Court File No. CV-14-10518-00CL

THE CASH STORE FINANCIAL SERVICES INC. AND RELATED APPLICANTS

TWELFTH REPORT TO THE COURT SUBMITTED BY FTI CONSULTING CANADA INC., IN ITS CAPACITY AS MONITOR

November 19, 2014

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Court File No. CV-14-10518-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF THE CASH STORE FINANCIAL SERVICES INC., THE CASH STORE INC., TCS CASH STORE INC., INSTALOANS INC., 7252331 CANADA INC., 5515433 MANITOBA INC., AND 1693926 ALBERTA LTD DOING BUSINESS AS "THE TITLE STORE"

APPLICANTS

TWELFTH REPORT TO THE COURT SUBMITTED BY FTI CONSULTING CANADA INC. IN ITS CAPACITY AS MONITOR

INTRODUCTION

1. On April 14, 2014, Regional Senior Justice Morawetz granted an Initial Order (the "**Initial Order**") (pursuant to the *Companies' Creditors Arrangement Act* (Canada), as amended (the "**CCAA**") to The Cash Store Financial Services Inc. ("**CSF**"), The Cash Store Inc., TCS Cash Store Inc., Instaloans Inc., 7252331 Canada Inc., 5515433 Manitoba Inc. and 1693926 Alberta Ltd. doing business as "The Title Store" (collectively, the "**Applicants**" or "**Cash Store**") providing protections to the Applicants under the CCAA, including a stay of proceedings until May 14, 2014 (as extended from time to time, the "**Stay**"), and appointing FTI Consulting Canada Inc. (the "**Monitor**") as CCAA monitor.

2. The Initial Order was amended and restated on April 15, 2014 (the "**Amended and Restated Initial Order**") to, among other things, appoint BlueTree Advisors

Inc. as Chief Restructuring Officer of the Applicants (the "**CRO**"). The proceedings commenced by the Applicants under the CCAA are referred to herein as the "**CCAA Proceedings**".

3. The Stay has been extended a number of times. Pursuant to the order of Regional Senior Justice Morawetz dated September 29, 2014, the Stay currently expires on November 28, 2014.

4. The Applicants have obtained interim or "DIP" financing in these CCAA Proceedings pursuant to an Initial DIP and Amended Joint DIP Facility, as amended:

   (a) On April 15, 2014, the Court approved an interim CCAA credit facility by Coliseum Capital LP, Coliseum Capital Partners II LP and Blackwell Partners LLC (collectively "**Coliseum**") pursuant to which $8.5 million was advanced (and repaid on May 9, 2014);

   (b) On May 17, 2014, the Court approved an Amended and Restated Term Sheet (the "**Amended Joint DIP Term Sheet**") providing for a DIP facility (the "**Amended Joint DIP Facility**") by the following lenders (together, the "**DIP Lenders**"): Coliseum, Alta Fundamental Advisers, LLC and certain members of the *ad hoc* committee of the Applicants' 11 1/2% senior secured notes (the "**Ad Hoc Committee**") providing total availability of $16.5 million, including the original $8.5 million advanced (and previously repaid) , an additional commitment of $6 million and a $2 million extension option;

   (c) On August 7, 2014, the Court approved an amending agreement to the Amended Joint DIP Term Sheet providing additional funding by way of a second extension option in the amount of $5 million (the "**Second Extension Option**"); and,

   (d) On September 29, 2014, the Court approved an Amending and Waiver Agreement to the Amended Joint DIP Term Sheet, providing for a waiver of repayment of a $1,257,334.80 tax refund received by the Applicants and additional funding by way of a third extension option of $5 million (the "**Third Extension Option**") to be made available to the Applicants in accordance with its terms (the "**Second Further Amended Joint DIP Facility**").

5. The Applicants and their financial advisor, Rothschild Inc. ("**Rothschild**"), have also conducted a sale process to market the property of the Applicants pursuant to a sale process approved on June 16, 2014.

6. On October 15, 2014 Regional Senior Justice Morawetz granted an order (the "**Approval and Vesting Order**"), which among other things approved the sale transaction (the "**Transaction**") contemplated by the Asset Purchase Agreement among the Applicants as vendors and National Money Mart Company as purchaser (the "**Purchaser**"), made as of October 8, 2014 (the "**Asset Purchase Agreement**").

7. The Applicants have now brought a motion, returnable November 21, 2014 for, among other things:

   (a) Approval of the third Amending Agreement to the Amended Joint DIP Term Sheet (the "**Third Amending Agreement**") providing for a fourth extension option in the amount of $7 million (the "**Fourth Extension Option**"); and

   (b) An extension of the Stay to February 27, 2015 (the "**Stay Extension Period**").

8. The Monitor has filed reports on various matters relating to the CCAA Proceedings. The purpose of this Twelfth Report is to provide the Court with information regarding:

   (a) The status of the Transaction and related matters including:

(i) The *Competition Act* approval closing condition;

(ii) The status of other conditions precedent to Closing;

(iii) The intended distribution of sale proceeds to the DIP Lenders; and

(iv) The security opinion delivered by counsel to the Monitor;

(b) The secondary sale process conducted by the Applicants;

(c) Various lease disclaimers;

(d) Retention of litigation counsel;

(e) An issue relating to fee collection in Ontario;

(f) The Applicants' request for additional DIP financing and approval of the Fourth Extension Option;

(g) Updated cashflow projections and a report on budget to actual results, including additional information regarding professional fees paid by the Applicants; and

(h) The requested Stay Extension.

