



January 23, 2024

**Pre-Filing Report of
KSV Restructuring Inc.
As Proposed CCAA Monitor of
Balboa Inc., DSPLN Inc., Happy
Gilmore Inc., Interlude Inc.,
Multiville Inc., The Pink Flamingo
Inc., Hometown Housing Inc., The
Mulligan Inc., Horses In The Back
Inc., Neat Nests Inc. and Joint
Captain Real Estate Inc.**

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COURT FILE NO.: CV-24-00713245-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF BALBOA INC., DSPLN INC., HAPPY
GILMORE INC., INTERLUDE INC., MULTIVILLE INC., THE
PINK FLAMINGO INC., HOMETOWN HOUSING INC., THE
MULLIGAN INC., HORSES IN THE BACK INC., NEAT NESTS
INC. AND JOINT CAPTAIN REAL ESTATE INC.**

**PRE-FILING REPORT OF KSV RESTRUCTURING INC. AS
PROPOSED MONITOR**

January 23, 2024

1.0 Introduction

1. KSV Restructuring Inc. ("KSV") understands that Balboa Inc., DSPLN Inc., Happy Gilmore Inc., Interlude Inc., Multiville Inc., The Pink Flamingo Inc., Hometown Housing Inc., The Mulligan Inc., Horses In The Back Inc., Neat Nests Inc. and Joint Captain Real Estate Inc. (collectively, the "Applicants" and each an "Applicant") intend to make an application to the Ontario Superior Court of Justice (Commercial List) (the "Court") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") for an initial order (the "Initial Order") granting, among other things, the Applicants protection under the CCAA and appointing KSV as the CCAA monitor (in such capacity, the "Monitor").
2. The Applicants, SIDRWC Inc. o/a SID Developments ("SID Developments"), SID Management Inc. ("SID Management") and 2707793 Ontario Inc. o/a SID Renos ("SID Renos"), together with certain affiliate corporations that are not Applicants in these proposed CCAA proceedings are part of a group of companies (collectively, the "Company") specializing in the acquisition, renovation and leasing of distressed residential real estate in undervalued markets throughout Ontario (the "Business").
3. The principal purpose of these CCAA proceedings is to create a stabilized environment to enable the Applicants to preserve and maximize value for their stakeholders and provide the stability and liquidity necessary to complete value accretive renovations to their portfolio of residential homes, pursue a comprehensive refinancing or restructuring transaction and implement a consensual plan of compromise or arrangement while continuing operations in the ordinary course of business. The proposed Monitor believes that the relief sought in the Initial Order, certain of which is discussed in more detail below, is reasonable and necessary in the circumstances.

4. If the Initial Order is granted, the Applicants intend to return to Court on or around January 31, 2024 (the “Comeback Motion”) to seek the Court’s approval of an amended and restated Initial Order, among other things:
 - a) approving the Applicants’ ability to borrow under a debtor-in-possession credit facility (the “DIP Facility”), which the Applicants are presently finalizing;
 - b) granting a charge over the Applicants’ Property (as defined below) to secure all amounts advanced under the DIP Facility;
 - c) increasing the amount of the Administration Charge (as defined below) to \$1,500,000 (should the initial Administration Charge of \$750,000 be granted);
 - d) extending the stay of proceedings; and
 - e) approving the retention of Howards Capital Corp. as financial advisor to the Applicants pursuant to a Financial Advisor Engagement Agreement to be settled prior to the Comeback Motion (the “Financial Advisor Engagement Letter”) and granting a charge over the Applicants’ Property to secure certain amounts payable under the Financial Advisor Engagement Letter.
5. The Affidavit of Robert Clark, sworn January 23, 2024 in support of the CCAA application (the “Clark Affidavit”), provides, among other things, background concerning the Applicants and the Business, including the reasons for the commencement of these CCAA proceedings. That information is not included herein. Capitalized terms used herein and not otherwise defined have the meaning ascribed to them in the Clark Affidavit.
6. If the Court grants the relief set out in the Initial Order, the Court materials filed in these proceedings will be made available by KSV on its website at <https://www.ksvadvisory.com/insolvency-cases/case/sid>.
7. KSV is filing this report (“Report”) as proposed Monitor. If the Initial Order is granted, KSV will file a subsequent report to Court in its capacity as Monitor in respect of the relief to be sought at the Comeback Motion.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide KSV’s qualifications to act as Monitor;
 - b) provide certain background information about the Applicants;
 - c) report on the Applicants’ cash flow projection for the period January 20, 2024 to February 2, 2024 (the “Cash Flow Forecast”);

