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.

SECOND REPORT OF FTI CONSULTING CANADA INC., AS MONITOR

December 14, 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.

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

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

A. INTRODUCTION

1. On October 29, 2024 (the "**Filing Date**"), the Ontario Superior Court of Justice (Commercial List) (the "**Court**") made an Order (the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") in respect of the CCAA Parties (the proceedings commenced pursuant to the Initial Order, the "**CCAA Proceedings**"). The Initial Order resulted from an application brought by Royal Bank of Canada, in its capacity as administrative agent and as collateral agent (in such capacity, the "**Agent**") to the lenders under a second amended and restated credit agreement dated as of January 14, 2022, as amended (the "**Existing Credit Agreement**").

2. Pursuant to the Initial Order, among other things, FTI Consulting Canada Inc. ("**FTI**") was appointed as monitor of the CCAA Parties (in such capacity, the "**Monitor**") with authority to, among other things, for and on behalf of, and in the name of, the CCAA Parties and their respective boards of directors, conduct and control the financial affairs and operations of the CCAA Parties, and carry on the Business of any of the CCAA Parties.

3. On October 30, 2024, the Monitor, in its capacity as foreign representative, commenced proceedings under chapter 15 of title 11 of the United States Code ("**Chapter 15**" and proceedings commenced thereunder, "**Chapter 15 Proceedings**") for each of the CCAA Parties with the U.S. Bankruptcy Court for the district of Delaware (the "**U.S. Court**"). On October 31, 2024, the U.S. Court entered, among others, an Order Granting Petitioner's Motion for Provisional Relief, which, on a provisional basis, among other things, recognized the CCAA Proceedings as a foreign main proceeding and gave effect to the Initial Order in the U.S.

4. On November 7, 2024, the Court issued an amended and restated Initial Order (the "**ARIO**"), which, among other things, (i) extended the period of the Court-ordered stay of proceedings in respect of the CCAA Parties under the CCAA until January 31, 2025, and (ii) increased the permitted DIP Borrowings (as defined in the ARIO) up to a maximum of US$65,000,000, subject to the terms and conditions of the ARIO and the DIP Term Sheet (as defined in the ARIO).

5. On November 25, 2024, the U.S. Court entered, among others, a final order recognizing the CCAA Proceedings as a foreign main proceeding and giving effect to the Initial Order and ARIO in the U.S. (the "**Final Recognition Order**"). A copy of the Final Recognition Order is attached hereto as Appendix "A".

6. As set out more fully in the affidavit of Wenwei (Wendy) Chen sworn October 28, 2024 (the "**Chen Affidavit**") filed in support of the application for the Initial Order, (i) the CCAA Parties' business is as a financial services company that provides loans to small businesses and consumers across Canada and the United States, focusing on equipment, vehicle and legal financing, and specializing in providing loans to a wide range of credit profiles, and (ii) CCAA protection was necessary given an impending liquidity crisis caused by, among other things, an inability of the CCAA Parties to pay their senior debt obligations as they became due, and several other continuing defaults under the Existing Credit Agreement, such that new borrowings under the Existing Credit Agreement were no longer permitted.

7. FTI filed a pre-filing report dated October 29, 2024 (the "**Pre-Filing Report**") with the Court prior to the commencement of the CCAA Proceedings. The Monitor filed its first report dated November 6, 2024 (the "**First Report**" and together with the Pre-Filing Report, the "**Previous Reports**") in connection with the Agent's motion for approval of the ARIO. The Previous Reports are available on the Monitor's website at http://cfcanada.fticonsulting.com/Chesswood (the "**Monitor's Website**").

8. This second report of the Monitor (this "**Second Report**") is being filed to provide an update on certain developments in the CCAA Proceedings since the date of the First Report and in support of the Monitor's motion returnable December 19, 2024 (the "**Motion Date**"), seeking:

   (a) an approval and reverse vesting order (the "**Approval and Reverse Vesting Order**"), which, among other things:

      (i) approves the Share Purchase Agreement dated December 13, 2024 (the "**Rifco SPA**"), between Chesswood Group Limited ("**Chesswood**") and Vault Auto Finance Corporation ("**Vault**"), and the sale by Chesswood of the Purchased Shares (as defined below) to Vault through a reverse vesting transaction (the "**Transaction**");

      (ii) removes the Purchased Companies (as defined below) from these CCAA Proceedings;

      (iii) adds a newly incorporated affiliate of Chesswood ("**Residual Co.**" and, together with the CCAA Parties other than the Purchased Companies, the "**Remaining CCAA Parties**") as a party subject to these CCAA Proceedings;

      (iv) approves certain vesting and payment steps in connection with closing the Transaction; and

      (v) provides for certain limited releases of the Released Parties (as defined below) in respect of claims relating the Rifco SPA and Transaction;

(b) an order (the "**SISP Approval Order**"), which, among other things, approves the proposed sale and investment solicitation process and related bidding procedures (the "**Proposed SISP**"); and

(c) an order (the "**KERP Approval Order**"), which, among other things,

(i) approves the proposed key employee retention plan (the "**Proposed KERP**");

(ii) grants a third-ranking charge (the "**KERP Charge**") over the property of the CCAA Parties in favour of the Key Employees (as defined below); and

(iii) seals Appendix "B" attached hereto, which contains commercially sensitive and personal information regarding the Key Employees.

B. TERMS OF REFERENCE

9. In preparing this Second Report, the Monitor has relied upon audited and unaudited financial information of the CCAA Parties' books and records, certain financial information and forecasts prepared by the CCAA Parties, discussions with various stakeholders and parties, including senior management of the CCAA Parties ("**Management**") and their respective advisors, and information and documentation provided by the Agent and its legal counsel, Blake, Cassels & Graydon LLP (collectively, the "**Information**").

10. Except as otherwise described in this Second Report:

(a) the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook; and

(b) the Monitor has not examined or reviewed the financial forecasts or projections referred to in this Second Report in a manner that would comply with the

procedures described in the Chartered Professional Accountants of Canada Handbook.

11. Future-oriented financial information reported in, or relied on, in preparing this Second Report is based on Management's assumptions regarding future events. Actual results will vary from these forecasts and such variations may be material.

12. The Monitor has prepared this Second Report in connection with its motion for the Approval and Reverse Vesting Order, the SISP Approval Order and the KERP Approval Order. This Second Report should not be relied on for any other purpose.

13. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the ARIO, the proposed Approval and Reverse Vesting Order, the Rifco SPA, or the Proposed SISP, as applicable.

C. MONITOR'S ACTIVITIES SINCE THE FIRST REPORT

14. Since the First Report, the Monitor has undertaken the following activities, among others:

(a) updating the Monitor's Website as necessary, including posting copies of the First Report, the ARIO, and other related documents;

(b) monitoring the Monitor's email and responding to inquiries;

(c) participating in discussions with and assisting the CCAA Parties in discussions with employees, suppliers, creditors, other stakeholders and other parties on matters related to the CCAA Proceedings and responding to requests for information from certain such parties;

(d) negotiating and signing non-disclosure agreements and establishing a virtual data room for interested parties considering potential transactions in respect of the CCAA Parties' property and/or business;

(e) reviewing borrowings under the DIP Facility;

(f) monitoring the receipts and disbursements of the CCAA Parties;

(g) engaging in discussions with Management and with the Agent and the DIP Agent (as defined in the ARIO) and their legal counsel regarding issues related to the CCAA Parties operations and borrowings under the DIP Facility;

(h) responding to enquiries from stakeholders and participating in discussions with certain stakeholders;

(i) engaging in discussions with interested parties regarding potential transactions in respect of the CCAA Parties' property and/or business;

(j) negotiating the proposed Transaction;

(k) developing the Proposed SISP and the Proposed KERP;

(l) preparing and finalizing the Teaser Letter (as defined in the Proposed SISP) and form of non-disclosure agreement, and distributing them to potentially interested parties; and

(m) preparing this Second Report.

D. SUMMARY OF THE PROPOSED RIFCO TRANSACTION

15. As noted in the First Report, the DIP Term Sheet includes a December 16, 2024, milestone date by which the CCAA Parties must provide a plan regarding one or more sale and investment solicitation processes (each, a "**SISP**") in respect of the business or property of the CCAA Parties or other wind-down options of the CCAA Parties to the DIP Agent. Since the date of the First Report, the CCAA Parties and the Monitor, in consultation with the DIP Agent, have worked diligently towards establishing the terms of one or more SISPs.

16. During this time, on November 20, 2024, the Monitor received an unsolicited offer (the "**Vault Offer**") from Vault to acquire a 100% equity ownership interest in Rifco Inc. and its wholly-owned subsidiary, Rifco National Auto Finance Corporation ("**Rifco**" and together with Rifco Inc., the "**Purchased Companies**"), from Chesswood.

17. The Monitor understands that Vault is related to three former subsidiaries of Chesswood, Vault Credit Corporation, Vault Home Credit Corporation and CHW/Vault Holdco Corp. (the "**Sold Vault Entities**"), which represented the entirety of the Chesswood Group's Canadian equipment leasing and consumer financing business segment. Chesswood sold its 51% interest in the Sold Vault Entities to HB Leaseco Holdings Inc. on August 9, 2024. Rifco and the Sold Vault Entities continue to share a CFO.

18. As set out in more detail in the Chen Affidavit, Rifco Inc. is a holding company that is the direct parent of Rifco, an entity that historically provided financing for new and used consumer vehicles. Prior to commencement of the CCAA Proceedings, Rifco would originate loans and leases, sell some of these loans and leases to various third parties in connection with securitization programs (the "**Securitization Parties**"), and then act as servicer of the loans and leases it sold and the loans and leases it retained. However, Rifco ceased originating loans in July 2024 and, in some cases, has been replaced as servicer of the securitized loans of certain of the Securitization Parties.

19. Following receipt of the Vault Offer, the Monitor, Chesswood, and Vault engaged in numerous discussions regarding a potential transaction, which culminated in the execution of the Rifco SPA on December 13, 2024.

20. Pursuant to the Rifco SPA, Vault would acquire all of the issued and outstanding shares of Rifco Inc. (the "**Purchased Shares**") through a reverse vesting transaction. The key terms of the Rifco SPA are summarized below (capitalized terms in this section not otherwise defined in this Second Report are as defined in the Rifco SPA):[1]

    (a) **Purchaser:** Vault

    (b) **Vendor:** Chesswood

[1] The following summary is qualified in its entirety by the actual terms of the Rifco SPA.

(c) **Purchased Shares:** 100% of the issued and outstanding shares of Rifco Inc., which is the sole shareholder of Rifco, through a reverse vesting structure in accordance with the proposed Approval and Reverse Vesting Order.

(d) **Purchase Price:** The Purchase Price payable by Vault to Chesswood for the Purchased Shares is C$15,000,000, *less*

(i) the lesser of (x) the product resulting from multiplication of (I) C$50,000 by (II) the number of Business Days in the period commencing on November 30, 2024 and ending on the Closing Date, or (y) C$1,000,000, in respect of ongoing portfolio and asset amortization and degradation (defined in the Rifco SPA as the "**Aggregate Reduction Amount**");

(ii) the aggregate amount of the Purchased Companies' cash, if any, paid to the DIP Agent pursuant to Section 25 (Mandatory Repayments) of the DIP Term Sheet during the period commencing on November 20, 2024 and ending on the Closing Date (defined in the Rifco SPA as the "**Excess Cash Sweep Amount**"); and

(iii) the Retained Chesswood Intercompany Amount.

(e) **Payment of the Retained Chesswood Intercompany Amount:** Pursuant to the Closing Sequence, Vault will cause Rifco to make payment of the Retained Chesswood Intercompany Amount to Chesswood.

(f) **Retained Assets:** All of the assets owned by the Purchased Companies on the Closing Date, including the Retained Contracts and shares of Rifco owned by Rifco Inc., other than the Excluded Assets, will be Retained Assets.

(g) **Retained Liabilities:** As of the Closing Time, the obligations and liabilities of the Purchased Companies shall consist of only:

(i) wages, vacation pay, and benefit plans owing by any Purchased Company to any Employee accruing to and after the Closing Time;

(ii) Cure Costs and liabilities of the Purchased Companies under the Retained Contracts from and after the Closing Time;

(iii) the Post-Filing claims that remain outstanding as at the Closing Time;

(iv) all Intercompany Liabilities owing between the Purchased Companies;

(v) Tax liabilities of the Purchased Companies for any period, or the portion thereof, beginning on or after the Closing Date;

(vi) those specific Retained Liabilities set forth in Schedule 2.04 of the Rifco SPA;

(vii) those liabilities that are added as Retained Liabilities pursuant to Section 2.08 of the Rifco SPA; and

(viii) the Retained Chesswood Intercompany Liabilities (for greater certainty, up to the Retained Chesswood Intercompany Amount).

