

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2021

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-36615

GWG HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

26-222607

(I.R.S. Employer
Identification No.)

**325 North St. Paul Street, Suite 2650
Dallas, TX 75201**

(Address of principal executive offices, including zip code)

(612) 746-1944

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	GWGH	NASDAQ Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☐ Yes ☒ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of October 15, 2021, GWG Holdings, Inc. had 33,098,631 shares of common stock outstanding.

GWG HOLDINGS, INC.

Index to Form 10-Q
for the Quarter Ended March 31, 2021

	Page No.
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1.</u> <u>Financial Statements</u>	<u>1</u>
<u>Condensed Consolidated Balance Sheets as of March 31, 2021, and December 31, 2020</u>	<u>1</u>
<u>Condensed Consolidated Statements of Operations for the three months ended March 31, 2021 and 2020</u>	<u>2</u>
<u>Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2021 and 2020</u>	<u>3</u>
<u>Condensed Consolidated Statements of Changes in Stockholders' (Deficit) Equity for the three months ended March 31, 2021 and 2020</u>	<u>5</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>6</u>
<u>Item 2.</u> <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>48</u>
<u>Item 4.</u> <u>Controls and Procedures</u>	<u>74</u>
<u>PART II. OTHER INFORMATION</u>	<u>76</u>
<u>Item 6.</u> <u>Exhibits</u>	<u>76</u>
<u>SIGNATURES</u>	<u>76</u>

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GWG HOLDINGS, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (in thousands, except share and per share data)

	March 31, 2021 (Unaudited)	December 31, 2020
ASSETS		
Cash and cash equivalents	\$ 85,077	\$ 85,249
Restricted cash	29,075	38,911
Investment in life insurance policies, at fair value	791,499	791,911
Life insurance policy benefits receivable, net	18,238	14,334
Investment in alternative assets, at fair value	219,429	221,894
Equity method investments	6,318	8,582
Other assets	28,386	36,326
Goodwill	2,367,750	2,367,750
TOTAL ASSETS	\$ 3,545,772	\$ 3,564,957
LIABILITIES & STOCKHOLDERS' EQUITY		
LIABILITIES		
Senior credit facility with LNV Corporation	\$ 165,455	\$ 193,730
L Bonds	1,345,091	1,246,902
Seller Trust L Bonds	272,104	272,104
Debt due to related parties	76,955	76,260
Interest and dividends payable	23,548	24,080
Accounts payable and accrued expenses	19,190	26,505
Deferred tax liability, net	51,272	51,469
TOTAL LIABILITIES	1,953,615	1,891,050
Redeemable noncontrolling interests	1,230,755	1,233,093
STOCKHOLDERS' EQUITY		
Redeemable preferred stock		
(par value \$0.001; shares authorized 100,000; shares outstanding 53,943 and 56,855; liquidation preference of \$54,258 and \$57,187 as of March 31, 2021 and December 31, 2020, respectively)	43,330	46,241
Series 2 redeemable preferred stock		
(par value \$0.001; shares authorized 150,000; shares outstanding 117,438 and 129,887; liquidation preference of \$118,124 and \$130,645 as of March 31, 2021 and December 31, 2020, respectively)	98,142	110,592
Common stock		
(par value \$0.001; shares authorized 210,000,000; shares issued and outstanding, 33,094,664 as of both March 31, 2021 and December 31, 2020, respectively)	33	33
Common stock in treasury, at cost (12,337,264 shares as of both March 31, 2021 and December 31, 2020)	(67,406)	(67,406)
Additional paid-in capital	270,901	274,023
Accumulated deficit	(302,351)	(251,111)
TOTAL GWG HOLDINGS STOCKHOLDERS' (DEFICIT) EQUITY	42,649	112,372
Noncontrolling interests	318,753	328,442
TOTAL STOCKHOLDERS' EQUITY	361,402	440,814
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 3,545,772	\$ 3,564,957

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

GWG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended March 31,	
	2021	2020
REVENUE		
Gain on life insurance policies, net	\$ 6,912	\$ 14,445
Investment income, net	2,090	7,556
Interest income	317	715
Other (loss) income	(1,560)	96
TOTAL REVENUE	7,759	22,812
EXPENSES		
Interest expense	41,382	35,871
Employee compensation and benefits	15,024	77,704
Legal and professional fees	8,128	6,163
Other expenses	7,003	3,612
TOTAL EXPENSES	71,537	123,350
LOSS BEFORE INCOME TAXES	(63,778)	(100,538)
INCOME TAX BENEFIT	(286)	(16,145)
NET LOSS BEFORE LOSS FROM EQUITY METHOD INVESTMENT	(63,492)	(84,393)
Loss from equity method investment	(3,514)	(1,530)
NET LOSS	(67,006)	(85,923)
Net loss attributable to noncontrolling interests	15,766	42,552
Less: Preferred stock dividends	3,192	3,952
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (54,432)	\$ (47,323)
NET LOSS PER COMMON SHARE		
Basic	\$ (2.62)	\$ (1.55)
Diluted	\$ (2.62)	\$ (1.55)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic	20,757,400	30,534,977
Diluted	20,757,400	30,534,977

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

GWG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (67,006)	\$ (85,923)
Adjustments to reconcile net loss to net cash flows used in operating activities:		
Change in fair value of life insurance policies	(8,162)	(12,177)
Investment income	(2,090)	(7,556)
Amortization of deferred financing and issuance costs	6,142	3,738
Amortization and depreciation on long-lived assets	542	172
Return on investments in alternative assets	551	374
Non-cash interest income	(67)	(79)
Non-cash interest expense	531	676
Loss from equity method investment	3,514	1,530
Loss on change in fair value of put options	2,180	—
Deferred income tax	(470)	(19,355)
Write-off of other equity investment	2,037	—
Equity-based compensation	5,352	69,448
Change in operating assets and liabilities		
Life insurance policy benefits receivable	(3,904)	7,701
Other assets	4,358	356
Accounts payable and other accrued expenses	(9,306)	(1,088)
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(65,798)	(42,183)
CASH FLOWS FROM INVESTING ACTIVITIES		
Return of investment for matured life insurance policies	8,574	6,035
Purchases of fixed assets	(720)	(481)
Equity method investments	(1,250)	(5,417)
Investments in alternative assets	(4,457)	(78)
Return of investments in alternative assets	9,481	4,173
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	11,628	4,232
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on senior debt	—	14,074
Repayments of senior debt	(28,605)	—
Payments for deferred financing costs for debt due to related parties	(100)	—
Proceeds from issuance of L Bonds	134,941	109,053
Payments for issuance costs of L Bonds	(7,690)	(7,877)
Payments for redemption of L Bonds	(34,418)	(22,655)
Issuance of common stock	—	18
Payments for redemption of preferred stock	(15,361)	(15,233)
Payment for equity issuance costs	(185)	—
Preferred stock dividends	(3,192)	(3,952)
Payment of employee taxes on equity based awards	(1,228)	—
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	44,162	73,428
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(10,008)	35,477
CASH, CASH EQUIVALENTS AND RESTRICTED CASH		
BEGINNING OF PERIOD	124,160	115,790
END OF PERIOD	<u>\$ 114,152</u>	<u>\$ 151,267</u>

GWG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2021	2020
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	\$ 34,998	\$ 32,532
Premiums paid, including prepaid	14,923	16,825
NON-CASH INVESTING AND FINANCING ACTIVITIES		
L Bonds: Conversion of accrued interest and commissions payable to principal	\$ 357	\$ 660
Liquidity Bonds, net of financing costs (see Note 9)	246	—
Debt due to related parties: Capitalization of deferred financing costs to principal	1,014	—
Noncash issuance of noncontrolling interest (Note 10)	374	—
Distribution payable to noncontrolling interest (Note 10)	621	136

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

GWG HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except share data)
(unaudited)

For the three months ended March 31, 2021:

	Redeemable Preferred Stock Shares	Redeemable Preferred Stock	Common Shares	Common Stock (par)	Additional Paid- in Capital	Accumulated Deficit	Treasury Stock	Total GWG Holdings Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity	Redeemable noncontrolling interests
Balance, December 31, 2020 (audited)	186,742	\$ 156,833	20,757,400	\$ 33	\$ 274,023	\$ (251,111)	\$ (67,406)	\$ 112,372	\$ 328,442	\$ 440,814	\$ 1,233,093
Net loss	—	—	—	—	—	(51,240)	—	(51,240)	(13,428)	(64,668)	(2,338)
Redemption of redeemable preferred stock	(15,361)	(15,361)	—	—	—	—	—	(15,361)	—	(15,361)	—
Preferred stock dividends	—	—	—	—	(3,192)	—	—	(3,192)	—	(3,192)	—
Tax withholding on employee equity awards	—	—	—	—	—	—	—	—	(1,228)	(1,228)	—
Equity-based compensation	—	—	—	—	70	—	—	70	5,214	5,284	—
Distributions payable to noncontrolling interest	—	—	—	—	—	—	—	—	(621)	(621)	—
Noncash issuance of noncontrolling interest	—	—	—	—	—	—	—	—	374	374	—
Balance, March 31, 2021 (unaudited)	171,381	\$ 141,472	20,757,400	\$ 33	\$ 270,901	\$ (302,351)	\$ (67,406)	\$ 42,649	\$ 318,753	\$ 361,402	\$ 1,230,755

For the three months ended March 31, 2020:

	Redeemable Preferred Stock Shares	Redeemable Preferred Stock	Common Shares	Common Stock (par)	Additional Paid- in Capital	Accumulated Deficit	Treasury Stock	Total GWG Holdings Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity	Redeemable noncontrolling interests
Balance, December 31, 2019 (audited)	231,800	\$ 201,891	30,533,793	\$ 33	\$ 233,106	\$ (97,196)	\$ (24,550)	\$ 313,284	\$ 293,910	\$ 607,194	\$ 1,269,654
Net loss	—	—	—	—	—	(43,371)	—	(43,371)	(14,539)	(57,910)	(28,013)
Issuance of common stock	—	—	1,456	—	18	—	—	18	—	18	—
Redemption of redeemable preferred stock	(15,233)	(15,233)	—	—	—	—	—	(15,233)	—	(15,233)	—
Preferred stock dividends	—	—	—	—	(3,952)	—	—	(3,952)	—	(3,952)	—
Equity-based compensation	—	—	—	—	35	—	—	35	68,934	68,969	—
Distributions payable to noncontrolling interest	—	—	—	—	—	—	—	—	(136)	(136)	—
Balance, March 31, 2020 (unaudited)	216,567	\$ 186,658	30,535,249	\$ 33	\$ 229,207	\$ (140,567)	\$ (24,550)	\$ 250,781	\$ 348,169	\$ 598,950	\$ 1,241,641

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

(1) Nature of Business

Organizational Structure

GWG Holdings, Inc. (“GWG Holdings”) conducts its life insurance secondary market business through a wholly-owned subsidiary, GWG Life, LLC (“GWG Life”), and GWG Life’s wholly-owned subsidiaries, GWG Life Trust, GWG DLP Funding IV, LLC (“DLP IV”), GWG DLP Funding V Holdings, LLC (“DLP V Holdings”), and GWG DLP Funding Holdings VI, LLC (“DLP VI Holdings”). DLP V Holdings is the sole member of GWG DLP Funding V, LLC (“DLP V”). DLP VI Holdings is the sole member of GWG DLP Funding VI, LLC (“DLP VI”).

In addition, GWG Holdings has exposure to indirect interests in loans collateralized by cash flows from alternative assets. Such loans are made and held by certain of the operating subsidiaries of The Beneficient Company Group, L.P. (“Ben LP,” including all of the subsidiaries it may have from time to time — “Beneficient”). These loans are made to certain of the ExAlt Trusts (as defined below), which are consolidated subsidiaries of Ben LP and thus, such loans are eliminated in consolidation for financial reporting purposes. The ExAlt Trusts are comprised of the Custody Trusts, Collective Trusts, LiquidTrusts and Funding Trusts (collectively, the “ExAlt Trusts”). Ben LP’s general partner is Beneficient Management, L.L.C. (“Beneficient Management”). Prior to December 31, 2019, GWG Holdings’ investment in Beneficient was accounted for as an equity method investment. On December 31, 2019, as more fully described below, Beneficient became a consolidated subsidiary of GWG Holdings. As also further described in Note 17, on August 13, 2021, GWG Holdings and Ben LP, and Beneficient Company Holdings, L.P. (“BCH”) entered into a non-binding term sheet (the “Term Sheet”) that outlines a series of transactions that, if completed, will result in, among other things, (i) GWG Holdings receiving certain proposed enhancements to its investments in Beneficient; (ii) GWG Holdings no longer having the right to appoint directors of the Board of Directors of Beneficient Management; and (iii) Beneficient no longer being a consolidated subsidiary of GWG Holdings. The Term Sheet is part of ongoing efforts by management and the Board of Directors of GWG Holdings to maximize the value of GWG Holdings’ and GWG Life’s investment in Beneficient.

Ben LP is the general partner of BCH and owns 100% of the Class A Subclass A-1 and A-2 Units of BCH. BCH is the holding company that directly or indirectly receives all active and passive income of Beneficient and allocates that income among the partnership interests issued by BCH. As of March 31, 2021, BCH has issued general partnership Class A Units (Subclass A-1 and A-2), Class S Ordinary Units, Class S Preferred Units, FLP Units (Subclass 1 and Subclass 2), Preferred Series A Subclass 1 Unit Accounts, and Preferred Series C Unit Accounts. On July 15, 2020, BCH amended its limited partnership agreement by executing that certain 5th Amended and Restated Limited Partnership Agreement (“LPA”) of BCH to allow for the issuance of Preferred Series A Subclass 0 Unit Accounts (“Preferred A.0”), which are expected to be issued once certain conditions are met (as discussed in more detail below). Effective March 31, 2021, BCH amended its limited partnership agreement by executing that certain 6th Amended and Restated LPA of BCH to allow for the issuance of Preferred Series C Subclass 0 Unit Accounts (“Preferred C.0”), which are wholly owned by GWG Holdings.

GWG Holdings also has a financial interest in FOXO Technologies Inc. (“FOXO”, formerly FOXO BioScience LLC), which through its wholly-owned subsidiaries FOXO Labs Inc. (“FOXO Labs”, formerly, Life Epigenetics Inc.) and FOXO Life LLC (“FOXO Life”, formerly, youSurance General Agency, LLC), seeks to commercialize epigenetic technology for the longevity industry and offer life insurance directly to customers utilizing epigenetic technology. Although we have a financial interest in FOXO, we do not have a controlling financial interest because another party is the majority shareholder of the voting class of securities. Therefore, we account for GWG Holdings’ ownership interest in FOXO as an equity method investment.

All of the aforementioned entities are legally organized in the state of Delaware, other than GWG Life Trust, which was formed under the laws of the state of Utah, and certain of the ExAlt Trusts, which were formed under the laws of the state of Texas. Unless the context otherwise requires or we specifically so indicate, all references in this report to “we,” “us,” “our,” “our Company,” “GWG,” or the “Company” refer to GWG Holdings together, in each case, with its subsidiaries. Our headquarters are located at 325 N. St. Paul Street, Suite 2650, Dallas, Texas 75201.

Nature of Business

GWG Holdings, through its wholly-owned subsidiary GWG Life, purchased life insurance policies in the secondary market and has built a large, actuarially diverse portfolio of life insurance policies backed by highly rated life insurance companies. These policies were purchased between April 2006 and November 2019 and were funded primarily through sales of L Bonds, as discussed in Note 9. Beginning in 2018, GWG Holdings consummated a series of transactions with Beneficient as part of a

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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strategic decision to reorient its business and increase capital allocated toward providing liquidity products to a broader range of alternative assets through investments in Beneficient. GWG Holdings completed the transactions with Beneficient to provide the Company with a significant increase in assets and common stockholders' equity as well as the opportunity for a diversified source of future earnings from our exposure to the alternative asset industry. We believe that GWG Holdings' and GWG Life's investments in Beneficient and the other strategies we are pursuing, including continuing to pursue opportunities in the life insurance industry, will transform GWG Holdings from a niche provider of liquidity to owners of life insurance policies to a diversified provider of financial products and services with exposure to a broad range of alternative assets.

We believe that Beneficient's operations will generally produce higher risk adjusted returns than those we can achieve from life insurance policies acquired in the secondary market; however, returns on equity in life settlements, especially with the current availability of financings on favorable terms, appear to be an attractive option to diversify our exposure to alternative assets, and we have begun exploring the feasibility of acquiring such policies. Furthermore, although we believe that our portfolio of life insurance policies is a meaningful component of a growing diversified alternative asset portfolio, we continue to explore strategic alternatives for our life insurance portfolio aimed at maximizing its value, including a possible sale, refinancing, recapitalization, partnership, reinsurance guarantees, life insurance operations or other transactions involving our life insurance portfolio, as well as pursuing other alternatives to increase our exposure to alternative assets. These operations are in addition to allocating capital to provide liquidity to holders of a broader range of alternative assets, which we currently provide through GWG Holdings' and GWG Life's investments in Beneficient.

Beneficient is a financial services company based in Dallas, Texas that markets an array of liquidity and trust administration products to alternative asset investors primarily comprised of mid-to-high-net-worth individuals having a net worth between \$5 million and \$30 million ("MHNW") and small-to-midsize institutional investors and family offices with less than \$1 billion in investable assets ("STMIs"). One of Beneficient's founders, Brad K. Heppner ("Ben Founder"), serves as Chairman and Chief Executive Officer of Beneficient and previously served from April 26, 2019 to June 14, 2021 as Chairman of GWG Holdings. Ben LP plans to offer its products and services through its five operating subsidiaries, which include (i) Ben Liquidity, (ii) Ben Custody Admin, (iii) Ben Insurance, (iv) Ben Markets and (v) Beneficient USA (each operating subsidiary is further defined below). Ben Liquidity plans to operate a trust company that is a Kansas Technology Enabled Fiduciary Financial Institutions ("TEFFI") authorized to serve as an alternative asset custodian, trustee and lender with statutory powers granted for each of these activities and permitting Ben Liquidity to provide fiduciary financing for certain of its customer liquidity transactions. Ben Custody Admin plans to operate a Texas trust company that is being organized to provide its customers with certain administrative, custodial and trustee products and specialized services focused on alternative asset investors. Ben Insurance has been chartered as a Bermuda based insurance company that plans to offer certain customized insurance products and services covering risks relating to owning, managing and transferring alternative assets. Ben Markets is in the regulatory process for acquiring a captive registered broker-dealer that would conduct certain of its activities attendant to offering a suite of products and services from the Beneficient family of companies. Certain of Ben LP's operating subsidiary products and services involve or are offered to certain of the ExAlt Trusts (defined below), which are consolidated subsidiaries of Ben LP for financial reporting purposes (such trusts are and may individually be referred to as Custody Trusts, Collective Trusts, LiquidTrusts, and Funding Trusts). Beneficient USA employs a substantial majority of the executives and staff for Beneficient's operating subsidiaries to which Beneficient USA provides administrative and technical services.

Beneficient's primary operations, which commenced on September 1, 2017, consist of offering its liquidity and trust administration services to its customers, primarily through certain of Ben LP's operating subsidiaries, Ben Liquidity, L.L.C and its subsidiaries (collectively, "Ben Liquidity") and Ben Custody Admin, L.L.C. and its subsidiaries (collectively, "Ben Custody Admin"), respectively. Ben Liquidity offers simple, rapid and cost-effective liquidity products to its customers through the use of customized trust vehicles, (such trusts, the ExAlt Trusts), that facilitate the exchange of a customer's alternative assets for consideration using a unique financing structure (such structure and process, the "ExAlt PlanTM"). The ExAlt trademark was developed by Beneficient as a brand of liquidity and trust administration services designed for alternative asset investors, specifically MHNW and STMIs to "Ex"it "Alt"ernatives. A subsidiary of Ben Liquidity makes loans (each, an "ExAlt Loan") to certain of the ExAlt Trusts, which employ the loan proceeds to acquire agreed upon consideration, upon which certain of the ExAlt Trusts deliver to customers in exchange for their alternative assets. Ben Liquidity generates interest and fee income earned in connection with the ExAlt Loans, which are collateralized by a portion of the cash flows from the exchanged alternative assets (the "Collateral"). Ben Custody Admin currently provides trust administration services to the trustees of certain of the ExAlt Trusts that own the exchanged alternative asset following liquidity transactions for fees payable quarterly. The Collateral supports the repayment of the ExAlt Loans plus any related interest and fees and trust administration service fees. Under the applicable trust and other agreements, certain charities are the ultimate beneficiaries of the ExAlt Trusts (the "Non-Controlling Interest Holders"). As ultimate beneficiaries of prior transactions, for every \$0.95 paid to the lender (e.g.,

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

subsidiaries of Ben LP) on the ExAlt Loans, \$0.05 is also paid to certain of the Non-Controlling Interest Holders. For periods following 2020, future Non-Controlling Interest Holders are structured to be paid \$0.025 for every \$0.975 paid to the fiduciary financial lender (e.g., subsidiaries of Ben LP) of the ExAlt Loans. Since Ben LP consolidates the ExAlt Trusts, Ben LP's operating subsidiary's ExAlt Loans and related interest and fee income are eliminated in the presentation of our condensed consolidated financial statements but are recognized for purposes of the allocation of income (loss) to Beneficiary's equity holders.

Prior to January 1, 2021, Ben LP operated primarily through certain of its subsidiaries, that included (i) Beneficiary Capital Company, L.L.C. ("BCC"), which offered liquidity products; (ii) Beneficiary Administration and Clearing Company, L.L.C. ("BACC"), which provided services for private fund and trust administration; and (iii) other entities, including the ExAlt Trusts.

On December 31, 2020, a series of restructuring transactions occurred to better position certain of Ben LP's subsidiaries for ongoing operations and future products and services, to capitalize PEN Indemnity Insurance Company, Ltd. ("Pen") and to meet certain requirements of the Texas Department of Banking. These transactions had no impact on the consolidated financial statements. In connection with these transactions, BCC transferred all of its assets, which included, among other assets, its ExAlt Loans receivable, and liabilities, which included, among other liabilities, loans payable with respect to secured loans with HCLP Nominees, L.L.C., held as of December 31, 2020, to BCH. In order to capitalize Pen and enable it to offer insurance products and services to cover risks attendant to owning and managing alternative assets following approval from the Bermuda Monetary Authority (the "BMA"), BCH contributed to Pen certain of such ExAlt Loans receivable with an aggregate carrying value equal to \$129.2 million. Likewise, BACC transferred all of its assets, which included its rights to perform fund trust administration services under certain trust and other agreements, and liabilities to BCH, which will perform such services until a Texas trust company charter is issued or the Kansas TEFFI trust company becomes operational.

Subsequent to December 31, 2020, Ben LP operates primarily through its business line operating subsidiaries, which provide, or will provide, Beneficiary's existing and planned products and services. These subsidiaries include (i) Ben Liquidity, which offers liquidity products; (ii) Ben Custody Admin, which provides services for fund and trust administration; (iii) Ben Insurance L.L.C., including its subsidiaries (collectively, "Ben Insurance"), which intends to offer insurance products and services covering risks attendant to owning, managing, and transferring alternative assets; (iv) Ben Markets, L.L.C., including its subsidiaries (collectively, "Ben Markets"), which intends to provide broker-dealer services in connection with offering Beneficiary's liquidity products and services; and (vi) other entities, including the ExAlt Trusts, which operate for the benefit of the Non-Controlling Interest Holders. Beneficiary's financial products and services are presently offered through Ben Liquidity and Ben Custody Admin, and Beneficiary plans to expand its capabilities under Ben Custody Admin and provide products and services through Ben Insurance and Ben Markets in the future.

Beneficiary's existing and planned products and services are designed to provide liquidity and trust solutions, support the tax and estate planning objectives of its MHNW customers, facilitate asset diversification or provide administrative management and reporting solutions tailored to the goals of investors of alternative investments.

Beneficiary's Regulatory Developments

In April 2021, the Kansas Legislature adopted, and the governor of Kansas signed into law, a bill that would allow for the chartering and creation of Kansas trust companies, known as TEFFIs, that provide fiduciary financing (e.g., lending to ExAlt Trusts), custodian and trustee services in all capacities pursuant to statutory fiduciary powers, to investors and other participants in the alternative assets market, as well as the establishment of alternative asset trusts. The legislation became effective on July 1, 2021, and designates an operating subsidiary of Ben LP, Beneficiary Fiduciary Financial ("BFF"), as the pilot trust company under the TEFFI legislation. A conditional trust charter was issued by the Kansas Bank Commissioner to Beneficiary on July 1, 2021 as discussed further in Note 17. Under the pilot program, Beneficiary will not be authorized to exercise its fiduciary powers as a TEFFI until the earlier of the date the Kansas Bank Commissioner promulgates applicable rules and regulations or December 31, 2021. The bill also permits the Kansas Bank Commissioner to request a six-month extension of the pilot program period, which could delay Beneficiary's permission to exercise its fiduciary powers under the charter until July 1, 2022. In order to devote their time to serving as directors of the Beneficiary TEFFI trust company, the directors of GWG Holdings who serve on the new TEFFI trust company Board of Directors resigned their membership, effective June 14, 2021, on GWG Holdings' Board of Directors, which the Company believes is the highest and best use of their available time and skills and will support the development of the Beneficiary TEFFI trust company and the successful execution of Beneficiary's business plan.

Additionally, Beneficiary's charter application for custodian and trustee services remains in process at the Texas Department of Banking. If the charter is issued, the trust company would serve as custodian and trustee to one or more ExAlt Trusts. Similar or

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

the same services may also be provided by Beneficient’s Kansas trust company TEFFI. Also, a subsidiary of Ben Insurance, Pen has applied for regulatory approval from the BMA to write fiduciary liability policies for managers and investors in alternative asset funds to cover losses from contractual indemnification and exculpation provisions arising under the governing documents of such funds. Further, on March 26, 2021, a Ben LP subsidiary, Beneficient Capital Markets, L.L.C (“Beneficient Capital Markets”) filed a Form BD with the Securities and Exchange Commission (“SEC”) to commence its application for broker-dealer registration. Upon registration and admittance as a Financial Industry Regulatory Authority (“FINRA”) member, Beneficient Capital Markets will conduct activities attendant to offering Beneficient’s products and services.

When the Kansas TEFFI trust company is authorized to exercise its fiduciary powers, Beneficient expects to be able to expand its operations and close an increased number of liquidity transactions. Additionally, once BMA regulatory approval is obtained and Beneficient Capital Markets is admitted as a FINRA member, Beneficient anticipates being able to offer its full suite of products and services.

The Exchange Transaction

On December 28, 2018 (the “Final Closing Date”), we completed a series of strategic exchanges of assets among GWG Holdings, GWG Life, Ben LP and certain trusts, each identified as an Exchange Trust formed during 2017 and 2018 (such trusts collectively, the “Seller Trusts”, which are a related party but are not among Ben LP’s consolidated trusts), pursuant to a Master Exchange Agreement among the parties (the “Exchange Transaction”). As a result of the Exchange Transaction, a number of securities were exchanged between the parties, including the following securities as of the Final Closing Date: the Seller Trusts acquired GWG Holdings’ L Bonds due 2023 (the “Seller Trust L Bonds”) in the aggregate principal amount of \$366.9 million; the Seller Trusts acquired 27,013,516 shares of GWG Holdings’ common stock; GWG Holdings acquired 40,505,279 common units of Ben LP (the “Common Units”); and GWG Holdings acquired the right to obtain additional Common Units or other property that would be received by a holder of Preferred Series A Subclass 1 Unit Accounts of BCH pursuant to an option issued by Ben LP (the “Option Agreement”). In addition, in connection with the Exchange Transaction, Ben LP, as borrower, entered into a commercial loan agreement (the “Commercial Loan Agreement”) with GWG Life, as lender, providing for a loan in a principal amount of \$192.5 million as of the Final Closing Date (the “Commercial Loan”).

Description of the Assets Exchanged

Seller Trust L Bonds

On August 10, 2018, in connection with the initial transfer of the Exchange Transaction, GWG Holdings, GWG Life and Bank of Utah, as trustee, entered into a Supplemental Indenture (the “L Bond Supplemental Indenture”) to the Amended and Restated Indenture dated as of October 23, 2017 (the “Amended and Restated Indenture”). GWG Holdings entered into the L Bond Supplemental Indenture to add and modify certain provisions of the Amended and Restated Indenture necessary to provide for the issuance of the Seller Trust L Bonds. The maturity date of the Seller Trust L Bonds is August 9, 2023. The Seller Trust L Bonds bear interest at 7.5% per year. Interest is payable monthly in cash.

As the second anniversary of the Final Closing Date has passed, the holders of the Seller Trust L Bonds now have the right to cause GWG Holdings to repurchase, in whole but not in part, the Seller Trust L Bonds held by such holder. The repurchase may be paid, at GWG Holdings’ option, in the form of cash, a pro rata portion of (i) the outstanding principal amount and accrued and unpaid interest under the Commercial Loan, and (ii) Common Units, or a combination of cash and such property.

The Seller Trust L Bonds are senior secured obligations of GWG Holdings, ranking junior only to all senior debt of GWG Holdings, *pari passu* in right of payment and in respect of collateral with all “L Bonds” of GWG Holdings, and senior in right of payment to all subordinated indebtedness of GWG Holdings. See Note 9 for additional discussion of the outstanding debt of GWG Holdings. Payments under the Seller Trust L Bonds are guaranteed by GWG Life (see Item 2. *Management’s Discussion and Analysis of Financial Condition and Results of Operations*).

As result of the Collateral Swap (discussed and defined below) on September 30, 2020, \$94.8 million of Seller Trusts L Bonds are eliminated upon consolidation.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Commercial Loan

The \$192.5 million principal amount under the Commercial Loan is due on August 9, 2023; however, it is extendable for two five-year terms. Ben LP's obligations under the Commercial Loan are unsecured.

The principal amount of the Commercial Loan bears interest at 5.0% per year. From and after the Final Closing Date, one-half of the interest, or 2.5% per year, is due and payable monthly in cash, and one-half of the interest, or 2.5% per year, accrues and compounds annually on each anniversary date of the Final Closing Date and becomes due and payable in full in cash on the maturity date.

In accordance with the L Bond Supplemental Indenture governing the issuance of the Seller Trust L Bonds, upon a redemption event or at the maturity date of the Seller Trust L Bonds, GWG Holdings, at its option, may use the outstanding principal amount of the Commercial Loan, and accrued and unpaid interest thereon, as repayment consideration of the Seller Trust L Bonds.

The Commercial Loan and its related interest are eliminated upon consolidation.

Option Agreement

In connection with the Exchange Transaction, GWG Holdings entered into the Option Agreement with Ben LP. The Option Agreement gave GWG Holdings the option to acquire the number of Common Units or other property that would be received by the holder of Preferred Series A Subclass 1 Unit Accounts of BCH pursuant to an option issued by Ben LP, if such holder were converting on that date. There was no exercise price and GWG Holdings could exercise the option at any time until December 27, 2028, at which time the option automatically settled.

Effective August 11, 2020, as a result of the Exchange Agreement entered into by the parties on December 31, 2019 (discussed below), and the mutual agreement of the parties, the Option Agreement was exercised under the provisions of the Option Agreement. As such, GWG Holdings received \$57.5 million of Common Units at a price per unit equal to \$12.50 per unit. The exercise of the Option Agreement had no impact on the Company's condensed consolidated financial statements as it is eliminated in consolidation.

Common Units of Ben LP

In connection with the Exchange Transaction, the Seller Trusts and Beneficient delivered to GWG Holdings 40,505,279 Common Units. These units represented an approximate 89.9% interest in the Common Units as of the Final Closing Date (although, on a fully diluted basis, GWG Holdings' ownership interest in Common Units would be reduced significantly below a majority of those issued and outstanding). These amounts eliminate upon consolidation.

Purchase and Contribution Agreement

On April 15, 2019, Jon R. Sabes, the former Chief Executive Officer and a former director of GWG Holdings, and Steven F. Sabes, the former Executive Vice President and a former director of GWG Holdings, entered into a Purchase and Contribution Agreement (the "Purchase and Contribution Agreement") with, among others, Ben LP. Under the Purchase and Contribution Agreement, Jon and Steven Sabes agreed to transfer all 3,952,155 of the shares of GWG Holdings' outstanding common stock held directly or indirectly by them to BCC (a subsidiary of Ben LP) and AltVerse Capital Markets, L.L.C. ("AltVerse"). AltVerse is a limited liability company owned by an entity related to Beneficient's initial investors (the "Ben Initial Investors"), including Brad K. Heppner (GWG Holdings' former Chairman, who served in such capacity from April 26, 2019 to June 14, 2021, and Beneficient's current Chief Executive Officer and Chairman), and an entity related to Thomas O. Hicks (one of Beneficient's current directors and a former director of GWG Holdings). GWG Holdings was not a party to the Purchase Agreement; however, the closing of the transactions contemplated by the Purchase and Contribution Agreement (the "Purchase and Contribution Transaction") were subject to certain conditions that were dependent upon GWG Holdings taking, or refraining from taking, certain actions. The closing of the Purchase and Contribution Transaction occurred on April 26, 2019.

In connection with such closing, BCC and AltVerse executed and delivered a Consent and Joinder to the Amended and Restated Pledge and Security Agreement dated October 23, 2017 by and among GWG Holdings, GWG Life, Messrs. Jon and Steven Sabes and the Bank of Utah, which provides that the shares of GWG Holdings' common stock acquired by BCC and

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

AltiVerse pursuant to the Purchase and Contribution Agreement will continue to be pledged as collateral security for GWG Holdings' obligations owing in respect of the L Bonds and Seller Trust L Bonds.

Promissory Note - ExAlt Trusts

On May 31, 2019, GWG Life entered into a Promissory Note (the "Promissory Note"), made by Jeffrey S. Hinkle and Dr. John A. Stahl, not in their individual capacity but solely as trustees of certain of The LT-1 LiquidTrust, The LT-2 LiquidTrust, The LT-5 LiquidTrust, The LT-7 LiquidTrust, The LT-8 LiquidTrust, and The LT-9 LiquidTrust, (collectively, the "Borrowers"). Pursuant to the terms of the Promissory Note, GWG Life funded a term loan to the Borrowers in an aggregate principal amount of \$65.0 million (the "Loan"). The Loan was made pursuant to GWG's strategy to further diversify into alternative assets (beyond life insurance) and ancillary businesses and was intended to better position Beneficient's balance sheet, working capital and liquidity profile to satisfy anticipated Texas Department of Banking regulatory requirements. The Loan bears interest at 7.0% per annum, with interest payable at maturity, and matures on June 30, 2023. As of December 31, 2019, the Borrowers became consolidated subsidiaries of GWG Holdings as a result of the Investment Agreement (described below). Accordingly, the Promissory Note and related accrued interest, are eliminated upon consolidation as of that date.

On September 30, 2020, GWG Holdings, GWG Life, BCH, Ben LP, BCC, and the Borrowers entered into an agreement (the "Promissory Note Repayment") by which the parties agreed to repay the Promissory Note and any related accrued interest for a \$75.0 million Preferred Series C Unit Account (the "Preferred C") of BCH that Ben LP issued to the Borrowers. The \$75.0 million of Preferred C received by GWG Life was transferred to GWG Holdings upon execution of the Promissory Note conversion, which increased GWG Holdings' ownership percentage in Ben LP. As part of the agreement, if Beneficient has not received a trust company charter as of the one-year anniversary of the Promissory Note conversion, or if no trust company charter filing is still pending or in the process of being refiled, GWG Holdings would receive an additional \$5.0 million of Preferred C. The carrying value of the Promissory Note on September 30, 2020, immediately prior to the transaction, net of a fair value adjustment and with accrued and unpaid interest thereon, was \$65.1 million.

Other than the required rebalancing of equity driven from the change in GWG Holding's ownership percentage, any impacts of the Promissory Note conversion are eliminated upon consolidation.

The Investment and Exchange Agreements

On December 31, 2019, GWG Holdings obtained control over Ben LP pursuant to a Preferred Series A Unit Account and Common Unit Investment Agreement, by and among GWG Holdings, Ben LP, BCH, and Beneficient Management (the "Investment Agreement"), which resulted in the consolidation of GWG Holdings and Ben LP for accounting and financial reporting purposes.

Pursuant to the Investment Agreement, GWG Holdings transferred \$79.0 million to Ben LP in return for 666,667 Common Units and a Preferred Series A Subclass 1 Unit Account of BCH.

In connection with the Investment Agreement, GWG Holdings obtained the right to appoint a majority of the board of directors of Beneficient Management, the general partner of Ben LP. As a result, GWG Holdings obtained control of Ben LP and began reporting the results of Ben LP and its subsidiaries on a consolidated basis beginning on the transaction date of December 31, 2019. For more details on the accounting for the consolidation, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on November 5, 2021 ("2020 Form 10-K"). GWG Holdings' right to appoint a majority of the board of directors of Beneficient Management will terminate in the event (i) GWG Holdings' ownership of the fully diluted equity of Ben LP (excluding equity issued upon the conversion or exchange of Preferred Series A Unit Accounts of BCH held as of December 31, 2019 by parties other than GWG Holdings) is less than 25%, (ii) the Continuing Directors of GWG Holdings cease to constitute a majority of the board of directors of GWG Holdings, or (iii) certain bankruptcy events occur with respect to GWG Holdings. The term "Continuing Directors" means, as of any date of determination, any member of the board of directors of GWG Holdings who: (1) was a member of the board of directors of GWG Holdings on December 31, 2019; or (2) was nominated for election or elected to the board of directors of GWG Holdings with the approval of a majority of the Continuing Directors who were members of the board of directors of GWG Holdings at the time of such nomination or election.

Following the transaction, and as agreed upon in the Investment Agreement, GWG Holdings was issued an initial capital account balance for the Preferred Series A Subclass 1 Unit Account of \$319.0 million. The other holders of the Preferred Series

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

A Subclass 1 Unit Accounts are an entity related to the Ben Initial Investors and an entity related to one of Beneficient’s directors who is also a former director of GWG Holdings (the “Related Account Holders”). The parties to the Investment Agreement agreed that the aggregate capital accounts of all holders of the Preferred Series A Subclass 1 Unit Accounts after giving effect to the investment by GWG Holdings was \$1.6 billion. GWG Holdings’ Preferred Series A Subclass 1 Unit Account is the same class of preferred security as held by the Related Account Holders. If the Related Account Holders exchange their Preferred Series A Subclass 1 Unit Accounts for securities of GWG Holdings, the Preferred Series A Subclass 1 Unit Account of GWG Holdings would be converted into Common Units (so neither GWG Holdings nor the founders would hold Preferred Series A Subclass 1 Unit Accounts).

Also, on December 31, 2019, in a transaction related to the Investment Agreement, GWG Holdings transferred its interest in the Preferred Series A Subclass 1 Unit Account to its wholly owned subsidiary, GWG Life.

In addition, on December 31, 2019, GWG Holdings, Ben LP and the holders of Common Units entered into an Exchange Agreement (the “Exchange Agreement”) pursuant to which the holders of Common Units from time to time have the right, on a quarterly basis, to exchange their Common Units for common stock of GWG Holdings. The exchange ratio in the Exchange Agreement is based on the ratio of the capital account associated with the Common Units to be exchanged to the market price of GWG Holdings’ common stock based on the volume weighted average price of GWG Holdings’ common stock for the five consecutive trading days prior to the quarterly exchange date. The Exchange Agreement is intended to facilitate the marketing of Ben LP’s products to holders of alternative assets.

Preferred Series C Unit Purchase Agreement

On July 15, 2020, GWG Holdings entered into a Preferred Series C Unit Purchase Agreement (“UPA”) with Ben LP and BCH. The UPA was reviewed and approved by the then constituted independent Special Committee of the Board of Directors of GWG Holdings.

Pursuant to the UPA, and provided it has adequate liquidity, GWG Holdings has agreed to make capital contributions from time to time to BCH in exchange for Preferred Series C Unit Accounts of BCH during a purchasing period commencing on the date of the UPA and continuing until the earlier of (i) the occurrence of a Change of Control Event (as defined below) and (ii) the mutual agreement of the parties (the “Purchasing Period”). A “Change of Control Event” shall mean (A) the occurrence of an event that results in GWG Holdings’ ownership of the fully diluted equity of Ben LP is less than 25%, the Continuing Directors (as defined below) of GWG Holdings cease to constitute a majority of the board of directors of GWG Holdings, or certain bankruptcy events occur with respect to GWG Holdings, and (B) the listing of Common Units on a national securities exchange (a “Public Listing”). The term “Continuing Directors” means, as of any date of determination, any member of the board of directors of GWG Holdings who: (1) was a member of the board of directors of GWG Holdings on December 31, 2019; or (2) was nominated for election or elected to the board of directors of GWG Holdings with the approval of a majority of the Continuing Directors who were members of the board of directors of GWG Holdings at the time of such nomination or election.

If, on or prior to the end of the Purchasing Period, a Public Listing occurs, the BCH Purchased Units shall be automatically exchanged for Common Units, or another unit of Ben LP, as the parties may mutually agree (the “Beneficient Units”), at the lower of (i) the volume-weighted average of the Beneficient Units for the 20 trading days following the Public Listing, and (ii) \$12.75.

In addition, at any time following the Effective Date, all or some of the Preferred Series C Unit Accounts purchased under the UPA may be exchanged for Beneficient Units at the option of GWG Holdings (exercised by a special committee of the Board of Directors or, if such committee is no longer in place, the appropriate governing body of GWG Holdings); provided that, if GWG Holdings exchanges less than all of the Preferred Series C Unit Accounts purchased under the UPA, then, immediately after giving effect to such exchange, GWG Holdings shall be required to continue to hold Preferred Series C Unit Accounts with a capital account that is at least \$10.0 million. The exchange price for such Beneficient Units shall be determined by third-party valuation agents selected by GWG Holdings and Beneficient.

Contribution and Exchange Agreement

On September 30, 2020, certain of the ExAlt Trusts (collectively, the “Participating ExAlt Trusts”) at the sole direction of John A. Stahl, independent trustee of each such trust, with the intention of protecting the value of certain assets of the Participating ExAlt Trusts underlying part of the Collateral portfolio, the Participating ExAlt Trusts entered into that certain Contribution and

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Exchange Agreement with certain of the Seller Trusts, (collectively, the “Participating Exchange Trusts”), each of which entered into such agreement at the direction of its applicable trust advisor and by and through its applicable corporate trustee (the “Contribution and Exchange Agreement). Under the Contribution and Exchange Agreement, the Participating Exchange Trusts agreed to exchange 9,837,264 shares of GWG Holdings’ common stock valued at \$84.6 million, 543,874 shares of Common Units valued at \$6.8 million, and GWG Holdings’ L Bonds due 2023 in the aggregate principal amount of \$94.8 million to the Participating ExAlt Trusts for \$94.3 million in net asset value of the alternative asset investments held by the Participating ExAlt Trusts. This transaction (the “Collateral Swap”) resulted in GWG Holdings, after the effects of eliminations upon consolidation, recognizing an additional \$42.9 million of treasury stock, \$3.4 million of additional noncontrolling interest, and \$46.8 million of a capital contribution from a related party.

The Exchange Transaction, the Purchase and Contribution Transaction, the Promissory Note, the Investment and Exchange Agreements, the UPA, and the Collateral Swap, are referred to collectively as the “Beneficient Transactions.”

Going Concern

To meet the Company’s future capital needs, the Company may need to raise additional debt or equity financing. While the Company has historically been able to raise additional capital through issuance of debt and/or equity, the Company cannot guarantee that it will be able to secure additional financing or will otherwise be able to meet its ongoing obligations. These factors, in combination with the potential NASDAQ delisting and our current inability to sell L Bonds as discussed below under the heading “Liquidity and Capital Resources”, our significant recurring losses from operations, negative cash flows from operations, delays in executing our business plans, and any potential negative outcome from the ongoing SEC investigation discussed in Note 15 to these condensed consolidated financial statements, raise substantial doubt about the Company’s ability to continue as a going concern within one year after these financial statements are issued.

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Liquidity and Capital Resources

As of March 31, 2021, we had cash, cash equivalents and restricted cash of \$114.2 million. We generated net losses attributable to common shareholders of \$54.4 million and \$47.3 million for the three months ended March 31, 2021 and 2020, respectively. As of October 15, 2021, we had cash, cash equivalents, and restricted cash of approximately \$54.3 million. Besides funding operating expenditures, we are obligated to pay other items such as interest payments and debt maturities, and preferred stock dividends and redemptions.

We have historically financed our businesses primarily through a combination of L Bond sales, preferred stock sales, the LNV Credit Facility, and the NF Credit Facility. We have also financed our business through proceeds from life insurance policy benefit receipts, cash distributions from the ExAlt Trusts’ alternative asset portfolio, dividends and interest on investments, and Beneficient’s debt due to related parties. We have traditionally used proceeds from these sources for policy acquisition, policy premiums and servicing costs, working capital and financing expenditures including paying principal, interest and dividends. We have also used proceeds to allocate capital to Beneficient; however, if Ben LP becomes an independent company per the Term Sheet discussed above and in Note 17, the Company expects that Ben LP would reduce its reliance on GWG Holdings to fund its operations and would raise future capital from other sources. Ben LP’s capital raising efforts and participation in liquidity transactions may include the issuance of equity or debt of Ben LP or one of its subsidiaries, and the newly issued securities may be dilutive to GWG Holdings’ and GWG Life’s investments in Ben LP and BCH and may include preferential terms relative to GWG Holdings’ and GWG Life’s investments in Ben LP and BCH, as applicable.

We currently fund our business primarily with debt that generally has a shorter duration than the duration of our long-term assets. The resulting asset/liability mismatch can result in a liquidity shortfall if we are unable to renew maturing short term debt or secure suitable additional financing. In such a situation, we could be forced to sell assets at less than optimal (distressed) prices. Substantially all of our life insurance policies are pledged as collateral under the LNV Credit Facility and the NF Credit Facility and we would not be able to dispose of them without compliance with the terms of those credit facilities. We heavily rely on GWG Holdings’ L Bond offering to fund our business operations, including, among other things, interest and principal payments on the existing L Bonds and capital allocations to Beneficient. We temporarily suspended the offering of GWG

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Holdings' L Bonds, commencing April 16, 2021, as a result of our delay in filing certain periodic reports with the SEC, including this Quarterly Report on Form 10-Q, and were required to seek alternative sources of capital.

As a result of the suspension of GWG Holdings' L Bond offering, on June 28, 2021, we pledged additional life insurance policies as collateral and received an additional advance of \$51.2 million under the Third Amended Facility. Subsequently, on August 11, 2021, we entered into the NF Credit Agreement and received a one-time advance of \$107.6 million. Approximately \$56.7 million of such advanced amount was used to pay off the remaining amount due, including interest and penalties, under the Third Amended Facility and the additional pledged life insurance policies used as collateral for the Third Amended Facility were released and pledged under the NF Credit Facility. Further, on September 7, 2021, DLP IV entered into the Fourth Amended Facility, that replaced the aforementioned Third Amended Facility. The Fourth Amended Facility resulted in an additional advance of \$30.3 million from LNV Corporation, with no additional pledged collateral. All of the aforementioned transactions that occurred subsequent to March 31, 2021, are described in more detail in Note 17.

Primarily due to the current suspension of GWG Holdings' L Bond offering, the Company may require additional capital to continue its operations over the next twelve months if our ability to sell L Bonds dissipates, or if we are forced to suspend the L Bond offering. However, the Company may not be able to obtain additional borrowings under existing debt facilities or new borrowings with other third-party lenders. To the extent that GWG Holdings or its subsidiaries raise additional capital through the future issuance of debt, the terms of those debt securities may include terms that adversely affect the rights of our existing debt and/or equity holders or involve negative covenants that restrict GWG Holdings' ability to take specific actions, such as incurring additional debt or making additional investments in growing the operations of the Company. If GWG Holdings is unable to fund its operations and other obligations, or defaults on its debt, then the Company will be required to either i) sell assets to provide sufficient funding, ii) exercise our right to decline requests for early L Bond redemptions or redemptions of preferred stock, or iii) to raise additional capital through the sale of equity and the ownership interest of our equity holders may be diluted. Substantially all of our life insurance policies are pledged as collateral under the LNV Credit Facility and the NF Credit Facility and we would not be able to dispose of them without compliance with the terms of those credit facilities.

We anticipate recommencing the offering of GWG Holdings' L Bonds once we become current with our filing obligations and satisfy applicable NASDAQ listing requirements. Once we become current with our filing obligations with respect to the L Bonds, we may be limited in the origination channels in which we sell our L Bonds in the event that we are unable to meet the applicable NASDAQ listing requirements in a timely manner, which could result in the L Bonds no longer being "covered securities" for federal securities law purposes which would subject the offer and sale of L Bonds to potentially extensive state "blue sky" securities law requirements. If for any reason we are forced to suspend GWG Holdings' L Bond offering, are limited in our origination channels in which we sell our L Bonds, or demand for GWG Holdings' L bonds dissipates, our business would be adversely impacted and our ability to service and repay our debt obligations, much of which is short term, would be compromised, thereby negatively affecting our business prospects and viability.

Beneficient is obligated to make debt payments totaling \$75.6 million on certain outstanding borrowings through May 30, 2022 under the terms of the Amendment No. 1 to the Second Amended and Restated Credit Agreements as discussed in more detail in Note 9. Primarily due to both the forthcoming debt payments under the Credit Agreement and Second Lien Credit Agreement and the anticipated deconsolidation of Beneficient from GWG Holdings, as discussed above and in Note 17, which is expected to result in reduced reliance by Beneficient on GWG Holdings to fund its operations, Beneficient will require additional liquidity to continue its operations over the next twelve months. We expect Beneficient to satisfy these obligations and fund its operations through anticipated operating cash flows, proceeds from distributions on the alternative assets portfolio, additional investments into Beneficient by GWG Holdings and/or other parties and, potentially refinancing with other third-party lenders some or all of the existing borrowings due prior to their maturity. Beneficient is currently in the process of raising additional equity, which is anticipated to close during the fourth quarter of 2021 and/or the first quarter of 2022.

Beneficient may not be able to refinance or obtain additional financing on terms favorable to the Company, or at all. To the extent that Beneficient raises additional capital through the future sale of equity or debt, the ownership interest of its existing equity holders may be diluted. The terms of these future equity or debt securities may include liquidation or other preferences that adversely affect the rights of its existing equity unitholders or involve negative covenants that restrict Beneficient's ability to take specific actions, such as incurring additional debt or making additional investments in growing its operations. If Beneficient defaults on these borrowings, then it will be required to either i) sell assets to repay these loans or ii) to raise additional capital through the sale of equity and the ownership interest of our equity holders may be diluted. Moreover, if Beneficient were to sell assets to avoid a default of these borrowings, then the price at which Beneficient sold such assets may

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

not reflect the carrying value of those assets as reflected in our condensed consolidated financial statements, especially in the event of a bulk or distressed sale.

On November 11, 2019, GWG Holdings contributed the common stock and membership interests of its then wholly-owned FOXO Labs and FOXO Life subsidiaries to FOXO in exchange for a membership interest in the entity. On November 13, 2020, FOXO BioScience LLC converted to a corporation and is now known as FOXO Technologies Inc. With the corporate conversion, GWG Holdings' previous membership interest in the LLC converted to preferred equity. As of March 31, 2021, GWG Holdings was committed to contribute an additional \$2.5 million to FOXO, all of which was contributed by October 2021.

(2) Summary of Significant Accounting Policies

Restatement — The Company restated its previously issued (i) consolidated balance sheet as of December 31, 2019, included in its Annual Report on Form 10-K for the year ended December 31, 2019 and (ii) the consolidated statement of operations, (iii) the consolidated statement of changes in stockholders' equity, and (iv) the consolidated statement of cash flows for the year ended December 31, 2019, included in its Annual Report on Form 10-K for the year ended December 31, 2019, (the "Restatement") as part of its 2020 Form 10-K. The Restatement also impacted each of the quarters for the periods beginning with GWG Holdings, Inc.'s consolidation with The Beneficient Company Group, L.P. ("Ben LP," including all of the subsidiaries it may have from time to time — "Beneficient") as of December 31, 2019 through the quarter ended September 30, 2020.

The historical interim periods included in this Form 10-Q have been restated to reflect the Restatement.

Basis of Presentation — The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the U.S. Securities and Exchange Commission ("SEC") requirements for interim reporting, which allows certain footnotes and other financial information normally required by Generally Accepted Accounting Principles in the United States of America ("GAAP") to be condensed or omitted. In our opinion, the condensed consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary for the fair presentation of the Company's financial position and results of operations. These statements should be read in conjunction with the consolidated financial statements and notes included in our 2020 Form 10-K. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year.

Significant accounting policies are detailed in Note 2 to the consolidated financial statements included in the Company's 2020 Form 10-K. There are no new or revised significant accounting policies as of March 31, 2021.

Use of Estimates — The preparation of our condensed consolidated financial statements in conformity with GAAP requires management to make significant estimates and assumptions affecting the reported amounts of assets and liabilities at the date of the condensed consolidated financial statements, as well as the reported amounts of revenue during the reporting period. Management regularly evaluates estimates and assumptions, which are based on current facts, historical experience, management's judgment, and various other factors that we believe to be reasonable under the circumstances. Our actual results may differ materially and adversely from our estimates. Material estimates that are particularly susceptible to change, in the near term, relate to: (1) determining the assumptions used in estimating the fair value of our investments in life insurance policies, (2) determining the grant date fair value for equity-based compensation awards, (3) determining the allocation of income (loss) to Beneficient's equity holders, and (4) evaluation of potential impairment of goodwill and other intangibles.

As it relates to the goodwill intangible asset, in light of Beneficient's significant recurring losses from operations, negative cash flows from operations, and delays in executing its business plans, management plans to engage a third-party valuation firm to assist in performing a quantitative goodwill impairment test in the fourth quarter of 2021. The valuation work related to the goodwill intangible is not complete, and we expect the work to be completed before the filing of our 2021 annual financial statements. While management has implemented strategies to execute its business plans, a failure to execute our business plans or adverse market changes in the future could result in changes in management's forecasts, which could result in a decline in estimated fair value of the Beneficient reporting unit and would result in an impairment of our goodwill intangible. Key assumptions in our quantitative goodwill impairment test include assumptions regarding Ben LP's ability to raise substantial amounts of capital as disclosed in the 2020 Form 10-K. Beneficient is actively engaged in capital raising efforts that may include the issuance of equity or debt of Ben LP or one of its subsidiaries and has received non-binding indications of interest from potential investors. The outcome of Ben LP's capital raising efforts will have a direct impact on management's forecasts.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

and consequently, have a direct impact on the magnitude of future goodwill intangible impairment losses, if any. The outcome of Ben LP's capital raising efforts is uncertain, and it is not certain that the potential investors that have submitted non-binding indications of interest ultimately will invest in Ben LP, or the amount of any such investments. As a result, our quantitative goodwill intangible impairment analysis, once complete, could result in material goodwill intangible impairment in the near future.

Reclassification — Certain prior year amounts have been reclassified for consistency with the current year presentation. Specifically, payments for issuances of L Bonds were previously combined with payments for redemptions of L Bonds in the condensed consolidated statements of cash flows. These payments are now presented separately within the cash flows from financing activities section. This change had no effect on the reported net cash flows provided by financing activities. Additionally, amortization of debt premiums were previously presented separately. This is now combined with amortization of deferred financing and issuance costs. This change had no effect on the reported net cash flows used by operating activities.

Newly Adopted Accounting Pronouncements — On January 1, 2021, we adopted Accounting Standards Update ("ASU") No. 2019-12, *Income Taxes: Simplifying the Accounting for Income Taxes (Topic 740)*. The amendments in ASU 2019-12 eliminate certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. ASU 2019-12 also clarifies and simplifies other aspects of the accounting for income taxes. The adoption of this standard did not have a material impact on the consolidated financial statements and disclosures.

Accounting Pronouncements Issued But Not Yet Adopted — In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which changes the impairment model for most financial assets and certain other instruments, including trade and other receivables, held-to-maturity debt securities and loans. There have been numerous codification improvements and technical corrections issued through subsequent ASUs since the issuance of ASU No. 2016-13. The standard requires entities to use a new, forward-looking "expected loss" model that is expected to generally result in the earlier recognition of allowances for losses. The guidance is effective for annual periods beginning after December 15, 2022, including interim periods within those years, for smaller reporting companies, as defined by the SEC, but early adoption is permitted. The Company is evaluating the potential impact of this guidance on our consolidated financial statements.

ASU 2020-04, *Reference Rate Reform (Topic 848)* was issued in March 2020. The amendments in Topic 848 provide optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. Topic 848 can be applied by all entities as of the beginning of the interim period that includes March 12, 2020, or any date thereafter, and entities may elect to apply the amendments prospectively through December 31, 2022. The Company did not utilize the optional expedients and exceptions provided by this standard during the three months ended March 31, 2021. The Company is evaluating the impact of this standard on its consolidated financial statements and disclosures.

ASU 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity (ASU 2020-06)* was issued in August 2020. The amendments in ASU 2020-06 simplify the accounting for convertible instruments by removing major separation models and removing certain settlement condition qualifiers for the derivatives scope exception for contracts in an entity's own equity, and simplify the related diluted net income per share calculation for both Subtopics. ASU 2020-06 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2023, for smaller reporting companies, as defined by the SEC. The Company is evaluating the impact of this ASU on its consolidated financial statements and disclosures.

(3) Restrictions on Cash

Under the terms of the second amended and restated senior credit facility with LNV Corporation (as amended from time to time, "LNV Credit Facility", discussed further in Note 9), we are required to maintain collection and payment accounts that are used to collect policy benefits from pledged policies, pay annual policy premiums, interest and other charges under the facility, distribute funds to pay down the facility, and distribute excess funds to the borrower (GWG DLP Funding IV, LLC).

The agents for the lender authorize the disbursements from these accounts. At March 31, 2021 and December 31, 2020, there was a balance of \$23.8 million and \$33.5 million, respectively, in these collection and payment accounts.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Under the terms of the ExAlt Plan™ trust agreements, the trusts are required to maintain capital call reserves and administration reserves. These reserves are used to satisfy capital call obligations and pay fees and expenses for the trusts as required. The fees and expenses are primarily paid to Ben Custody Admin for serving as the administrative agent to the current trustees of the ExAlt Trusts. These reserves represent cash held in banks. At March 31, 2021 and December 31, 2020, there was a combined balance of \$5.3 million and \$5.4 million, respectively, in these reserves.

(4) Investment in Life Insurance Policies

The Company's investments in life insurance policies are valued based on unobservable inputs that are significant to their overall fair value. Changes in the fair value of these policies, net of premiums paid, are recorded in gain (loss) on life insurance policies, net in our condensed consolidated statements of operations.

The fair value of our life insurance policies is determined as the net present value of the life insurance portfolio's future expected cash flows (policy benefits received and required premium payments) that incorporates life expectancy estimates obtained when the policy was purchased and current discount rate assumptions. We refer to our valuation methodology as the Longest Life Expectancy methodology. This methodology utilizes a portfolio mortality multiplier ("PMM") that allows us to "fit" projections to actual results, which provides a basis to forecast future performance more accurately.

The life expectancies used in our valuation were obtained at the time of policy purchase and are generally derived from reports obtained from widely accepted life expectancy providers (other than insured lives covered under small face amount policies — those with \$1.0 million in face value benefits or less — which utilize either a single fully underwritten, or simplified report based on self-reported medical interview). Our valuation methodology also incorporates assumptions relating to cost-of-insurance (premium) rates and other assumptions, including a discount rate.

The discount rate we apply is primarily based on information about the discount rates observed in recent portfolio purchase transactions in the life insurance tertiary market. The discount rate also incorporates fixed income market interest rates, the estimated credit exposure to the insurance companies that issued the life insurance policies and management's estimate of the operational risk yield premium a purchaser would require to receive the future cash flows derived from our portfolio as a whole. In prior periods, the discount rate also incorporated information about the discount rates observed in the life insurance secondary market through the Company's internal competitive bidding to purchase policies. However, the Company discontinued the use of this input as of December 31, 2020, as it is no longer actively purchasing policies in the life insurance secondary market. The determination of the discount rate used in the valuation of the Company's life insurance policies requires management judgment and incorporates information that is reasonably available to management as of the date of the valuation. As a result of management's analysis, a discount rate of 8.25% was applied to our portfolio as of both March 31, 2021 and December 31, 2020.

Portfolio Information

Our portfolio of life insurance policies, owned by GWG Holdings' subsidiaries as of March 31, 2021, is summarized below:

Life Insurance Portfolio Summary

Total life insurance portfolio face value of policy benefits (in thousands)	\$	1,879,895
Average face value per insured life (in thousands)	\$	1,973
Average life expectancy estimate (years)*		6.9
Total number of policies		1,032
Number of unique lives		953
Demographics		74% Male; 26% Female
Number of smokers		40
Largest policy as % of total portfolio face value		0.7 %
Average policy as % of total portfolio face value		0.1 %
Average annual premium as % of face value		3.9 %

(*) Averages presented in the table are weighted averages by face amount of policy benefits.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

A summary of our policies organized according to their estimated life expectancy dates, grouped by year, as of the reporting date, is as follows (dollars in thousands):

Years Ending December 31,	As of March 31, 2021			As of December 31, 2020		
	Number of Policies	Estimated Fair Value	Face Value	Number of Policies	Estimated Fair Value	Face Value
Nine months ending December 31, 2021	4	\$ 4,385	\$ 4,588	15	\$ 19,429	\$ 22,298
2022	56	64,906	82,258	62	66,657	88,698
2023	100	111,424	168,410	106	113,926	178,983
2024	116	127,431	219,793	119	130,280	229,815
2025	106	97,319	203,745	111	85,842	187,042
2026	119	98,406	223,932	115	100,280	237,632
Thereafter	531	287,628	977,169	530	275,497	956,247
Totals	1,032	\$ 791,499	\$ 1,879,895	1,058	\$ 791,911	\$ 1,900,715

We recognized life insurance benefits of \$26.0 million and \$25.5 million during the three months ended March 31, 2021 and 2020, respectively, related to policies with a carrying value of \$8.6 million and \$6.0 million, respectively, and as a result recorded realized gains of \$17.4 million and \$19.5 million, respectively. The aforementioned carrying value, which represents the aggregate cost basis in the policies that matured during the period, is considered a return of investment within the investing section of the condensed consolidated statements of cash flows. Changes in fair value of policies and the other components of the net gain on life insurance policies, as detailed below, are included in the operating section of the condensed consolidated statements of cash flows.

A reconciliation of gain (loss) on life insurance policies is as follows (in thousands):

	Three Months Ended March 31,	
	2021	2020
Change in estimated probabilistic cash flows ⁽¹⁾	\$ 13,247	\$ 17,851
Premiums and other annual fees	(18,635)	(17,199)
Face value of matured policies	25,960	25,502
Fair value of matured policies	(13,660)	(11,709)
Gain on life insurance policies, net	<u>\$ 6,912</u>	<u>\$ 14,445</u>

(1) Change in fair value of expected future cash flows relating to our investment in life insurance policies that are not specifically attributable to changes in life expectancy, discount rate changes or policy maturity events.

Estimated premium payments and servicing fees required to maintain our current portfolio of life insurance policies in force for the next five years, assuming no mortalities, are as follows (in thousands):

Years Ending December 31,	Premiums	Servicing	Total
Nine months ending December 31, 2021	\$ 52,652	\$ 1,098	\$ 53,750
2022	87,374	1,463	88,837
2023	99,346	1,463	100,809
2024	108,838	1,463	110,301
2025	121,088	1,463	122,551
2026	133,556	1,463	135,019
	<u>\$ 602,854</u>	<u>\$ 8,413</u>	<u>\$ 611,267</u>

Management anticipates funding the majority of the premium payments and servicing fees estimated above from cash flows realized from life insurance policy benefits, and to the extent necessary, with additional borrowing capacity created as the

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

premiums and servicing costs of pledged life insurance policies become due, under the LNV Credit Facility and the net proceeds from our offering of L Bonds as described in Note 9. Management anticipates funding premiums and servicing costs of non-pledged life insurance policies with cash flows realized from life insurance policy benefits from our portfolio of life insurance policies and net proceeds from GWG Holdings' offering of L Bonds. The proceeds of these capital sources may also be used for: the purchase, policy premiums and servicing costs of additional life insurance policies; working capital; and financing expenditures including paying principal, interest and dividends.

(5) Investments in Alternative Assets

The investments held, either through direct ownership or through a beneficial interest, by certain of the ExAlt Trusts consist primarily of limited partnership interests in various alternative assets, including private equity funds. These alternative investments are valued using NAV as a practical expedient. Changes in the NAV of these investments are recorded in investment income, net in our consolidated statements of operations. The investments in alternative assets provide the economic value that ultimately collateralizes the loan that Beneficient originates with the ExAlt Trusts in a liquidity transaction.

The NAV calculation reflects the most current report of NAV and other data received from firm/fund sponsors. If no such report has been received, Beneficient estimates NAV based upon the last NAV calculation reported by the investment manager and adjusts it for capital calls and distributions made in the intervening time frame. In some instances, current available valuation information may indicate that the valuations that are available from third-party sources are not reliable. In these instances, Beneficient may perform model-based analytical valuations that could be used as an input to value these investments. Public equity securities known to be owned within an alternative investment fund, based on the most recent information reported by the general partners, are marked to market using quoted market prices on the reporting date.

The underlying interests in alternative assets are primarily limited partnership interests, and the limited partnership agreements governing those interests generally include restrictions on disclosure of fund-level information, including fund names and company names in the funds. The transfer of the investments in private equity funds generally requires the consent of the corresponding private equity fund manager, and the transfer of certain fund investments is subject to rights of first refusal or other preemptive rights, potentially further limiting the ExAlt Plan™ from transferring an investment in a private equity fund. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments are liquidated. Timing of liquidation is currently unknown.

Portfolio Information

Our portfolio of alternative investments, held by certain of the ExAlt Trust subsidiaries by asset class of each fund as of March 31, 2021 and December 31, 2020, is summarized below:

Alternative Investments Portfolio Summary⁽¹⁾

Asset Class	March 31, 2021		December 31, 2020	
	Value	Unfunded Commitments	Value	Unfunded Commitments
Venture Capital	\$ 109,293	\$ 1,520	\$ 123,021	\$ 1,659
Private Equity	104,324	33,401	92,316	33,387
Private Real Estate	2,003	270	2,118	269
Other ⁽²⁾	3,809	294	4,439	294
Total	\$ 219,429	\$ 35,485	\$ 221,894	\$ 35,609

⁽¹⁾ Amounts presented in the table exclude the collateral resulting from the Collateral Swap, including GWG Holdings' common stock valued at \$84.6 million, 543,874 shares of Ben Common Units valued at \$6.8 million, and GWG L Bonds due 2023 in the aggregate principal amount of \$94.8 million, all of which are eliminated in consolidation.

⁽²⁾ "Other" includes private debt strategies, natural resources strategies, and hedge funds.

As of March 31, 2021, ExAlt Trusts' portfolio had exposure to 115 professionally managed alternative investment funds, comprised of 321 underlying investments, 97 percent of which are investments in private companies.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

(6) Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures* (“ASC 820”), establishes a hierarchical disclosure framework that prioritizes and ranks the level of market price observability used in measuring assets and liabilities at fair value. Market price observability is affected by a number of factors, including the type of investment, the characteristics specific to the investment and the state of the marketplace, including the existence and transparency of transactions between market participants. Assets and liabilities with readily available and actively quoted prices, or for which fair value can be measured from actively quoted prices in an orderly market, generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

ASC 820 maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the use of observable inputs whenever available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from third-party sources. Unobservable inputs are inputs that reflect assumptions about how market participants price an asset or liability based on the best available information. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date (a non-distressed transaction in which neither seller nor buyer is compelled to engage in the transaction).

The fair value hierarchy is broken down into three levels based on the observability of inputs as follows:

- Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date. Valuations are based on quoted prices that are readily and regularly available in an active market.
- Level 2 — Valuations based quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable market data.
- Level 3 — Valuations based on inputs that are unobservable, are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and are not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such instruments.

