

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

CHESSWOOD GROUP LIMITED, CASE FUNDING INC., CHESSWOOD HOLDINGS LTD., CHESSWOOD US ACQUISITIONCO LTD., PAWNEE LEASING CORPORATION, LEASE-WIN LIMITED, WINDSET CAPITAL CORPORATION, TANDEM FINANCE, INC., CHESSWOOD CAPITAL MANAGEMENT INC., CHESSWOOD CAPITAL MANAGEMENT USA INC., RIFCO NATIONAL AUTO FINANCE CORPORATION, RIFCO INC., WAYPOINT INVESTMENT PARTNERS INC. and 1000390232 ONTARIO INC.

PRE-FILING REPORT OF FTI CONSULTING CANADA INC., AS PROPOSED MONITOR

October 29, 2024

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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., PAWNEE LEASING CORPORATION,
LEASE-WIN LIMITED, WINDSET CAPITAL CORPORATION, TANDEM FINANCE, INC.,
CHESSWOOD CAPITAL MANAGEMENT INC., CHESSWOOD CAPITAL
MANAGEMENT USA INC., RIFCO NATIONAL AUTO FINANCE CORPORATION, RIFCO
INC., WAYPOINT INVESTMENT PARTNERS INC. and 1000390232 ONTARIO INC.

PRE-FILING REPORT TO THE COURT
SUBMITTED BY FTI CONSULTING CANADA INC.,
IN ITS CAPACITY AS PROPOSED MONITOR

A. INTRODUCTION

1. FTI Consulting Canada Inc. (“**FTI**” or the “**Proposed Monitor**”) understands that Royal Bank of Canada (“**RBC**”), in its capacity as Agent (defined below), intends to make an application (“**Initial Application**”) under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) for an initial order (the “**Proposed Initial Order**”) in respect of Chesswood Group Limited (“**Chesswood**” or the “**Borrower**”), a Canadian public company listed under the symbol TSX:CHW, Case Funding Inc., Chesswood Holdings Ltd., Chesswood US Acquisitionco Ltd., Pawnee Leasing Corporation, Lease-Win Limited, Windset Capital Corporation, Tandem Finance, Inc., Chesswood Capital Management Inc., Chesswood Capital Management USA Inc., Rifco National Auto Finance Corporation, Rifco Inc., Waypoint Investment Partners Inc. and 1000390232 Ontario Inc. (collectively, the “**Chesswood Group**”, the “**Company**” or the “**CCAA Parties**”), *inter alia*, granting a stay of proceedings (the “**Stay of Proceedings**”)

against the CCAA Parties until and including November 8, 2024, appointing FTI as Monitor with the enhanced powers set forth in the Proposed Initial Order, and approving the DIP Facility (as defined below). The proceedings to be commenced by the Agent will be referred to herein as the “**CCAA Proceedings**”.

2. The purpose of this pre-filing report of the Proposed Monitor (the “**Pre-Filing Report**”) is to provide the Court with information pertaining to:
 - (a) FTI’s qualifications to act as Monitor, if appointed;
 - (b) the activities of FTI and its counsel, Osler Hoskin and Harcourt LLP (“**Osler**”) to date;
 - (c) consolidated cash flow projections of the Chesswood Group’s receipts and disbursements to January 31, 2025 (the “**Cash Flow Projection**”) and the reasonableness thereof, in accordance with section 23(1)(b) of the CCAA;
 - (d) key terms of a debtor-in-possession (“**DIP**”) credit facility (the “**DIP Facility**”) and a corresponding charge in respect thereof (the “**DIP Charge**”);
 - (e) the proposed administration charge (the “**Administration Charge**”);
 - (f) a discussion of the intended next steps in the CCAA Proceedings, including relief that the Proposed Monitor understands the Agent intends to seek at a comeback hearing (the “**Comeback Hearing**”) on November 7, 2024 at 2:00 p.m. prevailing Eastern Time if the requested Proposed Initial Order is granted; and
 - (g) FTI’s views with respect to the proposed CCAA Proceedings and certain of the relief sought in the Proposed Initial Order.

B. TERMS OF REFERENCE

3. In preparing this Pre-Filing Report, the Proposed Monitor has relied upon audited and unaudited financial information of the Chesswood Group’s books and records, certain financial information and forecasts prepared by the Chesswood Group, discussions with various parties, including senior management (“**Management**”) of, and advisors to, the

Chesswood Group, and information and documentation provided by Blakes (defined below) and the Agent (collectively, the “**Information**”).

4. Except as otherwise described in this Pre-Filing Report:
 - (a) the Proposed 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 Proposed Monitor has not examined or reviewed the financial forecasts or projections referred to in this Pre-Filing Report in a manner that would comply with the procedures described in the Chartered Professional Accountants of Canada Handbook.
5. Future-oriented financial information reported in, or relied on, in preparing this Pre-Filing Report is based on Management’s assumptions regarding future events. Actual results will vary from these forecasts and such variations may be material.
6. The Proposed Monitor has prepared this Pre-Filing Report in connection with the Initial Application. The Pre-Filing Report should not be relied on for any other purpose.
7. Unless otherwise stated, all monetary amounts contained herein are expressed in United States dollars (“**USD**”).
8. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the affidavit of Wenwei (Wendy) Chen, the Director, Special Loans and Advisory Services, Capital Markets, at RBC, filed in support of the Initial Application (the “**Chen Affidavit**”). The Chen Affidavit sets out detailed information with respect to the Chesswood Group’s business and operations, as well as the causes of its ongoing financial distress that led to the Agent’s application for the Proposed Initial Order. The Proposed Monitor notes its understanding that, since the swearing of the Chen Affidavit, the Chesswood Group has provided consents to immediate enforcement under the Credit Agreement (as defined below), which are attached as Appendix “A”.

C. FTI'S QUALIFICATIONS TO ACT AS PROPOSED MONITOR

9. On June 17, 2024, Blake, Cassels & Graydon LLP (“**Blakes**”), legal counsel to RBC, in its capacity as administrative agent and as collateral agent (the “**Agent**”) under a second amended and restated credit agreement dated as of January 14, 2022, as amended by a first amending agreement dated as of March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated as of June 30, 2023, a fifth amending agreement dated as of December 22, 2023 and a sixth amending agreement dated as of June 21, 2024 (as may be further amended, modified, supplemented, restated or replaced from time to time, the “**Credit Agreement**”) among the Agent, the Borrower and a lending group (the “**Lending Group**”), engaged FTI to provide financial advisory services in respect of the Chesswood Group (the “**Prior Engagement**”). FTI developed a preliminary understanding of the financial and operational challenges of the Chesswood Group during the Prior Engagement, which will assist FTI to fulfill its duties as Monitor, if appointed.
10. FTI has experience acting as a CCAA monitor and in other court-officer capacities in insolvency proceedings. Jeffrey Rosenberg, a trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, leads the FTI team with carriage of this matter.
11. The Chesswood Group consented to the Prior Engagement and agreed that it would not assert any objection to the appointment of FTI by the Court to act as Monitor based on any claim of conflict related to the Prior Engagement. The Proposed Monitor understands that, as a formal matter, Blakes will terminate the Prior Engagement upon the entry of the Proposed Initial Order.
12. Neither FTI, nor any of its representatives or affiliates, have been at any time in the past two years:
 - (a) a director, officer or employee of any member of the Chesswood Group;
 - (b) related to any member of the Chesswood Group, or to any director or officer of any member of the Chesswood Group; or

- (c) the auditor, accountant or legal counsel, or a partner or an employee of the auditor, accountant or legal counsel, of any member of the Chesswood Group.
13. At no time has FTI had any involvement with any member of the Chesswood Group other than as set out herein. A retainer of \$100,000 has been received by the Proposed Monitor. The Proposed Monitor’s Canadian counsel expects to receive a retainer of \$50,000.
14. FTI has consented to act as Proposed Monitor should this Court grant the Proposed Initial Order. A copy of FTI’s consent to act as Proposed Monitor is attached as Exhibit “S” to the Chen Affidavit.

D. CASH FLOW PROJECTION

15. The Cash Flow Projection is attached as Appendix “B” to this Pre-Filing Report. The Cash Flow Projection covers the 14-week period ending January 31, 2025.
16. The Cash Flow Projection shows a net cash outflow of \$70.8 million, including an operational net cash outflow of approximately \$13.0 million, loan repayments of \$42.5 million, interest expenses and fees of \$2.9 million, and professional fees of \$12.4 million for that period. The Cash Flow Projection is summarized below:

(\$USD in thousands)

Forecast Week	14 Week Total
Receipts	
Receipts from Securitization Assets	\$ 37,642
Receipts from Financing Instrument Receivables	7,407
Total Receipts	\$ 45,049
Disbursements	
<i>Operating Disbursements</i>	
Disbursements from Securitization Assets	(40,128)
Collections Expense	(2,618)
Payroll	(6,801)
Other Operating Expenses	(8,513)
Total Operating Disbursements	\$ (58,060)
Net Cash from Operations	\$ (13,011)
<i>Financing Disbursements</i>	
Loan Advances (Repayments)	(42,499)
Interest Expenses	(2,883)
<i>Restructuring Disbursements</i>	
Restructuring Legal and Professional Costs	(12,366)
Net Cash Flows	\$ (70,759)
Cash	
Beginning Balance	\$ 8,150
Net Receipts/ (Disbursements)	(70,759)
DIP Advances/ (Repayments)	64,479
DIP Fees & Interest	(871)
Ending Balance	\$ 1,000

17. As shown in the Cash Flow Projection, the Chesswood Group will require additional funding totalling approximately \$65.0 million during the 14-week period ending January 31, 2025. The ending cash balance at January 31, 2025, is expected to be approximately \$1.0 million. The DIP Facility is described in greater detail below.
18. Pursuant to section 23(1)(b) of the CCAA and in accordance with the Canadian Association of Insolvency and Restructuring Professionals Standard of Practice 09-1, the Proposed Monitor hereby reports to the Court as follows:
 - (a) the Proposed Monitor has reviewed the Cash Flow Projection, which was prepared by Management for the purpose described in notes to the Cash Flow Projection (the “**Projection Notes**”), using the probable assumptions and hypothetical assumptions set out therein;
 - (b) the review consisted of inquiries, analytical procedures and discussion related to information provided by certain members of Management and employees of the Chesswood Group. Since hypothetical assumptions need not be supported, the Proposed Monitor’s procedures with respect to the hypothetical assumptions were limited to evaluating whether the hypothetical assumptions were consistent with the purpose of the Cash Flow Projection. The Proposed Monitor has also reviewed the support provided by Management for the probable assumptions and the preparation and presentation of the Cash Flow Projection;
 - (c) based on that review, and as at the date of this Pre-Filing Report, nothing has come to the attention of the Proposed Monitor that causes it to believe that:
 - (i) the hypothetical assumptions are inconsistent with the purpose of the Cash Flow Projection;
 - (ii) the probable assumptions are not suitably supported or consistent with the plans of the Chesswood Group or do not provide a reasonable basis for the Cash Flow Projection, given the hypothetical assumptions; or

- (iii) the Cash Flow Projection does not reflect the probable and hypothetical assumptions.
- (d) since the Cash Flow Projection is based on assumptions regarding future events, actual results will vary from the projection even if the hypothetical assumptions occur. Those variations may be material. Accordingly, the Proposed Monitor expresses no assurance as to whether the Cash Flow Projection will be achieved. The Proposed Monitor also expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Pre-Filing Report, or relied upon by the Proposed Monitor in preparing this Pre-Filing Report; and
- (e) the Cash Flow Projection has been prepared solely for the purpose described in the Projection Notes. The Cash Flow Projection should not be relied upon for any other purpose.

E. DIP FINANCING

- 19. As noted above, based on the Cash Flow Projection the CCAA Parties will require interim financing in order to maintain sufficient liquidity to continue operations during these CCAA Proceedings. The Proposed Initial Order authorizes the execution of the term sheet attached hereto as Appendix “C” (the “**DIP Term Sheet**”) pursuant to which the DIP Facility will be provided. The Agent has advised FTI that the willingness of the lenders under the DIP Term Sheet (collectively, the “**DIP Lenders**”) to provide the DIP Facility is predicated on the Court granting the Proposed Initial Order, including the proposed DIP Charge.
- 20. The Proposed Monitor and Osler have reviewed the terms of the DIP Term Sheet and participated in a number of discussions with the Agent, the DIP Lenders, and their counsel.
- 21. The principal terms of the DIP Term Sheet including, without limitation, the following:¹

¹ Capitalized terms in this summary that are not otherwise defined herein have the meanings ascribed thereto in the DIP Term Sheet.

- (a) **Borrower:** Chesswood Group Limited.
- (b) **Guarantors:** Each guarantor under the Credit Agreement (“**DIP Guarantors**”) will provide a guarantee in respect of all existing and future indebtedness owing in connection with the DIP Facility owed or owing by the Borrower to RBC, in its capacity as administrative agent and collateral agent in respect of the DIP Facility (in such capacity, the “**DIP Agent**”), and the DIP Lenders.
- (c) **Principal Amount:** The DIP Facility is to be made in an initial amount not to exceed \$4,000,000 (the “**Initial Advance**”) prior to the Comeback Hearing and will increase to an aggregate maximum amount of \$65,000,000 (“**Maximum Amount**”), provided that prior to receiving the Final Recognition Order the aggregate amount available will be limited to \$18,500,000.
- (d) **Interest Rates:** Advances are made available: (i) in Canadian dollars based on the Canadian Prime Rate (as defined in the Credit Agreement) plus an applicable margin of 400 bps per annum; and (ii) in United States dollars based on the U.S. Prime Rate (as defined in the Credit Agreement) plus an applicable margin of 400 bps per annum. Interest is calculated daily and payable in arrears on the last Business Day (as defined in the Credit Agreement) of each calendar month.
- (e) **Fees:** Fees include: (i) an upfront fee of \$420,000 (“**Upfront Fee**”), which fee is to be allocated to each DIP Lender based on its commitment in respect of the DIP Facility and which is due and payable immediately following the granting of the ARIO (as defined below), and (ii) an annual administrative fee of CAD\$30,000 payable to the DIP Agent (“**DIP Agent Fee**”) after the granting of the ARIO.
- (f) **Mandatory Repayment:** Provided the Proposed Monitor is satisfied that there is sufficient cash reserves in Chesswood and the DIP Guarantors’ bank accounts to satisfy amounts secured by certain Permitted Priority Liens and, after giving effect to the DIP Amounts, amounts in the Agreed Budget, Chesswood and the DIP guarantors are required to, from and after the ARIO, use all excess cash as of 12:00 pm (Toronto time) on Friday of each week to repay the following in the following

order: (a) first, the obligations of Chesswood and the DIP Guarantors in connection with the Credit Agreement until paid in full, and (b) second, the obligations in connection with the DIP Facility.