- d) discuss the rationale for the Initial Order's inclusion of the following:
- i. a stay of proceedings for an initial period of not more than ten days (the "Initial Stay Period") in respect of the Applicants, the Monitor, the Applicants' directors and officers, the Business and the Applicants' current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "Applicants' Property");
 - ii. a stay of proceedings in favour of the Additional Stay Parties, being Aruba Butt, Dylan Sutor and Ryan Molony, who are all indirect shareholders, directors and/or officers of the Applicants, or against or in respect of any of the Additional Stay Parties' current or future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, and including all proceeds thereof (the "Additional Stay Parties' Property");
 - iii. the appointment of Chaitons LLP ("Chaitons") as representative counsel (if appointed in such capacity, the "Lender Representative Counsel") for all of the Applicants' secured and unsecured lenders (collectively, the "Lenders" and each, a "Lender"); and
 - iv. a charge in the amount of \$750,000 on all of the Applicants' Property to secure the fees and disbursements of the Lender Representative Counsel, the Applicants' legal counsel, the Monitor and its independent legal counsel (the "Administration Charge"); and
- e) recommend that this Court grant the relief sought by the Applicants pursuant to the proposed Initial Order.

1.2 Restrictions

1. In preparing this Report, KSV has relied upon the unaudited financial information of the Applicants, the Applicants' books and records and discussions with representatives of the Applicants, including their financial advisor and legal counsel.
2. KSV has not audited, or otherwise attempted to verify, the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, KSV expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.
3. An examination of the Cash Flow Forecast as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based upon the Applicants' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. KSV expresses no opinion or other form of assurance on whether the Cash Flow Forecast will be achieved.

1.3 Currency

1. Unless otherwise noted, all currency references in this Report are in Canadian dollars.

1.4 KSV's Qualifications to Act as Monitor

1. KSV is a licensed trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada). KSV is not subject to any of the restrictions to act as monitor set out in subsection 11.7(2) of the CCAA on who may be appointed monitor.
2. KSV has consented to act as Monitor in these proceedings should the Court grant the Initial Order. A copy of KSV's consent to act as Monitor is attached to the Clark Affidavit.
3. KSV is qualified to act as CCAA monitor in these proceedings. It has extensive experience acting as CCAA monitor and other court officer capacities in formal insolvency proceedings, including extensive experience acting in court officer roles in matters involving the real estate industry. In December, 2023, KSV Advisory Inc. (an affiliate of KSV) was engaged by the Applicants and has been working with the Applicants' management team, financial advisor and legal counsel since that time to assist them to prepare for this filing. During its engagement, KSV has obtained an understanding of the Applicants' Business. This knowledge will assist KSV to fulfil its duties as Monitor.

2.0 Background

1. The Clark Affidavit sets out detailed information with respect to the Applicants' Business and operations. The information contained in this Report is not intended to be a detailed summary of all matters relating to the Applicants' Business. KSV recommends that readers review the application materials filed by the Applicants in respect of these CCAA proceedings.
2. The Applicants are Canadian privately-held corporations that are the principal owners of the Company's rental units and the residential properties on which they are situated.
3. The Applicants currently own 405 residential properties (collectively, the "Properties" and each, a "Property") containing 631 rental units, of which 424 are tenanted, as well as a non-operating golf course. The Properties are located in secondary and tertiary markets in Ontario, including Timmins, Sault Ste. Marie, Sudbury, Kirkland Lake, Capreol, Temiskaming Shores and Val Caron.
4. The Properties are the most significant of the Applicants' assets, having an estimated aggregate appraised value of approximately \$173 million based on appraisals conducted in respect of approximately 30% of the Properties in 2023 (and with the same methodology being used to extrapolate the estimated value of the remaining Properties for which appraisals are not available).