TERMS OF REFERENCE

9. In preparing this report, the Monitor has relied upon unaudited financial information of the Applicants, the Applicants' books and records, certain financial information prepared by the Applicants and discussions with the Applicants' management and advisers. The Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information. Accordingly, the Monitor expresses no opinion or other form of assurance on the information contained in this report or relied on in its preparation. Future oriented financial information reported or relied on in preparing this report is based on

management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.

10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian Dollars.

11. Capitalized terms not otherwise defined herein have the meanings set out in previous reports of the Monitor filed or in the Asset Purchase Agreement.

TRANSACTION UPDATE AND RELATED MATTERS

12. As noted above, the Court approved the Transaction contemplated by the Asset Purchase Agreement with the Purchaser on October 15, 2014.

13. The Asset Purchase Agreement contains various conditions precedent to Closing. Since the Transaction was approved, the Applicants, through the CRO and in consultation with the Monitor, have been working to fulfil various closing conditions as discussed below.

Competition Approval Closing Condition

14. One of the key conditions to Closing, as described more completely in the Eleventh Report, is obtaining all required Governmental Authorizations, including, if required, pursuant to the *Competition Act*.

15. To satisfy the condition relating to *Competition Act* approval: a) the Commissioner shall have issued an advance ruling certificate under section 102 of the *Competition Act* in respect of the Transaction; or b) the waiting period under section 123 of the *Competition Act* in respect of the Transaction shall have expired or been terminated[1] or the obligation to provide a pre-merger notification in accordance with Part IX of the *Competition Act* shall have been waived -

[1] The Asset Purchase Agreement also provides that if the Commissioner advises the Purchaser prior to the expiry of the applicable waiting period under section 123 of the Competition Act that he requires additional time to review the Transaction and requests a written undertaking that Closing will not occur prior to a particular date, Closing may be delayed in accordance with the Asset Purchase Agreement.

provided there is no pending application or proceeding seeking a preliminary or permanent injunction of the Transaction and no such injunction issued and in effect.

16. In accordance with the Asset Purchase Agreement, Cash Store submitted notices of the Transaction to the Competition Bureau pursuant to section 114 of the *Competition Act* and a request was made for an advanced ruling certificate under section 102 of the *Competition Act*.

17. The Applicants, through their counsel, have also engaged in discussions with representatives of the Competition Bureau and responded to an information request received from the Mergers Branch of the Competition Bureau requesting, among other things, specific answers regarding the general nature of the business, product offerings, online payday loans, operations and geography, shares and the CCAA sales process.

Status of Other Conditions Precedent to Closing

18. In addition to the Competition Bureau approval discussed above, other key conditions to Closing include that:

    (i) The leases or other rights of occupation for a minimum threshold of the Acquired Locations be assigned to the Purchaser;

    (ii) The Echelon Payment Protection Plan Agreement be assigned to the Purchaser;

    (iii) The Purchaser enter into one or more agreements with DirectCash that allow the Purchaser to continue to operate the business, or (i) a critical supplier order be granted that requires DirectCash to continue to perform under its contracts and (ii) the Purchaser and the Applicants shall have entered into a Transition Services Agreement whereby the Purchaser shall have the benefit of the Applicant's agreements with DirectCash to allow the Purchaser to continue to operate the business; and

(iv) The Purchaser and Applicants shall have entered into a transition services agreement pursuant to which Cash Store will assist with the management of the in store point of sale system, record keeping related to all Accounts Receivable and certain other matters.

19. The Monitor is satisfied that the Applicants have acted in good faith and with due diligence in their efforts to advance each of the above-noted Closing conditions. The Applicants have initiated discussions and negotiations with the relevant stakeholders and counterparties and/or have taken other steps to advance the completion of these conditions, as more fully described in the affidavit of William E. Aziz, sworn November 18, 2014 (the "**Aziz Affidavit**").

20. At this stage, the CRO, on behalf of the Applicants, continues to anticipate that the Closing will occur in late 2014 or early 2015.

Distribution of Proceeds of Sale to DIP Lenders

21. With respect to the distribution of the proceeds of the Transaction, in accordance with mandatory prepayment covenants in the DIP documents, the Applicants intend to distribute to the DIP Lenders all amounts payable under the Amended Joint DIP Facility (as amended) on Closing of the Transaction. The Applicants are providing notice of this intention at this time and do not intend to seek further Court approval prior to making a distribution to the DIP Lenders on Closing. The Monitor will work with the CRO and DIP Lenders to calculate the amounts properly payable to the DIP Lenders and will report further in the event of any dispute.

22. As described further below, the Applicants are seeking a further amendment to the Amended Joint DIP Facility to provide the Fourth Extension Option in the

maximum amount of $7 million of which the Cashflow (described below) shows $6.653 million being required during the requested Stay Extension Period.

23. The Monitor previously reported that the Base Amount of the Purchase Price (a specified cash payment that is not subject to adjustment) exceeded the amounts outstanding under the DIP Facility and amounts available to be drawn under the Third Extension Option plus the $12 million advanced by the parties described as the "Senior Lenders" in the affidavit of Steven Carlstrom, sworn April 14, 2014. If the Fourth Extension Option is approved, the Base Amount of the Purchase Price still exceeds the principal outstanding pursuant to the Amended Joint DIP Facility as at the end of this week ($18 million) plus principal projected to be drawn pursuant to the Fourth Extension Option during the Stay Extension Period in accordance with the Cashflow and the $12 million advanced by the "Senior Lenders".[2]

24. After distribution to the DIP Lenders on Closing, additional proceeds of the Transaction will be held by the Monitor pending a further order of the Court in respect of further distributions.