(h) **Excluded Assets:** Excluded Assets include, among other things:

(i) certain Tax records and books and records;

(ii) all Intercompany Liabilities owing to the Purchased Companies, or either of them, by a Person that is not a Purchased Company;

(iii) the Excluded Contracts,

(iv) any rights which accrue to Residual Co. under the transaction documents;

(v) any assets which are added as Excluded Assets pursuant to Section 2.07 of the Rifco SPA; and

(vi) claims and/or causes of actions solely and directly related to the foregoing or the Excluded Liabilities.

(i) **Excluded Liabilities**: Except for Retained Liabilities and Permitted Encumbrances, all Claims, Liabilities and Encumbrances of the Purchased Companies or any predecessors thereof, of any kind or nature, would be assigned to, and become the sole obligation of, Residual Co. pursuant to the terms of the Approval and Reverse Vesting Order.

(j) **"As is, Where is":** Vault will acquire the Purchased Shares on an "as is, where is" basis, and Chesswood has made certain customary disclaimers with respect to the Purchased Shares, the Retained Assets, the Retained Contracts, and other matters contemplated by the Rifco SPA.

(k) **Granting of Approval and Reverse Vesting Order:** The completion of the Transaction is conditioned upon, among other things, the Approval and Reverse Vesting Order having been issued and entered by the Court, which condition is for the benefit of Chesswood and Vault.

(l) **Fiduciary Out:** Chesswood or the Monitor may engage in negotiations for an Alternative Proposal with third parties (i) to whom the Monitor and/or Chesswood had granted access to the virtual data room in respect of a potential transaction relating to either Purchased Company between October 29, 2024 and the date of the Rifco SPA, (ii) that request access to the virtual data room in respect of a potential transaction relating to either Purchased Company on or following the date of the Rifco SPA (where such request was unsolicited by the Monitor and/or Chesswood or their representatives), or (iii) that submit an unsolicited Alternative Proposal to the Monitor (defined in the Rifco SPA as an "**Acceptable Alternative Bidder**"). If an Alternative Proposal is received prior to Closing, and the Monitor on behalf of Chesswood concludes in good faith, after consultation with financial and legal advisors and with consent of the DIP Lenders, that it constitutes a Superior Proposal, Chesswood may terminate the SPA and enter into a definitive agreement with respect to such Superior Proposal in accordance with the terms set out in the Rifco SPA, subject to paying Vault an expense reimbursement of C$250,000 (the "**Expense Reimbursement**").

(m) **Closing condition related to the Securitization Parties in favour of Vault:** Obtaining consent and waiver agreements with certain of the Securitization Parties (defined in the Rifco SPA as the "**Purchaser Consent Condition**").

(n) **Outside Date for Closing:** January 15, 2025, or such later date agreed to by each of Chesswood and Vault in writing in consultation with the Monitor and with the consent of the DIP Lenders.

(o) **Termination:** The Rifco SPA may be terminated in the following circumstances, among others (and subject to certain limitations set out in the Rifco SPA):

(i) by mutual written agreement of both Chesswood and Vault;

(ii) by Chesswood, in the event of a Superior Proposal, provided that Chesswood pays the Expense Reimbursement;

(iii) by Chesswood or Vault, if Closing has not occurred on or before the Outside Date;

(iv) by Chesswood or Vault, if the Approval and Reverse Vesting Order is denied by the Court (or is stayed, vacated or varied without their respective consent);

(v) by Vault, if (I) a receiver or trustee in bankruptcy is appointed in respect of the Purchased Companies or any of their property, (II) the CCAA Proceedings are terminated, or (III) the Court does not extend the stay of proceedings granted in the CCAA Proceedings, other than with the prior written consent of Vault; and

(vi) by Chesswood or Vault if a court of competent jurisdiction, or other Governmental Authority, has issued an order or taken any other action to restrain, enjoin or otherwise prohibit the consummation of Closing and such order has become a Final Order.

21. It is anticipated that substantially all of the aggregate cash proceeds to Chesswood (*i.e.*, the Purchase Price and the Retained Chesswood Intercompany Amount) will be received via payment of the Retained Chesswood Intercompany Amount by Rifco, which payment will

be funded by an equity contribution or advance from Vault to Rifco. It is anticipated that there will not be any Excess Cash Sweep and therefore aggregate cash proceeds will be a minimum of C$14,000,000.

22. The Approval and Reverse Vesting Order contemplates, among other things, that the aggregate cash proceeds from the Transaction will be distributed to the DIP Agent as a mandatory repayment in accordance with and subject to the terms of Section 25 of the DIP Term Sheet.

E. APPROVAL OF THE RIFCO TRANSACTION

23. The Monitor is seeking approval of the Transaction and issuance of the Approval and Reverse Vesting Order for the following reasons.

Prior Unsuccessful Efforts

24. The Monitor understands that for an extended period prior to commencement of the CCAA Proceedings, the CCAA Parties and their representatives were engaged in various strategic initiatives and were in discussions with various potential investors and purchasers with a view to achieving a sale of, or investment in, one or more of the CCAA Parties and their businesses through a private transaction. This includes, beginning in late 2022, an engagement of RBC Capital Markets ("**RBCCM**") to conduct a sale process for the business of Pawnee Leasing Corporation ("**Pawnee**"), which included solicitations to 133 parties, the execution of 35 non-disclosure agreements and the receipt of six offers. In 2024, RBCCM contacted the same 133 parties and an additional 54 parties in an effort to conduct a sale process for the business of Chesswood and all of its subsidiaries, including Pawnee and Rifco. Through that process, 26 non-disclosure agreements were signed and six offers were received.

25. While the CCAA Parties were successful in completing a sale of the Sold Vault Entities, there was no culmination of a final transaction to sell the Purchased Companies.

26. Following the Filing Date, five parties contacted the Monitor to inquire about the Purchased Companies' business. The Monitor also contacted three additional parties that may have had an interest in the Purchased Companies' business. Of those eight parties,

five signed non-disclosure agreements to gain access to a data room and evaluate a potential acquisition of the Purchased Companies or their business. No offers were received from any of those eight parties.