5. The Applicants' acquisition and renovation of the Properties and the costs related thereto were financed through (i) First Mortgage Loans and Second Mortgage Loans (each as defined below) provided predominantly by numerous individual real estate investors, and (ii) unsecured Promissory Notes (as defined below) issued in favour of The Lion's Share Group Inc. (the "Lion's Share") and various individual real estate investors.
6. The Applicants are currently facing a liquidity crisis and are in default of substantially all of their First Mortgage Loans, Second Mortgage Loans and Promissory Notes.
7. As of December 31, 2023, the funded indebtedness under the First Mortgage Loans, the Second Mortgage Loans and the Promissory Notes was the most significant of the Applicants' liabilities, being in the aggregate amount of approximately \$144,350,000.
8. After extensive review and careful consideration of the strategic options and alternatives available, the sole director or boards of directors of each of the Applicants, as applicable, with the assistance of their advisors, determined that it is in the best interests of the Applicants and their stakeholders to seek urgent relief under the CCAA.
9. Without immediate relief, including a stay of enforcement actions and, following the Initial Stay Period, additional financing pursuant to the DIP Facility, the Applicants will be forced to liquidate the Properties at distressed prices to the detriment of their stakeholders, including their hundreds of Lenders and approximately 1,000 tenants, or become subject to numerous uncoordinated and value-destructive enforcement proceedings.

2.1 The Applicants

1. As referenced above, the Applicants in these CCAA proceedings are comprised of several corporate groups, which operate collectively as an integrated company. The Company's corporate chart is provided in the Clark Affidavit. Certain information on each of the Applicants is provided in the table below.

Applicant	Head Office	Director(s)	Number of Owned Properties
Balboa Inc.	394 Appleby Line, Burlington, Ontario, Canada, L7L 2X8 ("394 Appleby Line")	Ms. Butt	35
DSPLN Inc.	394 Appleby Line	Ms. Butt	102
Happy Gilmore Inc.	394 Appleby Line	Ms. Butt and Mr. Molony	81
Interlude Inc.	1 King Street West, 10th Floor, Hamilton, Ontario, Canada, L8P 1A4 ("1 King Street West")	Mr. Suitor	107
Multiville Inc.	394 Appleby Line	Ms. Butt and Mr. Molony	25
The Pink Flamingo Inc.	394 Appleby Line	Ms. Butt	18
Hometown Housing Inc.	1 King Street West	Mr. Suitor	3
The Mulligan Inc.	394 Appleby Line	Ms. Butt and Messrs. Molony and Suitor	1

Applicant	Head Office	Director(s)	Number of Owned Properties
Horses In The Back Inc.	1 King Street West	Mr. Suitor	1
Neat Nests Inc.	1 King Street West	Mr. Suitor	1
Joint Captain Real Estate Inc.	394 Appleby Line	Ms. Butt	32
Total			406

2. The proposed Monitor understands that, in each case, the directors are also indirect shareholders of the Applicants through their interests in certain holding companies, which are not Applicants in these proceedings.
3. The Applicants do not lease any real property. Other than The Mulligan Inc., which employs one full-time individual,¹ the Applicants do not have any employees or payroll obligations. All of the property management and other services required by the Applicants are provided by SID Developments, SID Management and SID Renos and their respective employees.

3.0 Creditors

3.1 Secured Creditors

1. The Applicants' primary secured debt obligations consist of amounts owing under the First Mortgage Loans and the Second Mortgage Loans. If and when appropriate in these CCAA proceedings, the Monitor will instruct its legal counsel to review and provide opinions on the validity of the security held by the lenders in respect of the First Mortgage Loans and the Second Mortgage Loans (the "First Mortgage Lenders" and the "Second Mortgage Leners", respectively).

3.1.1 The First Mortgage Loans

1. The Applicants financed the acquisition of substantially all of the Properties principally pursuant to mortgage term sheets and commitments secured by first-priority mortgages/charges against the Properties (as amended, renewed or refinanced from time to time, the "First Mortgage Loans").
2. The approximate number of First Mortgage Loans to which each of the Applicants is a party and the approximate aggregate principal amounts owing thereunder, as reflected in the Applicants' books and records as of December 31, 2023, are as follows:

¹ The Mulligan Inc.'s sole employee is non-unionized and there is no group benefit, pension, retirement or deferred compensation plan maintained by The Mulligan Inc. or any of the Applicants.

