Court File No.: CV-23-00709183-00CL

CROWN CREST CAPITAL MANAGEMENT CORP., CROWN CREST FINANCIAL CORP., CROWN CREST FUNDING CORP., SIMPLY GREEN HOME SERVICES INC., SIMPLY GREEN HOME SERVICES CORP., AND CROWN CREST CAPITAL TRUST

**THIRD REPORT OF KPMG INC.,
IN ITS CAPACITY AS MONITOR**

May 1, 2024

TABLE OF CONTENTS

APPENDICES

Court File No.: CV-23-00709183-00CL

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 CROWN CREST CAPITAL MANAGEMENT CORP., CROWN CREST FINANCIAL CORP., CROWN CREST FUNDING CORP., SIMPLY GREEN HOME SERVICES INC., , SIMPLY GREEN HOME SERVICES CORP., AND CROWN CREST CAPITAL TRUST

PEOPLES TRUST COMPANY

Applicant

AND

CROWN CREST CAPITAL MANAGEMENT CORP., CROWN CREST FINANCIAL CORP., CROWN CREST FUNDING CORP., SIMPLY GREEN HOME SERVICES INC., , SIMPLY GREEN HOME SERVICES CORP., AND CROWN CREST CAPITAL TRUST

Respondents

THIRD REPORT OF KPMG INC. IN ITS CAPACITY AS MONITOR

May 1, 2024

I. INTRODUCTION

1. On November 9, 2023 (the "**Filing Date**"), on the application of Peoples Trust Company ("**PTC**" or the "**Applicant**"), the Honourable Madam Justice Conway of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued an order (the "**Initial Order**") granting Crown Crest Financial Corp. ("**CCFC**"), Simply Green Home Services Inc. ("**New Simply Green**"), Simply Green Home Services Corp. ("**Old Simply Green**"), Crown Crest Capital Management Corp. ("**CC Management Co**"), Crown Crest Funding Corp. ("**Trustee Co**"), and Crown Crest Capital Trust ("**CC Trust**" and collectively, the "**Crown Crest Leasing Group**" or the "**Debtors**") protection pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), and appointing KPMG Inc. ("**KPMG**") as the Monitor of the Crown Crest Leasing Group (the "**Monitor**").

2. The Initial Order, among other things:

    (a) approved the appointment of HWS Consulting Inc. ("**HWS**"), acting through Josef Prosperi and others, to act as the Chief Restructuring Officer (the "**CRO**") of the Debtors pursuant to an engagement letter dated November 8, 2023 (the "**CRO Engagement Letter**");

    (b) approved the terms of an interim financing facility (the "**DIP Facility**"), with a maximum principal amount of $15 million, provided by PTC (in such capacity, the "**DIP Lender**") to the Debtors, pursuant to a DIP facility term sheet dated November 9, 2023 (the "**DIP Term Sheet**"), and ordered that borrowings under the DIP Facility could not exceed $1.1 million unless otherwise ordered by the Court; and

    (c) provided the Debtors with a stay of proceedings until November 19, 2023.

3. At the comeback hearing held on November 17, 2023, the Court issued the Amended and Restated Initial Order (the "**ARIO**"), which incorporated certain amendments to the Initial Order granted on the Filing Date, including extending the stay of proceedings in respect of the Debtors to February 10, 2024. The ARIO authorized the increase of the maximum borrowings under the DIP Facility to $10 million.

4. On February 5, 2024, the Court issued an Order (the "**Stay Extension Order**"), among other things, (a) extending the stay of proceedings to and including May 10, 2024 (the "**Stay Period**"); and (b) increasing the maximum borrowings permitted under the DIP Facility to $15 million.

5. KPMG, in its capacities as Proposed Monitor and Monitor, has previously provided this Court with three (3) reports: a report by KPMG in its capacity as Proposed Monitor dated November 6, 2023 (the "**Pre-Filing Report**"), the first report of the Monitor dated November 16, 2023 (the "**First Report**") and the second report of the Monitor dated January 29, 2024 (the "**Second Report**"), copies of which are attached hereto as **Appendix "A"**, **Appendix "B"** and **Appendix "C"**, respectively.

6. Copies of materials and documents filed in connection with these CCAA proceedings are available on the Monitor's website at kpmg.com/ca/crowncrest. In addition, KPMG has arranged for a toll-free hotline at 1-833-668-6400 and an email address at crowncrest@kpmg.ca through which creditors of the Debtors or other interested parties can make inquires related to these CCAA proceedings.

II. PURPOSE OF REPORT

7. The purpose of this report (the "**Third Report**") is to provide the Court with information pertaining to:

   (a) an overview of the activities of the Debtors, under the stewardship of the CRO, and the Monitor since the issuance of the Stay Extension Order;

   (b) the Debtors' reported receipts and disbursements for the period from January 21, 2024 to April 20, 2024, including a comparison of reported to forecast results;

   (c) the Debtors' cash flow forecast (the "**Updated Cash Flow Forecast**") for the period April 21, 2024, to September 28, 2024 (the "**Forecast Period**");

   (d) the proposed amendments to the CRO Engagement Letter; and

(e) the Monitor's motion requesting, for and on behalf of the Debtors, that the Court issue an Order (the "**Second Stay Extension Order**"), among other things, (i) extending the Stay Period to and including September 27, 2024, (ii) approving the First DIP Amendment (as defined herein) and amending paragraph 39 of the ARIO to increase the maximum borrowings permitted under the DIP Facility to $21 million, and (iii) approving the Work Fee and the Cost Reductions Fee (both as defined herein).

III. TERMS OF REFERENCE

8. In preparing this Third Report, KPMG has relied solely on information and documents provided to it by the Debtors, the CRO, and their respective advisors, including unaudited, draft and/or internal financial information, financial projections prepared by the Debtors, and discussions with management of the Debtors and the CRO (collectively, the "**Information**"). In accordance with industry practice, except as otherwise described in the Third Report, KPMG has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided. However, KPMG has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Auditing Standards ("**GAAS**") pursuant to the *Chartered Professional Accountant of Canada Handbook* and, as such, KPMG expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

9. Capitalized terms used but not defined in the Third Report are defined in the Affidavit of Mr. Josef Prosperi sworn April 30, 2024 (the "**April 30 Prosperi Affidavit**"), filed by the CRO in support of this motion. The Third Report should be read in conjunction with the April 30 Prosperi Affidavit, as certain information contained in the April 30 Prosperi Affidavit has not been included herein in order to avoid unnecessary duplication.

10. Future orientated financial information contained in the Updated Cash Flow Forecast is based on the Debtors' estimates and assumptions regarding future events. Actual results will vary from the information presented even if the hypothetical assumptions occur, and

variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Updated Cash Flow Forecast will be achieved.

11. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

IV. ACTIVITIES OF THE DEBTORS AND THE CRO

12. The Debtors, under the stewardship of the CRO and the supervision of the Monitor, stabilized the Debtors' business following the commencement of these CCAA proceedings and have been conducting operations in the ordinary course. The CRO, with the assistance of the Monitor, has performed the following activities since the date of the Stay Extension Order, as further detailed in the April 30 Prosperi Affidavit:

    (a) continuing the implementation of a global data review project, including a systematic review of all leases and related documentation in the Respondents' lease portfolios, and the regularization of electronic records reflecting such leases and related documentation;

    (b) continuing to hold discussions with the plaintiffs' counsel of record in the class action proceedings to work towards a potential mediation and determine a mutually agreed upon path forward

    (c) identifying and implementing cost reduction measures with respect to the Debtors' business including its people, processes and systems/technology;

    (d) corresponding with potential purchasers or assignees for the Debtors' residential new construction ("**RNC**") business segment;

    (e) continuing to develop relationships with industry groups in order to address the impact of newly enacted consumer protection legislation;

(f) developing an understanding of the requirements of an eventual sale and investment solicitation process (“**SISP**”), including an understanding of the market conditions affecting the performance and value of the Respondents’ assets;

(g) continuing analysis of ongoing litigation; and

(h) continuing engaging with key stakeholders.