27. As such, the Purchased Companies' businesses have been marketed to third parties for a potential acquisition transaction both within, and prior to commencement of, the CCAA Proceedings. Other than the unsolicited offer from Vault, no binding or executable offers have been received, nor have any discussions to date identified any proposals that are superior to the proposed Transaction.

28. The Purchased Companies continue to face liquidity issues, together with rapidly eroding value of their business, due to continuing portfolio and asset amortization and degradation, as detailed below (and as reflected by the Aggregate Reduction Amount in the Rifco SPA as described above).

Significant Daily Losses

29. The Monitor, based on guidance from the Purchased Companies, understands that they suffer significant daily operating losses. In particular:

    (a) Rifco's non-prime auto and repair loans have been incurring increasing write-offs and decreases in value due to broader challenges in the Canadian economy; and

    (b) Rifco's loan assets have been declining in value at over C$7 million per month due to a combination of collections, but also write-offs from increasing delinquencies.

30. Rifco is not generating sufficient revenues to cover its cost of operations, which situation has been exacerbated by the loss of servicing revenues on behalf of two Securitization Parties prior to the commencement of the CCAA Proceedings. The remaining two Securitization Parties also provided notice of their intention to move the servicing of their portfolios to other servicers prior to the commencement of the CCAA Proceedings, but have, to date, not taken further steps to do so pending the proposed Transaction.

31. Accordingly, any further delay in completing a transaction for the Purchased Companies will likely erode the proceeds available for the estate, as the Purchased Companies' value

continues to decline each day and the Purchased Companies continue to generate operating losses.

Fiduciary Out

32. The Rifco SPA includes a "fiduciary out" through the Alternative Proposal and Superior Proposal mechanism, which allows Chesswood and the Monitor to have discussions with Acceptable Alternative Bidders that have provided a *bona fide* written Alternative Proposal so that such interested parties may advance the Alternative Proposal prior to Closing, along with a corresponding right to terminate the Rifco SPA (subject to paying the Expense Reimbursement). This ensures the achievement of the best transaction possible in the circumstances for the Purchased Companies and their respective businesses for the benefit of all stakeholders.

33. The Monitor is of the view that the "fiduciary out" ensures not only that interested parties have an opportunity to make an Alternative Proposal to the Monitor or Chesswood should they wish to do so, notwithstanding the extensive previous marketing efforts, but also that the Monitor and Chesswood have the ability to negotiate any Alternative Proposals received and, if determined to be a Superior Proposal, with the consent of the DIP Lenders, to enter into a binding agreement with respect to same.

34. The Monitor believes this provision helps to ensure the ongoing restructuring process being undertaken in these CCAA Proceedings is fair and transparent, provides the opportunity for interested parties to advance an alternative transaction proposal, and ensures the achievement of the best transaction possible in the circumstances for the CCAA Parties and their respective businesses for the benefit of all stakeholders.

35. Furthermore, in the Monitor's view, the Expense Reimbursement of C$250,000 is reasonable and in the range of reimbursements seen in similar commercial transactions.

Support from Senior Creditors

36. The Monitor has consulted with the DIP Lenders in connection with the proposed Transaction and the DIP Lenders support the Monitor's motion for the Approval and

Reverse Vesting Order on the basis of the consideration contemplated under the Rifco SPA, as summarized above.

Going Concern Transaction

37. The proposed Transaction provides for the continuation of the Purchased Companies' business as a going concern, which will benefit their stakeholders, including employees and customers. Given the nature of the liquidity situation and rapidly eroding value of the Purchased Companies' business and assets, coupled with historical unsuccessful marketing efforts, in the Monitor's view, it is unlikely that an alternative purchaser would be willing to provide a transaction on terms that are more favourable than those contemplated by the Rifco SPA and in a timely fashion. In the Monitor's view, in the circumstances, the Rifco SPA represents the only current available option and provides for the continuation of the Purchased Companies' business as a going concern.

Consideration and Recovery

38. The Monitor believes that the amount of the consideration payable by Vault under the Rifco SPA, including the Purchase Price and the Retained Chesswood Intercompany Amount, is fair and reasonable in the circumstances.

F. REVERSE VESTING ORDER STRUCTURE

39. The Monitor believes it is necessary and appropriate for the Transaction to be completed pursuant to a reverse vesting order ("**RVO**"). In forming its view, the Monitor considered the issues and factors raised and considered by Canadian courts in other CCAA proceedings that involved RVOs (including *Harte Gold*), which are set out and summarized below:

(a) An RVO Is Necessary in this Case: The issuance of the Approval and Reverse Vesting Order is a material condition of the Rifco SPA and is integral to completing the Transaction. Without an RVO, there could be substantial delay in transferring the Purchased Companies' assets and business to Vault, given the significant number of customer loan and lease contracts forming part of the Rifco business. Further, an RVO preserves certain tax attributes.

(b) The RVO Structure Produces an Economic Result at Least as Favourable as Any Other Viable Alternative: The Transaction arises following a period of time soliciting for potential acquisition opportunities during which no other viable alternatives were identified. Further, should a Superior Proposal arise in the period prior to Closing, Chesswood would be permitted to terminate the Rifco SPA and pursue the Superior Proposal.

(c) No Stakeholders Are Worse Off Under an RVO Structure Than They Would Have Been Under Any Other Viable Alternative: In the Monitor's view, no stakeholders should be prejudiced by the issuance of the Approval and Reverse Vesting Order. The Monitor believes that the Transaction represents the best available (and only) option in the circumstances for the continuation of the Purchased Companies' business as a going concern to preserve the most value for the Purchased Companies' stakeholders. Given the nature of the assets, it is unlikely that any purchaser would agree to a transaction structure other than an RVO.

G. RELEASES

40. The Monitor seeks the issuance of releases (the "**Releases**") of:

(a) current and former directors, officers, employees, legal counsel and advisors of Chesswood, the Purchased Companies and Residual Co.;

(b) the Monitor and its counsel, and their respective current and former directors, officers, partners, employees, consultants and advisors; and

(c) Vault and its current and former directors, officers, employees, legal counsel and advisors (together, the "**Released Parties**").

in each case, limited to matters arising in connection with or relating to the Rifco SPA, the Transaction and the proposed Approval and Reverse Vesting Order.

41. The proposed Releases are being sought to achieve certainty and finality for the Released Parties, in a manner consistent with prior practice for reverse vesting transactions.

