



**NORTHSTAR FINANCIAL SERVICES (BERMUDA) LTD.
(IN LIQUIDATION)
(THE "COMPANY" OR "NORTHSTAR")**

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JOINT PROVISIONAL LIQUIDATORS**

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Third Progress Report of the Joint Provisional Liquidators
(the "Report")

20 September 2024

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DISCLAIMER

The JPLs, in undertaking their work and preparing this Report, have principally relied upon information provided to them by the Company’s former management group and the Company's professional advisors, the Company records or information available from public sources. The information has not been audited by the JPLs and an independent verification of the information as to its validity has not been conducted. Except where specifically stated, the JPLs have not sought to establish the reliability of the sources of information presented to them by reference to independent evidence. Information contained in this Report may be subject to change in light of subsequent information or explanations that become available to the JPLs.

For the avoidance of doubt, nothing in this report shall be taken to waive any claim of privilege between the JPLs and their legal counsel.

INDEX OF DEFINED TERMS

In this Report, the following defined terms are used:

Defined Term	Meaning
AHCOI	the Company's ad-hoc committee of inspection
AML	Anti-Money Laundering
Amended Complaint	the amended Complaint filed with the US Bankruptcy Court on 27 September 2023
Amended motion to Enforce the Stay	the amended motion of the JPLs to enforce stay against the NCICs and Lindberg entities in relation to an amended judgment and order on the implementation of the MOU
Barclays	Barclays Bank PLC
BlackRock	BlackRock Asset Management (UK) Limited
Class Representatives	the individuals appointed as class representatives pursuant to the Court's Order dated 26 August 2021, and the Amicus Curiae for the General Creditor Class appointed pursuant to the Court's Order dated 13 December 2021
Company or Northstar	Northstar Financial Services (Bermuda) Ltd. – in liquidation
Consequential Hearing	the hearing held on 12 December 2023 and attended by the JPLs and the Class Representatives. At this hearing, the Court was requested to determine certain consequential issues arising from the Judgment
Court	the Supreme Court of Bermuda
Debtors	together Northstar, PBLA, Omnia and PBIHL
Directions Application	the JPLs' application for directions issued by <i>ex parte</i> summons dated 13 October 2023
FATCA	Foreign Account Tax Compliance Act
FCC	Financial Crime Compliance
First Meetings	the meetings of creditors and contributories of the Company under section 171 of the Companies Act 1981
First Progress Report	progress report of the JPLs dated 15 July 2022
Fund Houses	fund houses such as BlackRock, Morgan Stanley, and Franklin Templeton
General Account Claims	claims which may be asserted by individuals or entities (as creditors) against Northstar's general account (rather than against any segregated account)
General Account Creditors	individuals or entities claiming against Northstar's general account (rather than against any segregated account)
HSBC	HSBC Bank Bermuda Limited
IALA	Interim Amendment to Loan Agreement entered into on 27 June 2019 by the Company's intermediary agents with borrowers, preferred equity owners and issuers etc.
IRS	Internal Revenue Service
JPLs	in this Report, reference to the joint provisional liquidators or "JPLs" in relation to work undertaken prior to 11 August 2023 is reference to Mr. John Johnston and Ms. Rachelle Frisby, and in relation to work undertaken after 23 August 2023, is reference to Mr. John Johnston and Mr. Edward Willmott. Ms. Frisby resigned as joint provisional liquidator in August 2023 and Mr. Willmott was appointed by court order dated 23 August 2023 as joint provisional liquidator together with Mr. John Johnston

Judgment	the written judgement on the segregation issue in <i>Re Northstar Financial Services (Bermuda) Ltd and Omnia Ltd (in liquidation)</i> [2023] SC (Bda) 57 Civ by the Supreme Court of Bermuda dated 28 July 2023
Lindberg	Greg Lindberg
Lindberg Entities	Greg E. Lindberg, Global Growth (f/k/a Eli Global) or any non-debtor entity potentially affiliated with Greg E. Lindberg, Global Growth and/or the Debtors
Metlife Orders	the Court's Orders dated 27 January 2022 in respect of both Northstar and Omnia in relation to the "Metlife" block of business
MLRO	Money Laundering Reporting Officer
MOU	a memorandum of understanding entered into by the Company on 27 June 2019 with a number of Lindberg Entities
Motion to Stay	a motion to consolidate the NCIC Adversary Proceedings with the Amended Motion to Enforce the Stay
NCICs	North Carolina Insurance Companies i.e., Bankers Life Insurance Company, Colorado Bankers Life Insurance Company, Southland National Insurance Corporation, and Southland National Reinsurance Corporation
Omnia	Omnia Ltd. – in liquidation
Parties	the JPLs and the Class Representatives
PBIHL	PB Investment Holdings Ltd. – in liquidation
PBLA	PB Life & Annuity Co., Ltd. – in liquidation
Procedural Order	the Order of the Supreme Court of Bermuda dated 19 January 2024
Report	this report and accompanying appendices
Restated Amended Complaint	a restated amended complaint filed with the US Bankruptcy Court on 14 February 2024
RICO	Racketeer Influenced and Corrupt Organizations Act
Rule 2004 Applications	applications by the JPLs in the US Bankruptcy Court made pursuant to the United States Federal Rule of Bankruptcy Procedure 2004
Rule 2004 Subpoenas	subpoenas issued pursuant to the United States Federal Rule of Bankruptcy Procedure 2004
Ruling	a Ruling dated 20 March 2024, which was handed down on 22 March 2024, the reference to which is <i>Re Northstar Financial Services (Bermuda) Ltd and Omnia Ltd (in liquidation)</i> [2024] SC (Bda) 10 Civ
SACs	Lindberg affiliates identified as "Specified Affiliated Companies" in the Memorandum of Understanding dated 27 June 2019
Second Progress Report	progress report of the JPLs dated 28 March 2023
Segregation Application	the JPLs' application to the Court which seeks the determination of issues relating to the segregation of the Company's accounts (and those of Omnia) commenced by ex parte Summons dated 1 June 2021 (amended 26 July 2021)
Senior Decision Makers	Greg Lindberg ("Lindberg"), Christopher Herwig ("Herwig"), Devin Solow ("Solow"), Christa Miller ("Miller"), and Eric Bostic ("Bostic")
US	the United States of America
US Complaint	the Complaint filed with the US Bankruptcy Court on 4 January 2023
Variable Segregated Claims	claims of policyholders who have been found by the Court to hold segregated, variable investments and who have claims against their segregated or separate account(s) in respect of those variable investments

SECTION 1: OVERVIEW AND PURPOSE OF REPORT

This Report provides the creditors, contributories and the Court with an overview of the progress of the liquidation since the date of the Second Progress Report, including an overview of the current financial situation of the Company and work undertaken by the JPLs. The Report summarises key matters in relation to the liquidation whilst taking into account, *inter alia*, the sensitive, confidential, and ongoing nature of some of these matters. The Report is not intended to be a comprehensive account of all the activities and tasks undertaken by the JPLs.

