the aggregate, directly or indirectly (i) holds a 50 percent or greater equity interest by votes or value, (ii) holds a majority of seats or memberships on the board of directors of the entity, or (iii) authorises, establishes, directs, or otherwise controls the actions, policies, personnel decisions, or day-to-day operations of the person;

(m) any pension plan for the employees, officers or principals of a legal entity described in sub-paragraph (b) above, unless the pension plan is primarily for foreign employees of such entity;

(n) a "U.S. Person" as defined in Rule 902(k) of Regulation S promulgated under the Securities Act of 1933; or

(o) a "U.S. Person" as defined under Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended.

PROCEDURE TO PURCHASE TOKENS

All investors will be required to initially create an account by linking a digital wallet which supports one or more Applicable Chains to the user interface and account creation system hosted at https://re.xyz (the "Investor Dashboard"). At launch, the Investor Dashboard will provide a simplified interface for interacting with the Escrow Contract, receiving and executing the Offering Materials, and viewing your Token position and certain key information regarding the current state of the Protocol, alongside a basic chat functionality that can be used to contact the Token Issuer or its agents for assistance with the purchase process or other questions; additional features and tools are expected to be added over time. Wallets are screened by third-party vendors for anti-money laundering and related risks at the time of connection, and failure to pass such screening may result in a temporary or permanent bar on such Investor's ability to purchase Tokens. Once an investor has connected a valid wallet and established their account, they may submit funds in the form of USDC or other digital assets acceptable to the Token Issuer to the Escrow Contract on the Applicable Chain and lock in a Token Unit Price for their intended Class, including conversion price and slippage tolerance as to any contributed Digital Assets, as of the time of funding (see discussion of in-kind subscriptions below for additional details regarding purchases). Investors should remember that the Tokens are issued separately on each Applicable Chain (as described elsewhere herein and in the other Offering Documents). Consequently, Investors should be careful to ensure to connect a wallet which supports, and deposit funds to the Deployment Escrow Contract on, their desired Applicable Chain, and for their desired Class of Tokens.

Prior to receiving Tokens, each Investor must complete the required subscription documents, as applicable (consisting of the Token Purchase Agreement and investor questionnaire, all information and materials requested in connection with know-your-customer and source-of-funds verification (at the discretion of the Token Issuer and its service providers), and a statement of tax residence under penalty of perjury (the "Subscription Documents")) prior to being issued Tokens. Investors will be required to complete the Subscription Documents in order to confirm that they are eligible to invest in the Tokens, at which point their funds will be released from the Escrow Contract and a number of Tokens correspondingly delivered to the Investor's wallet (based on the Class Token Unit Price as of the time the Escrow Contract was funded). Failure to complete the Subscription Documents in a timely manner may result in the Escrow Contract returning the contributed funds to the originating wallet, or (if necessary or advisable in the sole discretion of the Directors to comply with applicable law or mitigate legal risk to the Token Issuer or any of its parents, subsidiaries, service providers, or other affiliates) freeze the funds in the Escrow Account pending report to, license from, or potential confiscation by appropriate governmental bodies or law enforcement agencies.

Purchases using USDC or other permitted dollar-denominated Digital Asset will be priced at one U.S. Dollar per USDC or equivalent token. Other Digital Assets contributed in-kind for purchase of Tokens will be provided a Conversion Price for the assets in question as of the time of their contribution to the Escrow Contract. However, the assets will not be converted to USDC by the Escrow Contract until the Subscription Documents and other requirements to purchase Tokens have been completed. In the event the price of the contributed Digital Assets has varied from the originally quoted Conversion Price by more than 5% at the time the subscription process is completed, the transaction will automatically fail, and the Investor will be required to re-contribute to the Escrow Contract at a new Token Unit Price. Investors may cancel the subscription process and recall funds from the Escrow Contract at any time prior to the completion of the subscription process and issuance of the Tokens.

DESCRIPTION OF THE TOKEN ISSUER

The Token Issuer has been established as a special purpose company for the purpose of issuing the Tokens, the management of the Assets and other related transactions. The Token Issuer was incorporated on the 23rd day of October, 2024 in the British Virgin Islands as a BVI Business Company pursuant to the BVI Business Companies Act, 2004 (as revised). The liability of the Token Issuer is limited by shares. Other than those activities incidental to its incorporation, its financing facility and activities incidental thereto, the Token Issuer has not previously carried on any business activities other than in respect of the previous issuance of Tokens. The Token Issuer will receive payments of interest on the Assets as the principal source of its income.

The Token Issuer's Memorandum of Association describes the objects of the Token Issuer, which will be restricted as of the date hereof to the activities certain to be carried out by the Token Issuer in connection with the Tokens. The Token Issuer is not expected to have any substantial assets other than the Assets and is not expected to have any substantial liabilities other than the Tokens. The Token Issuer will not publish annual audited financial statements.

The Token Issuer will not undertake any business other than the issuance of Tokens pursuant to the Platform Agreement and the Offering Documents, and other related activities and transactions including the management of the Assets. The Token Issuer will not have any subsidiaries or permanent employees, except that Resilience SPC is a subsidiary of the Token Issuer for purposes of the investment in Cells and associated activities.

The activities of the Token Issuer will be subject to the overview of the Token Issuer's board of directors. As of the date hereof, the sole shareholder of the Token Issuer is Resilience Foundation. Resilience Foundation also acts as the sole director of the Token Issuer. Whilst none are currently anticipated, there is no guarantee that there will be no changes to the shareholding or composition of the Board of Directors of the Token Issuer from the date hereof.

The registered office of the Token Issuer is c/o The Directors, Harkom Corporate Services, Jayla Place, 2nd Floor, Road Town, Tortola, British Virgin Islands VG1110.

ANNEX A

PLATFORM AGREEMENT

Available at:
https://storage.googleapis.com/re-files-production/docs/resilience_platform_agreement_v2.pdf