H. PROPOSED SISP FOR THE REMAINING ENTITIES

42. As noted above and in the First Report, the DIP Term Sheet includes a December 16, 2024, milestone date by which the CCAA Parties must provide a plan regarding one or more SISPs in respect of the Business or Property of the CCAA Parties or other wind-down options of the CCAA Parties to the DIP Agent. In addition to the proposed sale of the Purchased Companies set out above, the Proposed SISP, as detailed below, will allow for a fair and reasonable process to canvass the market for any interest in the Remaining CCAA Parties' business and assets on a going-concern basis in order to maximize value for the benefit of all stakeholders.

43. A copy the Proposed SISP is attached as Schedule "A" to the proposed SISP Approval Order. The Monitor notes that, pursuant to the DIP Term Sheet, any SISP must be acceptable to the DIP Lenders in all respects. The Monitor has been in discussions with the DIP Lenders regarding the Proposed SISP. The Monitor understands that the DIP Lenders support the commencement of a SISP and the general structure of the Proposed SISP, including the single-phase process. However, discussions with the DIP Lenders have not concluded as of the date of this Second Report and, therefore, the Proposed SISP remains subject to ongoing discussion with the DIP Lenders. Accordingly, the Monitor notes that there may be revisions to the Proposed SISP prior to the motion being heard on December 19, 2024. To the extent there are any such revisions, the Monitor will serve a revised Proposed SISP prior to the motion being heard.

44. The Proposed SISP contemplates a single-phase process intended to solicit interest in, and opportunities for one or more sales or partial sales, or an investment or similar transaction, in respect of the Remaining CCAA Parties' property or business. As a single-phase process, the bids must be in the form of a binding offer (*i.e.*, there is no initial phase for non-binding letters of intent). For the reasons summarized below, the Monitor is of the view that the single-phase process is appropriate in the circumstances.

45. The Proposed SISP is flexible in that it permits any form of bid (*i.e.*, as a sale proposal or an investment proposal). Further, various deadlines may be amended by the Monitor with the prior written consent of the DIP Lenders, acting reasonably.

46. Although the Proposed SISP does not include a stalking horse bid, the Monitor may, with the prior written consent of the DIP Lenders, return to Court to seek approval of a stalking horse bid should an acceptable one be received.

47. As discussed above, solicitation by the Monitor of potentially interested parties commenced prior to the date of this Second Report, a Teaser Letter and forms of non-disclosure agreement have been prepared and circulated to interested parties, and a virtual data room has already been established. Several interested parties have already entered into non-disclosure agreements.

48. In addition to the marketing efforts prior to the date of this Second Report, the Proposed SISP contemplates that as soon as practicable after the SISP Approval Order is issued, the CCAA Parties will issue a press release announcing the Proposed SISP and the Monitor will publish a notice of the Proposed SISP on the Monitor's Website.

49. If multiple bids are received, the Proposed SISP contemplates a live auction may be held with the consent of the DIP Lenders.

50. Given the nature of the Remaining CCAA Parties' businesses, there may be multiple, non-overlapping successful bids (*e.g.*, there may be separate successful bids for different subsidiaries within the Chesswood Group).

51. Following the selection of the successful bid(s), the parties will finalize the definitive documentation and the Monitor will apply to this Court to seek approval of the successful bid(s).

52. As noted above, the key dates in the Proposed SISP are subject to change. However, the key dates contemplated by the current version of the Proposed SISP are set out below:

    (a) Bid deadline: January 20, 2025 at 5:00 p.m. (prevailing Eastern Time)

    (b) Selection of successful bidder or designation of auction: January 22, 2025 at 8:00 p.m. (prevailing Eastern Time)

    (c) Auction date (if necessary): January 24, 2025

(d) Definitive documentation:

(i) If no auction: January 29, 2025

(ii) If auction: January 31, 2025

(e) Court approval of successful bids:

(i) If no auction: February 12, 2025

(ii) If auction: February 14, 2025

(f) Target date for closing of successful bids:

(i) If no auction: February 26, 2025

(ii) If auction: February 28, 2025

(g) Outside date for closing of successful bids: March 15, 2025

53. In developing the single-phase process for the Proposed SISP, the Monitor, in consultation with the Remaining CCAA Parties and the DIP Lenders, considered a number of factors, including:

(a) the Remaining CCAA Parties have a significant burn rate and are not generating sufficient revenue to cover operating expenses, which favours an early launch of the Proposed SISP and a single-phase process;

(b) the extensive prior efforts to market the Remaining CCAA Parties, including the Monitor's efforts in contacting potentially interested parties prior to seeking approval of the Proposed SISP;

(c) the additional funding required to support a longer process;

(d) the additional strain on Management and the Remaining CCAA Parties' business that would result from a longer process; and

(e) the ability to return to Court to seek approval of a stalking horse bid, should one emerge.

54. In light of the foregoing, the Monitor is of the view that the structure and proposed timeline (subject to ongoing discussions with the DIP Lenders and their consent) of the Proposed SISP are appropriate, will allow interested parties to participate, and will provide an appropriate opportunity to market the Remaining CCAA Parties' business and assets on a going-concern basis for the benefit of all stakeholders. The Proposed SISP provides a fair and reasonable process that will adequately canvass the market, while limiting the erosion of value resulting from further delays.

I. THE PROPOSED KERP AND THE KERP CHARGE

55. The Monitor, in consultation with the CCAA Parties, has developed the Proposed KERP to facilitate and encourage the continued participation of certain senior Management and key employees of the Remaining CCAA Parties who are required to guide the business through these CCAA proceedings and preserve value for stakeholders (the "**Key Employees**").

56. The 23 Key Employees either possess specialized expertise with respect to the Remaining CCAA Parties' business that would be difficult to replace or are otherwise critical for a successful SISP. The Key Employees are comprised of two groups of employees:

(a) employees of Pawnee (the **"Pawnee Employees**"); and

(b) employees of Chesswood Group Limited ("**Chesswood Employees**").

57. Below is a summary of the key components of the Proposed KERP:

(a) Maximum amount: US$2,000,000

(b) Payment structure:

(i) First payment: 25% of amount allocated to each Key Employee

(ii) Second payment: 75% of the amount allocated to each Key Employee

(c) Timing of first payment: payable on December 31, 2024 (or earlier at the Monitor's discretion).

(d) Timing of second payment:

(i) Pawnee Employees: payable on the earlier of (x) the closing of the sale of Pawnee or substantially all of its assets or business, and (y) April 30, 2025; and

(ii) Chesswood Employees: payable on April 30, 2025.