- (g) **Maturity Date:** The earlier of: (a) March 31, 2025; (b) the effective date of a plan of compromise or arrangement that is in form and substance acceptable to the DIP Agent and DIP Lenders; (c) the closing of the sale of all or substantially all of the assets of the Loan Parties pursuant to agreements of purchase and sale satisfactory to the DIP Agent and DIP Lenders; and (d) the date of acceleration of the obligations under the DIP Financing Credit Agreement (if any) and termination of the DIP Facility commitments.
- (h) **Conditions to Initial Advance:** Among other things, (i) execution of the DIP Term Sheet by the parties thereto, (ii) granting by the Court of the Proposed Initial Order, (iii) a motion of the foreign representative of the Loan Parties for entry of the Provisional Order and Final Recognition Order shall have been filed in the U.S. Court; (iv) unless the DIP Agent provides its written waiver, the U.S. Court shall have issued a Provisional Order pursuant to Chapter 15, (v) the DIP Lenders shall have received the Agreed Budget and such Agreed Budget shall be approved by the DIP Financing Majority Lenders; (vi) all of the representations and warranties of the Loan Parties as set forth in the DIP Financing Credit Agreement (if any) are true and accurate in all material respects; (vii) no Event of Default under the DIP Term Sheet has occurred or will occur as a result of the initial advance; and (viii) there are no Liens ranking *pari passu* or in priority to the DIP Charge, other certain Permitted Priority Liens.
- (i) **Conditions to Subsequent Advances:** Among other things, (i) the Court shall have issued an amended and restated initial order (“**ARIO**”), in form and substance satisfactory to the DIP Agent, acting reasonably, (ii) no Event of Default has occurred or will occur as a result of such DIP advance, (iii) such DIP advance shall not cause the aggregate amount of all outstanding DIP advances to: (I) exceed the Maximum Amount or (II) be greater than the amount shown for the total aggregate

DIP advances on the Agreed Budget for the applicable time period, and (iv) the Upfront Fee and DIP Agent Fee shall have been paid.

- (j) **Existing Credit Agreement Maximum:** It is a condition precedent to all advances after the Initial Advance that, after giving effect to such advance, the aggregate principal amount outstanding under the Credit Agreement, less any repayment from sources other than advances under the DIP Facility, plus the aggregate principal amount outstanding under the DIP Facility shall not exceed \$165,293,169.65.
 - (k) **Use of Proceeds:** To provide for the short-term liquidity needs of the Chesswood Group pursuant to the Agreed Budget during the CCAA Proceedings and Chapter 15 proceedings, including, without limitation, the payment of interest in accordance with the terms of the Credit Agreement and the payment of the DIP Agent and the DIP Lenders' fees and expenses. Chesswood may also make intercompany loans to the DIP Guarantors and other subsidiaries of Chesswood in accordance with the terms of the DIP Term Sheet.
 - (l) **Events of Default:** The DIP Term Sheet sets out various Events of Default, which include, among other things, failure to abide by specified milestones in these CCAA Proceedings.
 - (m) **Remedies of DIP Lender:** The DIP Term Sheet sets out various remedies available upon the occurrence and continuance of any Event of Default, upon written notice to the Borrower and the Monitor and subject to the requirements of any Restructuring Court Order, including, among other things, seeking the appointment of a receiver, interim receiver, receiver and manager or similar official.
22. Attached as Appendix "D" is a chart of the observed interest for various DIP loans provided in other CCAA proceedings, ranging in size from approximately \$15 million to \$60 million, for the period between 2020 to 2024 ("**DIP Comparison Period**"), which are summarized in the table below:

	Interest	DIP Fees as a % of DIP Loan
Maximum	14.0%	2.5%
Average	10.1%	1.1%
Minimum	5.0%	0.2%

23. As noted above, the proposed DIP Facility (i) has an interest rate of Canadian Prime Rate plus an applicable margin of 400 bps per annum, currently 9.95% on Canadian Dollar borrowings, and U.S. Prime Rate plus an applicable margin of 400 bps per annum, currently 12% on U.S. Dollar borrowings, and (ii) contains the Upfront Fee and DIP Agent Fee.
24. Based on the experience of the Proposed Monitor and on the information available to it, the Proposed Monitor is of the view that the interest rates provided in the DIP Term Sheet are within a reasonable range of the average for DIP loans during the DIP Comparison Period and that the proposed fees as a percentage of the DIP Facility are within a reasonable range when compared to other DIP loans during the DIP Comparison Period.
25. Due to recent unsuccessful attempts to sell parts of the Chesswood Group, the required timing of the commencement of these proceedings and the Chesswood Group's liquidity situation, there was no ability to canvass the market for DIP alternatives. Further, given the nature of the liquidity situation, complex nature of the assets, recent issues and difficulties of similar businesses within the industry, it is unlikely that an alternative lender (i.e., other than the DIP Lenders, which are comprised of the Chesswood Group's pre-filing lenders) would be willing to provide a DIP facility on terms that are more favourable than those contemplated by the DIP Term Sheet and in a timely fashion. In the Proposed Monitor's view, the DIP Term Sheet represents the only current available alternative to the Chesswood Group which will allow the CCAA Parties the ability to continue ongoing operations during the CCAA Proceedings.
26. The Proposed Initial Order provides for the DIP Charge with respect to the obligations under the DIP Facility. The purpose of the DIP Charge is to secure the DIP Facility and provide the Agent with priority over all other liens on the Property, other than the

Administration Charge or liens held by secured creditors that are not served with the Notice of Application for the Proposed Initial Order.

27. The Proposed Monitor is of the view that the amount of the DIP Charge is supported by the Cash Flow Projection and reasonable in the circumstances.
28. With respect to the mandatory repayments noted above, FTI has requested that its counsel, being Osler (in Canada) and Alston & Bird LLP (in the US), conduct a security review with respect to the obligations outstanding under the Credit Agreement and related guarantees and security documents. Counsel has verbally confirmed to FTI that, subject to customary restrictions, assumptions and qualifications, and based on the Information, such security constitutes valid and enforceable security in Ontario, Alberta, Colorado, Delaware, New York and Utah (being the jurisdictions in which FTI understands that CCAA Parties are formed and/or have assets), and that necessary registrations have been made in such jurisdictions in order to perfect or register such security. FTI expects to receive written opinions from counsel confirming the above verbal opinions in the near term. Any interested party in the CCAA proceedings that wishes to review such opinions, once prepared, may contact FTI to request a copy thereof.
29. It is anticipated that FTI, if appointed as Monitor, will seek the issuance of an order (the “**Interim Recognition Order**”) under Chapter 15 of the United States Bankruptcy Code to recognize and enforce these CCAA proceedings in the U.S. and protect against any potential adverse action taken by the Chesswood Group’s U.S. creditors and stakeholders. The Proposed Initial Order provides for approval of DIP Facility advances of up to \$18,500,000, notwithstanding the value of the Initial Advance, because approximately \$18,500,000 is the amount projected to be required under the Cash Flow Projection prior to the entry of the Final Recognition Order by the United States Bankruptcy Court, and such hearing in the United States will not occur until after the Comeback Hearing. As such, the Agent is seeking approval of \$18,500,000 of borrowings to ensure that sufficient funding is approved by way of the Interim Recognition Order in the United States Bankruptcy Court to ensure sufficient liquidity until the Final Recognition Order is obtained.

30. The Proposed Monitor has also considered the facts and circumstances giving rise to the CCAA Proceedings and section 11.2(4) of the CCAA. In particular:
- (a) based on the Information available to the Proposed Monitor, the Chesswood Group has a critical and immediate need for interim financing. Without access to the DIP Facility, based on the Cash Flow Projection, the Chesswood Group would be unable to maintain their operations;
 - (b) the financing to be provided is consistent with the forecasted liquidity needs of the Chesswood Group during that period; and
 - (c) the proposed proceeding cannot move forward without the DIP Facility and, as a result, the DIP Facility enhances the prospects of a viable restructuring in the Proposed Monitor's view.

F. ADMINISTRATION CHARGE

31. The Proposed Initial Order provides for an Administration Charge in the amount of \$2 million on the Chesswood Group's assets to secure the fees and disbursements of the Monitor and its counsel (in each case whether in its capacity as Monitor or foreign representative in the Chapter 15 proceedings) incurred both before, on, and after the commencement of the CCAA Proceedings.
32. The Proposed Monitor is of the view that the Administration Charge is reasonable and appropriate in the circumstances having considered, among other things, the work completed to date in preparation for the CCAA proceedings and that it is limited to an amount necessary to ensure that the beneficiaries thereof have protection to the date of the Comeback Hearing.

G. ANTICIPATED NEXT STEPS IN THE CCAA PROCEEDINGS

33. At the Comeback Hearing, it is expected that the Chesswood Group will request:
- (a) approval of an increased DIP Facility to \$65 million and corresponding increase to the DIP Charge;

- (b) approval of a key employee retention plan and related charge; and
 - (c) an extension of the Stay of Proceedings to January 31, 2025.
34. If appointed, FTI (in its then capacity as Monitor) intends to file a further report prior to the Comeback Hearing providing recommendations in respect of such relief and any other relief that may be sought by the Agent.
35. Subject to being appointed as Monitor and the granting of the Proposed Initial Order, FTI will post materials in connection with the CCAA Proceedings on the Monitor's website at <http://cfcanada.fticonsulting.com/chesswood>.

H. RECOMMENDATIONS

36. The Proposed Monitor is of the view that the CCAA Parties are insolvent and that the relief requested by the Agent is appropriate. Accordingly, the Proposed Monitor respectfully recommends that this Court grant the Proposed Initial Order.

All of which is respectfully submitted this 29th day of October, 2024.

FTI Consulting Canada Inc.

In its capacity as Proposed Monitor of Chesswood Group Limited, Case Funding Inc., Chesswood Holdings Ltd., Chesswood US Acquisitionco Ltd., Pawnee Leasing Corporation, Lease-Win Limited, Windset Capital Corporation, Tandem Finance, Inc., Chesswood Capital Management Inc., Chesswood Capital Management USA Inc., Rifco National Auto Finance Corporation, Rifco Inc., Waypoint Investment Partners Inc. and 1000390232 Ontario Inc. and not in its personal or corporate capacity



Jeffrey Rosenberg
Senior Managing Director



Jodi Porepa
Senior Managing Director

APPENDIX "A"

Consents

(see attached)



Blake, Cassels & Graydon LLP
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October 28, 2024

VIA REGISTERED MAIL

Reference: 22043/965

Chesswood Group Limited
1133 Yonge Street, Suite 603
Toronto, Ontario
M4T 2Y7

Attention: Chief Financial Officer

Dear Sir/Madam:

RE: Demand for Payment

As counsel to Royal Bank of Canada, as administrative agent (the "**Agent**") on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the "**Lenders**"), we hereby advise Chesswood Group Limited (the "**Borrower**") as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
 - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;
 - (b) an amended and restated waiver dated July 16, 2024 (the "**A&R Waiver**"), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated waiver dated as of October 2, 2024 (the "**Fourth A&R Waiver**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;
 - (c) a waiver dated August 20, 2024 (the "**August Waiver**"), among, *inter alios*, the Borrower, the Lenders, and the Agent; and

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- (d) a security agreement dated as of December 8, 2014, by the Borrower to and in favour of the Agent (the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
- (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower’s Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
- (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower’s CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;
- (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower’s failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and
- (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management’s discussion and analysis and associated certifications

with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and

- (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.

5. Pursuant to Section 10.2 of the Credit Agreement, upon the occurrence and during the continuance of an Event of Default, the Agent may, on behalf of the Lenders, by written notice: (i) terminate the Lenders' obligations to make further Accommodations under the Credit Facilities; and (ii) declare all Credit Obligations, including principal, interest, fees, and other amounts (whether matured or unmatured), to be immediately due and payable, without further demand, presentation, protest, or other notice of any kind, all of which are expressly waived by the Borrower.
6. Accordingly, the Agent, on behalf of the Lenders, hereby terminates the Lenders' obligations to make further Accommodations under the Credit Facilities, declares the Credit Obligations immediately due and payable and demands payment from the Borrower of all Credit Obligations, with interest at the applicable rates under the Credit Agreement, in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other

indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the “**Outstanding Indebtedness**”).

7. If the Borrower fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders’ rights and remedies against the Borrower under the Credit Agreement and the Security Agreement.
8. We enclose Notices of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act (Canada)* together with a form to facilitate the Borrower’s waiver of the notice period referred to therein if they choose to permit the same.

Yours truly,



Kelly Bourassa

c: Client
Jamey Gage (McCarthy Tetrault)

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

Form 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Section 244 of the Bankruptcy and Insolvency Act)

TO: **CHESSWOOD GROUP LIMITED**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"), intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

2. The security that is to be enforced is in the form of a security agreement dated as of December 8, 2014, granted by the Debtor to and in favour of the Agent (the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28th day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents
and Solicitors for the Agent and the Lenders,**

per: _____

Name: Kelly Bourassa


Title: Partner

WAIVER

Chesswood Group Limited hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29th day of October, 2024.

CHESSWOOD GROUP LIMITED

By:  _____
Name:
Title:

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trademark Agents
855 - 2nd Street S.W.
Suite 3500, Bankers Hall East Tower
Calgary AB T2P 4J8 Canada
Tel: 403-260-9600 Fax: 403-260-9700

Kelly Bourassa

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

VIA REGISTERED MAIL

Reference: 22043/965

Case Funding Inc.
251 Little Falls Drive
Wilmington, Delaware
19808

Attention: Chief Financial Officer

Dear Sir/Madam:

RE: Demand for Payment

As counsel to Royal Bank of Canada, as administrative agent (the "**Agent**") on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the "**Lenders**"), we hereby advise Case Funding Inc. (the "**Guarantor**"), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
 - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;
 - (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (the "**Guarantee**");
 - (c) an amended and restated waiver dated July 16, 2024 (the "**A&R Waiver**"), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated

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waiver dated as of October 2, 2024 (the “**Fourth A&R Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;

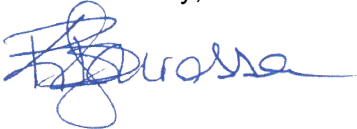
- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
 - (e) an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (as amended, the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
 - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
 - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;

- (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and
 - (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
 - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts

whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client
Jamey Gage (McCarthy Tetrault)

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

Form 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Section 244 of the Bankruptcy and Insolvency Act)

TO: **CASE FUNDING INC.**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

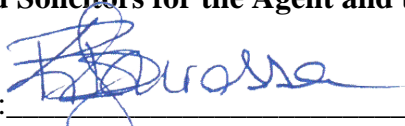
2. The security that is to be enforced is in the form of an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent (as amended, the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28th day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents
and Solicitors for the Agent and the Lenders,**



per: _____
Name: Kelly Bourassa
Title: Partner

WAIVER

Case Funding Inc. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29th day of October, 2024.

CASE FUNDING INC.

By: 
Name: _____
Title:

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trademark Agents
855 - 2nd Street S.W.
Suite 3500, Bankers Hall East Tower
Calgary AB T2P 4J8 Canada
Tel: 403-260-9600 Fax: 403-260-9700

Kelly Bourassa

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

VIA REGISTERED MAIL

Reference: 22043/965

Chesswood Holdings Ltd.
1133 Yonge Street, Suite 603
Toronto, Ontario
M4T 2Y7

Attention: Chief Financial Officer

Dear Sir/Madam:

RE: Demand for Payment

As counsel to Royal Bank of Canada, as administrative agent (the “**Agent**”) on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the “**Lenders**”), we hereby advise Chesswood Holdings Ltd. (the “**Guarantor**”), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
 - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the “**Credit Agreement**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;
 - (b) a guarantee dated as of December 8, 2014, by the Guarantor to and in favour of the Agent (the “**Guarantee**”);
 - (c) an amended and restated waiver dated July 16, 2024 (the “**A&R Waiver**”), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated waiver dated as of October 2, 2024 (the “**Fourth A&R Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;

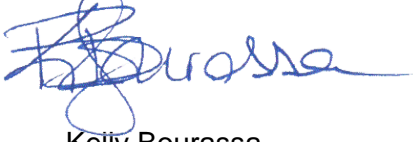
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- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
 - (e) a security agreement dated as of December 8, 2014, by the Guarantor to and in favour of the Agent (the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
 - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
 - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;
 - (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and

- (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
 - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act (Canada)* together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client
Jamey Gage (McCarthy Tetrault)

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

Form 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Section 244 of the Bankruptcy and Insolvency Act)

TO: **CHESSWOOD HOLDINGS LTD.**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) a guarantee dated as of December 8, 2014, granted by the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

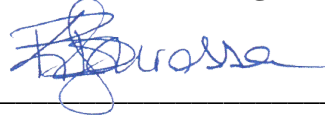
2. The security that is to be enforced is in the form of a security agreement dated as of December 8, 2014, granted by the Debtor to and in favour of the Agent (the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28th day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents
and Solicitors for the Agent and the Lenders,**



per: _____

Name: Kelly Bourassa


Title: Partner

WAIVER

Chesswood Holdings Ltd. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29th day of October, 2024.

