



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

**RACHELLE FRISBY AND JOHN JOHNSTON
JOINT PROVISIONAL LIQUIDATORS**

**DELOITTE LTD.
CORNER HOUSE
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HAMILTON HM 12
BERMUDA**

**Second Progress Report of the Joint Provisional Liquidators
(the "Report")**

28 March 2023

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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
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
Court	the Supreme Court of Bermuda
Debtors	together Northstar, PBLA, Omnia and PBIHL
Directions Order	Consent Order dated 19 December 2022
DTH Holdings	DTH Holdings Ltd.
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
Fixed Representative	the investor or policyholder appointed pursuant to the Court's Order dated 26 August to represent the interests of those investors or policyholders holding fixed and indexed investments 2021 (as clarified in the Metlife Orders)
Fund Houses	Fund houses such as BlackRock, Morgan Stanley, and Franklin Templeton
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.
JPLs	Ms Rachele Frisby and Mr John Johnston of Deloitte, in their capacity as joint and several provisional liquidators of the Company
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
MOU	a memorandum of understanding entered into by the Company on 27 June 2019 with a number Lindberg Entities
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
Report	this report and accompanying appendices
Representation Orders	the Court's Orders dated 26 August 2021 and 13 December 2021 in respect of both Northstar and Omnia
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
SAC Reports	the Northstar and Omnia Reports which sets out the facts relevant to the issues, prepared pursuant to the 26 August 2021 Order

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)
The 26 August 2021 Order	the Court's Order dated 26 August 2021
US	United States
US Complaint	the Complaint filed with the US Bankruptcy Court on 4 January 2023
Variable Representative	the investor or policyholder appointed pursuant to the Court's Order dated 26 August 2021 to represent the interests of those investors or policyholders holding variable investments (as clarified in the Metlife Orders)

SECTION 1: OVERVIEW AND PURPOSE OF REPORT

1. The Report is designed to provide the creditors, contributories and the Court with an overview of the progress of the liquidation since the date of the First 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.
2. 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 every two weeks to discuss matters relating to the liquidation.
3. The JPLs remain cognizant of the need to progress and/or finalize key matters in relation to the liquidation, in particular the Segregation Application and realization of assets, 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.
4. 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 First Progress Report; and
 - Section 3 covers other pertinent matters in relation to the liquidation.

SECTION 2: WORK UNDERTAKEN BY THE JPLS

SECTION 2.1: ASSET CUSTODY AND REALIZATION

5. The JPLs have prepared an updated Estimated Statement of Affairs, and an account of the JPLs' Receipts & Payments.
6. The JPLs' calculations are based on the asset recoveries and/or valuations as at 24 September 2022 (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 24 September 2022 (being the second anniversary of the appointment of the JPLs).

Section 2.1.1: JPLs' Estimated Statement of Affairs

NORTHSTAR FINANCIAL SERVICES (BERMUDA) LTD (IN LIQUIDATION) JPLS STATEMENT OF AFFAIRS & REALIZED TO DATE

All Creditors						
		25 September 2020		Year 1	Year 2	Total
		Book Value	Estimated to Realize	Realized to	Realized to	
		\$	\$	24 September 2021	24 September 2022	\$
				\$	\$	
ASSETS						
	NOTE					
Cash and cash equivalent	1	3,494,262	3,494,262	3,494,262	-	3,494,262
Investment in affiliated investments	2	234,424,629	1	5,964,813	6,823,015	12,787,828
Non-affiliated investments: Level 1	3.1	12,088,625	12,088,625	2,302,650	7,018,244	9,320,894
Non-affiliated investments: Other	3.2	55,471,384	25,219,364	20,678,393	4,500,000	25,178,393
Non-affiliated investments: Fund Houses	3.3.1	104,690,916	104,690,916	73,789,447	(23,092,644)	50,696,803
Non-affiliated investments: Holding Account	3.3.2	232,254	232,254	48,515,365	5,661,038	54,176,403
Non-affiliated investments: Receivables from Fund Houses	3.3.3	-	-	-	794,117	794,117
Non-affiliated investments: Warrants	3.4	334,740	1	364,385	(50,907)	313,478
Intercompany recharges	4	3,849,598	1	-	-	-
TOTAL ASSETS		414,586,408	145,725,424	155,109,316	1,652,862	156,762,178
LIABILITIES						
Fixed active and surrendered contracts	5	(248,099,183)	(248,099,183)	(251,441,667)	(3,771,089)	(255,212,757)
Variable active and surrendered contracts	6	(104,923,170)	(104,923,170)	(122,304,812)	16,637,489	(105,667,323)
General active and surrendered contracts	7.1	(53,840,716)	(53,840,716)	(53,183,498)	665,668	(52,517,830)
General creditors	7.2	(465,750)	(465,750)	(465,750)	-	(465,750)
Operating expense payable	8	-	-	(1,208,196)	1,132,188	(76,008)
TOTAL LIABILITIES		(407,328,819)	(407,328,819)	(428,603,923)	14,664,256	(413,939,668)
SURPLUS / (DEFICIT) TO CREDITORS		7,257,589	(261,603,395)	(273,494,607)	16,317,118	(257,177,490)