The JPLs have kept and continue to keep the Court and the AHCOI (representing the interests of policyholders and the general body of creditors) updated on the progress of various matters in relation to the liquidation. The JPLs meet with the AHCOI regularly to discuss matters relating to the liquidation.

The JPLs remain cognizant of the need to progress and/or finalize key matters in relation to the liquidation with the aim of making distributions to policyholders and creditors at the earliest opportunity. The JPLs will continue to provide periodic updates to policyholders, creditors, and other relevant stakeholders.

The Report is structured as follows:

- Section 1 provides an overview and sets out the purpose of this Report;
- Section 2 sets out the work undertaken by the JPLs since the Second Progress Report; and
- Section 3 covers other pertinent matters in relation to the liquidation.

SECTION 2: WORK UNDERTAKEN BY THE JPLS

SECTION 2.1: THE SEGREGATION APPLICATION AND SEGREGATION WORK UNDERTAKEN BY THE JPLS AND THEIR LEGAL TEAM

This section covers the progress by the JPLs since the Second Progress Report in regard to the Segregation Application.

Section 2.1.1: Background to the Segregation Application

By way of brief background, the JPLs of Northstar and Omnia filed the Segregation Application on 1 June 2021 (amended on 26 July 2021), asking the Court to determine three questions that had arisen in the winding up of both Northstar and Omnia (defined as the “Companies” in section 2.1 only):

- (a) To what extent, if any, has Northstar and Omnia established segregated or separate accounts in respect of investments made in it or Policies issued by it (the “Segregated Accounts”)?;
- (b) To what extent, if any, are the assets of Northstar and Omnia to be held exclusively for the benefit of any such Segregated Accounts?; and
- (c) To what extent, if any, do claimants in respect of any Segregated Accounts have claims against the general assets of Northstar and Omnia?

The JPLs considered that the determination of these questions was necessary to provide guidance about the manner in which they should distribute the assets of the Companies, particularly in view of uncertainty in the relevant legislation and the deficiencies in the Companies’ books and records.

To assist the Court in determining these issues, representatives were appointed to represent the interests of three groups or classes of creditors:

- (a) an investor or policyholder in one of the Companies holding only variable investments would represent the interests of investors or policyholders holding variable investments i.e., the Variable Class;
- (b) an investor or policyholder in one of the Companies holding only fixed and/or indexed investments would represent the interests of investors or policyholders holding fixed and/or indexed investments i.e., the Fixed Class; and
- (c) a creditor of one of the Companies not holding such investments or policies would represent the interests of creditors not holding fixed or variable investments i.e., the General Class. No suitable representative for the General Class was identified and on 13 December 2021 the Court granted an order appointing John Blackwood of Chancery Legal as *Amicus Curiae* for the General Class.

Section 2.1.2: The Substantive Hearing

As set out in the Second Progress Report, the substantive hearing to determine the issues arising in relation to the segregation of assets took place as contemplated and was held over five days from 24 April to 28 April 2023.

At the hearing, the Chief Justice heard submissions from counsel for the JPLs and counsel for each of the Fixed, Variable and General Classes. During the course of the hearing, the Chief Justice was presented with arguments on the three issues described above. At the end of the hearing, the Chief Justice reserved judgement.

Section 2.1.3: The Segregation Judgement

The Court delivered the Judgement on 28 July 2023. The full Judgement is currently available on the Company's website. A summary of the Judgement is included below.

Variable Investments

In relation to life and annuity policies issued by the Companies that were expressed to provide for the creation of segregated accounts in respect of variable investments, the Court held that:

- a) Segregated accounts have been effectively established for all such policies; and
- b) The underlying assets (e.g., units in mutual funds) are "linked" to a policyholder's segregated account and will be exclusively available to meet that policyholder's claims (subject to the deduction of certain costs and expenses), in all cases where the JPLs can connect those assets with that policyholder in the relevant Company's records.

The JPLs anticipate that, in the vast majority of cases, the Companies' records will be sufficient to permit them to identify the assets linked to the relevant investors' accounts.

In the event that these assets are insufficient to meet any variable policyholder's claims in full, the general (i.e., non-segregated) assets of the Company will not be available to meet that claim.

Fixed Investments

In relation to life and annuity policies issued by the Companies that were expressed to provide for the creation of segregated accounts in respect of fixed investments, the Court held that:

- a) Segregated accounts had been effectively established; but
- b) With the possible exception of some reinsurance recoveries in respect of death benefits, no assets had been effectively linked to those accounts.

In a substantial proportion of cases, the JPLs anticipate that there will be no (or insufficient) assets in the relevant segregated accounts to meet the claims of fixed investors. In the event of a shortfall, fixed investors' policies do not permit them to claim against the general assets of the Company either: their claims are restricted to the segregated account, which will in many cases have no assets available to satisfy that claim (with the exception of the "Global Asset Portfolio" contracts).

However, the Court observed at paragraph 224 of the Judgement that this *“does not necessarily mean that the Policyholders with fixed investments may not pursue a claim against the general account by other means. They may, for example, have a cause of action against the Company for breach of duty to implement the effective structure. They may also be able to pursue “the remedy of tracing in law and in equity the assets or the proceeds of the assets of any segregated account where such assets or proceeds have been commingled with the assets of any other segregated account or the general account” as provided for under section 18 (16)(a) of the SAC Act.”*

Indexed Investments

In relation to life and annuity policies issued by the Companies that were expressed to provide for the creation of segregated accounts in respect of indexed investments, the Court held that the position was identical to that of fixed investments, except that certain warrants acquired in relation to “Global Index Product” policies issued by Northstar were segregated account assets that would be available to meet the claims of the relevant investors.

General Creditors

General creditors are not affected by the operation of segregated accounts. They may claim only against the assets of the general (i.e., non-segregated) account. With one exception (addressed above), investors whose policies make provision for segregated accounts cannot claim against the general account.

Section 2.1.4: The Consequentials Hearing

Following the delivery of the Judgment, the next step was to list the Consequentials Hearing. The Consequential Hearing was held on 12 December 2023 and was in relation to the determination of various questions arising in relation to the allocation of costs of the liquidations of the Companies.

At the Consequential Hearing, the Court was asked to determine the following issues:

- I. The allocation of costs amongst the classes and the incidence of such costs within the classes in relation to the Segregation Application;
- II. The allocation of the other historical costs of the liquidation of the Companies amongst the classes and the incidence of such costs within the classes; and
- III. The allocation of the future costs of the liquidation of the Companies amongst the classes and the incidence of such costs within the classes. As mentioned below, the Court handed down the Ruling on 22 March 2024.

Following the Consequentials Hearing, the Court delivered its Ruling dated 20 March 2024, which was handed down on 22 March 2024. A copy of the Ruling is available on the Court’s website at <https://www.gov.bm/court-judgments>.