A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Investments valued using NAV as a practical expedient are excluded from this hierarchy. At March 31, 2021 and December 31, 2020, the fair value of these investments using the NAV per share practical expedient was \$219.4 million and \$221.9 million, respectively. During both the three months ended March 31, 2021 and 2020, \$2.1 million was recognized from changes in NAV, which is recorded within investment income (loss) on our consolidated statements of operations.

The availability of observable inputs can vary by types of assets and liabilities and is affected by a wide variety of factors, including, for example, whether an instrument is established in the marketplace, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by management in determining fair value is greatest for assets and liabilities categorized in Level 3.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Financial instruments measured at fair value on a recurring basis

The Company's financial assets and liabilities carried at fair value on a recurring basis, including the level in the fair value hierarchy, on March 31, 2021 and December 31, 2020 are presented below (in thousands).

	As of March 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments in put options	\$ 4,837	\$ —	\$ —	\$ 4,837
Investments in life insurance policies	—	—	791,499	791,499
	As of December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets:				
Investments in put options	\$ 7,017	\$ —	\$ —	\$ 7,017
Investments in life insurance policies	—	—	791,911	791,911

The following is a description of the valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Investments in put options

On July 17, 2020, Ben LP, through its subsidiary CT Risk Management, L.L.C., made aggregate payments of \$14.8 million to purchase put options against a decrease in the S&P 500 Index. The options have an aggregate notional amount of \$300.0 million and are designed to protect the net asset value of the interests in alternative assets that support the Collateral to Beneficiary's loan portfolio against market risk. One-half of the put options expire in July 2022 with the remaining put options expiring in July 2023. Changes in the fair value of the options are recognized directly in earnings. The fair value of the options is recorded in the other assets line item of the condensed consolidated balance sheets, and changes in the fair value of the options are recognized directly in earnings in the other income (loss) line item of the condensed consolidated statements of operations.

Repurchase options

Repurchase options were fair valued using a Black-Scholes option pricing model with a time-dependent strike price for the repurchase price. The option pricing model has assumptions related to a period of restricted exercise price, dividend yield, underlying NAVs, alternative asset growth rates, volatilities, and market discount rate. The Company uses Level 3 inputs for its fair value estimates. The unrealized impact of this Level 3 measurement on earnings is reflected in investment income (loss).

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

The following table reconciles the beginning and ending fair value of our Level 3 repurchase options (in thousands). The three months ended March 31, 2021, is not presented as the repurchase options, all of which were unexercised, expired during the third and fourth quarters of 2020, which is recognized in the investment income (loss) line item of the condensed consolidated statement of operations. Additionally, during the three months ended March 31, 2020, \$2.1 million of loss was recognized from changes in NAV, which is recorded within investment income (loss) on our consolidated statements of operations.

		Three Months Ended March 31, 2020
Beginning balance	\$	61,664
Total gain in earnings ⁽¹⁾		(9,612)
Purchases		—
Settlements		—
Ending balance	\$	52,052

⁽¹⁾ Net change in fair value.

The following table provides quantitative information about the significant unobservable inputs used in the fair value measurement of the Level 3 repurchase options as of March 31, 2020 (dollars in thousands):

Valuation Date	Fair Value	Valuation Methodology	Unobservable Inputs	Range of Targets
March 31, 2020	\$ 52,052	Option Pricing Model	Alternative asset market discount rate	0.085
			Dividend yield	.11 - .54
			Net asset value growth rates	0.085
			Net asset value volatilities	0.24 - 0.45
			Restricted exercise period	1 year

Investments in life insurance policies

The estimated fair value of our portfolio of life insurance policies is determined on a quarterly basis by management taking into consideration a number of factors, including changes in discount rate assumptions, estimated premium payments and life expectancy estimate assumptions, as well as any changes in economic and other relevant conditions. The discount rate incorporates information about discount rates observed in the life insurance secondary market through competitive bidding observations (which have declined recently as a result of our decreased purchase activity) and other means, fixed income market interest rates, the estimated credit exposure to the insurance companies that issued the life insurance policies and management's estimate of the operational risk yield premium a purchaser would require to receive the future cash flows derived from our portfolio as a whole. The determination of the discount rate used in the valuation of the Company's life insurance policies requires management judgment and incorporates information that is reasonably available to management as of the date of the valuation.

Under our Longest Life Expectancy portfolio valuation methodology, we: i) utilize life expectancy reports from third-party life expectancy providers for the pricing of all life insurance policies at the time of purchase; ii) apply a stable valuation methodology driven by the experience of our life insurance portfolio, which is re-evaluated if experience deviates by a specified margin; and iii) use relevant market observations that can be validated and mapped to the discount rate used to value the life insurance portfolio.

These inputs are then used to estimate the discounted cash flows from the portfolio using the ClariNet LS probabilistic and stochastic portfolio pricing model from ClearLife Limited, which estimates the expected cash flows using various mortality probabilities and scenarios. The valuation process includes a review by senior management as of each quarterly valuation date. We also engage ClearLife Limited to prepare a net present value calculation of our life insurance portfolio using the inputs we provide on a quarterly basis.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

The following table reconciles the beginning and ending fair value of our Level 3 investments in our portfolio of life insurance policies (in thousands):

	Three Months Ended March 31,	
	2021	2020
Beginning balance	\$ 791,911	\$ 796,039
Total gain in earnings ⁽¹⁾	8,162	12,177
Settlements ⁽²⁾	(8,574)	(6,035)
Ending balance	<u>\$ 791,499</u>	<u>\$ 802,181</u>

(1) Net change in fair value

(2) Policy maturities at initial cost basis

The net activity in the table above is reported in gain on life insurance policies, net, in the condensed consolidated statements of operations. There have been no transfers between levels in the fair value hierarchy for any assets or liabilities recorded at fair value on a recurring basis or any changes in the valuation techniques used for measuring the fair value as of March 31, 2021 and December 31, 2020.

The following table summarizes the inputs utilized in estimating the fair value of our portfolio of life insurance policies:

	As of March 31, 2021	As of December 31, 2020
Weighted-average age of insured, years*	83.2	83.1
Age of insured range, years	64-101	63-100
Weighted-average life expectancy, months*	83.2	83.0
Life expectancy range, months	0-240	0-240
Average face amount per policy (in thousands)	\$ 1,822	\$ 1,797
Discount rate	8.25 %	8.25 %

(*) Weighted-average by face amount of policy benefits

Life expectancy estimates and market discount rates for a portfolio of life insurance policies are inherently uncertain and the effect of changes in estimates may be significant. For example, if the life expectancy estimates were increased or decreased by four and eight months on each outstanding policy, and the discount rates were increased or decreased by 1% and 2%, with all other variables held constant, the fair value of our investment in life insurance policies would increase or decrease as summarized below (in thousands):

	Change in Life Expectancy Estimates			
	Minus 8 Months	Minus 4 Months	Plus 4 Months	Plus 8 Months
March 31, 2021	\$ 96,582	\$ 44,985	\$ (61,342)	\$ (113,303)
December 31, 2020	\$ 97,837	\$ 45,536	\$ (61,713)	\$ (114,099)
	Change in Discount Rate			
	Minus 2%	Minus 1%	Plus 1%	Plus 2%
March 31, 2021	\$ 81,019	\$ 38,645	\$ (35,351)	\$ (67,782)
December 31, 2020	\$ 82,983	\$ 39,560	\$ (36,151)	\$ (69,284)

Financial instruments measured at fair value on a non-recurring basis

There were no assets or liabilities measured at fair value on a non-recurring basis as of March 31, 2021 and December 31, 2020, respectively.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Carrying amounts and estimated fair values

The Company is required to disclose the estimated fair value of financial instruments, whether or not recognized in the condensed consolidated balance sheets, for which it is practicable to estimate those values. These fair value estimates are determined based on relevant market information and information about the financial instruments. Fair value estimates are intended to represent the price at which an asset could be sold or the price at which a liability could be settled. However, given there is no active market or observable market transactions for many of the Company's financial instruments, estimates of fair values are subjective in nature, involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimated values. Nonfinancial instruments are excluded from disclosure requirements.

The carrying amounts and estimated fair values of the Company's financial instruments not recorded at fair value were as noted in the tables below (in thousands).

As of March 31, 2021			
	Level in Fair Value Hierarchy	Carrying Amount	Estimated Fair Value
Financial assets:			
Cash, cash equivalents and restricted cash	1	\$ 114,152	\$ 114,152
Life insurance policy benefits receivable, net	1	18,238	18,238
Financial liabilities:			
Senior credit facility with LNV Corporation	2	\$ 165,455	\$ 174,007
L Bonds and Seller Trust L Bonds	1	1,617,195	1,617,195
Debt due to related parties	2	76,955	86,085
Other liabilities	1	42,738	42,738
As of December 31, 2020			
	Level in Fair Value Hierarchy	Carrying Amount	Estimated Fair Value
Financial assets:			
Cash, cash equivalents and restricted cash	1	\$ 124,160	\$ 124,160
Life insurance policy benefits receivable, net	1	14,334	14,334
Financial liabilities:			
Senior credit facility with LNV Corporation	2	\$ 193,730	\$ 202,611
L Bonds and Seller Trust L Bonds	1	1,519,006	1,519,006
Debt due to related parties	2	76,260	78,081
Other liabilities	1	50,585	50,585

Other liabilities is comprised of the interest and dividends payable and accounts payable and accrued expenses line items on the condensed consolidated balance sheets as of March 31, 2021 and December 31, 2020.

Certain assets are subject to periodic impairment testing by comparing the respective carrying value of the asset to its estimated fair value. In the event we determine these assets to be impaired, we would recognize an impairment loss equal to the amount by which the carrying value of the impaired asset exceeds its estimated fair value. These periodic impairment tests utilize company-specific assumptions involving significant unobservable inputs, or Level 3, in the fair value hierarchy.

(7) Equity Method Investments

FOXO Technologies Inc. (formerly, FOXO BioScience LLC)

On November 11, 2019, GWG Holdings contributed the common stock and membership interests of its wholly-owned subsidiaries, FOXO Labs and FOXO Life ("Insurtech Subsidiaries"), to a legal entity then known as FOXO BioScience LLC, in exchange for a membership interest in FOXO. On November 13, 2020, FOXO BioScience LLC converted to a corporation and is now known as FOXO Technologies Inc. With the conversion to a corporation, GWG Holdings' previous membership interest

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

in the LLC converted to preferred equity in FOXO. Although GWG Holdings has a financial interest in FOXO, GWG Holdings does not have a controlling financial interest because another party is the majority shareholder of the voting class of securities. Therefore, we account for GWG Holdings' ownership interest in FOXO as an equity method investment.

The following table includes a rollforward of the equity method investment in FOXO (in thousands):

	Three Months Ended March 31,	
	2021	2020
Beginning balance	\$ 8,582	\$ 1,761
Contributions	1,250	5,417
Loss on equity method investment	(3,514)	(1,530)
Ending balance	<u>\$ 6,318</u>	<u>\$ 5,648</u>

In accordance with the subscription agreement of FOXO, as of March 31, 2021, GWG Holdings was committed to contribute an additional \$2.5 million to the entity through October 2021, all of which has been contributed through such date. GWG Holdings' investment in FOXO is presented in other assets in our condensed consolidated balance sheets. Our proportionate share of earnings or losses from our investee is recognized in earnings (loss) from equity method investments in our condensed consolidated statements of operations.

(8) Variable Interest Entities

In accordance with ASC 810, *Consolidation*, the Company assesses whether it has a variable interest in legal entities in which it has a financial relationship and, if so, whether or not those entities are variable interest entities ("VIEs"). For those entities that qualify as VIEs, ASC 810 requires the Company to determine if the Company is the primary beneficiary of the VIE, and if so, to consolidate the VIE.

VIEs for Which the Company is the Primary Beneficiary

ExAlt Trusts

The Company determined that the ExAlt Trusts used in connection with Beneficient's operations are VIEs of which Beneficient is the primary beneficiary. The Company concluded that Beneficient is the primary beneficiary of the trusts as it has the power to direct the most significant activities and has an obligation to absorb potential losses of the trusts. Accordingly, the results of the trusts are included in the Company's condensed consolidated financial statements. The assets of the trusts may only be used to settle obligations of the trusts. Other than potentially funding capital calls above the related reserve (refer to Note 15), there is no recourse to the Company for the trusts' liabilities.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

The cash flows generated by these VIEs are included within the Company's consolidated statements of cash flows. The consolidated balance sheets include the following amounts from these consolidated VIEs as of the dates presented (in thousands):

	March 31, 2021	December 31, 2020
Assets:		
Cash and cash equivalents	\$ 5,188	\$ 5,965
Restricted cash	5,253	5,386
Investments in alternative assets, at NAV	219,428	221,894
Other assets	1,390	1,273
Total Assets of VIE	\$ 231,259	\$ 234,518
Liabilities:		
Accounts payable and accrued expense	\$ 1,958	\$ 2,029
Total Liabilities of VIE	\$ 1,958	\$ 2,029
Equity (Deficit):		
Noncontrolling interest	\$ (5,871)	\$ 7,208
Total Equity of VIE	\$ (5,871)	\$ 7,208

The consolidated statement of operations for the three months ended March 31, 2021 and 2020, includes the following amounts from these consolidated VIEs (in thousands):

	Three Months Ended March 31,	
	2021	2020
REVENUE		
Investment income, net	\$ 2,090	\$ 7,556
Interest income	—	20
TOTAL REVENUE	2,090	7,576
EXPENSES		
Other expenses	211	1
TOTAL EXPENSES	211	1
NET INCOME	1,879	7,575
Net loss attributable to noncontrolling interests	12,832	10,468
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ 14,711	\$ 18,043

CT Risk Management L.L.C.

On March 20, 2020, CT Risk Management, L.L.C. ("CT") was created as a Delaware limited liability company to reduce the impact of a potential market downturn on the interests in alternative assets that support the Collateral for receivables held by Beneficient by distributing any potential profits to certain of the ExAlt Trusts thereby offsetting any reduction in the value of the alternative assets. The LLC agreement was amended and restated on April 16, 2020. There was no activity of CT until July 2020 when Beneficient made a capital contribution of \$14.8 million, which was used to purchase the put options reflected in the condensed consolidated balance sheets as of March 31, 2021 and December 31, 2020.

CT is considered a VIE as the at-risk equity holder, Ben LP, does not have all of the characteristics of a controlling financial interest due to Ben LP's receipt of returns being limited to its initial investment in CT. The Company concluded that Beneficient is the primary beneficiary of CT as it has the power to direct the most significant activities and has an obligation to absorb potential losses of CT. Accordingly, the results of CT are included in the Company's condensed consolidated financial statements.

As of March 31, 2021 and December 31, 2020, the condensed consolidated balance sheets include assets of this consolidated VIE with a carrying value of \$4.8 million and \$7.0 million, respectively, which is recorded in the other assets line item. Additionally, the Company recorded a \$2.2 million loss on investment for the three months ended March 31, 2021, which is reported in the other income (loss) line item of the condensed consolidated statements of operations.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

VIEs for Which the Company is Not the Primary Beneficiary

We determined that FOXO is a VIE, but that we are not the primary beneficiary of the variable interests. We do not have the power to direct any activities of FOXO that most significantly impact its economic performance. The Company's exposure to risk of loss in FOXO is limited to its equity method investment in the preferred equity of FOXO and its remaining unfunded capital commitments.

The following table shows the classification, carrying value and maximum exposure to loss with respect to the Company's unconsolidated VIEs (in thousands):

	March 31, 2021		December 31, 2020	
	Carrying Value	Maximum Exposure to Loss	Carrying Value	Maximum Exposure to Loss
Total equity method investment	\$ 6,318	\$ 8,818	\$ 8,582	\$ 12,332

(9) Debt

Senior Credit Facility with LNV Corporation

On November 1, 2019, DLP IV entered into a second amended and restated senior credit facility with LNV Corporation (as amended and restated by the Fourth Amended Facility (defined in Note 17) on September 7, 2021, the ("LNV Credit Facility")), as lender, and CLMG Corp., as the administrative agent on behalf of the lenders under the agreement, which replaced the amended and restated senior credit facility dated September 27, 2017 that previously governed DLP IV's senior credit facility. The LNV Credit Facility makes available a total of up to \$300.0 million in credit to DLP IV with a maturity date of September 27, 2029. Subject to available borrowing base capacity, additional advances are available under the LNV Credit Facility at the LIBOR rate described below. Such advances are available to pay the premiums and servicing costs of pledged life insurance policies as such amounts become due. Interest will accrue on amounts borrowed under the LNV Credit Facility at an annual interest rate, determined as of each date of borrowing or quarterly if there is no borrowing, equal to (a) the greater of 1.50% or 12-month LIBOR, plus (b) 7.50% per annum. The effective rate at March 31, 2021 was 9.00%. Interest payments are made on a quarterly basis.

Under the LNV Credit Facility, DLP IV has granted the administrative agent, for the benefit of the lenders under the agreement, a security interest in all of DLP IV's assets.

In conjunction with entering into the LNV Credit Facility, DLP IV pledged life insurance policies having an aggregate face value of approximately \$298.3 million as additional collateral and received an advance of approximately \$37.1 million (inclusive of certain fees and expenses incurred in connection with the negotiation and entry into the LNV Credit Facility). The LNV Credit Facility has certain financial and nonfinancial covenants, and we were in compliance with these covenants at March 31, 2021, and continue to be as of the date of this filing, except as discussed below.

In addition, the LNV Credit Facility has certain reporting obligations that require DLP IV to deliver audited annual financial statements no later than ninety days after the end of each fiscal year. Due to the failure to issue GWG Life, LLC audited financial statements for 2020 to LNV Corporation within 90 days after the end of the year, we were in violation of our financial reporting obligations under the LNV Credit Facility. CLMG Corp., as administrative agent for LNV Corporation, issued a limited deferral extending the delivery of these reports to May 17, 2021. We regained compliance on May 17, 2021, when the audited annual financial statements of GWG Life were delivered to LNV Corporation.

As of March 31, 2021, approximately 77.0% of the total face value of our life insurance policies portfolio is pledged to LNV Corporation. The principal amount outstanding under this facility was \$174.0 million and \$202.6 million at March 31, 2021 and December 31, 2020, respectively. There were unamortized deferred financing costs of \$8.6 million and \$8.9 million as of March 31, 2021 and December 31, 2020, respectively. Obligations under the LNV Credit Facility are secured by a security interest in DLP IV's assets, for the benefit of the lenders, through an arrangement under which Wells Fargo Bank, N.A. serves as securities intermediary. The life insurance policies owned by DLP IV do not serve as direct collateral for the obligations of GWG Holdings under the L Bonds and Seller Trust L Bonds. The difference between the amount outstanding and the carrying amount on our condensed consolidated balance sheets is due to netting of unamortized debt issuance costs.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

L Bonds

GWG Holdings began publicly offering and selling L Bonds in January 2012, which have been sold under various registration statements since that time. On December 1, 2017, an additional public offering was declared effective permitting us to sell up to \$1.0 billion in principal amount of L Bonds on a continuous basis until December 2020. We reached the maximum capacity on this offering during the third quarter of 2020.

On June 3, 2020, a registration statement relating to an additional public offering was declared effective permitting us to sell up to \$2.0 billion in principal amount of L Bonds on a continuous basis through June 2023. These bonds contain the same terms and features as our previous offerings.

We are party to an indenture governing the L Bonds dated October 19, 2011, as amended (“Indenture”), under which GWG Holdings is obligor, GWG Life is guarantor, and Bank of Utah serves as indenture trustee. Effective December 31, 2019, we entered into Amendment No. 2 to the indenture, which primarily modified the calculation of the debt coverage ratio to allow the Company greater flexibility to finance and to anticipate the potential impacts of GWG Holdings’ relationship with Beneficient.

We were in compliance with the covenants of the indenture at March 31, 2021, and as of the date of this filing, and no Events of Default (as defined in the Amended and Restated Indenture) existed as of such dates.

GWG Holdings publicly offers and sells L Bonds under a registration statement declared effective by the SEC and have issued Seller Trust L Bonds under the L Bond Supplemental Indenture, as described below. We temporarily suspended the offering of GWG Holdings’ L Bonds, commencing April 16, 2021, as a result of our delay in filing certain periodic reports with the SEC, including this Quarterly Report on Form 10-Q. We anticipate recommencing the offering of GWG Holdings’ L Bonds when we regain compliance with SEC filing requirements.

The bonds have renewal features under which we may elect to permit their renewal, subject to the right of bondholders to elect to receive payment at maturity. Interest is payable monthly or annually depending on the election of the investor.

At both March 31, 2021 and December 31, 2020, the weighted-average interest rate of GWG Holdings’ L Bonds was 7.21%. The principal amount of L Bonds outstanding, including Liquidity Bonds discussed below, was \$1.4 billion and \$1.3 billion at March 31, 2021 and December 31, 2020, respectively. The difference between the amount of outstanding L Bonds and the carrying amount on our condensed consolidated balance sheets is due to netting of unamortized deferred issuance costs, cash receipts for new issuances, and payments of redemptions in process. There were \$24.8 million and \$18.0 million of subscriptions in process as of March 31, 2021 and December 31, 2020, respectively. Amortization of deferred issuance costs was \$5.0 million and \$3.9 million for the three months ended March 31, 2021 and 2020, respectively. Future expected amortization of deferred financing costs as of March 31, 2021 is \$52.0 million in total over the next seven years.

Seller Trust L Bonds

On August 10, 2018, in connection with the initial transfer of the Exchange Transaction described in Note 1, GWG Holdings issued Seller Trust L Bonds in the amount of \$366.9 million to the Seller Trusts. The maturity date of the Seller Trust L Bonds is August 9, 2023. The Seller Trust L Bonds bear interest at 7.50% per year. Interest is payable monthly in cash.

After December 28, 2020, the holders of the Seller Trust L Bonds have the right to cause GWG Holdings to repurchase, in whole but not in part, the Seller Trust L Bonds held by such holder. The repurchase may be paid, at the option of GWG Holdings, in the form of cash, and/or a pro rata portion of (i) the outstanding principal amount and accrued and unpaid interest under the Commercial Loan Agreement and (ii) Common Units, or a combination of cash and such property.

GWG Holdings’ L Bonds are offered and sold under a registration statement declared effective by the SEC, as described above, and GWG Holdings has issued Seller Trust L Bonds under the L Bond Supplemental Indenture.

As a result of the Collateral Swap on September 30, 2020, as discussed in Note 1, \$94.8 million of Seller Trust L Bonds are now held by certain trusts within the ExAlt Trusts, and are eliminated in consolidation.

The principal amount of Seller Trust L Bonds outstanding reflected on the condensed consolidated balance sheets was \$272.1 million at both March 31, 2021 and December 31, 2020.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Liquidity Bonds

On December 31, 2020, GWG Holdings, GWG Life, and Bank of Utah, as trustee (the “Trustee”), entered into a supplemental indenture, dated as of December 31, 2020 (the “Liquidity Bond Supplemental Indenture”), to that certain Amended and Restated Indenture, dated as of October 23, 2017 (as amended, the “Indenture”), among GWG Holdings, GWG Life and the Trustee, providing for the issuance from time to time of up to \$1.0 billion in aggregate principal amount of two new series of L Bonds (the “Liquidity Bonds”). The Liquidity Bonds will be offered and sold to accredited investors in transactions that are exempt from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”), pursuant to Regulation D under the Securities Act.

The Liquidity Bonds were issued as part of the Company’s strategy to expand its exposure to a portfolio of loans collateralized by cash flows from illiquid alternative assets. Holders of alternative assets are able to contribute their alternative assets to trusts that are part of the ExAlt Plan™ established by GWG Holdings’ subsidiary, Ben LP, in exchange for Liquidity Bonds. The Liquidity Bonds are issued by GWG Life, as issuer, and guaranteed by GWG Holdings, bear interest rates determined by the Company and the holders of the alternative assets being contributed and generally have a maturity of four years from issuance. The Liquidity Bonds are issued under the Indenture, and rank pari passu with respect to payment on and collateral securing all of the Company’s other L Bonds issued under the Indenture.

The Liquidity Bond Supplemental Indenture provides for the issuance of two series of Liquidity Bonds: Series A Liquidity Bonds and Series B Liquidity Bonds. The Company expects an exchange of alternative assets for Series A Liquidity Bonds will be treated as a non-taxable exchange for U.S. federal and state income tax purposes, and that an exchange of alternative assets for Series B Liquidity Bonds will be treated as a taxable exchange for U.S. federal and state income tax purposes. In addition to interest payments, holders of Series A Liquidity Bonds will be entitled to an annual, cash participation payment of up to 1.5% of the principal amount of their Series A Liquidity Bonds subject to GWG Life having net taxable income in a given year, prorated for the portion of such year that the holder owned the Series A Liquidity Bond. To the extent that the net taxable income of GWG Life is insufficient to provide holders of Series A Liquidity Bonds with the full participation payment for any given year, such shortfall shall carry forward and be payable from net taxable income earned by GWG Life in subsequent years.

Six months after the issuance date of a Liquidity Bond, the holder may elect to exchange the Liquidity Bond, at the beginning of each month and upon 30 days’ prior written notice to GWG Holdings, for that number of shares of GWG Holdings’ common stock (the “GWG Common Stock”) as determined by dividing the entire outstanding principal balance and accrued but unpaid interest of the Liquidity Bond by the Exchange Price (as defined below) or, at GWG Holdings’ election, common securities of a subsidiary of GWG Holdings (the “Subsidiary Common Securities”) if they are publicly traded on a national securities exchange, by dividing the entire outstanding principal balance and accrued but unpaid interest of the Liquidity Bond by the Subsidiary Common Securities Exchange Price (as defined below). For purposes of the Liquidity Bond Supplemental Indenture, (i) the Exchange Price will be set at a premium to the closing price of GWG Holdings’ Common Stock on the Nasdaq Stock Market on the last trading day prior to the execution and delivery of the binding agreement for issuance of the Liquidity Bond, and (ii) the Subsidiary Common Securities Exchange Price will be based on the Exchange Price multiplied by the exchange ratio of GWG Common Stock to the Subsidiary Common Securities issued in connection with any transaction in which GWG Common Stock is converted into, or exchanged for, Subsidiary Common Securities, or if there is no conversion or exchange, the Subsidiary Common Securities Exchange Price will be determined by GWG Holdings’ board of directors in good faith taking into account differences in capital structure and related matters between GWG Holdings and the issuer of such Subsidiary Common Securities.

The Liquidity Bonds are payable in cash at maturity, provided that the Liquidity Bonds may be paid at maturity (in GWG Life’s sole discretion) in GWG Common Stock (at the Exchange Price) or Subsidiary Common Securities if they are publicly traded on a national securities exchange (at the Subsidiary Common Security Exchange Price), or a combination of cash and GWG Common Stock or Subsidiary Common Securities.

GWG Life may call and redeem the entire outstanding principal balance and accrued but unpaid interest of any or all of the Liquidity Bonds for cash at any time without penalty or premium. Liquidity Bond holders have no rights to require GWG Life to redeem any Liquidity Bond prior to maturity.

As of March 31, 2021 and December 31, 2020, there was \$0.8 million and \$0.5 million in principal and, as of both dates, \$0.2 million of unamortized financing costs of Liquidity Bonds, respectively. The net of these amounts is presented on the condensed consolidated balance sheets in the L Bonds line item.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Debt Due to Related Parties

As of March 31, 2021 and December 31, 2020, Beneficient had borrowings that consisted of the following (in thousands):

	March 31, 2021	December 31, 2020
First Lien Credit Agreement	\$ 2,319	\$ 2,288
Second Lien Credit Agreement	73,242	72,260
Other borrowings	2,652	2,628
Unamortized debt discounts	(1,258)	(916)
Total debt due to related parties	<u>\$ 76,955</u>	<u>\$ 76,260</u>

Beneficient First and Second Lien Credit Agreement

On May 15, 2020, Beneficient executed a Term Sheet with HCLP Nominees, L.L.C. (“HCLP” or the “Lender”) to amend its then senior credit agreement and subordinated credit agreement. The resulting Second Amended and Restated First Lien Credit Agreement and Second Amended and Restated Second Lien Credit Agreement (collectively, the “Second Amendments”) was executed on August 13, 2020, with terms and conditions substantially consistent with the Term Sheet, as further described below. Prior to the execution of the Second Amendments, other amendments extended the June 30, 2020 maturity dates of both loans to August 13, 2020, while Beneficient and the Lender finalized the amended and restated credit agreements. Additional agreements were entered into on June 10, 2020, and on June 19, 2020, consistent with the Term Sheet, whereby Beneficient agreed to repay \$25.0 million of the then outstanding principal balance and pay an extension fee of 2.5% of the outstanding aggregate principal balance of the loans, calculated after the \$25.0 million repayment, on July 15, 2020. A total of \$28.6 million was paid on July 15, 2020, which included the \$25.0 million principal payment, related accrued interest thereon, and the extension fee described above.

GWG Holdings, GWG Life, and a newly formed entity, DLP V, also entered into the credit agreements with respect to provisions related to the potential future assumption of the loans by DLP V as described below. The amendments extended the maturity date of both loans to April 10, 2021, and increased the interest rate on each loan to 1-month LIBOR plus 8.0%, with a maximum interest rate of 9.5%. The loans were payable in three installments of \$25.0 million on each of September 10, 2020, December 10, 2020, and March 10, 2021, with the remaining balance payable on April 10, 2021. On March 10, 2021, and again on June 28, 2021, Beneficient executed subsequent amendments, among other items, to further extend the maturity date to May 30, 2022, as more fully described below and in Note 23. Through March 31, 2021, all principal and interest due under the Second Amendments have been paid.

The Second Amendments provided for the assumption of the loans by DLP V pursuant to a Third Amended and Restated First Lien Credit Agreement, upon satisfaction of certain conditions precedent, including the issuance of Beneficient’s trust company charter by the Texas Department of Banking. The amendments provide that DLP V will receive Preferred C interests in exchange for assuming Beneficient’s amended loans in an amount equal to 110% of the then outstanding loan balance. Upon assumption of the loans, the Lender will receive a fee of 2.0% of the then outstanding balance of the loans. Furthermore, upon assumption of the loans, the Commercial Loan Agreement between GWG Life and Ben LP will be assumed by GWG Life USA, LLC, a wholly owned subsidiary of GWG Holdings, in exchange for Class A Subclass A-2 Units of BCH equivalent to the outstanding principal balance of the debt evidenced by the Commercial Loan Agreement. In connection with the assumption of the loans by DLP V, the Lender will be granted a security interest in the Preferred Series A Subclass 1 Unit Accounts of BCH held by GWG Life and the life insurance policies held by DLP V, which are to be contributed to DLP V from GWG Life Trust. The assumption of the loans by DLP V has not occurred and, as described below, further amendments to the Second Amended and Restated Credit Agreement and the Second Amended and Restated Subordinate Credit Agreement removed the assumption of the loans by DLP V.

On March 10, 2021, Beneficient executed Amendment No.1 to the Second Amended and Restated Credit Agreement and Amendment No. 1 to the Second Amended and Restated Subordinate Credit Agreement (collectively, the “Ben Credit Agreements”) with its Lender. The amendments extend the maturity date of both loans to May 30, 2022. The loans are payable in three installments of \$5.0 million on each of September 10, 2021 (subsequently deferred as discussed below), December 10, 2021, and March 10, 2022, with the remaining balance payable on May 30, 2022. The amendments also provide for an extension fee equal to 1.5% of the amount outstanding under the Credit Agreements, which was added to the outstanding amount under the Credit Agreements as provided for in the amendments.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

In connection with the Ben Credit Agreements, (i) the Lender will be permitted to make capital contributions of up to \$152.0 million in exchange for a Preferred Series A Subclass 1 Unit Account of BCH for an equal amount of cash for two years after the assumption of the loans; should the Lender elect to make such a capital contribution, GWG Holdings or one of its subsidiaries will be allowed to exchange an amount of Preferred C into Preferred Series A Subclass 1 Unit Accounts or contribute cash for Preferred Series A Subclass 1 Unit Accounts, in certain circumstances, in order to maintain its relative ownership percentage of the Preferred Series A Subclass 1 Unit Accounts; (ii) Beneficient Holdings, Inc. (“BHI”), which owns a majority of the Class S Ordinary Units, Preferred Series A Subclass 1 Unit Accounts, and FLP Subclass 1 Unit Accounts issued by BCH, will grant certain tax-related concessions related to the transaction to the Lender as may be mutually agreed upon between the parties, and (iii) in exchange for the tax-related concessions to be agreed between the parties, (a) 5% of BHI’s Preferred Series A Sub Class 1 Unit Account, which will be held by the Lender, may convert, upon delivery of notice by BHI or its designee, to a Preferred A.0 Unit Account of BCH, and (b) recipients of a grant of Preferred Series A Subclass 1 Unit Accounts from BHI will have the right to put an amount of Preferred Series A Subclass 1 Unit Accounts to Ben LP equal to any associated tax liability stemming from any such grant; provided that the aggregated associated tax liability shall not relate to more than \$30 million of grants of Preferred Series A Subclass 1 Unit Accounts from BHI; and provided, further, that such a put cannot be exercised prior to July 1, 2021. There has been no liability recorded for the put right as of March 31, 2021, as the transfer of Preferred Series A Subclass Unit Accounts has not occurred.

The Ben Credit Agreements contain covenants that (i) prevent Beneficient from issuing any securities senior to the Preferred Series A Subclass 1 or Preferred A.0 Unit Accounts; (ii) prevent Beneficient from incurring additional debt or borrowings greater than \$10.0 million, other than trade payables, while the loans are outstanding; (iii) prevent, without the written consent of the Lender, GWG Life Trust or DLP V from selling, transferring or otherwise disposing any of the life insurance policies held by GWG Life Trust as of May 15, 2020, except that life insurance policies may be sold, transferred, or otherwise disposed of, provided that concurrent with the assumption of the loans by DLP V, a prepayment of the loans would be required, if necessary, to maintain certain loan-to-value percentages, after giving effect to such sale, transfer or disposal; and (iv) prevent, without the written consent of the Lender, GWG Holdings from selling, transferring, or otherwise disposing of any Preferred Series A Subclass 1 Unit Accounts held as of May 15, 2020, other than to DLP V. These covenants are materially similar to the terms under the Third Amended and Restated First Lien Credit Agreement once assumed by DLP V. As of March 31, 2021, Beneficient was in compliance with all covenants.

The assumption set forth in the Second Amendments are subject to, among other things, the satisfaction of certain closing conditions, some of which may be outside of the parties’ control. These loans are not currently guaranteed by GWG.

Further, as more fully described in Note 17, on June 28, 2021, Beneficient executed the Amendment No. 2 to the Second Amended and Restated Credit Agreement and Amendment No. 2 to the Second Amended and Restated Subordinate Credit Agreement with its Lender. The amendments eliminate the obligation of DLP V to assume the Ben Credit Agreements as provided for in the Second Amendments and waive the daily fee payable upon the Trigger as provided for in Amendment No. 1 to the Ben Credit Agreements. Finally, as also discussed in Note 17, effective July 15, 2021, Beneficient executed Consent and Amendment No. 3 to the Second Amended and Restated Credit Agreement and Amendment No. 2 to the Second Amended and Restated Subordinate Credit Agreement with its Lender, which (i) deferred the payment of all accrued and unpaid interest until December 10, 2021, and (ii) deferred the installment payment of \$5.0 million due on September 10, 2021, to December 10, 2021. Beneficient agreed to pay an amendment fee to the Lender in an amount equal to 3% of the then outstanding principal and interest on December 10, 2021.

Beneficient’s Second Lien Credit Agreement was originally issued to BHI, a Ben Founder Affiliate. “Ben Founder Affiliates” are defined as certain trusts and those entities held by such trusts that are controlled by Ben Founder. During 2019, the Second Lien Credit Agreement was contributed to HCLP and thus, all existing senior loan obligations are held by HCLP as of March 31, 2021 and December 31, 2020.

HCLP is indirectly associated with Ben Founder. Further, an indirect parent entity of HCLP had loans outstanding to Ben Founder Affiliates as of December 31, 2020.

Beneficient’s other borrowings as detailed in the table above mature in 2024 and 2025.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

(10) Stockholders' Equity

GWG Holdings Equity

Common Stock

In September 2014, GWG Holdings consummated an initial public offering of its common stock resulting in the sale of 800,000 shares of common stock at \$12.50 per share, and net proceeds of approximately \$8.6 million after the payment of underwriting commissions, discounts and expense reimbursements. In connection with this offering, the common stock of GWG Holdings was listed on the Nasdaq Capital Market under the ticker symbol "GWGH."

The 2018 transactions between GWG Holdings, GWG Life, Beneficient and the Seller Trusts described in Note 1 ultimately resulted in the issuance of 27,013,516 shares of GWG Holdings' common stock to the Seller Trusts in exchange for Common Units. The shares were offered and sold in reliance upon the exemption from registration provided by Section 4(a)(2) under the Securities Act of 1933, as amended. Also, the Purchase and Contribution Agreement described in Note 1 ultimately resulted in the sale of 2,500,000 shares of GWG Holdings common stock to BCC, and the contribution of 1,452,155 shares of GWG Holdings common stock to AltiVerse.

Pursuant to the Exchange Agreement described in Note 1, commencing on December 31, 2019, holders of Common Units have the right to exchange their Common Units for common stock of GWG Holdings. The exchange ratio in the Exchange Agreement is based on the ratio of the capital account associated with the Common Units to be exchanged to the market price of the common stock of GWG Holdings based on the volume weighted average price of GWG Holdings' common stock for the five consecutive trading days prior to the quarterly exchange date. No Common Units have been exchanged for common stock of GWG Holdings through March 31, 2021.

Redeemable Preferred Stock

On November 30, 2015, GWG Holdings' public offering of up to 100,000 shares of RPS at \$1,000 per share was declared effective. Holders of RPS are entitled to cumulative dividends at the rate of 7% per annum, paid monthly. Dividends on the RPS are recorded as a reduction to additional paid-in capital, if any, then to the outstanding balance of the preferred stock if additional paid-in capital has been exhausted. Under certain circumstances described in the Certificate of Designation for the RPS, additional shares of RPS may be issued in lieu of cash dividends.

The RPS ranks senior to GWG Holdings' common stock and pari passu with GWG Holdings' RPS 2 (see further details in the section below) and entitles its holders to a liquidation preference equal to the stated value per share (i.e., \$1,000) plus accrued but unpaid dividends. Holders of RPS may presently convert their RPS into GWG Holdings' common stock at a conversion price equal to the volume-weighted average price of GWG Holdings' common stock for the 20 trading days immediately prior to the date of conversion, subject to a minimum conversion price of \$15.00 and in an aggregate amount limited to 15% of the stated value of RPS originally purchased from us and still held by such purchaser.

Holders of RPS may request that we redeem their RPS at a price equal to their stated value plus accrued but unpaid dividends, less an applicable redemption fee, if any, as specified in the Certificate of Designation. Nevertheless, the Certificate of Designation for RPS permits us in our sole discretion to grant or decline redemption requests. Subject to certain restrictions and conditions, we may also redeem shares of RPS without a redemption fee upon a holder's death, total disability or bankruptcy. In addition, after one year from the date of original issuance, we may, at our option, call and redeem shares of RPS at a price equal to their liquidation preference.

In March 2017, we closed the RPS offering to additional investors having sold 99,127 shares of RPS for an aggregate gross consideration of \$99.1 million and incurred approximately \$7.0 million of related selling costs.

At the time of its issuance, we determined that the RPS contained two embedded features: (1) optional redemption by the holder, and (2) optional conversion by the holder. We determined that each of the embedded features met the definition of a derivative; however, based on our assessment under ASC 470, *Debt*, ("ASC 470") and ASC 815, *Derivatives and Hedging*, ("ASC 815"), we do not believe bifurcation of either the holder's redemption or conversion feature is appropriate.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Series 2 Redeemable Preferred Stock

On February 14, 2017, GWG Holdings' public offering of up to 150,000 shares of RPS 2 at \$1,000 per share was declared effective. The terms of the RPS 2 are largely consistent with those of the RPS, other than the conversion and redemption features discussed below.

Holders of RPS 2 may, less an applicable conversion discount, if any, convert their RPS 2 into GWG Holdings' common stock at a conversion price equal to the volume-weighted average price of GWG Holdings' common stock for the 20 trading days immediately prior to the date of conversion, subject to a minimum conversion price of \$12.75 and in an aggregate amount limited to 10% of the stated value of RPS 2 originally purchased from us and still held by such purchaser. We may, at our option, call and redeem shares of RPS 2 at a price equal to their liquidation preference (subject to a minimum redemption price, in the event of redemptions occurring less than one year after issuance, of 107% of the stated value of the shares being redeemed).

In April 2018, we closed the RPS 2 offering to additional investors having sold 149,979 shares of RPS 2 for an aggregate gross consideration of \$150.0 million and incurred approximately \$10.3 million of related selling costs.

The RPS 2 was determined to have the same two embedded features discussed in the RPS section above (optional redemption by the holder and optional conversion by the holder). We do not believe bifurcation of either the holder's redemption or conversion feature is appropriate.

Beneficient Equity

As of March 31, 2021, Ben LP has issued Common Units and BCH, a consolidated subsidiary of Ben LP, has issued general partnership Class A Units (Subclass A-1 and A-2), Class S Ordinary Units, Class S Preferred Units, FLP Units (Subclass 1 and Subclass 2), Preferred Series A Subclass 1 Unit Accounts, Preferred Series A Subclass 2 Unit Accounts, and Preferred Series C Subclass 1 Unit Accounts. The Preferred Series A Subclass 0 Unit Accounts were created under the 5th Amended and Restated LPA while the Preferred Series C Subclass 0 Unit Accounts were created under the 6th Amended and Restated LPA; however, neither security has been issued as of March 31, 2021. The 6th Amended and Restated LPA of BCH governs the terms of these equity securities.

Common Units

As of both March 31, 2021 and December 31, 2020, Ben LP has a total of 48,205,756 Common Units issued and outstanding, respectively. As of both March 31, 2021 and December 31, 2020, GWG Holdings owns 46,887,915 Common Units, respectively, which are eliminated in consolidation. The remaining issued and outstanding Common Units are recorded in the condensed consolidated balance sheet in the noncontrolling interests line item.

Preferred Series A Subclass 0 (Noncontrolling Interests)

On July 15, 2020, BCH amended its limited partnership agreement in a 5th Amended and Restated LPA, which created a new subclass of Preferred Series A Unit Accounts, the Preferred A.0.

As a subclass of the Preferred Series A Unit Accounts, the Preferred A.0 receives the same preferred return on a quarterly basis as the other Preferred Series A subclasses. However, the Preferred A.0 is senior to all other classes of preferred equity, including the other subclasses of Preferred Series A in terms of allocations of profits, distributions, and liquidation. The Preferred A.0 can be converted into Class S Units at the election of the holder, at a price equal to (x) prior to the initial public listing, the per Common Unit fair market value as determined by the general Partner and (y) following the initial public listing, the lesser of (i) \$10 and (ii) if the Common Units are listed on a national securities exchange, the volume-weighted average closing price of a Common Unit as reported on the exchange on which the Common Units are traded for the twenty (20) days immediately prior to the applicable exchange date, or if the Common Units are not listed on a national securities exchange, then the volume-weighted average closing price of a security traded on a national securities exchange or quoted in an automated quotation system into which the Common Units are convertible or exchangeable for the twenty (20) days immediately prior to the applicable exchange date.

The Preferred A.0 Unit Accounts have not been issued as of March 31, 2021.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Preferred Series A Subclass 1 (Redeemable Noncontrolling Interest)

BCH, a consolidated subsidiary of Ben LP, has non-unitized equity outstanding. The Preferred Series A Subclass 1 Unit Accounts are non-participating and convertible on a dollar basis.

In 2019, Preferred Series A Subclass 1 Unit Account holders signed an agreement to forbear the right to receive an annualized preferred return in excess of a rate determined materially consistent with the methodology below until, initially, the earlier of December 31, 2019 or three months following the issuance of the limited trust association charter by the Texas Department of Banking. The charter from the Texas Department of Banking was not issued as of December 31, 2019. The forbearance agreement was extended through March 31, 2021.

The income allocation methodology under this forbearance agreement was as follows:

- First, Ben, as the sole holder of Class A Units issued by BCH is allocated income from BCH to cover the expenses incurred solely by Ben;
- Second, the remaining income at BCH is allocated 50% to the aggregate of Class A Units and Class S Ordinary Units and 50% to Preferred Series A Subclass 1 Unit Accounts, until the Common Units issued by Ben LP receive a 1% annualized return on the Common Unit account balance;
- Third, after the 1% annualized return to the Common Unit issued by Ben LP is achieved, additional income is allocated to the Preferred Series A until the Preferred Series A is allocated the amount required under the LPA, (as amended); and
- Finally, any remaining income is allocated under the terms of the current LPA (pro-rata between the Class A Units and Class S Ordinary Units).

If and when the forbearance agreement expires, account holders will be entitled to a compounded quarterly preferred return. The preferred return to be paid to Preferred Series A Unitholders is limited by a quarterly preferred return rate cap that is based on the annualized revenues of BCH. Annualized revenues are defined as four times the sum of total quarterly interest, fee and dividend income plus total noninterest revenues. This quarterly rate cap is defined as follows:

- 0.25% if annualized revenues are \$80 million or less;
- 0.50% if annualized revenues are greater than \$80 million but equal to or less than \$105 million;
- 0.75% if annualized revenues are greater than \$105 million but equal to or less than \$125 million;
- 1.00% if annualized revenues are greater than \$125 million but equal to or less than \$135 million;
- 1.25% if annualized revenues are greater than \$135 million but equal to or less than \$140 million; and
- If over \$140 million, the preferred return calculation is based on a fraction (i) the numerator of which is (A) the positive percentage rate change, if any, to the seasonally adjusted CPI-U covering the period from the date of the last allocation of profits to such holders, plus (B) (x) 2% prior to an Initial Public Offering (as defined in the BCH LPA) by Ben LP and (y) 3% thereafter, and (ii) the denominator of which is one minus the highest effective marginal combined U.S. federal, state and local income tax rate in effect as of the beginning of the fiscal quarter for which such determination is being made for an individual resident in New York City, New York, assuming (1) that the aggregate gross income allocable with respect to the quarterly preferred return for such fiscal year will consist of the same relative proportion of each type or character (e.g., long term or short term capital gain or ordinary or exempt income) of gross income item included in the aggregate gross income actually allocated in respect of the quarterly preferred return for the fiscal year reflected in the BCH's most recently filed Internal Revenue Service Form 1065 and (2) any state and local income taxes are not deductible against U.S. federal income tax.

The definition of Initial Public Offering includes an event, transaction or agreement pursuant to which the Common Units are convertible or exchangeable into equity securities listed on a national securities exchange or quotation in an automated quotation system.

No amounts have been paid to the Preferred Series A Subclass 1 Unit Account holders related to the preferred return from inception through March 31, 2021, and any amounts earned have been accrued and are included in the balance of redeemable noncontrolling interests line item of the condensed consolidated balance sheets. Certain Preferred Series A Subclass 1 Unit

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Account holders agreed to be specially allocated any income or losses associated with the Beneficient Management Partners, L.P. Equity Incentive Plan and certain other costs.

Upon election by a holder, the Preferred Series A Unit Accounts (other than Preferred Series A Subclass 2 Unit Accounts) are, at any time on or after January 1, 2021, convertible in an amount of Preferred Series A Unit Accounts (other than Preferred Series A Subclass 2 Unit Accounts), equal to 20% of their Sub-Capital Accounts into Class S Ordinary Units (with the right to convert any unconverted amount from previous years in any subsequent years). Upon an election, a holder of Preferred Series A Subclass 1 Unit Accounts will be issued Class S Ordinary Units necessary to provide the holder with a number of Class S Ordinary Units that, in the aggregate, equal (a) the balance of the holder's capital account associated with the Preferred Series A Subclass 1 Unit Accounts being converted divided by (b) either (x) prior to an initial public offering, the appraised per Class A Unit fair market value as determined by Beneficient or (y) following an initial public offering, the average price of a Common Unit for the thirty (30) day period ended immediately prior to the applicable conversion date. The holder of such newly issued Class S Ordinary Units may immediately convert them into Common Units. Additionally, effective December 31, 2030, if the Preferred Series A Subclass 1 Unit Accounts have not been converted, they will redeem for cash in an amount equal to the then outstanding capital account balance of the accounts. If available redeeming cash (as defined in the LPA) is insufficient to satisfy any such redemption requirements, BCH, on a quarterly basis, will redeem additional Preferred Series A Units until all such Preferred Series A Units have been redeemed. The Preferred Series A Subclass 1 Unit Accounts are subject to certain other conversion and redemption provisions.

The current LPA of BCH also includes certain limitations of BCH, without the consent of a majority-in-interest of the Preferred Series A Unit Account holders, to (i) issue any new equity securities and (ii) except as otherwise provided, incur indebtedness that is senior to or pari passu with any right of distribution, redemption, repayment, repurchase or other payments relating to the Preferred Series A Unit accounts. Further, BCH cannot, prior to the conversion of all the Preferred Series A Unit accounts, incur any additional long-term debt unless (i) after giving effect to the incurrence of the new long-term debt on a pro forma basis, the sum of certain preferred stock, existing debt and any new long-term indebtedness would not exceed 55% of BCH's net asset value ("NAV") plus cash on hand, and (ii) at the time of incurrence of any new long-term indebtedness, the aggregate balance of BCH's (including controlled subsidiaries) debt plus such new long-term debt does not exceed 40% of the sum of the NAV of the interests in alternative assets supporting the Collateral underlying the loan portfolio of BCH and its subsidiaries plus cash on hand at Ben LP, BCH and its subsidiaries.

The Preferred Series A Subclass 1 Unit Accounts are recorded in the condensed consolidated balance sheet in the redeemable noncontrolling interest line item.

Preferred Series C Subclass 0 Unit Accounts

The 6th Amended and Restated LPA allowed for the issuance of Preferred Series C Subclass 0 Unit Accounts. The Preferred Series C Subclass 0 Unit Accounts are non-participating and convertible on a basis consistent with the UPA discussed in Note 1. Account holders are entitled to a compounded quarterly preferred return based on a fraction, the numerator of which is (a) the sum of an inflation adjustment amount, plus (1) 0.5% prior to the initial public listing and (2) 0.75% following the initial public listing, and the denominator of which is (b) 1 minus the means of the highest effective marginal combined U.S. federal, state and local income tax rate (including the rate of taxes under Section 1411 of the Code) for a Fiscal Year prescribed for an individual resident in New York, New York (taking into account (a) the nondeductibility of expenses subject to the limitations described in Sections 67 and 68 of the Code, (b) the character (e.g., long-term or short-term capital gain or ordinary or exempt income) of the applicable income, but not taking into account the deductibility of state and local income taxes for U.S. federal income tax purposes), based on the Partnership's most recently filed IRS form 1065, and (c) multiplied by 80%.

The Preferred Series C Subclass 0 Unit Accounts are senior to all other classes of preferred equity other than the Preferred Series A Subclass 0 Unit Accounts in terms of allocations of profits, distributions, and liquidation.

The only conversion, redemption, or exchange rights available to the Preferred Series C Subclass 0 Unit Accounts are those rights afforded in accordance with the UPA, described in Note 1, or such similar agreement.

While any amount of Preferred Series C (Subclass 0 or 1) Unit Accounts is outstanding, BCH cannot make any distributions, other than tax distributions and redemptions, distributions upon a liquidation of BCH, and distributions of net consideration received from a sale of BCH, without the prior consent of a majority in interest of the holders of the Preferred Series C (Subclass 0 or 1) Unit Accounts.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

The Preferred Series C Subclass 0 Unit Accounts have not been issued as of March 31, 2021.

Preferred Series C Subclass 1 Unit Accounts

The 5th Amended and Restated LPA also created a new class of preferred equity, the Preferred Series C Subclass 1 Unit Accounts. The Preferred Series C Subclass 1 Unit Accounts are non-participating and convertible on a basis consistent with the UPA discussed in Note 1. Account holders are entitled to a compounded quarterly preferred return based on a fraction, the numerator of which is (a) the sum of an inflation adjustment amount, plus (1) 0.5% prior to the initial public listing and (2) 0.75% following the initial public listing, and the denominator of which is (b) 1 minus the means of the highest effective marginal combined U.S. federal, state and local income tax rate (including the rate of taxes under Section 1411 of the Code) for a Fiscal Year prescribed for an individual resident in New York, New York (taking into account (a) the nondeductibility of expenses subject to the limitations described in Sections 67 and 68 of the Code and (b) the character (e.g., long-term or short-term capital gain or ordinary or exempt income) of the applicable income, but not taking into account the deductibility of state and local income taxes for U.S. federal income tax purposes), based on the Partnership's most recently filed IRS form 1065.

BCH calculates two Preferred Series C Subclass 1 Unit Accounts capital accounts: the Liquidation Capital Account and the Conversion Capital Account. In calculating the Conversion Capital Account, the Preferred Series C Subclass 1 Unit Accounts are allocated profits and losses junior to the Preferred Series A Unit Accounts. In calculating the Liquidation Capital Account, the Preferred Series C Subclass 1 Unit Accounts are allocated profits and losses pari passu with the Preferred Series A Unit Accounts.

Following the exchange of any Preferred Series C Subclass 1 Unit Accounts into Common Units under the UPA described in Note 1, the excess of the profits and losses allocated to the Preferred Series C Subclass 1 Unit Accounts under the Liquidation Capital Account will be deemed the "Excess Amount." This Excess Amount will be specially allocated at each tax period in accordance with the principals of Treasury Regulation Section 1.704-1(b)(4)(x), to the Preferred Series A Subclass 1 Units Accounts, prior to any amount of profit, income or gain being allocated to any other class of units (other than the Preferred A.0) or limited partners until such special allocations equal, in the aggregate, such Excess Amount.

The only conversion, redemption, or exchange rights available to the Preferred Series C Subclass 1 Unit Accounts are those rights afforded in accordance with the UPA, described in Note 1, or such similar agreement.

While any amount of Preferred Series C (Subclass 0 or 1) Unit Accounts is outstanding, BCH cannot make any distributions, other than tax distributions and redemptions, distributions upon a liquidation of BCH, and distributions of net consideration received from a sale of BCH, without the prior consent of a majority in interest of the holders of the Preferred Series C (Subclass 0 or 1) Unit Accounts.

As of March 31, 2021 and December 31, 2020, the aggregate carrying value of GWG Holdings' investments in Preferred Series C Subclass 1 Unit Accounts was \$210.6 million and \$195.6 million, respectively. The Preferred Series C Subclass 1 Unit Accounts are eliminated upon consolidation.

Class S Ordinary Units

As of both March 31, 2021 and December 31, 2020, BCH, a consolidated subsidiary of Ben LP, had issued and outstanding 5.8 million Class S Ordinary Units, respectively. The Class S Ordinary Units participate on an as-converted basis pro-rata in the share of the profits or losses of BCH and subsidiaries following all other allocations made by BCH and its subsidiaries. As limited partner interests, these units have limited voting rights and do not entitle participation in the management of BCH's business and affairs. The Class S Ordinary Units are exchangeable for Common Units on a one-for-one basis, subject to customary conversion rate adjustments for splits, distributions and reclassifications, as well as compliance with any applicable vesting and transfer restrictions. Each conversion also results in the issuance to Ben LP of a Class A Unit of BCH for each Common Unit issued.

The Class S Ordinary Units are recorded in the condensed consolidated balance sheet in the noncontrolling interests line item.

Class S Preferred Units

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

The limited partnership agreement of BCH allows it to issue Class S Preferred Units. The Class S Preferred Units are entitled to a quarterly preferred return that is limited by the quarterly preferred return rate cap described above for Preferred Series A Subclass 1 except for when annualized revenues exceed \$140 million, the Class S Preferred return is based on a fraction (i) the numerator of which is (A) the positive percentage rate change, if any, to the seasonally adjusted CPI-U covering the period from the date of the last allocation of profits to such holders, plus (B) 0.75 percent, and (ii) the denominator of which is one minus the highest effective marginal combined U.S. federal, state and local income tax rate in effect as of the beginning of the fiscal quarter for which such determination is being made for an individual resident in New York City, New York, assuming (1) that the aggregate gross income allocable with respect to the quarterly preferred return for such fiscal year will consist of the same relative proportion of each type or character (e.g., long term or short term capital gain or ordinary or exempt income) of gross income item included in the aggregate gross income actually allocated in respect of the quarterly preferred return for the fiscal year reflected in the Ben Group Partnership's most recently filed IRS Form 1065 and (2) any state and local income taxes are not deductible against U.S. federal income tax. The Class S Preferred Units also participate on an as-converted basis pro-rata in the share of the profits or losses of BCH and subsidiaries following all other allocations made by BCH and its subsidiaries. As limited partner interests, these units are generally non-voting and do not entitle participation in the management of BCH's business and affairs. Generally, the Class S Preferred Units are exchangeable for Common Units in Ben LP on a 1.2-for-1 basis, subject to customary conversion rate adjustments for splits, distributions and reclassifications, as well as compliance with any applicable vesting and transfer restrictions. Each conversion also results in the issuance to Ben LP of a Class A Unit for each Common Unit issued. Holders of Class S Preferred Units may elect to convert into Class S Ordinary Units in connection with a sale or dissolution of BCH.

As of March 31, 2021, a nominal number of shares of Class S Preferred Units have been issued. No amounts have been paid to the Class S Preferred Unit holders related to the preferred return from issuance through March 31, 2021, and any amounts earned have been accrued and are included in the balance of Class S Preferred Units presented on the condensed consolidated balance sheet in the noncontrolling interests line item.

Beneficiaries of the ExAlt Trusts

The ultimate beneficiary of the ExAlt Trusts is an unrelated third party charity (the "Charitable Beneficiary") that is entitled to i) approximately 5% of any amounts paid to Beneficient as payment on amounts due under each ExAlt Loan, ii) approximately 10% of the amount of excess cash Collateral, if any, following the full repayment of an ExAlt Loan; and (iii) all amounts accrued and held at the ExAlt Trusts once all amounts due to Beneficient under the ExAlt Loans and any fees related to Beneficient's services to the ExAlt Trusts are repaid. The Charitable Beneficiary's account balances with respect to its interest in such ExAlt Trusts cannot be reduced to below zero. Any losses allocable to the Charitable Beneficiary in excess of its account balances are reclassified at each period end to the trusts deficit account, which is included as part of noncontrolling interest. Additional ExAlt Trusts are created with each new liquidity transaction with customers. These new ExAlt Trusts, which are consolidated by Beneficient, result in the recognition of additional noncontrolling interest representing the interests in these new ExAlt Trusts held by the Charitable Beneficiary. For the three months ended March 31, 2021 and 2020, \$0.4 million and nil, respectively, of such noncontrolling interest was created.

The interest of the Charitable Beneficiary, including the associated trust deficit (as applicable), in the ExAlt Trusts is recorded on the consolidated balance sheets in the noncontrolling interests line item.

(11) Equity-Based Compensation

As of March 31, 2021 and December 31, 2020, the Company has outstanding equity-based awards under the GWG Holdings 2013 Stock Incentive Plan, the Beneficient Management Partners, L.P. ("BMP") Equity Incentive Plan (the "BMP Equity Incentive Plan", the Ben Equity Incentive Plan (as defined below), and Preferred Series A Subclass 1 Unit Accounts, as more fully described in the sections below. The holders of certain of the units issued under the BMP Equity Incentive Plan and the Ben Equity Incentive Plan, upon vesting, have the right to convert the units to shares of GWG Holdings common stock per the Exchange Agreement discussed in Note 1. As such, units vested and issued under Beneficient's equity incentive plans may result in dilution of the common stock of GWG Holdings.

2013 Stock Incentive Plan

GWG Holdings adopted the 2013 Stock Incentive Plan in March 2013, as amended on June 1, 2015, May 5, 2017 and May 8, 2018. Participants under the plan may be granted incentive stock options and non-statutory stock options; stock appreciation

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

rights; stock awards; restricted stock; restricted stock units; and performance shares. Eligible participants include officers and employees of GWG Holdings and its subsidiaries, members of GWG Holdings' Board of Directors, and consultants. Option awards generally expire 10 years from the date of grant. As of March 31, 2021, the Company has granted stock options, stock appreciation rights ("SAR"), and restricted stock units ("RSU") under this plan.

Upon the exercise of SARs, the Company is obligated to make cash payments equal to the positive difference between the market value of GWG Holdings' common stock on the date of exercise less the market value of the common stock on the date of grant. The liability for the SARs as of both March 31, 2021 and December 31, 2020 was \$0.6 million, and was recorded within accounts payable and accrued expenses in the condensed consolidated balance sheets.

A RSU entitles the holder thereof to receive one share of GWG Holdings' common stock (or, in some circumstances, the cash value thereof) upon vesting. RSUs are subject to forfeiture until they vest. During the three months ended March 31, 2021, 3,189 of the RSUs held by employees and directors vested.

BMP Equity Incentive Plan

The Board of Directors of Beneficient Management, Ben LP's general partner, adopted the BMP Equity Incentive Plan in 2019. Under the BMP Equity Incentive Plan, certain directors and employees of Beneficient are eligible to receive equity units in BMP, an entity affiliated with the board of directors of Beneficient Management, in return for their services to Ben. The BMP equity units eligible to be awarded to employees are comprised of BMP's Class A Units and/or BMP's Class B Units (collectively, the "BMP Equity Units"). All awards are classified in equity upon issuance.

Awards will generally be subject to service-based vesting over a four-year period from the recipient's date of hire, though some awards fully vest upon grant date. Expense associated with the vesting of these awards is based on the fair value of the BMP Equity Units on the date of grant. Expense recognized for these awards is specially allocated to certain holders of redeemable noncontrolling interests. While providing services to Beneficient, if applicable, certain of these awards are subject to minimum retained ownership rules requiring the award recipient to continuously hold BMP Equity Units equivalents equal to at least 25% of their cumulatively granted awards that have the minimum retained ownership requirement. The awards are generally non-transferable. Awards under the BMP Equity Incentive Plan that vest ultimately dilute holders of Common Units.

As BMP's equity is not publicly traded, the fair value of the BMP Equity Units is determined on each grant date using a probability-weighted discounted cash flow analysis. This fair value measurement is based on significant inputs not observable in the market and thus represents a Level 3 measurement within the fair value hierarchy. The resultant probability-weighted cash flows are then discounted using a rate that reflects the uncertainty surrounding the expected outcomes, which the Company believes is appropriate and representative of a market participant assumption.

Ben Equity Incentive Plan

The Board of Directors of Beneficient Management adopted the Ben Equity Incentive Plan in September 2018 (the "Ben Equity Incentive Plan"). Under the Ben Equity Incentive Plan, Ben LP is permitted to grant equity awards, in the form of restricted equity units ("REUs"), among others, representing ownership interests in Common Units. Settled awards under the Ben Equity Incentive Plan dilute holders of Common Units. The total number of Common Units that may be issued under the Ben Equity Incentive Plan is equivalent to 15% of the number of fully diluted Common Units outstanding, subject to annual adjustment. All awards are classified in equity upon issuance.

All REUs are subject to two performance conditions, both of which were met during 2019. Additionally, if a change-of-control event occurs prior to July 1, 2021, then all units, vested and unvested, will settle within 60 days. Any transaction whereby GWG Holdings obtains the right to appoint a majority of the members of Beneficient Management's Board of Directors is expressly excluded from the definition of change-of-control for the REUs.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Awards will generally be subject to service-based vesting over a multi-year period from the recipient's date of hire, though some awards fully vest upon grant date. While providing services to Beneficient, if applicable, certain of these awards are subject to minimum retained ownership rules requiring the award recipient to continuously hold Common Unit equivalents equal to at least 15% of their cumulatively granted awards that have the minimum retained ownership requirement.

The holders of certain of the units issued under the BMP Equity Incentive Plan and the Ben Equity Incentive Plan, upon vesting, have the right to convert the units to shares of GWG Holdings common stock per the Exchange Agreement discussed in Note 1. As such, units vested and issued under Beneficient's equity incentive plans may result in dilution of the common stock of GWG Holdings.

As Ben LP's equity is not publicly traded, the fair value for substantially all of the REUs granted in 2020 was estimated by using the valuation techniques consistent with those utilized to determine the acquisition date equity values arising from GWG Holdings obtaining a controlling financial interest in Beneficient. These valuation techniques relied upon the OPM Backsolve approach under the market method as more fully described in the 2020 Form 10-K. For the REUs granted in the latter portion of 2020 and through March 31, 2021, we utilized valuation techniques consisting of the income approach and market approach.

During third quarter 2020, 515,000 units were granted to a senior partner director subject to a performance condition. The performance condition has not been met as of March 31, 2021. As the performance condition of the grant is based on a liquidity event, recognition of the related compensation cost is deferred until the condition has been met. Total unrecognized compensation cost related to this award is approximately \$6.4 million as of March 31, 2021.

Preferred Equity

On April 25, 2019, Preferred Series A Subclass 1 Unit Accounts in BCH, a subsidiary of Ben LP, were assigned to three directors, with each having a capital account balance of \$4.0 million, subject to a performance condition, in return for each of the directors providing to BCH their knowledge and abilities in helping with the formation of and capital raising for the Company. BHI, a Ben Founder Affiliate, assigned the Preferred Series A Subclass 1 Unit Accounts it holds in BCH to the directors for those individuals providing services to BCH. Accounting for services provided to the Company but paid by a principal shareholder follows the substance of the transaction and is therefore accounted for similar to a share-based payment in exchange for services rendered. The awards vest upon grant, subject to a performance condition whereby each of the directors must be a board member at the time that a certain level of additional capital is raised. The fair value of the awards at the grant date was estimated at \$12.0 million in aggregate.

During the fourth quarter of 2019, \$4.0 million of the capital account balance was forfeited back to the Company and reverted to BHI upon the departure of a certain director. The performance condition was met during the fourth quarter of 2020 and expense of \$11.4 million was recognized and specially allocated to certain Preferred Series A Subclass 1 Unit Account holders on a pro-rata basis based on their capital account balance. The expense recognized upon vesting is reflective of the value calculated after the determination of overall enterprise value in connection with the change of control event discussed in the 2020 Form 10-K.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

The following table summarizes the award activity, in number of units, for each plan during the three months ended March 31, 2021:

	Balance at December 31, 2020	Granted	Vested	Forfeited	Balance at March 31, 2021
Vested					
Stock Options	629,530	—	—	—	629,530
SAR	293,455	7,750	—	—	301,205
RSU	—	3,189	—	—	3,189
BMP Equity Units	11,144,016	12,696	248,314	—	11,405,026
REUs	5,078,796	12,696	218,758	—	5,310,250
Unvested					
Stock Options	65,587	—	—	—	65,587
SAR	242,202	49,950	—	—	292,152
RSU	129,717	3,189	—	(3,189)	129,717
BMP Equity Units	2,230,097	50,784	(248,314)	—	2,032,567
REUs	2,268,574	50,784	(218,758)	—	2,100,600
Total					
Stock Options	695,117	—	—	—	695,117
SAR	535,657	57,700	—	—	593,357
RSU	129,717	6,378	—	(3,189)	132,906
BMP Equity Units	13,374,113	63,480	—	—	13,437,593
REUs	7,347,370	63,480	—	—	7,410,850

The following table presents the components of equity-based compensation expense recognized in the condensed consolidated statement of operations (in thousands):

	Three Months Ended March 31,	
	2021	2020
Stock options	\$ 40	\$ 48
Stock appreciation rights	69	206
Restricted stock units	31	260
BMP equity units	2,105	38,024
REUs	3,107	30,910
Total equity-based compensation	\$ 5,352	\$ 69,448

Unrecognized equity-based compensation expense, excluding the expense related to the performance award discussed above, totaled approximately \$32.0 million as of March 31, 2021. We currently expect to recognize equity-based compensation expense of \$12.4 million during the remainder of 2021, and the remainder thereafter based on scheduled vesting of awards outstanding as of March 31, 2021.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

The following table presents the equity-based compensation expense expected to be recognized over the next five years based on scheduled vesting of awards outstanding, excluding the award subject to the performance condition discussed above, as of March 31, 2021 (in thousands):

	Stock Options	SAR	REUs	BMP Equity Units	Total
Nine months ending 2021	\$ 67	\$ 205	\$ 6,000	\$ 6,103	\$ 12,375
2022	19	231	5,913	5,969	12,132
2023	—	131	3,152	2,690	5,973
2024	—	5	833	654	1,492
2025	—	—	32	27	59
2026	—	—	—	—	—
Total	\$ 86	\$ 572	\$ 15,930	\$ 15,443	\$ 32,031

(12) Income Taxes

The Company's income tax provision reflects the activity of GWG Holdings and its subsidiaries, Beneficient Corporate Holdings, LLC and Ben Markets Corporate Holdings, LLC. GWG Holdings and its subsidiaries files a separate tax return from the aforementioned Beneficient entities, but the tax provision information below as of and for the three months ended March 31, 2021 is disclosed on a consolidated basis for financial reporting purposes under applicable GAAP.