Applicants	Number of First Mortgage Loans	Total Principal Amount (\$000s)
Balboa Inc.	35	7,292
DSPLN Inc.	100	20,799
Happy Gilmore Inc.	79	15,474
Interlude Inc.	99	23,572
Multiville Inc.	23	3,803
The Pink Flamingo Inc.	18	2,255
Hometown Housing Inc.	2	769
The Mulligan Inc.	1	660
Horses In The Back Inc.	1	328
Neat Nests Inc.	0	-
Joint Captain Real Estate Inc.	32	6,504
Total	390	81,456

3. Substantially all of the original First Mortgage Loans advanced to the Applicants were sourced by The Windrose Group Inc. (“Windrose”), a mortgage brokerage based in Hamilton, Ontario operating under The Mortgage Alliance Company of Canada. Windrose, through its principal broker, Claire Drage, identified potential real estate investors that wished to advance the First Mortgage Loans for each of the Properties.
4. As general and continuing security for the payment and performance of the Applicants’ indebtedness and obligations under the First Mortgage Loans, all or substantially all of the First Mortgage Lenders were each granted the following security:
 - a) a first mortgage/charge on the applicable Property; and
 - b) a general assignment of rents and leases in respect of the applicable Property.
5. In addition to the aforementioned security, all or substantially all of the original First Mortgage Loans were executed by one or more of the Additional Stay Parties, which are indirect shareholders and directors and/or officers of the applicable Applicants, purportedly in their capacity as guarantor. Certain of the First Mortgage Lenders were also provided with a general security agreement by the applicable Applicant(s) and/or guarantee by the director(s) of the applicable Applicant.
6. Further information regarding the terms of the First Mortgage Loans is set out in the Clark Affidavit.

3.1.2 The Second Mortgage Loans

1. As noted in the Clark Affidavit, several of the Properties are also encumbered by second mortgages/charges in connection with loan commitments or mortgage term sheets and commitments (as amended, renewed or refinanced from time to time, the “Second Mortgage Loans”) provided by certain of the Lenders (collectively, the “Second Mortgage Lenders”).

2. The approximate number of Second Mortgage Loans to which each of the Applicants is a party and the approximate aggregate principal amounts owing thereunder, as reflected in the Applicants' books and records as of December 31, 2023, are summarized below:

Applicants	Number of Second Mortgage Loans	Total Principal Amount (\$000s)
Balboa Inc.	7	237
DSPLN Inc.	36	2,776
Happy Gilmore Inc.	34	1,800
Interlude Inc.	15	1,274
Multiville Inc.	15	1,109
The Pink Flamingo Inc.	13	1,364
Hometown Housing Inc.	1	83
The Mulligan Inc.	0	-
Horses In The Back Inc.	0	-
Neat Nests Inc.	0	-
Joint Captain Real Estate Inc.	0	-
Total	121²	8,643

3. Nearly all of the Applicants' Second Mortgage Loans were provided by Lift Capital Incorporated ("Lift", and those Second Mortgage Loans, the "Lift Second Mortgage Loans") and subsequently syndicated by Lift.³
4. Unlike the First Mortgage Loans, all of the Lift Second Mortgage Loans are blanket mortgage loans involving multiple Properties under which one or more Applicant is a borrower. The terms of each of the Lift Second Mortgage Loans are set out in the Clark Affidavit.
5. A subset of the Second Mortgage Loans were provided directly by individual Second Mortgage Lenders (collectively, the "Remaining Second Mortgage Loans"). Substantially all of the Remaining Second Mortgage Loans are blanket mortgages provided on terms relatively comparable to the Lift Second Mortgage Loans.
6. As general and continuing security for the payment and performance of the Applicants' indebtedness and obligations under the Second Mortgage Loans, all or substantially all of the Second Mortgage Lenders were each granted the following security:
- a) a second blanket mortgage/charge on the applicable Properties; and
 - b) a general assignment of rents and leases in respect of the applicable Properties.

² As described in the Clark Affidavit, as the Second Mortgage Loans are predominantly blanket mortgage loans, the Applicants track amounts advanced under the Second Mortgage Loans on an Applicant-by-Applicant basis. As such, the approximate number of Second Mortgage Loans set out in this table are not reflective of the number of loan commitments or mortgage term sheets and commitments to which the Applicants are party.

³ Lift is a private lending and property management company that invests directly in residential and commercial properties in Ontario.

- All or substantially all of the Second Mortgage Loans were executed by the one or more of the Additional Stay Parties, which are indirect shareholders and directors and/or officers of the applicable Applicants, purportedly in their capacity as guarantor. Also, certain of the Second Mortgage Lenders were provided with a general security agreement by the applicable Applicant(s) and/or guarantee by the director(s) of the applicable Applicant(s).

