

Court File No. CV-24-00730212-00CL

CHESSWOOD GROUP LIMITED, CASE FUNDING INC., CHESSWOOD HOLDINGS LTD., CHESSWOOD US ACQUISITIONCO LTD., LEASE-WIN LIMITED, WINDSET CAPITAL CORPORATION, CHESSWOOD CAPITAL MANAGEMENT INC., CHESSWOOD CAPITAL MANAGEMENT USA INC., 942328 ALBERTA INC., 908696 ALBERTA INC., WAYPOINT INVESTMENT PARTNERS INC., 1000390232 ONTARIO INC. and CGL HOLDCO, LLC

SUPPLEMENT TO THE FIFTH REPORT OF FTI CONSULTING CANADA INC., AS MONITOR

April 30, 2025

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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
CHESSWOOD GROUP LIMITED, CASE FUNDING INC., CHESSWOOD
HOLDINGS LTD., CHESSWOOD US ACQUISITIONCO LTD., LEASE-WIN LIMITED,
WINDSET CAPITAL CORPORATION, CHESSWOOD CAPITAL MANAGEMENT INC.,
CHESSWOOD CAPITAL MANAGEMENT USA INC., 942328 ALBERTA INC.,
908696 ALBERTA INC., WAYPOINT INVESTMENT PARTNERS INC.,
1000390232 ONTARIO INC. and CGL HOLDCO, LLC

(each, a “**CCAA Party**”, and collectively, the “**CCAA Parties**”)

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

A. INTRODUCTION

1. On October 29, 2024 (the “**Filing Date**”), the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made an Order (the “**Initial Order**”) under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) in respect of the CCAA Parties (the proceedings commenced pursuant to the Initial Order, the “**CCAA Proceedings**”).¹
2. Pursuant to the Initial Order, among other things, FTI Consulting Canada Inc. was appointed as monitor of the CCAA Parties (in such capacity, the “**Monitor**”) with authority to, among other things, for and on behalf of, and in the name of, the CCAA Parties and their respective boards of directors, conduct and control the financial affairs and operations

¹ The Initial Order applied to two additional entities, Pawnee Leasing Corporation (“**Pawnee**”) and Tandem Finance Inc. (“**Tandem**”), and did not include CGL Holdco LLC (“**ResidualCo**”). During the CCAA Proceedings, the shares of Pawnee and Tandem were sold by Chesswood U.S. Acquisitionco Ltd. (the “**Pawnee Vendor**”) and certain retained assets and liabilities were vested in ResidualCo, and Pawnee and Tandem were removed from, and ResidualCo was added to, the CCAA Proceedings.

of the CCAA Parties, and carry on the Business of any of the CCAA Parties. The Initial Order also approved the DIP financing principal terms sheet dated October 29, 2024 (as amended, the “**DIP Term Sheet**”) between Chesswood Group Limited (“**Chesswood**”), as borrower, the other entities in the Chesswood group of companies (“**Chesswood Group**”), as guarantors, Royal Bank of Canada, as administrative and collateral agent, (the “**DIP Agent**”) and the lenders thereunder (the “**DIP Lenders**”), and authorizing borrowings under a secured super-priority credit facility established thereunder.

3. On November 7, 2024, the Court issued an amended and restated Initial Order (the “**ARIO**”), which, among other things, extended the period of the Court-ordered stay of proceedings in respect of the CCAA Parties under the CCAA until January 31, 2025 (the “**Stay Period**”). On January 29, 2025, the Court issued an Order that extended the Stay Period until March 31, 2025 (the “**First Stay Extension Order**”). On March 7, 2025, the Court issued an Order that extended the Stay Period until May 2, 2025 (the “**Second Stay Extension Order**”).
4. On March 7, 2025, the Court also issued an Order (the “**Pawnee RVO**”) that, among other things, approved the sale by the Pawnee Vendor of all of the issued and outstanding shares in the capital of Pawnee and Tandem to North Mill Equipment Finance, LLC through a reverse vesting transaction, vested certain retained assets and liabilities in ResidualCo, and granted related relief (the “**Pawnee Transaction**”).
5. The Monitor filed its Fifth Report to the Court dated April 25, 2025 (the “**Fifth Report**”) in connection with its motion returnable on May 1, 2025 (the “**Third Stay Extension Motion**”), seeking an order (the “**Third Stay Extension Order**”), among other things, extending the Stay Period until and including October 3, 2025.
6. The Monitor is filing this supplement to the Fifth Report (“**Supplemental Report**”) to provide an update with respect to the Stay Period extension that the Monitor will be requesting from the Court in the Third Stay Extension Order.