58. The amounts contemplated under the Proposed KERP are proposed to be secured by the KERP Charge, which is subordinate only to the Administration Charge and the DIP Charge.

59. The Monitor believes that the Proposed KERP is necessary and will provide appropriate incentives for the Key Employees to remain in their current positions and assist the Remaining CCAA Parties through the Proposed SISP and the CCAA Proceedings generally. Further, based on discussions with the Remaining CCAA Parties and its experience in prior matters, the Monitor believes that the amounts contemplated under the Proposed KERP are reasonable and appropriately compensate the Key Employees for their assistance in the restructuring process.

60. Appendix "B" hereto contains a table listing the Key Employees, their current annual salaries, and their total additional compensation contemplated under the Proposed KERP (the "**Confidential KERP Appendix**"). As the Confidential KERP Appendix contains commercially sensitive and personal information related to the Key Employees, the proposed KERP Approval Order includes a provision sealing the Confidential KERP Appendix such that it not form part of the public court record pending further order of the Court.

61. The Monitor believes the proposed sealing of the Confidential KERP Appendix is appropriate as the information must necessarily be disclosed to the Court, for purposes of obtaining approval of the Proposed KERP, which is vital to the Monitor's efforts to maximize value for all stakeholders. However, disclosure to the public at large serves no significant public interest.

J. CONCLUSION

62. The Monitor is of the view that:

(a) the Transaction should be approved and that the proposed Approval and Reverse Vesting Order is necessary, reasonable and justified in the circumstances;

(b) the Proposed SISP provides a fair and reasonable process under the circumstances; and

(c) the Proposed KERP and the KERP Charge are necessary and will provide appropriate incentives for the Key Employees.

63. Accordingly, the Monitor respectfully requests that the Approval and Reverse Vesting Order, the SISP Approval Order and the KERP Approval Order be granted.

All of which is respectfully submitted this 14th day of December, 2024.

FTI Consulting Canada Inc.
In its capacity as 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” - FINAL RECOGNITION ORDER

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 15
CHESSWOOD GROUP LIMITED, *et al.*,[1]	Case No. 24-12454 (CTG)
Debtors in a Foreign Proceeding.	(Jointly Administered)
	Ref. Docket No. 2

ORDER RECOGNIZING FOREIGN MAIN PROCEEDINGS AND GRANTING ADDITIONAL RELIEF

A hearing having been held (the "Hearing") to consider the Chapter 15 petitions for each of the above-captioned debtors (the "Debtors") and the Verified Petition, filed on October 30, 2024 (the "Verified Petition," and together with the Chapter 15 petitions, the "Petitions")[2] of FTI Consulting Canada Inc., (the "Petitioner") the duly authorized foreign representative (the "Foreign Representative") of the above-captioned debtors (the "Debtors") for entry of an order pursuant to sections 105(a), 362, 1517, 1520 and 1521 of the Bankruptcy Code: (i) recognizing the Canadian Proceedings as foreign main proceedings pursuant to sections 1517 and 1520 of the Bankruptcy Code, (ii) recognizing the Petitioner as the "foreign representative," as defined in section 101(24) of the Bankruptcy Code, in respect of the Canadian Proceedings, (iii) recognizing and enforcing the Initial CCAA Order and the ARIO (as defined below), (iv) granting a stay of execution against the Debtors' assets and applying section 362 of the Bankruptcy Code in these Chapter 15 Cases

[1] The last four digits of the United States Tax Identification Number, or similar foreign identification number, as applicable, follow in parentheses: Chesswood Group Limited (6730), Chesswood Holdings Ltd. (8445), Lease-Win Limited (2081), Case Funding Inc. (8049), 1000390232 Ontario Inc. (0232), Chesswood Capital Management Inc. (4785), Chesswood Capital Management USA Inc. (3582), Chesswood U.S. Acquisitionco Ltd. (4029), Pawnee Leasing Corporation (4533), Tandem Finance Inc. (1260), Windset Capital Corporation (4857), Rifco Inc. (7815), Rifco National Auto Finance Corporation (1311), and Waypoint Investment Partners Inc. (4742). The Debtors' executive headquarters is located at Chesswood Group Limited, 41 Scarsdale Road, Suite 5, Toronto, ON, M3B 2R2.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Verified Petition, the Initial CCAA Order (as defined in the Verified Petition), or the ARIO (as defined below) as applicable.

pursuant to sections 1520(a)(1), 1521(a) and 105(a) of the Bankruptcy Code, and (v) granting certain additional relief pursuant to section 1521 of the Bankruptcy Code; and upon this Court's review and consideration of the Petitions, the Rosenberg Declaration, the *Supplemental Declaration of Jeffrey Rosenberg in Support of the Debtors Chapter 15 Petitions and Granting Related Relief* [Docket No. 47] (the "Supplemental Rosenberg Declaration") and the Provisional Relief Motion, and the evidence admitted at the Hearing to consider the Petitions; and due and proper notice of the Petitions having been provided; and no other or further notice being necessary or required; and no objections or other responses having been filed that have not been overruled, withdrawn, or otherwise resolved; and all interested parties having had an opportunity to be heard at the Hearing; and after due deliberation and sufficient cause appearing therefor, the Court makes the following findings of fact and conclusions of law:[3]

a. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, section 1501 of the Bankruptcy Code, and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware* dated February 29, 2012.

b. This is a core proceeding under 28 U.S.C. § 157(b)(2)(P).

c. Venue is proper before the Court pursuant to 28 U.S.C. § 1410, as, among other things, the Debtors have assets in the United States located in Delaware and such venue is consistent with the interests of justice and convenience of the parties.

d. The Petitioner is the duly appointed "foreign representative" of the Debtors, as such term is defined in 11 U.S.C. § 101(24).