The Company applies an estimated annual effective rate to interim period pre-tax income to calculate the income tax provision for the quarter in accordance with the principal method prescribed by the accounting guidance established for computing income taxes in interim periods.

The Company's effective tax rate was 0.43% for the three months ended March 31, 2021. The income tax benefit for the three months ended March 31, 2021 was \$0.3 million, compared to \$16.1 million for the three months ended March 31, 2020. The effective tax rate differs from the statutory U.S. federal income tax rate of 21% primarily due to valuation allowances recorded on the current year losses, offset by a current state tax expense. The income tax benefit for the three months ended March 31, 2021 primarily reflects a downward adjustment to the deferred tax liability for specific expense allocations to the holders of the Preferred Series A Subclass 1 Unit Accounts.

The Company currently records a valuation allowance against its deferred tax assets that cannot be realized solely by the future reversal of existing temporary differences. Due to the uncertain timing of the reversal of certain of these taxable temporary differences due to the constraint described below, they cannot be considered as a source of future taxable income for purposes of determining a valuation allowance; therefore, the vast majority of the existing deferred tax liability cannot be utilized in determining the realizability of the deferred tax assets. Due to a prior deemed ownership change, net operating loss carryforwards are subject to Section 382 of the Internal Revenue Code.

The Company determined it cannot utilize the reversal of a taxable temporary difference related to GWG Life's ownership in the Preferred Series A Subclass 1 Unit Accounts described in Note 1, until such time as the preferred equity is no longer constrained, as a source of income to realize existing deferred tax assets related to the net operating loss and Internal Revenue Code Section 163(j) limitations. As a result, the Company recorded a large net deferred tax liability on December 31, 2019, the majority of which remained as of March 31, 2021 and December 31, 2020. The disposition of this investment is constrained by the Pledge and Security Agreement in favor of the holders of the L Bonds of GWG Holdings. As such, the timing of recognition of the necessary taxable income related to this investment and the future reversal of this taxable temporary difference cannot be predicted.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

(13) Loss per Common Share

The computations of basic and diluted income (loss) attributable to common shareholders per share for the three months ended March 31, 2021 and 2020 are as follows (in thousands, except share data and per share data):

	Three Months Ended March 31,	
	2021	2020
Numerator:		
Net loss attributable to common shareholders	\$ (54,432)	\$ (47,323)
Denominator:		
Basic – weighted average common shares outstanding	20,757,400	30,534,977
Effect of dilutive securities	—	—
Diluted – weighted average common shares outstanding	20,757,400	30,534,977
Basic loss per common share	\$ (2.62)	\$ (1.55)
Diluted loss per common share	\$ (2.62)	\$ (1.55)

For the three months ended March 31, 2021 and 2020, RPS, RPS 2, restricted stock units, and stock options for a potential 2,122,480 and 2,543,665 shares, respectively, were not included in the calculation of diluted earnings per share because we recorded a net loss during these periods and the effects were anti-dilutive. Potentially dilutive instruments issued by Ben LP that are ultimately exchangeable into GWG common stock were also excluded from the calculation of diluted earnings per share for the three months ended March 31, 2021 and 2020 because we recorded a net loss during these periods and the effects were anti-dilutive.

(14) Segment Reporting

The Company has two reportable segments consisting of Secondary Life Insurance and Beneficient. Corporate & Other includes certain activities not allocated to specific business segments. These activities include holding company financing and investing activities, management and administrative services to support the overall operations of the Company, and GWG Holdings' equity method investment in FOXO.

The Secondary Life Insurance segment seeks to earn non-correlated yield from our portfolio of life insurance policies. Our Beneficient segment consists of the assets and operations of Ben LP and its subsidiaries. Ben LP provides a variety of trust services, liquidity products for owners of alternative assets and illiquid investment funds, and other financial services to MHNW individuals. The Corporate & Other category consists of unallocated corporate overhead and administrative costs and the operations of operating segments that do not meet the quantitative criteria to be separately reported.

These segments are differentiated by the products and services they offer as well as by the information used by the Company's chief operating decision maker to determine allocation of resources and assess performance.

Earnings before taxes ("EBT") is the measure of profitability used by management to assess performance of its segments and allocate resources. Segment EBT represents net income (loss) excluding income taxes and includes earnings (loss) from equity method investments. Information on reportable segments is as follows (in thousands):

	Three Months Ended March 31,	
	2021	2020
Revenue:		
Secondary Life Insurance	\$ 7,172	\$ 15,148
Beneficient	587	7,664
Total	\$ 7,759	\$ 22,812

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

	Three Months Ended March 31,	
	2021	2020
Interest Expense:		
Secondary Life Insurance	\$ 27,620	\$ 22,693
Beneficient	13,762	13,178
Total	\$ 41,382	\$ 35,871

	Three Months Ended March 31,	
	2021	2020
Segment EBT:		
Secondary Life Insurance	\$ (22,389)	\$ (14,721)
Beneficient	(31,593)	(80,194)
Corporate & Other	(13,310)	(7,153)
Total Segment EBT	(67,292)	(102,068)
Income tax benefit	(286)	(16,145)
Net loss	\$ (67,006)	\$ (85,923)

	March 31, 2021	December 31, 2020
Total Assets:		
Secondary Life Insurance	\$ 876,829	\$ 886,739
Beneficient	2,654,336	2,662,630
Corporate & Other	14,607	15,588
Total	\$ 3,545,772	\$ 3,564,957

The total assets of the Beneficient segment at both March 31, 2021 and December 31, 2020 includes goodwill of \$2.4 billion, which represents all of the goodwill on the Company's condensed consolidated balance sheet as of the end of each reporting period.

(15) Commitments and Contingencies

Litigation — In the normal course of business, we are involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse effect on our financial position, results of operations or cash flows.

Commitments — GWG Holdings is committed to contribute an additional \$2.5 million to FOXO through October 2021, all of which has been contributed through such date. The ExAlt Trusts had \$35.5 million and \$35.6 million of potential gross capital commitments as of March 31, 2021 and December 31, 2020, respectively, representing potential limited partner capital funding commitments on the interests in alternative asset funds. This is the amount above any existing cash reserves for such capital funding commitments. The ExAlt Trusts holding the interest in the limited partnership for the alternative asset fund is required to fund these limited partner capital commitments per the terms of the limited partnership agreement. Capital funding commitment reserves are maintained by the associated trusts within the ExAlt PlanTM created at the origination of each trust for up to \$0.1 million. To the extent that the associated ExAlt Trusts cannot pay the capital funding commitment, Beneficient is obligated to lend the associated ExAlt Trust sufficient funds to meet the commitment, pursuant to the terms of the respective ExAlt Loan. Any amounts advanced by Beneficient to the ExAlt Trusts for these limited partner capital funding commitments, pursuant to the terms of the respective ExAlt Loan, above the associated capital funding commitment reserves held by the associated ExAlt Trusts are added to the ExAlt Loan balance between Beneficient and the ExAlt Trusts and are expected to be recouped through the cash distributions from the alternative asset fund that collateralizes such ExAlt Loan.

Capital commitments generally originate from limited partner agreements having fixed or expiring expiration dates. The total limited partner capital funding commitment amounts may not necessarily represent future cash requirements. Beneficient considers the creditworthiness of the investments on a case-by-case basis. At both March 31, 2021 and December 31, 2020, Beneficient had no reserves for losses on unused commitments to fund potential limited partner capital funding commitments.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Investigation — On October 6, 2020, GWG Holdings received a subpoena to produce documents from the Chicago office of the SEC’s Division of Enforcement, informing the Company of the existence of a non-public, fact-finding investigation into GWG Holdings. Since the initial subpoena, GWG Holdings has received subsequent subpoenas from the SEC for additional information. The requested information from the SEC has primarily related to GWG Holdings’ investment products, including its L Bonds, as well as various accounting matters, among them, the consolidation for financial reporting purposes of Beneficient by GWG Holdings, goodwill valuation, and the accounting related to the ExAlt Trusts, related party transactions, life insurance policies, and the calculation of the debt-coverage ratio.

Until receipt of the initial subpoena on October 6, 2020, GWG Holdings had no previous communication with the SEC related to these issues and was unaware of this investigation. The Company is fully cooperating with the SEC in this investigation. The Company is currently unable to predict when this matter will be resolved or what further action, if any, the SEC may take in connection with it. As such, the Company cannot predict with certainty the outcome or effect of any such investigation or whether it will lead to any claim or litigation.

(16) Concentration

Life Insurance Carriers

Our portfolio consists of purchased life insurance policies written by life insurance companies rated investment-grade by third-party rating agencies, including A.M. Best Company, Standard & Poor’s, and Moody’s. As a result, there may be concentrations of policies with certain life insurance companies. The following summarizes the aggregate face value of insurance policies with specific life insurance companies exceeding 10% of the total face value of our portfolio.

Life Insurance Company	March 31, 2021	December 31, 2020
John Hancock Life Insurance Company	13.96 %	14.72 %
The Lincoln National Life Insurance Company	11.15 %	11.20 %
Equitable Financial Life Insurance Company	10.70 %	10.57 %

The following summarizes the number of insurance policies held in specific states exceeding 10% of the total face value held by our portfolio:

State of Residence	March 31, 2021	December 31, 2020
California	17.64 %	18.05 %
Florida	15.21 %	14.93 %

Alternative Assets Industries

Beneficient’s underlying portfolio companies primarily operate in the United States and Western Europe, with the largest percentage, based on NAV, operating in diversified financials, telecommunications services, food and staples retailing, and software and services and utilities.

(17) Subsequent Events and Other Matters

L Bond Suspension

We temporarily suspended the offering of GWG Holdings’ L Bonds, commencing April 16, 2021, as a result of our delay in filing certain periodic reports with the SEC, including this Quarterly Report on Form 10-Q. We anticipate recommencing the offering of GWG Holdings’ L Bonds when we regain compliance with SEC filing requirements.

Amendments to Beneficient Credit Agreements

On June 28, 2021, BCH. and HCLP entered into Amendment No. 2 to the Ben Credit Agreements. The amendments eliminate the obligation of DLP V to assume the Ben Credit Agreements as provided for in the Ben Credit Agreements and waive the daily fee payable upon the Trigger as defined and provided for in the Amendments.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Effective July 15, 2021, Beneficient executed Consent and Amendment No. 3 to the Second Amended and Restated Credit Agreement and Amendment No. 2 to the Second Amended and Restated Subordinate Credit Agreement with its lender, which (i) deferred the payment of all accrued and unpaid interest until December 10, 2021, and (ii) deferred the installment payment of \$5.0 million due on September 10, 2021, to December 10, 2021. Beneficient agreed to pay an amendment fee to the lender in an amount equal to 3% of the then outstanding principal and interest on December 10, 2021.

Third Amended and Restated Senior Credit Facility with LNV Corporation

On June 28, 2021, DLP IV entered into the Third Amended and Restated Credit Facility with LNV Corporation, as lender, and CLMG Corp., as the administrative agent on behalf of the lenders under the agreement (the "Third Amended Facility"), which replaced the LNV Credit Facility described in Note 9. The Third Amended Facility resulted in an additional advance of \$52.5 million from LNV Corporation.

In conjunction with entering into the Third Amended Facility, DLP V transferred life insurance policies having an aggregate face value of approximately \$440.6 million to DLP IV, which were pledged as additional collateral to the Third Amended Facility, and DLP IV received proceeds of approximately \$51.2 million (net of certain fees and expenses incurred in connection with the negotiation and entry into the Third Amended Facility). The Third Amended Facility sets forth interest and other terms and covenants similar those included in the previous LNV Credit Facility.

Beneficient's Conditional Kansas Charter

In April 2021, the Kansas Legislature adopted, and the governor of Kansas signed into law, a bill that would allow for the chartering and creation of Kansas trust companies, known as TEFFIs, that provide fiduciary financing (e.g., lending to ExAlt Trusts), custodian and trustee services, in all capacities pursuant to statutory fiduciary powers, to investors and other participants in the alternative assets market, as well as the establishment of alternative asset trusts. The legislation became effective on July 1, 2021 and designates BFF as the pilot trust company under the TEFFI legislation. A conditional trust charter was issued by the Kansas Bank Commissioner to a subsidiary of Ben LP on July 1, 2021. Under the pilot program, BFF will not be authorized to exercise its fiduciary powers as a TEFFI until the earlier of the date the Kansas Bank Commissioner promulgates applicable rules and regulations or December 31, 2021 or. The bill also permits the Kansas Bank Commissioner to request a six-month extension of the pilot program period, which could delay Beneficient's permission to exercise of fiduciary powers under the charter until July 1, 2022.

National Founders LP Credit Agreement

On August 11, 2021, GWG DLP Funding VI, LLC, a Delaware limited liability company ("DLP VI"), entered into a Credit Agreement (the "NF Credit Agreement") with each lender from time to time party thereto and National Founders LP, a Delaware limited partnership, as the administrative agent (the credit facility evidenced by such NF Credit Agreement, the "NF Credit Facility"). DLP VI is a wholly owned subsidiary of GWG DLP Funding Holdings VI, LLC, a Delaware limited liability company (the "DLP Holdings VI"). DLP Holdings VI is a wholly owned subsidiary of GWG Life.

On August 11, 2021, a one-time advance of approximately \$107.6 million was made to the DLP VI under the NF Credit Facility with a scheduled maturity date of August 11, 2031. Amounts borrowed under the NF Credit Facility bear interest on each day on the outstanding principal amount on such day at a per annum rate, determined on a daily basis, generally equal to 5.5% up to a 65% of the loan to value percent as calculated in accordance with the NF Credit Agreement, and 7.0% on anything above that loan to value percent. In particular, amounts borrowed under the NF Credit Facility bear interest on each day on the outstanding principal amount on such day at a per annum rate equal to the Interest Rate as of such day, or the Default Rate as of such day if an event of default has occurred and is continuing. The "Interest Rate" as of such day is equal to the sum of: (a) the percentage equal to (i) the Non-Higher Rate Factor as of such date of determination multiplied by (ii) 5.50%; and (b) the percentage equal to (i) the Higher Rate Factor as of such date of determination multiplied by (ii) 7.00%. "Non-Higher Rate Factor" means, as of any date of determination, the percentage equal to (i) 100% minus (ii) the Higher Rate Factor as of such date of determination, and "Higher Rate Factor" means, as of any date of determination, the percentage equal to (i) the greater of (a) the amount equal to (1) the LTV Percentage (as defined in the NF Credit Agreement) as of such date of determination minus (2) 65% and (b) zero percent divided by (ii) the LTV Percentage as of such date of determination. The "Default Rate" as of such day is equal to the sum of: (a) the Interest Rate as of such day and (b) 2.00%. Interest payments are made on a monthly basis.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Under the NF Credit Facility, each of DLP VI and DLP Holdings VI has granted the administrative agent, for the benefit of the lenders under the agreement, a security interest in substantially all of GWG Holdings' remaining life insurance policy assets not pledged by DLP IV under its LNV Credit Facility. In addition, amounts owing under the NF Credit Facility have been guaranteed by GWG Holdings upon the occurrence of a Guarantee Trigger Event (as defined in the guarantee), including certain bankruptcy events related to the DLP VI or DLP Holdings VI or a Change in Control (as defined in the NF Credit Agreement).

A portion of the proceeds from the funding under the NF Credit Facility was used to purchase life insurance policies that were owned by DLP IV, which used the funds to repay the most recent advance of \$52.5 million plus interest and penalties under the LNV Credit Facility described above. At August 11, 2021, the aggregate face value of life insurance policies owned by DLP VI, was approximately \$433.1 million. As of such date, the aggregate face value of life insurance policies owned by DLP IV was approximately \$1.42 billion.

GWG Holdings secures L Bonds with a pledge of collateral security in its ownership interests in GWG Life and GWG Holdings' other direct subsidiaries; GWG Life's ownership in its direct subsidiaries that own directly or indirectly a large actuarially diverse portfolio of life insurance policies of highly rated insurance companies; and investments in Beneficient. Subsequent to entering into the NF Credit Facility, substantially all of our life insurance policies are held by DLP IV or DLP VI. The policies held by DLP IV and DLP VI are not direct collateral for the L Bonds as such policies are pledged under the LNV Credit Facility and NF Credit Facility, respectively. Furthermore, L Bonds are secured by a pledge of approximately 4.0 million shares of GWG Holdings' common stock. GWG Holdings' most significant assets are cash and its investments in subsidiaries. These assets were not pledged under the NF Credit Facility.

The NF Credit Facility has certain financial and nonfinancial covenants, and we were in compliance with these covenants as of the date of this filing. In addition, the NF Credit Facility has certain reporting obligations that require DLP VI to deliver audited annual consolidated financial statements of DLP Holdings VI no later than 150 days after the end of each fiscal year (beginning with the fiscal year ending December 31, 2021) and unaudited quarterly consolidated financial statements of DLP Holdings VI no later than 90 days after the end of each of DLP VI's first three fiscal quarters (beginning with the fiscal quarter ending September 30, 2021). The NF Credit Facility also has customary events of default for a facility of this type.

DLP VI may voluntarily prepay amounts owing under the NF Credit Facility upon payment of all accrued and unpaid interest on such prepaid amounts and payment of the applicable Prepayment Premium (as defined in the NF Credit Agreement).

The NF Credit Facility permits DLP VI to pay dividends and distributions from the proceeds of the one-time advance. As a result, the funding under the NF Credit Facility, less amounts used to purchase the life insurance policies from DLP IV, will be available to GWG Holdings and will improve GWG Holdings' cash position while it works to complete its periodic reporting requirements with the SEC, including this Form 10-Q, which GWG Holdings expects will permit it to resume the issuance of its L Bonds.

Non-Binding Term Sheet with Beneficient

On August 13, 2021, GWG Holdings, Ben LP, and BCH entered into a non-binding term sheet (the "Term Sheet") that contemplates a series of transactions, which, if completed, will result in, among other things, (i) GWG Holdings receiving certain proposed enhancements to its investments in Beneficient; (ii) GWG Holdings no longer having the right to appoint directors of the board of directors of Beneficient Management; and (iii) Beneficient no longer being a consolidated subsidiary of GWG Holdings. The Term Sheet and related negotiations are a part of ongoing efforts by management and the Board of Directors of GWG Holdings to maximize the value of GWG Holdings' and GWG Life's investment in Beneficient.

The Company believes that returning control of Beneficient is a necessary step for Ben LP to establish one of its operating subsidiaries as a TEFFI under the Kansas Technology-Enabled Fiduciary Financial Institutions Act (the "TEFFI Act"), which is important to Beneficient's long-term business objective of providing liquidity and other services to holders of alternative assets.

Until the definitive documentation is finalized and executed, each of these provisions is non-binding and is subject to change in all respects, including as a result of additional diligence, the further discharge of fiduciary duties, and the negotiation of definitive documentation. The Company has begun working on definitive documentation to implement the Term Sheet with Ben LP and is working to complete such definitive documentation during the fourth quarter of 2021, although there can be no assurance definitive documentation will be completed by then, or at all.

GWG HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

If Ben LP becomes an independent company pursuant to the terms of the Term Sheet, the Company expects that Ben LP would reduce its reliance on GWG Holdings to fund its operations and would raise future capital from other sources. Beneficiary's capital raising efforts may include the issuance of equity or debt of Ben LP or one of its subsidiaries, and the newly issued securities may be dilutive to GWG Holdings' and GWG Life's investment in Ben LP and BCH and may include preferential terms relative to GWG Holdings' and GWG Life's investments in Ben LP and BCH. GWG Holdings and GWG Life would still retain a substantial investment in Beneficiary.

Fourth Amended and Restated Senior Credit Facility with LNV Corporation

On September 7, 2021, DLP IV entered into a Fourth Amended and Restated Loan and Security Agreement with LNV Corporation, as lender, and CLMG Corp., as the administrative agent on behalf of the lenders under the agreement (the "Fourth Amended Facility"). The Fourth Amended Facility replaced the Third Amended Facility, that previously governed the Company's senior credit facility. The Fourth Amended Facility resulted in an additional advance of \$30.3 million from LNV Corporation, paid on September 7, 2021.

Under the Fourth Amended Facility, all advances bear interest at a rate of the Benchmark Rate plus the Applicable Margin, or the Default Rate if an event of default has occurred and is continuing. For purposes of the Fourth Amended Facility, (i) the Benchmark Rate is the greater of (a) the sum of (i) the Federal Funds Rate plus (ii) one-half of one percent (0.50%) and (b) one and one half of one percent (1.50%); (ii) the Applicable Margin is seven and one half percent (7.50%); and (iii) the Default Rate is the Benchmark Rate plus nine and one half percent (9.50%).

COVID-19

In December 2019, a novel strain of coronavirus and the associated respiratory disease ("COVID-19") was first reported in Wuhan, China. Less than four months later, on March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The extent of COVID-19's effect on the Company's operational and financial performance will depend on continuing developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. Although a substantial majority of our employees continue to work remotely, we have maintained our operations at or near normal levels. We have not experienced any significant disruptions due to operational issues, loss of communication capabilities, technology failure or cyber-attacks. The Company continues to raise capital, receive distributions from alternative assets and insurance policy benefits, pay interest and dividends and otherwise meet its ongoing obligations. However, depending on the extent of the ongoing economic crisis resulting from the pandemic and its impact on the Company's business, the pandemic could have a material adverse effect on our results of operations, financial condition and cash flows.

Policy Benefits and L Bonds

Subsequent to March 31, 2021 through October 15, 2021, policy benefits on 55 policies covering 49 individuals have been realized. The face value of insurance benefits of these policies was \$80.3 million.

Subsequent to March 31, 2021 through April 16, 2021, the date we temporarily suspended GWG Holdings' L Bond offering, GWG Holdings issued approximately \$44.5 million of L Bonds. No L Bonds have been sold since April 16, 2021.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion should be read in conjunction with the condensed consolidated financial statements and accompanying notes and the information contained in other sections of this report. This discussion and analysis is based on the beliefs of our management, as well as assumptions made by, and information currently available to, our management.

Unless the context otherwise indicates, all references in this Management's Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, to the "Company," "we," "us," "our" or "ours" or similar words are to GWG Holdings Inc. and its direct and indirect wholly-owned and consolidated subsidiaries, references to "GWG Holdings" refer to GWG Holdings Inc., references to "GWG Life" refer to GWG Life, LLC (a wholly-owned subsidiary of GWG Holdings), references to "DLP IV" refer to GWG DLP Funding IV, LLC (a wholly-owned subsidiary of GWG Life), references to "DLP V Holdings" refer to GWG DLP Funding V Holdings, LLC (a wholly-owned subsidiary of GWG Life), references to "DLP V" refer to GWG DLP Funding V, LLC (a wholly-owned subsidiary of DLP V Holdings), references to "DLP VI Holdings" refer to GWG DLP Funding Holdings VI, LLC (a wholly-owned subsidiary of GWG Life), references to "DLP VI" refer to GWG DLP Funding VI, LLC (a wholly-owned subsidiary of DLP VI Holdings), references to "Ben LP" refer to The Beneficient Company Group, L.P. (a consolidated subsidiary of GWG Holdings), references to "Beneficient" refer to Ben LP and all of its consolidated subsidiaries, references to "BCH" refer to Beneficient Company Holdings, L.P. (of which Ben LP is the general partner), references to "Beneficient Management" refer to Beneficient Management, L.L.C. (the general partner of Ben LP), references to "BCC" refer to Beneficient Capital Company, L.L.C. (a subsidiary of Ben LP), references to "BACC" refer to Beneficient Administrative and Clearing Company, L.L.C. (a subsidiary of Ben LP), references to "Pen" refer to Pen Indemnity Insurance Company, LTD (a subsidiary of Ben LP), references to "Ben Markets" refer to Ben Markets L.L.C. (a subsidiary of Ben LP), references to "FOXO" refer to FOXO Technologies Inc. (formerly, FOXO BioScience LLC, an equity investee of GWG Holdings), references to "FOXO Labs" refer to FOXO Labs Inc. (formerly, Life Epigenetics Inc., a wholly-owned subsidiary of FOXO), references to "FOXO Life" refer to FOXO Life LLC (formerly, youSurance General Agency, LLC, a wholly-owned subsidiary of FOXO), and references to the "ExAlt PlanTM" refer to a trust structure comprising customized trust vehicles (the "ExAlt Trusts" and each, an "ExAlt Trust").

Risk Relating to Forward-Looking Statements

This report contains forward-looking statements that reflect our current expectations and projections about future events. Actual results could differ materially from those described in these forward-looking statements.

The words "believe," "could," "possibly," "probably," "anticipate," "estimate," "project," "expect," "may," "will," "should," "seek," "intend," "plan," "expect," or "consider" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from such statements. Many of the forward-looking statements contained in this report can be found in the following discussion and analysis.

Such risks and uncertainties include, but are not limited to:

- substantial doubt about our ability to continue as a going concern;
- the valuation of assets reflected on our financial statements;
- the illiquidity of our life insurance investments and receivables from affiliates;
- the continued success of the alternative assets industry;
- our ability to realize the anticipated benefits from our consolidation of Beneficient;
- Beneficient's financial performance and ability to execute on its business plan;
- Beneficient's ability to obtain the trust company charter from the Texas Department of Banking and its trust bank charter from the Kansas State Bank Commissioner necessary to implement its business plan;
- changes resulting from the evolution of our business model and strategy with respect to Beneficient and the life insurance secondary market;
- our reliance on debt financing and continued access to the capital markets;
- our significant and ongoing financing requirements;
- our predominant use of short-term debt to fund a portfolio of long-term assets could result in a liquidity shortage;

- our ability to make cash distributions in satisfaction of dividend obligations and redemption requests;
- our ability to satisfy our debt obligations if we were to sell our assets;
- general economic outlook, including prevailing interest rates;
- the novel coronavirus pandemic, the ongoing economic downturn and its impact on our business;
- federal, state, FINRA and other regulatory matters;
- litigation risks;
- our ability to comply with financial and non-financial covenants contained in borrowing agreements;
- the reliability of assumptions underlying our actuarial models, including life expectancy (“LE”) estimates and our projections of mortality events and the realization of policy benefits;
- risks relating to the validity and enforceability of the life insurance policies we purchase;
- our reliance on information provided and obtained by third parties, including changes in underwriting tables and underwriting methodology;
- life insurance company credit exposure;
- cost-of-insurance (premium) increases on our life insurance policies;
- performance of our investments in life insurance policies; and
- risks associated with our investment in FOXO Technologies Inc. (formerly FOXO BioScience LLC).

We caution you that the foregoing list of factors is not exhaustive. Forward-looking statements are only estimates and predictions, or statements of current intent. Actual results, outcomes or actions that we ultimately undertake could differ materially from those anticipated in the forward-looking statements due to risks, uncertainties or actual events differing from the assumptions underlying these statements. We assume no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

Overview

We are an innovative financial services firm based in Dallas, Texas that is a leader in providing unique liquidity solutions and services for the owners of illiquid investments. In 2018 and 2019, GWG Holdings and GWG Life consummated a series of transactions with The Beneficient Company Group, L.P. (“Ben LP” including all of the subsidiaries it may have from time to time — “Beneficient”), as more fully described in Note 1 to our condensed consolidated financial statements in this Form 10-Q. On December 31, 2019, GWG Holdings obtained the right to appoint a majority of the board of directors of Beneficient Management. As a result of this change-of-control event, GWG Holdings reported the results of Beneficient on a consolidated basis beginning on the transaction date of December 31, 2019. As further described in Note 17 to the condensed consolidated financial statements, on August 13, 2021, GWG Holdings, Ben LP, and BCH entered into a non-binding term sheet (the “Term Sheet”), which, if completed, is expected to result in, among other things, the deconsolidation of Beneficient from GWG Holdings.

Beneficient is a financial services company, based in Dallas, Texas, that markets an array of liquidity and trust administration products to alternative asset investors primarily comprised of mid-to-high-net-worth individuals having a net worth between \$5 million and \$30 million (“MHNW”) and small-to-midsize institutional investors and family offices with less than \$1 billion in investable assets (“STMIs”). Ben LP plans to offer its products and services through its five operating subsidiaries, which include (i) Ben Liquidity, L.L.C. and its subsidiaries (collectively, “Ben Liquidity”), (ii) Ben Custody, L.L.C. and its subsidiaries (collectively, “Ben Custody Admin”), (iii) Ben Insurance, L.L.C. and its subsidiaries (collectively, “Ben Insurance”), (iv) Ben Markets, L.L.C., and its subsidiaries (collectively, “Ben Markets”) and (v) The Beneficient Company Group (USA), L.L.C (“Beneficient USA”). Ben Liquidity plans to operate a trust company that is a Kansas Technology Enabled Fiduciary Financial Institutions (“TEFFI”) authorized to serve as an alternative asset custodian, trustee and lender with statutory powers granted for each of these activities and permitting Ben Liquidity to provide fiduciary financing for certain of its customer liquidity transactions. Ben Custody Admin plans to operate a Texas trust company that is being organized to provide its customers with certain administrative, custodial and trustee products and specialized services focused on alternative asset investors. Ben Insurance has been chartered as a Bermuda based insurance company that plans to offer certain customized insurance products and services covering risks relating to owning, managing and transferring alternative assets. Ben Markets is in the regulatory process for acquiring a captive registered broker-dealer that would conduct certain of its activities attendant to offering a suite of products and services from the Beneficient family of companies. Certain of Ben LP’s operating subsidiary products and services involve or are offered to certain of the ExAlt Trusts, which operate for the benefit of the Non-Controlling Interest Holders, and are consolidated subsidiaries of Ben LP for financial reporting purposes (such trusts are and may

individually be referred to as Custody Trusts, Collective Trusts, LiquidTrusts, and Funding Trusts). Beneficient USA employs a substantial majority of the executives and staff for Beneficient's operating subsidiaries to which Beneficient USA provides administrative and technical services.

We believe that Beneficient's operations will generally produce higher risk adjusted returns than those we can achieve from life insurance policies acquired in the secondary market; however, returns on equity in life settlements, especially with the current availability of financings on favorable terms, appear to be an attractive option to diversify our exposure to alternative assets, and we have begun exploring the feasibility of acquiring such policies. Furthermore, although we believe that our portfolio of life insurance policies is a meaningful component of a growing diversified alternative asset portfolio, we continue to explore strategic alternatives for our life insurance portfolio aimed at maximizing its value, including a possible sale, refinancing, recapitalization, partnership, reinsurance guarantees, life insurance operations or other transactions involving our life insurance portfolio, as well as pursuing other alternatives to increase our exposure to alternative assets. These operations are in addition to allocating capital to provide liquidity to holders of a broader range of alternative assets, which we currently provide through GWG Holdings' and GWG Life's investments in Beneficient.

GWG Holdings completed the transactions with Beneficient, in part, to provide the Company with a significant increase in assets and common stockholders' equity. In addition, the transactions with Beneficient may provide us with the opportunity for a diversified source of future earnings within the alternative asset industry. We believe the Beneficient transactions and the other strategies we are pursuing will transform GWG Holdings from a niche provider of liquidity to owners of life insurance to a diversified provider of financial products and services with exposure to a broad range of alternative assets.

Restatement

The Company restated its previously issued (i) consolidated balance sheet as of December 31, 2019, included in its Annual Report on Form 10-K for the year ended December 31, 2019 and (ii) the consolidated statement of operations, (iii) the consolidated statement of changes in stockholders' equity, and (iv) the consolidated statement of cash flows for the year ended December 31, 2019, included in its Annual Report on Form 10-K for the year ended December 31, 2019, (the "Restatement") as part of its 2020 Form 10-K. The Restatement also impacted each of the quarters for the periods beginning with GWG Holdings, Inc.'s consolidation with The Beneficient Company Group, L.P. ("Ben LP," including all of the subsidiaries it may have from time to time — "Beneficient") as of December 31, 2019 through the quarter ended September 30, 2020.

The historical interim periods included in this Form 10-Q have been restated to reflect the Restatement.

Critical Accounting Policies and Estimates

Critical Accounting Estimates

The preparation of our condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") requires us to make significant judgments, estimates, and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. We base our judgments, estimates, and assumptions on historical experience and on various other factors believed to be reasonable under the circumstances. Actual results could differ materially from these estimates. We evaluate our judgments, estimates, and assumptions on a regular basis and make changes accordingly.

Material estimates that are particularly susceptible to change, in the near term, relate to: determining the assumptions used in estimating the fair value of our investments in life insurance policies; determining the grant date fair value for equity-based compensation awards; determining the allocation of income (loss) to Beneficient's equity holders; and evaluation of potential impairment of goodwill and other intangibles. We believe these estimates are likely to have the greatest potential impact on our condensed consolidated financial statements and accordingly believe these to be our critical accounting estimates.

As it relates to the goodwill intangible asset, in light of Beneficient's significant recurring losses from operations, negative cash flows from operations, and delays in executing its business plans, management plans to engage a third-party valuation firm to assist in performing a quantitative goodwill impairment test in the fourth quarter of 2021. The valuation work related to the goodwill intangible is not complete, and we expect the work to be completed before the filing of our 2021 annual financial statements. While management has implemented strategies to execute its business plans, a failure to execute our business plans or adverse market changes in the future could result in changes in management's forecasts, which could result in a decline in

estimated fair value of the Beneficient reporting unit and would result in an impairment of our goodwill intangible. Key assumptions in our quantitative goodwill impairment test include assumptions regarding Ben LP's ability to raise substantial amounts of capital as disclosed in the 2020 Form 10-K (as defined below). Beneficient is actively engaged in capital raising efforts that may include the issuance of equity or debt of Ben LP or one of its subsidiaries and has received non-binding indications of interest from potential investors. The outcome of Ben LP's capital raising efforts will have a direct impact on management's forecasts and consequently, have a direct impact on the magnitude of future goodwill intangible impairment losses, if any. The outcome of Ben LP's capital raising efforts is uncertain, and it is not certain that the potential investors that have submitted non-binding indications of interest ultimately will invest in Ben LP, or the amount of any such investments. As a result, our quantitative goodwill intangible impairment analysis, once complete, could result in material goodwill intangible impairment in the near future.

Critical Accounting Policies

Refer to our Annual Report on Form 10-K for the year ended December 31, 2020 filed with the SEC on November 5, 2021 ("2020 Form 10-K") for a discussion of our critical accounting policies and estimates. There have been no significant changes to our critical accounting policies during the three months ended March 31, 2021.

Recent Developments

We define "recent developments" as material transactions or matters that occurred in the most recent fiscal quarter or in the period between the end of the fiscal quarter and the filing of the quarterly or annual financial statements with the SEC. The following recent developments are described in more detail in the notes to the condensed consolidated financial statements. A reference to the corresponding note is included below:

- The amendment of Beneficient's Credit Agreements (Note 17).
- During the first quarter of 2021, Beneficient executed 10 liquidity transactions, pursuant to which customers sold interests in private equity funds with an aggregate net asset value of \$5.6 million to certain of the ExAlt Trusts in exchange for agreed upon consideration. In connection with these transactions, GWG Life issued an aggregate of \$0.3 million of principal in Liquidity Bonds on January 8, 2021 and January 15, 2021.
- In addition, on March 25, 2021, Beneficient filed provisional patent applications pending on certain of its systems and processes underlying its liquidity products and trust services. These patent applications cover the following aspects of Beneficient's business:
 - Ben ExAlt PlanTM Patent Application.
 - **ExAlt Plan.** System and process for providing liquidity to customers for their alternative assets.
 - Underwriting Systems Patent Applications.
 - **AltScore.** Alternative asset quality scoring system.
 - **ValueAlt.** Method to value interests in alternative asset funds.
 - **AltRating.** Method to assign credit ratings to structured debt that is backed by alternative assets.
 - Risk Assessment and Risk Reduction Patent Applications.
 - **AltC.** Tool to measure portfolio concentration relative to an established limit or target.
 - **OptimumAlt.** Portfolio optimization and allocation tool specifically designed for alternative asset funds.
 - **AlphaAlt.** Proprietary forecast of expected returns and cash flows for alternative asset fund types.
 - **AltQuote.** Real-time indicator of liquidity solutions for holders of alternative assets.

- In April 2021, the Kansas Legislature adopted, and the governor of Kansas signed into law, a bill that would allow for the chartering and creation of Kansas trust companies, known as TEFFIs, that provide fiduciary financing (e.g., lending to ExAlt Trusts), custodian and trustee services in all capacities pursuant to statutory fiduciary powers, to investors and other participants in the alternative assets market, as well as the establishment of alternative asset trusts. The legislation became effective on July 1, 2021 and designates BFF as the pilot trust company under the TEFFI legislation. A conditional trust charter was issued by the Kansas Bank Commissioner to a subsidiary of Ben LP on July 1, 2021. Under the pilot program, BFF will not be authorized to exercise its fiduciary powers as a TEFFI until the earlier of the date the Kansas Bank Commissioner promulgates applicable rules and regulations or December 31, 2021 or. The bill also permits the Kansas Bank Commissioner to request a six-month extension of the pilot program period, which could delay Beneficient's exercise of fiduciary powers under the charter until July 1, 2022. As a result, the directors of GWG Holdings who serve on the new TEFFI trust company Board of Directors resigned their membership, effective June 14, 2021, on GWG Holdings' Board of Directors to devote their time to serving as directors of the Beneficient TEFFI trust company, which the Company believes is the highest and best use of their available time and skills and will support the development of the Beneficient TEFFI trust company and the successful execution of Beneficient's business plan (Note 17).
- On June 28, 2021, DLP IV entered into a Third Amended and Restated Loan and Security Agreement with LNV Corporation (the "Third Amended Facility") that resulted in a \$52.5 million advance from LNV Corporation, or \$51.2 million including certain fees and expenses incurred in connection with the entry into the Third Amended Facility (Note 17).
- On August 11, 2021, GWG DLP Funding VI, LLC, a Delaware limited liability company ("DLP VI"), entered into a Credit Agreement (the "NF Credit Agreement") with each lender from time to time party thereto and National Founders LP, a Delaware limited partnership, as the administrative agent (the credit facility evidenced by such NF Credit Agreement, the "NF Credit Facility") that resulted in a one-time \$107.6 million advance with a scheduled maturity date of August 11, 2031 (Note 17). Approximately \$56.7 million of such advanced amount was used to pay off the remaining amount due under the Third Amended Facility.
- On August 13, 2021, GWG Holdings, Ben LP, and BCH entered into a Term Sheet that contemplates a series of transactions, which, if completed, will result in, among other things, (i) GWG Holdings receiving certain proposed enhancements to its investments in Beneficient; (ii) GWG Holdings no longer having the right to appoint directors of the board of directors of Beneficient Management; and (iii) Beneficient no longer being a consolidated subsidiary of GWG Holdings (Note 17).
- On September 7, 2021, DLP IV entered into a Fourth Amended and Restated Loan and Security Agreement with LNV Corporation, as lender, and CLMG Corp., as the administrative agent on behalf of the lenders under the agreement (the "Fourth Amended Facility") that resulted in a \$30.3 million advance from LNV Corporation, with such advance including amounts to cover certain fees and expenses incurred in connection with the entry into the Fourth Amended Facility (Note 17).
- An update on the current state of the Company and potential impact of the COVID-19 pandemic (Note 17).

Asset Diversification

As of March 31, 2021, we held a combined portfolio of assets consisting of 78% of fair value secondary life insurance policies and 22% of indirect interests in alternative assets held by certain of the ExAlt Trusts. The table presented below reflects classifications based on GWG Holdings' and Beneficient's current exposure types as of March 31, 2021 (dollar amounts in thousands). Additional information regarding the Collateral portfolio is available on its website at www.trustben.com. The information on Beneficient's website is not part of, or incorporated by reference in, this report.

Exposure Type	Value	Percent of Total
Near-Duration Life Insurance Policies ⁽¹⁾	\$ 329,128	32.6 %
Intermediate-Duration Life Insurance Policies ⁽¹⁾	313,811	31.0 %
Long-Duration Life Insurance Policies ⁽¹⁾	148,560	14.7 %
Growth Stage Private ⁽²⁾	83,124	8.2 %
Late Stage Venture Backed ⁽²⁾	52,096	5.2 %
Other ⁽²⁾	29,933	2.9 %
Early Stage Venture Backed ⁽²⁾	28,149	2.8 %
Corporate Buyouts ⁽²⁾	26,127	2.6 %
Total	\$ 1,010,928	100.0 %

(1) Represents fair value of life insurance policies.

(2) Represents the net asset value (“NAV”) of the interests in alternative assets that provide cash flows, which comprise the Collateral of the ExAlt Loans (defined in section below entitled *ExAlt Trusts’ Investment in Alternative Assets*). Excludes collateral exchanged in the Collateral Swap, which are eliminated in consolidation. These ExAlt Loans eliminate upon consolidation in the presentation of our condensed consolidated financial statements. The Net Asset Value (“NAV”) calculation reflects the most current report of NAV and other data received from firm/fund sponsors. If no such report has been received, Beneficient estimates NAV based upon the last NAV calculation reported by the investment manager and adjusts it for capital calls and distributions made in the intervening time frame.

The underlying exposure data represents GWG Holdings’ exposure to life insurance policies included in its portfolio and its exposure to the underlying Collateral of Beneficient’s loan portfolio to the ExAlt Trusts. Exposure type reflects classifications based on each company’s portfolio as determined by management. Figures are based on third-party information and other relevant information as determined by management. “Other” includes private debt strategies, natural resources strategies, and hedge funds. “Near-Term”, “Intermediate-Term”, and “Long-Term” life insurance policies represent policies with life expectancies between 0 – 47 months, 48 – 95 months, and 96 – 240 months, respectively.

The following sections contain information on each of the secondary life insurance assets and the interests in alternative assets held by certain of the ExAlt Trusts separately.

Secondary Life Insurance Assets

Our portfolio of life insurance policies, owned by GWG Holdings’ subsidiaries as of March 31, 2021, is summarized below:

Life Insurance Portfolio Summary	
Total life insurance portfolio face value of policy benefits (in thousands)	\$ 1,879,895
Average face value per policy (in thousands)	\$ 1,822
Average face value per insured life (in thousands)	\$ 1,973
Weighted average age of insured (years)	83.2
Weighted average life expectancy estimate (years)	6.9
Total number of policies	1,032
Number of unique lives	953
Demographics	74% Male; 26% Female
Number of smokers	40
Largest policy as % of total portfolio face value	0.7 %
Average policy as % of total portfolio	0.1 %
Average annual premium as % of face value	3.9 %

Our portfolio of life insurance policies, owned by GWG Holdings' subsidiaries as of March 31, 2021, organized by the insured's current age and the associated number of policies and policy benefits, is summarized below:

Distribution of Policies and Policy Benefits by Current Age of Insured

Min Age	Max Age	Number of Policies	Policy Benefits (in thousands)	Percentage of Total		Weighted Average LE (Years)
				Number of Policies	Policy Benefits	
64	69	33	\$ 33,436	3.3 %	1.8 %	11.1
70	74	183	229,808	17.7 %	12.2 %	10.4
75	79	210	349,775	20.3 %	18.6 %	9.3
80	84	204	360,035	19.8 %	19.2 %	7.5
85	89	220	532,925	21.3 %	28.3 %	4.7
90	94	157	320,539	15.2 %	17.1 %	3.2
95	101	25	53,377	2.4 %	2.8 %	1.9
Total		1,032	\$ 1,879,895	100.0 %	100.0 %	6.9

Our portfolio of life insurance policies, owned by GWG Holdings' subsidiaries as of March 31, 2021, organized by the insured's estimated life expectancy estimates and associated policy benefits, is summarized below:

Distribution of Policies by Current Life Expectancies of Insured

Min LE (Months)	Max LE (Months)	Number of Policies	Policy Benefits (in Thousands)	Percentage of Total	
				Number of Policies	Policy Benefits
0	47	296	\$ 513,334	28.6 %	27.4 %
48	71	230	434,338	22.3 %	23.1 %
72	95	193	342,562	18.7 %	18.2 %
96	119	139	244,181	13.5 %	13.0 %
120	143	98	160,624	9.5 %	8.5 %
144	179	68	162,581	6.6 %	8.6 %
180	240	8	22,275	0.8 %	1.2 %
Total		1,032	\$ 1,879,895	100.0 %	100.0 %

We rely on the payment of policy benefit claims by life insurance companies as a significant source of cash inflow. The life insurance assets we own represent obligations of third-party life insurance companies to pay the benefit amount under the policy upon the mortality of the insured. As a result, we manage this credit risk exposure by generally purchasing policies issued by insurance companies with investment-grade credit ratings from Standard & Poor's, and diversifying our life insurance portfolio among a number of insurance companies.

The yield to maturity on bonds issued by life insurance carriers reflects, among other things, the credit risk (risk of default) of such insurance carrier. We follow the yields on certain publicly traded life insurance company bonds because this information is part of the data we consider when valuing our portfolio of life insurance policies for our financial statements.

The average yield to maturity of publicly traded life insurance company bonds data we consider as inputs to our life insurance portfolio valuation process was 1.48% as of March 31, 2021. We believe this average yield to maturity reflects, in part, the financial market's judgment that credit risk is low with regard to these carriers' financial obligations. The obligations of life insurance carriers to pay life insurance policy benefits ranks senior to all of their other financial obligations, including the senior bonds they issue. As of March 31, 2021, 95.7% of the face value benefits of our life insurance policies were issued by insurers having an investment-grade credit rating (BBB or better) by Standard & Poor's.

As of March 31, 2021, our ten largest life insurance company credit exposures and the Standard & Poor's credit rating of their respective financial strength and claims-paying ability is set forth below:

Distribution of Policy Benefits by Top 10 Insurance Companies

Rank	Policy Benefits (in Thousands)	Percentage of Policy Benefit Amount	Insurance Company	S&P Insurer Financial Strength Rating
1	\$ 262,493	14.0 %	John Hancock Life Insurance Company	AA-
2	209,614	11.2 %	Lincoln National Life Insurance Company	AA-
3	201,236	10.7 %	Equitable Financial Life Insurance Company	A+
4	164,491	8.8 %	Transamerica Life Insurance Company	A+
5	157,244	8.4 %	Brighthouse Life Insurance Company	AA-
6	86,339	4.6 %	American General Life Insurance Company	A+
7	84,998	4.5 %	Pacific Life Insurance Company	AA-
8	63,876	3.4 %	ReliaStar Life Insurance Company	A+
9	57,862	3.1 %	Security Life of Denver Insurance Company	A+
10	54,969	2.9 %	Protective Life Insurance Company	AA-
	<u>\$ 1,343,122</u>	<u>71.6 %</u>		

ExAlt Trusts' Investment in Alternative Assets

Beneficiary's primary operations, which commenced on September 1, 2017, consist of offering its liquidity and trust administration services to its customers, primarily through certain of Ben LP's operating subsidiaries, Ben Liquidity (as defined below) and Ben Custody Admin (as defined below), respectively. Ben Liquidity offers simple, rapid and cost-effective liquidity products to its customers through the use of customized trust vehicles, the ExAlt Trusts, that facilitate the exchange of a customer's alternative assets for consideration using a unique financing structure. A subsidiary of Ben Liquidity makes ExAlt Loans to certain of the ExAlt Trusts. Ben Liquidity generates interest and fee income earned in connection with such ExAlt Loans to certain of the ExAlt Trusts, which are collateralized by the cash flows from the exchanged alternative assets (the "Collateral"). Ben Custody Admin provides trust administration services to the trustees of certain of the ExAlt Trusts that own the exchanged alternative asset following a liquidity transaction for fees payable quarterly. The Collateral supports the repayment of the loans plus any related interest and fees. Since the ExAlt Trusts are consolidated, Ben LP's operating subsidiary ExAlt Loans and interest and fee income are eliminated in the presentation of our condensed consolidated financial statements.

The ExAlt Trusts' investments in alternative assets are the source of the Collateral supporting the ExAlt Loans. These assets consist primarily of limited partnership interests in various alternative investments, including private equity funds. These alternative investments are valued using NAV as a practical expedient. Changes in the NAV of these investments are recorded in investment income, net in our consolidated statements of operations. The ExAlt Trusts' investments in alternative assets provide the economic value creating the Collateral to the ExAlt Loans made in connection with each liquidity transaction.

The ExAlt Trusts held interests in alternative assets with a net asset value of \$219.4 million and \$221.9 million at March 31, 2021 and December 31, 2020, respectively. As of March 31, 2021, the ExAlt Trusts' portfolio had exposure to 115 professionally managed alternative investment funds, comprised of 321 underlying investments, 97 percent of which are investments in private companies.

The portfolio of alternative assets, excluding the collateral exchanged in the Collateral Swap, which is eliminated in consolidation, covers the following industry sectors and geographic regions as of the dates shown below (dollar amounts in thousands):

Industry Sector	March 31, 2021		December 31, 2020	
	Value	Percent of Total	Value	Percent of Total
Diversified Financials	28,923	13.2 %	28,462	12.8 %
Food and Staples Retailing	28,556	13.0 %	24,450	11.0 %
Software and Services	26,728	12.2 %	23,310	10.5 %
Telecommunication Services	26,274	12.0 %	27,401	12.3 %
Utilities	20,963	9.6 %	21,740	9.8 %
Not Applicable (e.g., Escrow, Earnouts) ⁽¹⁾	18,985	8.7 %	18,138	8.2 %
Semiconductors and Semiconductor Equipment	13,154	6.0 %	21,271	9.6 %
Health Care Equipment and Services	12,243	5.6 %	14,682	6.6 %
Other ⁽¹⁾	43,603	19.7 %	42,440	19.2 %
Total	\$ 219,429	100.0 %	\$ 221,894	100.0 %

Geography	March 31, 2021		December 31, 2020	
	Value	Percent of Total	Value	Percent of Total
North America	\$ 100,670	45.8 %	\$ 95,569	43.1 %
Western Europe	46,235	21.1 %	50,219	22.6 %
Latin & South America	29,318	13.4 %	25,255	11.4 %
Asia	28,671	13.1 %	36,436	16.4 %
Other ⁽²⁾	14,535	6.6 %	14,415	6.5 %
Total	\$ 219,429	100.0 %	\$ 221,894	100.0 %

(1) Industries in this category each comprise less than 5 percent as of March 31, 2021.

(2) Locations in this category each comprise less than 5 percent.

Assets in the portfolio consist primarily of interests in alternative investment vehicles (also referred to as “funds”) that are managed by a group of U.S. and non-U.S. based alternative asset management firms that invest in a variety of financial markets and utilize a variety of investment strategies. The vintages of the funds in the portfolio as of March 31, 2021 ranged from 1993 to 2018.

As the ExAlt Trusts grow their portfolio, they will monitor the diversity of the portfolio through the use of concentration guidelines. These guidelines were established, and will be periodically updated, through a data driven approach based on asset type, fund manager, vintage of fund, industry segment and geography to manage portfolio risk. Beneficient will refer to these guidelines when making decisions about new financing opportunities; however, these guidelines will not restrict Beneficient from entering into financing opportunities that would result in Beneficient having exposure outside of its concentration guidelines. In addition, changes to the ExAlt Trusts’ portfolio may lag changes to the concentration guidelines. As such, the ExAlt Trusts’ portfolio may, at any given time, have exposures that are outside of its concentration guidelines to reflect, among other things, attractive financing opportunities, limited availability of assets, or other business reasons. Given the ExAlt Trusts’ limited operating history, the portfolio as of March 31, 2021 had exposure to certain alternative investment vehicles and investments in private companies that were outside of those guidelines.

Classifications by industry sector, exposure type and geography reflect classification of investments held in funds or companies held directly in the portfolio. Investments reflect the assets listed by the general partner of a fund as held by the fund and have a positive or negative net asset value. Typical assets include portfolio companies, limited partnership interests in other funds, and net other assets, which are a fund’s cash and other current assets minus liabilities. The underlying interests in alternative assets

are primarily limited partnership interests, and the limited partnership agreements governing those interests generally include restrictions on disclosure of fund-level information, including fund names and company names in the funds.

Industry sector is based on Global Industry Classification Standard (GICS®) Level 2 classification (also known as “Industry Group”) of companies held in the portfolio by funds or directly, subject to certain adjustments by us. “Other” classification is not a GICS® classification. “Other” classification reflects companies in the GICS® classification categories of Automobiles & Components, Banks, Capital Goods, Commercial & Professional Services, Consumer Durables & Apparel, Consumer Services, Energy, Food, Beverage & Tobacco, Household & Personal Products, Insurance, Materials, Media & Entertainment, Pharmaceutical, Biotechnology & Life Sciences, Real Estate, Retailing, Tech Hardware & Equipment, and Transportation. N/A includes investments assets that we have determined do not have an applicable GICS® Level 2 classification, such as Net Other Assets and investments that are not operating companies.

Investment exposure type reflects classifications based on each fund’s current investment strategy stage as determined by us. “Other” includes private debt strategies, natural resources strategies and hedge funds.

Geography reflects classifications determined by us based on each underlying investment. “Other” geography classification includes Israel, Australia, Northern Europe, and Eastern Europe.

Principal Revenue and Expense Items

During the three months ended March 31, 2021 and 2020, we earned revenues from the following primary sources:

- *Revenue Realized from Maturities of Life Insurance Policies.* We recognize the difference between the face value of the policy benefits and carrying value when an insured event has occurred and determine that collection of the policy benefits is realizable and reasonably assured. Revenue from a transaction must meet both criteria in order to be recognized. We generally collect the face value of the life insurance policy from the insurance company within 45 days of our notification of the insured’s mortality, but this collection time varies depending on the insurance company and individual policy.
- *Change in Fair Value of Life Insurance Policies.* We value our life insurance portfolio investments for each reporting period in accordance with the fair value principles discussed herein, which reflects the expected receipt of policy benefits in future periods, net of premium costs, as shown in our condensed consolidated financial statements.
- *Investment Income.* Includes the change in NAV of the alternative assets held by certain of the ExAlt Trusts.
- *Interest Income.* Primarily includes interest earned from policy benefits receivable and cash held in banks.
- *Other Income.* Includes changes in the fair value of Beneficient’s investment in put options, L Bond redemption fees, and other miscellaneous income.

During the three months ended March 31, 2021 and 2020, our main components of expense are summarized below:

- *Interest Expense.* Includes interest incurred under the second amended and restated senior credit facility with LNV Corporation (as amended from time to time, “LNV Credit Facility”), as well as interest paid on GWG Holdings’ L Bonds, Seller Trust L Bonds and other outstanding indebtedness, including Beneficient’s debt due to related parties. When we issue debt, we amortize the financing costs (commissions and other fees) associated with such indebtedness over the outstanding term of the financing and classify it as interest expense.
- *Employee Compensation and Benefits.* Employee compensation and benefits includes salaries, bonuses and other incentives and costs of employee benefits. Also included are significant non-cash compensation expenses totaling \$5.2 million and \$68.9 million for the three months ended March 31, 2021 and 2020, respectively, related to Beneficient’s equity incentive plans.
- *Selling, General and Administrative Expenses.* We recognize and record expenses incurred in our business operations, including operations related to the servicing of life insurance policies, the origination and servicing of ExAlt Loans and costs associated with trust administration. These expenses include legal and professional fees, sales, marketing, occupancy and other expenditures.

Additional components of our net earnings include:

- *Earnings (Loss) from Equity Method Investment.* We account for GWG Holdings' investment in FOXO as an equity method investment, which is included in earnings (loss) from equity method investment in our condensed consolidated statements of operations. We had losses from equity method investments of \$3.5 million and \$1.5 million during the three months ended March 31, 2021 and 2020, respectively.

Results of Operations —Three Months Ended March 31, 2021 Compared to the Same Period in 2020

The following is our analysis of the results of operations for the periods indicated below. This analysis should be read in conjunction with our condensed consolidated financial statements and related notes (dollar values in thousands).

Net Loss Attributable to Common Shareholders

Net loss attributable to common shareholders was \$54.4 million and \$47.3 million for the three months ended March 31, 2021 and 2020, respectively. The results of operations for the three months ended March 31, 2021 reflect higher interest expense as result of increased average debt balances and higher operating expenses as a result of increased headcount and ongoing transactions and other business initiatives, combined with a lower gain on life insurance policies. More details regarding revenue and expenses for the three months ended March 31, 2021 and 2020 are included in the discussion below.

Revenue from Secondary Life Insurance

	Three Months Ended March 31,	
	2021	2020
Revenue realized from maturities of life insurance policies	\$ 17,385	\$ 19,467
Revenue recognized from change in fair value of life insurance policies	8,162	12,177
Premiums and other annual fees paid	(18,635)	(17,199)
Gain on life insurance policies, net	\$ 6,912	\$ 14,445
Attribution of gain on life insurance policies, net:		
Change in estimated probabilistic cash flows, net of premium and other annual fees paid	\$ (5,388)	\$ 652
Net revenue recognized at maturity	12,300	13,793
Gain on life insurance policies, net	\$ 6,912	\$ 14,445
Number of policies matured	26	20
Face value of matured policies	\$ 25,960	\$ 25,502
Net revenue recognized at maturity event (% of face value matured)	47.4 %	54.1 %

Revenue from changes in estimated probabilistic cash flows, net of premiums paid was a charge of \$5.4 million compared to a return of \$0.7 million during the three months ended March 31, 2021 and 2020, respectively. The decrease of \$7.5 million in gain on life insurance policies for the three months ended March 31, 2021, over the comparable prior year period, was driven by lower revenue realized from maturities of life insurance policies (see more details in the following paragraph), a lower amount of revenue recognized from changes in fair value of the policies still in force at March 31, 2021, and higher premium costs due to the aging of the portfolio.

The face value of matured policies was \$26.0 million and \$25.5 million for the three months ended March 31, 2021 and 2020, respectively, reflecting an increase in face value of matured policies of \$0.5 million. The resulting revenue realized at maturity was \$17.4 million and \$19.5 million during the three months ended March 31, 2021 and 2020, respectively. The decreased revenue realized at maturity during the comparable periods was due to the higher carrying value of the policies that matured during the first quarter of 2021 compared to the first quarter of 2020.

Investment Income, Interest Income, and Other Income (in thousands)

	Three Months Ended March 31,		
	2021	2020	Variance
Investment income	\$ 2,090	\$ 7,556	\$ (5,466)
Interest income	317	715	(398)
Other (loss) income	(1,560)	96	(1,656)
Total	<u>\$ 847</u>	<u>\$ 8,367</u>	<u>\$ (7,520)</u>

Investment income decreased \$5.5 million during the three months ended March 31, 2021, compared to the same period in 2020, primarily due to a decrease in the NAV of the alternative assets held by certain of the ExAlt Trusts.

Interest income decreased \$0.4 million during the three months ended March 31, 2021, compared to the same period in 2020, primarily due to a decrease in average cash balances and corresponding bank interest earned.

Other loss during the three months ended March 31, 2021, includes a \$2.2 million decrease to the fair value of Beneficient's investment in put options, compared to L Bond early redemption fees and other miscellaneous income items recorded in the comparable period in 2020.

Interest and Operating Expenses (in thousands)

	Three Months Ended March 31,		
	2021	2020	Variance
Interest expense (including amortization of deferred financing costs)	\$ 41,382	\$ 35,871	\$ 5,511
Employee compensation and benefits	15,024	77,704	(62,680)
Legal and professional fees	8,128	6,163	1,965
Other expenses	7,003	3,612	3,391
Total expenses	<u>\$ 71,537</u>	<u>\$ 123,350</u>	<u>\$ (51,813)</u>

Interest expense, including amortization of deferred financing costs, increased \$5.5 million during the three months ended March 31, 2021, compared to the same period in 2020, primarily due to the increase in the average balance of outstanding L Bonds.

The decrease in employee compensation and benefits in the three months ended March 31, 2021, compared to the same period of 2020, was primarily related to Beneficient's equity incentive plans. Specifically, the Company recognized \$5.2 million compared to \$68.9 million of equity-based compensation expense related to Beneficient's equity incentive plans during the three months ended March 31, 2021 and 2020, respectively. The decrease is due to the full vesting of some awards upon grant during the first quarter of 2020 compared to predominately service-based vesting during the first quarter of 2021. In addition to Beneficient's equity-based compensation expense, we recognized additional retention, severance and other costs in the first quarter of 2020 related to the relocation of GWG Holdings' principal offices from Minneapolis to Dallas in late 2019. Finally, these decreases were partially offset by higher salary and benefit costs recognized as a result of higher headcount for the comparable periods.

The increase in legal and professional fees in the three months ended March 31, 2021, compared to the same periods of 2020, is primarily the result of recent transactions, the engagement of certain service providers subsequent to first quarter 2020, and other ongoing initiatives.

The increase in other expenses, in the three months ended March 31, 2021 compared to the same periods of 2020, is primarily due to the \$2.0 million write-off of an investment related to legacy business initiatives of GWG Holdings combined with a \$1.3 million partial expense reversal of a service provider accrual by Beneficient during the first quarter of 2020.

Income Taxes

The Company applies an estimated annual effective rate to interim period pre-tax income to calculate the income tax provision for the quarter in accordance with the principal method prescribed by the accounting guidance established for computing income taxes in interim periods.

The Company's effective tax rate was 0.43% for the three months ended March 31, 2021. The income tax benefit for the three months ended March 31, 2021 was \$0.3 million, compared to \$16.1 million for the three months ended March 31, 2020. The effective tax rate differs from the statutory U.S. federal income tax rate of 21% primarily due to valuation allowances recorded on the current year losses, offset by a current state tax expense. The income tax benefit for the three months ended March 31, 2021 primarily reflects a downward adjustment to the deferred tax liability for specific expense allocations to the holders of the Preferred Series A Subclass 1 Unit Accounts.

The Company currently records a valuation allowance against its deferred tax assets that cannot be realized solely by the future reversal of existing temporary differences. Due to the uncertain timing of the reversal of certain of these taxable temporary differences due to the constraint described below, they cannot be considered as a source of future taxable income for purposes of determining a valuation allowance; therefore, the vast majority of the existing deferred tax liability cannot be utilized in determining the realizability of the deferred tax assets. Due to a prior deemed ownership change, net operating loss carryforwards are subject to Section 382 of the Internal Revenue Code.

The Company determined it cannot utilize the reversal of a taxable temporary difference related to GWG Life's ownership in the Preferred Series A Subclass 1 Unit Accounts described in Note 1, until such time as the preferred equity is no longer constrained, as a source of income to realize existing deferred tax assets related to the net operating loss and Internal Revenue Code Section 163(j) limitations. As a result, the Company recorded a large net deferred tax liability on December 31, 2019, the majority of which remained as of March 31, 2021 and December 31, 2020. The disposition of this investment is constrained by the Pledge and Security Agreement in favor of the holders of the L Bonds of GWG Holdings. As such, the timing of recognition of the necessary taxable income related to this investment and the future reversal of this taxable temporary difference cannot be predicted.

Revenue and Earnings before Tax by Reportable Segment — Three Months Ended March 31, 2021 Compared to the Same Period in 2020

We have two reportable segments: 1) Secondary Life Insurance and 2) Beneficient. Corporate & Other includes certain activities not allocated to specific business segments. These activities include holding company financing and investing activities, management and administrative services to support the overall operations of the Company, and GWG Holdings' equity method investment in FOXO.

Comparison of revenue by reportable segment for the periods indicated (in thousands):

Revenue:	Three Months Ended March 31,		
	2021	2020	Variance
Secondary Life Insurance	\$ 7,172	\$ 15,148	\$ (7,976)
Beneficient	587	7,664	(7,077)
Total	\$ 7,759	\$ 22,812	\$ (15,053)

The primary components of the changes in revenue during the three months ended March 31, 2021 compared to the same periods in 2020 were as follows:

- Secondary Life Insurance revenue decreased by \$8.0 million during the three months ended March 31, 2021, compared to the comparable period in 2020, primarily as a result of a decrease of \$4.6 million in the change in estimated probabilistic cash flows, a decrease of \$1.5 million in net revenue recognized at maturity and an increase of \$1.4 million in premium expense.
- Beneficient segment revenue decreased for the three months ended March 31, 2021 compared to the same period in 2020, due to a \$5.5 million decrease in investment income driven by the decrease in NAV combined with a \$2.2 million loss on investment in put option during the first quarter of 2021.

Comparison of loss before tax by reportable segment for the periods indicated (in thousands):

Segment Loss Before Tax	Three Months Ended March 31,		
	2021	2020	Variance
Secondary Life Insurance	\$ (22,389)	\$ (14,721)	\$ (7,668)
Beneficient	(31,593)	(80,194)	48,601
Corporate & Other ⁽¹⁾	(13,310)	(7,153)	(6,157)
Total	<u>\$ (67,292)</u>	<u>\$ (102,068)</u>	<u>\$ 34,776</u>

(1) Includes loss from equity method investments as presented in our condensed consolidated statements of operations, related to GWG Holdings' investment in FOXO.

The primary drivers of the changes in loss before tax during the three months ended March 31, 2021, compared to the same period in 2020 were as follows:

- Secondary Life Insurance loss before tax increased by \$7.7 million for the three months ended March 31, 2021 compared to the same period in 2020, as a result of the following:
 - \$7.5 million decrease in gain on life insurance policies, net for the comparative period as described above in the revenue comparison discussion;
 - \$4.9 million increase in interest expense during the comparative periods as a result of higher average debt outstanding; and
 - \$5.2 million decrease in operating expenses during the comparative period, primarily resulting from lower employee compensation and benefits.
- Beneficient segment loss before tax decreased by \$48.6 million for the three months ended March 31, 2021, respectively, compared to the same period in 2020, primarily due to:
 - a decrease of \$60.1 million in non-cash charges for equity incentive compensation;
 - a decrease in investment income of \$5.5 million combined with an increase in loss on put option of \$2.2 million as described above in the revenue comparison discussion; and
 - increases in interest and other operating expenses of approximately \$3.6 million.
- Corporate and Other operating loss was higher during the three months ended March 31, 2021 compared to the same period in 2020, primarily due to an increase in loss from equity method investment of \$2.0 million, the write-off of a \$2.0 million investment related to legacy business initiatives, and higher legal fees and other expenses of approximately \$2.0 million.

Liquidity and Capital Resources

As of March 31, 2021 and December 31, 2020, we had approximately \$114.2 million and \$124.2 million, respectively, in combined available cash, cash equivalents, and restricted cash. We generated net losses attributable to common shareholders of \$54.4 million and \$47.3 million for the three months ended March 31, 2021 and 2020, respectively. As of October 15, 2021, we had cash, cash equivalents, and restricted cash of approximately \$54.3 million. Besides funding operating expenditures, we are obligated to pay other items, such as interest payments, debt maturities, and preferred stock dividends and redemptions.