3.2 Unsecured Creditors

- As described in the Clark Affidavit, the Applicants have collectively issued approximately 802 unsecured promissory notes (as amended or renewed from time to time, the "Promissory Notes"). Approximately 602 of the Promissory Notes were issued to Lion's Share, of which Ms. Drage is the Chief Executive Officer. The remaining Promissory Notes were issued in favour of various individual lenders sourced by Windrose.
- The number of Promissory Notes issued by each of the Applicants and the aggregate principal amounts owing thereunder, as reflected in the Applicants' books and records as of December 31, 2023, are as follows:

Applicants	Number of Promissory Notes	Total Principal Outstanding (\$000s)
Balboa Inc.	37	1,606
DSPLN Inc.	144	7,970
Happy Gilmore Inc.	113	5,618
Interlude Inc.	364	29,025
Multiville Inc.	33	2,051
The Pink Flamingo Inc.	18	1,122
Hometown Housing Inc.	2	87
The Mulligan Inc.	1	6
Horses In The Back Inc.	4	231
Neat Nests Inc.	40	3,469
Joint Captain Real Estate Inc.	46	3,052
Total	802	54,236

- The terms of the Promissory Notes are set out in the Clark Affidavit, and are generally similar. All of the Promissory Notes were executed by one or more of the Additional Stay Parties, which are indirect shareholders and directors and/or officers of the applicable Applicants, purportedly in their capacity as guarantor.
- The Applicants are also subject to a significant number of litigation claims given their inability to pay their interest obligations, and in certain instances the principal upon maturity, under the First Mortgage Loans, Second Mortgage Loans and Promissory Notes. These defaults have resulted in the issuance of over 50 demand letters, notices of default, notices of intention to enforce security and notices of sale under mortgage, among other demands and notices, by certain of the Lenders throughout 2023. Certain Lenders have filed Statements of Claim in the Ontario Superior Court of Justice in which the applicable Applicants are named as defendants. The Lenders in these actions seek, among other things, the principal amount, interest and certain fees due to such Lenders and/or possession of the applicable Properties.

5. In addition, there is approximately \$600,000 owing to third-party contractors, trades and service providers for goods and services provided to the Applicants, approximately \$203,000 owing to SID Renos in respect of unpaid management fees, approximately \$1.9 million and \$468,000 owing in respect of municipal property taxes and income taxes, respectively, and approximately \$533,000 owing in respect of unpaid utilities.
6. Further information concerning the Applicants' liabilities is provided in the Clark Affidavit.

4.0 Cash Flow Forecast

1. The Applicants have prepared the Cash Flow Forecast for the period from the week ending January 26, 2024 to the week ending February 2, 2024. The Cash Flow Forecast and the Applicants' statutory report on the cash flow pursuant to subsection 10(2)(b) of the CCAA is attached as Appendix "A".
2. The Cash Flow Forecast reflects that the Applicants do not require funding prior to the Comeback Motion, as reflected in the table below.

(unaudited; \$000s)	January 20 – February 2
Rent receipts	404
Disbursements	
Maintenance	(60)
Property management fees	(30)
Utilities	(17)
Insurance	(60)
Lease-up costs	(22)
Capital expenditures	(30)
Other	(6)
Total Disbursements	<u>(225)</u>
Net Cash Flow	<u>179</u>
Opening Cash Balance	-
Net Cash Flow	<u>179</u>
Closing Cash Balance	<u><u>179</u></u>

3. Based on KSV's review of the Cash Flow Forecast for the Initial Stay Period, the underlying assumptions appear reasonable. KSV's statutory report on the Cash Flow Forecast is attached as Appendix "B".

5.0 Relief Sought⁴

1. The relief sought by the Applicants is discussed in detail in the Clark Affidavit. The proposed Monitor is supportive of the relief sought, and believes it is reasonable and necessary in the circumstances. Certain of the Applicants' relief, and the proposed Monitor's basis for its support, is discussed in more detail below.

⁴ Terms not defined in this section have the meaning provided to them in the Clark Affidavit.