Security Review

25. With respect to the security held by the first lien lenders and the Ad Hoc Committee, the Monitor requested that its independent counsel, McCarthy Tétrault LLP ("**McCarthy's**"), conduct and co-ordinate a security review and provide an opinion on the enforceability of the Intercreditor Agreement[3] and other

[2] This analysis considers principal amounts only. When fees and interest to the DIP Lenders and Senior Lenders are included, the amount is expected to exceed the Base Amount but is still expected to be below the Purchase Price, taking into consideration the anticipated value of the AR Purchase Amount, TPL Purchase Amount and PE&D Purchase Amount.

[3] The "**Intercreditor Agreement**" is a collateral trust and intercreditor agreement dated as of January 31, 2012 among Cash Store Financial, as Borrower, 7252331 Canada Inc., 5515433 Manitoba Inc., Instaloans Inc., The Cash Store Financial Limited, CSF Insurance Services Limited, The Cash Store Inc., TCS Cash Store Inc., and The Cash Store Limited, as Guarantors, Canadian Imperial Bank of Commerce, as Administrative Agent, Computershare Trust Company of Canada and Computershare Trust Company, NA as Indenture Trustees, and Computershare Trust Company of Canada as Collateral Trustee as supplemented by a collateral trust joinder dated November 29, 2013.

Security Documents[4] (collectively, the "**Alberta Documents**") and the validity and perfection of the security granted by certain Applicants[5] to Computershare Trust Company of Canada, as collateral trustee under the Intercreditor Agreement.

26. In connection therewith, McCarthy's has rendered a security review opinion in the Provinces of Ontario, Alberta and British Columbia, which contains as appendices, security review opinions from counsel in (i) Saskatchewan, (ii) Manitoba, and (iii) the Provinces of Newfoundland, Nova Scotia, Prince Edward Island and New Brunswick (collectively with the security review opinion of McCarthy's in the Provinces of Ontario and Alberta, the "**Opinions**").

27. The Opinions provide that, subject to the customary assumptions, qualifications and limitations contained therein:

(a) each of the Alberta Documents reviewed constitute a legal, valid and binding obligation of each of the Cash Store Group members party thereto, enforceable against each such party in accordance with its terms;

(b) each security document creates a valid security interest in favour of the applicable secured parties in the collateral described therein; and

(c) to the extent capable of perfection by registration, such security interests have been validly perfected by registrations made in the relevant jurisdictions in order to perfect or evidence such security.

[4] The "**Security Documents**" are: a general security agreement dated as of January 31, 2012 between Cash Store Financial, as debtor and Computershare Trust Company of Canada, as Collateral Trustee; a general security agreement dated as of January 31, 2012 between The Cash Store Inc., as debtor and Computershare Trust Company of Canada, as Collateral Trustee; a general security agreement dated as of January 31, 2012 between TCS Cash Store Inc., as debtor and Computershare Trust Company of Canada, as Collateral Trustee; a general security agreement dated as of January 31, 2012 between Instaloans Inc., as debtor and Computershare Trust Company of Canada, as Collateral Trustee; a general security agreement dated as of January 31, 2012 between 7252331 Canada Inc., as debtor and Computershare Trust Company of Canada, as Collateral Trustee; and a general security agreement dated as of January 31, 2012 between 5515433 Manitoba Inc., as debtor and Computershare Trust Company of Canada, as Collateral Trustee.

[5] Specifically, Cash Store Financial, The Cash Store Inc., TCS Cash Store Inc., Instaloans Inc., 7252331 Canada Inc. and 5515433 Manitoba Inc. (the "**Cash Store Group**").

28. The security review opinion does not, among other things, speak to the existence and validity of the debt secured by the security, preferences or other forms of impeachable transactions or the relative priority to the proceeds of the Transaction (or other property) in light of, among other things, allegations by other parties of property and/or trust interests.

SECONDARY SALES PROCESS

29. As previously reported, the Transaction approved in the Approval and Vesting Order dated October 15, 2014 does not contemplate the acquisition of all Cash Store locations by the Purchaser. In an effort to canvas market interest in locations excluded from the Transaction (the **"Secondary Sale Branches"**) and related accounts receivable and customer lists for a small number of Secondary Sale Branches, the CRO instructed Rothschild Inc. ("**Rothschild**") to conduct a process to solicit interest for these remaining assets.

30. As part of the process, Rothschild contacted sixteen parties, all but one of whom had previously expressed interest in purchasing all or part of the Applicants' business. Eleven of those parties executed (or had previously executed) non-disclosure agreements.

31. Rothschild received a number of letters of interest at the deadline for receiving letters of interest of November 13, 2014, which letters are being reviewed and evaluated. Certain Secondary Sale Branches have not been included in any bid received in the secondary sale process.

LEASE DISCLAIMERS

32. To date, the Applicants have issued 118 lease disclaimers related to Instaloans and Cash Store branches, which the CRO, on behalf of the Applicants, determined had no reasonable prospect of sale based on lack of interest by any potential purchaser during the sale process to date and which, in the vast majority of cases, had poor financial results.

