

GWG WIND DOWN TRUST AND SUBSIDIARY

Annual Report and Financial Statements

(Unaudited)

For the Period August 1, 2023 - December 31, 2023

All information in this Report is based on information available to the Trustee at the time of the report, but this information may be incomplete. This Report is not meant to be relied upon by interest holders or others as a complete description of the GWG Wind Down Trust its condition (financial or otherwise), prospects, assets, or liabilities. The information in this Report will be updated, including corrections, if any, in future reports to the Court. The realized value of certain assets may be zero or different from the estimates on which this Report is based. Selected balances and information contained herein have not and will not be subject to audit or review by external accountants. The Trustee reserves all rights to revise this Report.

GWG WIND DOWN TRUST AND SUBSIDIARY

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For the Period August 1, 2023 - December 31, 2023

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GWG WIND DOWN TRUST AND SUBSIDIARY

Annual Report and Financial Statements

(Unaudited)

For the Period August 1, 2023 - December 31, 2023

Annual Report from the Trustee

On April 20, 2022, GWG Holdings, Inc. and several affiliates filed voluntary bankruptcy petitions under chapter 11 of the Bankruptcy Code. On October 31, 2022, the DLP Debtors filed their own chapter 11 cases. On June 20, 2023, the Court confirmed the Debtors' joint Plan (the "Plan")² by entering its Findings of Fact, Conclusions of Law, and Order Confirming Debtors' Further Modified Second Amended Joint Chapter 11 Plan (ECF. No 1952) (the "Confirmation Order"). The Plan went effective on August 1, 2023 (the "Plan Effective Date"). The Wind Down Trust and the Litigation Trust were created pursuant to the Plan. Michael I. Goldberg was appointed as the trustee of the Litigation Trust (the "Litigation Trustee"). Elizabeth C. Freeman was appointed as the trustee of the Wind Down Trust (the "WDT Trustee"). The Trusts are governed by the Plan, Confirmation Order, the GWG Wind Down Trust Agreement (the "WDT Agreement") and the Litigation Trust Agreement.

The Litigation Trust received all of the Debtors' interest in the D&O Liability Insurance Policies (as defined in the Plan) and all of the Debtors' litigation claims. The net amount recovered from the pursuit or settlement of the litigation claims will be distributed by the Litigation Trust to the Wind Down Trust. The Wind Down Trust was vested with the reversionary and beneficial interest in the Litigation Trust plus all of the Debtors' non-litigation assets.

The Trustees previously filed a Joint Status Report for the quarter ending September 30, 2023, on November 14, 2023 [ECF No. 2301].

The WDT Trustee is charged with liquidating the Wind Down Trust assets. As of the Plan Effective Date, the Debtors' approximately 26,000 L bondholders, as well as other stakeholders (including all other general unsecured creditors, preferred equity holders, and common equity holders), hold interests in the Wind Down Trust (collectively, the "WDT Interest holders"). To the extent available, WDT Interest holders will receive distributions from the Wind Down Trust in accordance with the Plan and WDT Agreement. The Wind Down Trust maintains a website to provide information to the WDT Interest holders at www.gwgholdingstrust.com.

The WDT Trustee provides the following summary of major events to date regarding her efforts to liquidate the Wind Down Trust assets:

The Policy Portfolio Sale

Following the Plan Effective Date, the WDT Trustee commenced a marketing process for the sale of the Policy Portfolio Equity Interests. After a thorough evaluation of available alternatives as well as an analysis of the ongoing costs to maintain the Policy Portfolio, the WDT Trustee elected to sell the Wind Down Trust's interests in the Policy Portfolio to Apex Longevity Fund LLC ("Apex"). The Bankruptcy Court approved the sale on October 3, 2023. The sale closed on October 13, 2023. In addition to assuming the secured debt obligation of approximately \$605 million, Apex paid the Wind Down Trust \$10 million in cash.

Sale of FOXO Technologies, Inc. Stock

On October 13, 2023, the Wind Down Trust sold its 4,646,698 shares of FOXO Stock. The Wind Down Trust realized net proceeds of \$586,942.