* This does not include the costs of the liquidation.

Section 2.1.2: JPLs' Receipts & Payments Account

NORTHSTAR FINANCIAL SERVICES (BERMUDA) LTD (IN LIQUIDATION)
JPLS RECEIPTS & PAYMENTS ACCOUNT
 FOR THE PERIOD FROM SEPTEMBER 24, 2021
 TO SEPTEMBER 24, 2022

	Year 1		Year 2		Total	
	Up to 24 September 2021		For the year 24 September 2022		Up to 24 September 2022	
	\$	\$	\$	\$	\$	\$
RECEIPTS						
Opening cash at bank	1	3,726,516		76,490,018		3,726,516
Loan interest and settlements	2	5,964,813		6,823,016		12,787,829
Returns from non-affiliated investments	3.1, 3.2, 3.4	22,981,043		14,088,136		37,069,180
Cash received on hold from redemptions	3.3.2	48,990,546		6,908,297		55,898,843
Reinvestments						
Redemptions		7,769,739				
Subscriptions		(7,769,739)				
Intercompany recharge	4	372,569		75,042		447,611
Premium receipts	9.1	698,670		652,989		1,351,659
Management fees	10	2,486,480		1,526,889		4,013,369
Bank interest receipts		3,514		41,726		45,239
Recovery from reinsurer	11	-		158,995		158,995
Other receipts	12	-		296,440		296,440
		85,224,151		107,061,547		115,795,680
DISBURSEMENTS						
Employee salary & benefits	7.2	(2,733,135)		(1,551,855)		(4,284,990)
Policy administration expense	7.2	(1,016,213)		(977,050)		(1,993,263)
Other vendor payments	7.2	(570,847)		(220,101)		(790,948)
Bank & other charges		(56,724)		(45,822)		(102,546)
Reinsurance premium payment	9.2	(2,455,446)		(2,461,349)		(4,916,796)
Other disbursements	13	-		(68)		(68)
Liquidation expenses	14					
Liquidators fees		(1,169,222)		(6,343,178)		(7,512,400)
Legal fees		(732,546)		(987,470)		(1,720,016)
Valuation fees		-	(1,901,768)	(41,345)	(7,371,993)	(41,345)
		(8,734,133)		(12,628,238)		(21,362,371)
EXCESS OF RECEIPTS OVER DISBURSEMENTS AS AT 24 SEPTEMBER 2021 & 24 SEPTEMBER 2022		76,490,018		94,433,309		94,433,309 °

° In the event that the Court finds that the variable and / or fixed policyholders enjoy the benefit of segregated accounts, the JPLs will perform a separate Receipts and Disbursements Account for each segregated cells and general estate of the Company.

Section 2.1.3: Notes to the Estimated Statement of Affairs and the JPLs' Receipts & Payments Account

7. The notes to the statement and accounts under Sections 2.1.1 and 2.1.2 are provided in Appendix 1.

Section 2.1.4: Other asset custody and realization activities undertaken by the JPLs

8. Other relevant activities undertaken by the JPLs in relation to asset custody and realization include:
- Review of the asset recovery position, calls with legal counsel regarding strategy, and the filing of the US Complaint;
 - Matters relating to Directors & Officers insurance policies, asset receivables management, transaction calculations, and payoff letters;

- Drafting various schedules and notes in respect of the current asset position and likely potential asset recovery position going forward;
 - Periodic review and management of loan interest receipts and repayment of principal amounts owing from affiliated entities; and
 - Negotiations, realizations, and review of various assets.
9. The JPLs have taken various steps, mainly in the United States, to preserve, protect and enhance the realizations made in the liquidation. Further details in this regard are discussed in Section 2.3: Legal Proceedings in the United States.