33. The disclaimer of each lease was approved by the Monitor with regard to section 32 of the CCAA. The Monitor expects that additional disclaimers will be issued after further analysis of the results of the secondary sale process.

RETENTION OF LITIGATION COUNSEL

34. As set out in the Aziz Affidavit, the CRO has retained Thornton Grout Finnigan LLP and Voorheis & Co LLP (collectively, "**Litigation Counsel**") to investigate certain claims against former officers and/or directors, advisors, third party lenders and other parties and to advance such claims on behalf of the Applicants on a contingency fee arrangement as described in the retainer letter attached to the Aziz Affidavit. The arrangement set out in the retainer letter includes funding of a $1 million trust account by March 31, 2015 to fund disbursements and other matters (with discretion to negotiate other funding and indemnity arrangements with third parties) and an agreement to pay a contingency fee of 33.33% of amounts recovered for damages and losses, including interest, in relation to Claims (as defined therein) pursued by Litigation Counsel.

35. As Litigation Counsel will be investigating and advancing such claims, the Monitor is of the view that it would also be of value (to prevent duplicated efforts and costs) for Litigation Counsel to investigate and advance certain potential preference, transfer at undervalue and other reviewable transactions, which may include the transfer at undervalue motion commenced by the Monitor. As such matters are to be advanced by the Monitor pursuant to section 36.1 of the CCAA, the Monitor also intends to retain Litigation Counsel for this purpose.

FEE COLLECTIONS IN ONTARIO

36. The Monitor has recently become aware of an issue regarding the collection of amounts associated with outstanding loans in Ontario.

37. As previously reported, on February 1, 2013, Cash Store stopped offering payday loans in Ontario and instead launched unsecured, medium-term revolving credit line products that were all brokered products. On February 12, 2014, following a decision by the Ontario Court declaring that such products were payday loans subject to the Ontario *Payday Loans Act*, 2008, Cash Store ceased to offer its line of credit products in Ontario and informed the Ontario Registrar that it would not collect fees or interest in connection with the credit line products in Ontario (as Cash Store had previously surrendered its payday lending licenses in Ontario).

38. While the Applicants ceased collecting fees or interest, they continued to receive remittances of outstanding principal from borrowers in Ontario, including during the CCAA Proceedings.

39. The Monitor understands that when brokered loans were made in Ontario, the practise was to require the borrower to pay a fee to Cash Store at the time of the initial transaction. Cash Store capitalized that fee by adding it to the face value of the borrower's loan. In each case, the fee was recorded by Cash Store as revenue at the time of the initial transaction (prior to the CCAA filing for all Ontario loans) and any capitalized fee was recorded in the Cash Store system as principal.

40. The CRO and Monitor recently became aware that, as a result of the treatment of this capitalized fee in the Cash Store systems, Cash Store has received amounts in respect of the capitalized fee when accepting payments of principal.

41. On October 31, 2014, the CRO, in consultation with the Monitor, suspended the collection of all loans in Ontario pending a determination of the issue.

42. The CRO and the Monitor met with the Ontario regulator on November 12, 2014 to advise them of this issue and have agreed to work with the Ontario Registrar and stakeholders involved to determine the appropriate process to calculate and address the amounts received that are properly characterized as cost of borrowing that were received following the restriction on such collections.

INTERIM FINANCING

43. As noted above, the Applicants have received DIP Financing from the DIP Lenders pursuant to the Amended Joint DIP Facility, as subsequently amended, in an amount totalling $26.5 million of which $8.5 million was previously repaid.

44. The above amount includes amounts drawn and available to be drawn pursuant to the Second Further Amended Joint DIP Facility, which provided the Third Extension Option in the maximum amount of $5.0 million: the Applicants have drawn down $4.0 million thereunder ($1.25 million during the week ending October 3, 2014, $1.25 million during the week ending October 24, 2014, and $1.5 million during the week ending November 6, 2014) and have requested the final $1.0 million, which is expected to be funded this week.

45. The Applicants are expected to require further funding to continue operations, deploy funds to customers and meet rent and payroll obligations in the week ending December 5, 2014. Attached hereto as **Schedule "A"** is an updated cash flow projection for the period of the week ending November 14, 2014 to the week ending February 27, 2015 (the "**Cashflow**").

46. The Cashflow reflects that the Applicants are expected to require additional financing in the very near future and that a total of approximately $6.653 million is projected to be required during the proposed Stay Extension Period. Given the Applicants' cash requirements and the current status of the steps to closing the Transaction (as described above), the CRO, on behalf of the Applicants, approached the DIP Lenders to seek further financing to enable such steps to continue.

47. Following discussions and negotiations with the DIP Lenders, they have agreed to provide additional funding pursuant to an amendment to the Amended Joint DIP Facility to be effected by the Third Amending Agreement (the "**Third Further Amended DIP Facility**"), which provides for the Fourth Extension Option of $7.0 million to be made available to the Applicants in accordance with its terms.

48. The Third Amending Agreement is attached to the Aziz Affidavit and the key changes made to the Amended Joint DIP Term Sheet (beyond those already made in previous amendments) are summarized in the table below. Terms capitalized in the table have the meaning ascribed to them in the Third Amending Agreement.

<table>
<tr><th colspan="2">Summary of Changes to Second Further Amended Joint DIP Facility in Third Amending Agreement</th></tr>
<tr><td>Fourth Extension Option</td><td>On or after November 21, 2014 the Borrower may request and, if requested, the DIP Lenders agree to provide their share of an additional aggregate commitment of $7 million, which will mature with the other commitments.