CHESSWOOD HOLDINGS LTD.

By:  _____
Name:
Title:

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trademark Agents
855 - 2nd Street S.W.
Suite 3500, Bankers Hall East Tower
Calgary AB T2P 4J8 Canada
Tel: 403-260-9600 Fax: 403-260-9700

Kelly Bourassa

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

VIA REGISTERED MAIL

Reference: 22043/965

Chesswood US Acquisitionco Ltd.
251 Little Falls Drive
Wilmington, Delaware
19808

Attention: Chief Financial Officer

Dear Sir/Madam:

RE: Demand for Payment

As counsel to Royal Bank of Canada, as administrative agent (the "**Agent**") on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the "**Lenders**"), we hereby advise Chesswood US Acquisitionco Ltd. (the "**Guarantor**"), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
 - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;
 - (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (the "**Guarantee**");
 - (c) an amended and restated waiver dated July 16, 2024 (the "**A&R Waiver**"), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated

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waiver dated as of October 2, 2024 (the “**Fourth A&R Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;

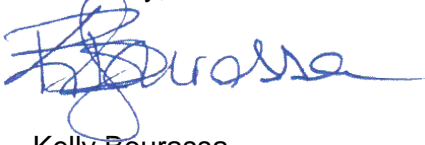
- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
 - (e) an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (as amended, the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
 - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
 - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;

- (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and
 - (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
 - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
 6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts

whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client
Jamey Gage (McCarthy Tetrault)

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

Form 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Section 244 of the Bankruptcy and Insolvency Act)

TO: **CHESSWOOD US ACQUISITIONCO LTD.**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

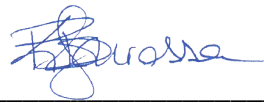
2. The security that is to be enforced is in the form of an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent (as amended, the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28th day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents
and Solicitors for the Agent and the Lenders,**



per: _____

Name: Kelly Bourassa

Title: Partner

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trademark Agents
855 - 2nd Street S.W.
Suite 3500, Bankers Hall East Tower
Calgary AB T2P 4J8 Canada
Tel: 403-260-9600 Fax: 403-260-9700

Kelly Bourassa

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

VIA REGISTERED MAIL

Reference: 22043/965

Pawnee Leasing Corporation
1900 W Littleton Blvd
Littleton, Colorado
80120

Attention: Chief Financial Officer

Dear Sir/Madam:

RE: Demand for Payment

As counsel to Royal Bank of Canada, as administrative agent (the “**Agent**”) on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the “**Lenders**”), we hereby advise Pawnee Leasing Corporation (the “**Guarantor**”), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
 - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the “**Credit Agreement**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;
 - (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (the “**Guarantee**”);
 - (c) an amended and restated waiver dated July 16, 2024 (the “**A&R Waiver**”), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated

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waiver dated as of October 2, 2024 (the “**Fourth A&R Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;

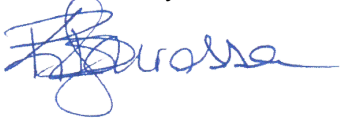
- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
 - (e) an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (as amended, the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
 - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
 - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;

- (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and
 - (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
 - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
 6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts

whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client
Jamey Gage (McCarthy Tetrault)

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

Form 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Section 244 of the Bankruptcy and Insolvency Act)

TO: **PAWNEE LEASING CORPORATION**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

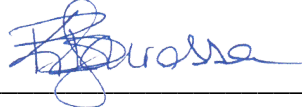
2. The security that is to be enforced is in the form of an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent (as amended, the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28th day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents
and Solicitors for the Agent and the Lenders,**



per: _____

Name: Kelly Bourassa


Title: Partner

WAIVER

Pawnee Leasing Corporation hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29th day of October, 2024.

PAWNEE LEASING CORPORATION

By: 
Name:
Title:

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trademark Agents
855 - 2nd Street S.W.
Suite 3500, Bankers Hall East Tower
Calgary AB T2P 4J8 Canada
Tel: 403-260-9600 Fax: 403-260-9700

Kelly Bourassa

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

VIA REGISTERED MAIL

Reference: 22043/965

Lease-Win Limited
1133 Yonge Street, Suite 603
Toronto, Ontario
M4T 2Y7

Attention: Chief Financial Officer

Dear Sir/Madam:

RE: Demand for Payment

As counsel to Royal Bank of Canada, as administrative agent (the "**Agent**") on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the "**Lenders**"), we hereby advise Lease-Win Limited (the "**Guarantor**"), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
 - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;
 - (b) a guarantee dated as of December 8, 2014, by the Guarantor to and in favour of the Agent (the "**Guarantee**");
 - (c) an amended and restated waiver dated July 16, 2024 (the "**A&R Waiver**"), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated waiver dated as of October 2, 2024 (the "**Fourth A&R Waiver**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;

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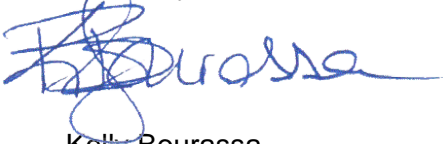
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- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
 - (e) a security agreement dated as of December 8, 2014, by the Guarantor to and in favour of the Agent (the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
 - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
 - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;
 - (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and

- (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
 - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act (Canada)* together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client
Jamey Gage (McCarthy Tetrault)

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

Form 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Section 244 of the Bankruptcy and Insolvency Act)

TO: **LEASE-WIN LIMITED**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) a guarantee dated as of December 8, 2014, granted by the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

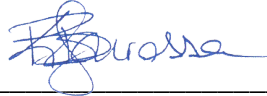
2. The security that is to be enforced is in the form of a security agreement dated as of December 8, 2014, granted by the Debtor to and in favour of the Agent (the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28th day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents
and Solicitors for the Agent and the Lenders,**



per: _____

Name: Kelly Bourassa


Title: Partner

WAIVER

Lease-Win Limited hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29th day of October, 2024.

LEASE-WIN LIMITED

By:  _____
Name:
Title:

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trademark Agents
855 - 2nd Street S.W.
Suite 3500, Bankers Hall East Tower
Calgary AB T2P 4J8 Canada
Tel: 403-260-9600 Fax: 403-260-9700

Kelly Bourassa

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

VIA REGISTERED MAIL

Reference: 22043/965

Windset Capital Corporation
251 Little Falls Drive
Wilmington, Delaware
19808

Attention: Chief Financial Officer

Dear Sir/Madam:

RE: Demand for Payment

As counsel to Royal Bank of Canada, as administrative agent (the “**Agent**”) on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the “**Lenders**”), we hereby advise Windset Capital Corporation (the “**Guarantor**”), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
 - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the “**Credit Agreement**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;
 - (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (the “**Guarantee**”);
 - (c) an amended and restated waiver dated July 16, 2024 (the “**A&R Waiver**”), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated waiver dated as of October 2, 2024 (the “**Fourth A&R Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;

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- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
 - (e) an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (as amended, the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
 - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
 - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;
 - (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default

until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and

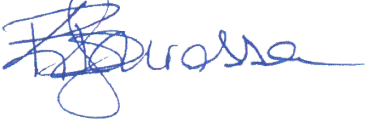
- (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
 - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
 6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").
 7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November

1416-8609-7680.1

7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.

8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act (Canada)* together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client
Jamey Gage (McCarthy Tetrault)

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

Form 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Section 244 of the Bankruptcy and Insolvency Act)

TO: **WINDSET CAPITAL CORPORATION**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

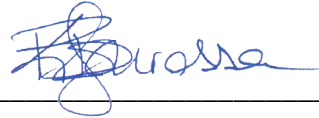
2. The security that is to be enforced is in the form of an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent (as amended, the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28th day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents
and Solicitors for the Agent and the Lenders,**



per: _____


Name: Kelly Bourassa
Title: Partner

WAIVER

Windset Capital Corporation hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29th day of October, 2024.

WINDSET CAPITAL CORPORATION

By:  _____
Name:
Title:

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trademark Agents
855 - 2nd Street S.W.
Suite 3500, Bankers Hall East Tower
Calgary AB T2P 4J8 Canada
Tel: 403-260-9600 Fax: 403-260-9700

Kelly Bourassa

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

VIA REGISTERED MAIL

Reference: 22043/965

Tandem Finance, Inc.
1900 W Littleton Blvd,
Littleton, Colorado
80120

Attention: Chief Financial Officer

Dear Sir/Madam:

RE: Demand for Payment

As counsel to Royal Bank of Canada, as administrative agent (the “**Agent**”) on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the “**Lenders**”), we hereby advise Tandem Finance, Inc. (the “**Guarantor**”), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
 - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the “**Credit Agreement**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;
 - (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (the “**Guarantee**”);
 - (c) an amended and restated waiver dated July 16, 2024 (the “**A&R Waiver**”), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated

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waiver dated as of October 2, 2024 (the “**Fourth A&R Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;

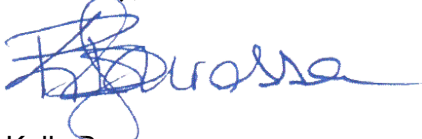
- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
 - (e) an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (as amended, the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
 - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
 - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;

- (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and
 - (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
 - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
 6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts

whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client
Jamey Gage (McCarthy Tetrault)

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

Form 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Section 244 of the Bankruptcy and Insolvency Act)

TO: **TANDEM FINANCE, INC.**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

2. The security that is to be enforced is in the form of an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent (as amended, the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28th day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents
and Solicitors for the Agent and the Lenders,**



per: _____

Name: Kelly Bourassa


Title: Partner

WAIVER

Tandem Finance, Inc. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29th day of October, 2024.

TANDEM FINANCE, INC.

By: 
Name: _____
Title:

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trademark Agents
855 - 2nd Street S.W.
Suite 3500, Bankers Hall East Tower
Calgary AB T2P 4J8 Canada
Tel: 403-260-9600 Fax: 403-260-9700

Kelly Bourassa

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

VIA REGISTERED MAIL

Reference: 22043/965

Chesswood Capital Management Inc.
66 Wellington Street West
TD Bank Tower, 5300
Toronto, Ontario
M5K 1E6

Attention: Chief Financial Officer

Dear Sir/Madam:

RE: Demand for Payment

As counsel to Royal Bank of Canada, as administrative agent (the "**Agent**") on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the "**Lenders**"), we hereby advise Chesswood Capital Management Inc. (the "**Guarantor**"), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
 - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;
 - (b) a guarantee dated as of December 21, 2021, by the Guarantor to and in favour of the Agent (the "**Guarantee**");
 - (c) an amended and restated waiver dated July 16, 2024 (the "**A&R Waiver**"), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated waiver dated as of October 2, 2024 (the "**Fourth A&R Waiver**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;

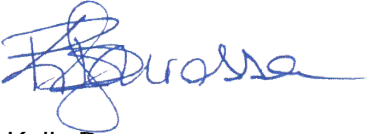
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- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
 - (e) a security agreement dated as of December 21, 2021, by the Guarantor to and in favour of the Agent (the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
 - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
 - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;
 - (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and

- (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
 - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act (Canada)* together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client
Jamey Gage (McCarthy Tetrault)

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

Form 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Section 244 of the Bankruptcy and Insolvency Act)

TO: **CHESSWOOD CAPITAL MANAGEMENT INC.**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) a guarantee dated as of December 21, 2021, granted by the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

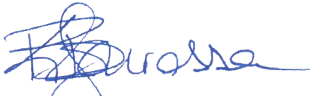
2. The security that is to be enforced is in the form of a security agreement dated as of December 21, 2021, granted by the Debtor to and in favour of the Agent (the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28th day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents
and Solicitors for the Agent and the Lenders,**


per: 
Name: Kelly Bourassa
Title: Partner

WAIVER

Chesswood Capital Management Inc. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29th day of October, 2024.

**CHESSWOOD CAPITAL MANAGEMENT
INC.**

By:  _____
Name:
Title:

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trademark Agents
855 - 2nd Street S.W.
Suite 3500, Bankers Hall East Tower
Calgary AB T2P 4J8 Canada
Tel: 403-260-9600 Fax: 403-260-9700

Kelly Bourassa

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

VIA REGISTERED MAIL

Reference: 22043/965

Chesswood Capital Management USA Inc.
251 Little Falls Drive
Wilmington, Delaware
19808

Attention: Chief Financial Officer

Dear Sir/Madam:

RE: Demand for Payment

As counsel to Royal Bank of Canada, as administrative agent (the "**Agent**") on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the "**Lenders**"), we hereby advise Chesswood Capital Management USA Inc. (the "**Guarantor**"), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
 - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;
 - (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (the "**Guarantee**");
 - (c) an amended and restated waiver dated July 16, 2024 (the "**A&R Waiver**"), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated

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waiver dated as of October 2, 2024 (the “**Fourth A&R Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;

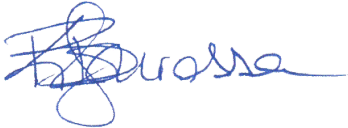
- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
 - (e) an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Guarantor to and in favour of the Agent (as amended, the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
 - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
 - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;

- (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and
 - (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
 - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
 6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts

whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client
Jamey Gage (McCarthy Tetrault)

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

Form 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Section 244 of the Bankruptcy and Insolvency Act)

TO: **CHESSWOOD CAPITAL MANAGEMENT USA INC.**, an insolvent person
(the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) an omnibus guarantee (U.S.) dated as of December 8, 2014, as amended by a guaranty supplement dated as of January 8, 2019, and a guaranty supplement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

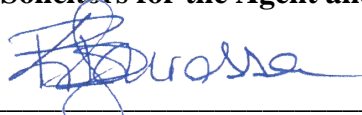
2. The security that is to be enforced is in the form of an omnibus security agreement (U.S.) dated as of December 8, 2014, as amended by a first amendment to security agreement dated as of November 30, 2016, a joinder agreement dated as of January 8, 2019, and a joinder agreement dated as of December 24, 2021, granted by, *inter alios*, the Debtor to and in favour of the Agent (as amended, the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28th day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents
and Solicitors for the Agent and the Lenders,**




per: _____
Name: Kelly Bourassa
Title: Partner

WAIVER

Chesswood Capital Management USA Inc. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29th day of October, 2024.

**CHESSWOOD CAPITAL MANAGEMENT
USA INC.**

By:  _____
Name:
Title:

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trademark Agents
855 - 2nd Street S.W.
Suite 3500, Bankers Hall East Tower
Calgary AB T2P 4J8 Canada
Tel: 403-260-9600 Fax: 403-260-9700

Kelly Bourassa

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

VIA REGISTERED MAIL

Reference: 22043/965

Rifco National Auto Finance Corporation
4000-421 7 Ave SW
Calgary, Alberta
T2P 4K9

Attention: Chief Financial Officer

Dear Sir/Madam:

RE: Demand for Payment

As counsel to Royal Bank of Canada, as administrative agent (the “**Agent**”) on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the “**Lenders**”), we hereby advise Rifco National Auto Finance Corporation (the “**Guarantor**”), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
 - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the “**Credit Agreement**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;
 - (b) a guarantee dated as of January 14, 2022, by the Guarantor to and in favour of the Agent (the “**Guarantee**”);
 - (c) an amended and restated waiver dated July 16, 2024 (the “**A&R Waiver**”), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated waiver dated as of October 2, 2024 (the “**Fourth A&R Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;

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- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
 - (e) a security agreement dated as of January 14, 2022, by the Guarantor to and in favour of the Agent (the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
 - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
 - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;
 - (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and

- (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management’s discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower’s failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the “**OSC Event of Default**”). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
- (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower’s failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the “**Financial Reporting Default and Potential Future Event of Default**”). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule “**A**” hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders’ rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the “**Outstanding Indebtedness**”).