[3] The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, or any of the following conclusions of law constitute findings of fact, they are adopted as such.

e. These Chapter 15 cases were properly commenced pursuant to 11 U.S.C. §§ 1504, 1509 and 1515.

f. The Petitioner has satisfied the requirements of 11 U.S.C. § 1515 and Fed. R. Bankr. P. 1007(a)(4) and 2002(q).

g. The Debtors have satisfied the eligibility requirements of 11 U.S.C. §§ 109(a) and 1517(a).

h. The Canadian Proceedings currently pending before the Canadian Court and provisions made thereunder for the protection, administration and distribution of the Debtors' assets, are "foreign proceedings," as such term is defined in 11 U.S.C. § 101(23).

i. The Canadian Proceedings are entitled to recognition by this Court pursuant to 11U.S.C. § 1517.

j. The Canadian Proceedings are pending in the country where the Debtors' center of main interests is located, are "foreign main proceedings," as such term is defined in 11 U.S.C. § 1502(4) and are entitled to recognition as "foreign main proceedings" pursuant to 11 U.S.C. § 1517(b)(1).

k. The Petitioner is entitled to all the relief provided pursuant to 11 U.S.C. § 1520, without limitation.

l. Appropriate notice of the filing of, and the Hearing on, the Petition for Recognition was given, which notice is deemed adequate for all purposes, and no other or further notice need be given.

m. The Petitioner is further entitled to all relief expressly set forth in 11 U.S.C. §§ 1521(a)-(b).

n. The relief granted hereby is necessary and appropriate, in the interests of the public and international comity, consistent with the public policy of the United States, and warranted under 11 U.S.C. §§ 105(a), 362, 363, 364(e), 365(a), 365(e), 1504, 1507, 1509, 1517, 1520, 1521, 1522 and 1525, and will not cause hardship to creditors of the Debtors or other parties in interests that is not outweighed by the benefits of granting that relief.

o. The relief granted hereby is necessary to effectuate the purposes and objectives of Chapter 15 and to protect the Debtors and the interests of their creditors and other parties in interest.

p. Absent the requested relief, the efforts of the Debtors, the Canadian Court and the Petitioner in conducting the Canadian Proceedings and effecting their restructuring therein may be thwarted by the actions of certain creditors, a result that will obstruct the purposes of Chapter 15 as reflected in section 1501(a) of the Bankruptcy Code.

q. Each of the injunctions contained in this Order (i) is within the Court's jurisdiction, (ii) is essential to the success of the Debtors' restructuring in the Canadian Proceedings, (iii) confers material benefits on, and is in the best interests of, the Debtors and their creditors, and (iv) is important to the overall objectives of the restructuring.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Petitions and the relief requested therein are **GRANTED** as set forth herein.

2. The Canadian Proceedings are granted recognition with respect to each of the Debtors as a foreign main proceeding pursuant to 11 U.S.C. §§ 1517(a) and 1517(b)(1).

3. The Petitioner is recognized as the "foreign representative" as defined in section 101(24) of the Bankruptcy Code in respect of the Canadian Proceedings.

4. The Debtors and the Petitioner are granted all relief set forth in 11 U.S.C. § 1520.

5. The Initial CCAA Order, including any and all existing and future extensions, amendments, restatements, and/or supplements authorized by the Canadian Court, including the amended and restated initial order attached as Exhibit B to the Supplemental Rosenberg Declaration (the "ARIO"), are hereby given full force and effect, on a final basis, with respect to the Debtors and the Debtors' property that now or in the future is located within the territorial jurisdiction of the United States, including, without limitation, (a) staying the commencement or continuation of any actions against the Debtors or its assets (except as otherwise expressly provided herein or therein) and (b) paragraph 47 of the ARIO which provides that, if any of the provisions of the ARIO in connection with the DIP Term Sheet, the Definitive Documents or the DIP Charge shall subsequently be stayed, modified, varied, amended, reversed or vacated in whole or in part (a "**Variation**"), such Variation shall not in any way impair, limited or lessen the priority, protections, rights or remedies of the DIP Agent and DIP Lenders, whether under the ARIO (as made prior to the Variation), the DIP Term Sheet, the Definitive Documents or the DIP Charge with respect to any advances made or obligations incurred prior to the DIP Agent receiving notice of the Variation, and the DIP Agent and DIP Lenders shall be entitled to rely on the ARIO as issued (including, without limitation, the DIP Charge) for all advances so made and other obligations set out in the DIP Term Sheet or the Definitive Documents.

6. Pursuant to 11 U.S.C. § 1520(a)(1), 11 U.S.C. § 362, including, without limitation, the automatic stay authorized by 11 U.S.C. § 362, shall apply with respect to the Debtors and the Debtors' property that now or in the future is located within the territorial jurisdiction of the United

States; provided however, the foregoing relief shall not abridge or modify, and shall rather in all respects be subject to, the rights and protections of the DIP Lenders as provided by the order granting the Provisional Relief Motion [Docket No. 28] (the "Provisional Relief Order"), the Initial CCAA Order, the ARIO (as each of the Provisional Relief Order, Initial CCAA Order or the ARIO may be amended and restated), and/or any other order of the Canadian Court in the Canadian Proceedings.

7. Pursuant to 1521(a)(7) of the Bankruptcy Code, section 365(e) of the Bankruptcy Code is hereby made applicable in these Chapter 15 Cases to the Debtors and their property within the territorial jurisdiction of the United States, *nunc pro tunc* to the date of filing of the Chapter 15 Cases. No person or entity may terminate or modify any contract or unexpired lease of Debtors based on a provision in such contract or lease that is conditioned on the insolvency or financial condition of any Debtor or the commencement of the Debtors' Chapter 15 Cases.

8. The Petitioner is authorized to operate the business of the Debtors that is the subject of the Canadian Proceedings and exercise the powers of a trustee to the extent provided by 11 U.S.C. § 1520(a)(3).

9. Pursuant to 11 U.S.C. § 1521(a)(1)-(3), all persons and entities, other than the Petitioner and its representatives and agents are hereby enjoined (to the extent they have not been stayed under section 1520(a)) from:

a. execution against any of the Debtors' assets;

b. the commencement or continuation, including the issuance or employment of process, of a judicial, quasi-judicial, administrative, regulatory, arbitral, or other action or proceeding, or to recover a claim, including, without limitation, any and all unpaid judgments, settlements or otherwise against the Debtors, which in either

case is in any way related to, or would interfere with, the administration of the Debtors' estates in the Canadian Proceedings;

c. taking or continuing any act to create, perfect or enforce a lien or other security interest, setoff or other claim against the Debtors or any of their property or proceeds thereof;

d. transferring, relinquishing or disposing of any property of the Debtors to any person or entity (as that term is defined in section 101(15) of the Bankruptcy Code) other than the Petitioner;

e. commencing or continuing an individual action or proceeding concerning the Debtors' assets, rights, obligations or liabilities; and

f. declaring or considering the insolvency of the Debtors, the Initial CCAA Order, the ARIO, the Provisional Relief Order, the Proposed Order or filing of the Canadian Proceedings or these Chapter 15 Cases a default or event of default under any agreement, contract or arrangement;

provided, in each case, that such injunctions shall be effective solely within the territorial jurisdiction of the United States; and *provided further* that nothing herein shall: (x) prevent any entity from filing any claims against the Debtors in the Canadian Proceedings or (y) prevent any entity from seeking relief from the Canadian Court in the Canadian Proceedings or this Court in these Chapter 15 Cases, as applicable, for relief from the injunctions contained in the Order or (z) abridge or modify, and shall rather in all respects be subject to, the rights and protections of the DIP Lenders' as provided by the Provisional Relief Order, the Initial CCAA Order or the ARIO (each as may be amended and restated), and/or any other order of the Canadian Court in the Canadian Proceedings.