V. ACTIVITIES OF THE MONITOR

13. Since the date of the Stay Extension Order, the Monitor’s activities have included:

(a) monitoring the Debtors’ cash flows and reviewing analyses on variances to the Debtors’ cash flow forecast;

(b) approving the payment of certain pre-filing obligations of the Debtors pursuant to the terms of the ARIO;

(c) corresponding and communicating with various counsel for the Debtors’ former CEO regarding various matters including possession of or access to certain information and/or documentation stored on the Debtors’ electronic systems;

(d) reviewing and reconciling intercompany transactions, including pre-filing transactions and payments, amongst the Debtors and between the Debtors and other entities related to or affiliated with the Debtors, and corresponding and communicating with various counsel in connection with same;

(e) corresponding and communicating with certain parties who have expressed interest in acquiring the Debtors’ interests and rights to certain RNC related equipment or assets;

(f) communicating with certain interested parties regarding the business of the Debtors and their potential interest in same;

(g) assisting the Debtors, in consultation with the CRO, with the preparation of the Updated Cash Flow Forecast;

(h) corresponding and communicating with the DIP Lender and its counsel in respect of the Debtors' cash flows, the Updated Cash Flow Forecast and other matters relating to these CCAA proceedings;

(i) assisting the Debtors and the CRO with their communications with stakeholders including employees, vendors, key partners and creditors;

(j) communicating, through counsel, with counsel of record for the plaintiffs in a proposed class action commenced against certain of the Debtors and with other counsel of record involved in such proposed class action;

(k) reviewing information requests received from counsel of record for the plaintiffs in such proposed class action and considering same;

(l) discussing and considering the Debtors' business, business practices and financial affairs, with the CRO, including, among other things, regarding a review of the equipment lease portfolio, a review of collections and delinquencies, a review of ongoing operational costs and potential plans for efficiencies, and a review of ongoing litigation and/or legal disputes;

(m) reviewing materials filed by the CRO in connection with the motion for the Second Stay Extension Order; and

(n) with the assistance of its legal counsel, preparing this Third Report and the motion materials for the Second Stay Extension Order.

VI. CASH RECEIPTS AND DISBURSEMENTS FROM JANUARY 21, 2024 TO APRIL 20, 2024

14. The Debtors' consolidated cash flow projection for the period from January 21, 2024 to May 11, 2024 (the "**January 21 Cash Flow Forecast**"), was filed with the Court in support of the hearing for the Stay Extension Order.

15. The Debtors have continued to provide the Monitor with their co-operation and access to their premises, books and records. The Monitor has implemented procedures for monitoring the Debtors' receipts and disbursements on a weekly basis. The Monitor has also worked with the Debtors to prepare forecast to actual variance analyses with respect to their weekly cash flows as compared to the January 21 Cash Flow Forecast.

16. A comparison of the Debtors' actual cash receipts and disbursements as compared to the January 21 Cash Flow Forecast for the 13-week period ending April 20, 2024, is summarized as follows:

Crown Crest Leasing Group
Summary of Actual Receipts and Disbursements
For the 13-week period from January 21, 2024 to April 20, 2024
In C$; unaudited

	Actual	**Forecast**	**Variance** Fav/(Unfav)
Receipts			
Customer receipts	16,066,109	16,821,954	(755,845)
Total customer receipts	**16,066,109**	**16,821,954**	**(755,845)**
Operating disbursements			
Technical servicing	2,350,247	2,342,472	(7,775)
Other operating costs	1,081,562	1,271,918	190,356
Rent and utilities	201,739	198,946	(2,794)
Payroll	1,958,467	1,837,916	(120,551)
Professional fees	981,016	1,218,918	237,901
Tax remittances	1,457,708	1,655,400	197,692
Total operating disbursements	**8,030,739**	**8,525,569**	**494,830**
Net operating cash flow	**8,035,369**	**8,296,385**	**(261,015)**
CLA and debt servicing	15,487,528	15,834,000	346,472
Net cash flow before external funding	(7,452,158)	(7,537,615)	85,457
Transfer from Monitor	1,828,575	-	1,828,575
DIP funding	5,000,000	6,800,000	(1,800,000)
Net cash flow	**(623,584)**	**(737,615)**	**114,032**
Opening cash	1,954,805	1,954,805	-
Net cash flow	(623,584)	(737,615)	114,032
Ending cash	**1,331,222**	**1,217,190**	**114,032**

17. As reflected in the summary table above, the Debtors reported a net negative cash outflow of approximately $7.5 million over the 13-week period, after concurrent lease agreement ("**CLA**") and debt servicing payments. The net negative cash outflow was funded by $5 million of advances under the DIP Facility, taking total DIP Facility advances to $9 million since the commencement of these CCAA proceedings. As at April 20, 2024, the Debtors had a cash balance of approximately $1.3 million. The actual cash balance was approximately $0.1 million higher than forecast over the period.

18. The favourable cash flow variance of approximately $0.1 million can be summarized as follows:

(a) a negative variance of $0.8 million related to customer receipts, which was primarily due to a reduced volume of buyouts of equipment leased by the Debtors' customers and timing;

(b) a positive variance of $0.5 million related to operating disbursements, of which $0.2 million relates to lower than forecast professional fees, attributed primarily to timing, $0.2 million relates to lower than forecast tax remittances and $0.2 million relates to lower than forecast other operating costs. These positive variances are partially offset by higher than forecast payroll of $0.1 million; and

(c) a positive variance of $0.3 million in CLA and debt servicing payments, which is primarily due to the reduced volume of buyouts.

19. As noted in the table above, the Debtors received approximately $1.8 million in relation to a consent agreement entered into between the Applicant and the Debtors' affiliate, Marble Amalco Inc. ("**Marble Amalco**"), which funds were directed to the Monitor, for and on behalf of the Debtors, to reduce borrowings under the DIP Facility by a corresponding amount. The consent agreement related to the release of certain funds that were being held and maintained by Marble Amalco from proceeds of sales derived following a June 2023 sale of a substantial portion of the consumer finance business carried on by certain of Marble Amalco's subsidiaries. These funds and the assets from which they were derived were not an estate asset and do not relate to any business carried on by the Respondents.

20. Pursuant to the ARIO, the Debtors had the authority to make payments of up to $750,000 in total for certain arrears owing to suppliers prior to the Filing Date, provided that such payments, in the opinion of the CRO, in consultation with the Monitor, were essential for the continued operation of the business. As at April 20, 2024, the Debtors had made approximately $677,000 in payments primarily to technical servicing suppliers for expenses incurred prior to the Filing Date. Technical servicing is essential to ensure that customer equipment is maintained in a good and functional state of repair and to ensure that the Debtors' repair commitments are performed. The Debtors do not anticipate material additional disbursements in relation to technical servicing expenses incurred prior to the Filing Date.

VII. UPDATED CASH FLOW FORECAST

21. The Debtors, with the assistance of the Monitor and in consultation with the CRO, have prepared the Updated Cash Flow Forecast for the purpose of projecting the estimated liquidity needs of the Debtors during the Forecast Period. A copy of the Updated Cash Flow Forecast, accompanying notes and a report containing prescribed representations regarding the preparation of the Updated Cash Flow Forecast are attached hereto as **Appendix "D"**.

22. The Updated Cash Flow Forecast has been prepared on a conservative basis using probable and hypothetical assumptions set out in the notes to the Updated Cash Flow Forecast. The Updated Cash Flow Forecast reflects the Debtors' estimates of receipts and disbursements on a weekly basis over the Forecast Period.