B. TERMS OF REFERENCE

7. In preparing this Supplemental Report, the Monitor has relied upon audited and unaudited financial information of the CCAA Parties' books and records, certain financial information and forecasts prepared by the CCAA Parties, discussions with various stakeholders and parties, including senior management of the CCAA Parties ("**Management**") and their respective advisors, and information and documentation provided by the DIP Agent and its legal counsel, Blake, Cassels & Graydon LLP (collectively, the "**Information**").
8. Except as otherwise described in this Supplemental Report:
 - (a) the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and
 - (b) the Monitor has not examined or reviewed the financial forecasts or projections referred to in this Supplemental Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
9. Future-oriented financial information reported in, or relied on, in preparing this Supplemental Report is based on Management's assumptions regarding future events. Actual results will vary from these forecasts and such variations may be material.
10. The Monitor has prepared this Supplemental Report in connection with the Third Stay Extension Motion. This Supplemental Report should not be relied on for any other purpose.
11. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the ARIO or the Fifth Report, as applicable.

C. EXTENSION OF THE STAY PERIOD

12. As set out in further detail beginning at paragraph 26 of the Fifth Report, the Stay Period is currently set to expire on May 2, 2025, and the Monitor is seeking an extension thereof

to, among other things, provide ongoing stability to the CCAA Parties, including while the Monitor works to monetize the CCAA Parties' remaining assets. Further, the maturity date set out in the DIP Term Sheet is currently May 2, 2025, and the DIP Agent and the Monitor have been in discussions regarding certain amendments to the DIP Term Sheet, including an extension of the maturity date that is expected to coincide with the stay extension.

13. Since the filing of the Fifth Report, the Monitor and DIP Agent have continued their discussions regarding an extension of the Stay Period and amendments to the DIP Term Sheet. The DIP Agent has confirmed to the Monitor that the DIP Lenders will support an extension of the Stay Period to and including June 16, 2025, together with the related April 2025 Forecast and a wind-down reserve to be established from the Pawnee Transaction Proceeds, as well as an extension of the maturity date in the DIP Term Sheet to the same date, subject to the execution of satisfactory agreements with respect to terms for a future distribution of a portion of the Pawnee Transaction Proceeds (the “**Interim Distribution Agreement**”, as described further below) and an amendment to the DIP Term Sheet. The Monitor anticipates that the Interim Distribution Agreement and related amendment to the DIP Term Sheet will be executed prior to the hearing of the Third Stay Extension Motion and will provide the Court with a further status update on these matters at the attendance.
14. The Monitor supports extending the Stay Period to June 16, 2025, for the following reasons:
 - (a) during the proposed extension of the Stay Period, the CCAA Parties, under the oversight of the Monitor, will have an opportunity and the breathing room necessary to advance post-closing matters in connection with the Pawnee Transaction, to pursue potential transactions for the remaining assets of the CCAA Parties, and to advance the CCAA Proceedings towards a wind down;
 - (b) as indicated by the April 2025 Forecast, the CCAA Parties are forecast to have sufficient liquidity to continue operating in the ordinary course of business during the requested extension of the Stay Period;

- (c) based on the information currently available to it, the Monitor believes that no creditor of the CCAA Parties would be materially prejudiced by the extension of the Stay Period;
- (d) the CCAA Parties, under the supervision of the Monitor, are acting in good faith and with due diligence; and
- (e) the CCAA Parties have acted in good faith and with due diligence in the CCAA Proceedings since the commencement of the CCAA Proceedings.