SECTION 2.2: THE SEGREGATION APPLICATION AND SEGREGATION WORK UNDERTAKEN BY THE JPLS AND THEIR LEGAL TEAM

10. The background to the Segregation Application is set out in Section 3.2 of the First Progress Report. The following is an update on the current status of the Segregation Application and the work that has been undertaken by the JPLs and their legal counsel since the First Progress Report.

Section 2.2.1: The SAC Reports

11. Pursuant to the 26 August 2021 Order, the JPLs were ordered to provide the Class Representatives and their legal counsel *“a bundle of documents comprising copies of (a) a report by the JPLs which shall set out the facts relevant to the Issues; (b) an estimated statement of affairs; (c) the Private Acts relating to the Company and/or its business and the Segregated Accounts Companies Act 2000; and (d) pro forma investment contracts and policies”*.
12. The JPLs worked with their legal counsel to draft and issue these reports and supporting information. There were extensive investigations undertaken to prepare the reports, and the investigations and preparation of the reports took a substantial amount of time and effort by both the JPLs’ team and their legal counsel.
13. The SAC Reports were filed with the Court in an unredacted form. They were also served on the Class Representatives in redacted form (on 2 June 2022 in respect of Northstar and 8 September 2022 in respect of Omnia), with the appendices served shortly thereafter.¹ The Northstar SAC Report totalled 175 pages in length with 3 folders of appendices, consisting of 241 documents (including detailed walk throughs of policies up to 30 pages each). The Omnia SAC Report totalled 101 pages in length with 8 folders of appendices, consisting of 118 documents (including detailed walk throughs of policies up to 30 pages each).
14. The SAC Reports included information relevant to the issues, including, for example, information pertaining to the background and history of the Company, the products offered by the Company, the administration of policies, and the flow of funds. The JPLs also provided walkthroughs testing the flow of funds via tracking of certain sample policies.

Section 2.2.2: The Counsel-to-Counsel Meeting

15. A counsel-to-counsel meeting was held between the JPLs and counsel for the Class Representatives on a without prejudice basis on 29 November 2022.

¹ The Reports were served on the Class Representatives in a redacted form with the approval of the Court because they contained sensitive and confidential information (such as identifying policyholder information).

16. The meeting was attended by leading counsel and Bermudian attorneys for the Parties and was convened on a without prejudice basis. Its purpose was to consider:
 - The appropriate directions to the Substantive Hearing (defined below) of the issues; and
 - The proper approach to be taken to the formulation of a list of issues for the Substantive Hearing.
17. Prior to the meeting, the JPLs had circulated a draft list of issues and draft directions which were amended by the Fixed and Variable Representatives.
18. At the meeting, the Parties agreed (in principle) to the procedural directions leading up to the Substantive Hearing. It was agreed that the Substantive Hearing would be held in person in Bermuda on the first available date after 31 March 2021, with a time estimate of up to 7 days. After the meeting, an updated Directions Order was issued.
19. In addition, counsel for the Class Representatives confirmed that they did not currently propose to file any additional evidence in advance of the Substantive Hearing. One of the Class Representatives indicated that it would be helpful for the JPLs to provide a short affidavit updating the Court on any matters which may have arisen since the provision of the SAC Reports. This has been agreed and the JPLs are working on their further evidence.
20. The Parties also discussed the drafts of the list of issues that had been exchanged before the meeting. The Parties continue to endeavour to agree in principle a list of issues for use at the Substantive Hearing, and it is hoped that this can be finalised following the exchange of all the Parties' skeleton arguments.