The conditions under which amounts will be made available and the Borrower permitted to draw from such funds are consistent with the procedures provided for advances of the Third Extension Option amounts. These include:
The CRO, on behalf of the Borrower, must deliver a written request for funding (with requisite support including a cash flow forecast), which must be limited to the amount of money reasonably believed by the Borrower to be required for a two week period immediately following the draw date in order to operate in the ordinary course and maintain a minimum cash balance.
A committee of DIP Lenders has sole and unfettered discretion to determine if a requested DIP Advance is appropriate.</td></tr>
<tr><td>Maturity Date</td><td>The Maturity Date is amended to provide for maturity on the earlier of February 27, 2015 (previously November 28, 2014) and the other dates listed (which have not changed).</td></tr>
<tr><td>DIP Financing Fee</td><td>A 5% financing fee applies to the Fourth Extension Option amounts, if it is exercised. Such fee shall be fully earned and payable upon the date the Fourth Extension Option is exercised and shall be added to the outstanding principal balance of the loan and shall be due and payable on the Maturity Date.</td></tr>
<tr><td>Amendment Fee</td><td>Borrower shall pay to the DIP Lenders a fee of $87,500 in consideration of the amendments provided in the Third Amending Agreement. The Amendment Fee is fully earned</td></tr>
</table>

and Other Costs	on the date of signing and added to the DIP Obligations. The Borrower is also responsible for paying all costs incurred by the DIP Lenders in preparing the Third Amending Agreement.
Interest Rate	The Fourth Extension Option amount is included in the definition of “Additional Commitments”, which bears interest at 17.5% per annum payable monthly in arrears. All accrued and unpaid interest will be capitalised (not paid in cash), added to the outstanding principal balance of the loan and shall be due and payable on the Maturity Date.

49. Other significant terms of the Third Amending Agreement, including priority of the DIP Priority Charge remain the same.

50. As the Monitor noted with respect to previous amendments to the Amended Joint DIP Facility, the DIP Lenders have significant discretion with respect to funding of the DIP Advances in the Fourth Extension Option and such advances are limited to funding required for a two-week period. The Monitor understands that this mechanism is required by the DIP Lenders to fund additional amounts to the Applicants at this stage of the proceedings. The Monitor also notes again that, given the position of the DIP Lenders in the Applicants’ capital structure, it is expected that the Third Amending Agreement will be administered in a manner that furthers the goals of this proceeding, consistent with the actions of the DIP Lenders to date.

51. With respect to the fees and interest, the 17.5% interest and financing fee of 5% are equivalent to the interest and financing fee charged on the additional $8 million advanced under the Amended Joint DIP facility, the additional $5 million advanced pursuant to the Second Extension Option and the additional $5 million advanced pursuant to the Third Extension option. The $87,500 amendment fee represents 1.25% of the Fourth Extension Option amount, which is consistent with the amendment and waiver fee in respect of the Third Extension Option. The amount of such fees and interest is not insignificant with respect to the Third Further Amended DIP Facility.

52. Provided the Fourth Extension Option is exercised and all amounts are funded by the DIP Lenders pursuant thereto, the Third Further Amended DIP Facility is projected to provide sufficient funding and the necessary liquidity through to the end of the proposed Stay Extension Period, enabling the Applicants to continue operations during that time while they seek to complete the conditions precedent to the Transaction.

53. As noted above and reflected in the attached Cashflow, additional financing is required by the Applicants by the week ending December 5, 2014 in order to continue operations and to move towards closing the Transaction. Accordingly, while the Third Amending Agreement provides significant discretion to the DIP Lenders and the costs are not insignificant, the Monitor supports the proposed request for approval of the Third Amending Agreement, including the Fourth Extension Option.

54. The Monitor also notes that the continued involvement of the Joint DIP Lenders and the support they are showing for the Business through additional funding in the Third Further Amended DIP Facility appears to reflect a level of confidence of those parties in the CRO and the successful Closing of the Sale Transaction.

55. For the foregoing reasons, the Monitor recommends that the Third Amending Agreement and Fourth Extension Option be approved as requested.

CASHFLOW PROJECTIONS AND BUDGET TO ACTUAL

56. A summary of the actual receipts and disbursements of the Applicants as compared to the projections attached to the Monitor's Tenth Report for the period from April 14, 2014 to October 31, 2014 (the "**Budget to Actual**") is attached as Schedule "B".

57. The Budget to Actual demonstrates that the actual cash flow exceeded the forecasted amounts by approximately $28.8 million. Significant factors in the variance include the following items:

(a) Loan repayments and loan disbursements for the direct portfolio were below forecast by approximately $3.6 million and $2.6 respectively due to lower loan volumes in comparison to prior years, likely a result of the impact of restructuring efforts at the Company;

(b) Brokered loan payments were above forecast by approximately $9.2 million due to stronger than anticipated collections on brokered loans. The Company had anticipated a larger drop in collections on brokered loans after the cessation of the brokered business than was actually realized;

(c) Other income and receipts, which consists of revenue from ancillary services such as insurance and commission from card sales and money transfers, was below forecast by approximately $2 million. This appears to result from lower volumes, regulatory changes relating to card products and cessation of the brokered business;

(d) Non-operating receipts were above forecast by approximately $10.1 million as a result of receipt of nearly $10 million in tax refunds that were not included in the forecast and other minor timing differences;

(e) Salary and benefits were below forecast by approximately $2.6 million due to restructuring cost reductions;

(f) Operating expenses were below forecast by approximately $7.5 million due to restructuring cost reductions, including a reduction of branch, regional and corporate expenses and various related expenses as outlined in the appendix to the Budget to Actual report;

(g) Rent was above forecast by approximately $0.65 million and branch closure costs were below forecast by approximately $0.61 million as closure of certain branches was delayed from the schedule anticipated at the time of the previous cashflow forecast; and

(h) DIP interest and related fees are below forecast by approximately $0.5 million since interest was capitalized instead of requiring payment to be made in cash.