The JPLs have since engaged with counsel for the Class Representatives in preparing a draft order giving effect to the Ruling. The JPLs are also engaging with counsel for the Class Representatives and the Court regarding how to effectively and efficiently address certain residual and attendant matters resulting from the Ruling. The JPLs will continue to update creditors and policyholders in the usual way of the progress on this matter. The JPLs are unable to progress with distributions until such a time that these issues are resolved.

Section 2.1.5: The Directions Application

In light of the various findings in the Judgment, the JPLs sought directions from the Court by way of an *ex parte* summons dated October 2023 in order to establish a framework for the valuation of claims and ultimately to progress the liquidation with a view towards distributions for the companies' creditors.

At the hearing on 19 January 2024, the Court heard from counsel for the JPLs as well as counsel for one of the members of Northstar's Ad Hoc Committee of Inspection.

In the Procedural Order, the Court put in place a framework for (i) Variable Segregated Claims and the (ii) General Account Claims, as discussed below.

In the Procedural Order, the Court provided procedural directions to establish a framework for (i) the admission, valuation and payment of Variable Segregated Claims and (ii) the JPLs to identify General Account Claims by General Account Creditors.

The Procedural Order was made contemporaneously with a similar Order of related entity Omnia and provided timelines for which the JPLs were to file evidence with the Court and notify policyholders of their proposed steps.

The JPLs issued a FAQ document dated April 2024 which answers certain frequently asked questions in relation to the directions hearing held in January 2024 and the Procedural Order.

Variable Segregated Claims

As mentioned above, in light of the findings of the Judgment, the JPLs sought directions of the Court (the "Variable Directions") to establish a framework:

- (i) For the valuation of the claims of Policyholders (as defined in the Variable Directions) who have been found by the Court to hold segregated, variable investments and who have claims against their segregated or separate account(s) in respect of those variable investments (the "Variable Segregated Claims");
- (ii) So that, following any necessary asset realisations, distributions can be made to such policyholders in respect of their Variable Segregated Claims.

In summary, the Variable Directions sought are as follows:

- i. The JPLs shall be permitted to admit the Variable Segregated Claims, relying on Northstar's books and records, without requiring any proof of debt to be submitted.

- ii. The JPLs shall then determine the value of each Variable Segregated Claim in accordance with a valuation methodology explained to the Court.
- iii. In outline, that valuation methodology seeks to ensure that the value of the Variable Segregated Claim is the value of the assets linked to a segregated account net of linked liabilities and other costs and expenses as at the date a policy is surrendered (or is deemed to be surrendered, as discussed in the paragraph below).
- iv. If a policy is not surrendered, there shall be a “*Cut-Off Valuation Date*” in the future and the JPLs shall be entitled to treat that policy as having been surrendered as at that date.

The JPLs shall then notify each Policyholder of the value of their Variable Segregated Claim, and the Policyholder will have a period of 42 days to object to that valuation.

Unless notice of objection is received by the JPLs at the expiration of that 42-day period, the value of the Variable Segregated Claim as determined by the JPLs shall stand as the value of that Variable Segregated Claim. The JPLs shall thereafter be entitled to make distributions in respect of the Variable Segregated Claims.

The JPLs shall be entitled to carry out such realisations of assets or property of any segregated accounts holding variable investments as may be required to enable payment of the Variable Segregated Claims.

Following the granting of the Procedural Order, and the JPLs’ notifications to policyholders and creditors in relation to the Variable Directions (in accordance with the terms of the Procedural Order), the JPLs received responses from four policyholders/creditors in relation to the Variable Directions and the Variable Segregated Claims. Two of the creditors/policyholders contacted the JPLs in respect of their investments with Northstar and both such parties indicated that they intended to be “Participating Parties” as provided for in the Procedural Order. Subsequently, each of those two creditors/policyholders have filed and served evidence and legal submissions with the Court pursuant to the terms of the Procedural Order.

An additional two policyholders/creditors contacted the JPLs in respect of their investments with the related entity, Omnia. One such creditor gave notice that they opposed the directions sought, and the other gave notice that they supported them. The JPLs subsequently contacted these two policyholders/creditors to confirm whether they would be filing or serving evidence and in relation to the position they intend to adopt. The JPLs have not received a substantive response from either creditor confirming their position.

The JPLs responded to the submissions made by the two confirmed Participating Parties on 16 May 2024. The JPLs are engaging with the Participating Parties to address their concerns and to discuss next steps and will provide an update in relation to this matter in due course.

General Account Claims

In the Procedural Order, the Court also provided procedural directions to enable the JPLs to identify the nature and basis of the General Account Claims which may be asserted by General Account Creditors.

The purpose of identifying the General Account Claims is so that a first creditors' meeting can be held at a future date. The JPLs seek to understand which General Account Claims might be asserted so that they can ensure that a first creditors' meeting can be held at which all interested parties will have the opportunity to attend if they so wish.

The JPLs were conscious that, while the JPLs will be able to identify some General Account Claims from the Companies' books and records, there may be other claims which the JPLs cannot readily identify from the books and records. The process put in place by the Procedural Order therefore gave interested parties the opportunity to put forward such claims as they saw fit.

As set out in the Circular circulated on 15 February 2024, there are certain potential General Account Claims which the JPLs will not be able to identify from the Companies' books and records. These include:

- i) Claims which any member of the Fixed Class (or any other Policyholder) may wish to assert against the Companies' general accounts; and
- ii) Other claims which creditors who are not Policyholders may wish to assert against the Companies.

As set out in the JPLs' communications to creditors and policyholders dated 15 February 2024, individuals had until 15 April 2024 to notify the JPLs of any General Account Claims. The JPLs received a request to extend the deadline to 30 April 2024, which was granted. Following the expiry of this deadline, the JPLs are now considering the notifications received and considering next steps in relation to the General Account Claims process.

The JPLs continue to consider the claims which have been received and will continue to update policyholders in the usual way on this matter. For the avoidance of doubt, the notification process discussed above was not a call to submit claims for distribution purposes. Instead, it seeks to identify possible claims for voting purposes only so that the JPLs can obtain suitable directions for the holding of the first creditors' meeting.

For further detailed information about this process, we refer you to the Circular circulated to general account creditors on 15 February 2024.

SECTION 2.2: ASSET CUSTODY AND REALIZATION

Section 2.2.1: JPLs' estimated statement of affairs

The JPLs have prepared an updated Estimated Statement of Affairs. The JPLs' calculations are based on the asset recoveries and/or valuations as of 30 April 2024 (reflecting the actual realisations and recoveries made to that date – these values could change in the future depending on any further recoveries, market movements etc. – and the liabilities quantified as at 30 April 2024). Please refer to Appendix 1 for a copy of the estimated statement of affairs.

Section 2.2.2: JPLs' receipts and payments

The JPLs have prepared an updated account of the JPLs' Receipts & Payments. Please refer to Appendix 2 for a copy of the JPLs' Receipts & Payments.