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act (Canada)* together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client
Jamey Gage (McCarthy Tetrault)

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

Form 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Section 244 of the Bankruptcy and Insolvency Act)

TO: **RIFCO NATIONAL AUTO FINANCE CORPORATION**, an insolvent person
(the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) a guarantee dated as of January 14, 2022, granted by the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

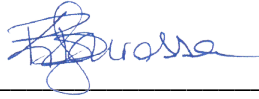
2. The security that is to be enforced is in the form of a security agreement dated as of January 14, 2022, granted by the Debtor to and in favour of the Agent (the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28th day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents
and Solicitors for the Agent and the Lenders,**



per: _____

Name: Kelly Bourassa


Title: Partner

WAIVER

Rifco National Auto Finance Corporation hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29th day of October, 2024.

**RIFCO NATIONAL AUTO FINANCE
CORPORATION**

By:  _____
Name:
Title:

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trademark Agents
855 - 2nd Street S.W.
Suite 3500, Bankers Hall East Tower
Calgary AB T2P 4J8 Canada
Tel: 403-260-9600 Fax: 403-260-9700

Kelly Bourassa

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

VIA REGISTERED MAIL

Reference: 22043/965

Rifco Inc.
4000-421 7 Ave SW
Calgary, Alberta
T2P 4K9

Attention: Chief Financial Officer

Dear Sir/Madam:

RE: Demand for Payment

As counsel to Royal Bank of Canada, as administrative agent (the "**Agent**") on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the "**Lenders**"), we hereby advise Rifco Inc. (the "**Guarantor**"), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
 - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;
 - (b) a guarantee dated as of January 14, 2022, by the Guarantor to and in favour of the Agent (the "**Guarantee**");
 - (c) an amended and restated waiver dated July 16, 2024 (the "**A&R Waiver**"), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated waiver dated as of October 2, 2024 (the "**Fourth A&R Waiver**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;

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TORONTO

CALGARY

VANCOUVER

MONTRÉAL

OTTAWA

NEW YORK

LONDON

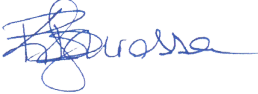
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- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
 - (e) a security agreement dated as of January 14, 2022, by the Guarantor to and in favour of the Agent (the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
 - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
 - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;
 - (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and

- (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
 - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act (Canada)* together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client
Jamey Gage (McCarthy Tetrault)

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

Form 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Section 244 of the Bankruptcy and Insolvency Act)

TO: **RIFCO INC.**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) a guarantee dated as of January 14, 2022, granted by the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

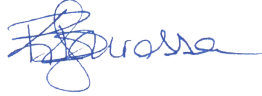
2. The security that is to be enforced is in the form of a security agreement dated as of January 14, 2022, granted by the Debtor to and in favour of the Agent (the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28th day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents
and Solicitors for the Agent and the Lenders,**



per: _____


Name: Kelly Bourassa
Title: Partner

WAIVER

Rifco Inc. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29th day of October, 2024.

RIFCO INC.

By:  _____
Name:
Title:

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trademark Agents
855 - 2nd Street S.W.
Suite 3500, Bankers Hall East Tower
Calgary AB T2P 4J8 Canada
Tel: 403-260-9600 Fax: 403-260-9700

Kelly Bourassa

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

VIA REGISTERED MAIL

Reference: 22043/965

Waypoint Investment Partners Inc.
1133 Yonge Street, Suite 603
Toronto, Ontario
M4T 2Y7

Attention: Chief Financial Officer

Dear Sir/Madam:

RE: Demand for Payment

As counsel to Royal Bank of Canada, as administrative agent (the “**Agent**”) on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the “**Lenders**”), we hereby advise Waypoint Investment Partners Inc. (the “**Guarantor**”), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
 - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the “**Credit Agreement**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;
 - (b) a guarantee dated as of July 13, 2022, by the Guarantor to and in favour of the Agent (the “**Guarantee**”);
 - (c) an amended and restated waiver dated July 16, 2024 (the “**A&R Waiver**”), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated waiver dated as of October 2, 2024 (the “**Fourth A&R Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent;

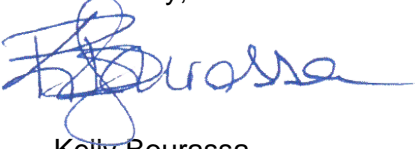
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- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
 - (e) a security agreement dated as of July 13, 2022, by the Guarantor to and in favour of the Agent (the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
 - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
 - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;
 - (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and

- (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
 - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act (Canada)* together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client
Jamey Gage (McCarthy Tetrault)

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

Form 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Section 244 of the Bankruptcy and Insolvency Act)

TO: **WAYPOINT INVESTMENT PARTNERS INC.**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) a guarantee dated as of July 13, 2022, granted by the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

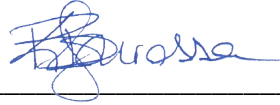
2. The security that is to be enforced is in the form of a security agreement dated as of July 13, 2022, granted by the Debtor to and in favour of the Agent (the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28th day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents
and Solicitors for the Agent and the Lenders,**



per: _____

Name: Kelly Bourassa


Title: Partner

WAIVER

Waypoint Investment Partners Inc. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29th day of October, 2024.

**WAYPOINT INVESTMENT PARTNERS
INC.**

By:  _____
Name:
Title:

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.



Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trademark Agents
855 - 2nd Street S.W.
Suite 3500, Bankers Hall East Tower
Calgary AB T2P 4J8 Canada
Tel: 403-260-9600 Fax: 403-260-9700

Kelly Bourassa

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

October 28, 2024

VIA REGISTERED MAIL

Reference: 22043/965

1000390232 Ontario Inc.
1133 Yonge Street, Suite 603
Toronto, Ontario
M4T 2Y7

Attention: Chief Financial Officer

Dear Sir/Madam:

RE: Demand for Payment

As counsel to Royal Bank of Canada, as administrative agent (the "**Agent**") on behalf of the other Secured Parties, including certain other financial institutions as lenders (collectively, the "**Lenders**"), we hereby advise 1000390232 Ontario Inc. (the "**Guarantor**"), as follows:

1. Capitalized terms used herein have the meanings given to them in the Credit Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
 - (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;
 - (b) a guarantee dated as of February 15, 2023, by the Guarantor to and in favour of the Agent (the "**Guarantee**");
 - (c) an amended and restated waiver dated July 16, 2024 (the "**A&R Waiver**"), as amended by amendment no. 1 to the amended and restated waiver dated August 5, 2024, a second amended and restated waiver dated as of September 16, 2024, a third amended and restated waiver dated as of September 23, 2024, and a fourth amended and restated waiver dated as of October 2, 2024 (the "**Fourth A&R Waiver**"), among, *inter alios*, the Borrower, the Lenders, and the Agent;

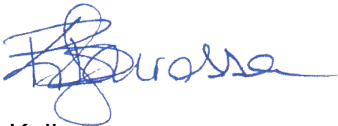
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- (d) a waiver dated August 20, 2024 (the “**August Waiver**”), among, *inter alios*, the Borrower, the Lenders, and the Agent; and
 - (e) a security agreement dated as of February 15, 2023, by the Guarantor to and in favour of the Agent (the “**Security Agreement**”).
3. On October 16, 2024, the Waiver Period (as defined in the Fourth A&R Waiver) terminated and was not further extended. On October 15, 2024, the waiver period in respect of the waivers of the OSC Event of Default and the Financial Reporting Default and Potential Future Event of Default (each as defined below) terminated and was not further extended.
4. Events of Default have occurred, including, but not limited to:
- (a) The Borrower has failed to comply with (i) Section 2.2(1) of the Credit Agreement and (ii) Section 2.6(6) of the Credit Agreement. As confirmed by certain Borrowing Base Certificates delivered by the Borrower prior to the date hereof, the Accommodations Outstanding under the Credit Agreement have exceeded the Lending Limit. This failure constitutes an Event of Default under Section 10.1(a) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived this default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default;
 - (b) The Borrower is required under Section 8.3(b) of the Credit Agreement to maintain, at all times, an Adjusted Leverage Ratio of not more than 4.0:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's Adjusted Leverage Ratio was more than 4.0:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived the default in respect of the Financial Quarter ended June 30, 2024 until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated this Event of Default and no waiver has been provided in relation to the Event of Default in respect of the Financial Quarter ended September 30, 2024;
 - (c) The Borrower is required under Section 8.3(d) of the Credit Agreement to maintain, at all times commencing January 1, 2024, a CFADS Ratio of not less than 1.70:1. The Borrower notified the Agent and the Lenders that on the last day of the Financial Quarters ended June 30, 2024 and September 30, 2024, the Borrower's CFADS Ratio was less than 1.70:1, which resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default;
 - (d) The Borrower is required under Section 8.3(e) of the Credit Agreement to maintain monthly revenue and Consolidated EBIT at not less than 80% of the amounts specified for each such month in the Monthly Forecast. The Borrower's failure to meet this requirement for the months of April through September 2024 resulted in Events of Default under Section 10.1(d) of the Credit Agreement. While the Fourth A&R Waiver temporarily waived these Events of Default until October 16, 2024, the expiry of the Fourth A&R Waiver has now reinstated these Events of Default; and

- (e) The Borrower is required under Sections 4(h) and 5(h) of the A&R Waiver to file its interim financial statements, management's discussion and analysis and associated certifications with the Ontario Securities Commission for the period ended June 30, 2024. The Borrower's failure to meet this requirement resulted in an Event of Default in accordance with Section 2 of the A&R Waiver (such default, the "**OSC Event of Default**"). Since the Borrower has not remedied the OSC Event of Default following the termination of the waiver period under the August Waiver, the OSC Event of Default remains outstanding and has resulted in an Event of Default; and
 - (f) The Borrower is required under Sections 8.1(a)(i) and Section 8.1(a)(iii) of the Credit Agreement to deliver to the Agent and the Lenders within 45 days after the end of the first three Financial Quarters in each Financial Year (i) a consolidated balance sheet of the Borrower as of the end of the applicable Financial Quarter, and (ii) the related consolidated statements of earnings and changes in financial position for the Financial Quarter and for the period commencing at the end of the previous Financial Year and ending with the end of the Financial Quarter; in each case (except for the statement of changes in financial position) setting forth in comparative form the figures for the corresponding Financial Quarter and corresponding portion of the previous Financial Year, together with (X) a Compliance Certificate and (Y) copies of the financial statements of the Subsidiaries used for purposes of preparing such consolidated financial statements. The Borrower's failure to meet this requirement for the Financial Quarter ended June 30, 2024 resulted in an Event of Default under Section 10.1(e) of the Credit Agreement (such default, the "**Financial Reporting Default and Potential Future Event of Default**"). Since the Borrower has not remedied the Financial Reporting Default and Potential Future Event of Default following the termination of the waiver period under the August Waiver, the Financial Reporting Default and Potential Future Event of Default remains outstanding and has resulted in an Event of Default.
5. Pursuant to the Guarantee, the Guarantor guaranteed the full and punctual payment and full performance of the Obligations (as defined in the Guarantee) and covenanted that the Obligations would be fully and punctually paid and performed strictly in accordance with the terms of the Credit Agreement and any other Loan Document.
6. Accordingly, the Agent, for and on behalf of the Lenders, demands from the Guarantor payment of the Obligations, in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security Agreement, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security Agreement. For greater certainty, interest continues to accrue on the Credit Obligations and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the Credit Agreement (collectively, the "**Outstanding Indebtedness**").

7. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Toronto time on November 7, 2024, the Agent, for and on behalf of the Lenders, will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate including, but not limited to, pursuing all of the Lenders' rights and remedies against the Guarantor under the Guarantee, the Credit Agreement, and the Security Agreement.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act (Canada)* together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Your truly,



Kelly Bourassa

c: Client
Jamey Gage (McCarthy Tetrault)

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

Form 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Section 244 of the Bankruptcy and Insolvency Act)

TO: **1000390232 ONTARIO INC.**, an insolvent person (the "**Debtor**")

Take notice that:

1. Royal Bank of Canada, the agent (the "**Agent**"), for and on behalf of a group of lenders (the "**Lenders**") pursuant to:

- (a) a second amended and restated credit agreement dated January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023, and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the "**Credit Agreement**"); and
- (b) a guarantee dated as of February 15, 2023, granted by the Debtor to and in favour of the Agent,

intends to enforce its security on all of the Debtor's present and after-acquired assets, property (both real and personal) and undertakings, as more particularly described in the Security (as defined below).

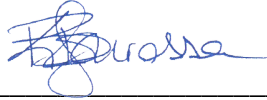
2. The security that is to be enforced is in the form of a security agreement dated as of February 15, 2023, granted by the Debtor to and in favour of the Agent (the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "**A**" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders, and any other amounts whatsoever, which may be claimed by the Agent and the Lenders under the Credit Agreement, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lenders' rights under the Credit Agreement and the Security.

4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement or unless authorized by a Court.

DATED at Calgary, Alberta, this 28th day of October, 2024.

**BLAKE, CASSELS & GRAYDON LLP, Agents
and Solicitors for the Agent and the Lenders,**



per: _____

Name: Kelly Bourassa


Title: Partner

WAIVER

1000390232 Ontario Inc. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and consents to the immediate enforcement by the Agent, for and on behalf of the Lenders, of the Security described above.

DATED at Toronto, Ontario this 29th day of October, 2024.

1000390232 ONTARIO INC.

By:  _____
Name:
Title:

SCHEDULE A - INDEBTEDNESS

<u>Category</u>	<u>Amount (as at October 24, 2024)</u>
Credit Facility:	
a) US Prime Rate Advances	USD 65,834,462.12
Interest	USD 411,972.46
b) Canadian Prime Rate Advances	CAD 92,334,580.61
Interest	CAD 452,948.84
Documentary Credits (LCs)	CAD 6,600,000.00
	USD 4,000,000.00
LC Fee	CAD 10,397.27
	USD 6,301.37
Commitment Fee	USD 1,987.35

Plus all interest, legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date hereof.