Section 2.2.3: The Listing of the Substantive Hearing

21. The Substantive Hearing has now been listed for hearing for 7 days beginning 24 April 2023 through 2 May 2023 inclusive. The hearing will take place before the Court in person in Bermuda and will be attended by Leading Counsel for the JPLs and the Class Representatives.
22. A further counsel-to-counsel meeting took place on 14 March 2023.
23. In addition, a pre-trial directions hearing has now been listed for a half day on 4 April 2023. At the directions hearing, the Court shall consider such further directions (if any) as are required for the just hearing and disposal of the issues. The directions hearing shall be held remotely, with Leading Counsel to appear for the JPLs and the Representatives.

Section 2.2.4: The Metlife Application

24. Alongside producing the SAC Reports, the JPLs considered a potential complication in the class allocation of certain of Northstar's policyholders. This arose in relation to Northstar's "Metlife" block of business.
25. Following the JPLs' further review of the various products issued by the Company, the JPLs observed that the policies for four products in relation to the Metlife block of business created varying degrees of segregation. As a result, the JPLs considered which Class Representative should represent the interests of policyholders with fixed investments for purposes of the segregation proceedings. The JPLs wanted their position to be consistent with the terms of the Representation Orders.
26. To put their position beyond doubt, the JPLs filed an application with the Court on 19 December 2022 to make it clear that holders of policies which do not purport to create "segregated" or "separate" accounts should form part of the General Creditor Class constituted by the Representation Orders. The Application was made in respect of both Northstar and Omnia because it was necessary to ensure that a uniform approach is taken to class composition where the facts determinative of, or indicia of, class composition are identical in respect of both Companies.
27. Through the Metlife Orders, the Court granted the JPLs' proposed clarification to the Classes and Class Representatives per the Representation Orders as follows:

"2. Pursuant to Order 15, rule 12, the following representation orders in relation to the Substantive Hearing shall be made:

- (a) an investor or policyholder in Northstar and/or Omnia Ltd (in liquidation) (**Omnia**) holding only variable investments shall be appointed as the "**Variable Representative**" and shall represent the interests of those investors or policyholders in Northstar holding variable investments pursuant to policies or investment contracts which provide for the establishment of segregated accounts pertaining to such investments;*
- (b) an investor or policyholder in Northstar and/or Omnia holding only fixed or indexed investments shall be appointed as the "**Fixed Representative**" and shall represent the interests of those investors or policyholders in Northstar holding fixed and indexed investments pursuant to policies or investment contracts which provide for the establishment of segregated accounts pertaining to such investments; and*
- (c) a creditor of Northstar and/or Omnia not holding any such investments or policies shall be appointed as the "**Creditor Representative**" and shall represent the interests of creditors in Northstar not holding fixed, indexed or variable investments pursuant to policies or investment contracts which provide for the establishment of segregated accounts pertaining to such investments,*

*(together, the "**Representatives**" and, together with the JPLs, the "**Parties**")."*

28. The JPLs have updated the impacted Metlife policyholders of the Court's Orders.

SECTION 2.3: LEGAL PROCEEDINGS IN THE UNITED STATES

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

Section 2.3.1: Bankruptcy Rule 2004 Applications and Subpoenas

30. Beginning March 2022 and continuing through the year, the JPLs and their US counsel undertook significant efforts in drafting and obtaining applications to the US Bankruptcy Court, seeking authorization to issue subpoenas on a multitude of parties pursuant to Federal Rule of Bankruptcy Procedure 2004.
31. From the above-mentioned date, the JPLs and their US Counsel filed over 10 Rule 2004 Applications seeking authorization to issue Rule 2004 Subpoenas to various parties.
32. The Rule 2004 Applications sought information in the control or possession of various parties concerning each of the Debtors' and Debtor Investment Companies, including but not limited to the following:
- (i) the negotiation and execution of the MOU and IALA (where applicable);
 - (ii) the Debtors' loans to borrowers and equity investments in certain Lindberg Entities;
 - (iii) assets contributed and withdrawn from the PBLA-ULICO Trust Accounts; and
 - (iv) all documents or electronically stored information relating to the Debtors' financial affairs, rights, obligations or liabilities, including but not limited to all documents or electronically stored information requested in the proposed Subpoenas.
33. The JPLs and their US Counsel further requested that the Orders approving the Rule 2004 Applications require the subpoenaed parties, or an officer, director, managing agent, or other persons who consent to testify on its behalf in compliance with Federal Rule of Civil Procedure 30(b)(6), make themselves available to provide deposition testimony upon notice, after the subpoenaed party has produced documents pursuant to the Rule 2004 Subpoena and the JPLs have had an opportunity to review.
34. The JPLs' counsel with the assistance of the JPLs' forensic and insolvency teams conducted Rule 2004 examinations of 7 individuals.
35. The JPLs received over 475,000 documents from the subpoenaed parties. These documents were uploaded to a document management and review software and perused by the JPLs' forensic team and their US legal team for the purposes of filing the US Complaint.