We have historically financed our businesses primarily through a combination of L Bond sales, preferred stock sales, the LNV Credit Facility, and the NF Credit Facility. We have also financed our business through proceeds from life insurance policy benefit receipts, cash distributions from the ExAlt Trusts' alternative asset portfolio, dividends and interest on investments, and Beneficient's debt due to related parties. We have traditionally used proceeds from these sources for policy acquisition, policy premiums and servicing costs, working capital and financing expenditures including paying principal, interest and dividends. We have also used proceeds to allocate capital to Beneficient; however, if Ben LP becomes an independent company pursuant to the terms of the Term Sheet, the Company expects that Ben LP would reduce its reliance on GWG Holdings to fund its

operations and would raise future capital from other sources. Ben LP's capital raising efforts and participation in liquidity transactions may include the issuance of equity or debt of Ben LP or one of its subsidiaries, and the newly issued securities may be dilutive to GWG Holdings' and GWG Life's investments in Ben LP and BCH and may include preferential terms relative to GWG Holdings' and GWG Life's investments in Ben LP and BCH, as applicable.

We currently fund our business primarily with debt that generally has a shorter duration than the duration of our long-term assets. The resulting asset/liability mismatch can result in a liquidity shortfall if we are unable to renew maturing short-term debt or secure suitable additional financing. In such a situation, we could be forced to sell assets at less than optimal (distressed) prices. Substantially all of our life insurance policies are pledged as collateral under the LNV Credit Facility and the NF Credit Facility and we would not be able to dispose of them without compliance with the terms of those credit facilities. We heavily rely on GWG Holdings' L Bond offering to fund our business operations, including, among other things, interest and principal payments on existing L Bonds and capital allocations to Beneficient. We temporarily suspended the offering of GWG Holdings' L Bonds, commencing April 16, 2021, as a result of our delay in filing certain periodic reports with the SEC, including this Quarterly Report on Form 10-Q, and were required to seek alternative sources of capital.

As a result of the suspension of GWG Holdings' L Bond offering, on June 28, 2021 (as described in more detail below), we pledged additional life insurance policies as collateral and received an additional advance of \$51.2 million under the Third Amended Facility. Subsequently, on August 11 2021, we entered into the NF Credit Agreement (as described in more detail above and in Note 17 to the condensed consolidated financial statements) and received a one-time advance of \$107.6 million under this agreement. Approximately \$56.7 million of such advanced amount was used to pay off the remaining amount due, including interest and penalties, under the Third Amended Facility and the additional pledged life insurance policies used as collateral for the Third Amended Facility were released and pledged under the NF Credit Facility. Further, on September 7, 2021, DLP IV entered into the Fourth Amended Facility, that replaced the aforementioned Third Amended Facility. The Fourth Amended Facility resulted in an additional advance of \$30.3 million from LNV Corporation, with no additional pledged collateral.

Primarily due to the current suspension of GWG Holdings' L Bond offering, the Company may require additional capital to continue its operations over the next twelve months if our ability to sell L Bonds dissipates, or if we are forced to suspend the L Bond offering. However, the Company may not be able to obtain additional borrowings under existing debt facilities or new borrowings with other third-party lenders. To the extent that GWG Holdings or its subsidiaries raise additional capital through the future issuance of debt, the terms of those debt securities may include terms that adversely affect the rights of our existing debt and/or equity holders or involve negative covenants that restrict GWG Holdings' ability to take specific actions, such as incurring additional debt or making additional investments in growing the operations of the Company. If GWG Holdings is unable to fund its operations and other obligations, or defaults on its debt, then the Company will be required to either i) sell assets to provide sufficient funding, ii) exercise our right to decline requests for early L Bond redemptions or redemptions of preferred stock, or iii) to raise additional capital through the sale of equity and the ownership interest of our equity holders may be diluted. Substantially all of our life insurance policies are pledged as collateral under the LNV Credit Facility and the NF Credit Facility and we would not be able to dispose of them without compliance with the terms of those credit facilities.

We anticipate recommencing the offering of GWG Holdings' L Bonds once we become current with our filing obligations and satisfy applicable NASDAQ listing requirements. Once we become current with our filing obligations with respect to the L Bonds, we may be limited in the origination channels in which we sell our L Bonds in the event that we are unable to meet the applicable NASDAQ listing requirements in a timely manner, which could result in the L Bonds no longer being "covered securities" for federal securities law purposes which would subject the offer and sale of L Bonds to potentially extensive state "blue sky" securities law requirements. If for any reason we are forced to suspend GWG Holdings' L Bond offering, are limited in our origination channels in which we sell our L Bonds, or demand for GWG Holdings' L bonds dissipates, our business would be adversely impacted and our ability to service and repay our debt obligations, much of which is short term, would be compromised, thereby negatively affecting our business prospects and viability.

We had \$126.0 million of borrowing base capacity, excluding any potential capacity for premiums and servicing costs, under the LNV Credit Facility as of March 31, 2021. Additional future borrowing base capacity for premiums and servicing costs, created as the premiums and servicing costs of pledged life insurance policies become due and by additional policy pledges to the facility, if any, exists under the LNV Credit Facility at the sole discretion of the lender. The LNV Credit Facility has certain financial and nonfinancial covenants, and we were in compliance with these debt covenants as of March 31, 2021 and continue to be so as of the filing date of this report. Subsequent to March 31, 2021, we received additional advances through

amendments to the LNV Credit Facility and entered into the NF Credit Facility (as described above and more fully in Note 17 to the condensed consolidated financial statements).

Beneficient is obligated to make debt payments totaling \$75.6 million on certain outstanding borrowings through May 30, 2022 under the terms of the Amendment No. 1 to the Second Amended and Restated Credit Agreements as discussed further in Note 17 to the condensed consolidated financial statements. Primarily due to both the forthcoming debt payments under the Credit Agreement and Second Lien Credit Agreement and the anticipated deconsolidation of Beneficient from GWG Holdings, as discussed previously and in Note 17, which is expected to result in reduced reliance by Beneficient on GWG Holdings to fund its operations, Beneficient will require additional liquidity to continue its operations over the next twelve months. Beneficient expects to satisfy these obligations and fund its operations through anticipated operating cash flows, proceeds from distributions on the alternative assets portfolio, additional investments into Beneficient by GWG Holdings and/or other parties and, potentially refinancing with other third-party lenders some or all of the existing borrowings due prior to their maturity. Beneficient is currently in the process of raising additional equity, which is anticipated to close during the fourth quarter of 2021 and/or the first quarter of 2022.

Beneficient may not be able to refinance or obtain additional financing on terms favorable to the Company, or at all. To the extent that Beneficient raises additional capital through the future sale of equity or debt, the ownership interest of its existing equity holders may be diluted. The terms of these future equity or debt securities may include liquidation or other preferences that adversely affect the rights of its existing equity unitholders or involve negative covenants that restrict Beneficient's ability to take specific actions, such as incurring additional debt or making additional investments in growing its operations. If Beneficient defaults on these borrowings, then it will be required to either i) sell assets to repay these loans or ii) to raise additional capital through the sale of equity and the ownership interest of our equity holders may be diluted. Moreover, if Beneficient were to sell assets to avoid a default of these borrowings, then the price at which Beneficient sold such assets may not reflect the carrying value of those assets as reflected in our consolidated financial statements, especially in the event of a bulk or distressed sale.

As noted in the "Results of Operations" section above, on November 11, 2019, GWG Holdings contributed the common stock and membership interests of its then wholly-owned FOXO Labs and FOXO Life subsidiaries to FOXO in exchange for a membership interest in the entity. On November 13, 2020, FOXO BioScience LLC converted to a corporation and is now known as FOXO Technologies Inc. With the corporate conversion, GWG Holdings' previous membership interest in the LLC converted to preferred equity. GWG Holdings has contributed \$1.2 million in cash to FOXO during the three months ended March 31, 2021, and is committed to contribute an additional \$2.5 million to the entity through October 2021, all of which has been contributed through such date.

The potential NASDAQ delisting and our current inability to sell L Bonds as discussed above, in combination with significant recurring losses from operations, negative cash flows from operations, delays in executing our business plans, and any potential negative outcome from the ongoing SEC investigation discussed elsewhere in this Form 10-Q, raise substantial doubt about our ability to continue as a going concern for the next 12 months following the filing of this Form 10-Q.

Financings Summary

We had the following outstanding debt balances as of March 31, 2021 and December 31, 2020, with the following weighted average interest rates as calculated for the three months ended March 31, 2021, and the year ended December 31, 2020 (dollars in thousands):

Issuer/Borrower	March 31, 2021		December 31, 2020	
	Principal Amount Outstanding	Weighted Average Interest Rate	Principal Amount Outstanding	Weighted Average Interest Rate
GWG DLP Funding IV, LLC – LNV senior credit facility	\$ 174,007	9.00 %	\$ 202,611	9.12 %
GWG Holdings, Inc. – L Bonds	1,372,305	7.21 %	1,277,881	7.21 %
GWG Holdings, Inc. – Seller Trust L Bonds	272,104	7.50 %	272,104	7.50 %
Beneficient – Debt due to related parties	78,213	7.87 %	77,176	6.50 %
Total	\$ 1,896,629	7.44 %	\$ 1,829,772	7.43 %

The table below reconciles the face amount of our outstanding debt to the carrying value shown on our balance sheets (dollars in thousands):

	March 31, 2021	December 31, 2020
Senior credit facility with LNV Corporation		
Face amount outstanding	\$ 174,007	\$ 202,611
Unamortized deferred financing costs	(8,552)	(8,881)
Carrying amount	<u>\$ 165,455</u>	<u>\$ 193,730</u>
L Bonds and Seller Trust L Bonds:		
Face amount outstanding	\$ 1,644,409	\$ 1,549,985
Subscriptions in process	24,762	17,978
Unamortized selling costs	(51,976)	(48,957)
Carrying amount	<u>\$ 1,617,195</u>	<u>\$ 1,519,006</u>
Debt due to related parties:		
Face amount outstanding	\$ 78,213	\$ 77,176
Unamortized discount	(1,258)	(916)
Carrying amount	<u>\$ 76,955</u>	<u>\$ 76,260</u>

In January 2015, GWG Holdings began publicly offering up to \$1.0 billion of L Bonds as a follow-on to our earlier \$250.0 million public debt offering. In January 2018, GWG Holdings began publicly offering up to \$1.0 billion L Bonds as a follow-on to its earlier offering.

On June 3, 2020, a registration statement relating to an additional public offering was declared effective permitting us to sell up to \$2.0 billion in principal amount of L Bonds on a continuous basis through June 2023. These bonds contain the same terms and features as our previous offerings. Through March 31, 2021, we have raised \$408.6 million under this offering, including renewals, since it was declared effective.

Through March 31, 2021, the total amount of L Bonds sold under all offerings, including renewals, was \$2.3 billion. As of March 31, 2021 and December 31, 2020, respectively, we had approximately \$1.4 billion and \$1.3 billion in principal amount of L Bonds outstanding (exclusive of Seller Trust L Bonds).

On August 10, 2018, GWG Holdings, GWG Life and the Bank of Utah, as trustee, entered into the L Bond Supplemental Indenture to the Amended and Restated Indenture. GWG Holdings entered into the L Bond Supplemental Indenture to add and modify certain provisions of the Amended and Restated Indenture necessary to provide for the issuance of the Seller Trust L Bonds. GWG Holdings issued Seller Trust L Bonds in the amount of \$366.9 million to the Seller Trusts in connection with the Exchange Transaction. As a result of the Collateral Swap discussed in Note 1 to the condensed consolidated financial statements, \$94.8 million of the Seller Trust L Bonds are eliminated upon consolidation. The maturity date of the Seller Trust L Bonds is August 9, 2023. The Seller Trust L Bonds bear interest at 7.5% per annum. Interest is payable monthly in cash (see Note 9 to the condensed consolidated financial statements). The Amended and Restated Indenture was subsequently amended on December 31, 2019, primarily to modify the calculation of the Debt Coverage Ratio in the Indenture to provide GWG Holdings with the ability to incur indebtedness (directly or through a subsidiary of GWG Holdings) that is payable in capital stock of GWG Holdings or mandatorily convertible into or exchangeable for capital stock of GWG Holdings that would be excluded from the calculation of the Debt Coverage Ratio. On December 31, 2020, we entered into the Liquidity Bond Supplemental Indenture to add and modify certain provisions of the Amended and Restated Indenture necessary to provide for the issuance of the Liquidity Bonds in a principal amount of up to \$1.0 billion.

The weighted-average interest rate of GWG Holdings' outstanding L Bonds (excluding the Seller Trust L Bonds) as of both March 31, 2021 and December 31, 2020 was 7.21%, and the weighted-average maturity at those dates was 3.16 years and 3.19 years, respectively. GWG Holdings' L Bonds (other than the Seller Trust L Bonds and Liquidity Bonds) have renewal features. Since we first issued GWG Holdings' L Bonds, we have experienced \$801.3 million in maturities, of which \$424.1 million has renewed through March 31, 2021, for an additional term. This renewal activity has provided us with an aggregate renewal rate of approximately 52.9% for investments in these securities.

Future contractual maturities of L Bonds (including the Seller Trust L Bonds and Liquidity Bonds) at March 31, 2021 are as follows (in thousands):

Years Ending December 31,

Nine months ending 2021 ⁽¹⁾	\$	414,695
2022		292,084
2023		235,831
2024		159,779
2025		166,413
Thereafter		375,607
	\$	<u>1,644,409</u>

⁽¹⁾ As of March 31, 2021, we had approximately \$366.9 million in principal amount of Seller Trust L Bonds outstanding, of which \$94.8 million are held by the ExAlt Trusts and are eliminated in consolidation. Accordingly, the net of these amounts, \$272.1 million, is presented in the table above. As the second anniversary of the Final Closing Date has passed, the holders of the Seller Trust L Bonds now have the right to cause GWG Holdings to repurchase, in whole but not in part, the Seller Trust L Bonds held by such holder within 45 days. As such, while the maturity date of the Seller Trust L Bonds is in August 2023, their contractual maturity is reflected in 2021, as that is the first period in which they could become payable. The repurchase may be paid, at the option of GWG Holdings, in the form of cash, and/or a pro rata portion of (i) the outstanding principal amount and accrued and unpaid interest under the Commercial Loan Agreement, and (ii) Common Units, or a combination of cash and such property.

The L Bonds (including the Seller Trust L Bonds and Liquidity Bonds) are secured by all of our assets and are subordinate to the LNV Credit Facility and the NF Credit Facility.

On September 27, 2017, we entered into a \$300 million amended and restated senior credit facility with LNV Corporation in which DLP IV is the borrower. As of March 31, 2021, we had approximately \$174.0 million outstanding under the senior credit facility. On November 1, 2019, we entered into the LNV Credit Facility, which replaced the prior agreement governing the facility. A description of the agreement governing the LNV Credit Facility is set forth below under the caption “Amendment of Credit Facility with LNV Corporation.” We intend to use the proceeds from this facility to maintain our portfolio of life insurance policies, for liquidity and for general corporate purposes.

Beneficiary had borrowings with an aggregate carrying value of \$77.0 million and \$76.3 million as of March 31, 2021 and December 31, 2020, respectively. This aggregate outstanding balance includes a first lien credit agreement and a second lien credit agreement with respective balances, including accrued interest, of \$2.3 million and \$73.2 million as of March 31, 2021 and \$2.3 million and \$72.3 million as of December 31, 2020, respectively. These amounts exclude an unamortized discount of \$1.3 million and \$0.9 million as of March 31, 2021 and December 31, 2020, respectively. Both credit agreements were amended and restated on August 13, 2020, which extended the maturity for both to April 10, 2021, as discussed in detail in Note 9 to the condensed consolidated financial statements. In accordance with the terms of the Second Amendments, dated August 13, 2020, both loans accrue interest at a rate of 1-month LIBOR plus 8.0%, with a maximum rate of 9.5%. Prior to the Second Amendments, both loans accrued interest at a rate of 1-month LIBOR plus 3.95%, compounded daily. On March 10, 2021, the Ben Credit Agreements were amended to extend the maturity for both agreements to May 30, 2022, as discussed in detail in Note 17 to the condensed consolidated financial statements. These loans are not currently guaranteed by GWG Holdings as of March 31, 2021.

Beneficiary has additional borrowings maturing in 2023 and 2024 with an aggregate principal balance of \$2.7 million and \$2.6 million as of March 31, 2021 and December 31, 2020, respectively.

We expect to meet our ongoing operational capital needs for, among other things, GWG Holdings’ investments in Beneficiary, alternative asset investments, policy premiums and servicing costs, new policy acquisitions, exploring opportunities to establish a life insurance company, working capital and financing expenditures including paying principal, interest and dividends through a combination of the receipt of policy benefits from our portfolio of life insurance policies, net proceeds from GWG Holdings’ L Bond offering, dividends and interest from investments, distributions from the alternative assets held by certain of the ExAlt

Trusts, future preferred and common equity offerings, and funding available from the LNV Credit Facility. We estimate that our liquidity and capital resources are sufficient for our current and projected financial needs for at least the next twelve months given current assumptions. However, if we are unable to continue GWG Holdings' L Bond or preferred stock offerings for any reason, and we are unable to obtain capital from other sources, our business will be materially and adversely affected. In addition, our business will be materially and adversely affected if we do not receive the policy benefits we forecast and if holders of GWG Holdings' L Bonds fail to renew with the frequency we have historically experienced. In such a case, we could be forced to sell our investments in life insurance policies to service or satisfy our debt-related and other obligations. A sale under such circumstances may result in significant impairment of the recognized value of our portfolio.

Capital expenditures have historically not been material and we do not anticipate making material capital expenditures through the remainder of 2021.

Alternative Assets and Secured Indebtedness

The following information is specifically related to GWG Holdings, Inc. and its subsidiaries (not including the assets and liabilities held by Beneficient or any eliminations in consolidation).

The following table seeks to illustrate the impact that a hypothetical sale of our portfolio of life insurance assets (at various discount rates, including the discount rate used to value our portfolio at March 31, 2021), and the realization of the investment in Common Units, investment in Preferred Series A Subclass 1 Unit Account of BCH, investment in Preferred Series C Unit Account of BCH (a substantial majority of the net assets of which are currently represented by intangible assets and goodwill), and the Commercial Loan Agreement (in each case, at their respective carrying amounts and assuming no discount for lack of marketability or transaction costs, which could be substantial) would have on our ability to satisfy our debt obligations as of March 31, 2021. The investment in Common Units, investment in Preferred Series A Subclass 1 Unit Account of BCH, investment in Preferred Series C Unit Account of BCH, and Commercial Loan Agreement are discussed in detail in Note 1 and other applicable notes to the condensed consolidated financial statements. The amounts in the table below do not include the consolidation of the assets and liabilities of Beneficient and related eliminations as of March 31, 2021. In all cases, the sale of the life insurance assets owned by DLP IV will be used first to satisfy all amounts owing under the LNV Credit Facility. The net sale proceeds remaining after satisfying all obligations under the LNV Credit Facility would be applied to the L Bonds and Seller Trust L Bonds on a pari passu basis. All dollar amounts in the table below are in thousands.

Life Insurance Portfolio Discount Rate	8.25%⁽¹⁾	9.00%	10.00%	12.00%	13.48%
Value of life insurance portfolio	\$ 791,499	\$ 764,699	\$ 731,570	\$ 673,041	\$ 635,435
Common Units	437,990	437,990	437,990	437,990	437,990
Preferred Series A Subclass 1 Unit Account of BCH	319,030	319,030	319,030	319,030	319,030
Preferred Series C Unit Account of BCH	210,624	210,624	210,624	210,624	210,624
Commercial Loan Agreement	183,187	183,187	183,187	183,187	183,187
Cash, cash equivalents and policy benefits receivable	114,641	114,641	114,641	114,641	114,641
Other assets	12,055	12,055	12,055	12,055	12,055
Total assets	2,069,026	2,042,226	2,009,097	1,950,568	1,912,962
Less: Senior credit facility ⁽²⁾	174,007	174,007	174,007	174,007	174,007
Net after senior credit facility	1,895,019	1,868,219	1,835,090	1,776,561	1,738,955
Less: L Bonds ⁽³⁾	1,739,197	1,739,197	1,739,197	1,739,197	1,739,197
Net remaining	\$ 155,822	\$ 129,022	\$ 95,893	\$ 37,364	\$ (242)
Impairment to L Bonds	No impairment	No impairment	No impairment	No Impairment	Impairment

(1) The discount rate used to calculate the fair value of our life insurance portfolio as of March 31, 2021.

(2) This amount excludes unamortized deferred financing costs.

(3) Amount represents aggregate outstanding principal balance of L Bonds and Seller Trust L Bonds prior to eliminations as of March 31, 2021.

The above table illustrates that our ability to fully satisfy amounts owing under the L Bonds and Seller Trust L Bonds would likely be impaired upon the sale or the realization of the investment in Common Units, investment in Preferred Series A Subclass 1 Unit Account of BCH, investment in Preferred Series C Unit Account of BCH and Commercial Loan Agreement at their respective carrying amounts, plus all our life insurance assets at a price equivalent to a discount rate of approximately 13.48% or higher at March 31, 2021. At December 31, 2020, the likely impairment occurred at a discount rate of approximately

16.12% or higher. Based on a preliminary analysis, at September 30, 2021, management expects the likely impairment, as calculated in accordance with the table above, to occur at a discount rate of approximately 8.50% or higher. The above hypothetical analysis is included for informational purposes only, and the results of such analysis have no bearing on the current ability of GWG Holdings to market and sell L Bonds or to satisfy amounts owing under the L Bonds and Seller Trust L Bonds.

The table does not include any allowance for transactional fees and expenses (which expenses and fees could be substantial) nor any discount for lack of marketability associated with a portfolio sale or the realization of the investment in Common Units, investment in Preferred Series A Subclass 1 Unit Account of BCH, investment in Preferred Series C Unit Account of BCH, and Commercial Loan Agreement, respectively, and is provided to demonstrate how various discount rates used to value our portfolio of life insurance assets could affect our ability to satisfy amounts owing under our debt obligations in light of our senior secured lender's right to priority payments under our senior credit facility with LNV Corporation.

The table also assumes GWG Holdings will realize the full amounts of the investment in Common Units, investment in Preferred Series A Subclass 1 Unit Account of BCH, investment in Preferred Series C Unit Account of BCH, and Commercial Loan Agreement. However, the ultimate value of these investments in Beneficient depends on multiple factors, including the expected growth of new service offerings and products. Since predicting the rate of growth attributable to newly launched products is inherently uncertain, there is no assurance that GWG Holdings will recover the full book basis of its investments in Beneficient. Additionally, there is currently no market for the aforementioned assets, and a market may not develop. Our Commercial Loan receivable and a portion of GWG Holdings' investment in the Common Units may be used as consideration for retiring the Seller Trust L Bonds upon a redemption event or at the maturity of the Seller Trust L Bonds (see Note 9 to the condensed consolidated financial statements). This table also does not include the yield maintenance fee we are required to pay in certain circumstances under the LNV Credit Facility, which could be substantial. The above table should be read in conjunction with the information contained in other sections of this report, including the notes to the condensed consolidated financial statements in this Form 10-Q and our 2020 Form 10-K.

Amendments of Senior Credit Facility with LNV Corporation

Effective November 1, 2019, DLP IV entered into the LNV Credit Facility. The LNV Credit Facility makes available a total of up to \$300.0 million in credit to DLP IV with a maturity date of September 27, 2029. Subject to available borrowing base capacity, additional advances are available under the LNV Credit Facility at the LIBOR rate described below. Such advances are available to pay premiums and servicing costs of pledged life insurance policies as such amounts become due. Interest will accrue on amounts borrowed under the LNV Credit Facility at an annual interest rate, determined as of each date of borrowing or quarterly if there is no borrowing, equal to (a) the greater of 1.50% or 12-month LIBOR, plus (b) 7.50% per annum. The effective rate at March 31, 2021 was 9.00%. Interest payments are made on a quarterly basis. As of March 31, 2021, we had approximately \$174.0 million outstanding under the senior credit facility.

Under the LNV Credit Facility, DLP IV has granted the administrative agent, for the benefit of the lenders under the facility, a security interest in all of DLP IV's assets. As with prior collateral arrangements relating to the senior secured debt of GWG Holdings and its subsidiaries (on a consolidated basis), GWG Life's excess equity value of DLP IV after satisfying all amounts owing under the LNV Credit Facility is available as collateral for the obligations of GWG Holdings under the L Bonds and Seller Trust L Bonds (although the life insurance assets owned by DLP IV do not themselves serve as direct collateral for those obligations).

We are subject to various financial and non-financial covenants under the LNV Credit Facility, including, but not limited to, compliance with laws, preservation of existence, financial reporting, keeping of proper books of record and account, payment of taxes, and ensuring that neither DLP IV nor GWG Life become an investment company. As of March 31, 2021, we were in compliance with all financial and non-financial covenants, except as discussed below.

In addition, the LNV Credit Facility has certain reporting obligations that require DLP IV to deliver audited annual financial statements no later than ninety days after the end of each fiscal year. Due to the failure to issue GWG Life, LLC audited financial statements for 2020 to LNV Corporation within 90 days after the end of the year, we were in violation of our financial reporting obligations under the LNV Credit Facility. CLMG Corp., as administrative agent for LNV Corporation, has issued a limited deferral extending the delivery of these reports to May 17, 2021. We regained compliance on May 17, 2021, when the audited annual financial statements of GWG Life were delivered to LNV Corporation.

On June 28, 2021, DLP IV entered into the Third Amended Facility with LNV Corporation, as lender, and CLMG Corp., as the administrative agent on behalf of the lenders under the agreement, that replaced the aforementioned LNV Credit Facility. The Third Amended Facility resulted in an additional advance of \$52.5 million from LNV Corporation.

In conjunction with entering into the Third Amended Facility, DLP V transferred life insurance policies having an aggregate face value of approximately \$440.6 million to DLP IV, which were pledged as additional collateral to the Third Amended Facility, and DLP IV received proceeds of approximately \$51.2 million (net of certain fees and expenses incurred in connection with the negotiation and entry into the Third Amended Facility). The Third Amended Facility sets forth interest and other terms and covenants similar those included in the previous LNV Credit Facility. The Third Amended Facility was paid off on August 11, 2021, with a portion of the proceeds from the NF Credit Facility described below.

On September 7, 2021, DLP IV entered into the Fourth Amended Facility with LNV Corporation, as lender, and CLMG Corp., as the administrative agent on behalf of the lenders under the agreement, that replaced the aforementioned Third Amended Facility. The Fourth Amended Facility resulted in an additional advance of \$30.3 million from LNV Corporation. The Fourth Amended Facility sets forth interest and other terms and covenants similar those included in the previous LNV Credit Facility.

Credit Facility with National Founders LP

On August 11, 2021, DLP VI, entered into the NF Credit Agreement with each lender from time to time party thereto and National Founders LP, as the administrative agent. On August 11, 2021, a one-time advance of approximately \$107.6 million was made to the DLP VI under the NF Credit Facility with a scheduled maturity date of August 11, 2031. Approximately \$56.7 million of such advanced amount was used to pay off the remaining amount due under the Third Amended Facility. Amounts borrowed under the NF Credit Facility bear interest on each day on the outstanding principal amount on such day at a per annum rate, determined on a daily basis, generally equal to 5.5% up to a 65% of the loan to value percent as calculated in accordance with the NF Credit Agreement, and 7.0% on anything above that loan to value percent.

A portion of the proceeds from the funding under the NF Credit Facility was used to purchase life insurance policies that were owned by DLP IV, which used the funds to repay the most recent advance of \$52.5 million plus interest and penalties under the LNV Credit Facility described above. At August 11, 2021, the aggregate face value of life insurance policies owned by DLP VI, was approximately \$433.1 million. As of such date, the aggregate face value of life insurance policies owned by DLP IV was approximately \$1.42 billion.

We are subject to various financial and non-financial covenants under the NF Credit Facility, including, but not limited to, compliance with laws, preservation of existence, financial reporting, keeping of proper books of record and account, payment of taxes, and ensuring that neither DLP VI nor GWG Life become an investment company. Additionally, we are required to maintain a Debt Coverage Ratio not to exceed 90%. As of August 31, 2021, we were in compliance with all financial and non-financial covenants in the NF Credit Facility.

Cash Flows

Interest and Dividend Payments

We finance our businesses through a combination of: life insurance policy benefit receipts; principal, dividends and interest receipts from investments; distributions from the alternative assets held by the ExAlt Trusts; debt and equity offerings; and the LNV Credit Facility and the NF Credit Facility. We have historically relied on debt (L Bonds and the LNV Credit Facility) and equity (preferred stock) financing for the majority of our cash expenditures (for policy acquisition, policy premiums and servicing costs, working capital and financing expenditures including paying principal and interest on existing debt, and for GWG Holdings and GWG Life making investments in Beneficient) as the amount of cash flows from the realization of life insurance policy benefits and cash flows from our other investments has been insufficient to meet all of our needs. This has resulted in the Company incurring substantial indebtedness and, to a lesser extent, obligations to make dividend payments on our classes of preferred stock.

Beneficient primarily finances its business through repayments on ExAlt Loans. Such repayments are funded from a portion of the cash distributions the ExAlt Trusts receive from their alternative assets and additional investments in Beneficient by GWG Holdings and/or other parties. See Note 9 to the condensed consolidated financial statements for details on the amendments of Beneficient's credit agreements. Beneficient uses proceeds from these sources to fund liquidity transactions and potential unfunded capital commitments, working capital, debt service payments, and costs associated with potential future products.

Beneficient also anticipates the need to establish sufficient regulatory capital if and when its Texas trust company charter is issued or the Kansas TEFFI trust company becomes operational. Additionally, Bermuda insurance statutes and regulations, and the policies of the BMA, require that Pen, among other things, maintain a minimum level of capital and surplus, satisfy solvency standards, and restrict dividends and distributions. Beneficient Capital Markets will also be subject to regulations of the SEC and FINRA that require, among other things, Beneficient Capital Markets to maintain a minimum level of capital.

Our total interest expense of \$41.4 million and \$35.9 million for the three months ended March 31, 2021 and 2020, respectively, represents the largest cash expense item in each period. Preferred stock cash dividends were \$3.2 million and \$4.0 million for the three months ended March 31, 2021 and 2020, respectively. While reducing our cost of funds and increasing our common equity base are primary goals of the Company, until we do so we will continue to expend significant amounts of cash for interest and dividend payments and will thus continue to rely heavily on our ability to raise cash from GWG Holdings' L Bond offering, LNV Credit Facility and other means as they are developed and available.

Life Insurance Policy Premium Payments

The payment of premiums and servicing costs to maintain life insurance policies represents one of our most significant requirements for cash disbursement. When a policy is purchased, we are able to calculate the minimum premium payments required to maintain the policy in-force. Over time as the insured ages, premium payments will increase. Nevertheless, the probability we will be required to pay the premiums decreases as mortality becomes more likely. These scheduled premiums and associated probabilities are factored into our expected internal rate of return and cash-flow modeling. Beyond premiums, we incur policy servicing costs, including annual trustee, policy administration and tracking costs. Additionally, we incur significant financing costs, including principal, interest and dividends. Both policy servicing costs and financing costs are excluded from our internal rate of return calculations. We finance our businesses through a combination of life insurance policy benefit receipts, dividends and interest on other investments, equity offerings, debt offerings, and advances under the LNV Credit Facility and NF Credit Facility.

The amount of payments for anticipated premiums, including the requirement under the LNV Credit Facility and NF Credit Facility to maintain a two month cost-of-insurance threshold within each policy cash value account, and servicing costs that we will be required to make over the next five years to maintain our current portfolio, assuming no mortalities, is set forth in the table below (in thousands):

Years Ending December 31,	Premiums	Servicing	Total
Nine months ending 2021	\$ 52,652	\$ 1,098	\$ 53,750
2022	87,374	1,463	88,837
2023	99,346	1,463	100,809
2024	108,838	1,463	110,301
2025	121,088	1,463	122,551
2026	133,556	1,463	135,019
	<u>\$ 602,854</u>	<u>\$ 8,413</u>	<u>\$ 611,267</u>

Our anticipated premium expenses are subject to the risk of increased cost-of-insurance charges (i.e., "COI" or premium charges) for the life insurance policies we own. We have received notices of COI increases on one policy in the first three months of 2021 compared to none in the first three months of 2020.

We have no known pending cost-of-insurance increases on any policies in our portfolio, but we are aware that cost-of-insurance increases have become more prevalent in the industry. Thus, we may see additional insurers implementing cost-of-insurance increases in the future.

Life Insurance Policy Benefit Receipts

For the quarter-end dates set forth below, the following table illustrates the total amount of face value of policy benefits owned, and the trailing 12 months of life insurance policy benefits realized and premiums paid on our portfolio. The trailing 12-month benefits/premium coverage ratio indicates the ratio of policy benefits realized to premiums paid over the trailing 12-month period from our portfolio of life insurance policies.

Quarter End Date	Portfolio Face Amount (in thousands)	12-Month Trailing Benefits Realized (in thousands)	12-Month Trailing Premiums Paid (in thousands)	12-Month Trailing Benefits/Premiums Coverage Ratio
March 31, 2017	1,447,558	48,189	42,753	112.7 %
June 30, 2017	1,525,363	49,295	45,414	108.5 %
September 30, 2017	1,622,627	53,742	46,559	115.4 %
December 31, 2017	1,676,148	64,719	52,263	123.8 %
March 31, 2018	1,758,066	60,248	53,169	113.3 %
June 30, 2018	1,849,079	76,936	53,886	142.8 %
September 30, 2018	1,961,598	75,161	55,365	135.8 %
December 31, 2018	2,047,992	71,090	52,675	135.0 %
March 31, 2019	2,098,428	87,045	56,227	154.8 %
June 30, 2019	2,088,445	82,421	59,454	138.6 %
September 30, 2019	2,064,156	101,918	61,805	164.9 %
December 31, 2019	2,020,973	125,148	63,851	196.0 %
March 31, 2020	2,000,680	120,191	65,224	184.3 %
June 30, 2020	1,960,826	137,082	66,846	205.1 %
September 30, 2020	1,921,067	149,415	67,931	220.0 %
December 31, 2020	1,900,715	125,109	69,734	179.4 %
March 31, 2021	1,879,895	125,566	71,206	176.3 %

We believe that the portfolio cash flow results set forth above are consistent with our general investment thesis that the life insurance policy benefits we receive will continue to increase over time in relation to the premiums we are required to pay on the remaining policies in the portfolio. Nevertheless, we expect that our portfolio cash flow on a period-to-period basis will remain inconsistent as we have reduced capital allocated to acquiring a larger, more diversified portfolio of life insurance policies.

Inflation

Changes in inflation do not necessarily correlate with changes in interest rates. We presently do not foresee any material impact of inflation on our results of operations in the periods presented in our condensed consolidated financial statements.

Off-Balance Sheet Arrangements

Unfunded Capital Commitments

The ExAlt Trusts had \$35.5 million and \$35.6 million of gross potential capital commitments as of March 31, 2021 and December 31, 2020, respectively, representing potential limited partner capital funding commitments on the interests in alternative asset funds. The trust holding the interest in the limited partnership for the alternative asset fund is required to fund these limited partner capital commitments per the terms of the limited partnership agreement. Capital funding commitment reserves are maintained by the associated trusts within the ExAlt PlanTM created at the origination of each trust for up to \$0.1 million. To the extent that the associated ExAlt Trust cannot pay the capital funding commitment, Beneficiary is obligated to lend sufficient funds to meet the commitment. Any amounts advanced by Beneficiary to the ExAlt Trusts for these limited partner capital funding commitments above the associated capital funding commitment reserves held by the associated ExAlt Trusts are added to the ExAlt Loan balance between Beneficiary and the ExAlt Trusts and are expected to be recouped through the cash distributions from the interests in alternative asset fund that collateralizes such ExAlt Loan.

Capital commitments generally originate from limited partner agreements having fixed or expiring expiration dates. The total limited partner capital funding commitment amounts may not necessarily represent future cash requirements. Beneficient considers the creditworthiness of the investment on a case-by-case basis. At both March 31, 2021 and December 31, 2020, Beneficient had no reserves for losses on unused commitments to fund potential limited partner capital funding commitments.

Equity Method Investee Commitments

GWG Holdings has contributed \$1.2 million in cash to FOXO during the three months ended March 31, 2021, and is committed to contribute an additional \$2.5 million to the entity through October 2021, all of which has been contributed through such date.

Credit Risk and Interest Rate Risk

We review the credit risk associated with our portfolio of life insurance policies when estimating its fair value. In evaluating the policies' credit risk, we consider insurance company solvency, credit risk indicators, economic conditions, ongoing credit evaluations, and company positions. We attempt to manage our credit risk related to life insurance policies typically by purchasing policies issued only from companies with an investment-grade credit rating by either Standard & Poor's, Moody's, or A.M. Best Company. As of March 31, 2021, 95.7% of our life insurance policies, by face value benefits, were issued by companies that maintained an investment-grade credit rating (BBB or better) by Standard & Poor's.

The LNV Credit Facility, NF Credit Facility, and Beneficient's debt due to related parties are floating-rate financings. In addition, our ability to offer interest and dividend rates that attract capital (including in our continuous offering of L Bonds) is generally impacted by prevailing interest rates. Furthermore, while GWG Holdings' L Bond offering provides us with fixed-rate debt financing, our Debt Coverage Ratio is calculated in relation to the interest rate on all of our debt financing, exclusive of GWG Holdings' Seller Trust L Bonds. Therefore, increases in interest rates impact our business by increasing our borrowing costs and reducing availability under our debt financing arrangements. Earnings from our life insurance portfolio are based upon the spread, if any, generated between the return on the portfolio and the total cost of our financing (excluding cost of financing for the Seller Trust L Bonds). As a result, increases in interest rates will reduce the earnings we expect to achieve from our investments in life insurance policies.

The ExAlt Trusts hold investments in alternative assets, which are exposed to risks related to markets, credit, currency, and interest rates. Currently, all of these alternative assets consist of private equity limited partnership interests, which are primarily denominated in the U.S. dollar, Euro, and Canadian dollar. The underlying portfolio companies primarily operate in the United States and Western Europe, with the largest percentage, based on NAV, operating in diversified financials, telecommunications services, food and staples retailing, and software and services industries. The financial statements risk, stemming from such investments, are those associated with the determination of estimated fair values, the diminished ability to monetize certain investments in times of strained market conditions, the recognition of income and recognition of impairments on certain investments.

As of March 31, 2021, and December 31, 2020, all of the ExAlt Loans, which are eliminated upon consolidation, are collateralized by the cash flows originating from the ExAlt Trusts' investments in alternative assets. These ExAlt Loans are a key determinant in income (loss) allocable to Beneficient's equity holders, and thus GWG Holdings. Beneficient has underwriting procedures and utilizes market rates. Additionally, Beneficient has purchased put options to protect the net asset value of the interests in alternative assets held by certain of the ExAlt Trusts from impacts associated with a broad market downturn. Finally, the ExAlt Trusts applicable trust agreements allow for excess cash flows from a collective pool of alternative assets to be utilized to repay the ExAlt Loans they have with Beneficient when cash flows from the customer's originally alternative assets are not sufficient to repay the outstanding principal, interest, and fees.

Guarantee and Collateral Provisions of L Bonds

GWG Holdings' L Bonds are offered and sold under a registration statement declared effective by the SEC, and GWG Holdings has issued Seller Trust L Bonds under the L Bond Supplemental Indenture, as described in Note 9 to the condensed consolidated financial statements. The L Bonds and Seller Trust L Bonds are secured by substantially all the assets of GWG Holdings and a pledge of all of GWG Holdings' common stock held by BCC and AltVerse Capital Markets, L.L.C., a limited liability company owned by an entity related to the Ben Initial Investors, including Brad K. Heppner (GWG Holdings' former Chairman, who served in such capacity from April 26, 2019 to June 14, 2021, and Beneficient's current Chief Executive Officer and Chairman) and an entity related to Thomas O. Hicks (one of Beneficient's current directors and a former director of GWG Holdings) ("AltVerse"). Together, BCC and AltVerse represent approximately 12% of our outstanding common stock, and are

guaranteed by GWG Life and a corresponding grant of a security interest in substantially all the assets of GWG Life. As a guarantor, GWG Life has fully and unconditionally guaranteed the payment of principal and interest on the L Bonds and Seller Trust L Bonds. GWG Life's equity in GWG Life Trust, DLP IV, and DLP V Holdings serves as collateral for GWG Holdings' L Bond and Seller Trust L Bond obligations. As of March 31, 2021, substantially all of our life insurance policies were held by DLP IV, DLP V, or GWG Life Trust. The policies held by DLP IV are not direct collateral for the L Bonds as such policies are pledged under the LNV Credit Facility.

On December 31, 2020, GWG Holdings, GWG Life and Bank of Utah, as trustee, entered into the Liquidity Bond Supplemental Indenture that provides for the issuance of two series of Liquidity Bonds, as described in Note 9 to the condensed consolidated financial statements. The Liquidity Bonds are issued by GWG Life and guaranteed by GWG Holdings. The Liquidity Bonds are secured by the same collateral as the other L Bonds.

Furthermore, regarding the obligations of GWG Holdings and its subsidiaries as of March 31, 2021:

- (1) The Seller Trust L Bonds are secured obligations of GWG Holdings, ranking junior to all senior debt of GWG Holdings and pari passu in right of payment and in respect of collateral with all L Bonds of GWG Holdings (see Note 9). Payments under the Seller Trust L Bonds are guaranteed by GWG Life. The assets exchanged in connection with the Beneficent transaction are available as collateral for all holders of the L Bonds and Seller Trust L Bonds. Specifically, the Common Units are held by GWG Holdings and the Commercial Loan is held by GWG Life.
- (2) The Liquidity Bonds are secured obligations of GWG Life, ranking junior to all senior debt of GWG Holdings or GWG Life and pari passu in right of payment and in respect of collateral with all L Bonds of GWG Holdings. Payments under the Liquidity Bonds are guaranteed by GWG Holdings.
- (3) The terms of the LNV Credit Facility require that we maintain a significant excess of pledged collateral value over the amount outstanding on the LNV Credit Facility at any given time. Any excess after satisfying all amounts owing under the LNV Credit Facility is available as collateral for the L Bonds (including the Seller Trust L Bonds and Liquidity Bonds).

The following represents summarized financial information as of March 31, 2021 and December 31, 2020, with respect to the financial position, and for the three months ended March 31, 2021, with respect to results of operations. The tables present summarized financial information of GWG Holdings and GWG Life on a combined basis after elimination of (i) intercompany transactions and balances among such entities, including GWG Holdings' interest in GWG Life, and (ii) equity in earnings from and investments in any subsidiary that is a non-guarantor (including DLP IV, DLP V, GWG Life Trust and Beneficent). The summarized financial information has been prepared in accordance with Rule 13-01 of Regulation S-X.

Summarized Balance Sheet Information (in thousands, not intended to balance):

	March 31, 2021	December 31, 2020
Assets⁽¹⁾		
Cash, cash equivalents and restricted cash	\$ 63,755	\$ 65,556
Other assets	3,945	6,366
Total assets	\$ 67,700	\$ 71,922
Liabilities		
L Bonds	\$ 1,345,091	\$ 1,246,902
Seller Trust L Bonds	366,892	366,892
Interest and dividends payable	12,318	12,086
Accounts payable and accrued expenses	4,257	7,347
Deferred tax liabilities	51,272	51,469
Total liabilities	\$ 1,779,830	\$ 1,684,696
Equity		
Redeemable preferred stock and Series 2 redeemable preferred stock	\$ 141,472	\$ 156,833

(1) Assets exclude: i) GWG Holdings' investment in GWG Life of \$1.2 billion as of both March 31, 2021 and December 31, 2020; ii) GWG Holdings' aggregate investments in non-obligor subsidiaries of \$660.9 million and \$643.1 million as of March 31, 2021 and December 31, 2020, respectively; and iii) GWG Life's aggregate investments in and loans to non-obligor subsidiaries of \$1.2 billion as of both March 31, 2021 and December 31, 2020.

Summarized Statement of Operations Information (in thousands):

	Three Months Ended March 31, 2021
Total revenues	\$ 12,968
Interest expense	36,002
Other expenses	11,400
Total expenses	47,402
Loss before income taxes and preferred dividends	(34,434)
Income tax benefit	(13)
Preferred dividends	3,192
Net loss	\$ (37,613)

Debt Coverage Ratio

The L Bond borrowing covenants of GWG Holdings require it to maintain a Debt Coverage Ratio not to exceed 90%. The Debt Coverage Ratio is calculated by dividing the sum of our total interest-bearing indebtedness (other than Excluded Indebtedness defined and described in note 2 to the table below) by the sum of our cash, cash equivalents, restricted cash, life insurance policy benefits receivable, the net present value of the life insurance portfolio, and, without duplication, the value of all of our other assets as reflected on our most recently available balance sheet prepared in accordance with GAAP.

GWG Holdings' and GWG Life's investments in Beneficient and GWG Life's ownership interests in the holding companies that own DLP IV and DLP VI, which own substantially all of the life insurance portfolio, secure our obligations under the L Bonds, and are illiquid assets. Although GWG Holdings and GWG Life own debt and equity securities of Beneficient, a substantial majority of the net assets of Beneficient are currently represented by goodwill, an intangible asset. The calculation of Beneficient's goodwill required the utilization of significant estimates and management judgment, as discussed elsewhere in this Quarterly Report on Form 10-Q. As a result, the carrying value of those assets as reflected in our condensed consolidated financial statements may not necessarily reflect the current market price for those assets, especially in the event of a bulk or distressed sale. Proceeds from L Bond sales will be primarily used for the repayment of L Bond maturities, interest payments and other operating expenses of GWG Holdings, and as otherwise specified in the prospectus for the L Bonds. GWG Holdings may also continue to use a portion of the proceeds from L Bond sales to make investments in Beneficient. Because advances may be used by Beneficient for working capital purposes, such investments may not increase the tangible assets securing the L Bonds. If the trustee for the L Bonds were forced to sell all or a portion of the collateral securing them, there can be no assurance that the trustee would be able to sell them for the prices at which we have recorded them in our condensed consolidated financial statements, and the trustee might be forced to sell them at significantly lower prices.

The discount rate we use for the net present value of our life insurance portfolio for this calculation may not be the same discount rate we use for our GAAP valuation and is not necessarily reflective of the amount we could realize upon a sale of the portfolio (dollars in thousands):

	March 31, 2021	December 31, 2020
Life insurance portfolio policy benefits	\$ 1,879,895	\$ 1,900,715
Discount rate of future cash flows ⁽¹⁾	7.41 %	7.46 %
Net present value of life insurance portfolio policy benefits	\$ 823,722	\$ 822,859
All cash and cash equivalents (including restricted cash)	96,403	106,282
Life insurance policy benefits receivable, net	18,238	14,334
Financing receivables from affiliates	183,187	180,080
Investments in Common Units ⁽³⁾	437,990	438,194
Investments in Preferred Series A Subclass 1 Unit Account ⁽³⁾	319,030	319,030
Investments in Preferred Series C Unit Account ⁽³⁾	210,624	195,578
Other Assets	12,055	20,082
Total Coverage ⁽²⁾	\$ 2,101,249	\$ 2,096,439
Total Indebtedness ⁽²⁾	\$ 1,585,165	\$ 1,519,107

Debt Coverage Ratio	75.44 %	72.46 %
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(1) Weighted-average interest rate paid on indebtedness, excluding that of Seller Trust L-Bonds, as required under the indenture governing the L Bonds.

(2) Total Coverage excludes the assets of Beneficient. Total Indebtedness is equal to the total liabilities balance of GWG Holdings (excluding the liabilities of Beneficient) as of March 31, 2021, other than Excluded Indebtedness. "Excluded Indebtedness" means indebtedness that is payable at GWG Holdings' option in capital stock of GWG Holdings or securities mandatorily convertible into or exchangeable for capital stock of GWG Holdings, or any Indebtedness that is reasonably expected to be converted or exchanged, directly or indirectly, into capital stock of GWG Holdings. This change in the definition of the Debt Coverage Ratio was defined in Amendment No. 2 to the Amended and Restated Indenture entered into as of December 31, 2019 (see Note 9 to the condensed consolidated financial statements).

(3) Generally represents the value of the investment in Beneficient as of December 31, 2019, for investments that existed at the time of the change-in-control transaction, or the value at the time of purchase for investments that were made subsequent to December 31, 2019. As noted above, these are illiquid investments that are carried at book basis and not market value.

As of March 31, 2021 and December 31, 2020, we were in compliance with the Debt Coverage Ratio. Based on a preliminary analysis, the Company expects the Debt Coverage Ratio to be approximately 82% as of September 30, 2021.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in our reports filed pursuant to the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including GWG Holdings' Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance the objectives of the control system are met.

GWG Holdings' Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934) as of March 31, 2021 (the end of the period covered by this report). Based on that evaluation, GWG Holdings' Chief Executive Officer and Chief Financial Officer have concluded that due to the material weaknesses described below, our disclosure controls and procedures were not effective as of March 31, 2021.

Material Weaknesses

Restatement

In connection with matters related to the Restatement, we have determined that a material weakness existed in our internal control over financial reporting for all periods from December 31, 2019 to December 31, 2020. As of December 31, 2020, the design and operating effectiveness of controls over the selection, application and review of the implementation of accounting policies were not sufficient to ensure amounts recorded and disclosed were fairly stated in accordance with GAAP. This material weakness resulted in the Restatement.

In response to this material weakness, our management has expended, and will continue to expend, a substantial amount of effort and resources for the remediation and improvement of our internal control over financial reporting. While we have processes to properly identify and evaluate the appropriate accounting technical pronouncements and other literature for all significant or unusual transactions, we are improving these processes to ensure that the nuances of such transactions are effectively evaluated in the context of the increasingly complex accounting standards. Our remediation plan at this time includes continuing to enhance our internal and external technical accounting resources by hiring additional personnel and increasing communication with third-party professionals with whom we consult regarding the application of complex accounting transactions.

Our remediation plan can only be accomplished over time and will be continually reviewed to determine that it is achieving its objectives. We can offer no assurance that these initiatives will ultimately have the intended effects.

Quarterly Valuation Allowance

In connection with the preparation and review of our quarterly condensed consolidated financial statements as of and for the period ended September 30, 2020, we also identified a material weakness in internal controls over the quarterly income tax provision process, which included the measurement of the valuation allowance against the Company's deferred tax assets.

We have implemented a suite of enhanced internal controls and have involved additional external resources in the quarterly income tax provision process, including the assessment of the valuation allowance. We believe these measures will enable us to quickly remediate this material weakness in internal controls over the income tax provision process, including the valuation allowance against the Company's deferred tax assets.

We have completed certain of such remediation activities as of the date of this filing and believe that we have strengthened our internal controls to address the identified material weakness. However, control weaknesses are not considered remediated until new internal controls have been operational for a period of time, are tested, and management concludes that these controls are operating effectively. We will continue to monitor the effectiveness of these remediation measures, and we will make any changes to the design of this plan and take such other actions that we deem appropriate given the circumstances.

Notwithstanding these material weaknesses, the Company has concluded that no material misstatements exist in the condensed consolidated financial statements, and such financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Company as of and for the three months ended March 31, 2021 and 2020, in conformity with accounting principles generally accepted in the United States of America.

Changes in Internal Control over Financial Reporting

Other than the aforementioned material weaknesses, there were no changes in our internal control over financial reporting during the period covered by this report that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 6. EXHIBITS

Exhibit	
22	List of Guarantor Subsidiaries (filed herewith)
31.1	Section 302 Certification of the Chief Executive Officer (filed herewith)
31.2	Section 302 Certification of the Chief Financial Officer (filed herewith)
32.1	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. §1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
99.1	Letter from ClearLife Limited, dated April 27, 2021 (filed herewith)
99.2	Portfolio of Life Insurance Policies as of March 31, 2021 (filed herewith)
99.3	Sixth Amended and Restated Limited Partnership Agreement of Beneficient Company Holdings, L.P. (filed herewith) †
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

† Certain confidential information has been excluded from this exhibit.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GWG HOLDINGS, INC.

Date: November 9, 2021

By: /s/ Murray T. Holland
President and Chief Executive Officer

Date: November 9, 2021

By: /s/ Timothy L. Evans
Chief Financial Officer

GWG Holdings, Inc.

Subsidiary Guarantors and Issuers of Guaranteed Securities and Affiliates Whose Securities Collateralize a Registrant's Securities

The entities in the table that follows are the issuer and guarantor of the L Bonds sold under registration statements declared effective by the SEC and governed by the Amended and Restated Indenture dated as of October 23, 2017 between GWG Holdings, Inc. ("GWG Holdings"), GWG Life, LLC ("GWG Life"), and Bank of Utah (as trustee) (as amended, the "Indenture"). The entities in the table that follows are also guarantors of the Seller Trust L Bonds issued under a Supplemental Indenture to the Indenture.

The L Bonds and Seller Trust L Bonds are secured by substantially all the assets of GWG Holdings and a pledge of all of GWG Holdings' common stock held by Beneficient Capital Company, L.L.C. and Altiverse Capital Markets, L.L.C. (which together represent approximately 12% of our outstanding common stock), and are guaranteed by a guarantee by GWG Life and corresponding grant of a security interest in substantially all the assets of GWG Life. As a guarantor, GWG Life has fully and unconditionally guaranteed the payment of principal and interest on the L Bonds and Seller Trust L Bonds. GWG Life's equity in its subsidiaries, GWG Life Trust, GWG DLP Funding V Holdings, LLC and GWG DLP Funding IV, LLC, serves as collateral for the L Bond and Seller Trust L Bond obligations of GWG Holdings.

On December 31, 2020, GWG Holdings, GWG Life and Bank of Utah, as trustee, entered into a subsequent Supplemental Indenture that provides for the issuance of two series of Liquidity Bonds. The Liquidity Bonds are issued by GWG Life and guaranteed by GWG Holdings.

Entity Name	Jurisdiction of Organization	Security	Role
GWG Holdings, Inc.	Delaware	L Bonds and Seller Trust L Bonds	Issuer / Pledged Collateral
GWG Life, LLC	Delaware	L Bonds and Seller Trust L Bonds	Guarantor / Pledged Collateral
GWG Holdings, Inc.	Delaware	Liquidity Bonds	Guarantor / Pledged Collateral
GWG Life, LLC	Delaware	Liquidity Bonds	Issuer / Pledged Collateral

SECTION 302 CERTIFICATION

I, Murray T. Holland, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GWG Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 9, 2021

/s/ Murray T. Holland

Chief Executive Officer

SECTION 302 CERTIFICATION

I, Timothy L. Evans, certify that:

1. I have reviewed this quarterly report on Form 10-Q of GWG Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 9, 2021

/s/ Timothy L. Evans

Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of GWG Holdings, Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Murray T. Holland, Chief Executive Officer of the Company, and I, Timothy L. Evans, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Murray T. Holland

Murray T. Holland
Chief Executive Officer

November 9, 2021

/s/ Timothy L. Evans

Timothy L. Evans
Chief Financial Officer

November 9, 2021



April 27, 2021

GWG Life, LLC
325 North St. Paul Street, Suite 2650
Dallas TX 75201
United States of America

Dear Sirs

Re: GWG Life Settlements Portfolio – Quarterly Valuation as of March 31, 2021

You have asked that we prepare a valuation of your portfolio as of the Valuation Date set out in Appendix A. Terms used in this letter and not otherwise defined herein have the meaning specified in your Subscription Agreement with us or on the ClariNet LS website.

Assumptions and Reliance


- In preparing this valuation, we have relied upon the accuracy of the data contained in your ClariNet LS account as of the Pricing Date specified in Appendix A.
- We have performed no testing of such data to determine its accuracy or completeness.
- We have prepared this valuation solely with respect to the Portfolio identified in Appendix A as of the Pricing Date.
- We have used assumptions as to discount rates and survival curve construction which have been specified by you and which are set out in Appendix B.
- We have assumed that you have independently determined that the premium schedule used to value each Case is sufficient to carry the relevant Policy through to maturity.
- The survival curves used in valuation have been generated by reference to mortality factors and underwriting dates supplied by you. We understand that these mortality factors reflect your determination of the Longest LE for the relevant Insured (as defined in Appendix C). We have not made any independent investigation of this determination.

Valuation

Based on the composition of the Portfolio as of the Pricing Date, we find that the Net Present Value of the Portfolio on the Valuation Date is as specified in Appendix A.

Yours faithfully

CLEARLIFE LIMITED

By: 
Name: Mark Venn
Title: CEO

ClearLife Limited, Triscombe House, Triscombe, Taunton TA4 3HG, United Kingdom

Tel. +44 (0)20 7100 0600 / info@clearlifeltd.com / www.clearlifeltd.com
ClearLife Limited is a company registered in England & Wales. Registration number 06424296
Registered office: Priory House, Pilgrims Court, Sydenham Road, Guildford GU1 3RX



Appendix A
Valuation Inputs and Outputs

Description	Current Quarter	Previous Quarter
Valuation Date	March 31, 2021	December 31, 2020
Pricing Date:	April 26, 2021	January 25, 2021
ClariNet LS Portfolio Name:	2021_03 Portfolio Snapshot	2020_12 Portfolio Snapshot
Total Face Amount of Active Policies:	\$1,897,433,508	\$1,923,409,420
Total Net Death Benefit of Active Policies:	\$1,879,894,527	\$1,900,715,313
Number of Active Policies:	1,032	1,058
Number of Unique Surviving Insureds:	953	978
Discount Rate:	8.25%	8.25%
Net Present Value:	\$791,498,784	\$791,911,388

Definitions

- **Total Face Amount:** this is the sum of the Face Amounts for each Case included in the Portfolio on the Valuation Date.
- **Total Net Death Benefit:** This is the Net Death Benefit on the Valuation Date for each Case included in the Portfolio as of the Pricing Date. This excludes any Retained Death Benefit ("RDB") amounts. Where the Case has a RDB amount which varies over time, the number shown here reflects the RDB amount as of the Valuation Date. The Net Death Benefit associated with each Case may vary over time and may not equal the Face Amount for the relevant Case.
- **Number of Active Policies:** This is the number of Cases in the Portfolio on the Valuation Date with a Status other than MAT, PEND, SOLD, EXP, SURR or LAPS.
- **Number of Unique Surviving Insureds:** This is the number of unique surviving Insureds referenced by the Active Policies in the Portfolio on the Valuation Date. This number may be fewer than the Number of Active Policies, where a single Insured is referenced by more than one Active Policy.
- **Net Present Value:** This is the sum of the net present values calculated on the Pricing Date for all Active Policies in the Portfolio on the Valuation Date, determined by discounting the future mortality-adjusted cashflows back to the Valuation Date at the Discount Rate.



Appendix B
Valuation Template Settings

Parameter Name	Current Quarter	Previous Quarter
Fees Template	Zero Fees	Zero Fees
Q(x) Adjustment	None	None
Mortality Table Name	2015 ANB	2015 ANB
Improvement Rates	0%	0%
Survival Factor Interpolation Type	Piecewise Constant Qx	Piecewise Constant Qx
Interpolate VBT Table Row Based on DOB at LE Review Date	False	False
Calculation of Joint Life Survival Curve	Frasierized	Frasierized
Smoking Status Override	Non-smoker	Non-smoker
LE Calculation Type	Mean	Mean
Calculation of LE Review Date Given Multiple Reports	Blended	Blended
NDB Collection Lag	0M	0M
Longevity Calculation Type	Monthly	Monthly
Number of months to stress Qx	0	0
Interest payment during NDB collection lag	None	None
User-defined NDB collection lag interest rate	0%	0%
Aging underwriter reports	Regular	Regular
Improvement Start Type	TableStartDate	TableStartDate
Blending methodology when combining life expectancy reports	Lx	Lx
Apply Improvement Rate Before Mortality Calculation	False	False
Set Value Date to next Policy monthiversary	True	True
Set LE Report Date(s) to Policy monthiversary	True	True
Include Other Purchase Costs in IRR	True	True
Include Origination Fee in IRR	True	True
Subtract the specified number from the Mean LE50	0	0
Exclude Paid Premiums in Portfolio Valuation	False	False
Use Previous Month NDB When Calculating Expected Cashflows	False	False
Premium Payment Day of Month	Do Not Shift	Do Not Shift
Premium Payment Month Shift	Following	Following



Appendix C Longest LE Definition

Longest LE: The LE Estimate used for each Policy within the Portfolio for purposes of calculating A2E analytics and Fair Market Value prospectively:

- For any Policy owned as of December 31, 2018 that was purchased prior to LE underwriting changes by ITM TwentyFirst Services in 2013, the longer of the two LEs utilized in the valuation of the Policy following receipt of the updated LEs ordered in response to the 2013 changes;
- For any Policy owned as of December 31, 2018 that was purchased after the LE underwriting changes by ITM TwentyFirst Services in 2013, the longest LE on file that was utilized in the pricing of the Policy at the closing of the Policy purchase (in instances where additional LE Reports were ordered, these were incorporated into the analysis whether in receipt of the LE Report at the time of closing or not, so long as the LE Report was received by a date no more than 30 calendar days subsequent to the closing date of the Policy purchase); and
- For any Policy purchased subsequent to December 31, 2018 (i.e. future purchases for purposes of the initial A2E analysis), the longest life expectancy utilized in the pricing of the Policy at the closing of the Policy purchase so long as the LE Report is received by a date no more than 30 calendar days subsequent to the closing date of the Policy purchase.



