

GWG Wind Down Trust

Good Faith Valuation of Trust Assets

As of August 1, 2023 (Effective Date)

**The data contained herein is being presented in accordance with section 5.4 (b)
of the Wind Down Trust Agreement**

Section 5.4 (b) As soon as reasonably practicable after Wind Down Trust Assets are transferred to the Wind Down Trust, but in no event later than 180 days thereafter, the Wind Down Trust shall make a good faith valuation, as of the Effective Date, of Wind Down Trust Assets and the Wind Down Trustee shall apprise, in writing, the Wind Down Trust Beneficiaries of such valuation. In connection with the preparation of the valuation contemplated hereby and by the Plan, the Wind Down Trust shall be entitled to retain such professionals and advisors as the Wind Down Trust shall determine to be appropriate or necessary, and the Wind Down Trustee shall take such other actions in connection therewith as it determines to be appropriate or necessary. Such valuation shall be used consistently by all parties (including the Debtors, the Wind Down Trustee and the Wind Down Trust Beneficiaries) for all United States federal income tax purposes, including for determining tax basis and gain or loss. The Wind Down Trust shall bear all of the reasonable costs and expenses incurred in connection with determining such value, including the fees and expenses of any professionals retained by the Wind Down Trustee in connection therewith.

GWG Wind Down Trust
Good Faith Valuation of Trust Assets
As of August 1, 2023 (Effective Date)
Unaudited

	<u>August 1, 2023</u>	Pro-Forma Adjustments (a)		<u>August 1, 2023</u> (f)
		(a)	(a)	
		Debit	Credit	
ASSETS - GWG Wind Down Trust				
Cash	\$ 17,600,000 (b)	10,600,000 (b1), (d)	2,600,000 (b)	25,600,000
Restricted Cash	24,100,000 (b2)	-	24,100,000 (b2)	-
Marketable Securities Beneficient	214,900,000 (c)	-	40,000,000 (c)	174,900,000
Marketable Securities FOXO Technologies	600,000 (b1)	-	600,000 (b1)	-
All beneficial and reversionary interests in the Litigation Trust	- (e)	-	-	-
NET EQUITY INTEREST - Life Recovery Fund, LLC				
Exit Credit Facility - OBRA	(600,300,000) (d)	600,300,000 (d)	-	-
Exit Credit Facility - OBRA - Interest Accrual	(2,400,000) (d)	2,400,000 (d)	-	-
Cash Restricted	6,600,000 (d)	-	6,600,000 (d)	-
Policy Benefits Receivable	27,000,000 (d)	-	27,000,000 (d)	-
Life Insurance Portfolio at fair value	631,500,000 (d)	-	631,500,000 (d)	-
Net Equity Interests - Life Recovery Fund, LLC	<u>62,400,000</u>			<u>-</u>
Total Net Assets	<u>\$ 319,900,000</u>			<u>\$ 200,500,000 (f)</u>

Footnotes

(a) The unaudited information contained herein is being presented in accordance with Section 5.4(b) of the GWG Wind Down Trust ("WDT") Agreement as filed on June 8, 2023, Case 22-90032, ECF Docket #1887. All amounts reflected herein are unaudited, good faith estimates of the value of the assets transferred to the WDT and 100% of the net equity interests in its wholly owned subsidiary, Life Recovery Fund, LLC ("LRF") as of the effective date of August 1, 2023 ("Effective Date"). The WDT has presented the assets held by the WDT along with LRF as of the Effective Date and has presented Pro-Forma adjustments to the assets and the net equity interest in the LRF. The WDT believes that the presentation of the Pro-Forma adjustments result in a better indication of the value of the assets and net equity interest in LRF as of the Effective Date. Pro-Forma adjustments as described more fully below, represent the payment of previously accrued liabilities, reserve amounts pursuant to litigation matters and the sale of the WDT's interests in LRF, applying the benefit of hindsight. Variances between the GWG Wind Down Trust and Subsidiary Financial Statements (unaudited) as of September 30, 2023, previously published by the WDT and the Good Faith Estimate of value herein result from the GAAP presentation utilized for the September 30, 2023, financial statements and the utilization of fair market value basis as of August 1, 2023.