Section 2.3.2: US Complaint

36. 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 of senior management done in Bermuda), were used to file a Complaint with the US Bankruptcy Court on 4 January 2023 (in relation to all the Debtors). The claim was subsequently served on 971 defendants in 24 countries. The total value of this claim is at least \$700M (for all the Debtors). As this matter progresses, the JPLs will continue to provide updates through the usual channels.

SECTION 2.4: OTHER WORK UNDERTAKEN BY THE JPLS

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

Section 2.4.1: Accounting, Banking & Treasury

- Preparation and review of bank reconciliations;
- Review of consultants' fees and receipts and payments discussion;
- Oversight and management of the Company's bank accounts, finance and operations;
- Review and approval of all payments leaving the Company's bank accounts. These include payments to IT service providers, reinsurance service providers, employees, contractors, as well as statutory payments such as payroll tax;
- Review and management of custodian banking arrangements;
- Preparation and review of cash projections, operating expenses and budgets;
- Review and approval of monthly management fees;
- Approval of daily transactions and trades;
- Preparation of liquidation fees and expenses requests;
- Review and approval of quarterly mutual fund revenue transfers received from the Fund Houses;
- Preparation of the estimated outcome statement and estimated to realize statement for the year ended 24 September 2022;
- Review of invoices, payment discussions and intercompany recharge invoices;
- Correspondence with banks on various operational items; and
- Dealing with various tax filings.

Section 2.4.2: Administration, Planning & Strategy

- Internal strategy and case review meetings;
- Due diligence matters;
- Planning and strategy with legal counsel in various jurisdictions (including Bermuda, the United States, the United Kingdom and Dubai);
- Review of central email inbox;
- HR administration for retained consultants; and
- Planning and coordination of work with actuary, operations, tax and finance teams etc.

Section 2.4.3: Creditors, Contributories, and Other Stakeholders

- Various correspondence, communication and engagement with policyholders and creditors;
- Responding to policyholder and distributor enquiries;
- Review of Northstar group email, updates and FAQs to distributors and policyholders;
- Bi-weekly meetings with members of the AHCOI regarding the liquidation process and attending to requests and enquiries from the AHCOI;
- Engagement with distributors and other intermediaries in relation to policyholder matters; and
- Calls with distributors and brokers.

Section 2.4.4: Investigations and Analysis

- Asset workbook reviews, mediation organization discussions, and strategy updates;
- Review of Rule 2004 Subpoenas prior to depositions;
- Preparation and attendance of various depositions of key decision makers of the Company, and interviews with former officers;
- Preparation of preliminary statement and outline of causes of action of the US Complaint;
- Reviewing bank accounts;
- Asset workbooks reviews for the US Complaint;
- Review of proposed refinancing of one of the Lindberg Entities;
- Compilation of agents of loan agreements to which Northstar is a party to;
- Compilation of non-US asset workbooks, correspondence regarding overseas assets, and review of overseas asset workbooks; and
- Preparation for Rule 2004 hearing and attendance of various court hearings.

Section 2.4.5: Case Specific Matters

- Review and discussions of various motions and US litigation;
- Reinsurance and death claim discussions and queries;
- Economic substance filings;
- Review of assignments of contracts with operations team;
- Review of legal invoices and of suppliers;
- Calls and correspondence with operations team;
- Tax and reinsurance matters, work on this Report;
- Correspondence with legal counsel regarding policyholder and broker queries, reinsurance calculations; and
- Due diligence matters.