Section 2.2.3: Notes to the estimated statement of affairs and the JPLs' receipts & payments account

Please refer to Appendix 3 for relevant notes to the estimated statement of affairs and the JPLs' receipts and payments.

Section 2.2.4: Other asset custody and realization activities undertaken by the JPLs.

Other relevant activities undertaken by the JPLs in relation to asset custody and realization include:

- Continued review of the asset recovery position, calls with legal counsel regarding strategy, and the filing of the Amended US Complaint and the Restated Amended US Complaint;
- Maintenance of asset schedules and notes in respect of the current asset position and likely asset recoveries;
- Meetings with the counterparties to the MOU and IALA to discuss potential avenues for collaboration and recovery;
- Pursuit of sale transactions and refinancing options for assets where Northstar is invested; and
- Various other actions to protect or realize the assets of the Company.

The JPLs have taken various steps, mainly in the US, to preserve, protect and enhance asset realizations in the liquidation. Further details in this regard are discussed in Section 2.3.

SECTION 2.3: LEGAL PROCEEDINGS IN THE US

The background to the legal proceedings in the US is provided in Section 3.3 of the First Progress Report and section 2.3 of the Second Progress Report. Pertinent updates since the Second Progress Report are summarised below.

Section 2.3.1: US Complaint

As set out in the Second Progress Report, the information obtained from the ongoing investigations by the JPLs; the initial discovery process; and the Rule 2004 Subpoenas and depositions (including interviews and depositions taking place in Bermuda of senior management), were used to file a Complaint, in relation to all the Debtors, with the US Bankruptcy Court on 4 January 2023. The claim was subsequently served on 971 defendants in 24 countries.

The US Complaint names over nine hundred (900) defendants, grouped by general involvement or interests as follows: (i) the Senior Decision Makers; (ii) entities owned, controlled, or dominated (without regard to the formalities of ownership) by Lindberg, through which he advanced his interests by causing the entities to borrow money or accept investments from one or more of the Debtors; (iii) the NCICs, each of which also was owned and controlled by Lindberg, and each of which was often a co-investor or agent on loans or equity investments from the Debtors; (iv) entities listed in the IALA, to which the Debtors are lenders and preferred equity holders, and where loan or investment terms between each Debtor and its counterparty had adverse modifications imposed to the involved Debtor's detriment; and (v) the SACs.

An Amended Complaint was filed on 27 September 2023. It updates the original US Complaint factually and adds federal civil RICO claims and companion state law claims against Lindberg, the Senior Decision Makers, and the principal Lindberg entities through which they acted as to the Debtors. The Amended Complaint asserts forty-eight (48) causes of action. The remedies sought for the claims include, *inter alia*: (i) monetary damages of approximately \$700 million; (ii) avoidance and recovery of actual and constructive fraudulent transfers of the Debtors' assets, with turnover to the JPLs; (iii) declaring the MOU and IALA unenforceable as to the Debtors, *inter alia*, due to an absence of necessary consent from the Bermuda Monetary Authority; (iv) an accounting; (v) disregarding entity formalities to pierce corporate veils to hold Lindberg and his affiliated companies jointly and severally liable for the Debtors' liabilities; (vi) imposing a constructive trust on the assets; (vii) substantive consolidation of the Global Growth entities under the Bankruptcy Code; and (viii) a host of injunctive and equitable remedies potentially available to the Debtors.

The dates for the 763 Lindberg Defendants' initial responses were agreed by the parties and set by the US Bankruptcy Court by Order dated 25 October 2023, as follows: (i) the Lindberg Defendants' deadline to move or answer with respect to the Amended Complaint was 15 December 2023; (ii) the JPLs' deadline to respond thereto was 15 March 2024; and (iii) the Lindberg Defendants' deadline to submit their reply was 30 April 2024. Multiple other parties agreed to be bound by the same briefing schedule and filed motions to dismiss.¹ The JPLs filed their Opposition briefs on 15 March 2024 to the Motions to Dismiss filed by Defendants represented by Condon Tobin; Edwards Mill Asset Management, LLC; and Pavonia Life Insurance Company and Axar Capital Management, LLP.

A Restated Amended Complaint was filed on 15 February 2024, removing certain avenues of potential recovery specifically pertaining to the NCICs.

On 26 April 2024, Christa Miller filed a Motion to Dismiss the Restated Amended Complaint, to be heard at the 24 September 2024 Hearing. Subsequent to the filing, the JPLs and counsel to Christa Miller negotiated a Stay and Cooperation Agreement under which prosecution of the Restated Amended Complaint will be stayed against Miller in exchange for (i) Miller's cooperation and sworn admission of certain allegations, and (ii) withdrawal without prejudice of her motion to dismiss. On 30 August 2024, JPLs' counsel filed a joint motion to approve the Stay and Cooperation Agreement. No objections to the agreement were filed; on 10 September 2024, the Court entered its Order approving the Stay and Cooperation Agreement. On 12 September 2024, Miller withdrew her Motion to Dismiss.

The JPLs and Devon Solow negotiated a Consent to Judgment and Judgment that were executed and filed with the US Bankruptcy Court on 2 July 2024. On 11 July 2024, the US Bankruptcy Court entered the Judgment against Solow.

¹ On 16 October 2023, defendants Aspida Holdco, LLC and Aspida Financial Services, LLC (together, "Aspida") filed their motion to dismiss. S&L and Aspida counsel held a scheduling conference before the US Bankruptcy Court, and the court determined it would first consider Aspida's procedural arguments – McCarran-Ferguson reverse preemption and Burford abstention doctrine – before considering Aspida's other grounds for dismissal. If Aspida's motion was denied on the procedural grounds, the remaining grounds for dismissal would be briefed and heard pursuant to the schedule established with the Lindberg Defendants. A hearing was held on 11 January 2024 and on 17 January 2024, the US Bankruptcy Court entered its order granting Aspida's motion to dismiss, finding reverse preemption under McCarran-Ferguson. On 30 January 2024, the JPLs filed a Motion for Reconsideration, which was subsequently withdrawn.

The JPLs and counsel to Eric Bostic negotiated and agreed upon a Stay and Cooperation Agreement with admissions, similar to those entered by Devin Solow and Christa Miller, under which prosecution of the Restated Amended Complaint will be stayed against Bostic in exchange for Bostic's cooperation and sworn admission of certain allegations. On September 17, 2024, JPLs' counsel filed a joint motion to approve the Stay and Cooperation Agreement, scheduled to be addressed by the US Bankruptcy Court on 25 September 2024.

On 1 May 2024, the JPLs authorized their US counsel, Stevens & Lee, to file a Stipulation with the NCICs dismissing the Adversary Proceeding with prejudice against the NCICs only. On 2 May 2024, the US Bankruptcy Court so-ordered the Stipulation.