23. The Monitor's review of the Updated Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to Information supplied to it by the Debtors and/or the CRO. Since the probable and hypothetical assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Updated Cash Flow Forecast. The Monitor also reviewed the support provided by the Debtors for the probable and hypothetical assumptions, and the preparation and presentation of the Updated Cash Flow Forecast.

24. Forecast operating cash receipts over the Forecast Period total approximately $27.8 million, primarily related to the collection of monthly payments from the customers of the Debtors.

25. Forecast operating disbursements over the Forecast Period total approximately $13.2 million and primarily consist of payroll ($2.9 million), costs associated with the technical servicing (call-outs, repairs and maintenance) of the portfolio ($3.2 million), professional fees ($2.3 million) and sales tax remittances ($2.6 million).

26. The Updated Cash Flow Forecast assumes CLA and debt servicing costs under the Loan Agreements will be paid to PTC in the normal course.

27. Over the Forecast Period, a total of approximately $25.2 million will be paid to PTC to service debts owing under the Loan Agreements and in respect of the cash flows arising from the CLAs.

28. After CLA and debt servicing payments, the Debtors are projected to incur a net cash outflow of approximately $10.6 million over the Forecast Period. Accordingly, the Updated Cash Flow Forecast projects the use of cash on hand as of the beginning of the Forecast Period and additional borrowings under the DIP Facility in the amount of $10.6 million over the Forecast Period. These amounts may differ due to the timing of receipts and disbursements during the Forecast Period.

29. The Monitor notes that the Updated Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

VIII. AMENDMENT TO DIP TERM SHEET

30. The DIP Term Sheet, which was approved by the Court on November 9, 2023, provided the Debtors with up to $15 million in additional financing under the DIP Facility. Borrowings under the DIP Facility are secured by a super priority charge (the "**DIP Lender's Charge**") on all present and after-acquired personal and real, tangible or intangible property of the Debtors, granted in favour of the DIP Lender. The DIP Term

Sheet had a maturity date of 180 days from the date of Initial Advance, being on or about May 8, 2024. As noted above, the Stay Extension Order granted by the Court on February 5, 2024 authorized maximum borrowing under the DIP Facility of up to $15 million.

31. Total borrowings under the DIP Facility since the Filing Date were $9 million as at April 20, 2024.

32. On May 1, 2024, the DIP Lender and the Debtors entered into an amendment (the "**First DIP Amendment**") to the DIP Term Sheet, a copy of which is attached hereto as **Appendix "E"**. The First DIP Amendment amended the following provisions to the DIP Term Sheet:

(a) <u>Maximum Availability</u> – increased from $15 million to $21 million; and

(b) <u>Maturity Date</u> – extended from May 8, 2024 to September 28, 2024, or such later date as the DIP Lender in its sole and absolute discretion may agree to in writing.

33. The Monitor, for and on behalf of the Debtors, is seeking approval of the First DIP Amendment and to amend paragraph 39 of the ARIO to authorize borrowings under the DIP Facility of up to $21 million to account for the projected funding required during the Forecast Period. The DIP Lender's Charge will continue to secure all obligations outstanding under the DIP Facility.

34. The Monitor is of the view that the First DIP Amendment and proposed amendment to paragraph 39 of the ARIO is reasonable and necessary in the circumstances, as the Debtors require the liquidity to operate during the Forecast Period.

IX. AMENDMENT TO CRO AGREEMENT

35. HWS, for and on behalf of the Debtors, PTC and the Monitor acknowledged and agreed to an amendment to the CRO Engagement Letter dated February 22, 2024 (the "**First CRO Amendment**"), which, in accordance with the Stay Extension Order, increased the monthly fee payable to HWS (the "**Work Fee**") from $40,000 per month to $65,000 per month for the period from February 2024 to May 2024. In addition to the amendment to the Work Fee, the CRO and PTC agreed to negotiate, in consultation with the Monitor, an additional one-time fee (the "**Cost Reductions Fee**") for the CRO based upon the successful reduction of operating costs in the Debtors' CCAA proceedings.

36. The Monitor understands the CRO and PTC have now agreed to a Cost Reductions Fee in the amount of $150,000, which will be paid to the CRO in two payments of $75,000 on July 1, 2024 and August 1, 2024, subject to the provision by the CRO of evidence substantiating cost savings in relation to the operation of the Debtors acceptable to the DIP Lender and the Monitor. The Cost Reductions Fee has been included in the Updated Cash Flow Forecast presented above.

37. The parties are in the process of entering into a second amendment to the CRO Engagement Letter (the "**Second CRO Amendment**"), which will (i) fix the Work Fee at $65,000 per month from June to September 2024, and (ii) amend the provisions relating to reimbursement of out-of-pocket expenses to exclude legal fees incurred by the CRO.

38. The Monitor was consulted with respect to the Cost Reductions Fee and the Second CRO Amendment, and is supportive of same as, in the Monitor's view, the CRO's total renumeration is generally comparable with compensation paid to other chief restructuring officers in similar cases.

X. UPDATE ON OTHER MATTERS IN THE CCAA PROCEEDINGS

RNC Business

39. The Debtors historically originated certain leases in Ontario through supplying heating, ventilation and air conditioning ("**HVAC**") equipment to builders of new residential homes

(the "**RNC Business**"). The Monitor understands that the majority of the RNC Business was operated through the Debtors' joint venture partner, HCSI Home Comfort 2 Inc. ("**HCSI**"), as well as internally through New Simply Green.

40. As part of the RNC Business, New Simply Green or HCSI, as the case may be, would procure builder site agreements ("**BSAs**") to supply HVAC equipment to builders in connection with the construction of new homes in consideration of such builders facilitating new home rental agreements for such equipment between New Simply Green or HCSI and the homeowner, upon the closing of the home.

41. As noted in the Second Report, the Debtors and the CRO, with the assistance of the Monitor, engaged in discussions with potential interested parties in acquiring the Debtors' interests in the RNC Business, including the BSAs. Subsequent to the date of the Second Report, the Debtors and HCSI entered into agreements with a third party (the "**Assignee**") to assign all of its right, title and interest in certain BSAs (the "**BSA Assignment Transactions**") in exchange for a future commission to be earned by New Simply Green or HCSI, as applicable, based on the Assignee's fulfilment of the obligations under the BSAs. In total, New Simply Green assigned its interest in six (6) BSAs (representing approximately 500 units) (the "**SG BSAs**") and HCSI assigned its interests in 24 BSAs (representing approximately 2,200 units) to the Assignee under separate agreements. As a result, New Simply Green is no longer a party to any active BSAs for supply of new HVAC equipment.

42. The Monitor is of the view that the consideration to be received by the Debtors under the BSA Assignment Transactions (no funds were received on closing) will not exceed the thresholds set forth in paragraph 11(a) of the ARIO and as such, Court approval was not required in the circumstances. To date, no funds have been received by the Debtors pursuant to the BSA Assignment Transactions.

43. The Debtors and HCSI, in consultation with the Monitor, are also in discussions with the Assignee regarding selling their respective interests in certain equipment previously delivered to builder sites prior to the Filing Date but which have not generated rental

agreements due to outstanding pre-filing amounts owed to the builders under the BSAs. The Monitor will report to this Court in due course to seek approval of any transaction for these assets, depending on the outcome of discussions and the consideration to be received by the Debtors therefrom.

Plea Agreement

44. The Monitor understands that in or around June 2022, certain of the Debtors and Lawrence Krimker (collectively the "**Defendants**") were charged with certain offences by the Ontario Ministry of Government and Consumer Services under the *Consumer Protection Act, 2002*, S.O. 2002, c. 30, Sched. A, including failure to pay refunds to two customers within 15 days after the customers gave notice of cancellation of a consumer agreement.