	Face Amount	Gender	Age (ALB) ⁽¹⁾	LE (mo.) ⁽²⁾	Insurance Company	S&P Rating
1	\$ 805,000	M	101	19	John Hancock Life Insurance Company (U.S.A.)	AA-
2	\$ 1,556,751	F	100	20	Accordia Life and Annuity Company	A-
3	\$ 360,000	M	100	9	John Hancock Life Insurance Company (U.S.A.)	AA-
4	\$ 800,000	F	98	40	The Lincoln National Life Insurance Company	AA-
5	\$ 1,000,000	F	98	17	ReliaStar Life Insurance Company	A+
6	\$ 5,000,000	F	97	38	American General Life Insurance Company	A+
7	\$ 3,000,000	M	97	26	West Coast Life Insurance Company	AA-
8	\$ 572,429	F	97	15	ReliaStar Life Insurance Company	A+
9	\$ 5,000,000	M	96	22	John Hancock Life Insurance Company (U.S.A.)	AA-
10	\$ 5,000,000	F	96	17	John Hancock Life Insurance Company of New York	AA-
11	\$ 1,682,773	F	96	32	Talcott Resolution Life and Annuity Insurance Company	AA-
12	\$ 3,100,000	F	96	16	Lincoln Benefit Life Company	BBB
13	\$ 500,000	M	96	33	ReliaStar Life Insurance Company	A+
14	\$ 500,000	F	96	43	John Hancock Life Insurance Company (U.S.A.)	AA-
15	\$ 1,000,000	F	96	13	The Lincoln National Life Insurance Company	AA-
16	\$ 5,000,000	F	95	10	The Lincoln National Life Insurance Company	AA-
17	\$ 5,000,000	F	95	27	ReliaStar Life Insurance Company	A+
18	\$ 1,000,000	F	95	31	United of Omaha Life Insurance Company	A+
19	\$ 3,500,000	F	95	44	John Hancock Life Insurance Company (U.S.A.)	AA-
20	\$ 500,000	M	95	20	Allianz Life Insurance Company of North America	AA
21	\$ 500,000	F	95	24	Massachusetts Mutual Life Insurance Company	AA+
22	\$ 1,000,000	F	95	24	Talcott Resolution Life and Annuity Insurance Company	AA-
23	\$ 1,000,000	F	95	24	Massachusetts Mutual Life Insurance Company	AA+
24	\$ 500,000	F	95	10	The Lincoln National Life Insurance Company	AA-
25	\$ 5,500,000	M	95	9	Transamerica Life Insurance Company	A+
26	\$ 5,000,000	M	94	26	United States Life Insurance Company in the City of New York	A+
27	\$ 3,500,000	F	94	38	The Lincoln National Life Insurance Company	AA-
28	\$ 5,000,000	M	94	32	Equitable Financial Life Insurance Company	A+
29	\$ 2,225,000	F	94	54	Transamerica Life Insurance Company	A+
30	\$ 1,803,455	F	94	30	Brighthouse Life Insurance Company	AA-
31	\$ 1,529,270	F	94	30	Brighthouse Life Insurance Company	AA-
32	\$ 3,000,000	F	94	54	Massachusetts Mutual Life Insurance Company	AA+
33	\$ 4,785,380	F	94	15	John Hancock Life Insurance Company (U.S.A.)	AA-
34	\$ 500,000	M	94	40	The Lincoln National Life Insurance Company	AA-
35	\$ 1,500,000	M	94	34	Ameritas Life Insurance Corp.	A+
36	\$ 5,000,000	M	94	32	John Hancock Life Insurance Company (U.S.A.)	AA-
37	\$ 1,000,000	F	94	40	Transamerica Life Insurance Company	A+
38	\$ 2,500,000	M	94	20	Pacific Life Insurance Company	AA-
39	\$ 5,000,000	F	94	34	Massachusetts Mutual Life Insurance Company	AA+
40	\$ 800,000	M	94	29	The Lincoln National Life Insurance Company	AA-
41	\$ 250,000	F	94	40	Transamerica Life Insurance Company	A+
42	\$ 1,103,922	F	94	34	Sun Life Assurance Company of Canada (United States Branch)	AA
43	\$ 500,000	F	94	10	Transamerica Life Insurance Company	A+
44	\$ 250,000	M	94	12	Wilton Reassurance Life Company of New York	NR
45	\$ 313,413	M	94	26	United States Life Insurance Company in the City of New York	A+
46	\$ 300,000	M	94	18	John Hancock Life Insurance Company (U.S.A.)	AA-
47	\$ 400,000	M	94	12	The Lincoln National Life Insurance Company	AA-
48	\$ 1,000,000	F	94	47	The Lincoln National Life Insurance Company	AA-
49	\$ 1,000,000	F	94	30	Brighthouse Life Insurance Company	AA-
50	\$ 700,000	M	94	39	Ohio National Life Assurance Corporation	A-
51	\$ 338,259	M	94	6	Lincoln Life & Annuity Company of New York	AA-
52	\$ 500,000	M	94	25	Pacific Life Insurance Company	AA-
53	\$ 1,000,000	M	94	21	John Hancock Life Insurance Company (U.S.A.)	AA-
54	\$ 900,000	F	94	48	John Hancock Life Insurance Company (U.S.A.)	AA-
55	\$ 400,000	M	94	21	The Lincoln National Life Insurance Company	AA-
56	\$ 4,000,000	F	93	50	Transamerica Life Insurance Company	A+
57	\$ 500,000	F	93	41	Sun Life Assurance Company of Canada (United States Branch)	AA

58	\$	2,000,000	M	93	21	John Hancock Life Insurance Company (U.S.A.)	AA-
59	\$	5,000,000	F	93	18	Transamerica Life Insurance Company	A+
60	\$	7,500,000	M	93	26	The Lincoln National Life Insurance Company	AA-
61	\$	4,445,467	M	93	34	The Penn Mutual Life Insurance Company	A+
62	\$	800,000	M	93	34	National Western Life Insurance Company	A-
63	\$	1,000,000	F	93	26	West Coast Life Insurance Company	AA-
64	\$	2,000,000	F	93	26	West Coast Life Insurance Company	AA-
65	\$	3,000,000	M	93	23	Transamerica Life Insurance Company	A+
66	\$	250,000	M	93	49	Brighthouse Life Insurance Company	AA-
67	\$	1,250,000	M	93	9	Columbus Life Insurance Company	AA-
68	\$	300,000	M	93	9	Columbus Life Insurance Company	AA-
69	\$	10,000,000	F	93	42	West Coast Life Insurance Company	AA-
70	\$	6,000,000	F	93	37	Sun Life Assurance Company of Canada (United States Branch)	AA
71	\$	1,907,525	F	93	27	New York Life Insurance and Annuity Corporation	AA+
72	\$	100,000	F	93	22	United States Life Insurance Company in the City of New York	A+
73	\$	100,000	F	93	22	United States Life Insurance Company in the City of New York	A+
74	\$	500,000	F	93	11	Transamerica Life Insurance Company	A+
75	\$	400,000	F	93	11	Lincoln Benefit Life Company	BBB
76	\$	1,000,000	F	93	28	Brighthouse Life Insurance Company	AA-
77	\$	1,500,000	F	93	16	Transamerica Life Insurance Company	A+
78	\$	500,000	F	93	16	Transamerica Life Insurance Company	A+
79	\$	500,000	M	93	10	Transamerica Life Insurance Company	A+
80	\$	500,000	F	93	40	Brighthouse Life Insurance Company	AA-
81	\$	500,000	M	93	28	The Lincoln National Life Insurance Company	AA-
82	\$	2,000,000	F	93	31	Security Life of Denver Insurance Company	A+
83	\$	409,053	F	93	24	ReliaStar Life Insurance Company	A+
84	\$	1,200,000	M	92	40	Transamerica Life Insurance Company	A+
85	\$	1,000,000	F	92	60	Security Life of Denver Insurance Company	A+
86	\$	8,500,000	M	92	53	Massachusetts Mutual Life Insurance Company	AA+
87	\$	5,000,000	M	92	50	The Lincoln National Life Insurance Company	AA-
88	\$	3,000,000	M	92	54	Equitable Financial Life Insurance Company	A+
89	\$	500,000	M	92	57	Brighthouse Life Insurance Company	AA-
90	\$	2,000,000	M	92	52	Security Life of Denver Insurance Company	A+
91	\$	2,000,000	M	92	52	Security Life of Denver Insurance Company	A+
92	\$	2,000,000	M	92	52	Security Life of Denver Insurance Company	A+
93	\$	1,000,000	F	92	7	State Farm Life Insurance Company	AA
94	\$	1,500,000	F	92	65	Transamerica Life Insurance Company	A+
95	\$	200,000	F	92	47	The Lincoln National Life Insurance Company	AA-
96	\$	209,176	M	92	43	The Lincoln National Life Insurance Company	AA-
97	\$	330,000	M	92	35	Equitable Financial Life Insurance Company	A+
98	\$	175,000	M	92	35	Brighthouse Life Insurance Company	AA-
99	\$	335,000	M	92	35	Brighthouse Life Insurance Company	AA-
100	\$	1,000,000	M	92	9	Security Life of Denver Insurance Company	A+
101	\$	1,000,000	M	92	40	Equitable Financial Life Insurance Company	A+
102	\$	200,000	M	92	32	American General Life Insurance Company	A+
103	\$	1,000,000	F	92	25	Nationwide Life and Annuity Insurance Company	A+
104	\$	10,000,000	F	92	41	Pacific Life Insurance Company	AA-
105	\$	1,000,000	F	92	43	American General Life Insurance Company	A+
106	\$	4,000,000	M	92	18	The Lincoln National Life Insurance Company	AA-
107	\$	5,000,000	M	92	30	Transamerica Life Insurance Company	A+
108	\$	3,000,000	F	92	29	The Lincoln National Life Insurance Company	AA-
109	\$	2,500,000	M	92	53	Brighthouse Life Insurance Company	AA-
110	\$	2,500,000	M	92	53	Brighthouse Life Insurance Company	AA-
111	\$	380,000	F	92	29	Security Life of Denver Insurance Company	A+
112	\$	700,000	M	92	28	Ameritas Life Insurance Corp.	A+
113	\$	325,000	M	91	21	The Lincoln National Life Insurance Company	AA-
114	\$	2,000,000	M	91	49	Transamerica Life Insurance Company	A+
115	\$	1,000,000	M	91	32	John Hancock Life Insurance Company (U.S.A.)	AA-
116	\$	3,261,000	M	91	35	Pacific Life Insurance Company	AA-

117	\$	5,000,000	F	91	65	American General Life Insurance Company	A+
118	\$	2,500,000	M	91	31	Brighthouse Life Insurance Company	AA-
119	\$	1,800,000	M	91	33	John Hancock Life Insurance Company (U.S.A.)	AA-
120	\$	2,000,000	M	91	33	Equitable Financial Life Insurance Company	A+
121	\$	1,750,000	M	91	33	Equitable Financial Life Insurance Company	A+
122	\$	1,365,000	F	91	59	Transamerica Life Insurance Company	A+
123	\$	2,000,000	M	91	11	Transamerica Life Insurance Company	A+
124	\$	3,000,000	F	91	49	Sun Life Assurance Company of Canada (United States Branch)	AA
125	\$	2,000,000	F	91	57	Equitable Financial Life Insurance Company	A+
126	\$	5,000,000	M	91	49	Security Life of Denver Insurance Company	A+
127	\$	1,000,000	M	91	21	Massachusetts Mutual Life Insurance Company	AA+
128	\$	4,000,000	M	91	26	Brighthouse Life Insurance Company	AA-
129	\$	2,000,000	M	91	19	Brighthouse Life Insurance Company	AA-
130	\$	3,000,000	M	91	19	Brighthouse Life Insurance Company	AA-
131	\$	1,014,136	M	91	20	Equitable Financial Life Insurance Company	A+
132	\$	5,000,000	F	91	21	Security Life of Denver Insurance Company	A+
133	\$	125,000	M	91	28	Jackson National Life Insurance Company	A
134	\$	1,000,000	M	91	12	Sun Life Assurance Company of Canada (United States Branch)	AA
135	\$	1,000,000	F	91	33	Equitable Financial Life Insurance Company	A+
136	\$	2,000,000	F	91	47	John Hancock Life Insurance Company (U.S.A.)	AA-
137	\$	1,000,000	F	91	35	Transamerica Life Insurance Company	A+
138	\$	4,000,000	F	91	63	John Hancock Life Insurance Company (U.S.A.)	AA-
139	\$	500,000	M	91	20	The Lincoln National Life Insurance Company	AA-
140	\$	600,000	M	91	34	Ohio National Life Assurance Corporation	A-
141	\$	5,000,000	F	91	37	Nassau Life Insurance Company	BB
142	\$	5,400,000	M	91	36	The Lincoln National Life Insurance Company	AA-
143	\$	400,000	M	91	26	Brighthouse Life Insurance Company	AA-
144	\$	700,000	F	91	50	The Lincoln National Life Insurance Company	AA-
145	\$	2,000,000	F	91	40	John Hancock Life Insurance Company (U.S.A.)	AA-
146	\$	1,000,000	M	90	46	John Hancock Life Insurance Company (U.S.A.)	AA-
147	\$	1,000,000	F	90	54	John Hancock Life Insurance Company (U.S.A.)	AA-
148	\$	6,000,000	F	90	71	American General Life Insurance Company	A+
149	\$	2,500,000	F	90	42	American General Life Insurance Company	A+
150	\$	2,000,000	M	90	22	Brighthouse Life Insurance Company	AA-
151	\$	5,000,000	F	90	65	Equitable Financial Life Insurance Company	A+
152	\$	7,600,000	F	90	69	Transamerica Life Insurance Company	A+
153	\$	2,000,000	F	90	71	Lincoln Benefit Life Company	BBB
154	\$	1,500,000	F	90	71	Lincoln Benefit Life Company	BBB
155	\$	5,000,000	M	90	50	Security Life of Denver Insurance Company	A+
156	\$	4,000,000	M	90	12	John Hancock Life Insurance Company (U.S.A.)	AA-
157	\$	4,000,000	F	90	14	ReliaStar Life Insurance Company of New York	A+
158	\$	1,000,000	F	90	48	John Hancock Life Insurance Company (U.S.A.)	AA-
159	\$	1,000,000	M	90	24	The Lincoln National Life Insurance Company	AA-
160	\$	3,000,000	F	90	-	Equitable Financial Life Insurance Company	A+
161	\$	1,703,959	M	90	36	The Lincoln National Life Insurance Company	AA-
162	\$	1,000,000	M	90	31	Talcott Resolution Life and Annuity Insurance Company	AA-
163	\$	2,400,000	M	90	12	Genworth Life Insurance Company	NR
164	\$	250,000	M	90	-	Midland National Life Insurance Company	A+
165	\$	2,000,000	F	90	36	New York Life Insurance Company	AA+
166	\$	3,000,000	M	90	66	Transamerica Life Insurance Company	A+
167	\$	500,000	M	90	18	New England Life Insurance Company	A+
168	\$	1,980,000	M	90	17	New York Life Insurance Company	AA+
169	\$	450,000	M	90	24	American General Life Insurance Company	A+
170	\$	500,000	M	90	38	The Lincoln National Life Insurance Company	AA-
171	\$	3,250,000	F	90	61	Brighthouse Life Insurance Company	AA-
172	\$	3,075,000	F	90	61	Brighthouse Life Insurance Company	AA-
173	\$	1,500,000	M	90	28	Lincoln Life & Annuity Company of New York	AA-
174	\$	1,000,000	F	90	65	ReliaStar Life Insurance Company	A+
175	\$	1,750,000	M	90	20	American General Life Insurance Company	A+

176	\$	1,750,000	M	90	20	American General Life Insurance Company	A+
177	\$	1,000,000	M	90	30	The Lincoln National Life Insurance Company	AA-
178	\$	1,500,000	M	90	31	Transamerica Life Insurance Company	A+
179	\$	300,000	M	90	58	Brighthouse Life Insurance Company	AA-
180	\$	500,000	M	90	40	Lincoln Life & Annuity Company of New York	AA-
181	\$	250,000	M	90	40	The Lincoln National Life Insurance Company	AA-
182	\$	250,000	M	90	40	The Lincoln National Life Insurance Company	AA-
183	\$	750,000	M	89	49	John Hancock Life Insurance Company (U.S.A.)	AA-
184	\$	7,600,000	M	89	65	Transamerica Life Insurance Company	A+
185	\$	2,000,000	M	89	18	Life Insurance Company of the Southwest	A+
186	\$	500,000	M	89	65	Brighthouse Life Insurance Company	AA-
187	\$	1,285,000	F	89	54	Connecticut General Life Insurance Company	A
188	\$	1,800,000	F	89	26	The Lincoln National Life Insurance Company	AA-
189	\$	750,000	M	89	53	West Coast Life Insurance Company	AA-
190	\$	7,000,000	F	89	63	John Hancock Life Insurance Company (U.S.A.)	AA-
191	\$	1,500,000	M	89	69	The Lincoln National Life Insurance Company	AA-
192	\$	3,000,000	M	89	39	Brighthouse Life Insurance Company	AA-
193	\$	4,200,000	F	89	77	Transamerica Life Insurance Company	A+
194	\$	2,000,000	M	89	54	Pacific Life Insurance Company	AA-
195	\$	4,500,000	M	89	40	Equitable Financial Life Insurance Company	A+
196	\$	2,000,000	F	89	62	The Lincoln National Life Insurance Company	AA-
197	\$	3,500,000	F	89	50	Equitable Financial Life Insurance Company	A+
198	\$	5,000,000	M	89	39	The Lincoln National Life Insurance Company	AA-
199	\$	3,500,000	M	89	45	Equitable Financial Life Insurance Company	A+
200	\$	2,275,000	M	89	57	ReliaStar Life Insurance Company	A+
201	\$	3,000,000	F	89	56	Brighthouse Life Insurance Company	AA-
202	\$	5,500,000	M	89	28	The Lincoln National Life Insurance Company	AA-
203	\$	1,000,000	M	89	28	Lincoln Benefit Life Company	BBB
204	\$	385,000	M	89	35	Brighthouse Life Insurance Company	AA-
205	\$	500,000	M	89	35	Brighthouse Life Insurance Company	AA-
206	\$	3,500,000	M	89	32	Pacific Life Insurance Company	AA-
207	\$	2,147,816	F	89	78	John Hancock Life Insurance Company (U.S.A.)	AA-
208	\$	1,000,000	M	89	24	Texas Life Insurance Company	NR
209	\$	340,000	F	89	44	Jackson National Life Insurance Company	A
210	\$	1,000,000	F	89	57	West Coast Life Insurance Company	AA-
211	\$	8,500,000	M	89	68	John Hancock Life Insurance Company (U.S.A.)	AA-
212	\$	600,000	M	89	96	Equitable Financial Life Insurance Company	A+
213	\$	750,000	M	89	45	Equitable Financial Life Insurance Company	A+
214	\$	250,000	M	89	38	ReliaStar Life Insurance Company	A+
215	\$	2,500,000	M	89	32	Equitable Financial Life Insurance Company	A+
216	\$	1,000,000	M	89	16	Metropolitan Tower Life Insurance Company	A+
217	\$	5,000,000	M	89	37	Transamerica Life Insurance Company	A+
218	\$	300,000	F	89	61	Equitable Financial Life Insurance Company	A+
219	\$	500,000	F	89	61	Equitable Financial Life Insurance Company	A+
220	\$	500,000	F	89	52	Brighthouse Life Insurance Company	AA-
221	\$	2,000,000	M	89	52	American National Insurance Company	NR
222	\$	200,000	M	89	33	John Hancock Life Insurance Company (U.S.A.)	AA-
223	\$	5,000,000	M	89	64	Banner Life Insurance Company	AA-
224	\$	402,500	M	89	39	John Hancock Life Insurance Company (U.S.A.)	AA-
225	\$	10,000,000	M	89	24	The Lincoln National Life Insurance Company	AA-
226	\$	450,000	M	89	23	North American Company for Life and Health Insurance	A+
227	\$	300,000	M	89	33	Transamerica Life Insurance Company	A+
228	\$	100,000	M	89	46	North American Company for Life and Health Insurance	A+
229	\$	1,000,000	F	89	17	American General Life Insurance Company	A+
230	\$	3,500,000	M	89	77	Brighthouse Life Insurance Company	AA-
231	\$	4,000,000	F	89	27	Pacific Life Insurance Company	AA-
232	\$	657,276	M	89	39	Athene Annuity & Life Assurance Company	A
233	\$	4,000,000	M	89	24	William Penn Life Insurance Company of New York	AA-
234	\$	5,000,000	F	88	36	Transamerica Life Insurance Company	A+

235	\$	350,000	M	88	25	Jackson National Life Insurance Company	A
236	\$	5,000,000	M	88	69	American General Life Insurance Company	A+
237	\$	6,608,699	F	88	72	Nassau Life Insurance Company	BB
238	\$	5,000,000	M	88	51	Lincoln Life & Annuity Company of New York	AA-
239	\$	10,000,000	M	88	47	Equitable Financial Life Insurance Company	A+
240	\$	1,900,000	M	88	32	American National Insurance Company	NR
241	\$	5,000,000	M	88	38	Transamerica Life Insurance Company	A+
242	\$	2,500,000	F	88	55	ReliaStar Life Insurance Company	A+
243	\$	400,000	M	88	56	ReliaStar Life Insurance Company	A+
244	\$	1,000,000	M	88	41	The Lincoln National Life Insurance Company	AA-
245	\$	3,000,000	M	88	23	U.S. Financial Life Insurance Company	NR
246	\$	1,000,000	M	88	35	Talcott Resolution Life and Annuity Insurance Company	AA-
247	\$	1,000,000	M	88	35	Jackson National Life Insurance Company	A
248	\$	10,000,000	M	88	39	The Lincoln National Life Insurance Company	AA-
249	\$	500,000	F	88	71	Equitable Financial Life Insurance Company	A+
250	\$	1,000,000	F	88	38	American General Life Insurance Company	A+
251	\$	3,000,000	M	88	53	Transamerica Life Insurance Company	A+
252	\$	10,000,000	M	88	89	Pacific Life Insurance Company	AA-
253	\$	1,000,000	M	88	46	The Lincoln National Life Insurance Company	AA-
254	\$	600,000	M	88	30	Massachusetts Mutual Life Insurance Company	AA+
255	\$	80,000	F	88	20	Protective Life Insurance Company	AA-
256	\$	120,000	F	88	50	The Lincoln National Life Insurance Company	AA-
257	\$	77,000	F	88	50	The Lincoln National Life Insurance Company	AA-
258	\$	1,200,000	F	88	92	Transamerica Life Insurance Company	A+
259	\$	855,000	M	88	61	Talcott Resolution Life and Annuity Insurance Company	AA-
260	\$	10,074,335	F	88	60	Security Life of Denver Insurance Company	A+
261	\$	2,216,571	F	88	60	Security Life of Denver Insurance Company	A+
262	\$	1,000,000	M	88	50	Talcott Resolution Life and Annuity Insurance Company	AA-
263	\$	1,000,000	F	88	61	Nationwide Life and Annuity Insurance Company	A+
264	\$	500,000	F	88	57	The Lincoln National Life Insurance Company	AA-
265	\$	500,000	F	88	57	The Lincoln National Life Insurance Company	AA-
266	\$	225,000	M	88	66	Farm Bureau Life Insurance Company	NR
267	\$	916,983	F	88	73	Pacific Life Insurance Company	AA-
268	\$	500,000	M	88	50	Protective Life Insurance Company	AA-
269	\$	1,000,000	M	88	51	Banner Life Insurance Company	AA-
270	\$	5,000,000	M	88	41	John Hancock Life Insurance Company (U.S.A.)	AA-
271	\$	5,000,000	M	88	41	Pacific Life Insurance Company	AA-
272	\$	200,000	M	88	13	Equitable Financial Life Insurance Company	A+
273	\$	1,000,000	F	88	31	Transamerica Life Insurance Company	A+
274	\$	1,000,000	M	88	51	Banner Life Insurance Company	AA-
275	\$	1,000,000	M	88	49	Massachusetts Mutual Life Insurance Company	AA+
276	\$	1,000,000	M	88	49	Massachusetts Mutual Life Insurance Company	AA+
277	\$	2,000,000	F	87	80	Transamerica Life Insurance Company	A+
278	\$	550,000	M	87	70	Genworth Life Insurance Company	NR
279	\$	1,000,000	M	87	89	Metropolitan Tower Life Insurance Company	A+
280	\$	10,000,000	M	87	32	Talcott Resolution Life and Annuity Insurance Company	AA-
281	\$	10,000,000	M	87	53	The Lincoln National Life Insurance Company	AA-
282	\$	1,680,000	F	87	25	Equitable Financial Life Insurance Company	A+
283	\$	3,000,000	M	87	44	Protective Life Insurance Company	AA-
284	\$	3,000,000	F	87	68	West Coast Life Insurance Company	AA-
285	\$	10,000,000	M	87	77	John Hancock Life Insurance Company of New York	AA-
286	\$	5,000,000	M	87	45	Equitable Financial Life Insurance Company	A+
287	\$	1,000,000	M	87	52	Equitable Financial Life Insurance Company	A+
288	\$	2,000,000	M	87	38	Ohio National Life Assurance Corporation	A-
289	\$	1,000,000	M	87	38	Ohio National Life Assurance Corporation	A-
290	\$	7,000,000	M	87	60	Genworth Life Insurance Company	NR
291	\$	1,250,000	M	87	94	Brighthouse Life Insurance Company	AA-
292	\$	1,500,000	M	87	44	American General Life Insurance Company	A+
293	\$	1,000,000	F	87	63	The Lincoln National Life Insurance Company	AA-

294	\$	1,000,000	M	87	23	American General Life Insurance Company	A+
295	\$	300,000	F	87	36	Talcott Resolution Life and Annuity Insurance Company	AA-
296	\$	9,635,575	M	87	97	ReliaStar Life Insurance Company	A+
297	\$	417,300	M	87	58	Jackson National Life Insurance Company	A
298	\$	2,000,000	M	87	52	New York Life Insurance Company	AA+
299	\$	850,000	F	87	55	Zurich American Life Insurance Company	A
300	\$	1,500,000	M	87	33	Lincoln Benefit Life Company	BBB
301	\$	5,000,000	F	87	38	Security Mutual Life Insurance Company of New York	NR
302	\$	2,000,000	F	87	46	The Lincoln National Life Insurance Company	AA-
303	\$	1,000,000	M	87	110	ReliaStar Life Insurance Company	A+
304	\$	2,400,000	M	87	28	Nassau Life Insurance Company	BB
305	\$	1,500,000	M	87	55	Metropolitan Tower Life Insurance Company	A+
306	\$	10,000,000	M	87	64	Pacific Life Insurance Company	AA-
307	\$	1,000,000	M	87	36	Security Mutual Life Insurance Company of New York	NR
308	\$	3,000,000	M	87	60	John Hancock Life Insurance Company (U.S.A.)	AA-
309	\$	1,600,000	M	87	48	John Hancock Life Insurance Company (U.S.A.)	AA-
310	\$	1,700,000	M	87	48	John Hancock Life Insurance Company (U.S.A.)	AA-
311	\$	2,000,000	M	87	69	Protective Life Insurance Company	AA-
312	\$	350,000	M	87	27	The Lincoln National Life Insurance Company	AA-
313	\$	1,050,000	M	87	52	American General Life Insurance Company	A+
314	\$	350,000	M	87	32	Equitable Financial Life Insurance Company	A+
315	\$	3,718,702	F	87	73	ReliaStar Life Insurance Company	A+
316	\$	2,100,000	F	87	63	The Lincoln National Life Insurance Company	AA-
317	\$	1,000,000	M	87	53	Wilco Life Insurance Company	NR
318	\$	1,008,097	M	87	42	Equitable Financial Life Insurance Company	A+
319	\$	6,628,020	F	87	48	Transamerica Life Insurance Company	A+
320	\$	8,000,000	M	86	68	Equitable Financial Life Insurance Company	A+
321	\$	250,000	M	86	44	American General Life Insurance Company	A+
322	\$	3,000,000	M	86	61	John Hancock Life Insurance Company (U.S.A.)	AA-
323	\$	3,000,000	M	86	87	Principal Life Insurance Company	A+
324	\$	2,000,000	F	86	65	Pacific Life Insurance Company	AA-
325	\$	1,000,000	M	86	27	Equitable Financial Life Insurance Company	A+
326	\$	2,000,000	F	86	75	Transamerica Life Insurance Company	A+
327	\$	1,750,000	M	86	68	Equitable Financial Life Insurance Company	A+
328	\$	1,210,000	M	86	32	The Lincoln National Life Insurance Company	AA-
329	\$	320,987	F	86	65	John Hancock Life Insurance Company (U.S.A.)	AA-
330	\$	800,000	M	86	40	North American Company for Life and Health Insurance	A+
331	\$	3,000,000	M	86	113	Brighthouse Life Insurance Company	AA-
332	\$	700,000	M	86	59	Banner Life Insurance Company	AA-
333	\$	6,000,000	M	86	65	Transamerica Life Insurance Company	A+
334	\$	8,000,000	M	86	94	Brighthouse Life Insurance Company	AA-
335	\$	3,000,000	F	86	44	Equitable Financial Life Insurance Company	A+
336	\$	1,000,000	M	86	57	John Hancock Life Insurance Company (U.S.A.)	AA-
337	\$	838,529	M	86	77	Transamerica Life Insurance Company	A+
338	\$	3,000,000	F	86	41	Equitable Financial Life Insurance Company	A+
339	\$	82,000	M	86	48	Transamerica Premier Life Insurance Company	A+
340	\$	218,362	M	86	85	The Lincoln National Life Insurance Company	AA-
341	\$	785,000	M	86	76	Pacific Life Insurance Company	AA-
342	\$	3,528,958	F	86	70	The Lincoln National Life Insurance Company	AA-
343	\$	125,000	M	86	26	Accordia Life and Annuity Company	A-
344	\$	3,000,000	M	86	35	Transamerica Life Insurance Company	A+
345	\$	4,000,000	F	86	69	The Lincoln National Life Insurance Company	AA-
346	\$	500,000	M	86	60	Pacific Life Insurance Company	AA-
347	\$	300,000	M	86	57	John Hancock Life Insurance Company (U.S.A.)	AA-
348	\$	300,000	M	86	57	John Hancock Life Insurance Company (U.S.A.)	AA-
349	\$	150,000	M	86	60	Jackson National Life Insurance Company	A
350	\$	1,000,000	F	86	79	American General Life Insurance Company	A+
351	\$	687,006	M	85	40	The State Life Insurance Company	AA-
352	\$	1,000,000	M	85	86	Protective Life Insurance Company	AA-

353	\$	500,000	M	85	35	Transamerica Life Insurance Company	A+
354	\$	1,500,000	M	85	46	John Hancock Life Insurance Company (U.S.A.)	AA-
355	\$	1,500,000	M	85	43	John Hancock Life Insurance Company (U.S.A.)	AA-
356	\$	2,000,000	M	85	63	Transamerica Life Insurance Company	A+
357	\$	3,601,500	M	85	59	Transamerica Life Insurance Company	A+
358	\$	5,000,000	M	85	45	Pacific Life Insurance Company	AA-
359	\$	5,000,000	M	85	58	John Hancock Life Insurance Company (U.S.A.)	AA-
360	\$	4,000,000	M	85	49	The Lincoln National Life Insurance Company	AA-
361	\$	5,000,000	M	85	77	Principal Life Insurance Company	A+
362	\$	130,000	M	85	24	Genworth Life Insurance Company	NR
363	\$	4,300,000	F	85	72	American National Insurance Company	NR
364	\$	6,000,000	M	85	76	Equitable Financial Life Insurance Company	A+
365	\$	3,000,000	M	85	84	ReliaStar Life Insurance Company	A+
366	\$	750,000	M	85	44	The Lincoln National Life Insurance Company	AA-
367	\$	3,000,000	M	85	38	Pacific Life Insurance Company	AA-
368	\$	3,000,000	M	85	38	Minnesota Life Insurance Company	AA-
369	\$	3,000,000	M	85	38	Pruco Life Insurance Company	AA-
370	\$	1,500,000	M	85	63	Brighthouse Life Insurance Company	AA-
371	\$	6,000,000	M	85	74	Equitable Financial Life Insurance Company	A+
372	\$	2,500,000	M	85	77	Equitable Financial Life Insurance Company	A+
373	\$	2,500,000	M	85	77	Equitable Financial Life Insurance Company	A+
374	\$	5,000,000	M	85	45	Pacific Life Insurance Company	AA-
375	\$	6,000,000	M	85	87	Equitable Financial Life Insurance Company	A+
376	\$	476,574	M	85	45	Transamerica Life Insurance Company	A+
377	\$	250,000	M	85	52	ReliaStar Life Insurance Company	A+
378	\$	300,000	F	85	58	Brighthouse Life Insurance Company	AA-
379	\$	200,000	M	85	43	Kansas City Life Insurance Company	NR
380	\$	200,000	M	85	24	The Lincoln National Life Insurance Company	AA-
381	\$	1,000,000	F	85	48	Lincoln Benefit Life Company	BBB
382	\$	5,500,000	M	85	84	Brighthouse Life Insurance Company	AA-
383	\$	4,000,000	M	85	63	The Lincoln National Life Insurance Company	AA-
384	\$	1,500,000	F	85	53	Protective Life Insurance Company	AA-
385	\$	1,187,327	M	85	59	Transamerica Life Insurance Company	A+
386	\$	1,000,000	M	85	63	The Lincoln National Life Insurance Company	AA-
387	\$	8,800,000	F	85	69	John Hancock Life Insurance Company (U.S.A.)	AA-
388	\$	2,000,000	M	85	44	Brighthouse Life Insurance Company	AA-
389	\$	2,000,000	M	85	44	Brighthouse Life Insurance Company	AA-
390	\$	250,000	M	85	54	Equitable Financial Life Insurance Company	A+
391	\$	500,000	M	85	23	Genworth Life and Annuity Insurance Company	NR
392	\$	1,000,000	M	85	52	The Penn Mutual Life Insurance Company	A+
393	\$	180,000	F	85	51	Midland National Life Insurance Company	A+
394	\$	250,000	M	85	35	United of Omaha Life Insurance Company	A+
395	\$	100,000	M	85	67	Protective Life Insurance Company	AA-
396	\$	750,000	M	85	92	John Hancock Life Insurance Company (U.S.A.)	AA-
397	\$	2,500,000	M	85	90	West Coast Life Insurance Company	AA-
398	\$	2,000,000	M	85	113	Equitable Financial Life Insurance Company	A+
399	\$	100,000	M	85	61	ReliaStar Life Insurance Company	A+
400	\$	500,000	M	85	57	Protective Life Insurance Company	AA-
401	\$	1,500,000	M	85	65	Talcott Resolution Life and Annuity Insurance Company	AA-
402	\$	100,000	M	85	70	Protective Life Insurance Company	AA-
403	\$	1,000,000	M	84	68	Transamerica Life Insurance Company	A+
404	\$	800,000	M	84	68	Columbus Life Insurance Company	AA-
405	\$	1,358,500	M	84	51	Metropolitan Tower Life Insurance Company	A+
406	\$	1,000,000	M	84	61	Sun Life Assurance Company of Canada (United States Branch)	AA
407	\$	1,000,000	M	84	77	Metropolitan Tower Life Insurance Company	A+
408	\$	640,431	F	84	32	Beneficial Life Insurance Company	NR
409	\$	2,250,000	M	84	62	Massachusetts Mutual Life Insurance Company	AA+
410	\$	1,009,467	M	84	29	John Hancock Life Insurance Company (U.S.A.)	AA-
411	\$	4,000,000	M	84	48	Brighthouse Life Insurance Company	AA-

412	\$	5,000,000	M	84	38	John Hancock Life Insurance Company (U.S.A.)	AA-
413	\$	5,000,000	M	84	27	John Hancock Life Insurance Company (U.S.A.)	AA-
414	\$	2,500,000	M	84	62	Massachusetts Mutual Life Insurance Company	AA+
415	\$	2,500,000	M	84	62	Massachusetts Mutual Life Insurance Company	AA+
416	\$	3,000,000	M	84	75	Principal Life Insurance Company	A+
417	\$	5,000,000	M	84	56	John Hancock Life Insurance Company (U.S.A.)	AA-
418	\$	5,000,000	F	84	90	ReliaStar Life Insurance Company	A+
419	\$	1,000,000	M	84	99	Brighthouse Life Insurance Company	AA-
420	\$	1,000,000	F	84	82	John Hancock Life Insurance Company (U.S.A.)	AA-
421	\$	775,000	M	84	83	The Lincoln National Life Insurance Company	AA-
422	\$	1,445,000	F	84	67	Equitable Financial Life Insurance Company	A+
423	\$	1,500,000	F	84	67	Equitable Financial Life Insurance Company	A+
424	\$	3,000,000	F	84	53	New York Life Insurance Company	AA+
425	\$	500,000	M	84	50	American General Life Insurance Company	A+
426	\$	1,220,000	M	84	67	ReliaStar Life Insurance Company of New York	A+
427	\$	1,250,000	M	84	64	Equitable Financial Life Insurance Company	A+
428	\$	70,000	M	84	24	Pioneer Mutual Life Insurance Company	NR
429	\$	800,000	M	84	57	Minnesota Life Insurance Company	AA-
430	\$	1,000,000	M	84	49	Transamerica Life Insurance Company	A+
431	\$	500,000	M	84	49	Transamerica Life Insurance Company	A+
432	\$	800,000	F	84	60	John Alden Life Insurance Company	NR
433	\$	1,000,000	M	84	59	Massachusetts Mutual Life Insurance Company	AA+
434	\$	1,000,000	M	84	51	Ameritas Life Insurance Corp. of New York	A+
435	\$	2,000,000	M	84	51	Metropolitan Life Insurance Company	AA-
436	\$	1,000,000	M	84	84	Pruco Life Insurance Company	AA-
437	\$	6,500,000	M	84	93	Pacific Life Insurance Company	AA-
438	\$	100,000	M	84	84	John Hancock Life Insurance Company (U.S.A.)	AA-
439	\$	1,000,000	M	84	63	North American Company for Life and Health Insurance	A+
440	\$	400,000	M	84	73	Security Mutual Life Insurance Company of New York	NR
441	\$	250,000	M	84	32	North American Company for Life and Health Insurance	A+
442	\$	750,000	M	84	32	North American Company for Life and Health Insurance	A+
443	\$	1,000,000	M	84	16	Protective Life Insurance Company	AA-
444	\$	365,000	M	84	49	Nationwide Life and Annuity Insurance Company	A+
445	\$	2,000,000	M	83	77	The Lincoln National Life Insurance Company	AA-
446	\$	500,000	F	83	89	Columbus Life Insurance Company	AA-
447	\$	1,000,000	M	83	82	Metropolitan Tower Life Insurance Company	A+
448	\$	2,000,000	F	83	43	Transamerica Life Insurance Company	A+
449	\$	500,000	M	83	43	John Hancock Life Insurance Company (U.S.A.)	AA-
450	\$	5,000,000	M	83	94	The Lincoln National Life Insurance Company	AA-
451	\$	1,000,000	F	83	84	John Hancock Life Insurance Company (U.S.A.)	AA-
452	\$	400,000	M	83	78	John Hancock Life Insurance Company (U.S.A.)	AA-
453	\$	2,502,000	M	83	117	Transamerica Life Insurance Company	A+
454	\$	3,000,000	M	83	58	American General Life Insurance Company	A+
455	\$	2,500,000	M	83	95	American General Life Insurance Company	A+
456	\$	6,637,021	M	83	162	John Hancock Life Insurance Company (U.S.A.)	AA-
457	\$	550,000	M	83	42	Pruco Life Insurance Company	AA-
458	\$	300,000	M	83	42	Pruco Life Insurance Company	AA-
459	\$	1,000,000	M	83	83	Principal Life Insurance Company	A+
460	\$	2,000,000	M	83	77	The Lincoln National Life Insurance Company	AA-
461	\$	1,200,000	F	83	100	Athene Annuity & Life Assurance Company	A
462	\$	4,000,000	M	83	116	John Hancock Life Insurance Company (U.S.A.)	AA-
463	\$	500,000	F	83	98	Ohio National Life Assurance Corporation	A-
464	\$	500,000	M	83	93	Pruco Life Insurance Company	AA-
465	\$	750,000	M	83	74	Metropolitan Tower Life Insurance Company	A+
466	\$	306,854	M	83	46	Voya Retirement Insurance and Annuity Company	AA-
467	\$	6,805,007	M	83	174	Brighthouse Life Insurance Company	AA-
468	\$	500,000	M	83	41	Lincoln Benefit Life Company	BBB
469	\$	1,500,000	M	83	94	John Hancock Life Insurance Company (U.S.A.)	AA-
470	\$	323,027	F	83	123	The Lincoln National Life Insurance Company	AA-

471	\$	500,000	M	83	99	Transamerica Life Insurance Company	A+
472	\$	1,000,000	M	83	76	The Lincoln National Life Insurance Company	AA-
473	\$	800,000	M	83	94	The Lincoln National Life Insurance Company	AA-
474	\$	450,000	F	83	59	The Lincoln National Life Insurance Company	AA-
475	\$	2,000,000	M	83	91	Brighthouse Life Insurance Company	AA-
476	\$	1,000,000	M	83	80	The Lincoln National Life Insurance Company	AA-
477	\$	500,000	M	83	90	John Hancock Life Insurance Company (U.S.A.)	AA-
478	\$	250,000	M	83	60	Brighthouse Life Insurance Company	AA-
479	\$	1,500,000	M	83	47	Equitable Financial Life Insurance Company	A+
480	\$	250,000	M	83	100	Ohio National Life Assurance Corporation	A-
481	\$	4,000,000	M	83	58	Brighthouse Life Insurance Company	AA-
482	\$	1,000,000	M	83	111	Pacific Life Insurance Company	AA-
483	\$	5,000,000	M	82	44	West Coast Life Insurance Company	AA-
484	\$	300,000	M	82	42	The Penn Mutual Life Insurance Company	A+
485	\$	7,000,000	F	82	102	Pacific Life Insurance Company	AA-
486	\$	490,620	M	82	56	Ameritas Life Insurance Corp.	A+
487	\$	854,980	M	82	76	John Hancock Life Insurance Company (U.S.A.)	AA-
488	\$	4,000,000	M	82	41	Massachusetts Mutual Life Insurance Company	AA+
489	\$	1,400,000	F	82	104	John Hancock Life Insurance Company (U.S.A.)	AA-
490	\$	3,000,000	M	82	77	Protective Life Insurance Company	AA-
491	\$	200,000	M	82	81	Pruco Life Insurance Company	AA-
492	\$	150,000	M	82	70	Genworth Life and Annuity Insurance Company	NR
493	\$	1,000,000	M	82	42	Transamerica Life Insurance Company	A+
494	\$	100,946	F	82	121	Genworth Life and Annuity Insurance Company	NR
495	\$	2,000,000	M	82	69	Genworth Life Insurance Company	NR
496	\$	1,000,000	M	82	67	Accordia Life and Annuity Company	A-
497	\$	200,000	F	82	104	West Coast Life Insurance Company	AA-
498	\$	2,000,000	M	82	52	Athene Annuity & Life Assurance Company	A
499	\$	1,000,000	F	82	89	John Hancock Life Insurance Company (U.S.A.)	AA-
500	\$	350,000	M	82	73	Equitable Financial Life Insurance Company	A+
501	\$	1,100,000	M	82	104	Accordia Life and Annuity Company	A-
502	\$	600,000	M	82	73	Equitable Financial Life Insurance Company	A+
503	\$	2,000,000	F	82	133	The Lincoln National Life Insurance Company	AA-
504	\$	5,000,000	F	82	66	John Hancock Life Insurance Company (U.S.A.)	AA-
505	\$	5,000,000	M	82	80	The Lincoln National Life Insurance Company	AA-
506	\$	215,000	M	82	85	Texas Life Insurance Company	NR
507	\$	1,000,000	F	82	108	American General Life Insurance Company	A+
508	\$	250,000	M	82	106	Accordia Life and Annuity Company	A-
509	\$	380,000	M	82	75	The Lincoln National Life Insurance Company	AA-
510	\$	420,000	M	82	75	The Lincoln National Life Insurance Company	AA-
511	\$	500,000	F	82	113	Accordia Life and Annuity Company	A-
512	\$	2,000,000	M	82	119	The Lincoln National Life Insurance Company	AA-
513	\$	1,697,278	M	82	86	John Hancock Life Insurance Company (U.S.A.)	AA-
514	\$	12,000,000	M	82	85	Brighthouse Life Insurance Company	AA-
515	\$	1,000,000	M	82	129	Transamerica Life Insurance Company	A+
516	\$	100,000	M	82	11	William Penn Life Insurance Company of New York	AA-
517	\$	100,000	M	82	11	William Penn Life Insurance Company of New York	AA-
518	\$	100,000	M	82	11	William Penn Life Insurance Company of New York	AA-
519	\$	100,000	M	82	56	Genworth Life and Annuity Insurance Company	NR
520	\$	50,000	M	82	11	William Penn Life Insurance Company of New York	AA-
521	\$	350,000	M	82	76	Talcott Resolution Life and Annuity Insurance Company	AA-
522	\$	100,000	M	82	25	Jackson National Life Insurance Company	A
523	\$	500,000	M	82	69	ReliaStar Life Insurance Company of New York	A+
524	\$	250,000	M	82	69	ReliaStar Life Insurance Company of New York	A+
525	\$	3,000,000	M	82	101	Transamerica Life Insurance Company	A+
526	\$	500,000	M	82	69	Protective Life Insurance Company	AA-
527	\$	1,000,000	M	82	84	American General Life Insurance Company	A+
528	\$	1,000,000	M	82	77	Protective Life Insurance Company	AA-
529	\$	200,000	M	82	30	Equitable Financial Life Insurance Company	A+

530	\$	1,000,000	M	82	15	West Coast Life Insurance Company	AA-
531	\$	5,000,000	M	81	106	Massachusetts Mutual Life Insurance Company	AA+
532	\$	5,000,000	M	81	106	Massachusetts Mutual Life Insurance Company	AA+
533	\$	1,000,000	M	81	75	North American Company for Life and Health Insurance	A+
534	\$	5,000,000	M	81	45	Lincoln Benefit Life Company	BBB
535	\$	2,000,000	F	81	94	Accordia Life and Annuity Company	A-
536	\$	1,000,000	M	81	80	Transamerica Life Insurance Company	A+
537	\$	3,000,000	M	81	61	First Allmerica Financial Life Insurance Company	A-
538	\$	8,000,000	M	81	75	Brighthouse Life Insurance Company	AA-
539	\$	5,000,000	M	81	129	Pruco Life Insurance Company	AA-
540	\$	250,000	M	81	113	Protective Life Insurance Company	AA-
541	\$	300,000	M	81	62	Jackson National Life Insurance Company	A
542	\$	750,000	M	81	103	Protective Life Insurance Company	AA-
543	\$	2,500,000	M	81	106	John Hancock Life Insurance Company (U.S.A.)	AA-
544	\$	2,500,000	M	81	106	John Hancock Life Insurance Company (U.S.A.)	AA-
545	\$	3,000,000	M	81	90	John Hancock Life Insurance Company (U.S.A.)	AA-
546	\$	5,000,000	M	81	90	John Hancock Life Insurance Company (U.S.A.)	AA-
547	\$	250,000	M	81	68	Midland National Life Insurance Company	A+
548	\$	1,000,000	M	81	70	First Allmerica Financial Life Insurance Company	A-
549	\$	500,000	M	81	66	Equitable Financial Life Insurance Company	A+
550	\$	1,000,000	M	81	122	Security Mutual Life Insurance Company of New York	NR
551	\$	3,000,000	F	81	67	John Hancock Life Insurance Company (U.S.A.)	AA-
552	\$	7,097,434	M	81	124	The Lincoln National Life Insurance Company	AA-
553	\$	1,000,000	M	81	49	Brighthouse Life Insurance Company	AA-
554	\$	5,000,000	M	81	104	Equitable Financial Life Insurance Company	A+
555	\$	2,200,000	F	81	116	ReliaStar Life Insurance Company	A+
556	\$	10,000,000	M	81	93	Equitable Financial Life Insurance Company	A+
557	\$	730,000	M	81	70	Transamerica Life Insurance Company	A+
558	\$	1,000,000	M	81	66	Metropolitan Tower Life Insurance Company	A+
559	\$	1,029,871	M	81	104	Principal Life Insurance Company	A+
560	\$	1,000,000	M	81	108	Equitable Financial Life Insurance Company	A+
561	\$	1,000,000	M	81	108	Equitable Financial Life Insurance Company	A+
562	\$	1,000,000	M	81	57	Transamerica Life Insurance Company	A+
563	\$	1,500,000	M	81	41	Security Life of Denver Insurance Company	A+
564	\$	4,000,000	F	81	162	John Hancock Life Insurance Company (U.S.A.)	AA-
565	\$	450,000	M	81	164	Genworth Life and Annuity Insurance Company	NR
566	\$	100,000	F	81	110	Genworth Life and Annuity Insurance Company	NR
567	\$	1,000,000	M	81	73	North American Company for Life and Health Insurance	A+
568	\$	600,000	M	81	82	Talcott Resolution Life and Annuity Insurance Company	AA-
569	\$	700,000	M	81	60	William Penn Life Insurance Company of New York	AA-
570	\$	300,000	M	81	60	William Penn Life Insurance Company of New York	AA-
571	\$	353,743	M	81	65	Equitable Financial Life Insurance Company	A+
572	\$	1,500,000	M	81	120	Transamerica Life Insurance Company	A+
573	\$	1,015,462	M	81	24	Transamerica Life Insurance Company	A+
574	\$	600,000	M	81	60	Athene Annuity & Life Assurance Company	A
575	\$	200,000	M	80	42	ReliaStar Life Insurance Company	A+
576	\$	4,000,000	F	80	107	American General Life Insurance Company	A+
577	\$	10,000,000	F	80	122	ReliaStar Life Insurance Company	A+
578	\$	500,000	M	80	73	United of Omaha Life Insurance Company	A+
579	\$	5,014,318	M	80	106	American General Life Insurance Company	A+
580	\$	500,000	M	80	60	Equitable Financial Life Insurance Company	A+
581	\$	2,000,000	M	80	114	John Hancock Life Insurance Company (U.S.A.)	AA-
582	\$	300,000	F	80	102	Minnesota Life Insurance Company	AA-
583	\$	7,500,000	F	80	144	Security Life of Denver Insurance Company	A+
584	\$	355,700	M	80	71	Security Life of Denver Insurance Company	A+
585	\$	1,000,000	M	80	94	Transamerica Life Insurance Company	A+
586	\$	754,428	M	80	16	North American Company for Life and Health Insurance	A+
587	\$	100,000	M	80	35	Equitable Financial Life Insurance Company	A+
588	\$	4,000,000	M	80	89	Security Mutual Life Insurance Company of New York	NR

589	\$	200,000	M	80	39	Brighthouse Life Insurance Company	AA-
590	\$	100,000	M	80	39	Brighthouse Life Insurance Company	AA-
591	\$	100,000	M	80	82	Transamerica Life Insurance Company	A+
592	\$	500,000	M	80	62	American General Life Insurance Company	A+
593	\$	475,000	F	80	101	American General Life Insurance Company	A+
594	\$	750,000	F	80	59	Delaware Life Insurance Company	BBB+
595	\$	300,000	M	80	48	United States Life Insurance Company in the City of New York	A+
596	\$	3,000,000	F	80	124	ReliaStar Life Insurance Company	A+
597	\$	750,000	M	80	37	Genworth Life Insurance Company	NR
598	\$	1,000,000	M	80	101	Genworth Life and Annuity Insurance Company	NR
599	\$	3,000,000	M	80	119	Massachusetts Mutual Life Insurance Company	AA+
600	\$	700,000	M	80	119	Brighthouse Life Insurance Company	AA-
601	\$	343,000	M	80	93	Equitable Financial Life Insurance Company	A+
602	\$	6,000,000	M	80	186	Principal Life Insurance Company	A+
603	\$	1,000,000	M	80	74	Pacific Life Insurance Company	AA-
604	\$	2,000,000	M	80	174	Equitable Financial Life Insurance Company	A+
605	\$	1,000,000	M	80	91	The Lincoln National Life Insurance Company	AA-
606	\$	1,000,000	M	80	86	Protective Life Insurance Company	AA-
607	\$	2,000,000	M	79	89	American General Life Insurance Company	A+
608	\$	500,000	M	79	65	The Lincoln National Life Insurance Company	AA-
609	\$	3,000,000	M	79	60	Equitable Financial Life Insurance Company	A+
610	\$	800,000	M	79	78	The Lincoln National Life Insurance Company	AA-
611	\$	2,000,000	M	79	90	Pruco Life Insurance Company	AA-
612	\$	1,000,000	M	79	79	Transamerica Life Insurance Company	A+
613	\$	400,000	M	79	52	Protective Life Insurance Company	AA-
614	\$	1,784,686	M	79	125	Transamerica Life Insurance Company	A+
615	\$	1,000,000	M	79	104	John Hancock Life Insurance Company (U.S.A.)	AA-
616	\$	4,547,770	F	79	148	Principal Life Insurance Company	A+
617	\$	370,000	F	79	94	Minnesota Life Insurance Company	AA-
618	\$	5,000,000	M	79	97	American General Life Insurance Company	A+
619	\$	172,245	F	79	28	Symetra Life Insurance Company	A
620	\$	500,000	M	79	35	William Penn Life Insurance Company of New York	AA-
621	\$	100,000	M	79	117	Protective Life Insurance Company	AA-
622	\$	500,000	M	79	63	Delaware Life Insurance Company	BBB+
623	\$	250,000	F	79	120	Equitable Financial Life Insurance Company	A+
624	\$	250,000	M	79	44	Genworth Life and Annuity Insurance Company	NR
625	\$	89,626	F	79	82	Ameritas Life Insurance Corp.	A+
626	\$	8,000,000	F	79	106	West Coast Life Insurance Company	AA-
627	\$	1,000,000	M	79	116	John Hancock Life Insurance Company (U.S.A.)	AA-
628	\$	1,000,000	F	79	107	Companion Life Insurance Company	AA-
629	\$	415,000	M	79	82	United States Life Insurance Company in the City of New York	A+
630	\$	300,000	M	79	60	First Allmerica Financial Life Insurance Company	A-
631	\$	100,000	M	79	109	Genworth Life and Annuity Insurance Company	NR
632	\$	656,656	M	79	57	Equitable Financial Life Insurance Company of America	A+
633	\$	2,800,000	M	79	83	Nassau Life Insurance Company	BB
634	\$	750,000	M	79	116	Lincoln Benefit Life Company	BBB
635	\$	1,000,000	M	79	127	North American Company for Life and Health Insurance	A+
636	\$	12,450,000	M	79	110	Brighthouse Life Insurance Company	AA-
637	\$	1,060,000	M	79	84	Metropolitan Life Insurance Company	AA-
638	\$	100,000	M	79	68	Equitable Financial Life Insurance Company of America	A+
639	\$	1,000,000	M	79	93	Genworth Life and Annuity Insurance Company	NR
640	\$	5,600,000	M	79	101	ReliaStar Life Insurance Company	A+
641	\$	500,000	F	79	111	John Hancock Life Insurance Company (U.S.A.)	AA-
642	\$	1,500,000	M	79	125	Principal Life Insurance Company	A+
643	\$	265,000	M	79	110	ReliaStar Life Insurance Company	A+
644	\$	3,750,000	M	79	50	Brighthouse Life Insurance Company	AA-
645	\$	100,000	F	79	123	Midland National Life Insurance Company	A+
646	\$	350,000	M	79	86	Protective Life Insurance Company	AA-
647	\$	1,000,000	M	79	115	Equitable Financial Life Insurance Company	A+

648	\$	4,000,000	M	79	116	Equitable Financial Life Insurance Company	A+
649	\$	250,000	M	79	57	Transamerica Life Insurance Company	A+
650	\$	5,000,000	F	79	92	The Lincoln National Life Insurance Company	AA-
651	\$	450,000	M	78	85	Jackson National Life Insurance Company	A
652	\$	1,841,877	M	78	101	Metropolitan Life Insurance Company	AA-
653	\$	1,167,000	M	78	27	Transamerica Life Insurance Company	A+
654	\$	800,000	M	78	93	Protective Life Insurance Company	AA-
655	\$	2,500,000	M	78	75	American General Life Insurance Company	A+
656	\$	500,000	M	78	91	Ameritas Life Insurance Corp.	A+
657	\$	370,000	M	78	91	Ameritas Life Insurance Corp.	A+
658	\$	500,000	M	78	119	Protective Life Insurance Company	AA-
659	\$	2,500,000	M	78	84	John Hancock Life Insurance Company (U.S.A.)	AA-
660	\$	500,000	M	78	105	Pruco Life Insurance Company	AA-
661	\$	1,000,000	F	78	101	United of Omaha Life Insurance Company	A+
662	\$	3,000,000	M	78	71	Transamerica Advisors Life Insurance Company	NR
663	\$	800,000	M	78	89	John Hancock Life Insurance Company (U.S.A.)	AA-
664	\$	2,000,000	M	78	113	John Hancock Life Insurance Company (U.S.A.)	AA-
665	\$	250,000	M	78	91	Protective Life Insurance Company	AA-
666	\$	250,000	F	78	136	Protective Life Insurance Company	AA-
667	\$	10,000,000	M	78	111	John Hancock Life Insurance Company (U.S.A.)	AA-
668	\$	809,320	M	78	64	Commonwealth Annuity and Life Insurance Company	A-
669	\$	8,600,000	M	78	121	Equitable Financial Life Insurance Company	A+
670	\$	2,500,000	M	78	111	Banner Life Insurance Company	AA-
671	\$	2,000,072	M	78	138	American General Life Insurance Company	A+
672	\$	500,000	M	78	82	New York Life Insurance Company	AA+
673	\$	500,000	M	78	82	New York Life Insurance Company	AA+
674	\$	8,000,000	M	78	149	Brighthouse Life Insurance Company	AA-
675	\$	1,500,000	M	78	97	American General Life Insurance Company	A+
676	\$	1,500,000	M	78	97	American General Life Insurance Company	A+
677	\$	1,000,000	M	78	73	John Hancock Life Insurance Company (U.S.A.)	AA-
678	\$	3,042,627	M	78	93	Massachusetts Mutual Life Insurance Company	AA+
679	\$	1,000,000	M	78	90	John Hancock Life Insurance Company (U.S.A.)	AA-
680	\$	1,500,000	M	78	90	John Hancock Life Insurance Company (U.S.A.)	AA-
681	\$	750,000	M	78	91	Midland National Life Insurance Company	A+
682	\$	2,400,000	M	78	135	John Hancock Life Insurance Company (U.S.A.)	AA-
683	\$	500,000	M	78	92	Protective Life Insurance Company	AA-
684	\$	400,000	M	78	69	Massachusetts Mutual Life Insurance Company	AA+
685	\$	2,000,000	M	78	114	Brighthouse Life Insurance Company	AA-
686	\$	6,000,000	M	78	153	United of Omaha Life Insurance Company	A+
687	\$	500,000	M	78	85	Protective Life Insurance Company	AA-
688	\$	250,000	F	78	106	Wilton Reassurance Life Company of New York	NR
689	\$	1,000,000	M	78	116	Protective Life Insurance Company	AA-
690	\$	200,000	M	78	82	Transamerica Life Insurance Company	A+
691	\$	500,000	M	78	85	Equitable Financial Life Insurance Company of America	A+
692	\$	500,000	M	78	85	Equitable Financial Life Insurance Company	A+
693	\$	295,800	M	78	80	First Allmerica Financial Life Insurance Company	A-
694	\$	2,141,356	M	77	86	New York Life Insurance Company	AA+
695	\$	2,204,843	M	77	86	New York Life Insurance Company	AA+
696	\$	750,000	M	77	97	Security Life of Denver Insurance Company	A+
697	\$	2,500,000	M	77	107	The Lincoln National Life Insurance Company	AA-
698	\$	2,500,000	M	77	107	John Hancock Life Insurance Company (U.S.A.)	AA-
699	\$	5,000,000	F	77	147	West Coast Life Insurance Company	AA-
700	\$	420,000	M	77	91	RiverSource Life Insurance Company	AA-
701	\$	5,000,000	M	77	110	John Hancock Life Insurance Company (U.S.A.)	AA-
702	\$	250,000	M	77	43	American General Life Insurance Company	A+
703	\$	300,000	M	77	80	New England Life Insurance Company	A+
704	\$	10,000,000	M	77	100	Equitable Financial Life Insurance Company	A+
705	\$	300,000	M	77	132	Banner Life Insurance Company	AA-
706	\$	600,000	M	77	132	Banner Life Insurance Company	AA-

707	\$	2,000,000	M	77	91	Security Life of Denver Insurance Company	A+
708	\$	1,500,000	M	77	91	Security Life of Denver Insurance Company	A+
709	\$	4,000,000	M	77	117	Equitable Financial Life Insurance Company of America	A+
710	\$	500,000	M	77	75	William Penn Life Insurance Company of New York	AA-
711	\$	300,000	M	77	85	Protective Life Insurance Company	AA-
712	\$	267,888	M	77	29	Minnesota Life Insurance Company	AA-
713	\$	160,000	M	77	72	RiverSource Life Insurance Company	AA-
714	\$	190,000	F	77	156	Protective Life Insurance Company	AA-
715	\$	250,000	F	77	75	Protective Life Insurance Company	AA-
716	\$	1,000,000	F	77	109	ReliaStar Life Insurance Company	A+
717	\$	500,000	M	77	66	The Lincoln National Life Insurance Company	AA-
718	\$	390,025	M	77	110	Genworth Life and Annuity Insurance Company	NR
719	\$	4,000,000	M	77	121	Equitable Financial Life Insurance Company	A+
720	\$	1,000,000	M	77	70	Accordia Life and Annuity Company	A-
721	\$	3,500,000	M	77	143	Ameritas Life Insurance Corp.	A+
722	\$	1,500,000	M	77	143	Ameritas Life Insurance Corp.	A+
723	\$	1,000,000	M	77	139	Banner Life Insurance Company	AA-
724	\$	1,000,000	F	77	114	Security Life of Denver Insurance Company	A+
725	\$	10,000,000	F	77	177	John Hancock Life Insurance Company (U.S.A.)	AA-
726	\$	355,468	M	77	61	Great American Life Insurance Company	A+
727	\$	200,000	M	77	27	First Penn-Pacific Life Insurance Company	A-
728	\$	876,519	M	77	172	Brighthouse Life Insurance Company	AA-
729	\$	1,000,000	M	77	108	Banner Life Insurance Company	AA-
730	\$	600,000	M	77	137	Equitable Financial Life Insurance Company	A+
731	\$	1,000,000	M	77	87	Protective Life Insurance Company	AA-
732	\$	750,000	M	77	149	The Lincoln National Life Insurance Company	AA-
733	\$	800,000	M	77	124	Protective Life Insurance Company	AA-
734	\$	7,000,000	M	77	138	Protective Life Insurance Company	AA-
735	\$	1,000,000	M	77	153	Protective Life Insurance Company	AA-
736	\$	750,000	M	77	64	Security Life of Denver Insurance Company	A+
737	\$	1,008,022	M	77	129	Equitable Financial Life Insurance Company	A+
738	\$	200,000	M	77	21	North American Company for Life and Health Insurance	A+
739	\$	500,000	M	77	67	Ameritas Life Insurance Corp.	A+
740	\$	493,000	M	77	74	The Lincoln National Life Insurance Company	AA-
741	\$	750,000	M	77	74	Genworth Life and Annuity Insurance Company	NR
742	\$	3,000,000	M	76	67	John Hancock Life Insurance Company (U.S.A.)	AA-
743	\$	250,000	M	76	29	Protective Life Insurance Company	AA-
744	\$	650,000	F	76	45	Security Life of Denver Insurance Company	A+
745	\$	1,250,000	M	76	88	West Coast Life Insurance Company	AA-
746	\$	3,000,000	F	76	192	John Hancock Life Insurance Company (U.S.A.)	AA-
747	\$	750,000	M	76	100	Transamerica Life Insurance Company	A+
748	\$	400,000	M	76	162	Protective Life Insurance Company	AA-
749	\$	500,000	M	76	89	Ohio National Life Assurance Corporation	A-
750	\$	5,000,000	M	76	134	Brighthouse Life Insurance Company	AA-
751	\$	2,500,000	M	76	45	Transamerica Life Insurance Company	A+
752	\$	420,000	M	76	119	Protective Life Insurance Company	AA-
753	\$	100,000	M	76	104	Protective Life Insurance Company	AA-
754	\$	5,000,000	M	76	93	Transamerica Life Insurance Company	A+
755	\$	1,000,000	M	76	34	John Hancock Life Insurance Company (U.S.A.)	AA-
756	\$	232,000	M	76	145	Protective Life Insurance Company	AA-
757	\$	5,000,000	M	76	76	John Hancock Life Insurance Company (U.S.A.)	AA-
758	\$	185,000	M	76	99	Genworth Life Insurance Company	NR
759	\$	1,350,000	M	76	88	The Lincoln National Life Insurance Company	AA-
760	\$	1,000,000	F	76	123	American General Life Insurance Company	A+
761	\$	5,000,000	M	76	94	John Hancock Life Insurance Company (U.S.A.)	AA-
762	\$	5,000,000	M	76	94	John Hancock Life Insurance Company (U.S.A.)	AA-
763	\$	314,000	M	76	122	Genworth Life and Annuity Insurance Company	NR
764	\$	250,000	M	76	122	Genworth Life and Annuity Insurance Company	NR
765	\$	5,000,000	M	76	151	John Hancock Life Insurance Company (U.S.A.)	AA-

766	\$	4,000,000	M	76	76	The Lincoln National Life Insurance Company	AA-
767	\$	2,000,000	M	76	112	ReliaStar Life Insurance Company	A+
768	\$	570,000	M	76	71	Transamerica Life Insurance Company	A+
769	\$	100,000	F	76	92	State Farm Life Insurance Company	AA
770	\$	500,000	M	76	90	Pruco Life Insurance Company	AA-
771	\$	1,000,000	M	76	168	John Hancock Life Insurance Company (U.S.A.)	AA-
772	\$	750,000	M	76	138	Genworth Life and Annuity Insurance Company	NR
773	\$	247,000	M	76	31	Jackson National Life Insurance Company	A
774	\$	1,250,000	M	76	148	John Hancock Life Insurance Company (U.S.A.)	AA-
775	\$	1,000,000	M	76	131	Security Life of Denver Insurance Company	A+
776	\$	200,000	M	76	50	Equitable Financial Life Insurance Company	A+
777	\$	2,500,000	M	76	113	American General Life Insurance Company	A+
778	\$	1,000,000	M	76	118	Security Life of Denver Insurance Company	A+
779	\$	300,000	F	76	23	North American Company for Life and Health Insurance	A+
780	\$	250,000	M	76	88	North American Company for Life and Health Insurance	A+
781	\$	400,000	M	75	130	The Lincoln National Life Insurance Company	AA-
782	\$	250,000	F	75	99	Ohio National Life Assurance Corporation	A-
783	\$	150,000	M	75	19	Protective Life Insurance Company	AA-
784	\$	1,500,000	F	75	135	Pruco Life Insurance Company	AA-
785	\$	1,500,000	M	75	61	The Lincoln National Life Insurance Company	AA-
786	\$	700,000	M	75	101	Massachusetts Mutual Life Insurance Company	AA+
787	\$	150,000	M	75	19	Equitable Financial Life Insurance Company	A+
788	\$	300,000	M	75	161	John Hancock Life Insurance Company (U.S.A.)	AA-
789	\$	92,000	F	75	164	Protective Life Insurance Company	AA-
790	\$	202,700	M	75	85	Farmers New World Life Insurance Company	NR
791	\$	250,000	M	75	150	The Lincoln National Life Insurance Company	AA-
792	\$	252,259	M	75	77	Massachusetts Mutual Life Insurance Company	AA+
793	\$	500,000	M	75	127	Protective Life Insurance Company	AA-
794	\$	10,000,000	M	75	134	Principal Life Insurance Company	A+
795	\$	1,000,000	M	75	128	Transamerica Life Insurance Company	A+
796	\$	1,000,000	M	75	135	Protective Life Insurance Company	AA-
797	\$	315,577	F	75	108	The Lincoln National Life Insurance Company	AA-
798	\$	6,000,000	M	75	166	Equitable Financial Life Insurance Company	A+
799	\$	650,000	M	75	101	Protective Life Insurance Company	AA-
800	\$	1,000,000	M	75	123	Nationwide Life and Annuity Insurance Company	A+
801	\$	750,000	M	75	116	USAA Life Insurance Company	AA+
802	\$	1,000,000	M	75	65	Protective Life Insurance Company	AA-
803	\$	1,000,000	M	75	129	John Hancock Life Insurance Company (U.S.A.)	AA-
804	\$	1,000,000	M	75	65	Protective Life Insurance Company	AA-
805	\$	1,000,000	M	75	65	Protective Life Insurance Company	AA-
806	\$	12,000,000	M	75	137	American General Life Insurance Company	A+
807	\$	600,000	M	75	82	The Lincoln National Life Insurance Company	AA-
808	\$	1,000,000	F	75	84	United of Omaha Life Insurance Company	A+
809	\$	1,000,000	M	75	73	Transamerica Life Insurance Company	A+
810	\$	500,000	M	75	106	Massachusetts Mutual Life Insurance Company	AA+
811	\$	1,000,000	M	75	99	Protective Life Insurance Company	AA-
812	\$	1,650,000	M	75	99	Protective Life Insurance Company	AA-
813	\$	1,000,000	M	75	167	North American Company for Life and Health Insurance	A+
814	\$	1,000,000	M	75	52	Transamerica Life Insurance Company	A+
815	\$	250,000	M	75	79	American General Life Insurance Company	A+
816	\$	300,000	M	75	131	Security Life of Denver Insurance Company	A+
817	\$	2,000,000	M	74	104	Transamerica Life Insurance Company	A+
818	\$	1,000,000	M	74	104	Genworth Life Insurance Company	NR
819	\$	1,000,000	M	74	55	Protective Life and Annuity Insurance Company	AA-
820	\$	200,000	M	74	146	Protective Life Insurance Company	AA-
821	\$	100,000	F	74	141	North American Company for Life and Health Insurance	A+
822	\$	1,500,000	M	74	86	Midland National Life Insurance Company	A+
823	\$	750,000	M	74	99	North American Company for Life and Health Insurance	A+
824	\$	175,000	F	74	79	The Lincoln National Life Insurance Company	AA-

825	\$	500,000	M	74	81	Lincoln Benefit Life Company	BBB
826	\$	300,000	M	74	104	Farmers New World Life Insurance Company	NR
827	\$	1,000,000	M	74	100	Transamerica Life Insurance Company	A+
828	\$	100,000	M	74	72	Massachusetts Mutual Life Insurance Company	AA+
829	\$	2,000,000	M	74	150	John Hancock Life Insurance Company (U.S.A.)	AA-
830	\$	1,000,000	M	74	100	Protective Life Insurance Company	AA-
831	\$	1,000,000	M	74	129	Accordia Life and Annuity Company	A-
832	\$	400,000	F	74	108	Equitable Financial Life Insurance Company of America	A+
833	\$	5,000,000	M	74	114	John Hancock Life Insurance Company (U.S.A.)	AA-
834	\$	4,000,000	M	74	115	Equitable Financial Life Insurance Company of America	A+
835	\$	1,532,043	M	74	123	John Hancock Life Insurance Company (U.S.A.)	AA-
836	\$	2,000,000	M	74	133	Talcott Resolution Life and Annuity Insurance Company	AA-
837	\$	385,741	M	74	69	Security Life of Denver Insurance Company	A+
838	\$	1,470,000	M	74	103	Brighthouse Life Insurance Company	AA-
839	\$	3,000,000	M	74	128	Guardian Life Insurance Company of America	AA+
840	\$	500,000	M	74	148	The Lincoln National Life Insurance Company	AA-
841	\$	500,000	M	74	137	United of Omaha Life Insurance Company	A+
842	\$	1,000,000	M	74	137	Lincoln Benefit Life Company	BBB
843	\$	750,000	F	74	145	John Hancock Life Insurance Company (U.S.A.)	AA-
844	\$	534,703	M	74	95	Pacific Life Insurance Company	AA-
845	\$	1,000,000	M	74	75	Equitable Financial Life Insurance Company	A+
846	\$	500,000	M	74	45	Banner Life Insurance Company	AA-
847	\$	1,251,474	M	74	117	Equitable Financial Life Insurance Company	A+
848	\$	205,000	F	74	62	Brighthouse Life Insurance Company	AA-
849	\$	300,000	M	74	140	Brighthouse Life Insurance Company	AA-
850	\$	5,000,000	F	74	156	Equitable Financial Life Insurance Company	A+
851	\$	539,300	M	74	88	Farmers New World Life Insurance Company	NR
852	\$	6,000,000	M	74	150	Protective Life Insurance Company	AA-
853	\$	305,000	M	74	89	Metropolitan Life Insurance Company	AA-
854	\$	501,713	M	74	131	New England Life Insurance Company	A+
855	\$	156,538	F	73	67	New York Life Insurance Company	AA+
856	\$	2,000,000	M	73	39	Brighthouse Life Insurance Company	AA-
857	\$	2,000,000	M	73	39	Brighthouse Life Insurance Company	AA-
858	\$	150,000	M	73	89	Protective Life Insurance Company	AA-
859	\$	2,500,000	M	73	140	Pruco Life Insurance Company	AA-
860	\$	2,500,000	M	73	140	Pruco Life Insurance Company	AA-
861	\$	250,000	F	73	53	Transamerica Life Insurance Company	A+
862	\$	1,000,000	M	73	107	Transamerica Life Insurance Company	A+
863	\$	250,000	F	73	124	Protective Life Insurance Company	AA-
864	\$	300,000	M	73	76	Protective Life Insurance Company	AA-
865	\$	3,000,000	M	73	173	John Hancock Life Insurance Company (U.S.A.)	AA-
866	\$	1,200,000	M	73	125	Massachusetts Mutual Life Insurance Company	AA+
867	\$	1,000,000	M	73	120	John Hancock Life Insurance Company (U.S.A.)	AA-
868	\$	3,000,000	M	73	131	Transamerica Life Insurance Company	A+
869	\$	3,000,000	M	73	123	Genworth Life Insurance Company	NR
870	\$	1,200,000	M	73	125	Genworth Life and Annuity Insurance Company	NR
871	\$	2,000,000	M	73	154	John Hancock Life Insurance Company (U.S.A.)	AA-
872	\$	1,100,000	M	73	126	John Hancock Life Insurance Company (U.S.A.)	AA-
873	\$	4,000,000	M	73	103	Brighthouse Life Insurance Company	AA-
874	\$	13,250,000	M	73	179	TIAA-CREF Life Insurance Company	AA+
875	\$	500,000	M	73	89	The Lincoln National Life Insurance Company	AA-
876	\$	560,000	M	73	110	Equitable Financial Life Insurance Company	A+
877	\$	1,000,000	M	73	24	Equitable Financial Life Insurance Company of America	A+
878	\$	250,995	M	73	144	State Farm Life Insurance Company	AA
879	\$	200,000	M	73	144	State Farm Life Insurance Company	AA
880	\$	217,578	M	73	66	Sunset Life Insurance Company of America	NR
881	\$	1,500,000	M	73	116	Equitable Financial Life Insurance Company	A+
882	\$	1,000,000	M	73	159	Transamerica Life Insurance Company	A+
883	\$	200,000	M	73	127	Allstate Life Insurance Company	A+