Section 2.4.6: Other Court-Related Matters

- US court proceedings for injunctive relief against MOU and IALA;
- Various court matters in both Bermuda and the US;
- Preparation and correspondence with legal counsel for various depositions;
- Review of extension of first creditors meeting application;
- Various planning and updates on legal proceedings, correspondence and discussions on motion for protective order and amended notice of presentment;
- Review, comment and updates on JPLs' complaint and matters dealing with service; and
- Attendance of various court hearings and depositions and swearing of affidavits and preparation of JPLs' cross examinations.

Section 2.4.7: Statutory Meetings, Filings and Reporting

- Operating expenses analysis and reporting;
- Correspondence with trustees and progressing FATCA/CRS reporting; and
- Engagement with company operations and finance teams.

SECTION 3: OTHER MATTERS

SECTION 3.1: THE FIRST MEETINGS OF CREDITORS AND CONTRIBUTORIES

38. As noted in Section 4.1 of the First Progress Report, by the original winding-up order dated 26 March 2021, the Court ordered that there be an extension of time for the JPLs to hold the First Meetings for six months from the date of the winding up order i.e. on or before 26 September 2021.
39. As a result of the JPLs' ongoing investigations of the financial and operational affairs of the Company and significant legal issues which have arisen (such as the Segregation Application), the JPLs have obtained Court orders for further extensions for the time to hold the First Meetings. Pursuant to the Order dated 22 September 2022, the deadline for the JPLs to hold the First Meetings was 26 March 2023.
40. As the ability to hold the first meeting is subject to the determination of questions and directions on the segregation of the Company's accounts, the JPLs sought and obtained the Court's approval for a further six-month extension of time for the holding of the First Meetings from 26 March 2023 to 26 September 2023.



Rachelle Frisby – Joint Provisional Liquidator
Dated this 28 March 2023

APPENDIX 1: NOTES TO THE ESTIMATED STATEMENT OF AFFAIRS AND THE JPLS' RECEIPTS & PAYMENTS ACCOUNT

1. CASH AND CASH EQUIVALENT

Cash available in the Company's general account, fixed investment accounts, and trust and non-trust accounts as at the date of the appointment of the JPLs was \$3,494,262. The JPLs understood that \$111,196 is in accounts that have been historically used to pay for operating and general expenses, and the remaining \$3,383,066 are in accounts that are for investments and disbursements of monies for fixed policyholders.

This cash does not take into account the operating expenses and costs of the liquidation since the inception of the liquidation process.

2. INVESTMENTS IN AFFILIATED ENTITIES

These are investments in entities that JPLs consider to be Lindberg Entities. The JPLs understand these investments are in the form of loans and preferred equities.

During the period 25 September 2021 to 24 September 2022, the JPLs received (gross of bank charges) realization from the following:

- Settlement of TAC, LLC loan on 28 January 2022 for \$1,151,045; made up of \$1,139,361 of outstanding principal and \$11,684 of outstanding interest. The JPLs are currently reviewing the loan and closing documents to confirm whether full settlement has been received per the IALA;
- Settlement of AAPC Holdings LLC ("AAPC") preferred equity on 2 March 2022 for \$2,623,450; made up of \$1,654,385 of return of capital and \$969,065 of preferred return. The JPLs believe this is the full settlement of preferred equity in AAPC;
- Settlement of Lares LLC on 8 September 2022 for \$1,447,741; made up of \$1,090,263.71 of outstanding principal and \$357,477.59 of outstanding interest loan interest. This is the full settlement as per the original loan agreement; and
- Loan interest payments from a number of affiliated investments totalling \$1,600,831.23.

3. INVESTMENTS IN NON-AFFILIATED INVESTMENTS

3.1 Level 1

Northstar invested in non-affiliated investments including, but not limited to, corporate bonds, asset-backed securities, warrants and other mortgage investments. These are managed by BlackRock.

The increase in value between the two periods is the result of (1) dividends and interest received and (2) redemptions.

During the period ending 24 September 2022, the full portfolio was liquidated in order to reduce the cost incurred for managing this portfolio by the previous investment manager. This amount is representative of cash in the bank accounts associated with this portfolio.

3.2 Other

These assets are interests in other non-affiliated entities, namely (1) Carrington, Holding Company, LLC, in the form of a loan, and (2) Diversified Terra Holdings Ltd. and DTH Holdings, both in the form of equity.