D. INTERIM DISTRIBUTION OF PAWNEE TRANSACTION PROCEEDS

- 15. As set out in further detail at paragraph 22 of the Fifth Report, at closing, the Pawnee Vendor received Pawnee Transaction Proceeds of approximately US\$82.79 million (inclusive of a deposit). The Pawnee RVO authorized the Monitor to distribute the Pawnee Transaction Proceeds to the DIP Agent, for and on behalf of the DIP Lenders and, as applicable, the Pre-Filing Agent, for and on behalf of the Pre-Filing Lenders.
- 16. The Monitor, the DIP Agent and the DIP Lenders, and their respective counsel, have been working to determine the appropriate means and processes for distributing these funds to the DIP Lenders having regard to potential post-closing adjustments to the Pawnee Transaction Proceeds, potential tax implications associated with a distribution and ensuring the CCAA Parties have sufficient liquidity for the wind down of the CCAA Parties and the CCAA Proceedings.
- 17. The Monitor, the DIP Agent and the DIP Lenders are currently finalizing an Interim Distribution Agreement that provides an interim distribution of the Pawnee Transaction Proceeds to the DIP Agent, for the benefit of the DIP Lenders, in the amount of US\$25 million (the “**Interim Distribution**”), taking into account the foregoing considerations, and will continue discussions with respect to further interim distributions to be made subject to an agreement between the Monitor, the DIP Agent and the DIP Lenders.
- 18. To facilitate the making of the Interim Distribution in a tax efficient manner, as a preliminary step, it is anticipated that the Pawnee Vendor will distribute the Interim

Distribution amount to its sole voting shareholder, Chesswood Holdings Ltd., subject to the adoption of a Plan of Complete Liquidation (for purposes of Section 331 or 332, as applicable, of the Internal Revenue Code of 1986, as amended, and the regulations thereunder) (the “**Plan of Liquidation**”).

19. The Monitor understands that, in connection with its acquisition of Pawnee in 2006, Pawnee Vendor issued non-voting shares to the sellers of Pawnee (the “**Non-Voting Shareholders**”). Pawnee Vendor and Chesswood also entered into a share exchange agreement (as amended and restated, the “**Share Exchange Agreement**”) with the Non-Voting Shareholders that provides that the non-voting shares of Pawnee Vendor held by the Non-Voting Shareholders would be exchanged for common shares of Chesswood in certain circumstances, including in the event that Pawnee Vendor is to be liquidated. While the Share Exchange Agreement provides for the exchange of such shares for Chesswood common shares upon the adoption of the Plan of Liquidation, the issuance of Chesswood shares is currently prohibited by a cease trade order (the “**Cease Trade Order**”) issued by the Ontario Securities Commission on August 15, 2024. In light of the Cease Trade Order, it is anticipated that no Chesswood shares will be issued pursuant to the Share Exchange Agreement notwithstanding the adoption of a Plan of Liquidation. Any Chesswood common shares that would otherwise have been issued to Non-Voting Shareholders pursuant to the Share Exchange Agreement would, in any event, have no value given the significant expected shortfall in the recovery for the Chesswood Group’s pre-filing secured creditors, leaving unsecured creditors and equity holders without any recovery.

E. CONCLUSION

20. For the reasons set out in this Supplemental Report, the Monitor is of the view that an extension of the Stay Period up to and including June 16, 2025, is reasonable in the circumstances.

All of which is respectfully submitted this 30th day of April, 2025.

FTI Consulting Canada Inc.

In its capacity as Monitor of Chesswood Group Limited, Case Funding Inc., Chesswood Holdings Ltd., Chesswood US Acquisitionco Ltd., Lease-Win Limited, Windset Capital Corporation, Chesswood Capital Management Inc., Chesswood Capital Management USA Inc., 942328 Alberta Inc., 908696 Alberta Inc., Waypoint Investment Partners Inc., 1000390232 Ontario Inc. and CGL Holdco, LLC and not in its personal or corporate capacity



Jeffrey Rosenberg
Senior Managing Director



Jodi Porepa
Senior Managing Director

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 CHESSWOOD GROUP LIMITED, et al.

**ONTARIO
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PROCEEDING COMMENCED AT TORONTO

**SUPPLEMENT TO THE FIFTH REPORT TO COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
AS MONITOR**

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