58. Among the disbursements itemized in both the Cashflow and Budget to Actual are professional fees relating to these CCAA Proceedings in relation to which the Monitor has received certain inquiries. The Cashflow provides the forecasted professional fees and the Budget to Actual provides a comparison to the actual professional fees paid by the Applicants up to October 31, 2014.

59. Paragraph 42 of the Amended & Restated Initial Order provided as follows with respect to payment of professional fees:

> 42. THIS COURT ORDERS that, subject to the terms and conditions of and availability under the DIP Facility and the Term Sheet, including the applicable terms therein that refer to the Cash Flow Projections, the CRO, the Monitor, counsel to the Monitor, counsel to the Applicants, counsel to the Special Committee and the CRO, Rothschild, Conway, Michele McCarthy (the **"CCRO"**) and counsel to the DIP Lenders and Coliseum Capital Management LLC (in its capacity as Agent under the DIP Facility (the **"Agent"**)) shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the CRO, the Monitor, counsel to the Monitor, counsel to the Applicants, counsel to the Special Committee and the CRO, Rothschild, Conway, and counsel to the DIP Lenders and Agent on a weekly

basis, or on such basis as otherwise agreed by the Applicants and the applicable payee. The Applicants shall also be entitled to pay the reasonable fees and disbursements of Goodmans LLP, Houlihan Capital LLC and McMillan LLP.

60. The total amount of professional fees paid between April 14, 2014 and October 31, 2014 as shown in the Budget to Actual was $12,756,931.06 (as shown in the professional fee line item) plus $301,023.98 (included in payroll and/or operating expenses line items), in each case including expenses and taxes. This includes payments to the following professionals:

(i) William E. Aziz, in his capacity as Chief Restructuring Officer – payments to Mr. Aziz include both fees and disbursements payable pursuant to the CRO's engagement letter;

(ii) FTI Consulting Canada Inc., in its capacity as the Monitor – of the total amount listed above, the fees (inclusive of taxes and disbursements) paid to the Monitor during this timeframe was $3,224,735.59;

(iii) McCarthy Tétrault LLP, in its capacity as counsel to the Monitor – of the total amount listed above, the fees (inclusive of taxes and disbursements) paid to counsel to the Monitor during this timeframe was $857,577.82; [6]

(iv) Osler Hoskin & Harcourt LLP, in its capacity as counsel to the Chief Restructuring Officer;

(v) Rothschild, Houlihan Capital LLC and Conway MacKenzie, in their capacity as financial advisors;

[6] Paragraph 43 of the Amended and Restated Initial Order provides that the Monitor and its legal counsel are to pass their accounts from time to time. Further details regarding their fees will be provided at the time of the passing of accounts.

(vi) Norton Rose LLP, in its capacity as counsel to the DIP Lenders and Agent;

(vii) Goodmans LLP, in its capacity as counsel to the Ad Hoc Committee;

(viii) Michele McCarthy, the CCRO; and

(ix) McMillan LLP, in its capacity as counsel to Trimor Annuity Focus Limited Partnership #5.

STAY EXTENSION

61. The Applicants have requested an extension of the Stay to February 27, 2015.

62. Provided that the Third Further Amended DIP Facility is funded, the Cashflow Forecast demonstrates that the Applicants are projected to have sufficient liquidity to continue operations without further financing until at least during the week ended February 27, 2015.

63. The Applicants, under the supervision and direction of the CRO, have been working with due diligence and in good faith to address numerous issues in these CCAA Proceedings, including in relation to the Transaction, as set out above, and completing the various steps described in the Aziz Affidavit.

64. The proposed extension of the Stay throughout the Stay Extension period would enable the Applicants to continue to take steps towards obtaining *Competition Act* approval and closing the Transaction. Provided the Third Further Amended DIP Facility is approved and funded, the Monitor believes that this timing is appropriate and sensible. The Monitor will continue to monitor the Applicants' cashflows and each DIP Advance request and will report to the Court if a necessary DIP Advance is not funded as requested.

65. Accordingly, the Monitor recommends that this Court grant the Stay extension to February 27, 2015 as requested by the Applicants.

66. The Monitor respectfully submits to the Court this Twelfth Report.

Dated this 19 day of November, 2014.