In the Statement of Affairs from the JPLs' First Progress Report, the following realizations within DTH Holdings were included as realized in "Year 1":

- An interim distribution of \$240,549 from Galileo Capital Partners, Ltd. on 21 October 2020;
- \$80,000 received as settlement on the outstanding loan balance of TH Properties on 17 February 2021; and
- Bank balances in DTH Holdings of \$95,726 and in GSRE 27, LLC of \$308,328.

Cash received from these asset realizations were received in bank accounts within DTH Holdings and its subsidiaries. On 6 January 2022, DTH Holdings was placed into a voluntary liquidation process to close it out and distribute the assets back to Northstar. The JPLs made adjustment to the figures reported in Year 1 by \$724,603 (reflective of the realizations above). The JPLs recorded realizations in DTH Holdings when distributions were received by Northstar - an interim distribution of \$4,500,000 was received from DTH Holdings on 24 June 2022.

3.3 Variable Assets

3.3.1 Fund Houses

Funds from variable products have been invested in non-affiliated entities via Fund Houses. The value of the investments is based on Company records available to the JPLs.

3.3.2 Holding Account

When the JPLs were appointed, communications were sent to policyholders which included information regarding trades of variable investments. Subscriptions and transfers have been disallowed; however, variable policyholders may, at their discretion, withdraw their funds from the Fund Houses and place funds into holding accounts.

In Note 3.3.1 of the JPLs' First Progress Report, \$2,689,821 was mentioned as being reviewed by the JPLs for surrender charges, management fees, and other fees. \$2,214,640 relates to management fees, so there is a corresponding decrease of "Cash received on hold from redemptions" in the Receipts and Disbursement Account in the period up to 24 September 2021. The remaining \$475,181 is still under review.

3.3.3 Receivables from Fund Houses

The JPLs dealt with queries from transfer agents of Fund Houses as part of their due diligence process. Some of the due diligence is still ongoing, and the Company is classified as “not in good order” to those Fund Houses. As a result, Fund Houses withheld cash from redemptions of shares from policyholders’ requests. As of 24 September 2022, total cash withheld in Fund Houses amounted to \$794,117.

Cash of this nature will be received by Northstar from those Fund Houses once the due diligence is completed. Once received, cash will be placed in holding accounts.

3.4 Warrants

There are a number of policyholders that hold 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.

Warrants 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, this value is reflective of cash in the bank accounts associated with the warrant contracts.

4. INTERCOMPANY RECHARGES RECEIVABLE

Northstar has historically paid for salaries (employees and consultants) and vendor payments of three related entities: PBLA, Omnia and 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.

Any outstanding balances, prior to the appointment of JPLs in the three companies, are considered to be unsecured claims against them. Northstar will make a claim once these respective entities call for proofs of debt. The estimated realizable amount for pre-appointment recharges is uncertain at this point in time.

The JPLs reviewed the cost allocation of intercompany recharges post the date of the provisional liquidation and made some adjustments. The JPLs expect to recover outstanding post-provisional liquidation recharges from the three entities as an expense of those respective liquidations.

During the reporting period to 24 September 2022, Omnia and PBLA made a number of payments to cover their intercompany recharge payable. These payments were \$437,981 and \$100,000, respectively.

The table below details the breakdown of pre- and post-appointment intercompany recharges payable as at 24 September 2022 and 2021, respectively:

	2022	2021
Pre-appointment	\$ 3,849,597	\$ 3,849,597
Post-appointment	785,544	554,341
Total	\$ 4,635,141	\$ 4,403,938

5. ACTIVE AND SURRENDERED CONTRACTS IN THE FIXED PRODUCTS

The table below provides an overview of the active and surrendered contracts relating to policyholders who had invested in fixed investment products.

The net increase in policy value is due to accrued interest on those respective contracts:

	2022	2021
Active contracts	\$ 91,684,724	\$ 117,601,752
Surrendered contracts	163,528,033	133,839,915
Total	\$ 255,212,757	\$ 251,441,667

Due to the Metlife Orders, we have reclassified certain policyholders from “Fixed” to “General” contracts. The 2022 and 2021 comparables above reflect this reclassification.