Fifth Season Litigation

Prior to the confirmation of the Plan, the Debtors commenced litigation with Fifth Season Investments, LLC (“Fifth Season”). The dispute centered around Fifth Season’s demand for \$18.3 million dollars plus fees and costs (totaling over \$24 million) based on an asserted break-up fee. A trial was conducted on the matter on October 3rd and 4th, 2023. After the close of evidence, but before closing arguments, the Trust and Fifth Season reached a settlement. The agreement provided for Fifth Season to have a claim of \$8 million. On November 16, 2023, the Court entered an Order approving the compromise with Fifth Season. (ECF No. 2305).

In connection with the Fifth Season Adversary, the Confirmation Order established the Wind Down Trust to set aside and reserve New Beneficent Shares (“BENF Reserve”) having a value of \$40,000,000 (“Fifth Season Reserve”) as of the Effective Date of the Confirmation Order⁴. The Trust will be responsible for an administrative claim to the extent the BENF Reserve is insufficient to pay the Fifth Season claim. As of today’s date, \$1,848,738 in cash has been paid to Fifth Season.

Beneficent Stock

On September 29, 2023, Beneficent’s Registration Statement on Form S-1 (File No. 333 273322) (the “Registration Statement”) was declared effective by the Securities and Exchange Commission. The Registration Statement registers the offer and sale of shares of Ben Stock, from time to time, by the Wind Down Trust. Following effectiveness of the Registration Statement, the Wind Down Trust has begun selling a limited amount of shares of Ben Stock in the open market. As of the date of this report, the Wind Down Trust’s Ben Stock represents approximately 66% of the outstanding Class A common stock of Beneficent³.

The Beneficent share price has dropped significantly since the Confirmation date. On June 20, 2023, the share price closed at \$4.57. By the Effective Date, August 1, 2023, the share price closed at \$2.00. On February 14, 2024, the share price closed at \$0.29. The Trust employed an investment banker to assist with the sale of the shares, including exploring options for the sale of large blocks of shares. Unfortunately, trading volumes and interest in the shares are low at this time. Further, Trust is subject to a number of restrictions with regards to liquidation of the shares¹.

The WDT Trustee received a number of inquiries from WDT Interest holders regarding the possibility of distributing Ben Stock directly to interest holders in lieu of monetizing the shares. The WDT Trustee engaged securities counsel and continues evaluating whether such a distribution of shares is feasible and in compliance with applicable law. If a process can be designed that is feasible, compliant and cost-effective, the WDT Trustee will file a motion seeking approval of the process from the Bankruptcy Court. If the WDT Trustee determines that a distribution process is not feasible, compliant and cost-effective, the WDT Trustee will post a notice on the Wind Down Trust’s website. As of today’s date, a feasible path to a share distribution has not been identified.

Professional Fee Accommodations

After the Effective Date of the Plan, professionals retained during the bankruptcy case that were to be paid by the Debtors filed their applications for final approval of their pre-confirmation fees. The Trustee successfully negotiated accommodations with many professionals. After comments from the Court during a hearing regarding

approval of those fees, several additional professionals agreed to accommodations to those reached with other professionals – a 5% reduction from the professional fees requested.

The amounts necessary to pay professional fees was reserved in escrow held by the Wind Down Trust. The savings from accommodations has reached over \$4.5 million thus far. Two additional fee applications are pending. Additional accommodations are expected. The WDT benefits from the accommodations as any unused professional fee escrow funds belong to the Wind Down Trust.

Valuation as of the Effective Date

Pursuant to the Wind Down Trust Agreement, Section 5.4, the Trust was required to provide to the WDT Interest holders, a report of the valuation of the Wind Down Trust Assets as of the Effective Date, August 1, 2023. On January 31, 2024, the Wind Down Trust filed the GWG Wind Down Trust Good Faith Valuation of Trust Assets (the “Valuation Report”). (ECF No. 2339). The Valuation Report and information to assist WDT Interest Holders in determining their respective interests can be found at www.gwgholdingstrust.com/asset-values.