5.1 Non-Applicant Stay

1. The proposed Initial Order would temporarily stay (for the Initial Stay Period) all proceedings against or in respect of the Additional Stay Parties, or against or in respect of any of the Additional Stay Parties' Property, with respect to the "Related Claims", which are derivative of the primary liabilities of the Applicants under certain of the First Mortgage Loans, Second Mortgage Loans and Promissory Notes. Related Claims means those claims against the Additional Stay Parties with respect to any guarantee, contribution or indemnity obligation, liability or claim in respect of or that relates to any agreement involving any of the Applicants or the obligations, liabilities and claims of and against any of the Applicants.
2. The obligations of the Applicants under all or substantially all of the First Mortgage Loans, the Second Mortgage Loans and the Promissory Notes are purportedly personally guaranteed by the Additional Stay Parties, being the Applicants' indirect shareholders and only directors. Accordingly, the Applicants are seeking to temporarily stay the Related Claims to prevent enforcement actions being commenced or continued against the Additional Stay Parties or the Additional Stay Parties' Property.
3. KSV has been advised that the Additional Stay Parties are integral to the daily operation of the Business, and that their participation in these CCAA proceedings will help maintain the status quo on an operational basis and provide the Applicants with an opportunity to pursue a comprehensive restructuring transaction in order to maximize value for the Applicants' stakeholders.
4. KSV has been advised that the Additional Stay Parties' participation in responding to any Related Claims will severely strain the Applicants' limited resources and those of each of the directors, which could significantly impair the Applicants' restructuring efforts.
5. Accordingly, KSV believes that the relief sought in this regard is reasonable and in the best interests of the Applicants and their stakeholders.

5.2 Proposed Lender Representative Counsel

1. The Applicants have approximately 390 First Mortgage Loans, 121 Second Mortgage Loans and 802 Promissory Notes and over 300 different Lenders, many of which are individual investors that provided loans to the Applicants through or with Lift or Windrose.
2. Given the large number of individual Lenders, KSV is of the view that it is in the best interests of the Lenders for representative counsel to be appointed immediately at the outset of these proceedings in order to provide the Lenders with access to high quality legal representation to protect their common interests as secured and unsecured lenders in respect of the Properties. If Lender Representative Counsel is appointed in the Initial Order, the Lenders' rights and interests will be protected without delay and, unless they opt-out of such representation (as described herein), the Lenders will not each have to retain their own counsel, at their own expense, to assist them in connection with these proceedings, including, without limitation, with respect to the settlement or compromise of any rights, entitlements or claims of the Lenders.

3. Appointing representative counsel for the Lenders at the outset of these proceedings will also enable the Monitor to immediately put in place an efficient and effective communication plan, provide a single means through which the inquiries and concerns of hundreds of Lenders can be addressed and facilitate the efficient administration of these proceedings.
4. In the proposed Monitor's view, it is important that representative counsel for the Lenders be appointed at the outset of these proceedings rather than at the Comeback Motion due to the volume of inquiries expected to be received in the coming days should the Court grant the Initial Order.
5. In that respect, the Applicants have proposed that Chaitons be appointed as the Lender Representative Counsel for all of the Lenders in any Insolvency Proceedings, including these CCAA proceedings, to protect and represent the interests of the Lenders.
6. The proposed Monitor notes that Chaitons has served as court-appointed representative counsel in a number of notable insolvency proceedings for various stakeholder groups. Chaitons has extensive experience acting as representative counsel including in complex proceedings similar to these involving numerous individual investors in real estate investments. These appointments are set out in the Clark Affidavit. In the circumstances, the proposed Monitor believes that Chaitons will bring that experience to bear in this mandate and serve to assist the Lenders efficiently and effectively. In that respect, Chaitons has advised that, if appointed, it intends to convene a virtual town hall meeting with Lenders on or around January 29, 2024, and prior to the Comeback Motion.
7. The proposed Initial Order also provides with respect to Lender Representative Counsel, among other things, that:
 - a) as soon as reasonably practicable following the date of the Initial Order, the Lender Representative Counsel is entitled, but not required, to identify no more than six (6) Lenders to be nominated as Court-appointed representatives (collectively, the "Lender Representatives") which, if appointed, will represent the Lenders in the Insolvency Proceedings and advise, and where appropriate instruct, the Lender Representative Counsel, including, without limitation, for the purpose of settling or compromising claims of the Lenders in the Insolvency Proceedings;
 - b) any Lender that does not wish to be represented by the Lender Representative Counsel and the Lender Representatives, if any, in the Insolvency Proceedings may, within thirty (30) days of the date of the Initial Order, notify the Monitor and the Lender Representative Counsel in writing that such Lender is opting out of representation;
 - c) the fees and disbursements of the Lender Representative Counsel, whether incurred prior to or after the date of the Initial Order, will be paid by the Applicants; and
 - d) the Applicants, Windrose and Lift shall provide, subject to confidentiality arrangements acceptable to the Applicants and the Monitor, certain Lender information to the Lender Representative Counsel.