(b) Cash Transferred to the WDT as of the Effective Date was approximately \$17.6 million, subsequent to the Effective Date the WDT paid approximately \$2.6 pursuant to the negotiation and execution of a settlement of agreement, related to litigation which existed as of the Effective Date.

(b1) On October 13, 2023, the WDT sold its FOXO Technologies common shares for net proceeds of approximately \$0.6 million.

(b2) Restricted cash transferred to the WDT as of the Effective Date was approximately \$24.1 million, subsequent to the Effective Date, the WDT paid approximately \$21.1 million in professional fees and approximately \$3 million in accounts payable which was accrued prior to the Effective Date.

(c) The value ascribed to the WDT's equity interest in the Beneficient Company (BENF") as of the Effective Date, has been derived from a Fair Market Value Appraisal of the WDT's equity interest in BENF, prepared by an independent third party. The net asset value of the WDT's equity interest in BENF has been reduced to give effect to the Findings of Fact, Conclusions of Law, and Order Confirming Debtors' Further Modified Second Amended Joint Chapter 11 Plan (the "Confirmed Plan") (*Case 22-90032 Document 1952*). The Confirmed Plan outlines a restriction in the use of \$40,000,000 of BENF common shares. The WDT's equity interests in BENF are subject to volatility in the BENF share price and the limited trading volume of BENF common stock. Therefore, the actual net realizable value of the WDT's interests in the common equity of BENF may be materially less.

(d) Subsequent to August 1, 2023, the WDT's 100% wholly owned subsidiary Life Recovery Company, LLC ("LRF") made payments pursuant to the maintenance of the life insurance portfolio accrued as of the Effective Date, collected policy benefits receivable related to maturities and beneficiary deaths, incurred additional accrued interest and increases in the credit facility associated with the portfolio of life insurance policies held as of the Effective Date. On October 13, 2023 the WDT sold 100% of it's equity interest in LRF. The purchaser acquired the portfolio of life insurance policies assumed the associated credit facility and accrued liabilities. As additional consideration, beyond the assumption of the credit facility and accrued portfolio liabilities, the WDT received \$10 million in cash of which \$3 million is required to be escrowed for a period of 3 years under the terms of an indemnification agreement required by Computershare.

(e) The WDT maintains a beneficial and reversionary interest in the GWG Litigation Trust. The WDT does not believe that it can ascribe an estimated value of the WDT's beneficial and reversionary interests in the Litigation Trust net of attorneys fees and collection costs, as of August 1, 2023, and for the period subsequent. These amounts, once quantified, could be expected to be available for remittance to the WDT for the benefit of the WDT's beneficiaries. The Litigation Trust's expectations about the amount of any distributions and when they may be paid are subject to risks and uncertainties and are based on certain estimates and assumptions, one or more of which may prove to be incorrect. As a result, the actual amount of any distributions may differ materially, perhaps in adverse ways, from the Trust estimates. Furthermore, it is not possible to predict the timing of any distributions.

(f) Each interest holder should consult with its personal tax advisor with respect to the income tax consequences of the formation, funding and creation of WDT. Each interest holder must determine its income tax consequences from the creation of WDT based on its share of the above valuation, such interest holder's tax basis in its interests immediately before the Effective Date and the interest holder's unique tax situation. Pursuant to Section 5.2 of the WDT Agreement, the WDT Beneficiaries are deemed grantors and owners of the WDT. No distributions were made to WDT Beneficiaries between the Effective Date and December 31, 2023. Thus, the WDT will not issue Forms 1099 to WDT Beneficiaries for calendar year 2023.