FTI Consulting Canada Inc.
The Monitor of
The Cash Store Financial Services Inc.
and Related Applicants

Greg Watson
Senior Managing Director

Schedule "A" – Cashflow Forecast

The Cash Store Financial Services, Inc.
Weekly Cash Forecast Through February 27, 2014
(CAD 000's)

Week Ended	11/14/2014	11/21/2014	11/28/2014	12/5/2014	12/12/2014	12/19/2014	12/26/2014	1/2/2015	1/9/2015	1/16/2015	1/23/2015	1/30/2015	2/6/2015	2/13/2015	2/20/2015	2/27/2015	Total
Cash Receipts	$ 5,314	$ 7,096	$ 9,549	$ 7,101	$ 4,467	$ 5,004	$ 5,652	$ 5,761	$ 5,777	$ 5,148	$ 6,010	$ 7,388	$ 4,662	$ 4,662	$ 6,465	$ 7,773	$ 97,827
Operating Disbursements:																	
Loan Disbursements	4,045	5,639	7,635	5,930	3,878	3,878	4,106	5,018	4,724	4,133	4,921	5,905	3,531	3,531	4,943	5,650	77,467
Operating Expenses	1,032	1,740	1,651	1,527	1,345	1,472	538	2,170	554	1,883	554	2,074	414	1,934	414	2,323	21,625
Total Operating Disbursements	5,077	7,380	9,286	7,457	5,222	5,350	4,643	7,188	5,278	6,016	5,475	7,979	3,945	5,465	5,358	7,972	99,092
Operating Cash Flow	$ 237	$ (284)	$ 263	$ (357)	$ (756)	$ (345)	$ 1,009	$ (1,427)	$ 498	$ (868)	$ 535	$ (590)	$ 716	$ (803)	$ 1,108	$ (200)	$ (1,265)
Non-Operating Disbursements:																	
Post Petition Non Operating Expenses	113	536	1,187	336	336	336	336	351	301	181	567	446	331	331	331	662	6,681
Credit Facility Interest	-	-	125	-	-	-	-	125	-	-	-	125	-	-	-	125	500
DIP Interest and Related Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capex	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Operating Disbursements	113	536	1,312	336	336	336	336	476	301	181	567	571	331	331	331	787	7,181
BoP Cash	$ 13,924	$ 14,048	$ 14,227	$ 13,179	$ 12,486	$ 11,394	$ 10,713	$ 11,386	$ 9,483	$ 9,680	$ 8,631	$ 8,599	$ 7,437	$ 7,822	$ 6,688	$ 7,465	$ 13,924
Total Cash Flow	124	(820)	(1,049)	(693)	(1,092)	(681)	673	(1,903)	197	(1,049)	(32)	(1,161)	385	(1,134)	777	(987)	(8,446)
EoP Cash Before New Borrowing	$ 14,048	$ 13,227	$ 13,179	$ 12,486	$ 11,394	$ 10,713	$ 11,386	$ 9,483	$ 9,680	$ 8,631	$ 8,599	$ 7,437	$ 7,822	$ 6,688	$ 7,465	$ 6,478	$ 5,478
BoP DIP Loan	$ 17,000	$ 17,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 17,000
DIP Draw	-	1,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000
DIP Paydown	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EoP DIP Loan	$ 17,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000	$ 18,000
BoP Senior Credit Facility	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000
Draw	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paydown	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EoP Senior Credit Facility	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000	$ 12,000
EoP Cash After New Borrowing	$ 14,048	$ 14,227	$ 13,179	$ 12,486	$ 11,394	$ 10,713	$ 11,386	$ 9,483	$ 9,680	$ 8,631	$ 8,599	$ 7,437	$ 7,822	$ 6,688	$ 7,465	$ 6,478	$ 6,478
Less: Non-Ontario Restricted Cash	(4,985)	(4,921)	(4,894)	(4,684)	(4,661)	(4,659)	(4,639)	(4,605)	(4,531)	(4,466)	(4,389)	(4,296)	(4,288)	(4,281)	(4,279)	(3,971)	(3,971)
Less: Ontario Restricted Cash	(4,870)	(4,966)	(5,007)	(5,242)	(5,280)	(5,300)	(5,338)	(5,391)	(5,483)	(5,564)	(5,660)	(5,775)	(5,795)	(5,814)	(5,833)	(6,160)	(6,160)
Less: Cash Minimum	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Less: Tax Refund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EoP Cash After Restricted Cash	$ 1,193	$ 1,340	$ 277	$ (440)	$ (1,547)	$ (2,245)	$ (1,592)	$ (3,514)	$ (3,335)	$ (4,399)	$ (4,450)	$ (5,634)	$ (5,261)	$ (6,407)	$ (5,647)	$ (6,653)	$ (6,653)

Notes:
[1] The purpose of this cash flow forecast is to determine the liquidity requirements of the Applicants during the forecast period.
[2] Receipts from operations are forecast based on existing Consumer Loan Receivables and Accounts Receivable, forecast lending volumes and other revenues, and customer payment terms.
[3] Forecast disbursements from operations are forecast based on existing Accounts Payable, forecast loan volumes and operating expenses, and payment terms.
[4] Post-petition non operating expenses include professional fees associated with the Applicants restructuring and payments made to Third Party Lenders.
Forecast professoinal fee disbursements are based on advisor level estimates of fees that may be incurred during the forecast period.
[5] Credit Facility Interest includes interest associated with the $12 million in secured loans provided by the Senior Lenders.
[6] DIP Interest and Related Fees includes interest and transaction fees associated with the DIP financing.
[7] DIP Proceeds include anticipated draws from the DIP facility.