45. A trial was scheduled to commence at the end of January, 2024. The Monitor understands that these proceedings were not stayed by the ARIO, as they fell within the meaning of Section 11.1(2) of the CCAA.

46. The Monitor understands that the Crown accepted a proposed guilty plea by the Defendants in respect of these two refund claims based on an agreed statement of facts and the applicable Debtors are working with these customers to process the refunds. The Monitor further understands that Simply Green Home Services, one of the Defendants, pled guilty at a sentencing hearing on or around March 21, 2024, and the charges against the remaining Defendants were withdrawn. The Crown assessed a fine of approximately $25,000, and payment of the fine was stayed in accordance with these CCAA proceedings.

Timing on SISP

47. To the extent this Court grants the Second Stay Extension Order and extends the Stay Period to and including September 27, 2024, the Monitor intends to use the extended stay period to develop, in consultation with the CRO and the DIP Lender, a SISP in respect of the Debtors and their business and property with the objective of seeking one or more transactions to maximize creditor and stakeholder recoveries in these CCAA proceedings.

The Monitor intends to seek this Court's approval of the SISP during such extended stay period.

XI. UPDATE ON CLASS ACTION PROCEEDINGS

48. The Monitor, through counsel, has been actively engaged with counsel of record for the plaintiff in a proposed class action commenced against certain of the Debtors and with other counsel of record involved in such class action with the objective of agreeing upon a path forward to address the issues raised in the proposed class action, including a litigation timetable to resolve the proposed class proceeding and a potential consensual or court-ordered mediation. The parties have not been able to reach an agreement on the manner in which the proposed class action should proceed. At the request of the Monitor, the Court has scheduled a case conference on May 16, 2024 for the parties to the litigation to seek this Court's guidance on the path forward.

XII. STAY EXTENSION

49. The current stay of proceedings expires on May 10, 2024. The Monitor, for and on behalf of the Debtors, is seeking an extension of the Stay Period until and including September 27, 2024.

50. The Monitor, for and on behalf of the Debtors, proposes an extension of the stay of proceedings to September 27, 2024 for the following reasons:

(a) the Debtors, under the stewardship of the CRO and supervision of the Monitor, are acting in good faith and with due diligence;

(b) the extension of the Stay Period will allow additional time for the Monitor to continue working with counsel of record in the proposed class action, and the Court if necessary, to agree upon a path forward to resolve the issues raised in the litigation, including a potential mediation which could be held in the summer of 2024;

(c) the extension of the Stay Period will provide the Monitor with the opportunity to develop the SISP, in consultation with the CRO and the DIP Lender, and seek this Court's approval of same;

(d) as of the date of this Third Report, the Monitor is not aware of any party opposed to an extension of the Stay Period; and

(e) the extension of the Stay Period should not materially prejudice any creditor of the Debtors as the Updated Cash Flow Forecast reflects that the Debtors are projected to have sufficient funding to continue to operate in the normal course through the proposed stay extension period.

XIII. MONITOR'S RECOMMENDATIONS

51. For the reasons set out in this Third Report, the Monitor is of the view that the relief requested pursuant to the Second Stay Extension Order is both appropriate and reasonable. The Monitor is also of the view that the Debtors, under the stewardship of the CRO and supervision of the Monitor, are acting in good faith and with due diligence. Granting the relief sought will provide the Debtors with the best opportunity to explore restructuring options under the CCAA that would seek to maximize creditor and stakeholder recoveries.

52. Based on the foregoing, the Monitor respectfully recommends that this Court approve the relief sought in the proposed Second Stay Extension Order.

All of which is respectfully submitted this 1st day of May 2024.

KPMG Inc.
In its capacity as Monitor of
Crest Financial Corp., Simply Green Home Services Inc., Simply Green Home Services Corp., Crown Crest Capital Management Corp., Crown Crest Funding Corp. and Crown Crest Capital Trust
and not in its personal or corporate capacity

Per:

Pritesh Patel
CIRP, LIT
Senior Vice President

T. Montgomery

Tim Montgomery
CIRP, LIT
Vice President

Appendix "A"

Court File No.: CV-23-00709183-00CL

CROWN CREST CAPITAL MANAGEMENT CORP., CROWN CREST FINANCIAL CORP., CROWN CREST FUNDING CORP., SIMPLY GREEN HOME SERVICES INC., SIMPLY GREEN HOME SERVICES CORP., AND CROWN CREST CAPITAL TRUST

REPORT OF KPMG INC.,
IN ITS CAPACITY AS PROPOSED MONITOR

November 6, 2023

TABLE OF CONTENTS

APPENDICES

Court File No.: CV-23-00709183-00CL

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 CROWN CREST CAPITAL MANAGEMENT CORP., CROWN CREST FINANCIAL CORP., CROWN CREST FUNDING CORP., SIMPLY GREEN HOME SERVICES INC., SIMPLY GREEN HOME SERVICES CORP., AND CROWN CREST CAPITAL TRUST

REPORT OF KPMG INC.
IN ITS CAPACITY AS PROPOSED MONITOR

November 6, 2023

I. INTRODUCTION

1. Crown Crest Financial Corp. ("**CCFC**"), Simply Green Home Services Inc. ("**New Simply Green**"), Simply Green Home Services Corp. ("**Old Simply Green**"), Crown Crest Capital Management Corp. ("**CC Management Co**"), Crown Crest Funding Corp. ("**Trustee Co**"), and Crown Crest Capital Trust ("**CC Trust**" and collectively, the "**Simply Green Leasing Group**" or the "**Respondents**") are a group of privately held companies with headquarters in Toronto, Ontario that operate a vertically integrated heating, ventilation and air conditioning ("**HVAC**") equipment leasing and servicing business.

2. Peoples Trust Company ("**PTC**" or the "**Applicant**") has advanced secured financing to the Simply Green Leasing Group and holds general security agreements from each of CCFC, New Simply Green, Old Simply Green, CC Management Co., Trustee Co and CC Trust pursuant to which PTC obtained a first ranking general security interest in all of the personal property, assets, and undertakings of the applicable grantor, as security for all indebtedness, liability and obligations of that grantor to PTC, including, without limitation, guarantee obligations and future indebtedness. PTC also holds certain rights as concurrent lessee pertaining to portfolios of consumer HVAC equipment leases originated or acquired by members of the Simply Green Leasing Group. As of September 30, 2023, PTC is owed approximately $39.7 million under the Loan Agreements (as defined herein) and has further exposure under the Concurrent Leases (as defined herein) in the amount of approximately $279.7 million.

3. KPMG Inc. ("**KPMG**" or the "**Proposed Monitor**") understands that PTC intends to make an application (the "**Application**") before the Ontario Superior Court of Justice (Commercial List) (the "**Court**") returnable on November 9, 2023, seeking an Initial Order (the "**Proposed Initial Order**") pursuant to the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**") in respect of the Respondents to, among other things:

   (a) obtain a stay of proceedings in respect of the Respondents until and including November 19, 2023;

(b) appoint KPMG as the monitor in respect of the Respondents as part of the proposed CCAA proceeding, with the powers set out in the Proposed Initial Order;

(c) approve the appointment of HWS Consulting Inc. ("**HWS**"), acting through Josef Prosperi and others, to act as the Chief Restructuring Officer (the "**Proposed CRO**") of the Respondents pursuant to an engagement letter to be entered into in advance of the Application date, and authorizing the Proposed CRO to exercise and perform the powers, responsibilities and duties set out therein;

(d) approve the terms of an interim financing facility (the "**DIP Facility**") to be provided by PTC to the Respondents in order to finance the Respondents' working capital requirements and restructuring costs, pursuant to a DIP facility term sheet to be entered into by the Proposed CRO, on behalf of the Respondents (the "**DIP Term Sheet**"); and

(e) approve the charges in the Proposed Initial Order.