APPENDIX “B”
Cash Flow Projection

(see attached)

Chesswood Group Limited

Consolidated Cash Flow Forecast

(\$USD in thousands)

Forecast Week Ending (Friday)	01-Nov-24	08-Nov-24	15-Nov-24	22-Nov-24	29-Nov-24	06-Dec-24	13-Dec-24	20-Dec-24	27-Dec-24	03-Jan-25	10-Jan-25	17-Jan-25	24-Jan-25	31-Jan-25	14 Week	
Forecast Week	[1]	1	2	3	4	5	6	7	8	9	10	11	12	13	14	Total
Receipts																
Receipts from Securitization Assets	[2]	\$ 2,573	\$ 2,177	\$ 6,042	\$ 1,410	\$ 733	\$ 3,751	\$ 1,305	\$ 5,881	\$ 645	\$ 3,711	\$ 1,307	\$ 5,514	\$ 1,313	\$ 1,279	\$ 37,642
Receipts from Financing Instrument Receivables	[3]	767	372	925	276	292	797	270	880	281	777	263	882	264	360	7,407
Total Receipts		\$ 3,340	\$ 2,550	\$ 6,967	\$ 1,687	\$ 1,024	\$ 4,548	\$ 1,575	\$ 6,761	\$ 926	\$ 4,488	\$ 1,571	\$ 6,396	\$ 1,577	\$ 1,639	\$ 45,049
Disbursements																
<i>Operating Disbursements</i>																
Disbursements from Securitization Assets	[4]	(8,362)	(677)	(3,313)	(400)	(700)	(9,044)	-	(3,706)	(700)	(8,214)	(613)	(3,299)	(400)	(700)	(40,128)
Collections Expense	[5]	(322)	(60)	(214)	(209)	(187)	(180)	(214)	(176)	(155)	(186)	(213)	(182)	(155)	(166)	(2,618)
Payroll	[6]	(528)	(133)	(726)	(99)	(573)	(99)	(711)	(110)	(536)	(150)	(381)	(236)	(476)	(2,044)	(6,801)
Other Operating Expenses	[7]	(1,055)	(523)	(615)	(606)	(638)	(559)	(613)	(527)	(476)	(613)	(631)	(550)	(487)	(619)	(8,513)
Total Operating Disbursements		\$ (10,268)	\$ (1,393)	\$ (4,868)	\$ (1,313)	\$ (2,099)	\$ (9,881)	\$ (1,538)	\$ (4,519)	\$ (1,867)	\$ (9,163)	\$ (1,837)	\$ (4,267)	\$ (1,518)	\$ (3,529)	\$ (58,060)
Net Cash from Operations		\$ (6,928)	\$ 1,157	\$ 2,098	\$ 373	\$ (1,074)	\$ (5,333)	\$ 37	\$ 2,242	\$ (941)	\$ (4,675)	\$ (267)	\$ 2,129	\$ 59	\$ (1,890)	\$ (13,011)
<i>Financing Disbursements</i>																
Loan Advances (Repayments)	[8]	-	(3,340)	(6,967)	(1,687)	(1,024)	(4,548)	(1,575)	(6,761)	(926)	(4,488)	(1,571)	(6,396)	(1,577)	(1,639)	(42,499)
Interest Expenses	[9]	(988)	-	-	-	-	(1,107)	-	-	-	(788)	-	-	-	-	(2,883)
<i>Restructuring Disbursements</i>																
Restructuring Legal and Professional Costs	[10]	(1,099)	(1,356)	(1,519)	(1,381)	(973)	(973)	(901)	(685)	(685)	(559)	(559)	(559)	(559)	(559)	(12,366)
Net Cash Flows		\$ (9,015)	\$ (3,539)	\$ (6,387)	\$ (2,695)	\$ (3,072)	\$ (11,961)	\$ (2,439)	\$ (5,204)	\$ (2,551)	\$ (10,510)	\$ (2,396)	\$ (4,825)	\$ (2,076)	\$ (4,087)	\$ (70,759)
Cash																
Beginning Balance		\$ 8,150	\$ 1,791	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 8,150
Net Receipts/ (Disbursements)		(9,015)	(3,539)	(6,387)	(2,695)	(3,072)	(11,961)	(2,439)	(5,204)	(2,551)	(10,510)	(2,396)	(4,825)	(2,076)	(4,087)	(70,759)
DIP Advances/ (Repayments)	[11]	2,655	3,199	6,387	2,695	3,072	12,077	2,439	5,204	2,551	10,814	2,396	4,825	2,076	4,087	64,479
DIP Fees & Interest	[12]	-	(450)	-	-	-	(116)	-	-	-	(304)	-	-	-	-	(871)
Ending Balance		\$ 1,791	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
DIP Facility																
Opening Balance		\$ -	\$ 2,655	\$ 5,860	\$ 12,260	\$ 14,981	\$ 18,085	\$ 30,085	\$ 32,589	\$ 37,864	\$ 40,497	\$ 51,094	\$ 53,600	\$ 58,542	\$ 60,744	\$ -
(+) Additional DIP Draws (Repayments)		2,655	3,199	6,387	2,695	3,072	12,077	2,439	5,204	2,551	10,814	2,396	4,825	2,076	4,087	64,479
(+) Accrued Interest & Fees		-	456	13	26	32	39	65	70	82	87	110	116	126	131	1,354
(-) Fees & Interest Payment		-	(450)	-	-	-	(116)	-	-	-	(304)	-	-	-	-	(871)
Closing Balance (DIP & Interest)		\$ 2,655	\$ 5,860	\$ 12,260	\$ 14,981	\$ 18,085	\$ 30,085	\$ 32,589	\$ 37,864	\$ 40,497	\$ 51,094	\$ 53,600	\$ 58,542	\$ 60,744	\$ 64,963	\$ 64,963
Debt																
DIP Balance		-	2,655	5,860	12,260	14,981	18,085	30,085	32,589	37,864	40,497	51,094	53,600	58,542	60,744	64,963
Revolver Balance		141,293	141,526	138,419	131,681	130,211	129,402	123,960	122,589	116,030	115,295	110,210	108,821	102,604	101,197	99,725
Total Debt		\$ 141,293	\$ 144,182	\$ 144,279	\$ 143,940	\$ 145,192	\$ 147,487	\$ 154,045	\$ 155,178	\$ 153,894	\$ 155,792	\$ 161,304	\$ 162,421	\$ 161,146	\$ 161,941	\$ 164,687

Notes to the Consolidated Cash Flow Forecast:

- [1] The purpose of the Cash Flow Forecast is to estimate the liquidity requirements of Chesswood Group Limited and its subsidiaries ("Chesswood" or the "Company"). The forecast above is presented in United States Dollars. The forecast 14-week Cash Flow Forecast is on a cash-basis only and does not include timing differences for cash in transit.
- [2] Receipts from Securitization Assets are based on Management's current expectations regarding loan/lease collections. Receipts have been forecast based on current payment terms, historical trends in collections, and expected write-offs. These receipts are payable to various securitization funders and are not considered funds of Chesswood.
- [3] Receipts from Financing Instrument Receivables are based on Management's current expectations regarding loan/lease collections. Receipts have been forecast based on current payment terms, historical trends in collections, and expected write-offs. These receipts are collected on assets wholly-owned by Chesswood.
- [4] Payments from Securitization Assets are based on Management's current expectations regarding securitization debt payments. Disbursements have been forecast based on current payment terms, historical trends in underlying asset collections, and expected write-offs.
- [5] Collections Expense represents costs incurred to recover on previously charged-off loan/lease assets.
- [6] Forecast Payroll is based on historical payroll amounts and future forecasted payments including accrued vacation and a potential Key Employee Retention Plan for retained employees
- [7] Forecast Other Operating Expenses includes general and administrative expenses including IT, Rent, Insurance, and other costs necessary for operation
- [8] Forecast Loan Advances (Repayments) reflect the repayment of the Lenders' Pre-Filing Obligations from post-filing receipts in accordance with the DIP Term Sheet
- [9] Forecast Interest Expenses & Fees include interest payable on the Lenders' Pre-Filing Obligations.
- [10] Forecast Restructuring Legal and Professional Costs include legal and professional fees associated with the CCAA proceedings and are based on estimates provided by the advisors
- [11] Forecast DIP Advances/Repayments are based on funding requirements and maintaining a minimum cash balance of approximately \$1.0 million.
- [12] Forecast DIP Accrued Interest reflects interest accrued on the DIP Advances under the DIP Facility during the forecast period. Interest is payable on the first of the month. An upfront fee is payable after the granting of the Amended and Restated Initial Order

APPENDIX “C”

DIP Term Sheet

(see attached)

DIP FINANCING PRINCIPAL TERMS SHEET

DATED: October 29, 2024

WHEREAS the Borrower (as defined below) is party to a second amended and restated credit agreement dated as of January 14, 2022, as amended by a first amending agreement dated March 31, 2022, a second amending agreement dated July 27, 2022, a third amending agreement dated December 13, 2022, a fourth amending agreement dated June 30, 2023, a fifth amending agreement dated December 22, 2023 and a sixth amending agreement dated June 21, 2024 (collectively, as amended, the “**Pre-Filing Credit Agreement**”) among the Borrower, as borrower, the lenders from time to time party thereto (collectively, the “**Pre-Filing Lenders**”), and Royal Bank of Canada, as administrative agent (the “**Pre-Filing Agent**”);

AND WHEREAS the Borrower requires and the DIP Financing Lenders (as defined below) are willing to provide it with loans to fund the Loan Parties’ restructuring efforts pursuant to debtor-in-possession financing in the context of creditor driven insolvency proceedings under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) (the “**CCAA Proceedings**”) under the jurisdiction of the Canadian Court (as defined below);

AND WHEREAS, it is intended that the CCAA Proceedings be recognized by the United States Bankruptcy Court for the Southern District of Delaware under Chapter 15 of Title 11 of the United States Bankruptcy Code, 11 U.S.C. §101 *et al.*;

AND WHEREAS, subject to the terms and conditions contained herein (this “**DIP Financing Term Sheet**”), the parties hereto have agreed to the terms and conditions set out below;

NOW THEREFORE, the parties, in consideration of the foregoing and the mutual agreements contained herein (the receipt and sufficiency of which are hereby acknowledged), agree as follows:

1. **Borrower:** Chesswood Group Limited, an Ontario corporation (the “**Borrower**”).
2. **Guarantors:** All “Guarantors” under the Pre-Filing Credit Agreement, including each of the entities identified on the signature page hereto as “Guarantors” (each a “**Guarantor**” and the obligations of each such Guarantor being its “**Guarantee**”). The Borrower and the Guarantors are collectively referred to herein as the “**Loan Parties**” and individually as a “**Loan Party**”, as applicable.

To the maximum extent permitted by Applicable Law (as defined in the Pre-Filing Credit Agreement), each Guarantor unconditionally and absolutely, guarantees payment when due, whether by stated maturity, demand, acceleration or otherwise, of all existing and future indebtedness owing hereunder or in connection with the DIP Financing Credit Facility owed or owing by the Borrower to the DIP Agent and the DIP Financing Lenders (the “**Borrower Obligations**”) (and expressly waives any and all defenses now or hereafter arising or asserted by reason of (a) any extension, modification, forbearance, compromise, settlement or variation of any of the terms of the Borrower Obligations and the said indebtedness, (b) the discharge or release of any liability of the Borrower or any other Person (as defined in the Pre-Filing Credit Agreement) now or hereafter liable on the Borrower Obligations and the said indebtedness, by reason of bankruptcy or insolvency laws or otherwise, (c) the acceptance or release by the DIP Agent or any DIP Financing Lender of any collateral, security or other guaranty from the Borrower or any other Person, or

any settlement, compromise or extension with respect to any such collateral, security or other guarantee, (d) the avoidance, invalidity or unenforceability of the Borrower Obligations or any collateral, security or other guarantee from the Borrower, any Guarantor or any other Person, (e) any failure to give any notice, demand, notice of dishonor, protest, presentment or non-payment, or any other notice, (f) any failure to comply with any Applicable Law in connection with any enforcement of any right or remedy against any collateral, security or other guarantee from the Borrower, any Guarantor or any other Person, or (g) any action or inaction of the DIP Financing Lender in any insolvency proceeding involving the Borrower, any Guarantor or any other Person.

3. **Sole Lead Arranger:** Royal Bank of Canada
4. **Administrative Agent:** Royal Bank of Canada (in such capacity, the “**DIP Agent**”).
5. **Collateral Agent:** Royal Bank of Canada (in such capacity, the “**DIP Collateral Agent**”).
6. **DIP Financing Lenders:** Each of the Pre-Filing Lenders (collectively, the “**DIP Financing Lenders**” and individually each a “**DIP Financing Lender**”). The commitment amount of each DIP Financing Lender is based on its share of the principal amount outstanding under the Pre-Filing Credit Agreement and is more particularly set forth in Schedule A hereto (collectively, the “**Commitments**”). At the request of a DIP Financing Lender, the Borrower shall deliver to such DIP Financing Lender a promissory note evidencing such DIP Financing Lender’s Commitment.
7. **Currency:** Unless otherwise stated all currency is in U.S. Dollars.
8. **Credit Facility, Advances:** U.S.\$65,000,000 (such amount, the “**Maximum Amount**”) senior secured super-priority interim financing credit facility (the “**DIP Financing Credit Facility**”).

Interim advances shall be made to the Borrower under this DIP Financing Term Sheet and from the DIP Financing Credit Facility (such advances being referred to herein as “**DIP Advances**”, and “**DIP Advance**” means each such advance) by the DIP Financing Lenders in accordance with the conditions set out in Sections 17 and 18 hereof or any other applicable sections of the DIP Financing Credit Agreement (as defined below), provided that prior to receiving the Final Recognition Order (as defined below) the aggregate amount of such DIP Advances shall not exceed U.S.\$18,500,000 (the “**Pre-Final Recognition Order Advance Amount**”).
9. **Closing Date:** “**Closing Date**” means the date of the first DIP Advance (the “**Initial DIP Advance**”), provided that such date shall occur no later than November 1, 2024 (or such other date agreed to by the DIP Agent and the DIP Financing Lenders). The amount of the Initial DIP Advance shall not exceed U.S.\$4,000,000.
10. **Maturity Date:** The earlier of: (a) March 31, 2025; (b) the effective date of a plan of compromise or arrangement that is in form and substance acceptable to the DIP Agent and DIP Financing Lenders (a “**Plan**”); (c) the closing of the sale of all or substantially all of the assets of the Loan Parties pursuant to agreements of purchase and sale satisfactory to the DIP Agent and DIP Financing Lenders;

and (d) the date of acceleration of the obligations under the DIP Financing Credit Agreement and termination of the DIP Financing Credit Facility commitments.

11. **Interest Rates:** DIP Advances shall be made available: (i) in Canadian dollars based on the Canadian Prime Rate (as defined in the Pre-Filing Credit Agreement) plus an applicable margin of 400 bps per annum; and (ii) in United States dollars based on the U.S. Prime Rate (as defined in the Pre-Filing Credit Agreement) plus an applicable margin of 400 bps per annum. Interest shall be calculated daily and payable in arrears on the last Business Day (as defined in the Pre-Filing Credit Agreement) of each calendar month.
12. **Upfront Fee:** The Borrower shall pay an upfront fee to the DIP Agent for the account of the DIP Financing Lenders in the aggregate amount of U.S.\$420,000, which fee is to be allocated to each DIP Financing Lender based on its commitment in respect of the DIP Credit Facility specified on Schedule A hereto (collectively the “**Upfront Fees**”) and which Upfront Fees shall be due and payable immediately following the granting of the ARIO (as defined below).
13. **Administrative Agent Fee:** An annual administrative fee of Cdn.\$30,000 payable to the DIP Agent (the “**DIP Agent Fee**”), which shall be payable after the granting of the ARIO.
14. **DIP Financing Credit Agreement:** If required by the DIP Agent or the DIP Financing Majority Lenders, the Borrower and the Guarantors shall enter into a definitive interim financing credit agreement, definitive guarantees and such other loan documents as requested by the DIP Agent or the DIP Financing Majority Lenders, in each case, on terms and conditions that reflect the commercial terms of this term sheet and as otherwise agreed to by the DIP Agent and the DIP Financing Majority Lenders (collectively (if any), the “**DIP Financing Credit Agreement**”).
15. **Purpose of DIP Financing Term Sheet and DIP Financing Credit Facility:** To provide for the short-term liquidity needs of the Loan Parties pursuant to the Agreed Budget (as defined below) while the CCAA and Chapter 15 (as defined below) proceedings are continuing, including, without limitation, the payment of interest in accordance with the terms of the Pre-Filing Credit Agreement and the payment of the fees and expenses of the Pre-Filing Agent, the Pre-Filing Lenders, the DIP Agent and the DIP Financing Lenders. The Borrower may make intercompany loans to the Guarantors and other subsidiaries of the Borrower in accordance with the terms of this DIP Financing Term Sheet and the DIP Financing Credit Agreement (together, the “**DIP Financing Credit Documents**”).
16. **Security & Collateral** The obligations of the Loan Parties (the “**DIP Financing Obligations**”) under this DIP Financing Term Sheet and the DIP Financing Credit Documents (if any) shall be secured against all of the assets, property and undertaking of the Loan Parties (the “**Collateral**”) by a super-priority “**DIP Financing Lenders’ Charge**” (subject only to Permitted Priority Liens (as defined below)) pursuant to an order of the Ontario Superior Court of Justice (the “**Canadian Court**”) granted pursuant to the provisions of the CCAA, which DIP Financing Lenders’ Charge shall be recognized and given effect to by orders of the U.S. Bankruptcy Court – District of Delaware (the “**U.S. Court**”) pursuant to the provisions of

the Chapter 15 of the U.S. *Bankruptcy Code* (“**Chapter 15**”).