The foregoing Annual Report from the Trustee has been derived from the Joint Status Report of the Wind Down Trust and the Litigation Trust for the quarter ended December 31, 2023 as previously filed: Case 22-90032 Document 2381 Filed in TXSB on February 15, 2024.

¹ The Debtors in these chapter 11 cases (these “Chapter 11 Cases”), along with the last four digits of each Debtor’s federal tax identification number, were: GWG Holdings, Inc. (2607); GWG Life, LLC (6955); GWG Life USA, LLC (5538); GWG DLP Funding IV, LLC (2589); GWG DLP Funding VI, LLC (none); and GWG DLP Funding Holdings VI, LLC (none). Further information regarding the Debtors and these chapter 11 cases is available at the website of the Debtors’ claims and noticing agent: <https://donlinrecano.com/gwg>.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan.

³ Based on a total of 257,209,584 shares of Beneficient’s Class A common stock, outstanding as of October 26, 2023, as disclosed in the Beneficient’s Registration Statement on Form S-1, as amended, filed with the SEC on October 26, 2023 (File No. 333-275174).

⁴ On December 27, 2023, the Trust entered into a settlement agreement with Fifth Season pursuant to which the Trust agreed to continue to reserve BENF shares at a ratio of 2 to 1 relative to the remaining outstanding liability. After the date of this report effective December 31, 2023 the Trust adjusted the accrued share reserve to match the value of the share reserve at a ratio of two to one. As of December 31, 2023 the remaining amount payable in accordance with the terms of the settlement agreement was \$6.4 million

GWG WIND DOWN TRUST AND SUBSIDIARY
STATEMENT OF NET ASSETS IN LIQUIDATION (Unaudited)
As of December 31, 2023

ASSETS

Cash	\$	13,747,292
Restricted Cash		3,009,763
Accounts Receivable		149,040
Marketable Securities		69,456,327
Marketable Securities – Litigation Share Reserve		12,764,000
Prepaid Insurance		1,565,442

TOTAL ASSETS	\$	100,691,864
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LIABILITIES

Accounts Payable		1,524,692
Accrued Expenses Payable		1,731,152
Accrued Litigation Costs		6,382,000
Liability for Estimated Costs During Liquidation		13,747,292

TOTAL LIABILITIES	\$	23,385,136
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NET ASSETS IN LIQUIDATION	\$	77,306,728
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GWG WIND DOWN TRUST AND SUBSIDIARY
STATEMENT OF CHANGES IN NET ASSETS IN LIQUIDATION (Unaudited)
Period-to-Date December 31, 2023
Page 1 of 2

NET ASSETS IN LIQUIDATION, BEGINNING OF PERIOD	\$	444,591,543
Cash Receipts		
Net Policy Benefits Received	\$	39,456,000
Borrowings on Revolving Line of Credit		9,557,335
Proceeds from Sale of Life Insurance Portfolio		10,000,000
Sales of Marketable Securities, Net		704,974
Interest and Other Income		325,262
Total Cash Receipts	\$	60,043,571
Cash Disbursements:		
Payment of Life Insurance Policies Premiums	\$	(10,788,976)
Payment of Life Insurance Portfolio Expenses		(1,830,225)
Payment of Accrued GWG Expenses		(27,118,400)
Pre-payment of Insurance Costs		(2,195,503)
Payment of Litigation Expenses		(1,618,000)
Costs of Sales of Life Insurance Portfolio		(1,890,837)
Payment of Consulting Costs		(1,252,570)
Payment of Legal Fees		(1,155,779)
Payments for General and Administrative Costs		(3,189,735)
Interest Payments on Revolving Line of Credit		(10,220,152)
Principal Payments on Revolving Line of Credit		(4,482,477)
Disbursements of Cash as Part of Life Insurance Portfolio Sale		(28,899,254)
Total Cash Disbursements		(94,641,908)
NET CASH FLOW	\$	(34,598,337)

GWG WIND DOWN TRUST AND SUBSIDIARY
STATEMENT OF CHANGES IN NET ASSETS IN LIQUIDATION (Unaudited)
Period-to-Date December 31, 2023
Page 2 of 2