4. The Proposed Monitor understands the primary purpose of the CCAA proceedings is to ensure the Simply Green Leasing Group has the necessary working capital and liquidity to continue operations while providing an opportunity to explore restructuring options under the CCAA under the supervision of the Proposed CRO and the Proposed Monitor, that would seek to maximize creditor and stakeholder recoveries.

II. PURPOSE OF REPORT

5. This report (the "**Report**") has been prepared by KPMG as the Proposed Monitor of the Respondents in the CCAA proceedings. The purpose of the Report is to provide the Court with information pertaining to:

(a) KPMG's qualifications to act as Monitor of the Respondents (in such capacity, the "**Monitor**");

(b) limited background information in respect of operations, financial position and creditors of the Simply Green Leasing Group, based on information currently available to the Proposed Monitor;

(c) the cash flow projections for the Simply Green Leasing Group (the "**Cash Flow Forecast**") for the period from November 6, 2023 to February 3, 2024 (the "**Forecast Period**");

(d) summarize the key terms of the proposed DIP Term Sheet to be made available to the Respondents from PTC in the maximum principal amount of $15 million;

(e) the appointment of the Proposed CRO;

(f) the charges proposed in the Proposed Initial Order; and

(g) the Proposed Initial Order and proposed additional powers of the Proposed Monitor thereunder.

III. TERMS OF REFERENCE

6. In preparing this Report, KPMG has relied solely on information and documents provided to it by the Simply Green Leasing Group and PTC, and their respective advisors, including unaudited, draft and/or internal financial information, financial projections prepared by the Simply Green Leasing Group, discussions with management of the Simply Green Leasing Group, discussions with PTC executives, and affidavits of the Respondents' executives (collectively, the "**Information**"). In accordance with industry practice, except as otherwise described in the Report, KPMG has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided. However, KPMG has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Auditing Standards ("**GAAS**") pursuant to the *Chartered Professional Accountant of Canada Handbook* and, as such, KPMG expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

7. Capitalized terms used but not defined in this Report are defined in the Affidavit of Mr. Michael Lombard of PTC sworn November 6, 2023 (the "**Lombard Affidavit**"), filed by the Applicant as part of its materials in support of the Application and the Proposed Initial Order. This Report should be read in conjunction with the Lombard Affidavit, as certain

information contained in the Lombard Affidavit has not been included herein in order to avoid unnecessary duplication.

8. Future orientated financial information contained in the Cash Flow Forecast is based on the Simply Green Leasing Group's estimates and assumptions regarding future events. Actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, the Proposed Monitor expresses no assurance as to whether the Cash Flow Forecast will be achieved.

9. If the Proposed Initial Order is granted, and KPMG is appointed as Monitor, KPMG will make available all Court documents and other material documents pertaining to the CCAA proceedings on its website at www.kpmg.com/ca/simplygreen. In addition, KPMG has arranged for a toll-free hotline 1-833-668-6400 and an email address simplygreen@kpmg.ca through which creditors of the Respondents or other interested parties can make inquires related to the CCAA proceedings.

10. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

IV. KPMG'S QUALIFICATIONS TO ACT AS MONITOR

11. KPMG is a trustee within the meaning of section 2(1) of the *Bankruptcy and Insolvency Act*. Further, KPMG is not subject to any of the restrictions on who may be appointed as Monitor set out in section 11.7(2) of the CCAA.

12. KPMG has experience acting as CCAA monitor and other court-officer capacities in insolvency proceedings. The senior professional personnel at KPMG with primary carriage of this matter are certified Chartered Insolvency and Restructuring Professionals and Licensed Insolvency Trustees and have acted in insolvency matters of similar nature and scale across Canada.

13. Should the Court grant the Proposed Initial Order, KPMG has consented to act as Monitor. Furthermore, the Proposed Monitor has retained Osler, Hoskin & Harcourt LLP ("**Osler**") to act as its independent counsel in these proceedings.

14. KPMG LLP, an affiliate of the Proposed Monitor, was retained by Gowling WLG (Canada) LLP, on behalf of PTC, pursuant to an engagement letter dated on August 8, 2023, to provide financial advisory services to PTC in respect of the Simply Green Leasing Group (the "**Prior Engagement**"). During that time, KPMG developed a preliminary understanding of the financial and operational challenges of the Simply Green Leasing Group, which knowledge will assist KPMG to fulfil its duties as Monitor.

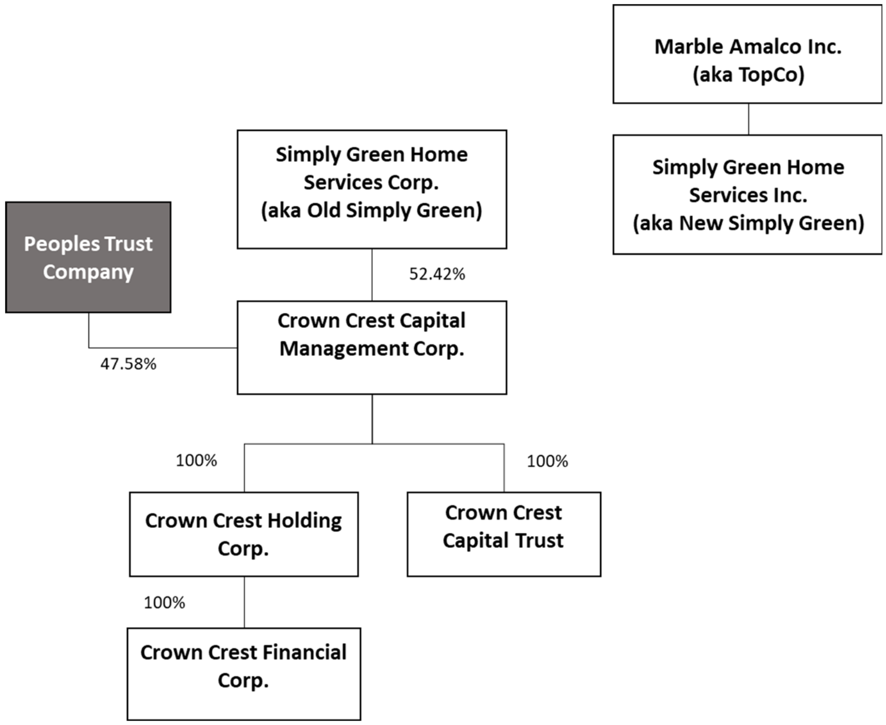
15. The Simply Green Leasing Group consented to the Prior Engagement and agreed that it would not assert any objection to the appointment of KPMG by the Court to act as CCAA monitor based on any claim of conflict related to the Prior Engagement. As a formal matter, PTC and KPMG LLP will terminate the Prior Engagement upon the entry of the Proposed Initial Order.

V. BACKGROUND

16. Detailed information with respect to Simply Green Leasing Group's business, operations and causes of insolvency are set out extensively in the Lombard Affidavit. The Proposed Monitor has reviewed the Lombard Affidavit and believes, based on the Information available to it, that it provides a fair and sufficient summary of the business and affairs of the Simply Green Leasing Group and the causes of its insolvency. The information contained in this Report represents a summary of the background to the proposed CCAA proceedings.

Corporate Structure and Business

17. As noted in the Lombard Affidavit, each of the Respondents are incorporated under the *Business Corporations Act* (Ontario). An organizational chart for the Respondents is included in the Lombard Affidavit and set forth below:



18. As noted above, Old Simply Green is the direct and/or indirect parent of each of the Respondents, except for New Simply Green, which is a subsidiary of Marble Amalco Inc ("**Marble Amalco**"). CC Trust is a special purpose funding trust that holds pools of equipment leases originated by other entities in the Respondents' group. CC Trustee is the trustee of CC Trust and CC Management Co is the beneficiary and administrator of the Trust.