As a result, and due to scheduling conflicts, the hearing on all Motions to Dismiss was adjourned from 21 May 2024 and will now be heard *in person* on 24 September 2024 at 10:00 a.m. EST. As a result of the adjournment, the Defendants' respective replies in support of the motions to dismiss were to be filed by 6 September 2024; the Defendants represented by Condon Tobin; Edwards Mill Asset Management, LLC; and Pavonia Life Insurance Company and Axar Capital Management, LLP, each timely filed their respective replies².

Finally, on 19 July 2024, the JPLs filed a motion with the US Bankruptcy Court requesting entry of default by the Clerk with respect to 59 defaulting defendants. Beginning 5 August 2024, the US Bankruptcy Court Clerk entered notices of default against the 59 defendants. This is, however, only a docket entry; it is not yet an enforceable judgment. The second step is the filing of a motion for default judgment from the US Bankruptcy Court. To obtain a default judgment, the JPLs must demonstrate: (a) proper entry of the default; and (b) appropriate damages or relief that is not outside that requested in the pleadings. Once default judgments are entered, the JPLs can begin enforcement proceedings.

Relatedly, on 18 January 2023, the NCICs filed a motion in the US Bankruptcy Court to stay the US Complaint ("the Motion to Stay");

- After several months, whereby counsel for the JPLs and the NCICs submitted briefs addressing the merits of the Motion to Stay, the US Bankruptcy Court entered an order on 10 March 2023 granting the Motion to Stay (the "Stay Order").
- The JPLs then filed an appeal of the Stay Order on 24 March 2023 (the "Stay Appeal").
- On 28 April 2023, the JPLs filed their opening appellate brief appealing the Stay Order.
- On 1 May 2023, the NCICs filed a letter with the US District Court hearing the Stay Appeal, seeking a conference for leave to file a Motion to Dismiss the Stay Appeal.
- On 5 May 2023, the US District Court held the conference and ultimately determined that the NCICs could file a Motion to Dismiss and set a briefing schedule for the same.
- Pursuant to that briefing schedule, the NCICs filed their Motion to Dismiss on 26 May 2023 and on 20 June 2023 the JPLs filed their Opposition to the Motion to Dismiss.

² The JPLs have withdrawn opposition to the Pavonia/Axar motion to dismiss and on September 19, 2024, filed a Notice of Dismissal of the Adversary Proceeding against Pavonia and Axar.

- On 27 June 2023, the NCICs filed a letter seeking to withdraw their Motion to Dismiss in light of the decision at the Motion for Permission hearing in North Carolina (defined and discussed *infra*).
- Accordingly, the US District Court accepted the NCICs' proposition and ordered a briefing schedule for the parties to address the merits of the Stay Appeal.
- The NCICs' responding appellate brief was filed with the US District Court on 28 July 2023, and the JPLs' reply brief was filed with the US District Court on 11 August 2023.
- On 22 February 2024, District Judge Ramos entered his Opinion and Order affirming Judge Beckerman's Order stating the Adversary Proceeding as to the NCICs. On 22 March 2024, the JPLs filed a Notice of Appeal to the United States Court of Appeals for the Second Circuit Court.
- In light of the JPL's dismissal of the NCICs from the US Complaint, on 1 May 2024, the JPLs authorized Stevens & Lee to file a Stipulation with the NCICs dismissing with prejudice the appeal of the Stay Order to the United States Court of Appeals for the Second Circuit. On 7 May 2024, the Second Circuit Court of Appeals so-ordered the Stipulation.

Section 2.3.2: NCICs' Adversary Proceeding

On 21 September 2022, the NCICs commenced litigation against Northstar and the other three debtors in Chapter 15, seeking declaratory judgment that: (i) the Specified Affiliated Companies ("SACs") are not property of Northstar or the other debtors and, therefore, do not implicate the automatic stay protections afforded to property under section 362 of the United States Bankruptcy Code; (ii) none of the NCICs, the North Carolina trial Court, or the North Carolina Court of Appeals have violated the Recognition Orders; and (iii) compliance with the Judgment and Order and continued prosecution of the appeals will not constitute a violation of the automatic stay under section 362 of the United States Bankruptcy Code, to the extent applicable in the Chapter 15 cases, and that none of the NCICs, the North Carolina trial Court, or the North Carolina Court of Appeals have violated the automatic stay.

On 14 December 2022, the JPLs moved to dismiss the NCICs' complaint; the Motion to Dismiss was subsequently withdrawn, and an Answer with Counterclaim was filed on 9 January 2023.

As described above, the US Bankruptcy Court stayed all litigation against the NCICs. As a result, on 30 January 2023, the NCICs moved to strike the counterclaim; on 8 February 2023, the JPLs filed their opposition; and on 13 February 2023, the NCICs filed their reply. A hearing on the Motion to Strike was held 15 February 2023, and by Order dated 10 March 2023, the US Bankruptcy Court stayed the Counterclaim. The Motion to Consolidate is also stayed.

SECTION 2.4: ADDITIONAL WORK UNDERTAKEN BY THE JPLS

Additional work undertaken by the JPLs' team includes, but is not limited to, the following:

Section 2.4.1: Accounting, Banking & Treasury

- Reviewing bank transactions and approving disbursements on the Company's online banking platform. This includes payments to vendors, consultants, reinsurers, legal advisors, the JPLs etc;
- Review of management fees and completing internal transfers;
- Drafting JPLs' quarterly funding requests;
- Conducting monthly reviews and reconciliations of the receipts and disbursements position and intercompany recharges;
- Preparation and review of cash projections, operating expenses, and budgets;
- Engaging with service providers on various service providers on various enquiries on invoicing and payment timelines;
- Preparing, reviewing, and overseeing payroll and payments to employees and consultants;
- Preparation of the estimated outcome statement and estimated to realize statement; and
- Completing bank forms, reconciling bank charges and facilitating the investment of funds in HSBC and management of term deposits.

Section 2.4.2: Administration, Planning & Strategy

- Task allocation, oversight and delegation of work;
- Day to day administration of various workstreams in the liquidation, ongoing strategy discussions in relation to the next steps in the liquidation;
- Management of Company staff and consultants' activities such as review and approval of time files, leave management etc;
- Planning and coordination of work with actuary, operations, tax and finance teams;
- Planning and strategy on various ongoing legal proceedings in Bermuda and the US - discussions on proposed actions, and engagement with counsels;
- Planning and engagement with counsel on next steps post segregation judgement;
- Onboarding and ongoing management of service providers;
- Mail management, archiving and filing documents; and
- Review and approval of daily trade transactions.

Section 2.4.3: Creditors, Contributories, and Other Stakeholders

- Engagement with policyholders, creditors and other stakeholders following the segregation judgement;
- Drafting FAQs document on the segregation judgment for circulation to policyholders and creditors;
- Calls with distributors and brokers to update on various matters in relation to the liquidation.
- Processing policyholder debt assignments and attendant reporting;
- Attending to enquiries from the AHCOI, policyholders and creditors;
- Regular calls, updates, and meetings with the AHCOI on the progress of and strategy for the liquidation;
- Daily review of the Northstar central email inbox and responding to policyholder and creditors' enquiries; and
- Engagement with the AHCOI and their counsel on the progress of the liquidation, including but not limited to discussion of the Variable Segregated Claims and General Account Claims.