Non-Cash Changes:

Changes in Life Insurance Portfolio Assets and Liabilities

Change in Portfolio of Life Insurance Policies	\$ (631,474,494)
Change in Senior Secured Credit Facility	600,285,320
Change in Policy Benefits Receivable	(27,005,000)
Total Change in Net Portfolio Assets	\$ (58,194,174)

Other Items

Change in Value of Marketable Securities	(273,157,364)
Disposition of Beneficient Shares	(1,100,430)
Disposition of FOXO Shares	(929,739)
Change in Accounts Receivable	149,040
Change in Accounts Payable	(1,524,692)
Change in Accrued GWG Expenses Payable	21,151,394
Change in Liability for Estimated Costs During Liquidation	(13,747,292)
Change in Estimated Costs During Litigation	(6,382,000)
Change in Prepaid Insurance	1,048,779
	(274,492,304)

TOTAL CHANGES IN NET ASSETS IN LIQUIDATION **(367,284,815)**

NET ASSETS IN LIQUIDATION, END OF PERIOD **\$ 77,306,728**

GWG WIND DOWN TRUST

Notes to Unaudited Consolidated Financial Statements

December 31, 2023

1. Description of Business and Significant Accounting Policies

The GWG Wind Down Trust (“Trust”) was formed in connection with the voluntary bankruptcy petition filed under chapter 11 of the United States Bankruptcy Code in the bankruptcy case of GWG Holdings, Inc., (“GWG”). The Trust became effective on August 1, 2023 (“Effective Date”). The Trust issued units of beneficial interest (“Units”). The Units entitle their holders (“Beneficiaries”) to receive a proportionate amount of cash distributions (“Declared Distributions”) made by the Trust.

Basis of Presentation

The unaudited Consolidated Financial Statements (the “Statements”) reflect the accounts of the Trust and subsidiaries after eliminating all significant intercompany balances and transactions. The Statements reflect all adjustments that are, in management’s opinion, necessary for the fair presentation of the results for the periods presented. The Statements have not been prepared in accordance with generally accepted accounting principles; rather they have been prepared using a liquidation basis of accounting, which the Trust considers an appropriate basis of accounting at this time. Assets are stated at their estimated net realizable value, which is the amount of cash into which an asset is expected to be converted during the liquidation period. The Trust also accrues costs that it expects to incur through to the end of its liquidation. The Trust may be further extended beyond March 2026, resulting in an increase to future accrued costs for such extended periods and a corresponding reduction in cash available. The Trust will record and value affirmative settlements or judgements when realized and collectability is reasonably anticipated. The Trust does not accrue contingent costs.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term deposits and governmental money market funds.

Income Taxes

The Trust is a Grantor Trust, treated as a flow-through entity for U.S. federal and state income tax purposes. The Trust is not subject to U.S. federal or state income taxes; therefore, no accrual for these taxes is made. The Trust files a federal return. While there are no ongoing examinations, the federal return dating to the 2023 calendar year remains open.

2. Estimated Costs to Operate the Trust

The Trust accrues for all costs it expects to incur during its lifetime based on approved strategic assumptions and the Trust’s current estimates. These costs are estimated based on asset resolution strategies, litigation timelines and modeled wind-down expenses of the Trust’s operations and are recorded as liabilities. Actual future costs could vary significantly depending upon a wide variety of factors due to the uncertainties inherent in a complex Trust. On a periodic basis, the Trust evaluates such estimates to take into consideration the overall status of the Trust and any material changes in circumstances or factors affecting the Trust, including but not limited to evaluation of claims, the fair value of assets held by the Trust and other factors that may affect such estimates. The Trust does not accrue contingent costs.

Estimated costs to operate the Trust are comprised of the following (in \$000’s):

As of December 31, 2023, the estimated cost to operate the Trust is \$13.7 million including \$3.7 million of expenses that have been incurred but not yet paid and \$10.0 million of expected future costs for the period January 2024, through August 1, 2026. Of the future \$13.7 million cost, \$0.4 million supports claims that may be paid by the Trust.