884	\$	250,000	M	73	39	Brighthouse Life Insurance Company	AA-
885	\$	570,000	M	73	110	Nationwide Life Insurance Company	A+
886	\$	250,000	M	73	111	Genworth Life and Annuity Insurance Company	NR
887	\$	1,000,000	M	73	167	Ameritas Life Insurance Corp.	A+
888	\$	5,000,000	M	73	174	The Lincoln National Life Insurance Company	AA-
889	\$	750,000	M	73	136	Pekin Life Insurance Company	NR
890	\$	2,000,000	M	73	82	Ohio National Life Assurance Corporation	A-
891	\$	1,790,000	M	73	225	John Hancock Life Insurance Company (U.S.A.)	AA-
892	\$	1,000,000	M	73	150	United States Life Insurance Company in the City of New York	A+
893	\$	500,000	M	73	150	United States Life Insurance Company in the City of New York	A+
894	\$	500,000	M	73	136	Lincoln Benefit Life Company	BBB
895	\$	3,000,000	M	73	99	The Lincoln National Life Insurance Company	AA-
896	\$	3,000,000	M	73	99	The Lincoln National Life Insurance Company	AA-
897	\$	500,000	M	73	102	Allstate Life Insurance Company	A+
898	\$	850,000	M	73	141	Protective Life Insurance Company	AA-
899	\$	250,000	M	73	86	American General Life Insurance Company	A+
900	\$	500,000	M	73	46	Security Life of Denver Insurance Company	A+
901	\$	1,000,000	M	73	143	The Lincoln National Life Insurance Company	AA-
902	\$	500,000	M	73	143	The Lincoln National Life Insurance Company	AA-
903	\$	500,000	M	73	107	Protective Life Insurance Company	AA-
904	\$	250,000	M	73	105	Principal Life Insurance Company	A+
905	\$	375,000	M	73	83	U.S. Financial Life Insurance Company	NR
906	\$	500,000	M	73	52	Protective Life Insurance Company	AA-
907	\$	1,000,000	M	72	127	The Lincoln National Life Insurance Company	AA-
908	\$	5,616,468	M	72	150	John Hancock Life Insurance Company (U.S.A.)	AA-
909	\$	3,000,000	M	72	84	ReliaStar Life Insurance Company	A+
910	\$	2,000,000	M	72	84	Equitable Financial Life Insurance Company	A+
911	\$	2,000,000	M	72	84	Equitable Financial Life Insurance Company	A+
912	\$	750,000	M	72	131	The Northwestern Mutual Life Insurance Company	AA+
913	\$	320,000	M	72	133	Transamerica Premier Life Insurance Company	A+
914	\$	1,000,000	M	72	126	Sun Life Assurance Company of Canada (United States Branch)	AA
915	\$	5,000,000	M	72	86	Athene Annuity & Life Assurance Company	A
916	\$	846,510	M	72	101	The Lincoln National Life Insurance Company	AA-
917	\$	846,210	M	72	101	The Lincoln National Life Insurance Company	AA-
918	\$	900,000	M	72	95	Banner Life Insurance Company	AA-
919	\$	600,000	M	72	61	William Penn Life Insurance Company of New York	AA-
920	\$	229,725	F	72	76	Talcott Resolution Life and Annuity Insurance Company	AA-
921	\$	5,000,000	M	72	102	The Lincoln National Life Insurance Company	AA-
922	\$	100,000	M	72	92	Nassau Life Insurance Company	BB
923	\$	4,383,532	M	72	149	John Hancock Life Insurance Company (U.S.A.)	AA-
924	\$	900,000	M	72	153	American General Life Insurance Company	A+
925	\$	240,000	M	72	96	New York Life Insurance and Annuity Corporation	AA+
926	\$	1,000,000	M	72	119	Brighthouse Life Insurance Company	AA-
927	\$	1,000,000	M	72	119	Brighthouse Life Insurance Company	AA-
928	\$	400,000	M	72	94	Metropolitan Life Insurance Company	AA-
929	\$	850,000	M	72	119	Brighthouse Life Insurance Company	AA-
930	\$	1,000,000	M	72	119	Brighthouse Life Insurance Company	AA-
931	\$	1,000,000	M	72	109	USAA Life Insurance Company	AA+
932	\$	491,028	M	72	138	Lincoln Benefit Life Company	BBB
933	\$	350,000	M	72	32	The Lincoln National Life Insurance Company	AA-
934	\$	2,000,000	M	72	126	Transamerica Life Insurance Company	A+
935	\$	500,000	M	72	140	Talcott Resolution Life and Annuity Insurance Company	AA-
936	\$	300,000	M	72	148	Protective Life Insurance Company	AA-
937	\$	250,000	M	72	73	Protective Life Insurance Company	AA-
938	\$	1,000,000	M	72	162	Accordia Life and Annuity Company	A-
939	\$	500,000	M	72	140	Talcott Resolution Life and Annuity Insurance Company	AA-
940	\$	500,000	M	72	94	Equitable Financial Life Insurance Company of America	A+
941	\$	500,000	M	72	53	Symetra Life Insurance Company	A
942	\$	500,000	F	72	70	Kansas City Life Insurance Company	NR

943	\$	1,000,000	M	72	98	Protective Life Insurance Company	AA-
944	\$	600,000	M	72	167	The Lincoln National Life Insurance Company	AA-
945	\$	10,000,000	M	72	164	Equitable Financial Life Insurance Company	A+
946	\$	250,000	M	72	104	American General Life Insurance Company	A+
947	\$	1,000,000	M	72	153	Transamerica Life Insurance Company	A+
948	\$	1,000,000	M	72	173	Principal Life Insurance Company	A+
949	\$	1,000,000	M	71	48	The Lincoln National Life Insurance Company	AA-
950	\$	1,000,000	M	71	55	Transamerica Life Insurance Company	A+
951	\$	250,000	M	71	131	Pruco Life Insurance Company	AA-
952	\$	750,000	M	71	99	Pacific Life Insurance Company	AA-
953	\$	400,000	M	71	133	The Lincoln National Life Insurance Company	AA-
954	\$	350,000	M	71	77	RiverSource Life Insurance Company	AA-
955	\$	250,000	M	71	164	Protective Life Insurance Company	AA-
956	\$	1,000,000	M	71	80	The Savings Bank Mutual Life Insurance Company of Massachusetts	NR
957	\$	200,000	M	71	131	Pruco Life Insurance Company	AA-
958	\$	200,000	M	71	131	Pruco Life Insurance Company	AA-
959	\$	650,000	M	71	152	The Lincoln National Life Insurance Company	AA-
960	\$	492,547	M	71	87	Equitable Financial Life Insurance Company	A+
961	\$	500,000	F	71	101	American General Life Insurance Company	A+
962	\$	105,333	F	71	103	Lincoln Benefit Life Company	BBB
963	\$	67,602	F	71	103	Allstate Life Insurance Company	A+
964	\$	306,178	M	71	129	First Allmerica Financial Life Insurance Company	A-
965	\$	2,000,000	M	71	90	North American Company for Life and Health Insurance	A+
966	\$	150,000	M	71	100	Massachusetts Mutual Life Insurance Company	AA+
967	\$	350,000	M	71	123	Transamerica Life Insurance Company	A+
968	\$	1,000,000	M	71	138	Brighthouse Life Insurance Company	AA-
969	\$	250,000	F	71	107	Genworth Life and Annuity Insurance Company	NR
970	\$	300,000	M	71	87	Protective Life Insurance Company	AA-
971	\$	900,000	M	71	118	Protective Life Insurance Company	AA-
972	\$	100,000	F	71	20	Nationwide Life and Annuity Insurance Company	A+
973	\$	500,000	M	71	111	Transamerica Life Insurance Company	A+
974	\$	500,000	F	70	139	Banner Life Insurance Company	AA-
975	\$	1,000,000	M	70	94	Pruco Life Insurance Company	AA-
976	\$	2,000,000	F	70	163	Brighthouse Life Insurance Company	AA-
977	\$	500,000	M	70	46	Transamerica Life Insurance Company	A+
978	\$	540,000	M	70	139	Protective Life Insurance Company	AA-
979	\$	265,000	M	70	127	Protective Life Insurance Company	AA-
980	\$	400,000	M	70	102	Jackson National Life Insurance Company	A
981	\$	10,000,000	M	70	73	The Lincoln National Life Insurance Company	AA-
982	\$	250,000	F	70	166	Principal Life Insurance Company	A+
983	\$	250,000	M	70	129	American General Life Insurance Company	A+
984	\$	989,361	M	70	125	Metropolitan Tower Life Insurance Company	A+
985	\$	250,000	M	70	116	Wilco Life Insurance Company	NR
986	\$	500,000	M	70	118	Protective Life Insurance Company	AA-
987	\$	250,000	F	70	168	West Coast Life Insurance Company	AA-
988	\$	1,500,000	M	70	127	John Hancock Life Insurance Company (U.S.A.)	AA-
989	\$	100,000	M	70	64	State Farm Life Insurance Company	AA
990	\$	100,336	M	70	128	Shenandoah Life Insurance Company	NR
991	\$	3,500,000	M	70	141	Equitable Financial Life Insurance Company	A+
992	\$	200,000	M	70	178	North American Company for Life and Health Insurance	A+
993	\$	250,000	F	70	163	Transamerica Life Insurance Company	A+
994	\$	1,000,000	F	70	210	Transamerica Life Insurance Company	A+
995	\$	1,000,000	M	70	165	Equitable Financial Life Insurance Company	A+
996	\$	1,000,000	M	70	82	Metropolitan Tower Life Insurance Company	A+
997	\$	1,000,000	M	70	137	Security Life of Denver Insurance Company	A+
998	\$	248,280	M	70	93	The Ohio State Life Insurance Company	NR
999	\$	5,000,000	M	70	208	The Lincoln National Life Insurance Company	AA-
1000	\$	3,500,000	M	69	173	Pruco Life Insurance Company	AA-
1001	\$	250,000	M	69	90	Transamerica Life Insurance Company	A+

1002	\$	1,000,000	M	69	117	John Hancock Life Insurance Company (U.S.A.)	AA-
1003	\$	350,000	M	69	93	Talcott Resolution Life and Annuity Insurance Company	AA-
1004	\$	250,000	M	69	97	Pacific Life Insurance Company	AA-
1005	\$	500,000	M	69	121	United of Omaha Life Insurance Company	A+
1006	\$	1,000,000	M	69	151	Banner Life Insurance Company	AA-
1007	\$	850,000	M	69	173	Principal Life Insurance Company	A+
1008	\$	1,000,000	M	69	132	Pruco Life Insurance Company	AA-
1009	\$	2,000,000	M	69	187	Accordia Life and Annuity Company	A-
1010	\$	250,000	M	69	136	Pruco Life Insurance Company	AA-
1011	\$	500,000	M	69	38	Athene Annuity & Life Assurance Company	A
1012	\$	250,000	F	69	88	The Lincoln National Life Insurance Company	AA-
1013	\$	250,000	F	69	88	The Lincoln National Life Insurance Company	AA-
1014	\$	3,000,000	M	68	122	U.S. Financial Life Insurance Company	NR
1015	\$	1,000,000	M	68	152	John Hancock Life Insurance Company (U.S.A.)	AA-
1016	\$	4,000,000	M	68	80	William Penn Life Insurance Company of New York	AA-
1017	\$	1,500,000	M	68	148	Metropolitan Life Insurance Company	AA-
1018	\$	3,000,000	M	68	226	Equitable Financial Life Insurance Company	A+
1019	\$	500,000	M	68	123	Security Mutual Life Insurance Company of New York	NR
1020	\$	200,000	F	68	28	Pruco Life Insurance Company	AA-
1021	\$	350,000	M	68	21	EMC National Life Company	NR
1022	\$	250,000	M	68	69	Transamerica Life Insurance Company	A+
1023	\$	1,500,000	M	68	148	New York Life Insurance and Annuity Corporation	AA+
1024	\$	400,000	M	67	38	Ohio National Life Assurance Corporation	A-
1025	\$	250,000	M	67	59	The Lincoln National Life Insurance Company	AA-
1026	\$	750,000	M	67	145	John Hancock Life Insurance Company (U.S.A.)	AA-
1027	\$	400,000	M	67	155	Transamerica Life Insurance Company	A+
1028	\$	484,824	M	67	195	Brighthouse Life Insurance Company	AA-
1029	\$	1,000,000	M	67	40	Pruco Life Insurance Company	AA-
1030	\$	250,000	M	66	134	American General Life Insurance Company	A+
1031	\$	2,500,000	M	66	108	Transamerica Life Insurance Company	A+
1032	\$	150,000	M	64	74	Jackson National Life Insurance Company	A
		1,879,894,527					

(1)	Age Last Birthday ("ALB") – the insured's age is current as of the measurement date.
(2)	The insured's life expectancy estimate, other than for a small face value insurance policy (i.e., a policy with \$1 million in face value benefits or less), is the longest life expectancy estimate provided by independent third-party medical-actuarial underwriting firms at the time of purchase, actuarially adjusted through the measurement date.

Certain identified information has been excluded from this exhibit because it is both not material and is the type of information that the registrant treats as private or confidential. The omitted information is marked with “[*].”

SIXTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

OF

BENEFICIENT COMPANY HOLDINGS, L.P.

Dated as of March 31, 2021

THE PARTNERSHIP UNITS OF BENEFICIENT COMPANY HOLDINGS, L.P. HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, THE SECURITIES LAWS OF ANY STATE, PROVINCE OR ANY OTHER APPLICABLE SECURITIES LAWS AND ARE BEING SOLD IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. SUCH UNITS MUST BE ACQUIRED FOR INVESTMENT ONLY AND MAY NOT BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED OR TRANSFERRED AT ANY TIME EXCEPT IN COMPLIANCE WITH (I) THE SECURITIES ACT, ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR PROVINCE, AND ANY OTHER APPLICABLE SECURITIES LAWS; (II) THE TERMS AND CONDITIONS OF THIS SIXTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT; AND (III) ANY OTHER TERMS AND CONDITIONS AGREED TO IN WRITING BETWEEN THE GENERAL PARTNER AND THE APPLICABLE LIMITED PARTNER. THE UNITS MAY NOT BE TRANSFERRED OF RECORD EXCEPT IN COMPLIANCE WITH SUCH LAWS; THIS LIMITED PARTNERSHIP AGREEMENT; AND ANY OTHER TERMS AND CONDITIONS AGREED TO IN WRITING BY THE GENERAL PARTNER AND THE APPLICABLE LIMITED PARTNER. THEREFORE, PURCHASERS AND OTHER TRANSFEREES OF SUCH UNITS WILL BE REQUIRED TO BEAR THE RISK OF THEIR INVESTMENT OR ACQUISITION FOR AN INDEFINITE PERIOD OF TIME.

Table of Contents

	<u>Page</u>
<u>Article I. DEFINITIONS</u>	<u>1</u>
<u>Section 1.01. Definitions</u>	<u>1</u>
<u>Article II. FORMATION, TERM, PURPOSE AND POWERS</u>	<u>19</u>
<u>Section 2.01. Formation</u>	<u>19</u>
<u>Section 2.02. Name</u>	<u>20</u>
<u>Section 2.03. Term</u>	<u>20</u>
<u>Section 2.04. Offices</u>	<u>20</u>
<u>Section 2.05. Agent for Service of Process; Existence and Good Standing; Foreign Qualification</u>	<u>20</u>
<u>Section 2.06. Business Purpose</u>	<u>20</u>
<u>Section 2.07. Powers of the Partnership</u>	<u>20</u>
<u>Section 2.08. Partners; Admission of New Partners</u>	<u>21</u>
<u>Section 2.09. Withdrawal</u>	<u>21</u>
<u>Section 2.10. Investment Representations of Partners</u>	<u>21</u>
<u>Article III. MANAGEMENT</u>	<u>21</u>
<u>Section 3.01. General Partner</u>	<u>21</u>
<u>Section 3.02. Compensation</u>	<u>22</u>
<u>Section 3.03. Expenses</u>	<u>22</u>
<u>Section 3.04. Officers</u>	<u>23</u>
<u>Section 3.05. Additional Subsidiaries; Charities</u>	<u>23</u>
<u>Section 3.06. Authority of Partners</u>	<u>24</u>

<u>Section 3.07. Action by Written Consent or Ratification</u>	<u>25</u>
<u>Section 3.08. Additional General Partner</u>	<u>25</u>
<u>Article IV. DISTRIBUTIONS</u>	<u>26</u>
<u>Section 4.01. Distributions in General</u>	<u>26</u>
<u>Section 4.02. Tax Distributions and Redemptions</u>	<u>27</u>
<u>Section 4.03. Liquidation Distribution</u>	<u>29</u>
<u>Section 4.04. Disproportionate Distributions</u>	<u>29</u>
<u>Section 4.05. Limitations on Distribution</u>	<u>29</u>
<u>Section 4.06. Distribution of Sales Proceeds</u>	<u>29</u>
<u>Article V. CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS; TAX ALLOCATIONS; TAX MATTERS</u>	<u>30</u>
<u>Section 5.01. Capital Contributions</u>	<u>30</u>
<u>Section 5.02. Capital Accounts</u>	<u>30</u>
<u>Section 5.03. Additional Capital Contributions</u>	<u>31</u>
<u>Section 5.04. Allocations of Profits and Losses</u>	<u>31</u>
<u>Section 5.05. Special Allocations</u>	<u>38</u>
<u>Section 5.06. Tax Allocations</u>	<u>40</u>
<u>Section 5.07. Tax Advances</u>	<u>40</u>
<u>Section 5.08. Tax Matters</u>	<u>41</u>
<u>Section 5.09. Other Allocation Provisions</u>	<u>42</u>
<u>Section 5.10. Subclass 2 FLP Unit Accounts</u>	<u>42</u>
<u>Article VI. BOOKS AND RECORDS; REPORTS</u>	<u>42</u>
<u>Section 6.01. Books and Records</u>	<u>42</u>
<u>Article VII. PARTNERSHIP UNITS</u>	<u>43</u>
<u>Section 7.01. Units</u>	<u>43</u>

<u>Section 7.02. Register</u>	<u>44</u>
<u>Section 7.03. Registered Partners</u>	<u>44</u>
<u>Section 7.04. Issuance of Additional Class S Units</u>	<u>45</u>
<u>Section 7.05. Conversion of Class S Preferred Units</u>	<u>46</u>
<u>Section 7.06. Conversion of Class S Ordinary Units</u>	<u>46</u>
<u>Section 7.07. Combinations of Fractional Class S Units</u>	<u>47</u>
<u>Section 7.08. Conversion of Preferred Series Unit Accounts</u>	<u>47</u>
<u>Section 7.09. Optional Redemption of Preferred Series B Unit Accounts and Preferred Series A Subclass 3 Unit Accounts</u>	<u>49</u>
<u>Section 7.10. Mandatory Redemption of Preferred Series Unit Accounts</u>	<u>49</u>
<u>Section 7.11. Preemptive Rights</u>	<u>50</u>
<u>Section 7.12. Additional Issuances and Indebtedness</u>	<u>51</u>
<u>Section 7.13. Adjustments to Conversion Price; Elective Conversion Upon Partnership Sale or Dissolution</u>	<u>51</u>
<u>Section 7.14. Redemption Limitation</u>	<u>52</u>
<u>Article VIII. TRANSFER RESTRICTIONS</u>	<u>52</u>
<u>Section 8.01. Limited Partner Transfers</u>	<u>52</u>
<u>Section 8.02. Mandatory Exchanges</u>	<u>52</u>
<u>Section 8.03. Encumbrances</u>	<u>52</u>
<u>Section 8.04. Further Restrictions</u>	<u>53</u>
<u>Section 8.05. Rights of Assignees</u>	<u>54</u>
<u>Section 8.06. Admissions, Withdrawals and Removals</u>	<u>54</u>
<u>Section 8.07. Admission of Assignees as Substitute Limited Partners</u>	<u>54</u>
<u>Section 8.08. Withdrawal and Removal of Limited Partners</u>	<u>55</u>
<u>Section 8.09. Indirect Transfer to an Equity Holder</u>	<u>55</u>

<u>Article IX. DISSOLUTION, LIQUIDATION AND TERMINATION</u>	<u>55</u>
<u>Section 9.01. No Dissolution</u>	<u>55</u>
<u>Section 9.02. Events Causing Dissolution</u>	<u>55</u>
<u>Section 9.03. Distribution upon Dissolution</u>	<u>56</u>
<u>Section 9.04. Time for Liquidation</u>	<u>57</u>
<u>Section 9.05. Termination</u>	<u>57</u>
<u>Section 9.06. Claims of the Partners</u>	<u>57</u>
<u>Section 9.07. Survival of Certain Provisions</u>	<u>57</u>
<u>Article X. LIABILITY AND INDEMNIFICATION</u>	<u>57</u>
<u>Section 10.01. Liability of Partners</u>	<u>57</u>
<u>Section 10.02. Indemnification</u>	<u>59</u>
<u>Section 10.03. Exculpation</u>	<u>61</u>
<u>Article XI. MISCELLANEOUS</u>	<u>61</u>
<u>Section 11.01. Severability</u>	<u>61</u>
<u>Section 11.02. Notices</u>	<u>62</u>
<u>Section 11.03. Cumulative Remedies</u>	<u>63</u>
<u>Section 11.04. Binding Effect</u>	<u>63</u>
<u>Section 11.05. Interpretation</u>	<u>63</u>
<u>Section 11.06. Counterparts</u>	<u>63</u>
<u>Section 11.07. Further Assurances</u>	<u>63</u>
<u>Section 11.08. Entire Agreement</u>	<u>63</u>
<u>Section 11.09. Governing Law</u>	<u>63</u>
<u>Section 11.10. Dispute Resolution</u>	<u>63</u>
<u>Section 11.11. Expenses</u>	<u>66</u>
<u>Section 11.12. Amendments and Waivers</u>	<u>66</u>

<u>Section 11.13. No Third Party Beneficiaries</u>	<u>67</u>
<u>Section 11.14. Headings</u>	<u>68</u>
<u>Section 11.15. Power of Attorney</u>	<u>68</u>
<u>Section 11.16. Separate Agreements; Schedules</u>	<u>68</u>
<u>Section 11.17. Partnership Status</u>	<u>68</u>
<u>Section 11.18. Delivery by Email</u>	<u>68</u>

ANNEXES:

Annex A Form of Joinder Agreement

EXHIBITS:

Exhibit A Exchange Fund Portfolio Interests

SCHEDULES:

Schedule A Quarterly Rate Cap

**SIXTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT
OF
BENEFICIENT COMPANY HOLDINGS, L.P.**

This SIXTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT (this “Agreement”) of Beneficient Company Holdings, L.P. (the “Partnership”) is made as of the 31st day of March, 2021, by and among The Beneficient Company Group, L.P., a limited partnership formed under the laws of the State of Delaware, as general partner, and the Limited Partners (as defined herein) of the Partnership.

WHEREAS, the Partnership was formed as a limited partnership pursuant to the Act, by the filing of a Certificate of Limited Partnership (the “Certificate”) with the Office of the Secretary of State of the State of Delaware and the execution of the Limited Partnership Agreement of the Partnership dated as of May 14, 2010, which Limited Partnership Agreement was (i) initially amended and restated pursuant to that certain Amended and Restated Limited Partnership Agreement of the Partnership dated as of September 1, 2017 (the “Previous Agreement”), (ii) subsequently amended and restated pursuant to that certain Second Amended and Restated Limited Partnership Agreement of the Partnership dated as of December 27, 2018, (iii) further amended and restated pursuant to that certain Third Amended and Restated Limited Partnership Agreement of the Partnership dated as of February 1, 2019; (iv) further amended and restated pursuant to that certain Fourth Amended and Restated Limited Partnership Agreement of the Partnership dated as of April 26, 2019, as amended by that First Amendment effective as of April 26, 2019; and (v) further amended and restated pursuant to that certain Fifth Amended and Restated Limited Partnership Agreement of the Partnership dated as of July 15, 2020 (the “Existing Agreement”); and

WHEREAS, the parties hereto desire to enter into this Sixth Amended and Restated Limited Partnership Agreement of the Partnership to amend the Existing Agreement and to, among other things, provide for the creation of new series of Preferred Series Unit Accounts.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein made and intending to be legally bound hereby, the parties hereto agree to amend and restate the Existing Agreement in its entirety to read as follows:

Article I.

DEFINITIONS

Section I.01. Definitions. Capitalized terms used herein without definition have the following meanings (such meanings being equally applicable to both the singular and plural form of the terms defined):

“Act” means, the Delaware Revised Uniform Limited Partnership Act, 6 Del. C. Section 17-101, et seq., as it may be amended from time to time.

“Additional Credit Amount” has the meaning set forth in Section 4.02(c).

“Adjusted Capital Account Balance” means, with respect to each Partner, the balance in such Partner’s Capital Account adjusted: (a) by taking into account the adjustments, allocations and distributions described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6); and (b) by adding to such balance such Partner’s share of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain, determined pursuant to Treasury Regulations Sections 1.704-2(g) and 1.704-2(i)(5), and any amounts such Partner is obligated to restore pursuant to any provision of this Agreement or by applicable Law. The foregoing definition of Adjusted Capital Account Balance is intended to comply with the provisions of Treasury Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

“Affiliate” means, with respect to a specified Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person.

“Agent GP” has the meaning set forth in Section 3.08.

“Agreement” has the meaning set forth in the preamble of this Agreement.

“Alternative Asset Financing Portfolio” means the portfolio of illiquid financial and alternative assets, including investments in private equity funds, mezzanine funds, venture capital funds, private real estate, gated hedge funds, life settlements and other similar financial and alternative assets, to be loaned against or acquired by the Partnership or its Subsidiaries in the ordinary course of the Partnership’s trust products and services business.

“Amended Tax Amount” has the meaning set forth in Section 4.02(c).

“Annual Conversion Amount” means, with respect to any holder, an amount, determined as of such measurement period, equal to (a) the Sub-Capital Account attributable to the Preferred Series A Unit Accounts (other than Preferred Series A Subclass 2 Unit Accounts) held by such holder as of January 1, 2021, multiplied by (b) the Annual Factor, minus (c) the aggregate amount of such holder’s Sub-Capital Account attributable to any Preferred Series A Unit Accounts (other than Preferred Series A Subclass 2 Unit Accounts) previously converted pursuant to Section 7.08.

“Annual Factor” means: (a) 20%, if the Annual Conversion Amount is being calculated for calendar year 2021; (b) 40%, if the Annual Conversion Amount is being calculated for calendar year 2022; (c) 60%, if the Annual Conversion Amount is being calculated for calendar year 2023; (d) 80%, if the Annual Conversion Amount is being calculated for calendar year 2024; or (e) 100%, if the Annual Conversion Amount is being calculated for calendar year 2025 or thereafter.

“Annual Preferred Series B Rate” means 8% per annum.

“Annual Preferred Series B Return” means for any given Fiscal Year (or portion thereof, for which a pro-rated Annual Preferred Series B Return shall apply), the amount equal to a Preferred Series B Unit Account holder’s (a) Hypothetical Preferred Opening Capital Account Balance multiplied by (b) Annual Preferred Series B Rate.

“Annualized Revenues” has the meaning set forth in Schedule A.

“Assignee” has the meaning set forth in Section 8.05.

“Assumed Tax Rate” means the highest effective marginal combined U.S. federal, state and local income tax rate (including the rate of taxes under Section 1411 of the Code) for a Fiscal Year prescribed for an individual resident in New York, New York (taking into account (a) the nondeductibility of expenses subject to the limitations described in Sections 67 and 68 of the Code and (b) the character (*e.g.*, long-term or short-term capital gain or ordinary or exempt income) of the applicable income, but not taking into account the deductibility of state and local income taxes for U.S. federal income tax purposes). For the avoidance of doubt, the Assumed Tax Rate will be the same for all Partners.

“Available Cash” means, with respect to any fiscal period, the amount of cash on hand which the General Partner, in its reasonable discretion, deems available for distribution to the Partners, taking into account all debts, liabilities and obligations of the Partnership then due and amounts which the General Partner, in its reasonable discretion, deems reasonably necessary or advisable to expend or retain for working capital or to place into reserves for customary and usual claims with respect to the Partnership’s operations and for anticipated debts, liabilities and obligations of the Partnership, in each case, which shall be consistent with the previously approved annual budget of the Partnership, if any.

“Available Cash Flow” means, the lesser of (a) the Available Cash held by the Partnership and (b) 25% of the Profits that would be allocable to the Class S Units and Class A Units under Section 5.04(a)(xvii) minus the amount of Tax Distributions made to Class S Units and Class A Units, in each case, with respect to such Fiscal Quarter.

“Available Redeeming Cash” has the meaning set forth in Section 7.09.

“Base Rate” means (a) 0.5% prior to the Initial Public Listing and (b) 0.75% following the Initial Public Listing.

“BEN Holdings Partnerships” means, collectively, the Partnership and any current or future entity owned in whole or in part by the Partnership except for those entities determined by the General Partner, in its reasonable discretion, not to be BEN Holdings Partnerships.

“Book Difference Allocation Amount” means, at any time, an amount equal to (a) the product of (i) the amount of the aggregate capital account balances, as of the time of computation, of all outstanding Class A Units and Class S Units plus [*].

“BTC Subsidiary Corporation” means, any entity that is taxable as a corporation for US federal income tax group that is wholly owned by Beneficient Company Group LLC.

“BTC Subsidiary Partnership” means, collectively, Beneficient Management Holdings, L.P. and any current or future direct or indirect Subsidiaries of the Partnership designated as such by the General Partner in its reasonable discretion.

“Capital Account” means the separate capital account maintained for each Partner in accordance with Section 5.02(a).

“Capital Contribution” means, with respect to any Partner, the aggregate amount of money contributed to the Partnership and the Carrying Value of any property (other than money), net of any liabilities assumed by the Partnership upon contribution or to which such property is subject, contributed to the Partnership pursuant to Article V.

“Carrying Value” means, with respect to any Partnership asset, the asset’s adjusted basis for U.S. federal income tax purposes, except that the initial carrying value of assets contributed to the Partnership shall be their respective gross fair market values on the date of contribution as determined by the General Partner, and the Carrying Values of all Partnership assets shall be adjusted to equal their respective fair market values, in accordance with the rules set forth in Treasury Regulation Section 1.704-1(b)(2)(iv)(f) (including the issuance of a Noncompensatory Option and the conversion of Preferred Series B Unit Accounts), except as otherwise provided herein, as of: (a) the date of the acquisition of any additional Partnership interest by any new or existing Partner in exchange for more than a *de minimis* Capital Contribution; (b) the date of the distribution of more than a *de minimis* amount of Partnership assets to a Partner; (c) the date a Partnership interest is relinquished to the Partnership; (d) the date of any adjustment to carrying value under the agreement of limited partnership of the General Partner; or (e) any other date specified in the Treasury Regulations; provided, however, that adjustments pursuant to clauses (a), (b) (c), (d) and (e) above shall not be made if the General Partner, in its reasonable discretion, decides such changes are not necessary or appropriate to reflect the relative economic interests of the Partners. The Carrying Value of any Partnership asset distributed to any Partner shall be adjusted immediately before such distribution to equal its fair market value. In the case of any asset that has a Carrying Value that differs from its adjusted tax basis, Carrying Value shall be adjusted by the amount of depreciation calculated for purposes of the definition of “Profits” and “Losses” rather than the amount of depreciation determined for U.S. federal income tax purposes, and depreciation shall be calculated by reference to Carrying Value rather than tax basis once Carrying Value differs from tax basis. For the avoidance of doubt, adjustments to the Carrying Value, as defined here, of any assets held directly or indirectly by the Partnership (including interests in, or assets held through, Subsidiaries treated as corporations for U.S. federal income tax purposes) shall be made in a manner reasonably determined by the General Partner in its reasonable discretion to reflect the overall allocations among the Partnership and its Subsidiaries. In the event of the issuance of Units pursuant to the exercise of a Noncompensatory Option where the right to share in Partnership capital represented by such Unit differs from the consideration paid to acquire and exercise such option, the Carrying Value of each Partnership property immediately after the issuance of such Unit shall be adjusted upward or downward to reflect any unrealized gain or unrealized loss attributable to such Partnership property and the Capital Accounts of the Partners shall be adjusted in a manner consistent with Treasury Regulations Section 1.704-1(b)(2)(iv)(s); provided, further, that in the event of an issuance of Units for a *de minimis* amount of cash or contributed property, in the event of an issuance of a Noncompensatory Option to acquire a *de minimis* Partnership interest, or in the event of an issuance of a *de minimis* amount of Partnership interests as consideration for the provision of services, the General Partner may determine that such adjustments are unnecessary for the proper administration of the Partnership. If, upon the occurrence of a revaluation event described in this definition of Carrying Value, a

Noncompensatory Option of the Partnership is outstanding, the Partnership shall adjust the Carrying Value of each Partnership property in accordance with Treasury Regulation Sections 1.704-1(b)(2)(iv)(f)(1) and 1.704-1(b)(2)(iv)(h)(2). In determining such unrealized gain or unrealized loss, the aggregate cash amount and fair market value of all Partnership assets (including, without limitation, cash or cash equivalents) immediately prior to the issuance of additional Partnership interests (or, in the case of a revaluation event resulting from the exercise of a Noncompensatory Option, immediately after the issuance of the Units acquired pursuant to the exercise of such Noncompensatory Option if required pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(s)(1)) shall be determined by the General Partner using such reasonable method of valuation as it may adopt.

“Certificate” has the meaning set forth in the recitals of this Agreement.

“Class” means the classes of Units into which the interests in the Partnership may be classified or divided from time to time by the General Partner in its reasonable discretion pursuant to the provisions of this Agreement. As of the date of this Agreement the only Classes are the Class A Units, the Class S Units, the FLP Unit Accounts and the Preferred Series Unit Accounts. Subclasses within a Class shall not be separate Classes for purposes of this Agreement or the Act.

For all purposes hereunder and under the Act, only such Classes expressly established under this Agreement, including by the General Partner in accordance with this Agreement, shall be deemed to be a class of limited partner interests in the Partnership. For the avoidance of doubt, to the extent that the General Partner holds limited partner interests of any Class, the General Partner shall not be deemed to hold a separate Class of such interests from any other Limited Partner because it is the General Partner.

“Class A Units” means the Units of partnership interest in the Partnership designated as the “Class A Units” herein and having the rights pertaining thereto as are set forth in this Agreement, including both the Subclass 1 Class A Units and the Subclass 2 Class A Units provided, however, that only the Subclass 1 Class A Units shall track to the Common Units of Issuer and therefore be encumbered by the Common Units pursuant to Section 7.01(c) of this Agreement and Section 5.6(d) of the Issuer Partnership Agreement.

“Class S Ordinary Units” means Units of partnership interest in the Partnership designated as the “Class S Ordinary Units” herein and having the rights pertaining thereto as are set forth in this Agreement and convertible to Common Units in accordance with the Exchange Agreement and Section 7.06.

“Class S Preferred Units” means Units of partnership interest in the Partnership designated as the “Class S Preferred Units” herein and having the rights pertaining thereto as are set forth in this Agreement and convertible to Class S Ordinary Units in accordance with Section 7.05.

“Class S Units” means the Class S Ordinary Units and the Class S Preferred Units.

“Code” means the Internal Revenue Code of 1986, as amended from time to time.

“Common Units” means common units representing limited partner interests in the Issuer.

“Consenting Party” has the meaning set forth in Section 11.10(a).

“Contingencies” has the meaning set forth in Section 9.03(a).

“Control” (including the terms “Controlled by” and “under common Control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or general partnership or managing member interests, as trustee or executor, by contract or otherwise, including, without limitation, the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

“Conversion Amount” has the meaning set forth in Section 7.08(c).

“Conversion Capital Account” has the meaning set forth in Section 5.05(h)(i).

“Counselors” means Beneficient Management Counselors, L.L.C., a Delaware limited liability company.

“CPI-U” means the seasonally adjusted Consumer Price Index for All Urban Consumers published by the U.S. Bureau of Labor Statistics.

“Credit Amount” has the meaning set forth in Section 4.02(c).

“Creditable Non-U.S. Tax” means a non-U.S. tax paid or accrued for United States federal income tax purposes by the Partnership, in either case to the extent that such tax is eligible for credit under Section 901(a) of the Code. A non-U.S. tax is a Creditable Non-U.S. Tax for these purposes without regard to whether a Partner receiving an allocation of such non-U.S. tax elects to claim a credit for such amount. This definition is intended to be consistent with the term “creditable foreign tax” in Treasury Regulations Section 1.704-1(b)(4)(viii), and shall be interpreted consistently therewith.

“Departing General Partner” means a former General Partner from and after the effective date of any withdrawal of such former General Partner pursuant to Section 8.06.

“Disabling Event” means the General Partner ceasing to be the general partner of the Partnership pursuant to Section 17-402 of the Act.

“Dispute” has the meaning set forth in Section 11.10(a)(i).

“Encumbrance” means any mortgage, hypothecation, claim, lien, encumbrance, conditional sales or other title retention agreement, right of first refusal, preemptive right, pledge, option, charge, security interest or other similar interest, easement, judgment or imperfection of title of any nature whatsoever.

“Equity Securities” means (a) Units or other equity interests in the Partnership (including Class A Units, Class S Units, Preferred Series Unit Accounts and FLP Unit Accounts or other classes or groups thereof having such relative rights, powers and duties as may from time to time be established by the General Partner, including rights, powers and/or duties senior to existing classes and groups of Units and other equity interests in the Partnership), (b) obligations, evidences of Indebtedness or other securities or interests convertible or exchangeable into Units or other equity interests in the Partnership and (c) warrants, options or other rights to purchase or otherwise acquire Units or other equity interests in the Partnership.

“ERISA” means The Employee Retirement Income Security Act of 1974, as amended.

“Excess” has the meaning set forth in Section 7.04(b)(iv).

“Excess Amount” has the meaning set forth in Section 5.05(h)(iv).

“Excess EBITDA Margin” means the lesser of (i) 50% of the total GAAP revenue of the Partnership, excluding Net Financing Revenue and any income allocation associated with a Subsidiary that is taxable as a corporation for US federal income tax purposes, and (ii) an amount that will cause the Profit Margin to equal 20%, treating amounts included as Excess EBITDA Margin as an expense in calculating such Profit Margin.

“Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Exchange Agreement” means one or more exchange agreements providing for the exchange of BEN Holdings Partnerships partnership units or other securities issued by partners, members or other equityholders, as applicable, of the General Partner, the BEN Holdings Partnerships and any of their Subsidiaries for Common Units, or the distribution of cash in lieu of Common Units, as may be contemplated by the Registration Statement, this Agreement or the limited partnership or operating agreement of any BEN Holdings Partnership.

“Exchange Transaction” means an exchange of Units for Common Units or cash pursuant to, and in accordance with, the Exchange Agreement or, if the Issuer and the exchanging Limited Partner shall mutually agree, a Transfer of Units to the Issuer, the Partnership or any of their Subsidiaries for other consideration.

“Excluded Amounts” means amounts allocated pursuant to Section 5.04(c).

“Executive Committee” means the Executive Committee of the Board of Directors or other governing authority of Parent constituted in accordance with the governing documents of Parent or, in the event there is no such Executive Committee, then a committee of the Board of Directors of Parent composed of those members (or the duly appointed successors of those members) who served on the Executive Committee immediately before the Executive Committee ceased to exist.

“Existing Agreement” has the meaning set forth in the recitals of this Agreement.

“Final Tax Amount” has the meaning set forth in Section 4.02(c).

“Fiscal Quarter” means, as applicable, a three-month period commencing on January 1, April 1, July 1 or October 1.

“Fiscal Year” means, unless otherwise determined by the General Partner in its reasonable discretion in accordance with Section 11.12, (a) the period commencing upon the formation of the Partnership and ending on December 31, 2010 or (b) any subsequent twelve-month period commencing on January 1 and ending on December 31.

“FLP Unit Account” means an account having the rights and obligations specified in this Agreement and convertible to Class S Units in accordance with Section 7.04. References to “FLP Unit Accounts” include Subclass 1 and Subclass 2 FLP Unit Accounts. For the avoidance of doubt, FLP Unit Accounts are not Class A Units, Class S Units or Preferred Series Unit Accounts.

“GAAP” means accounting principles generally accepted in the United States of America as in effect from time to time.

“General Partner” means The Beneficient Company Group, L.P., a limited partnership formed under the laws of the State of Delaware, or any additional and/or successor general partner admitted to the Partnership in accordance with the terms of this Agreement, acting in its capacity as a general partner of the Partnership.

“Hypothetical Class S Preferred Opening Capital Account Balance” means the balance of the Sub-Capital Account associated with a holder’s Class S Preferred Units as of the first day of a particular Fiscal Quarter, calculated on a compounded basis as if such Class S Preferred Units had been increased by an amount equal to the Quarterly Class S Preferred Return for all previous Fiscal Quarters, after making appropriate adjustments for any redemptions, conversions and distributions and excluding any allocations of Profit or Loss; provided, however, that in the event that any Class S Preferred Unit is to be converted or redeemed on a date that is not the first day of a Fiscal Quarter, then such applicable Hypothetical Class S Preferred Opening Capital Account Balance shall be determined as of such date, taking into account the proportionate Quarterly Class S Preferred Return for such period.

“Hypothetical Preferred Opening Capital Account Balance” means the balance of the Sub-Capital Account associated with a holder’s Preferred Series Unit Account as of the first day of a particular Fiscal Year or Fiscal Quarter, as applicable, calculated on a compounded basis as if such Preferred Series Unit Account had been increased by an amount equal to: (a) in the case of Preferred Series B Unit Accounts, the Annual Preferred Series B Return for all previous Fiscal Years, after making appropriate adjustments for any redemptions, conversions and distributions and excluding any allocations of Profit or Loss; (b) in the case of each of the Preferred Series A Unit Accounts, the applicable Quarterly Preferred Series A Return for all previous Fiscal Quarters, in each case after making appropriate adjustments for any redemptions, conversions and distributions and excluding any allocations of Profit or Loss; and (c) in the case of each of the Preferred Series C Unit Accounts, the applicable Quarterly Preferred Series C Return for all previous Fiscal Quarters, in each case after making appropriate adjustments for any redemptions, conversions and distributions and excluding any allocations of Profit or Loss;

provided, however, that in the event that any Preferred Series Unit Account is to be converted or redeemed on a date that is not the first day of a Fiscal Year or Fiscal Quarter, as applicable, then the Hypothetical Preferred Opening Capital Account Balance shall be determined as of such date, taking into account the proportionate Annual Preferred Series B Return, Quarterly Preferred Series A Return or Quarterly Preferred Series C Return, as applicable, for such period.

“Incapacity” means, with respect to any Person, the bankruptcy, dissolution, termination, entry of an order of incompetence, or the insanity, permanent disability or death of such Person.

“Indebtedness” means the long-term indebtedness of the Partnership and its Subsidiaries, on a consolidated basis, as set forth on the most recent quarterly or annual financial statements of the Partnership.

“Indemnatee” means (a) the General Partner, (b) the general partner of the General Partner, (c) any member of the general partner of the General Partner, (d) any Departing General Partner, (e) any additional or substitute General Partner, (f) any Person who is or was a tax matters partner, officer or director of the Partnership, the General Partner or any additional or substitute General Partner or of the general partner of the General Partner, (g) any Limited Partner, (h) any officer or director of the General Partner or any additional or substitute General Partner who is or was serving at the request of the General Partner or any additional or substitute General Partner as an officer, director, employee, member, partner, tax matters partner, agent, fiduciary or trustee of another Person; provided that a Person shall not be an Indemnatee by reason of providing, on a fee-for-services basis, trustee, fiduciary or custodial services, (i) any Person the General Partner in its reasonable discretion designates as an “Indemnatee” for purposes of this Agreement (which such designation may be made at any time, including after any liability arises) and (j) any heir, executor or administrator with respect to Persons named in clauses (a) through (i).

“Inflation Adjustment Amount” means for a given holder of Units, as of any determination date, the percentage change, if positive, to the CPI-U from (a) the date of the last allocation of Profits to such holder to (b) such determination date.

“Initial Public Listing” means any transaction, event or agreement, including without limitation the effectiveness of the initial registration of the Common Units, (a) resulting in the listing of the Common Units (or any securities into which the Common Units may be exchanged in a business combination or other transaction or series of related transactions) on a national securities exchange or quotation in an automated quotation system or (b) pursuant to which the Common Units, whether automatically or by election of the holder thereof, the Partnership or any other Person, are convertible or exchangeable into equity securities listed on a national securities exchange or quotation in an automated quotation system.

“Issuer” means The Beneficient Company Group, L.P., a limited partnership formed under the laws of the State of Delaware, or any successor thereto.

“Issuer General Partner” means Beneficient Management L.L.C., a limited liability company formed under the laws of the State of Delaware and the general partner of the Issuer, or any successor general partner of the Issuer.

“Issuer Partnership Agreement” means the Amended and Restated Agreement of Limited Partnership of the Issuer, as such agreement of limited partnership may be amended, supplemented or restated from time to time.

“Law” means any statute, law, ordinance, regulation, rule, code, executive order, injunction, judgment, decree or other order issued or promulgated by any national, supranational, state, federal, provincial, local or municipal government or any administrative or regulatory body with authority therefrom with jurisdiction over the Partnership or any Partner, as the case may be.

“Limited Partner” means each of the Persons from time to time listed as a limited partner in the books and records of the Partnership, and, for purposes of Section 8.01, Section 8.02, and Section 8.03, acting in their capacity as a limited partner of the Partnership.

“Liquidating Proceeds” has the meaning set forth in Section 9.03(b).

“Liquidation Agent” has the meaning set forth in Section 9.03.

“Minimum Retained Earnings” means, at any time of measurement, an amount equal to (a) the sum of the Hypothetical Preferred Opening Capital Account Balances for all Preferred Series Unit Accounts, plus (b) the sum of the Hypothetical Class S Preferred Opening Capital Account Balances for all then issued and outstanding Class S Preferred Units, plus (c) the sum of all capital contributions made by Class A Units, and plus (d) the aggregate amount of any Carrying Value adjustments related to such Classes of Units pursuant to Section 5.04(d) and Section 5.04(e).

“NAV” means the net asset value (calculated by the Partnership in accordance with its customary procedures) of the Partnership’s Alternative Asset Financing Portfolio plus, without duplication, all cash held or controlled by the Partnership or its Affiliates (as of the date of determination).

“Net Financing Revenue” means the net profits or losses from any activities of the Partnership earned directly, or indirectly, as a result of activities that are treated as lending for purposes of GAAP, other than any such profits or losses earned or incurred by a Subsidiary that is taxable as a corporation for US federal income tax purposes.

“Net Taxable Income” has the meaning set forth in Section 4.02(a).

“Noncompensatory Option” has the meaning set forth in Treasury Regulations Section 1.721-2(f).

“Nonrecourse Deductions” has the meaning set forth in Treasury Regulations Section 1.704-2(b). The amount of Nonrecourse Deductions of the Partnership for a Fiscal Year equals the net increase, if any, in the amount of Partnership Minimum Gain of the Partnership during that Fiscal Year, determined according to the provisions of Treasury Regulations Section 1.704-2(c).

“Officer” means each Person designated in writing as an officer of the Partnership by the General Partner pursuant to and in accordance with the provisions of Section 3.04, subject to any resolutions of the General Partner appointing such Person as an officer of the Partnership or relating to such appointment.

“Option Agreement” has the meaning set forth in Section 7.08(f)

“Parent” means Beneficient Management, L.L.C., a Delaware limited liability company and general partner of the Issuer.

“Parent LLC Agreement” means the Amended and Restated Limited Liability Company Agreement of Parent, as it may be amended or amended and restated from time to time.

“Partner Nonrecourse Debt Minimum Gain” means an amount with respect to each partner nonrecourse debt (as defined in Treasury Regulations Section 1.704-2(b)(4)) equal to the Partnership Minimum Gain that would result if such partner nonrecourse debt were treated as a nonrecourse liability (as defined in Treasury Regulations Section 1.752-1(a)(2)) determined in accordance with Treasury Regulations Section 1.704-2(i)(3).

“Partner Nonrecourse Deductions” has the meaning ascribed to the term “partner nonrecourse deductions” set forth in Treasury Regulations Section 1.704-2(i)(2).

“Partners” means, at any time, each person listed as a Partner (including the General Partner) on the books and records of the Partnership, in each case for so long as he, she or it remains a partner of the Partnership as provided hereunder.

“Partnership” has the meaning set forth in the preamble of this Agreement.

“Partnership Minimum Gain” has the meaning set forth in Treasury Regulations Sections 1.704-2(b)(2) and 1.704-2(d).

“Partnership Register” has the meaning set forth in Section 2.08.

“Partnership Sale” means, unless otherwise determined by the General Partner in its reasonable discretion, the sale, exchange, or other disposition, or sale of control, in one or more related transactions (transactions occurring within any 36 month period shall be deemed to be related unless determined otherwise by the General Partner in its reasonable discretion), of or over, (a) the Partnership, (b) 40% or more of the Partnership’s total assets (by value), or (c) assets of any direct or indirect Subsidiary of the Partnership provided that such sale(s), exchange(s), or other disposition(s) represents more than 40% of the Partnership’s total assets (by value).

“PEN Disposition” has the meaning set forth in Section 3.06(c).

“PEN Entities” has the meaning set forth in Section 3.06(c).

“PEN Holdings Partnerships” means, collectively, PEN Company Holdings, L.P., once formed, and any future partnership designated by the General Partner in its reasonable discretion as a PEN Holdings Partnership for purposes of this Agreement.

“PEN Issuer General Partner” means The PEN Indemnity Insurance Company, L.P., a Bermuda exempted limited partnership, and its successors and permitted assigns that are admitted to a PEN Holdings Partnership as general partner, each in its capacity as a general partner of a PEN Holdings Partnership (except as the context otherwise requires).

“PEN Subsidiary LTD” means The PEN Indemnity Insurance Company, L.P., its direct or indirect Subsidiaries, and any current or future direct or indirect Subsidiaries of the Partnership designated as such by the General Partner in its reasonable discretion.

“PEN Successor Entity” has the meaning set forth in Section 3.06(c).

“Person” means any individual, estate, corporation, partnership, limited partnership, limited liability company, limited company, joint venture, trust, unincorporated or governmental organization or any agency or political subdivision thereof.

“Pledge Default” has the meaning set forth in Section 3.08.

“Preemptive Holder” has the meaning set forth in Section 7.11(a).

“Preemptive Investor Portion” means, with respect to any Preemptive Holder, that proportion that the Class S Ordinary Units then held by such Preemptive Holder (including all Class S Ordinary Units then issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of any other Equity Securities then held by such Preemptive Holder) bears to the total Class S Ordinary Units of the Partnership then outstanding (assuming full conversion and/or exercise, as applicable, of all other Equity Securities then outstanding).

“Preemptive Rights Notice” has the meaning set forth in Section 7.11(b).

“Preferred Series A Subclass 0 Unit Accounts” has the meaning set forth in Section 7.01(a).

“Preferred Series A Subclass 1 Unit Accounts” has the meaning set forth in Section 7.01(a).

“Preferred Series A Subclass 2 Unit Accounts” has the meaning set forth in Section 7.01(a).

“Preferred Series A Subclass 3 Unit Accounts” has the meaning set forth in Section 7.01(a).

“Preferred Series A Subclass 1/3 Unit Conversion Amount” has the meaning set forth in Section 7.08(b).

“Preferred Series A Subclass 2/Series B Unit Conversion Amount” has the meaning set forth in Section 7.08(c).

“Preferred Series A Subclass 0 Unit Conversion Amount” has the meaning set forth in Section 7.08(a).

“Preferred Series A Subclass 0 Unit Conversion Price” means, either (x) prior to the Initial Public Listing, the per Common Unit fair market value as determined by the General Partner and (y) following the Initial Public Listing, the lesser of (i) \$10.00 and (ii) if the Common Units are listed on a national securities exchange, the volume-weighted average closing price of a Common Unit as reported on the exchange on which the Common Units are traded for the twenty (20) days immediately prior to the applicable Quarterly Exchange Date, or if the Common Units are not listed on a national securities exchange, then the volume-weighted average closing price of a security traded on a national securities exchange or quoted in an automated quotation system into which the Common Units are convertible or exchangeable for the twenty (20) days immediately prior to the applicable Quarterly Exchange Date.

“Preferred Series A Subclass 1/2/3 Unit Conversion Price” means either (x) prior to the Initial Public Listing, the per Common Unit fair market value as determined by the General Partner and (y) following the Initial Public Listing, if the Common Units are listed on a national securities exchange, the average closing price of a Common Unit as reported on the exchange on which the Common Units are traded for the thirty (30) day period ended immediately prior to the applicable Quarterly Exchange Date, or if the Common Units are not listed on a national securities exchange, then the average closing price of a security traded on a national securities exchange or quoted in an automated quotation system into which the Common Units are convertible or exchangeable for the thirty (30) day period ended immediately prior to the applicable Quarterly Exchange Date.

“Preferred Series A Unit Accounts” means the (a) Preferred Series A Subclass 0 Unit Accounts, (b) Preferred Series A Subclass 1 Unit Accounts, (c) Preferred Series A Subclass 2 Unit Accounts, and (d) Preferred Series A Subclass 3 Unit Accounts.

“Preferred Series B Unit Accounts” has the meaning set forth in Section 7.01(a).

“Preferred Series B Unit Conversion Price” means, subject to Section 7.13, an amount equal to the per Common Unit fair market value determined by the Executive Committee as at the time of such notice of election to convert, which amount shall also apply with respect to any conversion of the applicable Preferred Series B Unit Accounts prior to the Initial Public Listing in connection with a Partnership Sale, distribution of Liquidating Proceeds pursuant to Section 9.03.

“Preferred Series C Subclass 0 Unit Accounts” has the meaning set forth in Section 7.01(a).

“Preferred Series C Subclass 1 Unit Accounts” has the meaning set forth in Section 7.01(a).

“Preferred Series C Unit Accounts” has the meaning set forth in Section 7.01(a).

“Preferred Series Unit Account” means an account representing an interest in the Partnership designated as a “Preferred Series Unit Account” herein and having the rights pertaining thereto as are set forth in this Agreement. For the avoidance of doubt, Preferred Series Unit Accounts are not Class A Units, Class S Units, or FLP Unit Accounts. Preferred Series Unit Accounts shall include Preferred Series A Subclass 0 Unit Accounts, Preferred Series A Subclass 1 Unit Accounts, Preferred Series A Subclass 2 Unit Accounts, Preferred Series A Subclass 3 Unit Accounts, Preferred Series B Unit Accounts and Preferred Series C Unit Accounts.

“Previous Agreement” has the meaning set forth in the recitals of this Agreement.

“Primary Indemnification” has the meaning set forth in Section 10.02(a).

“Pro Rata” means (a) when used with respect to each category of Units, or any class, accounts or series thereof, apportioned equally among all designated Units (or categories, classes or series thereof) or in accordance with Sub-Capital Account balances with respect to the Preferred Series Unit Accounts and FLP Unit Accounts, and, to the extent applicable, the General Partner interest, in accordance with their relative Total Percentage Interests and (b) when used with respect to Partners, apportioned among all Partners in accordance with their relative Total Percentage Interests. For the avoidance of doubt, Pro Rata apportionments under this Agreement are made without conversion of any outstanding Class S Preferred Units into Class S Ordinary Units.

“Profits” and “Losses” means, for each Fiscal Year or other period, the taxable income or loss of the Partnership, or particular items thereof (including, for the avoidance of doubt, with respect to the sale or other disposition of any Subsidiary of the Partnership or of assets used in the operation of the Partnership), determined in accordance with the accounting method used by the Partnership for U.S. federal income tax purposes with the following adjustments: (a) all items of income, gain, loss or deduction allocated pursuant to Section 5.05 shall not be taken into account in computing such taxable income or loss; (b) any income of the Partnership that is exempt from U.S. federal income taxation and not otherwise taken into account in computing Profits and Losses shall be added to such taxable income or loss; (c) if the Carrying Value of any asset differs from its adjusted tax basis for U.S. federal income tax purposes, any gain or loss resulting from a disposition of such asset shall be calculated with reference to such Carrying Value; (d) if the Carrying Value of any asset differs from its adjusted tax basis for U.S. federal income tax purposes, the amount of depreciation, amortization or cost recovery deductions with respect to such asset for purposes of determining Profits and Losses, if any, shall be an amount which bears the same ratio to such Carrying Value as the U.S. federal income tax depreciation, amortization or other cost recovery deductions bears to such adjusted tax basis (provided that if the U.S. federal income tax depreciation, amortization or other cost recovery deduction is zero, the General Partner may use any reasonable method for purposes of determining depreciation, amortization or other cost recovery deductions in calculating Profits and Losses); and (e) except for items in (a) above, any expenditures of the Partnership not deductible in computing taxable income or loss, not properly capitalizable and not otherwise taken into account in computing Profits and Losses pursuant to this definition shall be treated as deductible items.

“Profit Margin” means the quotient of (i) the GAAP earnings before income, taxes, interest, depreciation and amortization of the Partnership, excluding any amounts included in Subsidiary Core Profit or earned by a Subsidiary that is taxable as a corporation for US federal income tax purposes, divided by (ii) the total GAAP revenue of the Partnership, excluding any amounts included in Subsidiary Core Profit or earned by a Subsidiary that is taxable as a corporation for US federal income tax purposes.

“Quarterly Class S Preferred Rate” means a fraction the numerator of which is (a) the sum of the Inflation Adjustment Amount, plus 0.75%, and the denominator of which is (b) 1 minus the Assumed Tax Rate based on the Partnership’s most recently filed IRS form 1065; provided, however, that if, based on the Annualized Revenues for the then applicable period, a Quarterly Rate Cap applies, such Quarterly Class S Preferred Rate for such period shall not exceed such Quarterly Rate Cap.

“Quarterly Class S Preferred Return” means for any given Fiscal Quarter (or portion thereof, for which a pro-rated Quarterly Class S Preferred Return shall apply), the amount equal to a Class S Preferred Unit holder’s Hypothetical Class S Preferred Opening Capital Account Balance multiplied by the Quarterly Class S Preferred Rate.

“Quarterly Exchange Date” means, for each Fiscal Quarter, (a) prior to the Initial Public Listing, the last day of such Fiscal Quarter and (b) following the Initial Public Listing, the date that is the later to occur of either: (i) the third business day after the date of an earnings release for the prior Fiscal Quarter; or (ii) the first day following the earnings release for the prior Fiscal Quarter that directors and executive officers of the Issuer or the Issuer General Partner are permitted to trade under the applicable policies of the Issuer and Issuer General Partner relating to trading by directors and executive officers.

“Quarterly Preferred Series A Rate” means a fraction the numerator of which is (a) the sum of the Inflation Adjustment Amount, plus the Base Rate, and the denominator of which is (b) 1 minus the Assumed Tax Rate based on the Partnership’s most recently filed IRS form 1065; provided, however, that if, based on the Annualized Revenues for the then applicable period, a Quarterly Rate Cap applies, such Quarterly Preferred Series A Rate for such period shall not exceed such Quarterly Rate Cap.

“Quarterly Preferred Series A Return” means (a) with respect to Preferred Series A Subclass 0 Unit Accounts, means for any given Fiscal Quarter (or portion thereof, for which a pro-rated Quarterly Preferred Series A Return shall apply), the product of (i) the amount equal to such Preferred Series A Subclass 0 Unit Account holder’s Hypothetical Preferred Opening Capital Account Balance multiplied by (ii) the Quarterly Preferred Series A Rate; (b) with respect to Preferred Series A Subclass 1 Unit Accounts, means for any given Fiscal Quarter (or portion thereof, for which a pro- rated Quarterly Preferred Series A Return shall apply), the product of (i) the sum of (A) the amount equal to such Preferred Series A Subclass 1 Unit Account holder’s Hypothetical Preferred Opening Capital Account Balance plus (B) the amount equal to such Preferred Series A Subclass 2 Unit Account holder’s Total Preferred Series A Return multiplied by (ii) the Quarterly Preferred Series A Rate, except that the Quarterly Preferred Series A Return attributable to such Preferred Series A Subclass 1 Unit Accounts shall be reduced by the Quarterly Preferred Series A Return attributable to the Preferred Series A

Subclass 2 Unit Accounts pursuant to subclause (c) below; (c) with respect to Preferred Series A Subclass 2 Unit Accounts, means for any given Fiscal Quarter (or portion thereof, for which a pro-rated Quarterly Preferred Series A Return shall apply), the amount equal to such Preferred Series A Subclass 2 Unit Account holder's Hypothetical Preferred Opening Capital Account Balance multiplied by the Quarterly Preferred Series A Rate; and (d) with respect to Preferred Series A Subclass 3 Unit Accounts, means for any given Fiscal Quarter (or portion thereof, for which a pro-rated Quarterly Preferred Series A Return shall apply), the amount equal to a Preferred Series A Subclass 3 Unit Account holder's Hypothetical Preferred Opening Capital Account Balance multiplied by the Quarterly Preferred Series A Rate.

"Quarterly Preferred Series C Rate" means a fraction the numerator of which is (a) the sum of the Inflation Adjustment Amount, plus the Base Rate, and the denominator of which is (b) 1 minus the Assumed Tax Rate based on the Partnership's most recently filed IRS form 1065; provided, however, that if, based on the Annualized Revenues for the then applicable period, a Quarterly Rate Cap applies, such Quarterly Preferred Series C Rate for such period shall not exceed such Quarterly Rate Cap.

"Quarterly Preferred Series C Return" (a) with respect to Preferred Series C Subclass 0 Unit Accounts, means for any given Fiscal Quarter (or portion thereof, for which a pro-rated Quarterly Preferred Series C Return shall apply), the product of (i) the amount equal to such Preferred Series C Unit Account holder's Hypothetical Preferred Opening Capital Account Balance multiplied by (ii) the Quarterly Preferred Series C Rate, multiplied by (iii) 80%, and (b) with respect to Preferred Series C Subclass 1 Unit Accounts, means for any given Fiscal Quarter (or portion thereof, for which a pro-rated Quarterly Preferred Series C Return shall apply), the product of (i) the amount equal to such Preferred Series C Unit Account holder's Hypothetical Preferred Opening Capital Account Balance multiplied by (ii) the Quarterly Preferred Series C Rate.

"Quarterly Rate Cap" means, for any period, the value listed in the column titled "Quarterly Rate Cap" that corresponds to the then applicable Annualized Revenue, in each case as set forth on Schedule A.

"Redemption Event" means, with respect to the issuance of any Units, the failure: (a) to file a Registration Statement relating to the Initial Public Listing by August 10, 2021; or (b) of the Initial Public Listing to occur by December 10, 2021; provided that the General Partner may extend the time periods in clause (a) and (b) for up to 90 days in the event of a force majeure or a determination made in good faith that the satisfaction of clause (a) or (b) is reasonably imminent.

"Registration Statement" means the Registration Statement of the Issuer on Form S-1, Form 10 or such other form as may be filed (and amended or supplemented from time to time) by the Issuer with the U.S. Securities and Exchange Commission under the Securities Act and/or Exchange Act to register the Common Units under the Securities Act and/or Exchange Act.

"Revised Partnership Audit Procedures" means the provisions of Subchapter C of Subtitle A, Chapter 63 of the Code, as amended by P.L. 114-74, the Bipartisan Budget Act of

2015 (together with any subsequent amendments thereto, Treasury Regulations promulgated thereunder, and published administrative interpretations thereof).

“Sales Proceeds” has the meaning set forth in Section 4.06.

“Securities Act” means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“September Amendment” means the amendment to the Previous Agreement, dated as of September 1, 2017, as such amendment may be amended from time to time in accordance with its terms.

“Similar Law” means any law or regulation that could cause the underlying assets of the Partnership to be treated as assets of a Limited Partner by virtue of its limited partner interest in the Partnership and thereby subject the Partnership and the General Partner (or other persons responsible for the investment and operation of the Partnership’s assets) to laws or regulations that are similar to the fiduciary responsibility or prohibited transaction provisions contained in Title I of ERISA or Section 4975 of the Code.

“Sub-Capital Account” means a separate sub-account maintained with respect to a Partner’s Capital Account in accordance with Section 5.02.

“Subclass 1 Class A Units” has the meaning set forth in Section 7.01(a).

“Subclass 2 Class A Units” has the meaning set forth in Section 7.01(a).

“Subclass 1 FLP Unit Accounts” has the meaning set forth in Section 7.01(a). The initial holder of the Subclass 1 FLP Unit Accounts will be Beneficient Holdings, Inc.

“Subclass 2 FLP Unit Accounts” has the meaning set forth in Section 7.01(a). The initial holder of the Subclass 2 FLP Unit Accounts will be Beneficient Management Partners, L.P.

“Subsidiary” means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Subsidiary of such Person, at the date of determination, (i) is a general partner of such partnership, (ii) owns more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the partnership as a single class), directly or indirectly, or (iii) otherwise controls such partnership, directly or indirectly, (c) any other Person (other than a corporation or a partnership) in which such Person, one or more Subsidiaries of such Person, or a combination thereof, directly or indirectly, at the date of determination, (i) has at least a majority ownership interest, (ii) has the power to elect or direct the election of a majority of the directors or other governing body of such Person, or (iii) otherwise controls such Person or (d) any other Person the financial information of which is consolidated by such Person for financial reporting purposes under GAAP.

“Subsidiary Core Profit” means, for any Fiscal Quarter, the net financing revenues earned by the Partnership or any Subsidiary including, but not limited to, such revenues attributable to the Partnership’s interest in Beneficient Capital Company, L.L.C. (and any successor thereto, including Beneficient Trust Company, LTA) (whether or not distributed) for that Fiscal Quarter, which net financing revenue shall not include any reorganization expenses, incentive plan expenses and payments, incentive equity payments and other extraordinary items (including, but not limited to, fixed asset or intellectual property disposals) not attributable to any such BTC Subsidiary Corporation’s core business, provided that, this definition of Subsidiary Core Profit shall be amended to take into account any additional direct or indirect Subsidiaries of the Partnership consistent with this definition of Subsidiary Core Profit as determined by the General Partner in its reasonable discretion, provided that, this definition of Subsidiary Core Profit shall not include the net financing revenues attributable to the fund interests set out on Exhibit A attached hereto.

“Substitute GP” has the meaning set forth in Section 9.02.

“Tax Advances” has the meaning set forth in Section 5.07.

“Tax Amount” has the meaning set forth in Section 4.02(a).

“Tax Distributions” has the meaning set forth in Section 4.02(a)(ii).

“Tax Matters Partner” has the meaning set forth in Section 5.08(a).

“Total Class S Preferred Return” means the amount calculated by summing a Class S Preferred Unit holder’s Quarterly Class S Preferred Returns for each Fiscal Quarter.

“Total Percentage Interest” means, with respect to any Partner, the quotient obtained by dividing the number of Units, or any class thereof, then owned by such Partner by the number of Units, or any class thereof, then owned by all Partners. For the avoidance of doubt, Total Percentage Interest is computed without conversion of any outstanding Class S Preferred Units into Class S Ordinary Units.

“Total Preferred Series A Return” means the amount calculated by summing a Preferred Series A Unit Account holder’s Quarterly Preferred Series A Return for each Fiscal Quarter.