19. The Respondents are in the business of renting and servicing heating, ventilation and air conditioning ("**HVAC**") and energy conservation equipment to retail consumers including hot water heaters, furnaces, heat pumps, air conditioners, boilers, air filtration systems and other related products. The equipment lease portfolio owned by the Simply Green Leasing Group is spread across Canada, with the majority of the equipment leases concentrated in Ontario. The Respondents operate the business from a leased premise located at 2225 Sheppard Ave East in Toronto, Ontario ("**Sheppard Office**"), which is the registered corporate office for each of the Respondents.

20. The business of the Simply Green Leasing Group commenced in 2013 under Old Simply Green and was focused primarily on originating leases for home comfort equipment, which involved customers entering into a term lease for new HVAC equipment, typically for ten (10) years, with lease buyout rights. Customers generally did not pay an upfront cost for acquisition and installation, but rather pay a monthly fee for the duration of the lease period. Old Simply Green would then sell the leases (and the underlying payment stream) to a financing partner.

21. The leases generally provided that the customer was not responsible for any normal course repairs to the underlying equipment over the life of the lease, except if the customer exercised their lease buyout right in which case the customer would become the outright owner of the equipment (with no further payment obligations) but would forego any further entitlement to servicing.

22. The Proposed Monitor understands that in 2015 the business model of the Simply Green Leasing Group shifted from solely lease origination to include financing of new HVAC equipment sales, as well as customer support and repair and maintenance services. While some leases continued to be originated by Old Simply Green, the Proposed Monitor understands the majority of new leases were acquired from third parties by the Simply Green Leasing Group.

23. Since 2015, the Simply Green Leasing Group has grown through acquisition of numerous portfolios of equipment leases originated by third parties, either by purchasing the equipment leases themselves or by acquiring companies' that held pools of equipment leases. These transactions have been a significant driver of the growth of the Simply Green Leasing Group, which currently services approximately 84,000 consumer equipment leases.

2020 Reorganization

24. As noted in the Lombard Affidavit, the Simply Green Leasing Group reorganized its corporate structure on or about October 13, 2020, in tandem with the formation of 2775996 Ontario Inc. ("**277**"), to acquire adjacent consumer lending businesses. As part of the

reorganization (the "**2020 Reorganization**"), the following changes were made to the Respondents corporate structure:

(a) 277, the predecessor to Marble Amalco, was incorporated to facilitate the aforementioned acquisitions;

(b) Old Simply Green amended its name from "Simply Green Home Services Inc." to its current name of "Simply Green Home Services Corp."; and,

(c) New Simply Green was incorporated as 2775153 Ontario Inc., a subsidiary of 277, and thereafter changed its name to "Simply Green Home Services Inc.", the former name of Old Simply Green.

25. As part of the 2020 Reorganization, the non-portfolio assets of Old Simply Green, including all employees and operational assets required to operate the business, excluding intellectual property and intellectual property rights ("**IP**"), were transferred to New Simply Green. As a result, all new equipment leases were originated by New Simply Green and no new equipment leases were originated or otherwise transferred to Old Simply Green.

26. Further concurrently with the closing, New Simply Green and Old Simply Green, with PTC's consent, entered into: (i) an IP licencing agreement, allowing New Simply Green to use the IP assets, including the branding and trademarks when originating new contracts; and (ii) a sub-servicing agreement pursuant to which New Simply Green agreed to perform and fulfill all servicing activities previously performed by Old Simply Green in relation to the existing equipment leases held by it, CC Trust and CCFC as at the time of the 2020 Reorganization (the "**Sub-Servicing Agreement**").

27. Pursuant to the Sub-Servicing Agreement, 277 (now Marble Amalco) granted a guarantee in favour of PTC to guarantee the performance and fulfilment of the obligations by New Simply Green thereunder, and indemnifying PTC from any loss, damage, suit, cost or other proceeding arising from the failure of New Simply Green to perform its obligations under the Sub-Servicing Agreement.

Financial Position

28. Included in the Lombard Affidavit are copies of the audited consolidated financial statements for Old Simply Green for the fifteen-month period ending December 31, 2022 (the "**2022 Audited Financial Statements**"). The 2022 Audited Financial Statements cover each of the Respondents other than New Simply Green (the Companies included in the 2022 Audited Financial Statements, the "**Old Simply Green FS Entities**").

29. According to the 2022 Audited Financial Statements, as at December 31, 2022, the Old Simply Green FS Entities had total consolidated assets with a net book value of approximately $256.4 million. The majority of these consolidated assets are comprised of "finance receivables", which the Proposed Monitor understands to be the net book value of equipment lease payments owing to the Old Simply Green FS Entities. The 2022 Audited Financial Statements further provide that as of December 31, 2022, the Old Simply Green FS Entities had total liabilities in the amount of approximately $312.3 million, including secured debt in the amount of $255.8 million.

30. The most recent unaudited financial statements provided to PTC for New Simply Green are for the quarterly period ending March 31, 2023 (the "**New Simply Green March 2023 FS**"). The New Simply Green March 2023 FS, a copy of which is attached to the Lombard Affidavit, indicates that New Simply Green had total assets in the amount of approximately $61.3 million, primarily comprised of finance receivables in the amount of approximately $55.6 million, and liabilities of approximately $90.9 million (including secured debt in the amount of approximately $55.4 million).

Employees

31. Based on discussions with management, the Proposed Monitor understands that the Simply Green Leasing Group has between 70 to 80 full time employees, including management and executives, all based in Toronto and working from the Sheppard Office.

32. Based on the Information reviewed to date, the Proposed Monitor understands the Respondents' employees do not benefit from a company-backed pension plan, are not represented by a union and are not subject to a collective bargaining agreement

PTC Indebtedness

33. PTC is the principal source of secured financing for the Respondents. Specifically, the Respondents have entered into three warehouse loan agreements and secured debenture facilities with PTC (collectively, the "**Loan Agreements**"). They have also entered into a number of concurrent leases (the "**Concurrent Leases**") which PTC has certain rights pertaining to the underlying rents payable for specific portfolios of consumer rental agreements (the "**Concurrent Lease Agreements**").

34. As noted earlier in this Report, PTC has a first ranking general security interest in all of the personal property, assets, and undertakings in each of CCFC, New Simply Green, Old Simply Green, CC Management Co., Trustee Co and CC Trust. Further, under each of the Concurrent Lease Agreements, PTC has been granted a security interest in the underlying rented assets, including without limitation all amounts owed to or received by the applicable lessor, and all of the lessor's right, title and interest, in and to all collections in respect of the remaining term of the equipment lease agreements.

35. As at September 30, 2023, PTC is owed approximately $39.7 million under the Loan Agreements and has further exposure under the Concurrent Lease Agreements in the amount of approximately $279.7 million. PTC was granted various general security agreements and guarantees pertaining to the Loan Agreements and Concurrent Lease Agreements, as detailed and appended to the Lombard Affidavit.

36. The Loan Agreements currently in place between the respondents and PTC are described in the below chart:

#	Borrower	Authorized Amount of Facility	Outstanding Balance (1)	Accrued Interest (1)	Title and Date of Agreement	Name of Facility
1	CC Trustee in its capacity as trustee of CC Trust	$5,500,000	$2,167,832	$22,315	Fourth Amended and Restated Warehouse Line of Credit Agreement dated January 1, 2023	**Warehouse 1**
2	CC Trustee in its capacity as trustee of CC Trust	$20,514,800	$12,495,271	$136,389	Third Amended and Restated Warehouse Line of Credit Agreement dated January 1, 2023	**Warehouse 4**
3	New Simply Green	$25,000,000	$17,846,112	$191,881	Second Amended and Restated Warehouse Line of Credit Agreement dated January 1, 2023	**Warehouse 5**
4	Old Simply Green	$10,000,000	$6,806,717	$70,903	Debenture dated January 19, 2018	**Debenture 1**
	Total	**$61,014,800**	**$39,315,932**	**$421,489**		

(1) As at September 30, 2023

37. As noted in the Lombard Affidavit, 277 (now Marble Amalco) granted a guarantee in favour of PTC of the obligations, liability and indebtedness of New Simply Green under Warehouse 5.