GWG WIND DOWN TRUST

Notes to Unaudited Consolidated Financial Statements

December 31, 2023

3. Sale of Subsidiary / Portfolio Sale

Following the Plan Effective Date, the WDT Trustee commenced a marketing process for the sale of the Policy Portfolio Equity Interests. After a thorough evaluation of available alternatives as well as an analysis of the ongoing costs to maintain the Policy Portfolio, the WDT Trustee elected to sell the WDT's interests in the Policy Portfolio to Apex Longevity Fund LLC ("Apex"). The Bankruptcy Court approved the sale on October 3, 2023. The sale closed on October 13, 2023. The purchaser acquired 100% of the Trust's membership interest in Trust's wholly owned subsidiary Life Recovery Company, LLC ("Life Recovery"). Through the acquisition of the membership interest in Life Recovery, the purchaser acquired the portfolio of life insurance policies, assumed a Sr. Secured Credit Facility with a balance of approximately \$605 million collateralized by those same policies and gave the WDT \$10 million in cash.

4. Litigation Trust

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 to the WDT's beneficial and reversionary interests in the Litigation Trust net of attorney's fees and collection costs, as of December 31, 2023. 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 of 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.

The WDT has recorded pass through income and expense of \$38,230 and \$90,015 respectively from the Litigation Trust for the period ended December 31, 2023.

5. Marketable Securities and Marketable Securities Litigation Share Reserve

The table below summarizes common shares included in Marketable Securities and Marketable Securities Litigation Share Reserve as of December 31, 2023.

<u>Common Shares Held</u>	<u>Aug. 1, 2023</u>	<u>Changes in Share Count</u>	<u>Dec. 31, 2023</u>
FOXO Technologies, Inc.	4,646,698	- (a) (4,646,698)	-
Beneficient Shares	150,653,868	- (b) (523,860) (c) 7,215,755	142,914,253
Beneficient Litigation Share Reserve	19,047,619	7,215,755(c)	26,263,374

(a) On October 13, 2023, the Wind Down Trust sold 4,646,698 shares of FOXO stock. The Wind Down Trust realized net proceeds of \$586,942.

(b) The Wind Down Trust commenced selling Beneficient ("BENF"), shares on October 20, 2023. As of December 31, 2023, the Trust sold 523,860 shares and realized net proceeds of \$265,800.

(c) On December 27, 2023, the Trust entered into a settlement agreement with Fifth Season pursuant to which the Trust agreed to continue to reserve BENF shares at a ratio of two to one relative to the remaining outstanding liability. As of December 31, 2023 the remaining amount payable in accordance with the terms of the settlement agreement was \$6.4 million.

GWG WIND DOWN TRUST

Notes to Unaudited Consolidated Financial Statements

December 31, 2023

The table below summarizes Mark to market adjustments for the Marketable Securities and Marketable Securities Litigation Share Reserve for the fiscal year ended December 31, 2023.

Common Shares	August 1, 2023	Unrealized Gains (Losses)	Realized Gains (Losses)	Other Adjustments	December 31, 2023 (b)
	(unaudited)	(unaudited)	(unaudited)		(unaudited)
FOXO Technologies, Inc Beneficient Shares	\$ 789,939	\$ 139,823	\$ (342,820)	\$ -	\$ -
Beneficient Litigation Share Reserve (a)	336,339,759	(273,297,187)	(822,245)	7,236,000	69,456,327
	20,000,000	-	-	(7,236,000)	12,764,000
	\$ 357,129,697	\$(273,157,364)	\$ (1,165,065)	\$ -	\$ 82,220,327

(a) The Beneficient Litigation Share Reserve includes \$12,764,000 of Beneficient common shares, held in reserve pursuant to the execution of a settlement agreement on December 27, 2023.

(b) Share Values utilized herein have been derived from published market data. The market values utilized herein are not indicative of the WDT's opinion of value. Published market values for BENF shares as of December 31, 2023, indicate a value of \$0.486 per share.