Schedule "B" – Budget to Actual

The Cash Store Financial Services, Inc.
Detailed Cumulative Actual vs. Budget Report
(CAD 000's)

	Cumulative			
Week Ended	Actual 10/31/2014	Forecast 10/31/2014	Variance $ 10/31/2014	Variance % 10/31/2014
RECEIPTS:				
Loan Repayments - Direct Portfolio	$ 201,104	$ 204,655	$ (3,551)	-1.7%
Loan Repayments - Broker Portfolio	16,941	7,743	9,199	118.8%
Loan Fees - Broker Portfolio	1,142	1,287	(145)	-11.2%
Other Income Receipts	6,670	8,677	(2,007)	-23.1%
Non-Operating Receipts	10,091	-	10,091	0.0%
TOTAL RECEIPTS	**235,949**	**222,361**	**13,587**	**6.1%**
OPERATING DISBURSEMENTS:				
Loan Disbursements - Direct Portfolio	171,890	174,443	2,553	1.5%
Loan Disbursements - Broker Portfolio	6,114	5,027	(1,087)	-21.6%
Payroll and Benefits	27,844	30,463	2,619	8.6%
Operating Expenses	8,990	16,485	7,495	45.5%
Rent	9,977	9,326	(651)	-7.0%
Transfer to UK	523	1,520	997	65.6%
TOTAL OPERATING DISBURSEMENTS	**225,337**	**237,264**	**11,926**	**5.0%**
OPERATING CASH FLOW	$ 10,611	$ (14,902)	$ 25,514	171.2%
NON-OPERATING DISBURSEMENTS:				
Professional Fees - Restructuring	12,757	14,622	1,865	12.8%
Branch Closure Costs	-	610	610	100.0%
Credit Facility Interest	1,002	1,000	(2)	-0.2%
DIP Interest and Related Fees	745	1,297	553	42.6%
Third Party Lender Payment	46	184	138	75.0%
Capex	37	125	88	70.1%
TOTAL NON-OPERATING DISBURSEMENTS	**14,588**	**17,838**	**3,251**	**18.2%**
BoP Cash	2,862	2,862	-	0.0%
Total Cash Flow	(3,977)	(32,741)	28,764	87.9%
EoP Cash Before New Borrowing	**$ (1,114)**	**$ (29,878)**	**$ 28,764**	**96.3%**
BoP DIP Loan	-	-	-	0.0%
DIP Draw	24,000	24,000	(0)	0.0%
DIP Paydown	(8,500)	-	8,500	0.0%
EoP DIP Loan	**$ 15,500**	**$ 24,000**	**$ 8,500**	**35.4%**
EoP Cash After New Borrowing	$ 14,386	$ (5,878)	$ 20,264	-344.7%
Less: Non-Ontario Restricted Cash	(5,123)	(1,540)	(3,584)	232.7%
Less: Ontario Restricted Cash	(4,622)	(3,198)	(1,424)	44.5%
Less: Cash Minimum	(3,000)	(3,000)	-	0.0%
EoP Cash After Restricted Cash	**$ 1,640**	**$ (13,616)**	**$ 15,256**	**-112.0%**

Variance Explanations:

1) Operating Cash Flow Variance:	$	25,514		
Direct Loan Repayments			(3,551)	Loan repayments lower than forecast primarily due to lower loan volumes
Broker Loan Repayments			9,199	Higher than initially forecast due to better customer repayment activity
Broker Loan Fees and Other Income			(2,152)	Lower than forecast due to lower loan volume activity and fewer card product sales
Direct Loan Disbursements			2,553	Direct Loan Disbursements lower than forecast primarily due to lower volumes
Broker Loan Disbursements			(1,087)	Higher than initially forecast due to higher volumes in April and early May
Salary and Benefits			2,619	Lower than forecast due to permanent headcount reductions
Operating Expenses			7,495	Lower than forecast due primarily to permanent cost reductions (described below)
Rent			(651)	Higher than forecast due to delayed branch closings
Transfer to UK			997	Lower than forecast due to UK Administration proceeding
Non-Operating Receipts			10,091	Primarily tax refunds
Total Variance Description			**$ 25,514**	
2) Non-Operating Disbursement Variance:	$	3,251		
Professional Fees			1,865	Professional fees lower than forecast due to lower fees incurred to date than initially forecast
Branch Closure Costs			610	Lower than forecast due to the delay in closing branches
Credit Facility Interest			(2)	Lower due to rounding
DIP Interest and Related			553	Lower due to capitalization of interest rather than cash payment
Capex			88	Lower due to permanent savings
TPL Interest Payment			138	Lower due to cessation of TPL interest payments
Total Variance Description			**$ 3,251**	
3) Cash Balance Variance:	$	20,264		
Operating Cash Flow			25,514	Described Above
Non-Operating Disbursements			3,251	Described Above
DIP Paydown			(8,500)	Tax refund proceeds used to pay down DIP
Total Cash Balance Variance			**$ 20,264**	

Summary of Operating Expense Savings			
Branch SG&A	$	3,000	Office supplies, equipment, sale promotions
Regional SG&A		300	Travel expenses, meals, entertainment, sale promotions
Corporate SG&A		900	Travel expenses, meals, entertainment, sale promotions
OCB Pro Fees		500	Audit, Non-CCAA legal fees
Public Company Exp's		450	Various filing, registration, and professional fees related to public company status
Advertising		750	Advertising and sale promotions
IT/Phones		595	Primarily branch level fax, phone, and IT costs
Maintenance		500	Primarily branch maintenance costs
Utilities		500	Primarily branch utility costs
Total	**$**	**7,495**	