"Permitted Priority Liens" means: (a) a Canadian Court ordered Administration Charge to secure obligations owing to certain professionals in the CCAA and Chapter 15 proceedings in amount not to exceed U.S.\$2,000,000; (b) wages, vacation pay, employee deductions, sales tax, excise tax, tax payable pursuant to Part IX of the *Excise Tax Act* (Canada) (net of input credits), income tax and workers compensation claims, in each case solely to the extent such amounts are given priority by Applicable Law; and (c) such other Liens (including any Canadian court-ordered charges) as may be agreed to in writing by the DIP Agent and DIP Financing Lenders. For greater certainty, except as expressly set forth in the DIP Financing Credit Agreement, Liens arising from the construction, repair, maintenance and/or improvement of real or personal property, shall not be "Permitted Priority Liens".

17. Conditions Precedent to Effectiveness and to Initial DIP Advance:

The effectiveness of this DIP Financing Term Sheet and the DIP Financing Lenders' agreement to make the Initial DIP Advance to the Borrower under this DIP Financing Term Sheet is subject to the satisfaction of the conditions precedent set out below (collectively, the “**Initial Funding Conditions**”):

- (a) The DIP Financing Term Sheet shall have been executed and delivered by all required parties;
- (b) An initial order in form and substance satisfactory to the DIP Agent, acting reasonably (the “**Initial Order**”) shall have been issued by the Canadian Court, that, among other things, (i) grants protection to the Loan Parties pursuant to the provisions of the CCAA, (ii) approves the DIP Financing Term Sheet, (iii) grants a super-priority DIP Financing Lenders' Charge (subject only to Permitted Priority Liens (as defined below)) against all of the Collateral to secure the Pre-Final Recognition Order Advance Amount, (iv) appoints FTI Consulting Canada Inc., as monitor (in such capacity, the “**Monitor**”) and (v) authorizes the Monitor to act as foreign representative pursuant to Chapter 15;
- (c) A motion of the foreign representative of the Loan Parties for entry of the Provisional Order (as defined below) and Final Recognition Order (as defined below) shall have been filed in the U.S. Court;
- (d) Unless the DIP Agent provides its written waiver (which waiver the DIP Agent may not provide if directed otherwise by the DIP Financing Majority Lenders), the U.S. Court shall have issued an order, in form and substance satisfactory to the DIP Agent, acting reasonably, recognizing and giving effect to the Initial Order (including the DIP Lenders' Financing Charge) on a provisional basis and granting certain necessary and ancillary relief thereto pursuant to Chapter 15 (the “**Provisional Order**”);
- (e) The DIP Financing Lenders shall have received the Agreed Budget (defined below) and such Agreed Budget shall be approved by the DIP Financing Majority Lenders; for greater certainty, the DIP Financing Majority Lenders have agreed to the Agreed Budget provided by the Borrower to the DIP Financing Lenders on October 28, 2024;
- (f) All of the representations and warranties of the Loan Parties as set forth in the DIP Financing Credit Agreement are true and accurate in all

material respects;

- (g) No Event of Default (as defined below) has occurred or will occur as a result of the Initial DIP Advance;
- (h) There are no Liens (as defined below) ranking pari passu or in priority to the DIP Financing Lenders' Charge, other than the Permitted Priority Liens;
- (i) There shall be no order of the Canadian Court in the CCAA Proceedings or the U.S. Court in the Chapter 15 proceedings that contravenes the DIP Financing Term Sheet, DIP Financing Credit Agreement or any of the other DIP Financing Credit Documents so as to materially adversely impact the rights or interest of the DIP Agent or DIP Financing Lenders, as determined by the DIP Agent or by the DIP Financing Majority Lenders, acting reasonably; and
- (j) The Initial Order and the Provisional Order (unless waived pursuant to Section 17(d)) shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a manner that materially adversely impacts the rights and interests of the DIP Financing Lenders, without the consent of the DIP Agent (which consent the DIP Agent may not provide if directed otherwise by the DIP Financing Majority Lenders).

For greater certainty, no DIP Financing Lender shall be obligated to make the Initial DIP Advance or otherwise make available funds pursuant to this DIP Financing Term Sheet unless and until all the Initial Funding Conditions have been satisfied.

18. Conditions Precedent to Subsequent DIP Advances:

The DIP Financing Lenders' agreement to make any DIP Advance from and after the date of the Initial DIP Advance to the Borrower under this DIP Financing Term Sheet and the DIP Financing Credit Agreement (if any) are subject to the following conditions precedent (collectively, the "**Subsequent Funding Conditions**") and together with the Initial Funding Conditions, the "**Funding Conditions**"):

- (a) The Canadian Court shall have issued an amended and restated initial order (the "**ARIO**"), in form and substance satisfactory to the DIP Agent, acting reasonably, and it shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a manner that materially adversely impacts the rights and interests of the DIP Financing Lenders, without the consent of the DIP Agent (which consent the DIP Agent may not provide if directed otherwise by the DIP Financing Majority Lenders), and including:
 - (i) increasing the DIP Financing Lenders' Charge in favour of the DIP Collateral Agent to an amount to be determined by the Loan Parties, the DIP Financing Lenders and the Monitor;
 - (ii) authorizing the DIP Collateral Agent to effect registrations, filings and recordings wherever it deems appropriate regarding the DIP Financing Lenders' Charge;
 - (iii) providing that the increased DIP Financing Lenders' Charge shall be valid and effective to secure all of the obligations of

the Loan Parties to the DIP Financing Lenders hereunder, without the necessity of the making of any registrations or filings and whether or not any other documents have been executed by the Loan Parties;

- (iv) declaring that the granting of the DIP Financing Lenders' Charge and all other documents executed and delivered to the DIP Agent or the DIP Collateral Agent as contemplated herein, including, without limitation, all actions taken to perfect, record and register the DIP Financing Lenders' Charge, do not constitute conduct meriting an oppression remedy, fraudulent preference, fraudulent conveyance or other challengeable or reviewable transaction under any applicable federal or provincial legislation; and
 - (v) provisions restricting the granting of any additional liens or encumbrances on the assets of the Loan Parties, other than as permitted herein and the DIP Financing Lenders' Charge.
- (b) No Event of Default has occurred or will occur as a result of such DIP Advance.
 - (c) Such DIP Advance shall not cause the aggregate amount of all outstanding DIP Advances to: (i) exceed the Maximum Amount, (ii) be greater than the amount shown for the total aggregate DIP Advances on the Agreed Budget for the applicable time period, or (iii) prior to the U.S. Court issuing the Final Recognition Order, exceed the Pre-Final Recognition Order Advance Amount.
 - (d) the sum of (y) the aggregate principal amount outstanding under the Pre-Filing Credit Agreement (after giving effect to any repayment from the proceeds of such DIP Advance) less any repayment of the principal amount of the Pre-Filing Credit Agreement from sources other than DIP Advances, plus (z) the aggregate principal amount outstanding under the DIP Financing Credit Facility (after giving effect to the making of such DIP Advance) shall not exceed U.S.\$165,293,169.65.
 - (e) The Upfront Fees, the DIP Agent Fee and any agency fees in connection with the Pre-Filing Credit Agreement, and all other applicable DIP Financing Fees and Expenses (defined below) shall have been paid.
 - (f) The Loan Parties' cash management arrangement, including blocked accounts arrangement, shall have been approved by the ARIO.
 - (g) The Loan Parties shall have made all necessary or advisable registrations and taken all other steps in applicable jurisdictions to perfect and give effect to the DIP Financing Lenders' Charge as reasonably requested by the DIP Agent.
 - (h) There shall be no order of the Canadian Court in the CCAA Proceedings or the U.S. Court in the Chapter 15 proceedings that contravenes the DIP Financing Term Sheet, DIP Financing Credit Agreement or any of the DIP Financing Credit Documents so as to materially adversely impact the rights or interest of the DIP Agent or

DIP Financing Lenders, as determined by the DIP Agent or the DIP Financing Majority Lenders, acting reasonably.

For greater certainty, no DIP Financing Lender shall be obligated to make a further DIP Advance or otherwise make available funds pursuant to this DIP Financing Term Sheet or the DIP Financing Credit Agreement (if any) unless and until all the foregoing conditions have been satisfied.

19. Milestones:

Failure to achieve the following milestones (the “**Milestones**”) on the following dates shall constitute an Event of Default:

- (a) By November 1, 2024, the U.S. Court shall have issued the Provisional Order.
- (b) By the date that is not more than 10 days after the Closing Date, the Court shall have issued the ARIO (including an increase to the DIP Lenders’ Financing Charge).
- (c) By December 16, 2024, the Loan Parties shall have provided a plan (the “**Strategic Plan**”) regarding one or more sale and investment solicitation processes (each a “**SISP**”) in respect of the business or assets of the Loan Parties or other winddown options of the Loan Parties to the DIP Agent, which Strategic Plan shall be in form and substance acceptable to the Majority DIP Financing Lenders.
- (d) By a date agreed to by the DIP Agent, the DIP Financing Lenders, the Monitor and the Borrower, the Court shall have issued an Order approving one or more SISP in respect of the business of the Loan Parties.
- (e) By November 25, 2024, the U.S. Court shall have issued an order recognizing the CCAA Proceedings as a foreign main proceeding, recognizing and enforcing the Initial Order, as amended and restated by the ARIO, on a final basis, and granting certain necessary and related relief pursuant to the Chapter 15 (the “**Final Recognition Order**”) and collectively with the Provisional Order and the ARIO, the “**Restructuring Court Orders**”), and such Final Recognition Order shall be in form and substance satisfactory to the DIP Agent, acting reasonably, and it shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a manner that materially adversely impacts the rights and interests of the DIP Financing Lenders, without the consent of the DIP Agent (which consent the DIP Agent may not provide if directed otherwise by the DIP Financing Majority Lenders).
- (f) By a date agreed to by the DIP Agent, the DIP Financing Lenders, the Monitor and the Borrower, the Loan Parties shall have brought a motion seeking, (i) approval and vesting orders (the “**AVOs**”) approving a sale or sales and vesting the assets of the Loan Parties in the purchaser(s); and (ii) an order (the “**Distribution Order**”) authorizing the distribution of the proceeds of sale to first repay the DIP Financing Obligations and second the obligations owing by the Loan Parties to the Pre-Filing Lenders under the Pre-Filing

Credit Agreement and related documents, subject only to holdback in an amount necessary to satisfy Permitted Priority Liens and accrued but unpaid post-filing payables, as determined by the Monitor with the consent of the Loan Parties and the DIP Agent (which consent the DIP Agent may not provide if directed otherwise by the DIP Financing Majority Lenders) or in such amount otherwise ordered by the Court.

- (g) By a date agreed to by the DIP Agent, the DIP Financing Lenders, the Monitor and the Borrower, the Canadian Court shall have issued the AVOs and the Distribution Order.
- (h) The U.S. Court shall have issued an order recognizing the AVOs and the Distribution Order on or before a date agreed to by the DIP Agent, the DIP Financing Lenders, the Monitor and the Borrower.
- (i) By no later than December 18, 2024, a replacement servicer in respect of all Financing Instruments other than Securitization Assets (as such terms are defined in the Pre-Filing Credit Agreement) be identified and agreed to by the Borrower and the DIP Financing Majority Lenders, and, by no later than January 31, 2025, the transition to such replacement servicer actually servicing such Financing Instruments shall have been completed, provided that, each of the forgoing dates may be extended with the approval of the Monitor and the DIP Financing Majority Lenders.
- (j) On the earlier of (i) December 18, 2024, and (ii) a date that is prior to any proposed monetization of the Loan Parties' assets, the Borrower will provide a 13-week cashflow forecast to the DIP Agent (which cash flow forecast shall be in form and substance satisfactory to the DIP Financing Majority Lenders).

20. Costs And Expenses:

The Borrower shall pay all of the DIP Agent and DIP Financing Lenders' reasonable legal fees and out-of-pocket disbursements, and any costs of realization or enforcement, in each case in connection with or otherwise related to the DIP Financing Credit Facility, the DIP Financing Lenders' Charge, the DIP Financing Credit Documents or the CCAA and Chapter 15 proceedings (collectively, the "**DIP Financing Fees and Expenses**") and such payment shall be made forthwith upon receipt of the applicable invoice.

21. Monitor:

The Monitor shall be authorized to have direct discussions with the DIP Agent and the DIP Financing Lenders, and the DIP Agent and the DIP Financing Lenders shall be entitled to receive information from the Monitor as may be requested by the DIP Financing Lenders from time to time.

22. Agreed Budget and Revised Budgets:

The following terms will have the meanings ascribed below:

"Excess Negative Cash Flow Variance" means, in respect of any period of four consecutive weeks ending on Friday of the prior week where there is Negative Projected Cash Flow for such period, that:

- (i) the difference between (A) the Loan Parties' actual aggregate cash expenditures and outflows in such period minus (B) the Loan Parties' actual aggregate cash receipts in such period

is more than

- (ii) the Negative Projected Cash Flow for such period by greater than 20% or U.S.\$4,000,000.

"Negative Projected Cash Flow" means, in respect of any period of four consecutive weeks ending on Friday of the prior week, the amount by which the projected total cash inflows of the Loan Parties for such period is less than the projected total cash outflows for such period, in each case, as shown in the Agreed Budget.

"Agreed Budget" means the initial cash flow projection attached as Schedule B hereto (together with any update thereto pursuant to an Updated Budget approved by the DIP Financing Majority Lenders in their sole and absolute discretion or otherwise as amended with the approval of the DIP Financing Majority Lenders in their sole and absolute discretion,). The Agreed Budget sets forth expected receipts and all of the operating and capital expenditures to be made during each calendar week and in the aggregate for the period of time covered by the Agreed Budget.

On Thursday of each week by 5:00 p.m. (Toronto time), commencing on the Thursday following the calendar week following the Closing Date, the Borrower shall deliver to the DIP Agent for distribution to the DIP Financing Lenders a report showing actual cash receipts and actual expenditures for each line item in the Agreed Budget covering the previous week and comparing the foregoing amounts with the budgeted cash receipts and budgeted expenditures, respectively, set forth in the Agreed Budget for such line item during such one week period and providing qualitative analysis of variances between actual to budget (a **"Budget Variance Report"**).

Without limiting any other obligation of the Borrower under the DIP Financing Credit Documents, the Borrower shall advise the DIP Agent if, as at the end of any period of four consecutive weeks ending on Friday of the prior week, an Excess Negative Cash Flow Variance exists.

Updated Budgets: to the extent there are any material updates or changes to the Agreed Budget, the Borrower shall prepare an update to the Agreed Budget (each an **"Updated Budget"**), for the period commencing from the end of the previous week through and including the end of the period set forth in the Agreed Budget, which shall reflect the Borrower's good faith projections and be in form and detail consistent with the initial Agreed Budget and subject to the approval of the DIP Financing Majority Lenders (for certainty, the Updated Budget shall not constitute an amendment of the Agreed Budget unless otherwise agreed to by the DIP Financing Majority Lenders in their sole and absolute discretion).