“Total Preferred Series C Return” means the amount calculated by summing a Preferred Series C Unit Account holder’s Quarterly Preferred Series C Returns for each Fiscal Quarter.

“Trading Price” means, as of any date, the closing price on such date of one Common Unit, as reported on the New York Stock Exchange or, if the Common Units are not traded on the New York Stock Exchange, the primary exchange on which the Common Units are traded.

“Transfer” means, in respect of any Unit, property or other asset, any sale, assignment, transfer, distribution, exchange, mortgage, pledge, hypothecation or other

disposition thereof, whether voluntarily or by operation of Law, directly or indirectly, in whole or in part, including, without limitation, the exchange of any Unit for any other security.

“Transferee” means any Person that is a permitted transferee of a Partner’s interest in the Partnership, or part thereof.

“Treasury Regulations” means the income tax regulations, including temporary regulations, promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“Triggering Event” has the meaning set forth in Section 9.02.

“UBTI” means unrelated business taxable income or unrelated business debt financed income as defined in Sections 512 and 514 of the Code.

“Unit Price” means (a) at any time prior to the Initial Public Listing, (i) the sum of the Capital Account balances of the outstanding Class A Units and Class S Units as of the date of computation divided by (ii) the aggregate number of outstanding Class A Units and Class S Units, without conversion of the Class S Preferred Units, as of the date of computation; and (b) at all times after the Initial Public Listing, the Trading Price.

“Units” means the Class A Units, the Class S Units, the FLP Unit Accounts, the Preferred Series Unit Accounts and any other Class of Units that is established in accordance with this Agreement, which shall constitute interests in the Partnership as provided in this Agreement and under the Act, entitling the holders thereof to the relative rights, title and interests in the profits, losses, deductions and credits of the Partnership at any particular time as set forth in this Agreement, and any and all other benefits to which a holder thereof may be entitled as a Partner as provided in this Agreement, together with the obligations of such Partner to comply with all terms and provisions of this Agreement.

“UPA” means the Preferred Series C Unit Purchase Agreement (this “Agreement”), effective as of July 15, 2020 entered into by and among GWG Holdings, Inc., a Delaware corporation, The Beneficient Company Group, L.P., a Delaware limited partnership, and Beneficient Company Holdings, L.P., a Delaware limited partnership.

Article II.

FORMATION, TERM, PURPOSE AND POWERS

Section II.01. Formation. The Partnership was formed as a limited partnership under the provisions of the Act by the filing on May 14, 2010 of the Certificate. If requested by the General Partner, the Limited Partners shall promptly execute all certificates and other documents consistent with the terms of this Agreement necessary for the General Partner to accomplish all filing, recording, publishing and other acts as may be appropriate to comply with all requirements for (a) the formation and operation of a limited partnership under the laws of the State of Delaware, (b) if the General Partner deems it advisable, the operation of the Partnership as a limited partnership, or partnership in which the Limited Partners have limited liability, in all jurisdictions where the Partnership proposes to operate and (c) all other filings required to be

made by the Partnership. The rights, powers, duties, obligations and liabilities of the Partners shall be determined pursuant to the Act and this Agreement. To the extent that the rights, powers, duties, obligations and liabilities of any Partner are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement shall, to the extent permitted by the Act, control. The execution and filing of the Certificate and each amendment thereto is hereby ratified, approved and confirmed by the Partners.

Section II.02. Name. The name of the Partnership shall be, and the business of the Partnership shall be conducted under the name of, “Beneficient Company Holdings, L.P.,” and all Partnership business shall be conducted in that name or in such other names that comply with applicable law as the General Partner in its reasonable discretion may select from time to time. Subject to the Act, the General Partner may change the name of the Partnership (and amend this Agreement to reflect such change) at any time and from time to time without the consent of any other Person. Prompt notification of any such change shall be given to all Partners.

Section II.03. Term. The term of the Partnership commenced on the date of the filing of the Certificate, and the term shall continue until the dissolution of the Partnership in accordance with Article IX. The existence of the Partnership shall continue until cancellation of the Certificate in the manner required by the Act.

Section II.04. Offices. The Partnership may have offices at such places either within or outside the State of Delaware as the General Partner from time to time may select. As of the date hereof, the principal place of business and office of the Partnership is located at 325 N. St. Paul Street, Suite 4850, Dallas, Texas 75201.

Section II.05. Agent for Service of Process; Existence and Good Standing; Foreign Qualification.

(a) The Partnership’s registered agent and registered office for service of process in the State of Delaware shall be as set forth in the Certificate, as the same may be amended by the General Partner from time to time.

(b) The General Partner may take all action which may be necessary or appropriate (i) for the continuation of the Partnership’s valid existence as a limited partnership under the laws of the State of Delaware (and of each other jurisdiction in which such existence is necessary to enable the Partnership to conduct the business in which it is engaged) and (ii) for the maintenance, preservation and operation of the business of the Partnership in accordance with the provisions of this Agreement and applicable laws and regulations. The General Partner may file or cause to be filed for recordation in the proper office or offices in each other jurisdiction in which the Partnership is formed or qualified, such certificates (including certificates of limited partnership and fictitious name certificates) and other documents as are required by the applicable statutes, rules or regulations of any such jurisdiction or as are required to reflect the identity of the Partners. The General Partner may cause the Partnership to comply, to the extent procedures are available and those matters are reasonably within the control of the Officers, with all requirements necessary to qualify the Partnership to do business in any jurisdiction other than the State of Delaware.

Section II.06. Business Purpose. The Partnership was formed for the object and purpose of, and the nature and character of the business to be conducted by the Partnership is, engaging in any lawful act or activity for which limited partnerships may be formed under the Act.

Section II.07. Powers of the Partnership. Subject to the limitations set forth in this Agreement, the Partnership will possess and may exercise all of the powers and privileges granted to it by the Act including, without limitation, the ownership and operation of the assets and other property contributed to the Partnership by the Partners, by any other Law or this Agreement, together with all powers incidental thereto, so far as such powers are necessary or convenient to the conduct, promotion or attainment of the purpose of the Partnership set forth in Section 2.06.

Section II.08. Partners; Admission of New Partners. Each of the Persons listed in the books and records of the Partnership as a partner of the Partnership on the date hereof, by virtue of the execution of this Agreement, is admitted as a partner (general or limited, as applicable and noted in the books and records) of the Partnership. A list of the Partners of the Partnership reflecting their respective Capital Account balances (including Hypothetical Preferred Opening Capital Account Balances) as determined in accordance with this Agreement as of the date hereof is set forth in the books and records of the Partnership (the "Partnership Register"). The rights, duties and liabilities of the Partners shall be as provided in the Act, except as is otherwise expressly provided herein, and the Partners consent to the variation of such rights, duties and liabilities as provided herein. Subject to Section 8.07 with respect to substitute Limited Partners, a Person may be admitted from time to time as a new Limited Partner upon the issuance of Units in accordance with this Agreement. Each new Limited Partner shall execute and deliver to the General Partner an appropriate supplement, substantially in the form attached hereto as Annex A, to this Agreement pursuant to which the new Limited Partner agrees to be bound by the terms and conditions of the Agreement, as it may be amended from time to time. A new General Partner or substitute General Partner may be admitted to the Partnership solely in accordance with Section 8.06 or Section 9.02(e). The General Partner shall amend the books and records of the Partnership, including the Partnership Register of the Partnership, to reflect any changes to the current Partners or Transfers made subsequent to this Agreement, in each case in accordance with this Agreement.

Section II.09. Withdrawal. No Partner shall have the right to withdraw as a Partner of the Partnership other than following the Transfer of all Units owned by such Partner in accordance with Article VIII or conversion of all their Units pursuant to an Exchange Transaction in accordance with this Agreement.

Section II.10. Investment Representations of Partners. Each Partner hereby represents, warrants and acknowledges to the Partnership that: (a) such Partner has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in the Partnership and is making an informed investment decision with respect thereto; (b) such Partner is acquiring interests in the Partnership for investment only and not with a view to, or for resale in connection with, any distribution to the public or public offering thereof; and (c) the execution, delivery and performance of this Agreement have been duly authorized by such Partner.

Article III.

MANAGEMENT

Section III.01. General Partner.

(a) The business, property and affairs of the Partnership shall be managed under the sole, absolute and exclusive direction of the General Partner, which may from time to time delegate authority to Officers or to others to act on behalf of the Partnership.

(b) Without limiting the foregoing provisions of this Section 3.01, the General Partner shall have the general power to manage or cause the management of the Partnership (which may be delegated to Officers of the Partnership), including, without limitation, the following powers:

- (i) to execute and deliver or to authorize the execution and delivery of contracts, deeds, leases, licenses, instruments of transfer and other documents on behalf of the Partnership;
- (ii) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, Indebtedness and other liabilities, the issuance of evidences of indebtedness and the incurring of any other obligations;
- (iii) to establish and enforce limits of authority and internal controls with respect to all personnel and functions;
- (iv) to engage attorneys, consultants and accountants for the Partnership;
- (v) to develop or cause to be developed accounting procedures for the maintenance of the Partnership's books of account; and
- (vi) to do all such other acts as shall be authorized in this Agreement or by the Partners in writing from time to time.

Section III.02. Compensation. The General Partner shall not be entitled to any compensation for services rendered to the Partnership in its capacity as General Partner.

Section III.03. Expenses. The Partnership shall pay, or cause to be paid, all costs, fees, operating expenses and other expenses of the Partnership (including the costs, fees and expenses of attorneys, accountants or other professionals) incurred in pursuing and conducting, or otherwise related to, the activities of the Partnership. The Partnership shall also, in the reasonable discretion of the General Partner, bear and/or reimburse the General Partner for (a) any costs, fees or expenses incurred by the General Partner in connection with serving as the General Partner, (b) all other expenses allocable to the Partnership or otherwise incurred by the General Partner in connection with operating the Partnership's business (including expenses allocated to the General Partner by its Affiliates) and (c) all costs, fees or expenses owed directly or indirectly by the Partnership or the General Partner to the Issuer General Partner pursuant to their

reimbursement obligations under, or which are otherwise allocated to the General Partner pursuant to, the Issuer Partnership Agreement. To the extent that the General Partner determines in its reasonable discretion that such expenses are related to the business and affairs of the General Partner that are conducted through the Partnership and/or its Subsidiaries (including expenses that relate to the business and affairs of the Partnership and/or its Subsidiaries and that also relate to other activities of the General Partner), the General Partner may cause the Partnership to pay or bear all expenses of the General Partner, including, without limitation, compensation and meeting costs of any board of directors or similar body of the General Partner, any salary, bonus, incentive compensation and other amounts paid to any Person including Affiliates of the General Partner to perform services for the Partnership, litigation costs and damages arising from litigation, accounting and legal costs and franchise taxes, provided that the Partnership shall not pay or bear any income tax obligations of the General Partner. Reimbursements pursuant to this Section 3.03 shall be in addition to any reimbursement to the General Partner as a result of indemnification pursuant to Section 10.02.

Section III.04. Officers. Subject to the direction and oversight of the General Partner, the day-to-day administration of the business of the Partnership may be carried out by persons who may be designated in writing as Officers by the General Partner, with titles including but not limited to “assistant secretary,” “assistant treasurer,” “chairman,” “chief executive officer,” “chief financial officer,” “chief operating officer,” “chief risk officer,” “director,” “general counsel,” “general manager,” “managing director,” “president,” “principal accounting officer,” “secretary,” “senior chairman,” “senior managing director,” “treasurer,” “vice chairman” or “vice president,” and as and to the extent authorized by the General Partner. The Officers of the Partnership shall have such titles and powers and perform such duties as shall be determined from time to time by the General Partner and otherwise as shall customarily pertain to such offices. Any number of offices may be held by the same person. In its reasonable discretion, the General Partner may choose not to fill any office for any period as it may deem advisable. All Officers and other persons providing services to or for the benefit of the Partnership shall be subject to the supervision and direction of the General Partner and may be removed, with or without cause, from such office by the General Partner and the authority, duties or responsibilities of any employee, agent or officer of the Partnership may be suspended by the General Partner from time to time, in each case in the reasonable discretion of the General Partner. The General Partner shall not cease to be a general partner of the Partnership as a result of the delegation of any duties hereunder. No Officer of the Partnership, in its capacity as such, shall be considered a general partner of the Partnership by agreement, as a result of the performance of its duties hereunder or otherwise. Notwithstanding anything set forth herein or in any previous delegation to an Officer of the Partnership, all powers granted to the member of Parent pursuant to the Parent LLC Agreement relating to the Partnership or specifically granted to the General Partner under this Agreement are hereby specifically delegated to and retained by the General Partner in its reasonable discretion and shall not be, and are not, delegated to any Officer. Notwithstanding anything set forth herein or in any previous delegation to an Officer of the Partnership, no Officer may make any decisions for, or bind the Partnership unless such Officer has been specifically delegated such authority in writing by the General Partner.

Section III.05. Additional Subsidiaries; Charities.

(a) Whenever the Partnership makes any determination relating to the formation, creation or other acquisition of (or permitting the formation, creation or acquisition of) any new or additional direct or indirect Subsidiary, such determination on behalf of the Partnership shall be made by the General Partner in its reasonable discretion and shall not be, and is not, delegated to any Officer. Without limitation of the foregoing, except as otherwise determined by the General Partner in its reasonable discretion, upon the formation, creation or acquisition of any new or additional direct or indirect Subsidiary, this Agreement shall be amended consistent with, and the Partnership shall cause the governing documents of such Subsidiary to reflect, the existing economic and other rights of the holders of Units, including the FLP Unit Accounts, in particular, with respect to any Subsidiary not anticipated to produce UBTI, the amendment to the definition of "Subsidiary Core Profit" to reflect such Subsidiary. Without limitation of the foregoing, the Partnership shall cause the governing documents of any new or additional direct or indirect Subsidiary anticipated to produce UBTI to reflect, in connection with any allocation from such Subsidiary (including the allocation of proceeds from the sale, exchange or disposition of such Subsidiary), the provisions governing such allocations set out in the governing documents of the existing BTC Subsidiary Partnerships.

(b) Whenever the Partnership makes any determination relating to the Partnership, the Issuer or any Affiliate or Subsidiary thereof regarding any charitable contributions or any other use or involvement of a charity in the business of the Partnership, the Issuer or any Affiliate or Subsidiary thereof, such determination on behalf of the Partnership shall be made by the General Partner in its reasonable discretion and shall not be, and is not, delegated to any Officer.

Section III.06. Authority of Partners.

(a) No Limited Partner, in its capacity as such, shall participate in or have any control over the business of the Partnership. Except as expressly provided herein, the Units do not confer any rights upon the Limited Partners to participate in the affairs of the Partnership described in this Agreement. Except as expressly provided herein, no Limited Partner shall have any right to vote on any matter involving the Partnership or any other matter that a limited partner might otherwise have the ability to vote on or consent with respect to under the Act, at law, in equity or otherwise. Notwithstanding the foregoing, Limited Partners, voting as a single class, shall have the right to vote on any merger, consolidation, combination or conversion of the Partnership. The conduct, control and management of the Partnership shall be vested exclusively in the General Partner. In all matters relating to or arising out of the conduct of the operation of the Partnership, the decision of the General Partner shall be the decision of the Partnership. Except as required or permitted by Law, or expressly provided in the ultimate sentence of this Section 3.06(a) or by separate agreement with the Partnership, no Partner who is not also a General Partner (and acting in such capacity) shall take any part in the management or control of the operation or business of the Partnership in its capacity as a Partner, nor shall any Partner who is not also a General Partner (and acting in such capacity) have any right, authority or power to act for or on behalf of or bind the Partnership in his or its capacity as a Partner in any respect or assume any obligation or responsibility of the Partnership or of any other Partner. Notwithstanding the foregoing, the Partnership may from time to time appoint one or more Partners as officers or employ one or more Partners as employees, and such Partners, in their capacity as officers or employees of the

Partnership (and not, for clarity, in their capacity as Limited Partners of the Partnership), may take part in the control and management of the business of the Partnership to the extent such authority and power to act for or on behalf of the Partnership has been delegated to them by the General Partner.

(b) Without the written consent of the Limited Partners holding a majority of the FLP Unit Accounts voting as a single class, the Partnership and its Subsidiaries may not directly or indirectly sell, modify any economic rights, dispose of, transfer, or otherwise hypothecate any BTC Subsidiary Partnership interests.

(c) Without the written consent of the Limited Partners holding a majority of the FLP Unit Accounts voting as a single class, the Partnership may not take any action or participate (including by failing to take an action) in any transaction (a “PEN Disposition”) that would cause the Partnership to hold, directly or indirectly, less than 100% of the economic interests in PEN Issuer General Partner or a PEN Subsidiary LTD (“PEN Entities”). [*]

Section III.07. Action by Written Consent or Ratification. Any action or ratification of any action required to be taken by the Partners or any action which may be taken at any meeting of such Partners, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the Partners having not less than the minimum number of votes that would be necessary to authorize or take such action, or ratify such action, at a meeting at which all Partners entitled to vote thereon were present and voted.

Section III.08. Additional General Partner. Notwithstanding any other provision of this Agreement (including Section 8.06 hereof) or the Act, upon the occurrence of an Event of Default pursuant to, and as defined in, the Pledge Agreement (as defined in the Issuer Partnership Agreement) (a “Pledge Default”), the Secured Party (as defined in the Pledge Agreement) (or in the event that Counselors determines that the Secured Party should not serve in such capacity, a nominee selected by Counselors (other than Counselors itself or its members)) shall, without any action of any other Person, be automatically admitted as a general partner of the Partnership (an “Agent GP”) upon the execution by such Agent GP of a counterpart signature page to this Agreement. The Agent GP shall have no interest in the profits, losses and capital of the Partnership and will have no right to receive any distributions of Partnership assets. Upon admission of an Agent GP in accordance with the foregoing: (a) such Agent GP is hereby authorized to, and elects to, carry on the business of the Partnership in accordance with the terms of this Agreement and the Act, and the Partnership shall continue without dissolution; and (b) the Person acting as General Partner at the time of the Pledge Default shall no longer have any power to manage the business, property and affairs of the Partnership or have any general power to manage or cause the management of the Partnership under this Agreement or the Act; and (c) the Agent GP shall have all rights, power and authority as General Partner of the Partnership to manage the business, property and affairs of the Partnership and shall have general power to manage or cause the management of the Partnership in accordance with the terms of this Agreement and the Act.

Article IV.

DISTRIBUTIONS

Section IV.01. Distributions in General. Prior to the Initial Public Listing, except pursuant to Section 4.02, the General Partner shall not authorize any distributions by the Partnership. Following the Initial Public Listing, except pursuant to Section 4.02, the General Partner, in its reasonable discretion, may authorize distributions by the Partnership as follows:

(a) first, to the extent of Available Cash Flow, to the holders of Class A Units and Class S Units, which distributions shall be made Pro Rata to the holders of such Class A Units and Class S Units, provided, that unless otherwise approved by the Executive Committee, in no event will the amount of Available Cash Flow distributed pursuant to this Section 4.01(a) exceed 2% of the aggregate book value of Class A Units and Class S Units (or, if such Equity Securities are listed on a national securities exchange or quoted in an automated quotation system, 2% of the aggregate market value of Class A Units and Class S Units);

(b) second, *pro rata* to the holders of Preferred Series A Subclass 0 Unit Accounts, up to the sum of the unpaid Total Preferred Series A Return applicable to such Preferred Series A Subclass 0 Unit Accounts until the cumulative amount of distributions under this Section 4.01(b) and Tax Distributions under Section 4.02 made to the holders of Preferred Series A Subclass 0 Unit Accounts are equal to the unpaid Total Preferred Series A Return applicable to such Preferred Series A Subclass 0 Unit Accounts;

(c) third, *pro rata* to the holders of Preferred Series C Subclass 0 Unit Accounts, up to the sum of the unpaid Total Preferred Series C Return applicable to such Preferred Series C Subclass 0 Unit Accounts until the cumulative amount of distributions under this Section 4.01(c) and Tax Distributions under Section 4.02 made to the holders of Preferred Series C Subclass 0 Unit Accounts are equal to the unpaid Total Preferred Series C Return applicable to such Preferred Series C Subclass 0 Unit Accounts;

(d) fourth, (i) *pro rata* to the holders of Preferred Series A Subclass 1 Unit Accounts, up to the sum of the unpaid Total Preferred Series A Return applicable to such Preferred Series A Subclass 1 Unit Accounts until the cumulative amount of distributions under this Section 4.01(d)(i) and Tax Distributions under Section 4.02 to the holders of Preferred Series A Subclass 1 Unit Accounts are equal to the unpaid Total Preferred Series A Return applicable to such Preferred Series A Subclass 1 Unit Accounts and (ii) *pro rata* to the holders of Preferred Series A Subclass 3 Unit Accounts, up to the sum of the unpaid Total Preferred Series A Return applicable to such Preferred Series A Subclass 3 Unit Accounts until the cumulative amount of distributions under this Section 4.01(d)(ii) and Tax Distributions under Section 4.02 made to the holders of Preferred Series A Subclass 3 Unit Accounts are equal to the unpaid Total Preferred Series A Return applicable to such Preferred Series A Subclass 3 Unit Account, with respect to each distribution under this Section 4.01(d), *pro rata* between clause (i) and clause (ii) of this Section 4.01(d), based on the relative entitlement to such distribution of the holders of Preferred Series A Subclass 1 Unit Accounts under Section 4.01(d)(i) and the holders of Preferred Series A Subclass 3 Unit Accounts under Section 4.01(d)(ii);

(e) fifth, *pro rata* to the holders of Preferred Series C Subclass 1 Unit Accounts, up to the sum of the unpaid Total Preferred Series C Return applicable to such Preferred Series C Subclass 1 Unit Accounts until the cumulative amount of distributions under this Section 4.01(e) and Tax Distributions under Section 4.02 made to the holders of Preferred Series C Subclass 1 Unit Accounts are equal to the unpaid Total Preferred Series C Return applicable to such Preferred Series C Subclass 1 Unit Accounts;

(f) sixth, *pro rata* to the holders of Class S Preferred Units, up to the sum of the unpaid Total Class S Preferred Return applicable to such Class S Preferred Units, until the cumulative amount of distributions under this Section 4.01(f) and Tax Distributions under Section 4.02 made to the holders of Class S Preferred Units are equal to the unpaid Total Class S Preferred Return; and

(g) thereafter, to all holders of Units, other than holders of Preferred Series A Subclass 2 Unit Accounts and holders of Preferred Series B Unit Accounts, pro rata in accordance with their respective positive Capital Account balances in respect of such Units; provided, however, that without the prior written consent of a majority of the Executive Committee, the General Partner shall not authorize distributions pursuant to this Section 4.01(g) to the extent such distributions would result in the amount of liquid assets of the Partnership being less than the Minimum Retained Earnings.

Section IV.02. Tax Distributions and Redemptions.

(a) If taxable income (including any income allocable under Section 704(c) of the Code) of the Partnership for a Fiscal Year will give rise to taxable income for Partners, including income derived as a result of allocations previously made to a Partner under Section 5.04(d) and, to the extent related to contributions made on or prior to June 30, 2018, including income resulting from a reduction in a Partner's share of liabilities under Section 752 of the Code or other constructive but not actual distribution to a Partner in excess of that Partner's basis in its Partnership interest ("Net Taxable Income"), the General Partner (i) will cause the Partnership to distribute to holders of FLP Unit Accounts, Class S Units and Preferred Series Unit Accounts other than Preferred Series A Subclass 2 Unit Accounts, and (ii) with the prior written consent of a majority of the Executive Committee, may cause the Partnership to distribute to holders of Class A Units, cash (the "Tax Distributions") with respect to each such Unit, Preferred Series Unit Account (other than Preferred Series A Subclass 2 Unit Accounts) or FLP Unit Account, as applicable, in an amount equal to the excess of the Tax Amount with respect to such Unit (or FLP Unit Account or Preferred Series Unit Account) over the amount of other distributions previously made with respect to such Unit or FLP Unit Account or Preferred Series Unit Account (other than Preferred Series A Subclass 2 Unit Accounts), as applicable, by the Partnership during such year; provided that, the General Partner may in its reasonable discretion (but subject to the prior written consent of the applicable Unit or Preferred Series Unit Account or FLP Unit Account holder) redeem an amount of Class A Units or Class S Units of any holder for cash representing up to that holder's Net Taxable Income on the holder's Class A Units or Class S Units, as appropriate, as such holder's Tax Distribution (any such redemption to occur after all adjustments required under Section 5.04 and Section 7.04 have been made). Any Units redeemed pursuant to the previous sentence shall be valued based on Unit Price as of the date of redemption. A redemption under this Section 4.02(a) shall not be considered a non-pro rata

distribution to which Section 4.04 applies. The Tax Distributions payable with respect to any Fiscal Year shall be computed based upon the General Partner's estimate of the highest allocable Net Taxable Income to the Unit in the hands of the applicable Partner in accordance with Article V, multiplied by the Assumed Tax Rate (the "Tax Amount"). For purposes of computing the Tax Amount, the effect of any benefit under Section 734(b) or 743(b) of the Code will be ignored. Notwithstanding anything to the contrary in this Agreement, in the event that the Partnership or any taxing authority determines that any amount accrued but not paid to a Partner constitutes a "guaranteed payment" (within the meaning of Section 707(c) of the Code), the Partner shall be entitled to receive Tax Distributions under this Section 4.02(a) calculated using ordinary income tax rates rather than the Assumed Tax Rate which Tax Distribution shall be treated as an advance against the accrued but unpaid amount.

(b) To the extent related to contributions made on or prior to June 30, 2018, and without duplication of any distribution to be made to a Partner under Section 4.02(a) in respect of a reduction in a share of liabilities, to the extent that a Partner directly, indirectly or as part of an overall plan transfers outstanding indebtedness of the Partnership to the Partnership, such Partner shall be entitled to a distribution equal to the excess of (i) the product of a fraction, the numerator of which is one and the denominator of which is one minus the Assumed Tax Rate, and the amount of such indebtedness over (ii) the amount of such indebtedness.

(c) Tax Distributions with respect to any Unit shall be calculated and paid no later than one day prior to each quarterly due date for the payment by corporations on a calendar year of estimated taxes under the Code in the following manner: (i) for the first quarterly period, 25% of the Tax Amount with respect to such Unit; (ii) for the second quarterly period, 50% of the Tax Amount with respect to such Unit, less the prior Tax Distributions with respect to such Unit for the Fiscal Year; (iii) for the third quarterly period, 75% of the Tax Amount with respect to such Unit, less the prior Tax Distributions with respect to such Unit for the Fiscal Year; and (iv) for the fourth quarterly period, 100% of the Tax Amount with respect to such Unit, less the prior Tax Distributions with respect to such Unit for the Fiscal Year. Following each Fiscal Year, and no later than one day prior to the due date for the payment by corporations of income taxes for such Fiscal Year, the General Partner shall make an amended calculation of the Tax Amount with respect to each Unit for such Fiscal Year (the "Amended Tax Amount"), and shall cause the Partnership to distribute a cash Tax Distribution with respect to each Unit to the extent that the Amended Tax Amount with respect to such Unit so calculated (less other distributions made with respect to such Unit during such Fiscal Year) exceeds the cumulative Tax Distributions previously made by the Partnership with respect to such Unit in respect of such Fiscal Year. If the Amended Tax Amount with respect to such Unit is less than the cumulative Tax Distributions previously made with respect to such Unit by the Partnership in respect of the relevant Fiscal Year, then the difference (the "Credit Amount") shall be applied against, and shall reduce, the amount of Tax Distributions with respect to such Unit made for subsequent Fiscal Years. Within 30 days following the date on which the Partnership files a tax return on Form 1065, the General Partner shall make a final calculation of the Tax Amount with respect to each Unit of such Fiscal Year (the "Final Tax Amount") and shall cause the Partnership to distribute a cash Tax Distribution with respect to each Unit to the extent that the Final Tax Amount with respect to such Unit so calculated exceeds the Amended Tax Amount with respect to such Unit. If the Final Tax Amount with respect to any Unit is less than the Amended Tax Amount with respect to such Unit in respect of the relevant Fiscal Year, then the difference ("Additional Credit Amount")

shall be applied against, and shall reduce, the amount of Tax Distributions with respect to such Unit made for subsequent Fiscal Years. Any Credit Amount and Additional Credit Amount applied against future Tax Distributions shall be treated as an amount actually distributed pursuant to this Section 4.02(c) for purposes of the computations herein.

Section IV.03. Liquidation Distribution. Distributions made upon dissolution of the Partnership shall be made as provided in Section 9.03.

Section IV.04. Disproportionate Distributions. If there is a non-liquidating distribution that is not pro rata among Class A Units, Class S Ordinary Units and Class S Preferred Units (on an as-converted basis), then the number of outstanding Units will be increased or decreased, as appropriate, to reflect such disproportionate distribution as determined by the General Partner in its reasonable discretion. Neither a distribution pursuant to Section 4.01(c) nor a redemption pursuant to Section 4.02(a) shall be considered a non-pro rata distribution to which this Section 4.04 applies.

Section IV.05. Limitations on Distribution. Notwithstanding any provision to the contrary contained in this Agreement, (i) the General Partner shall not make a Partnership distribution to any Partner if such distribution would violate the Act or other applicable Law and (ii) until such time that there are no Preferred Series C Unit Accounts outstanding, without the prior consent of a majority in interest of the holders of Preferred Series C Unit Accounts, the General Partner shall not authorize any distributions by the Partnership, and the Partnership shall not make any distribution to any Partner, other than distributions pursuant to Section 4.02, Section 4.03 and Section 4.06.

Section IV.06. Distribution of Sales Proceeds. Any distribution of net consideration received from a Partnership Sale (the "Sales Proceeds") shall be made in the following order after application of Section 5.04 through Section 5.07 (applied (x) after increasing each Partner's Capital Account and Sub-Capital Account by the amount of such Partner's share of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain, and (y) taking into account any Profit and Loss of the Partnership through the date of the distribution (including any gains or losses from the event giving rise to the Sales Proceeds)) and Section 7.04:

- (a) first, *pro rata* to the holders of Preferred Series A Subclass 0 Unit Accounts in an amount equal to the positive Sub-Capital Account balances attributable to such Preferred Series A Subclass 0 Unit Accounts;
- (b) second, *pro rata* to the holders of Preferred Series B Unit Accounts in an amount equal to the positive Sub-Capital Account balances attributable to such Preferred Series B Unit Accounts;
- (c) third, *pro rata* to the holders of Preferred Series C Subclass 0 Unit Accounts in an amount equal to the positive Sub-Capital Account balances attributable to such Preferred Series C Subclass 0 Unit Accounts;
- (d) fourth, (i) *pro rata* to the holders of Preferred Series A Subclass 1 Unit Accounts in an amount equal to the positive Sub-Capital Account balances attributable to such Preferred Series A Subclass 1 Unit Accounts and (ii) *pro rata* to the holders of Preferred Series A Subclass

3 Unit Accounts in an amount equal to the positive Sub-Capital Account balances attributable to such Preferred Series A Subclass 3 Unit Accounts, with respect to each distribution under this Section 4.06(d), *pro rata* between clause (i) and clause (ii) of this Section 4.06(d), based on the relative entitlement to such distribution of the holders of Preferred Series A Subclass 1 Unit Accounts under Section 4.06(d)(i) and the holders of Preferred Series A Subclass 3 Unit Accounts under Section 4.06(d)(ii);

(e) fifth, *pro rata* to the holders of Preferred Series C Subclass 1 Unit Accounts in an amount equal to the positive Sub-Capital Account attributable to such Preferred Series C Subclass 1 Unit Accounts;

(f) sixth, *pro rata* to the holders of Class S Preferred Units in an amount equal to the positive Capital Account balances attributable to such Class S Preferred Units; and

(g) seventh, *pro rata* to the holders of the Class A Units and Class S Ordinary Units in an amount equal to the positive Capital Account balances attributable to such Units.

Article V.

CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS; TAX ALLOCATIONS; TAX MATTERS

Section V.01. Capital Contributions. The Partnership has issued to the Partners who have made, on or prior to the date hereof, Capital Contributions, in exchange therefor, the number and type of Class A Units, Class S Units, Preferred Series Unit Accounts and Subclass 1 FLP Unit Accounts as specified in the books and records of the Partnership.

Section V.02. Capital Accounts.

(a) Notwithstanding anything herein to the contrary, a separate capital account (a "Capital Account") shall be established and maintained for each Partner in accordance with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv). Sub-Capital Accounts shall be established for each holder of Units other than Class A Units to reflect the allocations to the holder's Capital Account for the FLP Unit Account, the Class S Ordinary Units, the Class S Preferred Units or the Preferred Series Unit Account, as appropriate. The Capital Account of each Partner shall be credited with such Partner's Capital Contributions, if any, all Profits allocated to such Partner pursuant to Section 5.04, any items of income or gain which are specially allocated pursuant to Section 5.05, and any amount as indicated in Section 7.04; and shall be debited with all Losses allocated to such Partner pursuant to Section 5.04, any items of loss or deduction of the Partnership specially allocated to such Partner pursuant to Section 5.05, and all cash and the Carrying Value of any property (net of liabilities assumed by such Partner and the liabilities to which such property is subject) distributed by the Partnership to such Partner, and by any amount as indicated in Section 7.04. Any references in any section of this Agreement to the Capital Account of a Partner shall be deemed to refer to such Capital Account as the same may be credited or debited from time to time as set forth above. In the event of any Transfer of any interest in the Partnership in accordance with the terms of this Agreement, the Transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

(b) The General Partner shall make such adjustments to Capital Accounts as it determines in its reasonable discretion to be appropriate to ensure allocations are made in accordance with the terms of this Agreement. Interest shall not be payable on Capital Account balances. The Partnership Capital Accounts shall be maintained in accordance with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv) and, to the extent not inconsistent with such regulations, the provisions of this Agreement.

Section V.03. Additional Capital Contributions. Except as otherwise provided in this Agreement, no Partner shall be required to make additional Capital Contributions to the Partnership without the written consent of such Partner or permitted to make additional Capital Contributions to the Partnership without the written consent of the General Partner. The Partnership may admit additional Partners from time to time as provided in Section 7.01(d) or otherwise.

Section V.04. Allocations of Profits and Losses.

(a) Profit of the Partnership Excluding Excluded Amounts. Notwithstanding any other provision herein, the General Partner may make any adjustments to the allocations in this Section 5.04 so as to cause the allocations to comply with Treasury Regulations Section 1.704-2 or to correct any errors, ambiguities, inconsistencies or omissions. All Profit of the Partnership (excluding Excluded Amounts) shall be allocated on the last day of each Fiscal Quarter, and the day before an event giving rise to Sales Proceeds will be treated as the last day of a Fiscal Quarter:

- (i) first, to the holders of the Class A Units, Class S Ordinary Units and Class S Preferred Units in an amount equal to the Losses allocated pursuant to Section 5.04(b)(x), *pro rata* among them based on the amount of such Losses;
- (ii) second, to the holders of Preferred Series A Subclass 0 Unit Accounts in an amount equal to the Losses allocated pursuant to Section 5.04(b)(ix);
- (iii) third, to the holders of Preferred Series A Subclass 0 Unit Accounts until the total amount allocated pursuant to this clause equals the Quarterly Preferred Series A Return with respect to the Preferred Series A Subclass 0 Unit Accounts;
- (iv) fourth, to the holders of Preferred Series B Unit Accounts in an amount equal to the Losses allocated pursuant to Section 5.04(b)(viii);
- (v) fifth, to the holders of Preferred Series C Subclass 0 Unit Accounts in an amount equal to the Losses allocated pursuant to Section 5.04(b)(vii);
- (vi) sixth, to the holders of Preferred Series C Subclass 0 Unit Accounts until the total amount allocated pursuant to this clause equals the Quarterly Preferred Series C Return with respect to the Preferred Series C Subclass 0 Unit Accounts;

- (vii) seventh, to the holders of the Preferred Series A Subclass 1 Unit Accounts in an amount equal to the Losses allocated pursuant to Section 5.04(b)(vi);
- (viii) eighth, to the holders of the Preferred Series A Subclass 1 Unit Accounts until the total amount allocated pursuant to this clause equals the Quarterly Preferred Series A Return with respect to the Preferred Series A Subclass 1 Unit Accounts;
- (ix) ninth, to the holders of the Preferred Series A Subclass 2 Unit Accounts in an amount equal to the Losses allocated pursuant to Section 5.04(b)(v);
- (x) tenth, to the holders of the Preferred Series A Subclass 2 Unit Accounts until the total amount allocated pursuant to this clause equals the Quarterly Preferred Series A Return with respect to the Preferred Series A Subclass 2 Unit Accounts;
- (xi) eleventh, to the holders of the Preferred Series A Subclass 3 Unit Accounts in an amount equal to the Losses allocated pursuant to Section 5.04(b)(iv);
- (xii) twelfth, to the holders of the Preferred Series A Subclass 3 Unit Accounts until the total amount allocated pursuant to this clause equals the Quarterly Preferred Series A Return with respect to the Preferred Series A Subclass 3 Unit Accounts;
- (xiii) thirteenth, to the holders of the Preferred Series C Subclass 1 Unit Accounts in an amount equal to the Losses allocated pursuant to Section 5.04(b)(iii);
- (xiv) fourteenth, to the holders of the Preferred Series C Subclass 1 Unit Accounts until the total amount allocated pursuant to this clause equals the Quarterly Preferred Series C Return with respect to the Preferred Series C Subclass 1 Unit Accounts;
- (xv) fifteenth, to the holders of the Class S Preferred Units in an amount equal to the Losses allocated pursuant to Section 5.04(b)(ii);
- (xvi) sixteenth, to the holders of the Class S Preferred Units until the total amount allocated pursuant to this clause equals the Quarterly Class S Preferred Return;
- (xvii) seventeenth, to the holders of Class A Units, Class S Ordinary Units and Class S Preferred Units, pro rata among them based on the number of Units held by each of them.

(b) Loss of the Partnership Excluding Excluded Amounts. All Losses of the Partnership (excluding Excluded Amounts) shall be allocated as follows, in each case, pro rata in accordance with the number of the applicable class of Units held, on the last day of each Fiscal

Quarter, and the day before an event giving rise to Sales Proceeds will be treated as the last day of a Fiscal Quarter:

- (i) first, to the holders of Class A Units, Class S Ordinary Units and Class S Preferred Units in an amount equal to the Capital Account balance associated with such Units, pro rata among them based on such Capital Account balances;
- (ii) second, to the holders of Class S Preferred Units in an amount equal to the Capital Account associated with such Units;
- (iii) third, to the holders of Preferred Series C Subclass 1 Unit Accounts in an amount equal to the Capital Account associated with the Preferred Series C Subclass 1 Unit Accounts;
- (iv) fourth, to the holders of Preferred Series A Subclass 3 Unit Accounts in an amount equal to the Capital Account associated with the Preferred Series A Subclass 3 Unit Accounts;
- (v) fifth, to the holders of Preferred Series A Subclass 2 Unit Accounts in an amount equal to the Capital Account associated with the Preferred Series A Subclass 2 Unit Accounts;
- (vi) sixth, to the holders of Preferred Series A Subclass 1 Unit Accounts in an amount equal to the Capital Account associated with the Preferred Series A Subclass 1 Unit Accounts;
- (vii) seventh, to the holders of Preferred Series C Subclass 0 Unit Accounts in an amount equal to the Capital Account associated with the Preferred Series C Subclass 0 Unit Accounts;
- (viii) eighth, to the holders of Preferred Series B Unit Accounts in an amount equal to the Capital Account associated with the Preferred Series B Unit Account;
- (ix) ninth, to the holders of Preferred Series A Subclass 0 Unit Accounts in an amount equal to the Capital Account associated with the Preferred Series A Subclass 0 Unit Accounts; and
- (x) tenth, to the holders of Class A Units, Class S Ordinary Units and Class S Preferred Units, pro rata among them based on the number of Units held by each of them.

(c) Allocation of Excluded Amounts. All Excluded Amounts of the Partnership shall be allocated as follows on the last day of each Fiscal Quarter, and the day before an event giving rise to Sales Proceeds will be treated as the last day of a Fiscal Quarter:

- (i) The Profit and Loss earned from (A) [*] of the Net Financing Revenue and (B) the Excess EBITDA Margin shall be allocated to the holders of FLP Unit Accounts (1) 50.5% to the holder of the Subclass 1 FLP Unit Accounts and (2) 49.5% to the holder of the Subclass 2 FLP Unit Accounts.
- (ii) 100% of the amounts distributed from (A) Beneficient Corporate Holdings, LLC, (B) Beneficient Capital Holdings, LLC, (C) Ben Markets Corporate Holdings LLC or (D) any BTC Subsidiary Corporation, in each case, to the Partnership, via any Subsidiary, shall be allocated to the holders of Class A Units, pro rata based on the number of Units held by each Member.

(d) Except as provided herein, upon an upward adjustment to the Carrying Value of any asset pursuant to the definition of Carrying Value, such adjustment (which, for the avoidance of doubt, shall not include (A) the value of property or cash contributed to the Partnership in connection with the event giving rise to the adjustment to Carrying Value; or (B) any property or cash contributed to the Partnership prior to June 1, 2018) shall be allocated:

- (i) first, [*];
- (ii) second, based on a methodology reasonably determined by the General Partner, among the Class A Units and Class S Units (on an as-converted basis) in the amount necessary to cause the Capital Account balances of each series of Class A Units to be equal and to cause the Capital Account balances of each series of Class S Units (on an as-converted basis) to be equal; and
- (iii) third, as to all upward adjustments not allocated pursuant to clauses (i) and (ii) of this Section 5.04(d), Pro Rata among all Units, [*], issued and outstanding immediately prior to the adjustment to Carrying Value.

(e) Losses attributable to a downward adjustment to the Carrying Value of any asset shall be allocated Pro Rata among all holders of Units (except the Preferred Series Unit Accounts and the FLP Unit Accounts).

(f) Notwithstanding any other provision herein except for Section 5.04(j) below, Profits generated in connection with Sales Proceeds shall be allocated as follows:

- (i) first, Pro Rata among the FLP Unit Accounts up to, in aggregate, a proportion of the Sales Proceeds equal to the proportion that aggregate allocations Section 5.04(c) were made to FLP Unit Accounts, compared to aggregate allocations to all Class A Units and Class S Units under Section 5.04(a) and Section 5.04(c), in each case during the four Fiscal Quarters (not including the deemed Fiscal Quarter end pursuant to Section 5.04(a) through Section 5.04(c)) preceding the sale, exchange or disposition giving rise to such Sales Proceeds, provided, that (A) the FLP Unit Accounts shall not be allocated Profits and Losses generated in connection

with Sales Proceeds in an amount greater than an amount equal to [*] of such Sales Proceeds, (B) notwithstanding this Section 5.04(f)(i), FLP Unit Accounts shall be allocated an amount equal to no less than [*] of the Profits generated in connection with the Sales Proceeds and (C) any amounts allocable to the FLP Unit Accounts pursuant to this Section 5.04(f)(i) shall be allocable solely to the Subclass 1 FLP Unit Accounts;

- (ii) second, Pro Rata among the Preferred Series A Subclass 0 Unit Accounts until the cumulative amount of Profits allocated to such Preferred Series A Subclass 0 Unit Accounts is equal to the excess of (A) the aggregate amount of Loss previously allocated to such Preferred Series A Subclass 0 Unit Accounts pursuant to Section 5.04(b)(ix) over (B) the aggregate amount of Profit previously allocated to the Preferred Series A Subclass 0 Unit Accounts pursuant to Section 5.04(a)(ii) and 5.04(a)(iii);
- (iii) third, Pro Rata among the Preferred Series B Unit Accounts until the cumulative amount of Profits allocated to such Preferred Series B Unit Accounts is equal to the aggregate amount of Loss previously allocated to the Preferred Series B Unit Accounts pursuant to Section 5.04(b)(viii);
- (iv) fourth, Pro Rata among the Preferred Series C Subclass 0 Unit Accounts until the cumulative amount of Profits allocated to such Preferred Series C Subclass 0 Unit Accounts is equal to the excess of (A) the aggregate amount of Loss previously allocated to such Preferred Series C Subclass 0 Unit Accounts pursuant to Section 5.04(b)(vii) over (B) the aggregate amount of Profit previously allocated to the Preferred Series C Subclass 0 Unit Accounts pursuant to Sections 5.04(a)(v) and 5.04(a)(vi);
- (v) fifth, (A) Pro Rata among the Preferred Series A Subclass 1 Unit Accounts until the cumulative amount of Profits allocated to such Preferred Series A Subclass 1 Unit Accounts is equal to the excess of (1) the aggregate amount of Loss previously allocated to such Preferred Series A Subclass 1 Unit Accounts pursuant to Section 5.04(b)(vi) over (2) the aggregate amount of Profit previously allocated to the Preferred Series A Subclass 1 Unit Accounts pursuant to Section 5.04(a)(vii) and 5.04(a)(viii) and (B) Pro Rata among the Preferred Series A Subclass 3 Unit Accounts until the cumulative amount of Profits allocated to such Preferred Series A Subclass 3 Unit Accounts is equal to the excess of (1) the aggregate amount of Loss previously allocated to such Preferred Series A Subclass 3 Unit Accounts pursuant to Section 5.04(b)(iv) over (2) the aggregate amount of Profit previously allocated to the Preferred Series A Subclass 3 Unit Accounts pursuant to Section 5.04(a)(xi) and 5.04(a)(xii), with respect to each allocation under this Section 5.04(f)(v), *pro rata* between clause (A) and clause (B) of this Section 5.04(f)(v), based on the relative entitlement to such allocation of the holders of Preferred Series A Subclass 1 Unit Accounts under Section 5.04(f)(v)(A) and the holders of Preferred Series A Subclass 3 Unit Accounts under Section 5.04(f)(v)(B);

- (vi) sixth, Pro Rata among the Preferred Series C Subclass 1 Unit Accounts until the cumulative amount of Profits allocated to such Preferred Series C Subclass 1 Unit Accounts is equal to the excess of (A) the aggregate amount of Loss previously allocated to such Preferred Series C Subclass 1 Unit Accounts pursuant to Section 5.04(b)(iii) over (B) the aggregate amount of Profit previously allocated to the Preferred Series C Subclass 1 Unit Accounts pursuant to Sections 5.04(a)(xiii) and 5.04(a)(xiv);
- (vii) seventh, Pro Rata among the Preferred Series A Subclass 0 Unit Accounts up to and in proportion to the amounts necessary to cause the applicable Sub-Capital Account balance attributable to such Preferred Series A Subclass 0 Unit Account to equal the Hypothetical Preferred Opening Capital Account Balance of such Preferred Series A Subclass 0 Unit Account;
- (viii) eighth, Pro Rata among the Preferred Series C Subclass 0 Unit Accounts up to and in proportion to the amounts necessary to cause the applicable Sub-Capital Account balance attributable to such Preferred Series C Subclass 0 Unit Accounts to equal the Hypothetical Preferred Opening Capital Account Balance of such Preferred Series C Subclass 0 Unit Accounts;
- (ix) ninth, Pro Rata among the Preferred Series B Unit Accounts up to and in proportion to the amounts necessary to cause the applicable holder's Sub-Capital Account Balance attributable to each such Preferred Series B Unit Account to equal its Hypothetical Preferred Opening Capital Account Balance;
- (x) ninth, (A) Pro Rata among the Preferred Series A Subclass 1 Unit Accounts up to and in proportion to the amounts necessary to cause the applicable Sub-Capital Account balance attributable to such Preferred Series A Subclass 1 Unit Account to equal the Hypothetical Preferred Opening Capital Account Balance of such Preferred Series A Subclass 1 Unit Account, and (B) Pro Rata among the Preferred Series A Subclass 3 Unit Accounts up to and in proportion to the amounts necessary to cause the applicable Sub-Capital Account balance attributable to such Preferred Series A Subclass 3 Unit Account to equal the Hypothetical Preferred Opening Capital Account Balance of such Preferred Series A Subclass 3 Unit Account, with respect to each allocation under this Section 5.04(f)(x), *pro rata* between clause (A) and clause (B) of this Section 5.04(f)(x), based on the relative entitlement to such allocation of the holders of Preferred Series A Subclass 1 Unit Accounts under Section 5.04(f)(x)(A) and the holders of Preferred Series A Subclass 3 Unit Accounts under Section 5.04(f)(x)(B);
- (xi) tenth, Pro Rata among the Preferred Series C Subclass 1 Unit Accounts up to and in proportion to the amounts necessary to cause the applicable Sub-

Capital Account balance attributable to such Preferred Series C Subclass 1 Unit Accounts to equal the Hypothetical Preferred Opening Capital Account Balance of such Preferred Series C Subclass 1 Unit Accounts;

- (xii) eleventh, Pro Rata among the Class S Preferred Units up to and in proportion to the greater of (A) the amounts necessary to cause the applicable holder's Sub-Capital Account balance attributable to such Class S Preferred Units to equal the Hypothetical Class S Preferred Opening Capital Account Balance related to such Class S Preferred Units and (B) an amount equal to the sum of (1) the applicable holder's Hypothetical Class S Preferred Opening Capital Account Balance, minus such holder's Capital Contribution, minus any amounts previously allocated to such holders pursuant to Section 5.04(a)(xv) and 5.04(a)(xvi), and (2) any amounts previously allocated pursuant to Section 5.04(b)(ii); and
 - (xiii) twelfth, Pro Rata between the Class A Units and Class S Ordinary Units in proportion to the aggregate allocations that were made to the Class A Units and Class S Ordinary Units under Section 5.04(a)(xvii) and Section 5.04(c), in each case, during the four Fiscal Quarters (not including the deemed Fiscal Quarter end pursuant to Section 5.04(a) and Section 5.04(c)) preceding the sale, exchange or disposition giving rise to such Sales Proceeds.
- (g) Notwithstanding any other provision herein, Losses generated in connection with Sales Proceeds shall be allocated as follows:
- (i) first, Pro Rata among the Class A Units and Class S Ordinary Units in an amount equal to their remaining positive Capital Account balances, pro rata between them based on such positive Capital Account balances;
 - (ii) second, Pro Rata among the Class S Preferred Units in an amount equal to their remaining positive Capital Account balances;
 - (iii) third, Pro Rata among the Preferred Series C Subclass 1 Unit Accounts in an amount equal to their remaining Capital Account balances;
 - (iv) fourth, (A) Pro Rata among the Preferred Series A Subclass 1 Unit Accounts in an amount equal to their remaining Capital Account balances, (B) Pro Rata among the Preferred Series A Subclass 2 Unit Accounts in an amount equal to their remaining Capital Account balances and (C) Pro Rata among the Preferred Series A Subclass 3 Unit Accounts in an amount equal to their remaining Capital Account balances, pro rata between them based on such positive Capital Account balances;
 - (v) fifth, Pro Rata among the Preferred Series C Subclass 0 Unit Accounts in an amount equal to their remaining Capital Account balances;

- (vi) sixth, Pro Rata among the Preferred Series B Unit Accounts in an amount equal to their remaining Capital Account balances;
- (vii) seventh, Pro Rata among the Preferred Series A Subclass 0 Unit Accounts in an amount equal to their remaining Capital Account balances; and
- (viii) eighth, Pro Rata among the Class A Units and Class S Ordinary Units, pro rata among them based on the number of Units held by each of them.

(h) Cancellation of Indebtedness Income. The General Partner shall first allocate items of cancellation of indebtedness income (within the meaning of Section 61(a)(12) of the Code) to the Class A Units and to the extent that any such allocation is restricted by the principles set forth in Internal Revenue Service Revenue Ruling 92-97, 1992-2 C.B. 124, the remainder shall be allocated among the Classes of Units in such manner as the General Partner deems appropriate and in accordance with the Partners' interest in the Partnership.

Section V.05. Special Allocations. Notwithstanding any other provision in this Article V:

(a) Minimum Gain Chargeback. If there is a net decrease in Partnership Minimum Gain or Partner Nonrecourse Debt Minimum Gain (determined in accordance with the principles of Treasury Regulations Sections 1.704-2(d) and 1.704-2(i)) during any Partnership taxable year, the Partners shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to their respective shares of such net decrease during such year, determined pursuant to Treasury Regulations Sections 1.704-2(g) and 1.704-2(i)(5). The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(f). This Section 5.05(a) is intended to comply with the minimum gain chargeback requirements in such Treasury Regulations Sections and shall be interpreted consistently therewith; including that no chargeback shall be required to the extent of the exceptions provided in Treasury Regulations Sections 1.704-2(f) and 1.704-2(i)(4).

(b) Qualified Income Offset. If any Partner unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate the deficit balance in such Partner's Adjusted Capital Account Balance created by such adjustments, allocations or distributions as promptly as possible; provided that an allocation pursuant to this Section 5.05(b) shall be made only to the extent that a Partner would have a deficit Adjusted Capital Account Balance in excess of such sum after all other allocations provided for in this Article V have been tentatively made as if this Section 5.05(b) were not in this Agreement. This Section 5.05(b) is intended to comply with the "qualified income offset" requirement of the Code and shall be interpreted consistently therewith.

(c) Gross Income Allocation. If any Partner has a deficit Capital Account at the end of any Fiscal Year which is in excess of the sum of (i) the amount such Partner is obligated to restore, if any, pursuant to any provision of this Agreement, and (ii) the amount such Partner is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Section 1.704-2(g)(1) and 1.704-2(i)(5), each such Partner shall be specially allocated items of Partnership income and gain in the amount of such excess as quickly as possible; provided that

an allocation pursuant to this Section 5.05(c) shall be made only if and to the extent that a Partner would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article V have been tentatively made as if Section 5.05(b) and this Section 5.05(c) were not in this Agreement.

(d) Nonrecourse Deductions. Nonrecourse Deductions shall be allocated to the Partners in accordance with their respective Total Percentage Interests.

(e) Partner Nonrecourse Deductions. Partner Nonrecourse Deductions for any taxable period shall be allocated to the Partner who bears the economic risk of loss with respect to the liability to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(j).

(f) Creditable Non-U.S. Taxes. Creditable Non-U.S. Taxes for any taxable period attributable to the Partnership, or an entity owned directly or indirectly by the Partnership, shall be allocated to the Partners in proportion to the partners' distributive shares of income (including income allocated pursuant to Section 704(c) of the Code) to which the Creditable Non-U.S. Tax relates (under principles of Treasury Regulations Section 1.904-6). The provisions of this Section 5.05(f) are intended to comply with the provisions of Treasury Regulations Section 1.704-1(b)(4)(viii), and shall be interpreted consistently therewith.

(g) Ameliorative Allocations. Any special allocations of income or gain pursuant to Section 5.05(b) or Section 5.05(c) shall be taken into account in computing subsequent allocations pursuant to Section 5.04 and this Section 5.05(g), so that the net amount of any items so allocated and all other items allocated to each Partner shall, to the extent possible, be equal to the net amount that would have been allocated to each Partner if such allocations pursuant to Section 5.05(b) or Section 5.05(c) had not occurred.

(h) Preferred Series C Unit Account Capital Accounts; Special Provisions

- (i) A separate account shall be maintained with respect to the Preferred Series C Subclass 1 Unit Accounts (the "Conversion Capital Account"). The Conversion Capital Account shall be maintained in an identical manner to the Capital Account, subject to the adjustments set forth in this Clause 5.05(h).
- (ii) The allocations of Profits, Losses and items of income, gain, loss and deduction set forth in this Section 5.05, other than this clause 5.05(h), shall be used solely to maintain the Conversion Capital Account. Such allocations shall not be used for purposes of maintaining the Capital Accounts, or allocations of taxable amounts, to the holders of the Preferred Series C Unit Accounts.
- (iii) For all purposes of this Agreement, other than maintaining the Conversion Capital Account, including maintaining the Capital Account of the Preferred Series C Subclass 1 Unit Account holders, and the tax allocations set forth in Section 5.06 hereof, Profit, Losses and items of income, gain, loss and deduction shall be allocated in the same amounts and proportions

to the holders of the Preferred Series C Subclass 1 Unit Account as if the Preferred Series C Subclass 1 Unit Accounts were Preferred Series A Subclass 1 Unit Accounts.

- (iv) Following the exchange of any Preferred Series C Subclass 1 Unit Account for BCH Common Units (as such term is defined in the UPA) pursuant to the terms of the UPA, the excess of the Capital Account of such Preferred Series C Subclass 1 Unit Account over the Conversion Capital Account of such Preferred Series C Subclass 1 Unit Account shall be referred to as an (“Excess Amount”). For each tax period following the creation of an Excess Amount, Profit, or income or gain, shall be specially allocated, pursuant to the principals of Treasury Regulation Section 1.704-1(b)(4)(x), to the Preferred Series A Subclass 1 Units Accounts, prior to any amount of Profit, income or gain being allocated to any other class of Units (other than the Preferred Series A Subclass 0 Unit Accounts) or Limited Partners until such special allocations equal, in the aggregate, such Excess Amount.

Section V.06. Tax Allocations. For income tax purposes, each item of income, gain, loss and deduction of the Partnership shall be allocated among the Partners in the same manner as the corresponding items of Profits and Losses and specially allocated items are allocated for Capital Account purposes; provided that in the case of any asset the Carrying Value of which differs from its adjusted tax basis for U.S. federal income tax purposes, income, gain, loss and deduction with respect to such asset shall be allocated solely for income tax purposes in accordance with the principles of Sections 704(b) and (c) of the Code (in any manner determined by the General Partner and permitted by the Code and Treasury Regulations) so as to take account of the difference between the Carrying Value and adjusted basis of such asset; provided, further, that (i) book-tax disparities inherent in the Preferred Series A Subclass 2 Unit Accounts shall be reduced prior to any reduction in book-tax disparities inherent in the Preferred Series A Subclass 1 Unit Accounts, (ii) deductions and losses that arises from an upwards adjustment to Carrying Value of any Partnership asset [*] and (iii) the Partnership shall use the traditional method with curative allocations (as provided in Treasury Regulations Section 1.704-3(c)) for all Section 704(c) allocations, limited to allocations of income or gain from the disposition of Partnership property where allocations of depreciation deductions have been limited by the ceiling rule throughout the term of the Partnership). If, as a result of an exercise of a Noncompensatory Option to acquire an interest in the Partnership, a Capital Account reallocation is required under Treasury Regulations Section 1.704-1(b)(2)(iv)(s)(3), the Partnership shall make corrective allocations pursuant to Treasury Regulations Section 1.704- 1(b)(4)(x).

Section V.07. Tax Advances. To the extent the General Partner reasonably believes that the Partnership is required by law to withhold or to make tax payments on behalf of or with respect to any Partner or the Partnership is subjected to tax itself by reason of the status of any Partner (“Tax Advances”), the General Partner may withhold such amounts and make such tax payments as so required. All Tax Advances made on behalf of a Partner shall be repaid by reducing the amount of the current or next succeeding distribution or distributions which would otherwise have been made to such Partner or, if such distributions are not sufficient for that purpose, by so reducing the proceeds of liquidation otherwise payable to such Partner. For all

purposes of this Agreement such Partner shall be treated as having received the amount of the distribution that is equal to the Tax Advance. Unless otherwise agreed in writing by the General Partner, each Partner hereby agrees to indemnify and hold harmless the Partnership and the other Partners from and against any liability (including, without limitation, any liability for taxes, penalties, additions to tax or interest other than any penalties, additions to tax or interest imposed as a result of the Partnership's failure to withhold or make a tax payment on behalf of such Partner which withholding or payment is required pursuant to applicable Law but only to the extent amounts sufficient to pay such taxes were not timely distributed to the Partner pursuant to Section 4.02) with respect to income attributable to or distributions or other payments to such Partner.

Section V.08. Tax Matters.

(a) The General Partner shall be the initial "tax matters partner" within the meaning of Section 6231(a)(7) of the Code, and the General Partner, or its designee shall be the "partnership representative" within the meaning of Section 6223 of the Code for tax years commencing after December 31, 2017 (each of the "tax matters partner" and the "partnership representative", the "Tax Matters Partner"). The Partnership shall file as a partnership for federal, state, provincial and local income tax purposes, except where otherwise required by Law. All elections required or permitted to be made by the Partnership, and all other tax decisions and determinations relating to federal, state, provincial or local tax matters of the Partnership, shall be made by the Tax Matters Partner, in consultation with the Partnership's attorneys and/or accountants. Tax audits, controversies and litigations shall be conducted under the direction of the Tax Matters Partner. The Tax Matters Partner shall keep the other Partners reasonably informed as to any tax actions, examinations or proceedings relating to the Partnership and shall submit to the other Partners, for their review and comment, any settlement or compromise offer with respect to any disputed item of income, gain, loss, deduction or credit of the Partnership. As soon as reasonably practicable after the end of each Fiscal Year, the Partnership shall send to each Partner a copy of U.S. Internal Revenue Service Schedule K-1, and any comparable statements required by applicable U.S. state or local income tax Law as a result of the Partnership's activities or investments, with respect to such Fiscal Year. The Partnership also shall provide the Partners with such other information as may be reasonably requested for purposes of allowing the Partners to prepare and file their own tax returns.

(b) In respect of tax years commencing after December 31, 2017, the Partners acknowledge and agree that it is the intention of the Partners to minimize any obligations of the Partnership to pay taxes and interest in connection with any audit of the Partnership, including, by means of any available elections under Section 6226 of the Code and/or the Partners filing amended returns under Section 6225(c)(2) of the Code, in each case as amended by the Revised Partnership Audit Procedures. The Partners agree to cooperate in good faith, including without limitation by timely providing information reasonably requested by the Tax Matters Partner and making elections and filing amended returns reasonably requested by the Tax Matters Partner, and the Tax Matters Partner shall make such elections as it determines in its discretion, to give effect to the preceding sentence. The Partnership shall make any payments it may be required to make under the Revised Partnership Audit Procedures and, in the Tax Matters Partner's reasonable discretion, allocate any such payment among the current or former Partners of the Partnership for the "reviewed year" to which the payment relates in a manner that reflects the

current or former Partners' respective interests in the Partnership for such "reviewed year" and any other factors taken into account in determining the amount of the payment (with the intent of apportioning the payment in the same manner as if the Partnership had made the election under Section 6226 of the Code and the payment had been assessed directly against such Partner).

Section V.09. Other Allocation Provisions. Certain of the foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Section 1.704-1(b) and shall be interpreted and applied in a manner consistent with such regulations. In addition to amendments effected in accordance with Section 11.12 or otherwise in accordance with this Agreement, Section 5.03, Section 5.04 and Section 5.05 may also, so long as any such amendment does not materially change the relative economic interests of the Partners, be amended at any time by the General Partner if necessary, in the opinion of tax counsel to the Partnership, to comply with such regulations or any applicable Law.

Section V.10. Subclass 2 FLP Unit Accounts. Subclass 2 FLP Unit Accounts are intended to qualify as "profits interests" within the meaning of Revenue Procedure 93-27 as clarified by Revenue Procedure 2001-43. None of the Partners being issued Subclass 2 FLP Unit Accounts shall make Capital Contributions in connection with the acquisition of such Subclass 2 FLP Unit Accounts and the Partnership shall treat such Partners as holding "profits interests" for all purposes of this Agreement with respect to such Subclass 2 FLP Unit Accounts. In the event that the Internal Revenue Service issues any additional guidance concerning the taxation of the Subclass 2 FLP Unit Accounts that are intended to qualify as "profits interests" after the execution of this Agreement, the General Partner shall take any action required by such guidance, including the filing of tax elections thereunder and the adoption of additional provisions to this Agreement that are binding on the Partnership and the Partners under Delaware Law, to achieve the same tax treatment for such Subclass 2 FLP Unit Accounts as is applicable on the date of execution of this Agreement.

Article VI.

BOOKS AND RECORDS; REPORTS

Section VI.01. Books and Records.

(a) At all times during the continuance of the Partnership, the Partnership shall prepare and maintain separate books of account for the Partnership in accordance with GAAP.

(b) Except as limited by Section 6.01(c), each Limited Partner shall have the right to receive, for a purpose reasonably related to such Limited Partner's interest as a Limited Partner in the Partnership, upon reasonable written demand stating the purpose of such demand and at such Limited Partner's own expense:

- (i) a copy of the Certificate and this Agreement and all amendments thereto and hereto, together with a copy of the executed copies of all powers of attorney pursuant to which the Certificate and this Agreement and all amendments thereto and hereto have been executed; and

(ii) promptly after their becoming available, copies of the Partnership's federal income tax returns for the three most recent years.

(c) The General Partner may keep confidential from the Limited Partners, for such period of time as the General Partner determines in its reasonable discretion, (i) any information that the General Partner reasonably believes to be in the nature of trade secrets or (ii) other information the disclosure of which the General Partner believes is not in the best interests of the Partnership, could damage the Partnership or its business or that the Partnership is required by Law or by agreement with any third party to keep confidential. In addition, notwithstanding any provision in this Agreement to the contrary, no Limited Partner shall have any right to, and the General Partner may in its reasonable discretion keep confidential, all books and records and any other information of the Partnership or its Affiliates or their equity owners that was generated prior to September 1, 2017 or that otherwise relates to facts, circumstances, events, actions or communications occurring prior to September 1, 2017.

Article VII.

PARTNERSHIP UNITS

Section VII.01. Units.

(a) Classes. Interests in the Partnership shall be represented by Units. The Units initially are comprised of five Classes hereby designated as "Class A Units", "Class S Ordinary Units", "Class S Preferred Units", "FLP Unit Accounts" and "Preferred Series Unit Accounts" and the FLP Unit Accounts are further subdivided into subclass 1 ("Subclass 1 FLP Unit Accounts"), with such rights as expressly set forth herein and which shall initially represent 50.5% of the FLP Unit Accounts, with the balance, initially representing 49.5% of the FLP Unit Accounts, being deemed subclass 2 ("Subclass 2 FLP Unit Accounts"). The Preferred Series Unit Accounts are further subdivided into Series A subclass 0 ("Preferred Series A Subclass 0 Unit Accounts"), Series A subclass 1 ("Preferred Series A Subclass 1 Unit Accounts"), Series A subclass 2 ("Preferred Series A Subclass 2 Unit Accounts") and Series A subclass 3 (the "Preferred Series A Subclass 3 Unit Accounts"), Series B (the "Preferred Series B Unit Accounts"), Series C subclass 0 (the "Preferred Series C Subclass 0 Unit Accounts") and Series C subclass 1 (the "Preferred Series C Subclass 1 Unit Accounts") and together with the Preferred Series C Subclass 0 Unit Accounts, the "Preferred Series C Unit Accounts", in each case, with such rights as expressly set forth herein. The Class A Units are further subdivided into subclass 1 (the "Subclass 1 Class A Units") and subclass 2 (the "Subclass 2 Class A Units"), in each case, with such rights as expressly set forth herein. The Subclass 1 Class A Units and the Subclass 2 Class A Units shall each have the same designations, preferences, rights, powers and duties as the Class A Units under this Agreement except that only the Subclass 1 Class A Units shall track to the Common Units of Issuer in accordance with Section 7.01(c).

(b) In connection with each issuance of a Class of Units, the General Partner shall issue a new series of such Class. The General Partner in its reasonable discretion may establish and issue, from time to time in accordance with such procedures as the General Partner shall determine from time to time, additional Units, in one or more Classes or series of Units, or other Partnership securities, at such price, and with such designations, preferences and relative,

participating, optional or other special rights, powers and duties (which may be senior to existing Units, Classes and series of Units or other Partnership securities), as shall be determined by the General Partner without the approval of any Partner or any other Person who may acquire an interest in any of the Units, including (i) the right of such Units to share in Profits and Losses or items thereof; (ii) the right of such Units to share in Partnership distributions; (iii) the rights of such Units upon dissolution and liquidation of the Partnership; (iv) whether, and the terms and conditions upon which, the Partnership may or shall be required to redeem such Units (including sinking fund provisions); (v) whether such Units are issued with the privilege of conversion or exchange and, if so, the terms and conditions of such conversion or exchange; (vi) the terms and conditions upon which such Units will be issued, evidenced by certificates and assigned or transferred; (vii) the method for determining the Total Percentage Interest as to such Units; (viii) the terms and conditions of the issuance of such Units (including, without limitation, the amount and form of consideration, if any, to be received by the Partnership in respect thereof, the General Partner being expressly authorized, in its reasonable discretion, to cause the Partnership to issue such Units for less than fair market value); and (ix) the right, if any, of the holder of such Units to vote on Partnership matters, including matters relating to the relative designations, preferences, rights, powers and duties of such Units.