8. For the reasons discussed above, including each Lender's ability to opt out of the proposed representation by Chaitons, KSV believes that the appointment of Lender Representative Counsel and the terms thereof are in the best interests of the Applicants, the Lenders and the Applicants' remaining stakeholders. Absent the appointment of Lender Representative Counsel, KSV does not believe that the Applicants would be able to efficiently and effectively pursue these CCAA proceedings given the number of Lenders, the complexity of the situation and the potential for significant complications to arise if individual counsel were to represent some or all of the Lenders, many of which would likely not have the benefit of experience acting in CCAA proceedings.

5.3 Administration Charge

1. The Applicants are seeking an Administration Charge pursuant to the proposed Initial Order in an amount not to exceed \$750,000 to secure the fees and expenses of the Lender Representative Counsel, the Monitor and the Monitor's and the Applicants' counsel pending the Comeback Motion. In that respect, none of the firms proposed to be covered by the Administration Charge have the benefit of retainers⁵ and as such, without the Administration Charge, all of the firms will have material exposure for their fees incurred to date and/or to be incurred to the Comeback Motion to advance these proceedings for the benefit of the Applicants and their stakeholders.
2. The Administration Charge is a customary provision in an Initial Order in a CCAA proceeding - it is required by certain of the professionals engaged to assist a debtor company and to protect them in the event that the debtor is unable to pay professional fees and costs during the CCAA proceedings.
3. KSV believes that the Administration Charge is reasonable and appropriate in the circumstances given the complexities of the Applicants' proceedings and the services provided and/or to be provided by the professionals involved in these proceedings.
4. KSV expects the Applicants to seek an increase in the Administration Charge at the Comeback Motion.

6.0 Creditor Notification

1. The proposed Initial Order requires the Monitor to:
 - a) publish without delay a notice in the national edition of *The Globe and Mail* newspaper containing the information prescribed under the CCAA; and
 - b) within ten (10) days of the issuance of the Initial Order to:
 - i. make the Initial Order publicly available in the manner prescribed under the CCAA;

⁵ KSV and Bennett Jones each received a retainer of \$45,000. The fees incurred to-date significantly exceed the retainer amount, particularly the legal fees incurred to prepare the Applicants' CCAA application.

- ii. send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1,000 advising that the order is publicly available; and
 - iii. prepare a list, showing the names and addresses of those creditors (other than individual creditors), and the estimated amounts of those claims, and make it publicly available in the prescribed manner.
2. KSV suggested that the period provided in b) above be extended from the customary five days to ten days given the amount of time it may take the Applicants to compile a complete listing of creditors, particularly addresses for each of the Lenders.
3. If appointed Monitor, KSV will also post the Initial Order and all Court materials on its website in accordance with the *E-Service Protocol*.

7.0 Conclusion and Recommendation

1. Based on the foregoing, KSV respectfully recommends that this Court make orders granting the relief detailed in Section 1.1(e) of this Report.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSED MONITOR
OF BALBOA INC., DSPLN INC.,
HAPPY GILMORE INC., INTERLUDE INC.,
MULTIVILLE INC., THE PINK FLAMINGO INC.,
HOMETOWN HOUSING INC., THE MULLIGAN INC.,
HORSES IN THE BACK INC., NEAT NESTS INC.
AND JOINT CAPTAIN REAL ESTATE INC.
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

Balboa Inc., DSPLN Inc., Happy Gilmore Inc., Interlude Inc., Multiville Inc., The Pink Flamingo Inc., Hometown Housing Inc., The Mulligan Inc., Horses In The Back Inc., Neat Nests Inc. and Joint Captain Real Estate Inc.