23. Availability Under DIP

Provided that the Funding Conditions are satisfied, each DIP Advance shall be made by the DIP Agent to the Borrower in increments as set out in the Agreed

- Facility:** Budget, subject to the terms and conditions contained herein.
- All proceeds of DIP Advances shall be deposited into the Borrower's deposit account acceptable to the DIP Agent.
- 24. Prepayments:** Provided that (i) the obligations of the Loan Parties in connection with the Pre-Filing Credit Agreement have been paid in full and (ii) subject to the Monitor's consent, the Borrower may prepay any amounts outstanding or any portion of any amounts outstanding under the DIP Financing Credit Facility at any time prior to the Maturity Date, without any prepayment fee or penalty.
- Any repayments of principal under the DIP Financing Credit Agreement will not be able to be re-drawn and the Maximum Amount will be reduced by the amount of such repayment.
- 25. Mandatory Repayments:** Unless otherwise consented to in writing by the DIP Financing Lenders, and provided the Monitor is satisfied that there are sufficient cash reserves in the Loan Parties' bank accounts to satisfy amounts secured by the Permitted Priority Liens and after giving effect to DIP Advances, amounts in the Agreed Budget, the Loan Parties shall, from and after the ARIO, use all excess cash on hand as of 12:00 pm (Toronto time) on Friday of each week (which for greater certainty does not include any of the proceeds of a DIP Advance or the proceeds of any sale as set out in Section 19(e)) to indefeasibly repay the following in the following order: (a) first, the obligations of the Loan Parties in connection with the Pre-Filing Credit Agreement until paid in full in accordance with Section 10.5 thereof and (b) second, the DIP Financing Obligations, and the Borrower shall provide the DIP Agent with a prepayment notice in respect of such prepayment. The DIP Agent and the Pre-Filing Agent, as applicable, shall be authorized to debit the account of the Borrower to effect the mandatory repayment, subject to the Monitor confirming the required reserve amount.
- Any repayments of principal under the DIP Financing Credit Agreement will not be able to be re-drawn and the Maximum Amount will be reduced by the amount of such repayment.
- 26. Representations and Warranties:** Each Loan Party represents and warrants to each DIP Financing Lender upon which each DIP Financing Lenders is relying in entering into the DIP Financing Credit Documents, that, subject to entry of the Initial Order and the ARIO, as applicable:
- (a) The transactions contemplated by the DIP Financing Credit Documents:
 - (i) are within the powers of the Loan Parties;
 - (ii) have been duly executed and delivered by or on behalf of the Loan Parties;
 - (iii) constitute legal, valid and binding obligations of the Loan Parties, enforceable against the Loan Parties in accordance with their terms;
 - (iv) do not require any authorization from, the consent or approval of, registration or filing with, or any other action by, any governmental authority or any third party; and
 - (v) will not violate the charter documents, articles by-laws or other

constating documents of any Loan Parties or any Applicable Law relating to any Loan Parties;

(b) The business operations of each Loan Parties have been and will continue to be conducted in material compliance with all laws of each jurisdiction in which the business has been or is carried out, except as would be non-prejudicial to the interests of the DIP Financing Lenders;

(c) The Loan Parties own their respective assets and undertaking free and clear of all Liens other than the Permitted Priority Liens, Liens permitted by the Pre-Filing Credit Agreement and related security documents, and the DIP Financing Lenders' Charge;

(d) Each Loan Parties has been duly formed and is validly existing under the laws of its jurisdiction of incorporation; and

(f) No Event of Default has occurred and is continuing.

27. Affirmative Covenants:

The Loan Parties covenant and agree to perform and do each of the following until the DIP Financing Obligations are permanently and indefeasibly repaid in full and the DIP Facility is terminated:

- (a) Allow the DIP Agent, the DIP Financing Lenders or their respective agents and advisors, on reasonable notice during regular business hours, to enter on and inspect each of the Loan Parties' assets and properties.
- (b) Deliver to the DIP Agent and the DIP Financing Lenders periodic reporting packages and other information reasonably requested by the DIP Agent and the DIP Financing Lenders (within a reasonable time frame after such requests are made), including, but not limited to, monthly reporting on all collections, remaining balances, delinquencies, defaults and overall performance of all Financing Instrument Receivables other than Securitization Assets (as such terms are defined in the Pre-Filing Credit Agreement) so long as the related Financing Instruments are serviced by any Loan Party and, to the extent that the applicable Loan Party remains as the servicer of any Securitization Assets, copies of all servicing reports provided to the applicable purchaser or funder of such Securitization Assets.
- (c) Use the proceeds of the DIP Financing Facility only for the purposes described in Section 15, and in a manner consistent with the restrictions set out herein.
- (d) Comply with the provisions of the Restructuring Court Orders.
- (e) Conduct all activities in a manner consistent with the Agreed Budget, in all material respects, and, pursuant to Section 22, deliver to the DIP Agent each Budget Variance Report.
- (f) Forthwith notify the DIP Agent and DIP Financing Lenders of the occurrence of any Default or Event of Default.
- (g) Provide the DIP Agent or its counsel with draft copies of all motions, applications, proposed orders or other material or documents that any of them intend to file in the CCAA Proceedings or Chapter 15 proceedings as soon as practically possible prior to any such filing

(which substantially final draft copies the DIP Agent or its counsel shall distribute, as soon as practicable after receipt, to any DIP Financing Lenders who have requested copies of same), and any motion, petition and/or applicable materials and similar pleadings that affect the DIP Financing Lenders or the Collateral shall be satisfactory to the DIP Agent, acting reasonably.

- (h) In respect of any SISP which may be initiated by or in respect of the Loan Parties or any of their property, such SISP shall be acceptable to the DIP Financing Lenders, acting reasonably, in all respects and approved by the Canadian Court, and the Loan Parties shall comply at all times with the SISP and any Restructuring Court Order approving the SISP, including by achieving the milestones set out in the SISP.
- (i) Use all reasonable commercial efforts to achieve the Milestones at the prescribed times.
- (j) The Borrower agrees to deliver to the DIP Agent, its legal counsel and financial advisor, promptly upon receipt thereof, copies of any and all notices or other communication issued by any purchaser or concurrent lessee of Securitization Assets to any Subsidiary or SPV Subsidiary (each term as defined in the Pre-Filing Credit Agreement), where such purchaser or concurrent lessee is giving notice of (a) the occurrence of any “termination event,” “servicer termination event,” “lock-up event”, “amortization event” or “event of default” under the applicable agreement relating to such Securitization Assets or the occurrence of any other event or condition under any such agreement that shall continue after the applicable grace period, if any, specified in such agreement, (b) the exercise of its right to terminate such Subsidiary or SPV Subsidiary as the servicer of the related Securitization Assets, or (c) the exercise of its right to lock up, hold on reserve or otherwise retain any portion of collections on Securitization Assets that would otherwise be remitted to such Subsidiary or SPV Subsidiary per the terms of the applicable agreement relating to such Securitization Assets. The DIP Agent (or its counsel) shall distribute copies of all such notices received as described in the preceding sentence to the DIP Financing Lenders within one Business Day of receipt.
- (k) The Borrower agrees to provide a weekly update on the Borrower’s strategic review process.

28. Negative Covenants:

The Loan Parties covenant and agree not to do the following, other than with the prior written consent of the DIP Financing Lenders:

- (a) Transfer, lease, or otherwise dispose of all or any part of its property, assets or undertaking after the date hereof (excluding dispositions of obsolete assets), without the prior written consent of the DIP Financing Lenders.
- (b) Make any payment of principal or interest in respect of existing (pre-filing) debt or obligation, other than as may be permitted by a Restructuring Court Order and that does not result in an Event of Default, and is provided for in the Agreed Budget.
- (c) Create or permit to exist indebtedness (including guarantees thereof or

indemnities or other financial assistance in respect thereof) other than existing (pre-filing) debt, debt contemplated by this DIP Financing Term Sheet, the DIP Financing Credit Agreement or the Agreed Budget, post-filing trade payables, or as otherwise permitted by a Restructuring Court Order or any subsequent Court Order.

- (d) Make any payments not consistent with the Agreed Budget, other than payments that would constitute an immaterial deviation from the Agreed Budget.
- (e) Create, permit to exist or seek or support a motion by another party to provide to any third party a Lien on the Collateral which is senior to or pari passu with the DIP Financing Lenders' Charge, other than the Permitted Priority Liens.
- (f) Take any action to challenge the validity, perfection or enforceability of the DIP Financing Credit Documents, the DIP Financing Lenders' Charge, the Pre-Filing Credit Agreement or any security granted to the Pre-Filing Lenders under the Pre-Filing Credit Agreement or other Credit Documents (as defined in the Pre-Filing Credit Agreement).
- (g) Take any other action inconsistent with the DIP Financing Credit Documents, the DIP Financing Lenders' Charge, or any orders entered in the CCAA Proceedings or the Chapter 15 proceedings.

29. Indemnity And Release:

The Loan Parties agree, on a joint and several basis, to indemnify and hold harmless the DIP Agent, the DIP Financing Lenders and their respective directors, officers, employees, agents, attorneys, advisors and affiliates (each, an "**Indemnified Person**") and release any and all claims the Loan Parties may have against the Indemnified Persons, the Pre-Filing Lenders, the Pre-Filing Agent, Royal Bank of Canada, in its capacity as collateral agent under the Pre-Filing Credit Agreement, and Royal Bank of Canada and TD Securities, each in their capacity as co-lead arranger under the Pre-Filing Credit Agreement, provided, however, the Borrower and other Loan Parties shall not be obligated to indemnify pursuant to this paragraph any Indemnified Person against any loss, claim, damage, expense or liability (x) to the extent it resulted from the gross negligence, wilful misconduct or bad faith of any Indemnified Person as finally determined by a court of competent jurisdiction, or (y) to the extent arising from any dispute solely among Indemnified Persons other than any claims arising out of any act or omission on the part of the Borrower or the other Loan Parties. None of the Indemnified Persons nor the Loan Parties shall be responsible or liable to any other person for consequential or punitive damages.

The indemnities granted under DIP Financing Credit Agreement shall survive any termination of the DIP Financing Facility.

30. Events Of Default:

The occurrence of any one or more of the following events without the DIP Financing Lenders' written consent shall constitute an event of default ("**Event of Default**"):

- (a) failure to achieve the Milestones at the prescribed times;
- (b) the breach of any affirmative covenant, negative covenant, representation and warranty or any other obligation owing by any Loan Party under the DIP Financing Credit Documents;

-
- (c) Any order of the Canadian Court in the CCAA Proceedings or the U.S. Court in the Chapter 15 proceedings contravenes the DIP Financing Term Sheet, DIP Financing Credit Agreement or any of the DIP Financing Credit Documents so as to materially adversely impact the rights or interest of the DIP Agent or DIP Financing Lenders, as determined by the DIP Agent or the DIP Financing Majority Lenders, acting reasonably;
 - (d) any update in the Revised Budget or any Budget Variance Report forecasts that borrowings under the DIP Financing Facility will exceed the Maximum Amount at any time (unless and until the DIP Financing Lenders consent to increase the Maximum Amount, which shall be in the DIP Financing Lenders' sole and absolute discretion), or if, as at the end of any period of four consecutive weeks ending on Friday of the prior week, an Excess Negative Cash Flow Variance exists, other than variances solely due to changes in currency exchange rates;
 - (e) the Agreed Budget in effect at any time or any Updated Budget delivered hereunder indicates that the DIP Financing Credit Facility does not provide sufficient liquidity for the operations of the Loan Parties;
 - (f) in respect of any SISP, any deadline for the satisfaction of a material requirement (including any deadline for receipt of bids, offers, letters of intent or agreements, whether binding or non-binding, Court approval or closing) passes without such requirement being satisfied;
 - (g) any representation or warranty by a Loan Party in the DIP Financing Credit Agreement or in any other DIP Financing Credit Document shall be incorrect or misleading in any material respect when made;
 - (h) any of the Loan Parties become subject to any receivership proceedings or proceedings under the *Bankruptcy and Insolvency Act (Canada)* (the "BIA") or proceedings under Chapter 7 or Chapter 11 of the U.S. *Bankruptcy Code*, which is not otherwise stayed;
 - (i) the appointment of a receiver and manager, receiver, interim receiver or similar official or any process of any court becomes enforceable against any Loan Party or any of their material property, or any of their material property is seized or levied upon, or a creditor or governmental agency takes possession of a material amount of property of the Loan Parties, provided for certainty that for the purposes of this paragraph materiality shall be determined in reference to the collective property or operations of the Loan Parties;
 - (j) subject to a Restructuring Court Order, any subsequent Court Order, or the prior written consent of the DIP Financing Majority Lenders, any Loan Party ceases to carry on or maintain its business or its assets in the ordinary course of the business;
 - (k) any proceeding, motion or application is commenced or filed by a Loan Party or otherwise consented to by a Loan Party seeking the invalidation, subordination or other challenge of the terms of the DIP Financing Lenders' Charge, this Term Sheet or the DIP Financing Credit Documents; and

- (l) any material violation or breach of any Restructuring Court Order.

31. Remedies:

Upon the occurrence and continuance of an Event of Default, subject to the DIP Financing Credit Documents, the DIP Financing Majority Lenders may, upon written notice to the Borrower and the Monitor and subject to the requirements of any Restructuring Court Order:

- (a) seeking, by way of an application to the Canadian Court the appointment of a receiver, interim receiver, receiver and manager or similar official and such related proceedings in the U.S. Court as may be required;
- (b) seeking to adjudicate the Loan Parties bankrupt or convert the CCAA and Chapter 15 proceedings to proceedings under the *BIA* and/or proceedings under the Chapter 7 of the U.S. *Bankruptcy Code*;
- (c) seeking to expand the powers of the Monitor, pursuant to the terms of an order of the Canadian Court satisfactory to the Monitor, to allow the Monitor to realize on the Collateral and such ancillary and related relief before the U.S. Court as may be required; and
- (d) exercising any rights afforded to secured lenders under the Personal Property Security Act (Ontario), the Uniform Commercial Code (as enacted in any applicable State of the United States) and any similar personal property security legislation in any applicable jurisdiction.

32. Allocation:

Whether assets are monetized before or after an Event of Default, the proceeds of realization of the Collateral shall be allocated among the assets of the Loan Parties or by asset class. The DIP Financing Lenders may, in their sole and absolute discretion, elect the sequence in which proceeds of realization from each asset or asset class is applied to satisfy the DIP Financing Obligations.

33. Agency and Required Lender Provisions:

Except as set out in the immediately following paragraph, no amendment or waiver of any provision of any of this DIP Financing Term Sheet, nor consent to any departure by the Borrower or any other Person from such provisions, shall be effective unless in writing and approved by the DIP Financing Majority Lenders (as defined below). Any amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

Any amendment to this DIP Financing Term Sheet relating to the following matters shall require the unanimous agreement of the DIP Financing Lenders:

- (a) decreases in interest rates and fees in respect of the DIP Financing Credit Facility;
- (b) increases in any DIP Financing Lender's Commitment;
- (c) extensions of the Maturity Date of the DIP Financing Credit Facility;
- (d) extensions of the scheduled dates or decreases in the scheduled amounts for repayments hereunder;
- (e) releases of all or any material portion of the Collateral and the DIP Financing Lenders' Charge (including, for certainty release of any of the Guarantees), except to the extent otherwise permitted pursuant to

this DIP Financing Term Sheet;

- (f) the definitions of “Permitted Priority Liens” and “DIP Financing Majority Lenders”; and
- (g) this Section 33.

“DIP Financing Majority Lenders” means, at any time, DIP Financing Lenders who, taken together, hold at least 66-2/3% of the aggregate Commitments at that time.