38. The Concurrent Lease Agreements currently in effect between the Respondents and PTC are described in the below chart:

#	Concurrent Lessor and Servicer	Title and Date of Agreement
1	CCFC	Fourth Amended and Restated Concurrent Lease dated June 30, 2021
2	CC Trustee in its capacity as trustee of CC Trust	Concurrent Lease Agreement dated May 29, 2019
3	New Simply Green	Second Amended and Restated Concurrent Lease dated November 1, 2021
4	CC Trustee in its capacity as trustee of CC Trust	Second Amended and Restated Concurrent Lease Agreement dated April 15, 2019
5	CC Trustee in its capacity as trustee of CC Trust	Third Amended and Restated Concurrent Lease Agreement dated April 15, 2019

39. At present, the Proposed Monitor has not received a security opinion from its independent counsel, Osler, on the validity and enforceability of PTC's security interest as against the

Respondents but intends to request such review be completed prior to the Comeback Hearing, should the Proposed Initial Order be issued.

Other Creditors

40. As noted in the Lombard Affidavit, the Respondents have a limited number of other creditors with registered security interests in the applicable personal property security registries, which primarily appear to relate to leasing and/or financing of vehicles. One of the registrations is from Greypoint Capital Inc. relating to a warehouse loan agreement entered into with Old Simply Green, which was reportedly repaid in full on January 26, 2022, according to the 2022 Audited Financial Statements.

41. As per the 2022 Audited Financial Statements, the Old Simply Green FS Entities had unsecured creditors in the amount of approximately $13 million, substantially all of which is due to a company under common control. Based on the Information received, the Proposed Monitor understands this balance may have increased to approximately $18.7 million as at June 30, 2023.

42. As per the New Simply Green March 2023 FS, New Simply Green has unsecured creditors and accrued liabilities in the amount of approximately $5.2 million. The Proposed Monitor does not have a further breakdown of this balance.

43. Based on the Information received and reviewed to date, the Proposed Monitor is not aware of any arrears of employee related amounts, required remittances of employee withholdings, and/or sales taxes (HST and PST), other than potentially accrued amounts since the date of the last payment/remittance. The Proposed Monitor intends to confirm the above following issuance of the Proposed Initial Order.

VI. CASH FLOW FORECAST

44. The Proposed Monitor has prepared the Cash Flow Forecast for the purpose of projecting the estimated liquidity needs of the Simply Green Leasing Group during the Forecast Period. A copy of the Cash Flow Forecast, accompanying notes and a report containing prescribed representations regarding the preparation of the Cash Flow Forecast are attached hereto as **Appendix "A"**.

45. The Cash Flow Forecast has been prepared by the Proposed Monitor on a conservative basis using probable and hypothetical assumptions set out in the notes to the Cash Flow Forecast.

46. The Cash Flow Forecast has been prepared by the Proposed Monitor without consulting with the Respondents, based on financial information and financial models provided by the Respondents in the Prior Engagement. This financial information included a monthly cash flow forecast (the "**SG Monthly Model**") prepared using a lease schedule and opening loan balances as at May 31, 2023 and was based on assumptions as it relates to cash generation from lease agreements, operating expenses, debt servicing costs and flow-through payments to PTC.

47. The Proposed Monitor has updated opening loan balances from information provided to it by the Applicant and made assumptions regarding the timing of intra-month receipts and disbursements based on certain available information in the SG Monthly Model, and the Proposed Monitor's prior experience in similar situations. The Proposed Monitor notes that given the dated nature of the SG Monthly Model and the fact that a number of assumptions as it relates to the timing of intra-month receipts and disbursements have not been corroborated by the Respondents, actual results may differ from the Cash Flow Forecast and such variances may be material.

48. The Proposed Monitor has had no access to the Respondents' banking information and therefore has made the conservative assumption, for the purpose of the Cash Flow Forecast, that the Respondents have nil cash on hand as at November 6, 2023. This assumption is consistent with the presentation of cash flows included in the SG Monthly Model.

49. Forecast operating cash receipts over the Forecast Period total approximately $16.4 million primarily related to the collection of monthly payments from the customers of the Simply Green Leasing Group.

50. Forecast operating disbursements over the Forecast Period total approximately $8.5 million and primarily consist of payroll ($2.5 million), costs associated with the technical servicing (call-outs, repairs and maintenance) of the portfolio ($1.8 million), professional fees ($1.4 million) and other general and administration expenses (third party call centre, billing costs, IT, etc.).

51. The Cash Flow Forecast assumes that the Respondents service interest expense of the Loan Agreements and remit amounts required under the Concurrent Lease Agreements upon receipt of an opinion from its independent counsel, Osler, that PTC's security interest is valid and enforceable, which opinion is anticipated to be completed prior to the Comeback Hearing (as defined below). Over the Forecast Period (but not during the first 2 weeks), a total of approximately $16 million will be paid to PTC to service debts owing under the Loan Agreements, in respect of the cash flows arising from the Concurrent Lease Agreements and the commitment fee for the proposed DIP Facility.

52. Net negative cash flow is forecast to be approximately $1.1 million over the first 2 weeks (i.e. up to the date of the Comeback Hearing) and approximately $8.2 million over the Forecast Period.

53. Accordingly, the Respondents will be required to draw on the proposed DIP Facility, as defined below, immediately upon issuance of the Proposed Initial Order in order to have sufficient funds to satisfy its projected uses of cash to the date of the Comeback Hearing. Beyond the date of the Comeback Hearing, the Respondents will also require additional amounts from the DIP Facility to continue to operate the business in the normal course.

54. The Cash Flow Forecast projects borrowings under the DIP Facility in the amount of $1.1 million prior to the date of the Comeback Hearing and $8.2 million over the Forecast Period.

55. As evidenced by the Cash Flow Forecast, without access to urgent interim financing, the Respondents lack sufficient liquidity to maintain operations. The DIP Facility will provide the Respondents with sufficient funding during the Forecast Period to ensure continued operations during the proposed CCAA proceedings.

56. The Proposed Monitor notes that the Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

VII. PROPOSED DIP FACILITY

57. As noted above, based on the Cash Flow Forecast, the Respondents will require urgent interim financing in order to maintain sufficient liquidity to continue operations, during these CCAA proceedings.

58. Under the DIP Term Sheet to be entered into by the CRO, on behalf of the Respondents, subject to this Court's prior approval in the Proposed Initial Order, PTC (in such capacity, the "**DIP Lender**") has agreed to extend an interim senior secured, super-priority financing facility (the "**DIP Facility**") to the Respondents in the maximum principal amount of $15 million. PTC has advised the Proposed Monitor that its willingness to provide such financing is predicated on the Court making the Proposed Initial Order, including the proposed DIP Lender's Charge.