Section 2.4.4: Investigations and Analysis

- Work on the Amended Complaint and attendant matters;
- Litigation strategy engagement with legal counsel in preparation for court hearings;
- Attending court hearings;
- Letters and requests to various parties for information;
- Reviewing and filing emails relating to the US Complaint, ongoing motions and other legal proceedings;
- Collating documents, preparing for hearing and updates to stakeholders;
- Asset workbook reviews, mediation organization discussions, and strategy updates; and
- Attending to various matters relating to the legal proceedings in the US.

Section 2.4.5: Case Specific Matters

- Due diligence requirements in relation to various fund houses where assets are invested;
- Sanctions considerations in relation to the policyholders of the Company;
- Work related to assignments of policyholder debts and benefits;
- Work on Metlife strategy regarding the obligation under s. 37(2) of the Insurance Act 1978 - review of policies, assets, reinsurance agreements provisions etc;
- Reporting to reinsurers and engaging with them on recoveries;
- AML related requests and tasks;
- Economic substance filing review and tax related matters;
- Attending to various operational requests and enquiries;
- Policy-related audit of Northstar's AML Manual as required by Regulation 17A Proceeds of Crime Regulations; and
- Various matters specific to the liquidation.

Section 2.4.6: Other Court-Related Matters

- US court proceedings for injunctive relief against MOU and IALA;
- Preparation and correspondence with legal counsel for various depositions;
- Applications for the extension of first meeting of creditors and contributories;
- Drafting updates to the US Bankruptcy Court;
- Work in relation to various court applications and motions in the US;
- Attendance of various court hearings and depositions and swearing of affidavits; and
- Reviews and work in relation to the Amended Complaint.

Section 2.4.7: Statutory Meetings, Filings and Reporting

- Updates to the Court on various matters in relation to the liquidation of the Company;
- Operating expenses analysis and reporting;
- Dealing with matters relating to the FATCA filing;
- FCC/MLRO activities (non-redemption related);
- Fund houses requests and trade related matters; and
- Correspondence with the IRS on matters relating to US tax filings.

SECTION 3: OTHER MATTERS

SECTION 3.1: THE FIRST MEETINGS OF CREDITORS AND CONTRIBUTORIES

The present deadline for the holding of the First Meetings is 26 September 2024, this being the deadline provided by the Court in the Procedural Order.

The JPLs are working on progressing the various matters necessary for the holding of the First Meetings, especially the General Account Claims workstream as described above. At this time, the JPLs currently anticipate that there will be a need to request an extension of the present deadline so that they can finalise the ongoing critical workstreams, the resolution of which is necessary for the holding of the First Meetings.

The JPLs will communicate with policyholders and creditors regarding the next steps and the holding of the First Meetings.



Edward Willmott – Joint Provisional Liquidator
Dated this 20 September 2024

APPENDIX 1: JPLS' ESTIMATED STATEMENT OF AFFAIRS

NORTHSTAR FINANCIAL SERVICES (BERMUDA) LTD (IN LIQUIDATION)						
JPLS' STATEMENT OF AFFAIRS & REALIZED TO DATE						
All values in \$		25 September 2020		Balance in the	Change since the	Total
		Updated		Second Progress Report	Second Progress Report	A+B
				Updated, A	B	
<u>ASSETS</u>	<u>Note</u>	<u>Book Value</u>	<u>Estimated to Realize</u>	<u>24 September 2022</u>	<u>25 September 2022 to 30 April 2024</u>	<u>30 April 2024</u>
Cash and cash equivalent	1	4,157,008	4,157,008	4,157,008	-	4,157,008
Investment in affiliated investments	2	234,424,629	1	12,139,689	958,524	13,098,214
Non-affiliated investments: Level 1	3.1	11,574,627	11,574,627	8,422,639	285,008	8,707,647
Non-affiliated investments: Other	3.2	55,471,384	25,219,364	25,826,532	2,330,581	28,157,113
Non-affiliated investments: Fund Houses	3.3.1	104,690,916	104,690,916	50,696,803	6,476,607	57,173,410
Non-affiliated investments: Holding Account	3.3.2	232,254	232,254	54,105,483	5,232,505	59,337,988
Non-affiliated investments: Receivables from Fund Houses	3.3.3	-	-	794,117	-	794,117
Non-affiliated investment: Reinsurance Recoveries	3.3.4	-	1	229,916	2,637,004	2,866,919
Non-affiliated investments: Indexed Warrants	3.4	338,998	338,998	313,478	-	313,478
Non-affiliated investments: Other Warrants	3.4	175,000	175,000	-	-	-
Intercompany recharges	4	3,849,598	1	447,611	1,240,689	1,688,300
Claim from former employee	5	112,514	112,514	-	27,484	27,484
Management fees	6	-	-	3,820,211	1,888,545	5,708,757
Bank interest receipts	7	-	-	43,743	239,460	283,203
Other receipts	7	-	-	296,440	-	296,440
TOTAL ASSETS		415,026,927	146,500,683	161,293,669	21,316,407	182,610,076
 <u>LIABILITIES</u>						
Fixed active and surrendered contracts	8	(246,676,060)	(246,676,060)	(252,351,708)	(2,433,254)	(254,784,962)
Variable active and surrendered contracts	9	(104,923,170)	(104,923,170)	(105,667,323)	(11,711,448)	(117,378,771)
Long-term policyholders	10.1	(52,313,341)	(52,313,341)	(50,897,307)	(242,606)	(51,139,913)
Other general creditors	10.2	(3,416,247)	(3,416,247)	(3,552,676)	(111,663)	(3,664,340)
TOTAL LIABILITIES		(407,328,818)	(407,328,818)	(412,469,015)	(14,498,971)	(426,967,986)
 SURPLUS / (DEFICIT) TO CREDITORS		 7,698,108	 (260,828,135)	 (251,175,346)	 6,817,436	 (244,357,910)

* This does not include the costs of the liquidation and operating expenses.