10. Pursuant to 11 U.S.C. § 1521(a)(5), the administration or realization of the Debtors' assets within the territorial jurisdiction of the United States is entrusted to the Petitioner and the Petitioner is hereby established as the exclusive representative of the Debtors in the United States.

11. Pursuant to 11 U.S.C. §§ 1521(a)(6) and 1521(a)(7), all prior relief granted to the Debtors or the Petitioner by this Court pursuant to section 1519(a) or 1521 of the Bankruptcy Code shall be extended and that certain Provisional Relief Order shall remain in full force and effect, notwithstanding anything to the contrary contained therein; provided, for the avoidance of doubt, the protections to the DIP Lenders therein shall apply not only to the DIP Borrowings approved by the Initial CCAA Order and the ARIO, but shall also apply with respect to any and all borrowings approved by order of the Canadian Court in the Canadian Proceedings.

12. Any financial accommodations made to the Debtors by the DIP Lenders pursuant to the Initial CCAA Order, including any and all existing and future extensions, amendments, restatements, and/or supplements authorized by the Canadian Court, including the ARIO, shall be deemed to have been made by the DIP Lenders in good faith, as that term is used in section 364(e) of the Bankruptcy Code. Accordingly, pursuant to sections 364(e), 1521(a)(7), and 105(a) of the Bankruptcy Code, section 364(e) of the Bankruptcy Code hereby applies for the benefit of the DIP Lenders, and the validity of the indebtedness, and the priority of the liens authorized by the Initial CCAA Order or the ARIO made enforceable in the United States by this Order, shall not be affected by any reversal or modification of this Order, on appeal or the entry of an order denying recognition of the Canadian Proceedings pursuant to section 1517 of the Bankruptcy Code.

13. No action, inaction or acquiescence by the DIP Lenders, including, without limitation, funding the Debtors' ongoing operations under this Order, shall be deemed to be or shall be considered as evidence of any alleged consent by the DIP Lenders to a charge against the

collateral pursuant to Sections 506(c), 552(b) or 105(a) of the Bankruptcy Code. The DIP Lenders shall not be subject in any way whatsoever to (i) the equitable doctrine of "marshaling" or any similar doctrine with respect to the collateral, (ii) 506(c), which the Debtors waive with respect to the DIP Lenders and (iii) the "equities of the case" exception found within Bankruptcy Code Section 552(b).

14. No person or entity shall be entitled, directly or indirectly, whether by operation of sections 506(c), 552(b) or 105 of the Bankruptcy Code or otherwise, to direct the exercise of remedies or seek (whether by order of this Court or otherwise) to marshal or otherwise control the disposition of any collateral or property after an event of default under the Existing Credit Facility, or termination or breach under the DIP Borrowings, DIP Term Sheet Definitive Documents the Initial CCAA Order, the ARIO or this Order.

15. The Canadian Proceedings and all prior orders of the Canadian Court shall be and hereby are granted comity and given full force and effect in the United States.

16. The Petitioner, the Debtors and their respective agents are authorized to serve or provide any notices required under the Bankruptcy Rules or the local rules of this Court.

17. No action taken by the Petitioner, the Debtors, or their respective successors, agents, representatives, advisors, or counsel in preparing, disseminating, applying for, implementing, or otherwise acting in furtherance of or in connection with the Canadian Proceedings, this Order, these Chapter 15 Cases, or any adversary proceeding herein, or any further proceeding commenced hereunder, shall be deemed to constitute a waiver of the rights or benefits afforded such persons under 11 U.S.C. §§ 306 and 1510.

18. Notwithstanding any provision in the Bankruptcy Rules to the contrary, including, but not limited to, Bankruptcy Rules 7062 and 1018, (i) this Order shall be effective immediately

and enforceable upon its entry; (ii) the Petitioner is not subject to any stay in the implementation, enforcement or realization of the relief granted in this Order; and (iii) the Petitioner is authorized and empowered, and may in its discretion and without further delay, take any action and perform any act necessary to implement and effectuate the terms of this Order.

19. Notwithstanding anything to the contrary contained herein, this Order shall not be construed as enjoining the police or regulatory act of a governmental unit, including a criminal action or proceeding, to the extent not stayed pursuant to section 362 of the Bankruptcy Code.

20. A copy of this Order shall be served (i) within three business days of entry of this Order, by electronic mail to the extent email addresses are available and otherwise by United States mail, overnight or first-class postage prepaid, upon known creditors and all other parties against whom relief is sought (or their counsel), the Office of the United States Trustee, and such other entities as the Court may direct and (ii) by posting on the Petitioner's web sites at http://cfcanada.fticonsulting.com/Chesswood and https://dm.epiq11.com/case/chesswood/info. Such service shall constitute good and sufficient service and adequate notice for all purposes.

21. The Court shall retain jurisdiction with respect to: (i) the enforcement, amendment or modification of this Order; (ii) any requests for additional relief or any adversary proceeding brought in or through these Chapter 15 Cases; and (iii) any request by an entity for relief from the provisions of this Order, for cause shown, as to any of the foregoing, and provided the same is properly commenced and within the jurisdiction of this Court.

22. This Order shall be effective and enforceable immediately upon entry and shall constitute a final order within the meaning of 28 U.S.C. § 158(a).

Dated: November 25th, 2024
Wilmington, Delaware

CRAIG T. GOLDBLATT
UNITED STATES BANKRUPTCY JUDGE

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APPENDIX “B” - CONFIDENTIAL KERP APPENDIX