6. ACTIVE AND SURRENDERED CONTRACTS IN THE VARIABLE PRODUCTS

The table below provides an overview of the active and surrendered contracts relating to policyholders who had invested in variable investment products. There is a general decrease in the value of active and surrendered variable contracts due to general decreases in NAVs in the investment markets.

	2022	2021
Active contracts	\$ 50,696,803	\$ 73,789,447
Surrendered contracts	54,744,589	48,515,265
Total	\$ 105,441,392	\$ 122,304,812

Please note that the value is as per the Company's administration system which has not been reconciled. The value may change upon reconciliation.

7. GENERAL CREDITORS

7.1 GENERAL ACTIVE AND SURRENDERED CONTRACTS

These contracts were written in a manner that do not make any provision for the creation of "segregated" or "separate" accounts as observed by the JPLs. As stated in section 6 above, due to the Metlife Orders, we have reclassified certain policyholders from "Fixed" to "General" contracts. The 2022 and 2021 comparables below reflect this reclassification.

	2022	2021
Active contracts	\$ 48,438,929	\$ 49,678,809
Surrendered contracts	4,078,901	3,504,689
Total	\$ 52,517,830	\$ 53,183,498

7.2 OTHER GENERAL CREDITORS

Northstar engaged with a number of vendors and service providers to assist in the day-to-day operations of the business. Some payments to these vendors were outstanding as of 25 September 2020, and are treated as unsecured claims of Northstar.

	2022	2021
General creditors	\$ 465,750	\$ 465,750

8. OPERATING EXPENSE PAYABLE

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, finance, due diligence and compliance work, IT and communications, and trustee and custodian fees, together with other day-to-day operational expenses of the Company.

The JPLs reviewed the operational expenses of the business and assessed whether Northstar should continue to engage with each vendor, considering the status of the Company. In some circumstances, the JPLs terminated service agreements with some vendors that were no longer necessary for the operations and liquidation process, in order to limit the costs to the liquidation estate.

9. PREMIUMS

9.1 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.

9.2 Reinsurance premium payments

As part of Northstar's risk mitigation strategy, certain blocks of business 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.

10. 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.

As mentioned in Note 3, \$2,214,640 of \$2,689,821 included in the "Cash received on hold from redemptions" is related to management fee; therefore, there is an increase in "Management fees" in the Receipts and Disbursement Account for the same amount in the period up to 24 September 2021.

11. RECOVERY FROM REINSURER

A reinsurance recovery from Swiss Re on 21 October 2021 was collected for \$158,995 in relation to the death of a policyholder. At this time, the receipt is ring-fenced for the benefit of the policyholder's beneficiaries until the segregation matter has been determined by the Bermuda Court.

12. OTHER RECEIPTS

Other receipts included the following:

- Northstar received \$3,060.42 from the sale of assets upon the closure of the Northstar Dubai office and reimbursement of a portion of the annual registration fees of the Company in Dubai International Financial Centre; and
- On 24 February 2022, the United States Bankruptcy Court Southern District of New York (“US Court”) sanctioned Lindberg Entities for failing to turn over the books and records in relation to the Northstar, PBLA, Omnia and PBIHL to the JPLs, despite multiple orders directing the same. The US Court directed the Lindberg Entities to pay the JPLs \$291,907.74 (allocation to Northstar of the total fee award) in relation to attorneys’ fees and expenses.

13. OTHER DISBURSEMENTS

As explained in note 10 above, management fees are taken variable investments in Fund Houses. The Operations team discovered an error in calculating fees which triggered subscriptions in a number of funds in order to correct the error and reverse the charge.

14. FUNDING LIQUIDATION FEES & OPERATING EXPENSES

Northstar has experienced a shortfall in cash available to fund general expenses given that the operating expenses exceed the Company’s income. This shortfall, along with liquidation fees, has been charged to date against assets that have been recovered under the fixed class.

During the reporting period ending 24 September 2022, \$8,151,736 was used from the fixed class accounts to fund liquidation fees and costs, legal fees, and operating expenses. \$7,371,993 has been paid out in respect of liquidation fees and expenses to 31 March 2022, and \$779,743 was utilised for payment of operating expenses.

Recharges will be made to the different classes depending on the outcome of the SAC hearing and directions that will be made by the Bermuda Court.