

Quarterly Report for the Combined Estate of
RETIREMENT VALUE, LLC & HILL COUNTRY FUNDING LLC
As of Quarter Ending March 31, 2023 (1Q2023)

The Estate began the fiscal year with approximately \$6.7 million in cash, policies worth about \$13.6 million and \$10.25 million in accounts receivable. During the quarter, the Estate's largest expense was \$653 thousand in premiums; and its largest collection was \$6.7 million in death benefits. The Estate ended the quarter with \$13.7 million in cash, policies worth approximately \$13.6 million, \$8.5 million in accounts receivable¹, and the uncollected litigation recoveries. The Estate's sources and uses of cash since the receivership's inception and for the quarter are summarized below.

Cash

		5/5/10 thru 12/31/2022	1/1/2023 thru 3/31/2023	Since Inception
Beginning Balance		\$23,150,192	7,567,543	\$23,150,192
<i>Plus</i>				
	Death Benefits	\$60,496,497	6,738,106	\$67,234,603
	Asset Sale/Recovery	\$3,660,438	25,000	\$3,685,438
	Litigation	\$9,850,984	-	\$9,850,984
	Interest Rec'd	\$1,493,264	117,860	\$1,611,123
	Interest accrued	\$0	-	
<i>Sub total</i>		\$75,501,182	6,880,966	\$82,382,147
			-	
<i>Less</i>			-	
	Premiums Paid	(\$62,626,006)	(\$652,924)	(\$63,278,930)
	RV Mortgage (P&I)	(\$45,488)	\$0	(\$45,488)
	Taxes	(\$4,295,809)	\$0	(\$4,295,809)
	Fees and Expenses	(\$12,328,059)	(\$59,052)	(\$12,387,111)
	3rd Party Disb.	(\$950,929)	\$0	(\$950,929)
	Distributions	(\$10,837,541)	\$0	(\$10,837,541)
<i>Sub total</i>		(\$91,083,831)	(\$711,976)	(\$91,795,807)
Ending Balance		\$7,567,543	\$13,736,533	\$13,736,533

As of the end of this quarter, the Estate held 26 policies on 23 individuals with an aggregate face value of \$66,000,000. Since inception, the Estate has had 28 maturities. ***We identified one (1) mortality this quarter.*** The \$5.0 million policy matured in February and was collected by the end of March. The table below reflects the portfolio's actual mortality performance through March 31, 2023:

¹ The circumstances surrounding two decedents (six of the policies) gave rise to disputes with the respective carriers. The disputes represent \$10,250,000 of the outstanding Accounts Receivable (A/R). The disputes regarding one decedent have been largely resolved, leaving a pending A/R of \$511,894. The other decedent represents \$8.0 million of A/R and remains in litigation.

Insurance Portfolio Profile

	<u># of Policies</u>	<u># of Lives</u>	<u>Face Value</u>
As of May 5, 2010	54	46	\$141,585,000
Maturities (prior periods)	27	22	\$70,585,000
Maturities (this quarter)	1	1	\$5,000,000
As of March 31, 2021	26	23	\$66,000,000

The Receiver last updated the policies' valuation as of March 31, 2023. The estimated fair market value is based on the net present value of the future stream of cash flows (i.e., the payment of projected premiums, collections of death benefits, etc.) discounted to the valuation date at an 18% discount rate. The policies remaining as of March 31, 2023, have an estimated fair market value of \$13,647,681.

Total approved investor claims against the Estate are \$80.4 million; of which \$11 million has been paid and \$69.4 million remain outstanding. Through March 31, 2023, investors have recovered about 13.7% of their initial investment.

The most readily apparent proxy for the claims' current value is their estimated participation in an immediate liquidation of the Estate's assets. The table below reflects the potential recovery per dollar of claim from liquidation: (i) as to the investors' total claim, taking into account the \$11 million in prior distributions; and (ii) as to remaining assets and remaining claim balances.

Liquidation Analysis (as of March 31, 2023)

		<u>Total Investor Claims</u>	<u>Outstanding Investor Claims</u>
Assets			
	Policies (as of 3/31/23)	\$13,647,681	\$13,647,681
	Claims Pending Collection	8,511,894	\$8,511,894
	Cash On Hand	13,736,533	\$13,736,533
	Prior Distributions	<u>10,931,872</u>	<u>0</u>
Est Liquidation Value		46,827,980	35,896,108
Claims		80,354,220	69,422,347
Liquidation Recovery per \$ Claimed		\$0.58	\$0.52

Please be aware that a maturity does not automatically translate into a distribution to the claimants. In order to collect the \$66 million remaining in the portfolio's face value, the Estate anticipates paying an additional \$31 million in premiums over the next 25 years. The March 2023 stochastic analysis indicates that the Estate's premium reserves should be \$12 million in order to adequately reserve for 97.5% of the modelled circumstances. The Estate must use the death benefits from earlier maturities to reload the reserves so that it can pay future premiums. The Estate can only make cash distributions when the premium reserves are sufficient to ensure that the Estate is able to make premium payments, even if the portfolio underperforms. The Estate's cash-on-hand does not currently support a distribution; Assuming 100% collection of the accounts receivable in litigation, the Estate would have \$22.2 million of cash-on-hand; but that could change depending on actual mortalities or litigation results.

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