IN WITNESS HEREOF, the parties hereby execute this DIP Financing Term Sheet as of the date first written above.

**CHESSWOOD GROUP LIMITED, as Borrower
and the following Guarantors:**

**CASE FUNDING INC.
CHESSWOOD HOLDINGS LTD.
PAWNEE LEASING CORPORATION
CHESSWOOD US ACQUISITIONCO LTD.
LEASE-WIN LIMITED
WINDSET CAPITAL CORPORATION
TANDEM FINANCE, INC.
CHESSWOOD CAPITAL MANAGEMENT INC.
CHESSWOOD CAPITAL MANAGEMENT USA
INC.
RIFCO NATIONAL AUTO FINANCE
CORPORATION
RIFCO INC.
WAYPOINT INVESTMENT PARTNERS INC.
1000390232 ONTARIO INC.**

**By FTI CONSULTING CANADA INC., solely in its
capacity as Canadian Court-appointed Monitor of
each of the above and not in its personal or corporate
capacity, pursuant to the authority granted by the
Initial Order of the Ontario Superior Court of Justice
dated [·], 2024, as it may be amended**

By: _____
Name:
Title:

ROYAL BANK OF CANADA, as Lender

By: Wendy Chen
Authorized Signing Officer

By: _____
Authorized Signing Officer

ROYAL BANK OF CANADA, as DIP Agent

By: Casey Clark
Authorized Signing Officer

By: _____
Authorized Signing Officer

THE TORONTO-DOMINION BANK, as Lender

By: 
Authorized Signing Officer

By: _____
Authorized Signing Officer

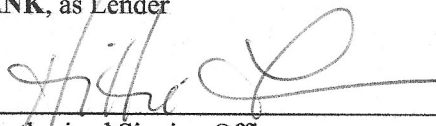
HUNTINGTON NATIONAL BANK, as Lender

By: 
Authorized Signing Officer

By: _____
Authorized Signing Officer

M&T BANK, as Lender

By:



Authorized Signing Officer

By:

Authorized Signing Officer

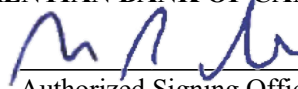
**CANADIAN IMPERIAL BANK OF
COMMERCE, as Lender**

By: _____
Authorized Signing Officer

By: _____
Authorized Signing Officer

LAURENTIAN BANK OF CANADA, as Lender

By:



Authorized Signing Officer
Marc-Antoine Plante, AVP Special Loans

By:



Authorized Signing Officer
Connie Biello, VP Special Loans

SCHEDULE A**LENDER COMMITMENTS**

Lender:	Initial DIP Advance (USD):	Maximum Amount (USD):	Percentage
Royal Bank of Canada	1,075,929.08	17,483,847.50	26.90%
The Toronto-Dominion Bank	1,017,932.37	16,541,401.08	25.45%
Huntington National Bank	776,679.33	12,621,039.08	19.42%
M&T Bank	435,282.88	7,073,346.87	10.88%
Canadian Imperial Bank of Commerce	435,282.88	7,073,346.87	10.88%
Laurentian Bank of Canada	258,893.45	4,207,018.57	6.47%
Total	U.S.\$4,000,000	U.S.\$65,000,000	100%

SCHEDULE B
AGREED BUDGET

Chesswood Group Limited

Consolidated Cash Flow Forecast

(\$USD in thousands)

Forecast Week Ending (Friday)	01-Nov-24	08-Nov-24	15-Nov-24	22-Nov-24	29-Nov-24	06-Dec-24	13-Dec-24	20-Dec-24	27-Dec-24	03-Jan-25	10-Jan-25	17-Jan-25	24-Jan-25	31-Jan-25	14 Week	
Forecast Week	[1]	1	2	3	4	5	6	7	8	9	10	11	12	13	14	Total
Receipts																
Receipts from Securitization Assets	[2]	\$ 2,573	\$ 2,177	\$ 6,042	\$ 1,410	\$ 733	\$ 3,751	\$ 1,305	\$ 5,881	\$ 645	\$ 3,711	\$ 1,307	\$ 5,514	\$ 1,313	\$ 1,279	\$ 37,642
Receipts from Financing Instrument Receivables	[3]	767	372	925	276	292	797	270	880	281	777	263	882	264	360	7,407
Total Receipts		\$ 3,340	\$ 2,550	\$ 6,967	\$ 1,687	\$ 1,024	\$ 4,548	\$ 1,575	\$ 6,761	\$ 926	\$ 4,488	\$ 1,571	\$ 6,396	\$ 1,577	\$ 1,639	\$ 45,049
Disbursements																
<i>Operating Disbursements</i>																
Disbursements from Securitization Assets	[4]	(8,362)	(677)	(3,313)	(400)	(700)	(9,044)	-	(3,706)	(700)	(8,214)	(613)	(3,299)	(400)	(700)	(40,128)
Collections Expense	[5]	(322)	(60)	(214)	(209)	(187)	(180)	(214)	(176)	(155)	(186)	(213)	(182)	(155)	(166)	(2,618)
Payroll	[6]	(528)	(133)	(726)	(99)	(573)	(99)	(711)	(110)	(536)	(150)	(381)	(236)	(476)	(2,044)	(6,801)
Other Operating Expenses	[7]	(1,055)	(523)	(615)	(606)	(638)	(559)	(613)	(527)	(476)	(613)	(631)	(550)	(487)	(619)	(8,513)
Total Operating Disbursements		\$ (10,268)	\$ (1,393)	\$ (4,868)	\$ (1,313)	\$ (2,099)	\$ (9,881)	\$ (1,538)	\$ (4,519)	\$ (1,867)	\$ (9,163)	\$ (1,837)	\$ (4,267)	\$ (1,518)	\$ (3,529)	\$ (58,060)
Net Cash from Operations		\$ (6,928)	\$ 1,157	\$ 2,098	\$ 373	\$ (1,074)	\$ (5,333)	\$ 37	\$ 2,242	\$ (941)	\$ (4,675)	\$ (267)	\$ 2,129	\$ 59	\$ (1,890)	\$ (13,011)
<i>Financing Disbursements</i>																
Loan Advances (Repayments)	[8]	-	(3,340)	(6,967)	(1,687)	(1,024)	(4,548)	(1,575)	(6,761)	(926)	(4,488)	(1,571)	(6,396)	(1,577)	(1,639)	(42,499)
Interest Expenses	[9]	(988)	-	-	-	-	(1,107)	-	-	-	(788)	-	-	-	-	(2,883)
<i>Restructuring Disbursements</i>																
Restructuring Legal and Professional Costs	[10]	(1,099)	(1,356)	(1,519)	(1,381)	(973)	(973)	(901)	(685)	(685)	(559)	(559)	(559)	(559)	(559)	(12,366)
Net Cash Flows		\$ (9,015)	\$ (3,539)	\$ (6,387)	\$ (2,695)	\$ (3,072)	\$ (11,961)	\$ (2,439)	\$ (5,204)	\$ (2,551)	\$ (10,510)	\$ (2,396)	\$ (4,825)	\$ (2,076)	\$ (4,087)	\$ (70,759)
Cash																
Beginning Balance		\$ 8,150	\$ 1,791	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 8,150
Net Receipts/ (Disbursements)		(9,015)	(3,539)	(6,387)	(2,695)	(3,072)	(11,961)	(2,439)	(5,204)	(2,551)	(10,510)	(2,396)	(4,825)	(2,076)	(4,087)	(70,759)
DIP Advances/ (Repayments)	[11]	2,655	3,199	6,387	2,695	3,072	12,077	2,439	5,204	2,551	10,814	2,396	4,825	2,076	4,087	64,479
DIP Fees & Interest	[12]	-	(450)	-	-	-	(116)	-	-	-	(304)	-	-	-	-	(871)
Ending Balance		\$ 1,791	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
DIP Facility																
Opening Balance		\$ -	\$ 2,655	\$ 5,860	\$ 12,260	\$ 14,981	\$ 18,085	\$ 30,085	\$ 32,589	\$ 37,864	\$ 40,497	\$ 51,094	\$ 53,600	\$ 58,542	\$ 60,744	\$ -
(+) Additional DIP Draws (Repayments)		2,655	3,199	6,387	2,695	3,072	12,077	2,439	5,204	2,551	10,814	2,396	4,825	2,076	4,087	64,479
(+) Accrued Interest & Fees		-	456	13	26	32	39	65	70	82	87	110	116	126	131	1,354
(-) Fees & Interest Payment		-	(450)	-	-	-	(116)	-	-	-	(304)	-	-	-	-	(871)
Closing Balance (DIP & Interest)		\$ 2,655	\$ 5,860	\$ 12,260	\$ 14,981	\$ 18,085	\$ 30,085	\$ 32,589	\$ 37,864	\$ 40,497	\$ 51,094	\$ 53,600	\$ 58,542	\$ 60,744	\$ 64,963	\$ 64,963
Debt																
DIP Balance		-	2,655	5,860	12,260	14,981	18,085	30,085	32,589	37,864	40,497	51,094	53,600	58,542	60,744	64,963
Revolver Balance		141,293	141,526	138,419	131,681	130,211	129,402	123,960	122,589	116,030	115,295	110,210	108,821	102,604	101,197	99,725
Total Debt		\$ 141,293	\$ 144,182	\$ 144,279	\$ 143,940	\$ 145,192	\$ 147,487	\$ 154,045	\$ 155,178	\$ 153,894	\$ 155,792	\$ 161,304	\$ 162,421	\$ 161,146	\$ 161,941	\$ 164,687

Notes to the Consolidated Cash Flow Forecast:

- [1] The purpose of the Cash Flow Forecast is to estimate the liquidity requirements of Chesswood Group Limited and its subsidiaries ("Chesswood" or the "Company"). The forecast above is presented in United States Dollars. The forecast 14-week Cash Flow Forecast is on a cash-basis only and does not include timing differences for cash in transit.
- [2] Receipts from Securitization Assets are based on Management's current expectations regarding loan/lease collections. Receipts have been forecast based on current payment terms, historical trends in collections, and expected write-offs. These receipts are payable to various securitization funders and are not considered funds of Chesswood.
- [3] Receipts from Financing Instrument Receivables are based on Management's current expectations regarding loan/lease collections. Receipts have been forecast based on current payment terms, historical trends in collections, and expected write-offs. These receipts are collected on assets wholly-owned by Chesswood.
- [4] Payments from Securitization Assets are based on Management's current expectations regarding securitization debt payments. Disbursements have been forecast based on current payment terms, historical trends in underlying asset collections, and expected write-offs.
- [5] Collections Expense represents costs incurred to recover on previously charged-off loan/lease assets.
- [6] Forecast Payroll is based on historical payroll amounts and future forecasted payments including accrued vacation and a potential Key Employee Retention Plan for retained employees
- [7] Forecast Other Operating Expenses includes general and administrative expenses including IT, Rent, Insurance, and other costs necessary for operation
- [8] Forecast Loan Advances (Repayments) reflect the repayment of the Lenders' Pre-Filing Obligations from post-filing receipts in accordance with the DIP Term Sheet
- [9] Forecast Interest Expenses & Fees include interest payable on the Lenders' Pre-Filing Obligations.
- [10] Forecast Restructuring Legal and Professional Costs include legal and professional fees associated with the CCAA proceedings and are based on estimates provided by the advisors
- [11] Forecast DIP Advances/Repayments are based on funding requirements and maintaining a minimum cash balance of approximately \$1.0 million.
- [12] Forecast DIP Accrued Interest reflects interest accrued on the DIP Advances under the DIP Facility during the forecast period. Interest is payable on the first of the month. An upfront fee is payable after the granting of the Amended and Restated Initial Order

APPENDIX “D”

DIP Comparison Chart

(see attached)

Overview of DIP Facilities Granted in Canada During the DIP Comparison Period of 2020 to 2024 in (\$MM) CAD:

Debtor	DIP Lender	Filing Date	Jurisdiction	Industry	DIP Loan ¹	DIP Interest ²	DIP Fee as a % of DIP Loan ³
1 Aldo Group	National Bank of Canada	5/7/2020	QC	Retail	\$ 60.0	12.5%	1.0%
2 Dominion Diamond Mines	Washington Diamond Lending, LLC	4/23/2020	AB	Mining	\$ 60.0	5.3%	N/A
3 Reitmans (Canada) Limited	Bank of Montreal and Roynat Inc.	5/19/2020	QC	Retail	\$ 60.0	11.0%	0.6%
4 DCL Corporation	Wells Fargo Bank	12/20/2022	ON	Distribution	\$ 55.0	8.8%	N/A
5 BZAM Ltd.	Cortland Credit Lending Corporation	2/28/2024	ON	Cannabis	\$ 41.0	14.0%	0.2%
6 Mastermind GP Inc.	CIBC	11/23/2023	ON	Retail	\$ 36.3	6.7%	1.3%
7 Coalspur Mines (Operations) Ltd.	Cline Trust Company LLC	4/26/2021	AB	Mining	\$ 36.0	12.0%	0.2%
8 Pride Group Holdings Inc.	RBC as agent	3/27/2024	ON	Transportation	\$ 30.0	12.5%	1.7%
9 Entrec Corporation	Wells Fargo Capital Finance Corporation Canada	5/14/2020	AB	Transportation	\$ 30.0	14.0%	0.8%
10 NextPoint Financial Inc.	BP Commercial Funding Trust and Drake Enterprises Ltd.	7/25/2023	BC	Financial Services	\$ 25.0	11.3%	1.0%
11 Laurentian University	Firm Capital Corporation	2/1/2021	ON	Education	\$ 25.0	12.0%	2.0%
12 CannTrust	Cortland Credit Lending Corporation	5/6/2021	ON	Cannabis	\$ 22.5	N/A	N/A
13 Myra Falls Mine Ltd.	Trafigura US Inc.	12/18/2023	BC	Mining	\$ 21.0	11.0%	1.0%
14 Northern Pulp Nova Scotia Corporation	Paper Excellence Canada Holdings Corporation	6/19/2020	BC	Agriculture	\$ 21.0	10.0%	2.5%
15 Groupe Sélection Inc.	National Bank, CIBC, Desjardins, TD, BMO, HSBC, Briva Finance and Fiera	11/21/2022	QC	Real Estate	\$ 20.0	N/A	N/A
16 Green Growth Brands Inc.	All Js Greenspace LLC	5/20/2020	ON	Cannabis	\$ 19.7	5.0%	N/A
17 Delta 9 Cannabis Inc.	FIKA Herbal Goods	7/15/2024	AB	Cannabis	\$ 16.0	9.0%	N/A
18 FIGR Brands, Inc.	Alliance One Tobacco Canada, Inc.	1/21/2021	ON	Cannabis	\$ 16.0	8.0%	N/A
19 Canadian Overseas Petroleum Limited	Summit Partners Credit Fund II, L.P., Summit Investors Credit III, LLC, and Summit Investors Credit III (UK), L.P.	3/8/2024	AB	Oil & Gas	\$ 15.2	9.8%	1.5%
20 Simply Green Home Services Inc.	Peoples Trust Company	11/9/2023	ON	Professional Services	\$ 15.0	9.5%	1.0%

Note 1: The table above is based on DIP Facilities granted between \$15MM - \$60MM from 2020 - 2024.

Note 2: To the extent DIP Interest rates vary during the CCAA proceeding the higher rate was included for illustrative purposes in the table above. Default interest rates were not included in the table above. DIP loans with variable interest rates calculated using the Prime Rate or SOFR as at October 23, 2024.

Note 3: DIP Fees as % of the DIP Loan exclude standby fees and reimbursement for reasonable legal fees incurred in respect of the DIP loan.

Source: Insolvency Insider and Government of Canada Public CCAA Records