APPENDIX 2: THE JPLS' RECEIPTS & PAYMENTS ACCOUNT

NORTHSTAR FINANCIAL SERVICES (BERMUDA) LTD (IN LIQUIDATION)
JPLS' RECEIPTS & PAYMENTS ACCOUNT
FOR THE PERIOD FROM 25 SEPTEMBER 2020 TO 30 APRIL 2024

All values in \$

		Balance in the Second Progress Report	Change since the Second Progress Report	Total
		<i>Updated, A</i>	<i>B</i>	<i>A+B</i>
			25 September 2022 to 30 April 2024	30 April 2024
RECEIPTS	Note	24 September 2022		
Opening cash at bank	1	4,389,262	-	4,389,262
Returns from affiliated investments	2	12,139,690	958,524	13,098,214
Returns from non-affiliated investments	3.1, 3.2	37,403,058	2,330,581	39,733,639
Cash received on hold from redemptions	3.3.2	54,741,448	6,953,456	61,694,904
Index warrants	3.4	314,260	-	314,260
Intercompany recharge	4	447,611	1,240,689	1,688,300
Claim from former employee	5	-	27,484	27,484
Management fees	6	3,820,211	1,888,545	5,708,757
Bank interest receipts	7	43,743	239,460	283,203
Other receipts	7	296,440	-	296,440
Recovery from reinsurer	11	229,916	2,637,003	2,866,919
Premium receipts	12	1,341,659	98,798	1,440,457
		115,167,297	16,374,540	131,541,837
DISBURSEMENTS				
Reinsurance premium payment	13	(4,916,796)	(6,174,243)	(11,091,038)
Employee salary & benefits	14	(4,284,990)	(2,045,124)	(6,330,115)
Policy administration expense	14	(1,993,263)	(200,641)	(2,193,904)
Other vendor payments	14	(790,948)	(436,706)	(1,227,654)
Bank & other charges	15	(98,511)	(17,824)	(116,335)
Other disbursements	15	(68)	-	(68)
Liquidators fees	16	(5,676,908)	(8,609,163)	(14,286,071)
Legal fees	16	(3,255,896)	(9,355,781)	(12,611,677)
Valuation fees	17	(41,345)	-	(41,345)
Blackrock fees	18	-	(332,609)	(332,609)
Custody fees	19	-	(176,443)	(176,443)
		(21,058,725)	(27,348,533)	(48,407,258)
EXCESS OF RECEIPTS OVER DISBURSEMENTS		94,108,573		83,134,579

** Upon finalisation of the Order giving effect to the Consequential Judgement, the JPLs will prepare Receipts and Disbursements Account for each of the segregated classes and the general account of the Company.*

APPENDIX 3: NOTES TO THE ESTIMATED STATEMENT OF AFFAIRS AND THE JPLS' RECEIPTS & PAYMENTS ACCOUNT

1. CASH AND CASH EQUIVALENT

This represents the cash available in the Company's general account, fixed investment accounts, and trust and non-trust accounts as at the JPLs' appointment date. The book value of the cash and cash equivalent has been restated to \$4,157,008 to include an amount of \$662,746 related to an account that the JPLs have since gained control of.

2. AFFILIATED INVESTMENTS

These are investments, in the form of loans and preferred equities, in entities that the JPLs consider to be affiliated to Greg Lindberg. During the period 25 September 2022 to 30 April 2024, the JPLs received interest repayments from a number of affiliated investments totaling \$958,524, bringing the total realizations in respect of affiliated investments as at 30 April 2024 to \$13,098,214. Returns from affiliated investments as at 24 September 2022 has been restated to \$12,139,689 to exclude \$648,139 that has been reclassified to the other non-affiliated investments category.

3. NON-AFFILIATED INVESTMENTS

3.1 Level 1

This represents Northstar' non-affiliated investments including, but not limited to, corporate bonds, asset-backed securities, warrants and other mortgage investments that were managed by BlackRock. All level 1 investments have been liquidated and are held in cash with the net realizations being \$8,707,647.

The book value for Level 1 investments has been restated to \$11,574,627 to exclude the indexed warrants values, totaling \$513,998, recorded in separate line items.

The realized amount for Level 1 investments as at 24 September 2022 has been restated to \$8,422,639 to exclude cash available in the Company's trust accounts, totaling \$898,255, already recorded under cash and cash equivalents.

3.2 Other

These assets are interests in other non-affiliated entities, namely (1) Carrington Holding Company, LLC ("Carrington") in the form of a loan, and (2) Diversified Terra Holdings Ltd. ("DTH") and DTH Holdings Ltd. ("DTH Holdings"), both in the form of equity. The realized amount as at 24 September 2022 has been restated upwards as explained under note 2.

During the year ending 24 September 2023, a final distribution of \$530,581 was received from DTH Holdings and a sum of \$1,800,000 was received from DTH, together totaling \$2,330,581, bringing the total realizations for this category as at 30 April 2024 to \$28,157,113.

3.3 Variable Assets

3.3.1 Fund Houses

Funds from variable products have been invested in non-affiliated entities via fund houses such as BlackRock, Morgan Stanley, and Franklin Templeton (“Fund Houses”). The value of the investments is based on Company records available to the JPLs. As at 30 April 2024, the fund houses’ holding totaled \$57,173,410, representing a market gain of \$6,476,607 during the 19 months to 30 April 2024.

3.3.2 Holding account

Holding account represents amounts where policyholders have surrendered their policy or redeemed their investment into a transfer holding fund.

The value of the holding account as at 30 April 2024 was \$59,337,988, representing a net increase of \$5,232,505 for the 19 months to 30 April 2024.

The JPLs have invested an original principal amount of \$47.5 million of the holding account value in two HSBC term deposits (3-month term deposit of \$30 million and 6-month term deposit of \$17.5 million). The interest from the term deposit will help in defraying the costs of the liquidation.

The realized amount for the holding account as at 24 September 2022 has been restated to \$54,105,483 to exclude reinsurance recoveries, totaling \$70,920, recorded in a separate line item.

3.3.3 Receivables from Fund Houses

This represents an amount of \$794,117 that was held in fund houses in year 2 pending due diligence clearance, which has since been received in the holding account.

3.3.4 Reinsurance recoveries

These are amounts received in relation to death claims from reinsurers. During the 19-month period to 30 April 2024, amounts received from reinsurers totaled \$2,637,004. The balance as of 24 September 2022 includes reinsurance recoveries, totaling \$70,920 as explained under note 3.3.2, and other amounts previously recorded in the receipts and payments account only.

3.4 Warrants

There are policyholders that held products that are linked to indexed investments, which are warrants. These warrants were issued by Barclays and are referenced to the S&P 500 index. The indexed warrants³ have been converted into cash as a result of (1) maturity of two warrant contracts and (2) settlement of the remaining warrant contract with Barclays. As at 24 September 2022, the value of the warrants is reflective of cash in the bank accounts associated with the warrant contracts. The value recorded is gross of any bank charges.

Other warrants recorded at \$175,000 held in respect of the general account had nil value.

³ The book value of indexed warrants has been restated upwards by \$4,258.

By the end of year 2, September 24, 2022, all warrants had been realized and no further realizations are expected.

During this reporting period, warrants line item has been listed separately in the receipts and payments account.

4. INTERCOMPANY RECHARGES RECEIVABLE

Northstar has historically paid for salaries (employees and consultants) and vendor payments of three related entities: PB Life & Annuity Co., Ltd. (“PBLA”), Omnia Ltd. (“Omnia”) and PB Investment Holdings Ltd. (“PBIHL”). The allocation of costs was internally agreed by the former management of Northstar. These three companies are currently in formal liquidation proceedings:

- a) PBLA was placed into provisional liquidation on 25 September 2020 and a winding-up order was subsequently made on 17 February 2023.
- b) Omnia was initially placed into provisional liquidation on 25 September 2020 and a winding-up order was subsequently made on 26 March 2021; and
- c) PBIHL was initially placed into provisional liquidation on 8 January 2021 and a winding-up order was subsequently made on 9 April 2021.