Projected Cash Flow Statement

For the Period Ending February 2, 2024

(Unaudited; \$CAD in 000's)

	Note	Week Ending		Total
		26-Jan-24	2-Feb-24	
<i>Receipts</i>				
Rent collections	2	98	306	404
<i>Total Receipts</i>		98	306	404
<i>Disbursements</i>				
Maintenance		(30)	(30)	(60)
Property management fees	3	(7)	(23)	(30)
Utilities		(8)	(9)	(17)
Insurance		-	(60)	(60)
Lease-up costs		(2)	(20)	(22)
Capital expenditures		(15)	(15)	(30)
Other	4	(3)	(3)	(6)
<i>Total Disbursements</i>		(65)	(160)	(225)
<i>Net Cash Flow</i>		33	146	179
Opening Cash Balance		-	33	-
Net Cash Flow		33	146	179
Closing Cash Balance		33	179	179

Projected Statement of Cash Flows

For the Period Ending February 2, 2024

(Unaudited; \$CAD)

Purpose and General Assumptions

1. The purpose of the projection is to present a cash flow forecast of Balboa Inc., DSPLN Inc., Happy Gilmore Inc., Interlude Inc., Multiville Inc., The Pink Flamingo Inc., Hometown Housing Inc., The Mulligan Inc., Horses In The Back Inc., Neat Nests Inc. and Joint Captain Real Estate Inc. (the "Applicants") for the period January 20, 2024 to February 2, 2024 (the "Period") in respect of the proceedings under the Companies' Creditors Arrangement Act ("CCAA").

The cash flow projection has been prepared based on hypothetical and most probable assumptions.

Hypothetical

2. Represents rents collected from tenants.
3. Represents property management fees payable to SID Management.

Most Probable

4. Represents miscellaneous expenses and tenant concessions for repairs.

**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 BALBOA INC., DSPLN INC., HAPPY GILMORE INC., INTERLUDE
INC., MULTIVILLE INC., THE PINK FLAMINGO INC., HOMETOWN HOUSING INC., THE
MULLIGAN INC., HORSES IN THE BACK INC., NEAT NESTS INC. AND JOINT CAPTAIN
REAL ESTATE INC.**

**MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)**

The management of Balboa Inc., DSPLN Inc., Happy Gilmore Inc., Interlude Inc., Multiville Inc., The Pink Flamingo Inc., Hometown Housing Inc., The Mulligan Inc., Horses In The Back Inc., Neat Nests Inc. and Joint Captain Real Estate Inc. (collectively, the "Applicants") have developed the assumptions and prepared the attached statement of projected cash flow as of the 20th day January, 2024 for the period January 20, 2024 to February 2, 2024 ("Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow.

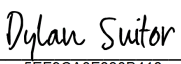
The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Applicants and provide a reasonable basis for the Cash Flow.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Toronto, Ontario this 20th day of January, 2024.


**BALBOA INC., DSPLN INC., HAPPY GILMORE INC.,
INTERLUDE INC., MULTIVILLE INC.,
THE PINK FLAMINGO INC., HOMETOWN HOUSING INC.,
THE MULLIGAN INC., HORSES IN THE BACK INC.,
NEAT NESTS INC. AND JOINT CAPTAIN REAL ESTATE INC.**

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Dylan Suitor, Director

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Aruba Butt
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Aruba Butt, Director

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Ryan Molony, Director

Appendix “B”

**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 BALBOA INC., DSPLN INC., HAPPY GILMORE INC., INTERLUDE
INC., MULTIVILLE INC., THE PINK FLAMINGO INC., HOMETOWN HOUSING INC., THE
MULLIGAN INC., HORSES IN THE BACK INC., NEAT NESTS INC. AND JOINT CAPTAIN
REAL ESTATE INC.**

**MONITOR'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)**

The attached statement of projected cash-flow of Balboa Inc., DSPLN Inc., Happy Gilmore Inc., Interlude Inc., Multiville Inc., The Pink Flamingo Inc., Hometown Housing Inc., The Mulligan Inc., Horses In The Back Inc., Neat Nests Inc. and Joint Captain Real Estate Inc. (collectively, the "Applicants") as of the 20th day January, 2024, consisting of a weekly projected cash flow statement for the period January 20, 2024 to February 2, 2024 ("Cash Flow") has been prepared by the management of the Applicants for the purpose described in Note 1, using probable and hypothetical assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by the management and employees of the Applicants. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow;
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow, given the hypothetical assumptions; or
- c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto this 20th day of January, 2024.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSED MONITOR
OF BALBOA INC., DSPLN INC., HAPPY GILMORE INC.,
INTERLUDE INC., MULTIVILLE INC.,
THE PINK FLAMINGO INC., HOMETOWN HOUSING INC.,
THE MULLIGAN INC., HORSES IN THE BACK INC.,
NEAT NESTS INC. AND JOINT CAPTAIN REAL ESTATE INC.
AND NOT IN ITS PERSONAL CAPACITY**