(c) Notwithstanding anything else in this Agreement to the contrary, the Partnership shall issue a Subclass 1 Class A Unit for each Common Unit outstanding, and each such Subclass 1 Class A Unit shall track, on a one-to-one basis, the corresponding Common Unit. Without limitation of the foregoing, the Partnership (i) shall cause the redemption or cancellation, as appropriate, of Subclass 1 Class A Units to reflect the redemption or cancellation of any Common Units (with appropriate adjustments, if necessary, made pursuant to Section 4.04), and (ii) shall not permit any Subclass 1 Class A Unit to be redeemed or cancelled unless and until corresponding Common Units are first redeemed or cancelled.

(d) The General Partner in its reasonable discretion, without the approval of any Partner or any other Person, is authorized (i) to issue Units or other Partnership securities of any newly established Class or any existing Class to Partners or other Persons who may acquire an interest in the Partnership and admit such Persons as limited partners of the Partnership and (ii) to amend this Agreement to reflect the creation of any such new Class, the issuance of Units or other Partnership securities of such Class, and the admission of any Person as a Partner which has received Units or other Partnership securities.

(e) Except as expressly provided in this Agreement to the contrary, any reference to “Units” shall include the Class A Units, Class S Units, FLP Unit Accounts, Preferred Series Unit Accounts and Units of any other Class, subclass or series that may be established in accordance with this Agreement. All Units of a particular Class or subclass shall have identical rights in all respects as all other Units of such Class or subclass, except in each case as otherwise specified in this Agreement.

Section VII.02. Register. The register of the Partnership shall be the definitive record of ownership of each Unit and all relevant information with respect to each Partner. Unless the General Partner shall determine otherwise, Units shall be uncertificated and recorded in the books and records of the Partnership.

Section VII.03. Registered Partners. The Partnership shall be entitled to recognize the exclusive right of a Person registered on its records as the owner of Units for all purposes and shall not be bound to recognize any equitable or other claim to or interest in Units on the part of any other Person, whether or not it shall have express or other notice thereof, except as otherwise provided by the Act or other applicable Law.

Section VII.04. Issuance of Additional Class S Units.

(a) Immediately after an allocation pursuant to [*] and prior to an allocation pursuant to [*], the Sub-Capital Account balance associated with the Subclass 1 FLP Unit Account of each holder thereof shall be reduced by the amount so allocated, [*]

(b) On a quarterly basis, after the application of Section 7.04(a), or immediately preceding a distribution of Sales Proceeds under Section 4.06 or any distribution under [*]:

- (i) [*];
- (ii) [*];
- (iii) notwithstanding anything to the contrary elsewhere in this Agreement, the Class S Units issued pursuant to this Section 7.04(b) may not be disposed of by any holder thereof before April 1 of the year following the year in which such Class S Units are issued;
- (iv) if the total Profit allocated during the four Fiscal Quarters of a Fiscal Year under Section 5.04(c) exceeds the cumulative Profit for such Fiscal Year that would have been allocated under Section 5.04(c) had Profit been allocated on an annual, rather than quarterly, basis (such excess, the “Excess”), then Class S Ordinary Units and Class S Preferred Units (an equal number of each) with an aggregate Unit Price (as of the date such Units were issued under this Section 7.04(b)) equal to the Excess shall be cancelled no later than March 31 of the year following such Fiscal Year; and
- (v) any Tax Distributions made under Section 4.02 that are attributable to the excess described in Section 7.04(b)(iv) shall be considered to create negative Sub-Capital Account balances associated with the FLP Unit Accounts and such balances shall first be offset by future allocations of Profit prior to conversion of the FLP Unit Accounts into Class S Ordinary Units and Class S Preferred Units.

(c) Immediately after an allocation of income, from revenue streams not associated with Net Financing Revenue, pursuant to [*], the Sub-Capital Account balance associated with [*] of each holder thereof shall be reduced by the amount so allocated, and in exchange therefor:

- (i) [*], in the aggregate, equal (A) the amount of such reduction divided by (B) the Unit Price; and

(ii) [*].

(d) Issuance of Additional Class S Preferred Units. On a quarterly basis, the Sub-Capital Account balance associated with the Class S Preferred Units of each holder thereof shall be reduced by the amount of Profit (if any) allocated to such holder pursuant to Section 5.04(a)(xvi) for that quarter, and in exchange therefor such holder shall be issued the number of Class S Preferred Units (including, if applicable, fractional Units) equal to (i) the amount of such reduction divided by (ii) the Unit Price.

Section VII.05. Conversion of Class S Preferred Units. Class S Preferred Units may be converted into Class S Ordinary Units (including, if applicable, fractional Units) on a quarterly basis upon the election of a holder of Class S Preferred Units by written notice to the Partnership. Upon such an election, such holder shall receive 1.0 Class S Ordinary Unit for every 1.2 Class S Preferred Units converted. In connection with such conversion, each converted Class S Preferred Unit shall be cancelled and its Capital Account reduced to zero, and the Capital Account of such newly issued Class S Ordinary Unit shall be credited with an amount equal to the amount by which the Capital Accounts of the applicable Class S Preferred Units were reduced. For the avoidance of doubt, Class S Ordinary Units issued pursuant to this Section 7.05 may be contemporaneously converted into Common Units in accordance with Section 7.06.

Section VII.06. Conversion of Class S Ordinary Units. Following the Initial Public Listing or with the approval of a majority in interest of the Class A Units, whole Class S Ordinary Units may be converted into Common Units of the Issuer on a quarterly basis upon the election of a holder of Class S Ordinary Units by written notice to the Partnership. Upon such an election, each Class S Ordinary Unit shall be converted into one Common Unit of the Issuer. In connection with such conversion, each converted Class S Ordinary Unit shall be cancelled and its Capital Account reduced to zero, and the Partnership shall issue a number of Class A Units to the Issuer (or other party as determined by the General Partner as appropriate) equal to the number of converted Class S Ordinary Units and the Capital Account of such newly issued Class A Units shall be credited with an amount equal to the amount by which the Capital Accounts of the converted Class S Ordinary Units were reduced. Any conversion of Class S Ordinary Units into Common Units of the Issuer shall also be subject to the Exchange Agreement. Fractional Class S Ordinary Units may be surrendered to the Partnership in exchange for cash in an amount equal to the Unit Price upon the election of a direct or indirect holder of Class S Ordinary Units that holds no whole Class S Ordinary Units, subject to the approval of the Issuer General Partner.

Section VII.07. Combinations of Fractional Class S Units. At any time that the outstanding fractional Class S Preferred Units or Class S Ordinary Units, calculated separately, associated with a holder of such Class S Units equal, in the aggregate, greater than a whole Class S Unit, then the Partnership shall combine such Class S Units to give the holder whole Class S Units and a fractional Class S Unit representing the remainder of the combined Class S Units. After any such combination, each Partner shall have the same Total Percentage Interest in the Partnership as before such event, and any amounts calculated on a per Unit basis or stated as a number of Units shall not be adjusted.

Section VII.08. Conversion of Preferred Series Unit Accounts.

(a) Preferred Series A Subclass 0 Unit Accounts. With respect to any Preferred Series A Subclass 0 Unit Accounts, the holder of such Preferred Series A Subclass 0 Unit Account may convert an amount of the Sub-Capital Account associated with such Preferred Series A Subclass 0 Unit Account, in whole or in part (a "Preferred Series A Subclass 0 Unit Conversion Amount"), into Class S Ordinary Units (including, if applicable, fractional Units) on the next Quarterly Exchange Date upon the holder's written notice to the Partnership 60 days prior to the applicable Quarterly Exchange Date; provided that, 60 days prior notice is not required for conversion into Class S Ordinary Units and the contemporaneous conversion into Common Units in accordance with Section 7.08(d) on the first Quarterly Exchange Date that such Preferred Series A Subclass 0 Unit Account is eligible to be converted.

(b) Preferred Series A Subclass 1 Unit Accounts and Preferred Series A Subclass 3 Unit Accounts. At any time on or after January 1, 2021, a holder of Preferred Series A Subclass 1 Unit Accounts or Preferred Series A Subclass 3 Unit Accounts may, in any calendar year, elect to convert an amount of Preferred Series A Subclass 1 Unit Accounts or Preferred Series A Subclass 3 Unit Accounts, as applicable, with a Sub-Capital Account equal to such holder's Annual Conversion Amount (the amount of any Preferred Series A Unit Accounts so converted, the "Preferred Series A Subclass 1/3 Unit Conversion Amount"), into Class S Ordinary Units (including, if applicable, fractional Units) on the next Quarterly Exchange Date upon the holder's written notice to the Partnership 60 days prior to the applicable Quarterly Exchange Date; provided that, 60 days prior notice is not required for conversion into Class S Ordinary Units and the contemporaneous conversion into Common Units in accordance with Section 7.08(d) on the first Quarterly Exchange Date that such Preferred Series A Subclass 1 Unit Accounts or Preferred Series A Subclass 3 Unit Accounts, as applicable, is eligible to be converted.

(c) Preferred Series A Subclass 2 Unit Accounts and Preferred Series B Unit Accounts. With respect to any Preferred Series A Subclass 2 Unit Accounts or Preferred Series B Unit Account, following the 48 month anniversary of the date such Preferred Series Unit Account was issued, or with the approval of a majority in interest of the Class A Units, the holder of such Preferred Series Unit Account may convert an amount of the Sub-Capital Account associated with such Preferred Series Unit Account (provided, that, in the case of a Preferred Series B Unit Account, if the Hypothetical Preferred Opening Capital Account Balance associated with such Preferred Series B Unit Account is higher than its Sub-Capital Account balance, then the holder of such Preferred Series B Unit Account may elect to convert such additional amount), in whole or in part (a "Preferred Series A Subclass 2/Series B Unit Conversion Amount" and collectively with a Preferred Series A Subclass 0 Unit Conversion Amount and a Preferred Series A Subclass 1/3 Unit Conversion Amount, a "Conversion Amount"), into Class S Ordinary Units (including, if applicable, fractional Units) on the next Quarterly Exchange Date upon the holder's written notice to the Partnership 60 days prior to the applicable Quarterly Exchange Date; provided that, 60 days prior notice is not required for conversion into Class S Ordinary Units and the contemporaneous conversion into Common Units in accordance with Section 7.08(d) on the first Quarterly Exchange Date that such Preferred Series Unit Account is eligible to be converted.

(d) Upon a conversion of a Preferred Series Unit Account pursuant to this Section 7.08, the holder of such Preferred Series Unit Account shall be issued Class S Ordinary Units in an amount equal to (i) the Conversion Amount divided by (ii) either (A) in the case of the Preferred Series A Subclass 0 Unit Account, the Preferred Series A Subclass 0 Unit Conversion Price, (B) in the case of the Preferred Series A Unit Account (other than the Preferred Series A Subclass 0 Unit Account), the Preferred Series A Subclass 1/2/3 Unit Conversion Price, and (C) in the case of the Preferred Series B Unit Account, the Preferred Series B Unit Conversion Price. In connection with the conversion, each of the Sub-Capital Account balance and the Hypothetical Preferred Opening Capital Account Balance associated with such Preferred Series Unit Accounts shall be reduced by the Conversion Amount and the newly issued Class S Ordinary Units shall be credited Pro Rata with the Conversion Amount. For the avoidance of doubt, Class S Ordinary Units issued pursuant to this Section 7.08 may be contemporaneously converted into Common Units in accordance with Section 7.06.

(e) Notwithstanding anything else in this Agreement to the contrary, the holder of a Preferred Series A Subclass 1 Unit Account may convert a Conversion Amount into an equal amount of a Preferred Series A Subclass 3 Unit Account. In connection with the conversion, the Sub-Capital Account balance associated with a holder of a Preferred Series A Subclass 1 Unit Account shall be reduced by the Conversion Amount and the newly issued Preferred Series A Subclass 3 Unit Account shall be credited with the Conversion Amount.

(f) Notwithstanding anything else in this Agreement to the contrary, upon the exercise of the option to acquire Common Units under that certain Participating Option to Acquire Common Units, dated as of December 27, 2018 (the "Option Agreement"), the holder of the Preferred Series A Subclass 2 Unit Accounts may convert any amount of such Preferred Series A Subclass 2 Unit Accounts (such amount shall constitute a "Conversion Amount" with respect to such Preferred Series A Subclass 2 Unit Accounts being converted for purposes of Section 7.08(c)) in accordance with Section 7.08(c) (and subject to the terms of the Option Agreement) up to an amount equal to the positive Sub-Capital Account balance associated with such Preferred Series A Subclass 2 Unit Accounts.

(g) The Preferred Series C Unit Accounts shall have no conversion or exchange rights herein; provided, however, that the Preferred Series C Unit Accounts may be exchanged for Common Units to the extent provided in and in accordance with that certain Unit Purchase Agreement, dated as of July 15, 2020, by and among GWG Holdings, Inc., the Issuer and the Partnership (as amended, in accordance with its terms), or any similar agreement(s) entered into after the date hereof (as amended, in accordance with its (their) terms).

Section VII.09. Optional Redemption of Preferred Series B Unit Accounts and Preferred Series A Subclass 3 Unit Accounts. Upon a Redemption Event, each holder of Preferred Series B Unit Accounts and Preferred Series A Subclass 3 Unit Accounts may, within 30 days of such Redemption Event, make an irrevocable election to require the Partnership to redeem such holder's Preferred Series B Unit Accounts or Preferred Series A Subclass 3 Unit Accounts, as applicable, in whole or in part. Upon such election, the General Partner shall use Available Redeeming Cash to redeem on a pro rata basis such Preferred Series B Unit Accounts as promptly as practicable until all electing holders of Preferred Series B Unit Accounts have been redeemed for cash in full in accordance with their respective Hypothetical Preferred

Opening Capital Account Balances. Any remaining Available Redeeming Cash, following redemption in full of all Preferred Series B Unit Accounts, shall then be used to redeem on a pro rata basis (i) the Preferred Series A Subclass 3 Unit Accounts of electing holders up to their Hypothetical Preferred Opening Capital Account Balance and (ii) any other holders of Units or Common Units with similar redemption rights following a Redemption Event until they are redeemed in full in accordance with the instrument that provides such Persons with such redemption rights. Notwithstanding anything herein to the contrary, for purposes of this Section 7.09 and Section 7.10, “Available Redeeming Cash” shall be an amount equal to no less than 50% of the Partnership’s distributable cash flow, calculated quarterly, derived from cash flows from operations, plus cash inflows from financings less Tax Distributions required to be made pursuant to Section 4.02.

Section VII.10. Mandatory Redemption of Preferred Series Unit Accounts. Notwithstanding anything else in this Agreement to the contrary and without the written consent of any Partner or other Person, the Partnership shall mandatorily redeem the (i) Preferred Series A Subclass 1 Unit Accounts on December 31, 2030, and (ii) Preferred Series B Unit Accounts, Preferred Series A Subclass 3 Unit Accounts, and Preferred Series A Subclass 2 Unit Accounts on December 31, 2033. In exchange for the redemption of the Preferred Series Unit Accounts, the Partnership shall distribute Available Redeeming Cash (or, provided that there has been an Initial Public Listing, in the case of Preferred Series A Subclass 3 Unit Accounts and Preferred Series B Unit Accounts, Available Redeeming Cash and/or Common Units) Pro Rata to the holders of the Preferred Series Unit Accounts then being redeemed until such time as the Sub-Capital Accounts associated with Preferred Series Unit Accounts have been reduced to zero. In the event that Available Redeeming Cash is insufficient to redeem all applicable Preferred Series Unit Accounts that are to be redeemed for cash, the Partnership shall, on a quarterly basis, redeem additional Preferred Series Unit Accounts until all such Preferred Series Unit Accounts have been redeemed. For purposes of this Section 7.10, all Class A Units shall be valued at an amount equal to the Unit Price.

Section VII.11. Preemptive Rights.

(a) Except for the issuance or sale of Equity Securities (i) to officers, employees, directors or consultants of the Partnership or its Subsidiaries pursuant to an incentive equity plan, agreement or arrangement approved by the Board of Directors of the Parent, (ii) in connection with the conversion of any of the Partnership’s outstanding Equity Securities into another class of Equity Securities on terms made available to all holders of the same class of such outstanding Equity Securities, (iii) in connection with an acquisition of another company, business or assets (whether by merger, recapitalization, consolidation, reorganization, combination or otherwise) by the Partnership or any of its Subsidiaries, (iv) upon the exercise or conversion of any options, warrants, rights or securities outstanding on the date hereof or issued after the date hereof in compliance with the provisions of this Section 7.11, (v) in connection with obligations of the Partnership to any exchange trust or any other product of the Partnership that requires the issuance of a Common Unit, or (vi) on or prior to the date hereof and, if the Partnership authorizes the issuance or sale of any Equity Securities of the Partnership (other than as a dividend on outstanding Equity Securities of the Partnership), the Partnership shall offer to sell to each holder of a Preferred Series A Unit Account (other than Preferred Series A Subclass 2 Unit Accounts) or a Preferred Series B Unit Account (each, a “Preemptive Holder”), a portion of such

Equity Securities equal to the Preemptive Investor Portion. Each such Preemptive Holder shall be entitled to purchase such Equity Securities at the same price and on the same terms as such Equity Securities are to be offered to the prospective purchaser. The purchase price for all Equity Securities offered to each such Preemptive Holder shall be payable in cash by wire transfer of immediately available funds.

(b) In connection with the issuance or sale of any Equity Securities to which the preemptive rights described in this Section 7.11 apply, the Partnership will deliver to each Preemptive Holder, as soon as reasonably practicable under the circumstances giving rise to the preemptive rights described in this Section 7.11, a written notice (the “Preemptive Rights Notice”) describing (i) the Equity Securities being offered, (ii) the purchase price and the payment terms of the Equity Securities being offered (including the date the Partnership is requesting delivery of funds with respect thereto), and (iii) such holder’s percentage allotment.

(c) In order to exercise its preemptive rights under this Section 7.11, each Preemptive Holder must deliver a written notice to the Partnership describing its election hereunder (which election may be with respect to all or any portion of the Equity Securities it has a right to purchase hereunder) no later than twenty (20) days after receipt of the Preemptive Rights Notice.

(d) Notwithstanding anything to the contrary set forth herein, in lieu of offering to any Preemptive Holder any Equity Securities to which the preemptive rights described in this Section 7.11 apply at the time such Equity Securities are offered, the Partnership may comply with the provisions of this Section 7.11 by making an offer to sell to each such Preemptive Holder the number of such Equity Securities that such holder would be entitled to purchase under Section 7.11(a) promptly after a sale is effected. In such event, for all purposes of this Section 7.11, the number of such Equity Securities that each such Preemptive Holder shall be entitled to purchase under Section 7.11(a) shall be determined taking into consideration the actual number of Equity Securities sold so as to achieve the same economic effect as if such offer would have been made prior to such sale.

(e) The rights under this Section 7.11 will terminate upon the date the Preferred Series A Unit Accounts (other than the Preferred Series A Subclass 0 Unit Accounts) or the Preferred Series B Unit Accounts, as applicable, are redeemed in full.

Section VII.12. Additional Issuances and Indebtedness. Without the prior written consent of holders of a majority of then outstanding Preferred Series A Unit Accounts or Preferred Series B Unit Accounts, as applicable:

(a) none of the Partnership nor any of its Subsidiaries shall (i) issue any Equity Securities or (ii) incur, create, issue, assume, guarantee or otherwise become liable for any indebtedness that, in any such case, is senior in any respect to, or (except to the extent permitted pursuant to Section 7.12(b)) *pari passu* with, any right of distribution, redemption, repayment, repurchase or other payment relating to the Preferred Series A Unit Accounts or the Preferred Series B Unit Accounts, as applicable; provided, however, that nothing in this Section 7.11(a) shall prevent the issuance of up to \$700.0 million of Preferred Series B Unit Accounts; and

(b) prior to the conversion of all the Preferred Series B Unit Accounts and the Preferred Series A Unit Accounts, the Partnership shall not directly or indirectly incur any

additional long-term indebtedness, unless (i) after giving effect to the incurrence thereof on a pro forma basis, the sum of all Preferred Series B Unit Accounts, Indebtedness and such long-term indebtedness would not exceed 55% of the Partnership's NAV plus cash on hand at the Issuer, the Partnership and its subsidiaries, and (ii) at the time of incurrence, the aggregate balance of the Partnership's (including controlled Subsidiaries) Indebtedness plus such additional long-term indebtedness does not exceed 40% of the sum of the net asset value of the collateral underlying the loan portfolio of the Partnership and its Subsidiaries plus cash on hand at the Issuer, Partnership and its Subsidiaries.

Section VII.13. Adjustments to Conversion Price; Elective Conversion Upon Partnership Sale or Dissolution.

(a) If the Partnership at any time subdivides (by any stock split, dividend, recapitalization or otherwise) one or more classes of its respective outstanding Units into a greater number of Units, the applicable conversion price in effect immediately prior to such subdivision will be proportionately reduced. If the Partnership at any time combines (by combination, reverse stock split or otherwise) one or more classes of its respective outstanding Units into a smaller number of Units, the applicable conversion price in effect immediately prior to such combination will be proportionately increased.

(b) Subject to the terms of this Section 7.13(b), Class S Preferred Units may be converted into Class S Ordinary Units immediately prior to consummation of a Partnership Sale or an event giving rise to Liquidating Proceeds. The General Partner or Liquidation Agent, as the case may be, shall use commercially reasonable efforts to provide each holder of Class S Preferred Units with at least ten days' notice of a Partnership Sale or an event giving rise to Liquidating Proceeds, which notice shall include a summary of the material terms of such Partnership Sale or event to allow such holder to make a decision regarding whether to elect to convert its, his or her Class S Preferred Units. Holders of Class S Preferred Units may irrevocably elect to convert all (but not less than all) of their respective Class S Preferred Units into Class S Ordinary Units (including, if applicable, fractional Units) pursuant to Section 7.05 by delivering a written notice to the General Partner or Liquidation Agent, as the case may be, within five days of delivery of the notice referenced in the immediately preceding sentence.

Section VII.14. Redemption Limitation. Without the prior written consent of holders of a majority of then outstanding Preferred Series A Unit Accounts or Preferred Series B Unit Accounts, as applicable, and except as otherwise provided herein, the Partnership shall not redeem any other class or series of equity securities, whether pursuant to optional or mandatory redemption rights or otherwise, unless and until the holders of Preferred Series A Unit Accounts or Preferred Series B Unit Accounts, as applicable, have been paid or redeemed in full an amount equal to the Hypothetical Preferred Opening Capital Account Balances associated with such Preferred Series A Unit Accounts or Preferred Series B Unit Accounts, as applicable. Notwithstanding the foregoing, this Section 7.14 shall not prevent the Partnership from redeeming (a) Units in connection with obligations of the Partnership to any exchange trust, (b) Class S Units, so long as the consideration used to redeem such Class S Units is a publicly traded security of an Affiliate or (c) redemptions pursuant to and in accordance with Section 4.02 and Section 4.04 and any conversion, exchange or redemption of any Units in which the redeemed party retains the same economic interest (other than any tax-related differences) in the

Partnership or the Issuer, as the case may be, and in which the holders of Preferred Series A Unit Accounts or Preferred Series B Unit Accounts, as applicable, retain priority in redemption and distributions (in each case to the maximum extent contemplated by this Agreement) over any such new economic interest.

Article VIII.

TRANSFER RESTRICTIONS

Section VIII.01. Limited Partner Transfers. Each Limited Partner may Transfer Units in Exchange Transactions pursuant to, and in accordance with, the Exchange Agreement; provided that such Exchange Transactions shall be effected in compliance with policies that the General Partner may adopt or promulgate from time to time (including policies requiring the use of designated administrators or brokers). Each holder of a Preferred Series Unit Account may further Transfer all or any portion of its Preferred Series Unit Account to an estate-planning vehicle or other Person without the consent of the General Partner.

Section VIII.02. Mandatory Exchanges. The General Partner may not cause to be Transferred in an Exchange Transaction any Limited Partner Units without the written consent of the holder of such Units.

Section VIII.03. Encumbrances. No Limited Partner or Assignee may create an Encumbrance with respect to all or any portion of its Units (or any beneficial interest therein) other than Encumbrances that run in favor of the Limited Partner unless the General Partner consents in writing thereto, which consent may be given or withheld, or made subject to such conditions as are determined by the General Partner, in the General Partner's reasonable discretion. Consent of the General Partner shall be withheld until the holder of the Encumbrance acknowledges the terms and conditions of this Agreement. Any purported Encumbrance that is not in accordance with this Agreement shall be, to the fullest extent permitted by law, null and void. Notwithstanding any other provision of this Agreement to the contrary and in furtherance of the foregoing, no holder of a Subclass 1 Class A Unit may encumber or Transfer, in whole or in part, such Subclass 1 Class A Unit to the extent such Encumbrance or Transfer would cause such Subclass 1 Class A unit to cease to track to a corresponding Common Unit.

Section VIII.04. Further Restrictions.

(a) Notwithstanding any contrary provision in this Agreement, the General Partner may impose such forfeiture provisions, Transfer restrictions or other similar provisions with respect to any Units that are outstanding as of the date of this Agreement or are created thereafter, with the written consent of the holder of such Units or pursuant to an amendment to this Agreement adopted in accordance with Section 11.12. Such requirements, provisions and restrictions need not be uniform and may be waived or released by the General Partner in its reasonable discretion with respect to all or a portion of the Units owned by any one or more Limited Partners at any time and from time to time, and shall not constitute the breach of any duty hereunder or otherwise existing at law, in equity or otherwise.

(b) Notwithstanding any contrary provision in this Agreement, in no event may any Transfer of a Unit be made by any Limited Partner or Assignee if:

- (i) such Transfer is made to any Person who lacks the legal right, power or capacity to own such Unit;
- (ii) such Transfer would require the registration of such transferred Unit or of any Class of Unit pursuant to any applicable United States federal or state securities laws (including, without limitation, the Securities Act or the Exchange Act) or other non-U.S. securities laws (including Canadian provincial or territorial securities laws) or would constitute a non-exempt distribution pursuant to applicable provincial or state securities laws;
- (iii) such Transfer would cause (i) all or any portion of the assets of the Partnership to (A) constitute “plan assets” (under ERISA, the Code or any applicable Similar Law) of any existing or contemplated Limited Partner, or (B) be subject to the provisions of ERISA, Section 4975 of the Code or any applicable Similar Law, or (ii) the General Partner to become a fiduciary with respect to any existing or contemplated Limited Partner, pursuant to ERISA, any applicable Similar Law, or otherwise;
- (iv) to the extent requested by the General Partner, the Partnership does not receive such legal and/or tax opinions and written instruments (including, without limitation, copies of any instruments of Transfer and such Assignee’s consent to be bound by this Agreement as an Assignee) that are in a form satisfactory to the General Partner, as determined in the General Partner’s reasonable discretion; or
- (v) the General Partner shall determine in its reasonable discretion that such Transfer would pose a material risk that the Partnership would be a “publicly traded partnership” as defined in Section 7704 of the Code.

In addition, notwithstanding any contrary provision in this Agreement, to the extent the General Partner shall determine that interests in the Partnership do not meet the requirements of Treasury Regulation Section 1.7704-1(h), the General Partner may impose such restrictions on the Transfer of Units or other interests in the Partnership as the General Partner may determine in its reasonable discretion to be necessary or advisable so that the Partnership is not treated as a publicly traded partnership taxable as a corporation under Section 7704 of the Code.

- (c) Any Transfer in violation of this Article VIII shall, to the fullest extent permitted by law, be deemed null and void ab initio and of no effect.

Section VIII.05. Rights of Assignees. Subject to Section 8.04(b), the Transferee of any permitted Transfer pursuant to this Article VIII will be an assignee only (“Assignee”), and only will receive, to the extent transferred, the distributions and allocations of income, gain, loss, deduction, credit or similar item to which the Partner which transferred its Units would be entitled, and such Assignee will not be entitled or enabled to exercise any other rights or powers of a Partner, such other rights, and all obligations relating to, or in connection with, such interest remaining with the transferring Partner. The transferring Partner will remain a Partner even if it

has transferred all of its Units to one or more Assignees until such time as the Assignee(s) is admitted to the Partnership as a Partner pursuant to Section 8.07.

Section VIII.06. Admissions, Withdrawals and Removals.

(a) No Person may be admitted to the Partnership as an additional General Partner or substitute General Partner without the prior written consent of each incumbent General Partner, which consent may be given or withheld, or made subject to such conditions as are determined by each incumbent General Partner, in each case in the reasonable discretion of each incumbent General Partner. A General Partner will not be entitled to Transfer all of its Units or to withdraw from being a General Partner of the Partnership unless another General Partner shall have been admitted hereunder (and not have previously been removed or withdrawn).

(b) No Limited Partner will be removed or entitled to withdraw from being a Partner of the Partnership except in accordance with Section 8.08. Any additional General Partner or substitute General Partner admitted as a general partner of the Partnership pursuant to this Section 8.06 is hereby authorized to, and shall, continue the Partnership without dissolution.

(c) Except as otherwise provided in Article IX or the Act, no admission, substitution, withdrawal or removal of a Partner will cause the dissolution of the Partnership. To the fullest extent permitted by law, any purported admission, withdrawal or removal that is not in accordance with this Agreement shall be null and void.

Section VIII.07. Admission of Assignees as Substitute Limited Partners. An Assignee will become a substitute Limited Partner only if and when each of the following conditions is satisfied:

(a) the General Partner consents in writing to such admission, which consent may be given or withheld, or made subject to such conditions as are determined by the General Partner, in each case in the General Partner's reasonable discretion;

(b) if required by the General Partner, the General Partner receives written instruments (including, without limitation, copies of any instruments of Transfer and such Assignee's consent to be bound by this Agreement as a substitute Limited Partner) that are in a form satisfactory to the General Partner (as determined in its reasonable discretion);

(c) if required by the General Partner, the General Partner receives an opinion of counsel satisfactory to the General Partner to the effect that such Transfer is in compliance with this Agreement and all applicable Law; and

(d) if required by the General Partner, the parties to the Transfer, or any one of them, pays all of the Partnership's reasonable expenses connected with such Transfer (including, but not limited to, the reasonable legal and accounting fees of the Partnership).

Section VIII.08. Withdrawal and Removal of Limited Partners. Subject to Section 8.05, if a Limited Partner ceases to hold any Units, then such Limited Partner shall cease to be a Limited Partner and to have the power to exercise any rights or powers of a Limited Partner

(hereunder or under applicable law), and shall be deemed to have withdrawn from the Partnership.

Section VIII.09. Indirect Transfer to an Equity Holder. For the avoidance of doubt, subject to Section 8.04(b), in order to effectuate a Transfer of Units by a Limited Partner to an equity holder of such Limited Partner, a Limited Partner may Transfer Units to a Subsidiary of such Limited Partner and transfer its ownership in such Subsidiary to the Limited Partner's equity holder. Notwithstanding Section 8.07(a), Section 8.07(b) and Section 8.07(c), but subject to Section 8.07(d), upon the Transfer of the Units by a Limited Partner to a Subsidiary thereof, such Subsidiary shall be automatically admitted as a Limited Partner upon its execution of a counterpart signature page to this Agreement.

Article IX.

DISSOLUTION, LIQUIDATION AND TERMINATION

Section IX.01. No Dissolution. Except as required by the Act, the Partnership shall not be dissolved solely by reason of the admission of additional Partners or withdrawal of Partners in accordance with the terms of this Agreement. The Partnership may be dissolved, liquidated, wound up and terminated only pursuant to the provisions of this Article IX, and the Partners, to the fullest extent permitted by law, hereby irrevocably waive any and all other rights they may have to cause a dissolution of the Partnership or a sale or partition of any or all of the Partnership assets.

Section IX.02. Events Causing Dissolution. The Partnership shall be dissolved and its affairs shall be wound up upon the occurrence of any of the following events:

- (a) the entry of a decree of judicial dissolution of the Partnership under Section 17-802 of the Act upon the finding by a court of competent jurisdiction that it is not reasonably practicable to carry on the business of the Partnership in conformity with this Agreement;
- (b) any event which makes it unlawful for the business of the Partnership to be carried on by the Partners;
- (c) the written consent of all Partners;
- (d) at any time there are no limited partners, unless the Partnership is continued in accordance with the Act;
- (e) the Incapacity or removal of the General Partner or the occurrence of a Disabling Event with respect to the General Partner; provided that the Partnership will not be dissolved or required to be wound up in connection with any of the events specified in this Section 9.02(e) if: (i) at the time of the occurrence of such event there is at least one other general partner of the Partnership who is hereby authorized to, and elects to, carry on the business of the Partnership; or (ii) all remaining Limited Partners consent to or ratify the continuation of the business of the Partnership and the appointment of another general partner of the Partnership, effective as of the event that caused the General Partner to cease to be a general partner of the Partnership, within 120 days following the occurrence of any such event, which consent shall be deemed (and if

requested each Limited Partner shall provide a written consent or ratification) to have been given for all Limited Partners if the holders of more than 50% of the Units then outstanding agree in writing to so continue the business of the Partnership; or

- (f) the determination of the General Partner in its reasonable discretion.

Notwithstanding any other provision of this Agreement (including Section 8.06 hereof) or the Act, upon the Incapacity or removal of the General Partner, the occurrence of a Disabling Event with respect to the General Partner, or upon the occurrence of any other event that causes the General Partner to withdraw as, or cease to be, the general partner of the Partnership (each, a “Triggering Event”), Parent (or in the event that Counselors determines that Parent should not serve in such capacity, a nominee selected by Counselors (other than Counselors itself or its members)) shall, without any action of any other Person, be automatically admitted as a general partner of the Partnership (a “Substitute GP”) upon the execution by such Substitute GP of a counterpart signature page to this Agreement. Such Substitute GP shall be deemed admitted to the Partnership as a general partner of the Partnership effective immediately prior to the occurrence of such Triggering Event. The Substitute GP shall have no interest in the profits, losses and capital of the Partnership and will have no right to receive any distributions of Partnership assets. Upon admission of a Substitute GP in accordance with the foregoing, such Substitute GP is hereby authorized to, and elects to, carry on the business of the Partnership in accordance with the terms of this Agreement and the Act, and the Partnership shall continue without dissolution.

Section IX.03. Distribution upon Dissolution. Upon dissolution, the Partnership shall not be terminated and shall continue until the winding up of the affairs of the Partnership is completed. Upon the winding up of the Partnership, the General Partner, or any other Person designated by the General Partner (the “Liquidation Agent”), shall take full account of the assets and liabilities of the Partnership and shall, unless the General Partner determines otherwise, liquidate the assets of the Partnership as promptly as is consistent with obtaining the fair value thereof. [*] Then, the proceeds of any liquidation shall be applied and distributed in the following order:

- (a) first, to the satisfaction of debts and liabilities of the Partnership (including satisfaction of all indebtedness to Partners and/or their Affiliates to the extent otherwise permitted by law) including the expenses of liquidation, and including the establishment of any reserve which the Liquidation Agent shall deem reasonably necessary for any contingent, conditional or unmatured liabilities or obligations of the Partnership (“Contingencies”). Any such reserve may be paid over by the Liquidation Agent to any attorney-at-law, or acceptable party, as escrow agent, to be held for disbursement in payment of any Contingencies and, at the expiration of such period as shall be deemed advisable by the Liquidation Agent for distribution of the balance in the manner hereinafter provided in this Section 9.03; and

- (b) second, the remaining proceeds, if any (the “Liquidating Proceeds”), shall be distributed pursuant to Section 4.06 (substituting “Liquidating Proceeds” for “Sales Proceeds”).

Section IX.04. Time for Liquidation. A reasonable amount of time shall be allowed for the orderly liquidation of the assets of the Partnership and the discharge of liabilities to creditors so as to enable the Liquidation Agent to minimize the losses attendant upon such liquidation.

Section IX.05. Termination. The Partnership shall terminate when all of the assets of the Partnership, after payment of or due provision for all debts, liabilities and obligations of the Partnership, shall have been distributed to the holders of Units in the manner provided for in this Article IX, and the Certificate shall have been cancelled in the manner required by the Act.

Section IX.06. Claims of the Partners. The Partners shall look solely to the Partnership's assets for the return of their Capital Contributions, and if the assets of the Partnership remaining after payment of or due provision for all debts, liabilities and obligations of the Partnership are insufficient to return such Capital Contributions, the Partners shall have no recourse against the Partnership or any other Partner or any other Person. No Partner with a negative balance in such Partner's Capital Account shall have any obligation to the Partnership or to the other Partners or to any creditor or other Person to restore such negative balance during the existence of the Partnership, upon dissolution or termination of the Partnership or otherwise, except to the extent required by the Act.

Section IX.07. Survival of Certain Provisions. Notwithstanding anything to the contrary in this Agreement, this Section 9.07 and the provisions of Section 10.01, Section 10.02, Section 11.09 and Section 11.10 shall survive the termination of the Partnership.

Article X.

LIABILITY AND INDEMNIFICATION

Section X.01. Liability of Partners.

(a) No Limited Partner and no Affiliate, manager, member, employee or agent of a Limited Partner shall be liable for any debt, obligation or liability of the Partnership or of any other Partner or have any obligation to restore any deficit balance in its Capital Account solely by reason of being a Partner of the Partnership, except to the extent required by the Act.

(b) Notwithstanding any other provision of this Agreement, to the extent that, at law or in equity, the General Partner or any other Indemnitee would have duties (including fiduciary duties) to the Partnership, to another Partner, to any Person who acquires an interest in a Partnership interest or to any other Person bound by this Agreement, all such duties (including fiduciary duties) are hereby eliminated, to the fullest extent permitted by law, and replaced with the duties expressly set forth herein. The elimination of duties (including fiduciary duties) and replacement thereof with the duties or standards expressly set forth herein are approved by the Partnership, each of the Partners and each other Person bound by this Agreement. Whenever in this Agreement or any other agreement contemplated hereby one or more Indemnitees or other Persons are permitted to or required to make a decision (i) in their "discretion" or (ii) pursuant to any provision not subject to an express standard of "good faith" (regardless of whether there is a reference to "discretion" or any other standard), then the Indemnitee(s) or such other Person(s), as applicable, in making such decision, shall be entitled to consider only such interests and factors as it desires, including its own interests, and shall have no duty or obligation (fiduciary or

otherwise) to give any consideration to any interest of or factors affecting the Partnership, the Partners, or any other Person (including any creditor of the Partnership), and shall not be subject to any other or different standards imposed by this Agreement or otherwise existing at law, in equity or otherwise. Notwithstanding the immediately preceding sentence, if a decision or action under this Agreement is to be made or taken by one or more Indemnitees or other Persons in “good faith”, the Indemnatee(s) or such other Person(s) shall act in “good faith” and shall not be subject to any other or different standard under this Agreement or otherwise existing at law, in equity or otherwise and any decision or action made or taken or omitted to be made or taken in good faith shall not be a breach of this Agreement or any other agreement contemplated hereby or otherwise applicable provision of law or in equity. For all purposes of this Agreement and notwithstanding any applicable provision of law or in equity, a determination or other action or failure to act by one or more Indemnitees or other Persons conclusively will be deemed to be made, taken or omitted to be made or taken in “good faith” unless the Indemnatee(s) or such other Person(s), as applicable, subjectively believed such determination, action or failure to act was adverse to the interests of the Partnership. The belief of a majority of the Board of Directors of Parent or committee thereof shall be deemed to be the belief of the Board of Directors of Parent or such committee. In any proceeding brought by the Partnership, any Limited Partner or any other Person who is bound by this Agreement challenging an action, determination or failure to act, notwithstanding any provision of law or equity to the contrary, the Person bringing or prosecuting such proceeding shall have the burden of proving that such determination, action or failure to act did not satisfy the applicable standard of conduct pursuant to this Agreement. To the fullest extent permitted by law, any action or determination taken or made by one or more Indemnitees or other Persons which is not in breach of this Agreement shall be deemed taken or determined in compliance with this Agreement, the Act and any other applicable fiduciary requirements.

(c) To the extent that, at law or in equity, any Partner (including without limitation, the General Partner) has duties (including fiduciary duties) and liabilities relating thereto to the Partnership, to another Partner or to another Person who is a party to or is otherwise bound by this Agreement, the Partners (including without limitation, the General Partner) acting under this Agreement will not be liable to the Partnership, to any such other Partner or to any such other Person who is a party to or is otherwise bound by this Agreement, for their good faith reliance on the provisions of this Agreement.

(d) The General Partner and any other Indemnitees may consult with legal counsel, accountants and financial or other advisors and any act or omission suffered or taken by such Person on behalf of the Partnership in accordance with the advice or opinion of such counsel, accountants or financial or other advisors shall be conclusively presumed to have been done or omitted in good faith in accordance with such advice or opinion so long as such counsel or accountants or financial or other advisors were selected with reasonable care.

Section X.02. Indemnification.

(a) Indemnification. To the fullest extent permitted by law, as the same exists or may hereafter be amended (but in the case of any such amendment, only to the extent that such amendment permits the Partnership to provide broader indemnification rights than such law permitted the Partnership to provide prior to such amendment), the Partnership shall indemnify

any Indemnatee who was or is made or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding (brought in the right of the Partnership or otherwise), whether civil, criminal, administrative, arbitral or investigative, and whether formal or informal, including appeals, by reason of his or her or its status as an Indemnatee or by reason of any action alleged to have been taken or omitted to be taken by Indemnatee in such capacity, from and against all loss and liability suffered and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement reasonably incurred by such Indemnatee in connection with such action, suit or proceeding, including appeals; provided that such Indemnatee shall not be entitled to indemnification hereunder if there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter for which the Indemnatee is seeking indemnification pursuant to this Section 10.02, the Indemnatee acted in bad faith or engaged in fraud or willful misconduct; provided, further, that if any employee of the Partnership, the Issuer or any Affiliate brings any action, suit or proceedings against the Partnership, the General Partner or any Affiliate of the foregoing, such employee shall not be entitled to indemnification under this Section 10.02, unless the General Partner in its reasonable discretion consents thereto. The indemnification of an Indemnatee of the type identified in clause (d) of the definition of Indemnatee shall be secondary to any and all indemnification to which such Indemnatee is entitled from the relevant other Person (including any payment made to such Indemnatee under any insurance policy issued to or for the benefit of such Person or Indemnatee) (the "Primary Indemnification"), and will only be paid to the extent the Primary Indemnification is not paid and/or does not provide coverage (*e.g.*, a self-insured retention amount under an insurance policy). No such Person shall be entitled to contribution or indemnification from or subrogation against the Partnership. The indemnification of any other Indemnatee shall, to the extent not in conflict with such policy, be secondary to any and all payment to which such Indemnatee is entitled from any relevant insurance policy issued to or for the benefit of the Partnership or any Indemnatee.

(b) Advancement of Expenses. To the fullest extent permitted by law, the Partnership shall promptly pay expenses (including attorneys' fees) incurred by any Indemnatee in appearing at, participating in or defending any action, suit or proceeding in advance of the final disposition of such action, suit or proceeding, including appeals, upon presentation of an undertaking on behalf of such Indemnatee to repay such amount if it shall ultimately be determined that such Indemnatee is not entitled to be indemnified under this Section 10.02 or otherwise.

(c) Unpaid Claims. If a claim for indemnification (following the final disposition of such action, suit or proceeding) or advancement of expenses under this Section 10.02 is not paid in full within 30 days after a written claim therefor by any Indemnatee has been received by the Partnership, such Indemnatee may file proceedings to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Partnership shall have the burden of proving that such Indemnatee is not entitled to the requested indemnification or advancement of expenses under applicable Law.

(d) Insurance.

(i) To the fullest extent permitted by law, the Partnership may purchase and maintain insurance on behalf of any person described in Section 10.02(a)

against any liability asserted against such person, whether or not the Partnership would have the power to indemnify such person against such liability under the provisions of this Section 10.02 or otherwise.

- (ii) In the event of any payment by the Partnership under this Section 10.02, the Partnership shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnatee from any relevant other Person or under any insurance policy issued to or for the benefit of the Partnership, such relevant other Person, or any Indemnatee. Each Indemnatee agrees to execute all papers required and take all action necessary to secure such rights, including the execution of such documents as are necessary to enable the Partnership to bring suit to enforce any such rights in accordance with the terms of such insurance policy or other relevant document. The Partnership shall pay or reimburse all expenses actually and reasonably incurred by the Indemnatee in connection with such subrogation.
- (iii) The Partnership shall not be liable under this Section 10.02 to make any payment of amounts otherwise indemnifiable hereunder (including, but not limited to, judgments, fines and amounts paid in settlement, and excise taxes with respect to an employee benefit plan or penalties) if and to the extent that the applicable Indemnatee has otherwise actually received such payment under this Section 10.02 or any insurance policy, contract, agreement or otherwise.

(e) Non-Exclusivity of Rights. The provisions of this Section 10.02 shall be applicable to all actions, claims, suits or proceedings made or commenced after the date of this Agreement, whether arising from acts or omissions to act occurring before or after its adoption. The provisions of this Section 10.02 shall be deemed to be a contract between the Partnership and each person entitled to indemnification under this Section 10.02 (or legal representative thereof) who serves in such capacity at any time while this Section 10.02 and the relevant provisions of applicable Law, if any, are in effect, and any amendment, modification or repeal hereof shall not affect any rights or obligations then existing with respect to any state of facts or any action, suit or proceeding then or theretofore existing, or any action, suit or proceeding thereafter brought or threatened based in whole or in part on any such state of facts. If any provision of this Section 10.02 shall be found to be invalid or limited in application by reason of any law or regulation, it shall not affect the validity of the remaining provisions hereof. The rights of indemnification provided in this Section 10.02 shall neither be exclusive of, nor be deemed in limitation of, any rights to which any person may otherwise be or become entitled or permitted by contract, this Agreement or as a matter of law, both as to actions in such person's official capacity and actions in any other capacity, it being the policy of the Partnership that indemnification of any person whom the Partnership is obligated to indemnify pursuant to Section 10.02(a) shall be made to the fullest extent permitted by law.

(f) Notwithstanding anything to the contrary set forth in this Section 10.02, any indemnification or advancement obligation of the Partnership under this Agreement shall only be satisfied to the extent that the Partnership will remain solvent, as determined by the General

Partner in its reasonable discretion, after payment of such obligations, and thereafter any such obligation shall terminate.

For purposes of this Section 10.02, references to “other enterprises” shall include employee benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the Partnership” shall include any service as a director, officer, employee or agent of the Partnership which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries.

This Section 10.02 shall not limit the right of the Partnership, to the extent and in the manner permitted by law, to indemnify and to advance expenses to, and purchase and maintain insurance on behalf of, persons other than persons described in Section 10.02(a).

Section X.03. Exculpation.

Notwithstanding anything to the contrary set forth in this Agreement, no Indemnitee shall be liable to the Partnership, the Partners or any other Persons who are bound by this Agreement, for any losses, claims, damages, liabilities, joint or several, expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising as a result of any act or omission of an Indemnitee, or for any breach of contract (including breach of this Agreement) or any breach of duties (including breach of fiduciary duties, if any) whether arising hereunder, at law, in equity or otherwise, unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter in question, the Indemnitee acted in bad faith or engaged in fraud or willful misconduct.

Article XI.

MISCELLANEOUS

Section XI.01. Severability. If any term or other provision of this Agreement is held to be invalid, illegal or incapable of being enforced by any rule of Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions is not affected in any manner materially adverse to any party. Upon a determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section XI.02. Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given and made (i) the date such notice, request, claim, demand or other communication is served by delivery in person upon the Person for whom it is intended, (ii) the date sent if delivered by electronic mail (provided, that for such electronic mail to be deemed to have been given on the date it is sent, a copy of such notice, request, claim, demand or other communication is also furnished on such date to a nationally recognized overnight courier for next business day delivery), (iii) three business days after mailing if sent by

certified or registered mail, return receipt requested, or (iv) one business day after being furnished to a nationally recognized overnight courier for next business day delivery, in each case to the Person at the applicable address or electronic mail address set forth below (or at such other address for a party as shall be specified in a notice given in accordance with this Section 11.02):

(a) If to the Partnership, to:

Beneficient Company Holdings, L.P.
c/o The Beneficient Company Group, L.P.
325 N. St. Paul Street, Suite 4850
Dallas, Texas 75201
Attention: General Counsel
Electronic mail: notice@beneficient.com

(b) If to any Partner, to:

c/o The Beneficient Company Group, L.P.
325 N. St. Paul Street, Suite 4850
Dallas, Texas 75201
Attention: General Counsel
Electronic mail: notice@beneficient.com

The Beneficient Company Group, L.P. shall use commercially reasonable efforts to forward any such communication to the applicable Partner's address or electronic mail address as shown in the Partnership's books and records.

(c) If to the General Partner, to:

The Beneficient Company Group, L.P.
325 N. St. Paul Street, Suite 4850
Dallas, Texas 75201
Attention: General Counsel
Electronic mail: notice@beneficient.com

Section XI.03. Cumulative Remedies. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by Law.

Section XI.04. Binding Effect. This Agreement shall be binding upon and inure to the benefit of all of the parties and, to the extent permitted by this Agreement, their successors, executors, administrators, heirs, legal representatives and assigns.

Section XI.05. Interpretation. Throughout this Agreement, nouns, pronouns and verbs shall be construed as masculine, feminine, neuter, singular or plural, whichever shall be applicable. Unless otherwise specified, all references herein to "Articles," "Sections" and paragraphs shall refer to corresponding provisions of this Agreement. Each party hereto

acknowledges and agrees that the parties hereto have participated collectively in the negotiation and drafting of this Agreement and that he or she or it has had the opportunity to draft, review and edit the language of this Agreement; accordingly, it is the intention of the parties that no presumption for or against any party arising out of drafting all or any part of this Agreement will be applied in any dispute relating to, in connection with or involving this Agreement. Accordingly, the parties hereby waive to the fullest extent permitted by law the benefit of any rule of law or any legal decision that would require that in cases of uncertainty, the language of a contract should be interpreted most strongly against the party who drafted such language.

Section XI.06. Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Copies of executed counterparts transmitted by telecopy or other electronic transmission service shall be considered original executed counterparts for purposes of this Section 11.06.

Section XI.07. Further Assurances. Each Limited Partner shall perform all other acts and execute and deliver all other documents as may be necessary or appropriate to carry out the purposes and intent of this Agreement.

Section XI.08. Entire Agreement. This Agreement and the September Amendment constitute the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto. For the avoidance of doubt, the September Amendment shall continue in effect and shall amend this Agreement until the termination of the September Amendment in accordance with its terms.

Section XI.09. Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of Delaware, without regard to the principles of conflicts of law.

Section XI.10. Dispute Resolution.

(a) The Partnership, and each Partner, each other Person who acquires a Unit or other interest in the Partnership and each other Person who is bound by this Agreement (collectively, the “Consenting Parties” and each a “Consenting Party”) (i) irrevocably agrees that, unless the General Partner shall otherwise agree in writing, any claims, suits, actions or proceedings arising out of or relating in any way to this Agreement or any interest in the Partnership (including, without limitation, any claims, suits or actions under or to interpret, apply or enforce (A) the provisions of this Agreement, including without limitation the validity, scope or enforceability of this Section 11.10(a) or the arbitrability of any Dispute (as defined below), (B) the duties, obligations or liabilities of the Partnership to the Partners, or of the Partners to the Partnership, or among Partners, (C) the rights or powers of, or restrictions on, the Partnership, or any Partner, (D) any provision of the Act or other similar applicable statutes, (E) any other instrument, document, agreement or certificate contemplated either by any provision of the Act relating to the Partnership or by this Agreement or (F) the federal securities laws of the United States or the securities or antifraud laws of any international, national, state, provincial, territorial, local or other governmental or regulatory authority, including, in each case, the applicable rules and

regulations promulgated thereunder (regardless of whether such Disputes (x) sound in contract, tort, fraud or otherwise, (y) are based on common law, statutory, equitable, legal or other grounds, or (z) are derivative or direct claims)) (a “Dispute”) shall be finally settled by arbitration conducted by three arbitrators (or, in the event the amount of quantified claims and/or estimated monetary value of other claims contained in the applicable request for arbitration is less than \$3.0 million, by a sole arbitrator) in Wilmington, Delaware in accordance with the Rules of Arbitration of the International Chamber of Commerce (including the rules relating to costs and fees) existing on the date of this Agreement except to the extent those rules are inconsistent with the terms of this Section 11.10, and that such arbitration shall be the exclusive manner pursuant to which any Dispute shall be resolved; (ii) agrees that this Agreement involves commerce and is governed by the Federal Arbitration Act, 9 U.S.C. Section 1, et seq. and any applicable treaties governing the recognition and enforcement of international arbitration agreements and awards; (iii) agrees to take all steps necessary or advisable, including the execution of documents to be filed with the International Court of Arbitration or the International Centre for ADR in order to properly submit any Dispute for arbitration pursuant to this Section 11.10(a); (iv) irrevocably waives, to the fullest extent permitted by law, any objection it may have or hereafter have to the submission of any Dispute for arbitration pursuant to this Section 11.10(a) and any right to lay claim to jurisdiction in any venue; (v) agrees that (A) the arbitrator(s) shall be U.S. lawyers, U.S. law professors and/or retired U.S. judges and all arbitrators, including the president of the arbitral tribunal, may be U.S. nationals and (B) the arbitrator(s) shall conduct the proceedings in the English language; (vi) agrees that except as required by law (including any disclosure requirement to which the Partnership may be subject under any securities law, rule or regulation or applicable securities exchange rule or requirement) or as may be reasonably required in connection with ancillary judicial proceedings to compel arbitration, to obtain temporary or preliminary judicial relief in aid of arbitration, or to confirm or challenge an arbitration award, the arbitration proceedings, including any hearings, shall be confidential, and the parties shall not disclose any awards, any materials in the proceedings created for the purpose of the arbitration, or any documents produced by another party in the proceedings not otherwise in the public domain; (vii) irrevocably agrees that, unless the General Partner and the relevant named party or parties shall otherwise mutually agree in writing, (A) the arbitrator(s) may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party’s individual claim, (B) SUCH CONSENTING PARTY MAY BRING CLAIMS ONLY IN ITS INDIVIDUAL CAPACITY, AND NOT AS A PLAINTIFF, CLASS REPRESENTATIVE OR CLASS MEMBER, OR AS A PRIVATE ATTORNEY GENERAL, IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING, and (C) the arbitrator(s) may not consolidate more than one person’s claims, and shall not have authority otherwise to preside over any form of a representative or class or consolidated proceeding or entertain any claim on behalf of a person who is not a named party, nor shall any arbitrator have authority to make any award for the benefit of, or against, any person who is not a named party; and (viii) agrees that if a Dispute that would be arbitrable under this Agreement if brought against a Consenting Party is brought against an employee, officer, director, agent or indemnitee of such Consenting Party or its Affiliates (other than Disputes brought by the employer or principal of any such employee, officer, director, agent or indemnitee) for alleged actions or omissions of such employee, officer, director, agent or indemnitee undertaken as an employee, officer, director, agent or indemnitee of such Consenting Party or its Affiliates, such employee, officer, director, agent or indemnitee shall be entitled to invoke this arbitration agreement. Notwithstanding Section 11.01, each

provision of this Section 11.10(a) shall be deemed material, and shall not be severable and this Section 11.10(a) shall be enforced only in its entirety. Performance under this Agreement shall continue if reasonably possible during any arbitration proceedings.

(b) Notwithstanding the provisions of Section 11.10(a), any Consenting Party may bring an action or special proceeding for the purpose of compelling a party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration hereunder, or enforcing an arbitration award and, for the purposes of this paragraph (b), each Consenting Party (i) irrevocably agrees that, unless the General Partner consents in writing to the selection of an alternative forum, any such action or special proceeding shall be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, any other court located in the State of Delaware with subject matter jurisdiction; (ii) irrevocably submits to the exclusive jurisdiction of such courts in connection with any such action or special proceeding; (iii) irrevocably agrees not to, and waives any right to, assert in any such action or special proceeding that (A) it is not personally subject to the jurisdiction of such courts or any other court to which proceedings in such courts may be appealed, (B) such action or special proceeding is brought in an inconvenient forum, or (C) the venue of such action or special proceeding is improper; (iv) expressly waives any requirement for the posting of a bond by a party bringing such action or special proceeding; (v) consents to process being served in any such action or special proceeding by mailing, certified mail, return receipt requested, a copy thereof to such party at the address in effect for notices hereunder, and agrees that such service shall constitute good and sufficient service of process and notice thereof; provided that nothing in clause (v) hereof shall affect or limit any right to serve process in any other manner permitted by law; (VI) IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY SUCH CLAIM, SUIT, ACTION OR PROCEEDING; and (vii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate.

(c) If the arbitrator(s) shall determine that any Dispute is not subject to arbitration, or the arbitrator(s) or any court or tribunal of competent jurisdiction shall refuse to enforce any provision of Section 11.10(a) or shall determine that any Dispute is not subject to arbitration as contemplated thereby, then, and only then, shall the alternative provisions of this Section 11.10(c) be applicable. Each Consenting Party, to the fullest extent permitted by law, (i) irrevocably agrees that unless the General Partner consents in writing to the selection of an alternative forum, any Dispute shall be exclusively brought in the Court of Chancery of the State of Delaware or, if such court does not have subject matter jurisdiction thereof, any other court located in the State of Delaware with subject matter jurisdiction over such Dispute; (ii) irrevocably submits to the exclusive jurisdiction of such courts in connection with any such claim, suit, action or proceeding; (iii) irrevocably agrees not to, and waives any right to, assert in any such claim, suit, action or proceeding that (A) it is not personally subject to the jurisdiction of such courts or any other court to which proceedings in such courts may be appealed, (B) such claim, suit, action or proceeding is brought in an inconvenient forum, or (C) the venue of such claim, suit, action or proceeding is improper; (iv) expressly waives any requirement for the posting of a bond by a party bringing such claim, suit, action or proceeding; (v) consents to process being served in any such claim, suit, action or proceeding by mailing, certified mail, return receipt requested, a copy thereof to such party at the address in effect for notices hereunder, and agrees that such service shall constitute good and sufficient service of process and

notice thereof; provided that nothing in clause (v) hereof shall affect or limit any right to serve process in any other manner permitted by law; and (VI) IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY SUCH CLAIM, SUIT, ACTION OR PROCEEDING; and (vii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate. The parties acknowledge that the fora designated by this Section 11.10(c) have a reasonable relation to this Agreement, and to the parties' relationship with one another.

Section XI.11. Expenses. Except as otherwise specified in this Agreement, the Partnership shall be responsible for all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with its operation.

Section XI.12. Amendments and Waivers.

(a) Subject to this Section 11.12, this Agreement may be amended, supplemented, waived or modified by the General Partner in its reasonable discretion without the approval of any Limited Partner or other Person; provided that no amendment may materially and adversely affect the rights of a holder of Units, as such, other than on a pro rata basis with other holders of Units of the same Class without the prior written consent of such holder (or, if there is more than one such holder that is so affected, without the prior written consent of a majority in interest of such affected holders in accordance with their holdings of such Class of Units); provided, further, that no amendment may be made that would materially and adversely affect the rights of a particular Class without the prior written consent of a majority in interest of the holders of such Class; provided, further, however, that notwithstanding the foregoing, the General Partner may, without the written consent of any Limited Partner or any other Person, amend, supplement, waive or modify any provision of this Agreement or the Partnership Register and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect: (i) any amendment, supplement, waiver or modification that the General Partner determines to be necessary or appropriate in connection with the creation, authorization or issuance of Units or any Class or series of equity interest in the Partnership pursuant to Section 7.01 (and subject to compliance with Section 7.11); (ii) the admission, substitution, withdrawal or removal of Partners in accordance with this Agreement, including pursuant to Section 7.01; (iii) a change in the name of the Partnership, the location of the principal place of business of the Partnership, the registered agent of the Partnership or the registered office of the Partnership; (iv) any amendment, supplement, waiver or modification that the General Partner determines in its reasonable discretion to be necessary or appropriate to address changes in U.S. federal income tax regulations, legislation or interpretation; and/or (v) a change in the Fiscal Year or taxable year of the Partnership and any other changes that the General Partner determines to be necessary or appropriate as a result of a change in the Fiscal Year or taxable year of the Partnership including a change in the dates on which distributions are to be made by the Partnership. For the avoidance of doubt, any amendment to Section 4.01, Section 4.02, the first sentence of Section 5.03, Section 5.04, Section 5.06, Section 7.02 (to the extent such amendment requires Units to be certificated), Section 7.08, Section 7.09, Section 7.10, Section 7.11, Section 7.12, Section 7.13, Section 7.14, or, to the extent related to any of the foregoing, Section 1.01, in each case that in any way affects the rights of the holder(s) of any class of

Preferred Series Unit Accounts shall be deemed to materially affect the rights of the holder(s) of such Class. Subject to any requirement herein to seek the consent of a particular Class, if consent from multiple holders is required to be obtained pursuant to this Section 11.12(a), then the consent of a majority in interest (calculated on an as converted basis, assuming all such holders had converted the Equity Securities held by them to Class A Units) of all such holders shall constitute the consent of all such holders. If an amendment has been approved in accordance with this Agreement, such amendment shall be adopted and effective with respect to all Partners. Upon obtaining such approvals as may be required by this Agreement, and without further action or execution on the part of any other Partner or other Person, any amendment to this Agreement may be implemented and reflected in a writing executed solely by the General Partner and the Limited Partners shall be deemed a party to and bound by such amendment.

(b) Notwithstanding anything in this Agreement to the contrary, in addition to any required approval of any holder or Class pursuant to Section 11.12(a), any amendment, supplement, waiver or modification of the definitions of “Available Cash Flow” or “Minimum Retained Earnings” or Section 4.01, shall require the approval of the Executive Committee.

(c) No failure or delay by any party in exercising any right, power or privilege hereunder (other than a failure or delay beyond a period of time specified herein) shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Law.

(d) Except as may be otherwise required by law in connection with the winding-up, liquidation, or dissolution of the Partnership, each Partner hereby irrevocably waives any and all rights that it may have to maintain an action for judicial accounting or for partition of any of the Partnership’s property.

Section XI.13. No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns and successors and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement (other than pursuant to Section 10.02); provided, however, that each employee, officer, director, agent or indemnitee of any Consenting Party or its Affiliates is an intended third party beneficiary of Section 11.10(a) and shall be entitled to enforce its rights thereunder.

Section XI.14. Headings. The headings and subheadings in this Agreement are included for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

Section XI.15. Power of Attorney. Each Limited Partner, by its execution hereof, hereby makes, constitutes and appoints the General Partner as its true and lawful agent and attorney in fact, with full power of substitution and full power and authority in its name, place and stead, to make, execute, sign, acknowledge, swear to, record and file: (a) this Agreement and any amendment to this Agreement that has been adopted as herein provided; (b) the original certificate of limited partnership of the Partnership and all amendments thereto required or

permitted by law or the provisions of this Agreement; (c) all certificates and other instruments (including consents and ratifications which the Limited Partners have agreed to provide upon a matter receiving the agreed support of Limited Partners) deemed advisable by the General Partner to carry out the provisions of this Agreement (including the provisions of Section 8.03) and Law or to permit the Partnership to become or to continue as a limited partnership or partnership wherein the Limited Partners have limited liability in each jurisdiction where the Partnership may be doing business; (d) all instruments that the General Partner deems appropriate to reflect a change or modification of this Agreement or the Partnership in accordance with this Agreement, including, without limitation, the admission of additional Limited Partners or substituted Limited Partners pursuant to the provisions of this Agreement; (e) all conveyances and other instruments or papers deemed advisable by the General Partner to effect the liquidation and termination of the Partnership; and (f) all fictitious or assumed name certificates required or permitted (in light of the Partnership's activities) to be filed on behalf of the Partnership. It is expressly intended by each Limited Partner that the power of attorney granted by this Section 11.15 is coupled with an interest, shall be irrevocable, and shall survive and not be affected by the subsequent death, disability or incapacity of such Limited Partner (or if such Limited Partner is a corporation, partnership, trust, association, limited liability company or other legal entity, by the dissolution or termination thereof).

Section XI.16. Separate Agreements; Schedules. Notwithstanding any other provision of this Agreement, including Section 11.12, the General Partner may, or may cause the Partnership to, without the approval of any Limited Partner or other Person, enter into separate subscription, letter or other agreements with individual Limited Partners with respect to any matter, which have the effect of establishing rights under, or altering, supplementing or amending the terms of, this Agreement. The parties hereto agree that any terms contained in any such separate agreement shall govern with respect to such Limited Partner(s) party thereto notwithstanding the provisions of this Agreement. The General Partner may from time to time execute and deliver to the Limited Partners schedules which set forth information contained in the books and records of the Partnership and any other matters deemed appropriate by the General Partner. Such schedules shall be for information purposes only and shall not be deemed to be part of this Agreement for any purpose whatsoever.

Section XI.17. Partnership Status. The parties intend to treat the Partnership as a partnership for U.S. federal income tax purposes.

Section XI.18. Delivery by Email. This Agreement, the agreements referred to herein, and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent signed and delivered by means of an email with scan attachment, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party hereto or to any such agreement or instrument shall raise the use of an email to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of an email as a defense to the formation or enforceability of a contract, and each such party forever waives any such defense.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement or have caused this Agreement to be duly executed by their respective authorized officers, in each case as of the date first above stated.

GENERAL PARTNER:
THE BENEFICIENT COMPANY GROUP, L.P.

By: Beneficient Management, L.L.C., its general
partner

By: __
Name:
Title:

[Signature Page to 5th A&R LPA of Beneficient Company Holdings, L.P.]

Annex A

JOINDER AGREEMENT

Reference is made to the Sixth Amended and Restated Limited Partnership Agreement of Beneficient Company Holdings, L.P. (the “Partnership”), dated as of [●], 2021, (as amended, the “Agreement”). All capitalized, but undefined terms used in this joinder agreement (this “Joinder Agreement”) shall have the meanings assigned to them in the Agreement.

By executing this Joinder Agreement, *[Insert Name of New Limited Partner]* (the “New Limited Partner”), hereby agrees that effective upon the execution of this Joinder Agreement by each of the parties hereto, it shall be bound by all of the terms and conditions of the Agreement and shall become a party to the Agreement. The execution by the New Limited Partner of this Joinder Agreement shall constitute its execution of a counterpart signature page to the Agreement.

Upon the execution of this Joinder Agreement by each of the parties hereto, the New Limited Partner shall be admitted as a Limited Partner of the Partnership effective as of *[Insert Date]*.

IN WITNESS WHEREOF, the parties hereto have executed this Joinder Agreement as of _____, 20__.

[SIGNATURE BLOCK OF NEW LIMITED PARTNER]

Accepted and Agreed by:

GENERAL PARTNER:
THE BENEFICIENT COMPANY GROUP, L.P.

By: Beneficient Management, L.L.C., its general partner

By: ____
Name:
Title:

Exhibit A

Exchange Fund Portfolio Interests

(See attached.)

Exhibit A

Schedule A

Quarterly Rate Cap

For any measurement period the Quarterly Rate Cap shall be as follows:

Annualized Revenues * (in millions)		Quarterly Rate Cap
<i>More Than</i>	<i>Less Than or Equal To</i>	
\$ 0.0	\$ 80.0	0.25%
80.0	105.0	0.50%
105.0	125.0	0.75%
125.0	135.0	1.00%
135.0	140.0	1.25%
140.0	N/A	If Annualized Revenues exceed \$140.0 million, no Quarterly Rate Cap

*“Annualized Revenue” means four times the sum of (1) total interest, fee, and dividend income, and (2) total non-interest revenues (in the case of (1) and (2), as reflected in the then applicable quarterly financial statements of the Partnership).

Schedule A