The outstanding balances prior to the appointment of JPLs, totaling \$3,849,598, are considered unsecured claims by Northstar against the three companies. The estimated realizable value for these pre-appointment amounts is uncertain. As at 30 April 2024, the intercompany recharges totaled \$1,688,299.64.

The intercompany recharges balance as at 24 September 2022 has been included in the statement of affairs as the amounts were previously recorded in the receipts and payments account only.

5. CLAIM AGAINST FORMER EMPLOYEE

This is a claim against a former employee of Northstar who was paid advance commissions that were unearned. During the 19-month period to 30 April 2024, \$27,484 was received from the debtor. This line item has been included in the statement of affairs as the amounts were previously recorded in the receipts and payments account only.

6. MANAGEMENT FEES

These are fees received by Northstar for managing the variable investments in the Fund Houses, taken pursuant to the terms of the policy contracts. This line item has been included in the statement of affairs as the amounts were previously recorded in the receipts and payments account only. The realization as at 24 September 2022 has been restated to \$3,820,211 to exclude redemptions totaling \$193,158 that were previously classified under management fees.

7. BANK INTEREST AND OTHER RECEIPTS

Bank interest is earned from deposits held in Northstar's various accounts. During the period up to 30 April 2024, bank interest received amounted to \$283,203. Details of other receipts during the period ending 24 September 2022 are explained in the second progress report. This line item has been included in the statement of affairs as the amounts were previously recorded in the receipts and payments account only. The bank interest realization as at 24 September 2022 has been restated to \$43,743 following a reconciliation.

8. FIXED ACTIVE AND SURRENDERED CONTRACTS

The active and surrendered contracts relating to policyholders who had invested in fixed investment products as at 30 April 2024 totaled \$254,784,962. The net increase in policy value is due to accrued interest on those respective contracts. As explained in section 2.1.3, the Court determined that in respect of Fixed Investments, segregated accounts had been effectively established and that with limited possible exceptions (for example, some reinsurance recoveries in respect of death benefits), no assets had been effectively linked to those accounts. Therefore, the liabilities recorded here are for purposes of record-keeping and a potential indicator of claims that may be brought against the general account by policyholders in the Fixed Class.

GAP fixed policyholders have been reclassified to the other general creditors category, restating the fixed active and surrendered contracts book value to \$246,676,060. The balance as at 24 September 2022 has also been restated by \$1,394,645 following a reconciliation.

9. VARIABLE ACTIVE AND SURRENDERED CONTRACTS

The active and surrendered contracts relating to policyholders who had invested in variable investment products as at 30 April 2024 totaled \$117,378,771⁴. The fluctuation in the value of active and surrendered variable contracts is due to, generally, decreases in net asset values in the investment markets.

10. GENERAL CREDITORS

10.1 LONG-TERM POLICYHOLDERS

The total liabilities for long-term contracts in the General Creditor Class as at 30 April 2024 totaled \$51,139,913. General active and surrendered contracts have been renamed to long-term policyholders. Fixed GVDA contracts have been reclassified to other general creditors, resulting in a restated book value of \$52,313,341 and a liability of \$50,897,307 as at 24 September 2022.

10.2 OTHER GENERAL CREDITORS

Other general creditors include (i) policyholders without segregation protection and the GAP fixed policyholders who have recourse against the general account, totaling \$3,198,590 and (ii) trade creditors amounting to \$465,750.

As stated under notes 8 and 10, the reclassification of Fixed GVDA policyholders and GAP fixed policyholders to other general creditors has resulted in a restatement of the book value to \$3,416,247 and the liability as at 24 September 2022 to 3,552,676.

⁴ Value as per the Company administration system; not reconciled.

11. RECOVERY FROM REINSURER

Details on recoveries from reinsurers are discussed under 3.3.4

12. PREMIUM RECEIPTS

Premiums are paid to Northstar based on the individual circumstances and decisions made by policyholders i.e., should a policyholder think it beneficial to keep their policy in-force they will continue to pay premiums. Northstar continues its duty to notify all policyholders if their policy is nearing the end of its term. All premiums received from policyholders have two purposes: (1) to pay the related cost of insurance i.e. reinsurance for the specific policies (where applicable), and (2) to maintain or increase the policyholder's existing contract value.

The premium receipts balance as at 24 September 2022 has been restated to \$1,341,659 to account for a premium return of \$10,000.

13. REINSURANCE PREMIUM PAYMENTS

As part of Northstar's risk mitigation strategy, certain policies have been reinsured. This allows Northstar to mitigate potential financial losses and to protect policyholders to the extent possible, given the circumstances. It should be further noted that no reinsurance policies have been cancelled since the appointment of the JPLs.

14. OPERATING EXPENSES

Northstar incurs expenses to pay staff, consultants, vendors and other service providers to continue some of the processes that are vital to the day-to-day management of the Company. These include, inter alia; policy administration, IT and communications together with other day-to-day operational expenses of the Company. The total costs on operating expenses as at 30 April 2024 totaled \$9,751,672.

15. OTHER DISBURSEMENTS

Bank and other charges as at 24 September 2022 were restated to \$98,511 following a reconciliation by the JPLs. The bank and other charges for the period to 30 April 2024 were \$116,404. Details of other disbursements incurred during the period ending 24 September 2022 are explained in the Second Progress Report.

16. LIQUIDATION EXPENSES

Northstar has experienced a shortfall in cash available to fund general expenses given that the operating expenses exceed the Company's income. With the Court's approval, this shortfall, along with liquidation fees, has been paid from bank accounts holding certain assets representing proceeds from fixed investments, which are subject to reallocation by the Court.

During the reporting period ending 30 April 2024, \$27,348,533 was disbursed in respect to various liquidation costs and expenses.

The Liquidators' fees as at 24 September 2022 have been restated to \$5,676,908 to exclude legal fees totaling \$1,835,492 which have been transferred to the legal fees line item.

The legal fees as at 24 September 2022 were restated to \$3,255,896, to include legal fees totaling \$1,835,492 that were previously included under the liquidation fees and less an amount of \$299,612 following a reconciliation.

The liquidation fees and expenses as well as the operating expenses of the Company have been paid out of certain accounts with the approval of the Court and subject to re-allocation by the Court following the Consequential Ruling.

17. VALUATION FEES

These costs relate to the valuation of affiliated assets and non-affiliated assets in order to assist with the asset recovery process.

18. BLACKROCK FEES

BlackRock managed the investment portfolios and would facilitate the purchase of securities using fixed contract premiums. The fees relate to these services.

19. CUSTODY FEES

These fees are as a result of the custodian relationship with HSBC in relation to certain bank accounts of the Company.