59. Principal terms of the DIP Term Sheet, a copy of which is attached as Exhibit "CC" to the Lombard Affidavit, include, without limitation, the following:

Basic Provisions	Description
Maximum Availability	$15,000,000
Borrowers	Each of the entities within the Simply Green Leasing Group
Interest rate	9.5% per annum, compounded and calculated weekly

Additional consideration	Commitment fee 1% of the Maximum Availability (the "**Commitment Fee**"), one-third of which shall be earned upon execution of the DIP Term Sheet and the balance upon issuance of the Restated Initial Order.
Expenses	Borrowers shall pay all fees and expenses of the DIP Lender related to the DIP Term Sheet incurred by the DIP Lender in connection with the CCAA proceedings.
Maturity date	Earliest of: (a) 180 days from the date of Initial Advance; (b) the date on which stay of proceedings under CCAA is lifted without consent of DIP Lender or CCAA proceedings terminated; (c) implementation of a plan of compromise or arrangement within the CCAA proceedings; (d) the conversion of the CCAA Proceedings to a proceeding under the BIA; and (e) the occurrence of an Event of Default.
Security	DIP Facility will be secured by a super priority charge (the "**DIP Lender's Charge**") on all present and after-acquired personal and real, tangible or intangible property of the Borrowers (the "**Property**"), granted in favour of the DIP Lender for all advances made to the Respondents subsequent to the date of the Initial Order.
Continued Payment of Interest	At all times after the Restated Initial Order, the Borrowers agree that any and all interest and fees due and payable and/or accruing under Loan Agreements, and payments and remittances required to be paid under the Concurrent Lease Payments, shall be paid in the ordinary course, subject to receipt of an opinion from the Monitor's independent counsel, Osler, that PTC's security interest as against the Respondents is valid and enforceable.
Conditions Precedent to Initial Advance	Conditions precedent to the Initial Advance include but are not limited to: (a) the Proposed Initial Order be made and in full force and effect, in form and substance acceptable to the DIP Lender; (b) KPMG be appointed as the Monitor; (c) appointment of the Proposed CRO; and (d) granting of the DIP Lender's Charge, which shall be subordinate only to the Administration Charge.
Events of Default	A number of Events of Default, including but not limited to: (a) KPMG ceases to be Monitor; (b) the Proposed CRO is terminated or resigns, or the Borrowers fail to cooperate with the Proposed CRO, once appointed; or (c) the Borrowers permit negative variances with respect to cumulative receipts and cumulative disbursements in the Cash Flow Forecast (or any subsequent updated forecast) that (i) at any time during the first 8 weeks of the CCAA proceedings exceed 20%; and (ii) thereafter exceed 15%, in each case measured on a weekly basis.

60. Based on the Cash Flow Forecast, the amount that would be required to be drawn in the first ten days is $1.1 million (the "**Initial Advance**"), which would be used, together with cash flows from operations, to fund the following expenses:

(a) Operating costs ($1.1 million), primarily related to estimated costs for technical servicing of customer equipment, customer collections, call centre, etc.

(b) Payroll and Benefits ($0.4 million), related to payment of salary and wages for existing employees of the Simply Green Leasing Group;

(c) Professional Fees ($0.4 million), primarily to provide retainers to the Applicant's counsel, the Proposed Monitor and its counsel, and payment of the first Work Fee (as defined herein) to the Proposed CRO;

(d) Rent and Utilities ($0.2 million); and

(e) the Commitment Fee.

61. In order to provide the Respondents with the liquidity required to fund the operations during the CCAA proceedings, the Applicant is seeking the approval of the DIP Term Sheet and that, until the Comeback Hearing, the Respondents be permitted to draw no more than $1.1 million to fund the expenditures noted above in the first ten days, subject to compliance with the terms of the DIP Term Sheet. The Initial Advance shall be advanced by the DIP Lender to New Simply Green for and on behalf of itself and the Respondents. The amounts are contemplated to be funded under and secured by the DIP Lender's Charge.

62. The Proposed Monitor notes the amount required to be drawn in the first ten days represents approximately 7% of the total availability under the DIP Facility. The Cash Flow Forecast has been reviewed by the DIP Lender, which consents to the proposed Initial Advance amount and the use of proceeds to sustain operations of the Respondents until the Comeback Hearing.

63. When reviewing the reasonableness of the DIP Term Sheet, KPMG considered the factors set out in Section 11.2 of the CCAA and notes the following:

(a) Based on the Information available to the Proposed Monitor, the Respondents have a critical and immediate need for interim financing. Without access to the DIP Facility, based on the Cash Flow Forecast, the Respondents will be unable to maintain their operations and advance the restructuring process during the Forecast Period. The DIP Facility will allow the Respondents to continue to operate, including funding payroll along with customer and technical servicing;

(b) the Proposed Monitor believes that approval of the DIP Facility is in the best interests of the Respondents' stakeholders and will advance the Respondents' restructuring process. The Proposed Monitor does not believe that creditors of the Respondents will be prejudiced as a result of the approval of the DIP Facility – to the contrary, they will benefit from it as it will allow the business to continue to operate, which will enhance value versus the alternative, which is the discontinuation of operations and the potential liquidation of the Respondents' assets;

(c) on the application for the Proposed Initial Order, the Applicant is seeking approval to advance and secure only the amounts funded under the Initial Advance, which are those amounts required to sustain the business until the Comeback Hearing; and

(d) the Proposed Monitor compared the terms of the DIP Facility to other DIP facilities approved by Canadian courts in CCAA proceedings commenced in 2023. Based on the Proposed Monitor's review, the cost of the proposed DIP Facility is within the ranges of similar facilities approved by the Court and other Canadian courts in CCAA proceedings (particularly given the recent increases in interest rates), a comparison of which is attached hereto as **Appendix "B"**.

VIII. APPOINTMENT OF THE CRO

64. Prior to the date of the Application, the Respondents intend to enter into an agreement with HWS, using the services of Mr. Josef Prosperi and others, to act as the Proposed CRO in respect of each of the Respondents (the "**CRO Agreement**"). A copy of the CRO Agreement is attached as Exhibit "AA" to the Lombard Affidavit.

65. Mr. Prosperi is a well-respected director and executive, who has extensive experience in special situations, including acting as an interim leader in assignments of an urgent or critical nature.

66. The key services to be provided by the Proposed CRO include but are not limited to:

(a) overseeing the day-to-day management of, and exercise all consent rights and matters of discretion reserved to, the Simply Green Leasing Group, including being designated as the responsible person and/or an authorized signatory on any matters, including bank accounts of the Simply Green Leasing Group;

(b) entering into agreements or instruments for and on behalf of the Simply Green Leasing Group;

(c) assisting PTC, the DIP Lender and the Proposed Monitor, in developing, for consideration by the Court, and implementing, a plan or plans for any financial and operational restructuring in respect of the Simply Green Leasing Group;

(d) answering information inquiries of PTC and the DIP Lender and/or the Proposed Monitor, and communicating and coordinating with the foregoing in connection with the CCAA proceedings;

(e) managing, directing and implementing the Simply Green Leasing Group's consultations with and reporting obligations to customers;

(f) working with the Proposed Monitor in the preparation and timely delivery of critical financial information or other reporting required by applicable law, the DIP Lender or Court order;

(g) approving all material cash disbursements, in accordance with the Cash Flow Forecast and the Court orders in these CCAA proceedings, as and if reasonably needed, in order to preserve value of the assets of the Simply Green Leasing Group; and

(h) retaining or terminating employees or contractors of the Simply Green Leasing Group.

67. The CRO Agreement provides for the following fees to be paid to the Proposed CRO in respect of the engagement:

(a) For the first three months of the engagement, commencing on the date of the Initial Order, a fee of $40,000 per month;

(b) For each subsequent month of the engagement after the first three (3) months, a fee in an amount to be agreed upon by HWS, the Monitor, PTC and the DIP Lender and approved by the Court (together with the fee for the first three (3) months of the engagement, the "**Work Fee**"); and

(c) in the event the CCAA proceedings advance to a stage where a Restructuring Transaction (as defined in the CRO Agreement) is to be pursued, a fee (the "**Success Fee**") in an amount to be agreed upon by HWS, the Monitor, PTC and the DIP Lender, and approved by the Court, which shall be earned upon the closing of such Restructuring Transaction.

68. The Proposed Initial Order contemplates, among other things, in respect of the Proposed CRO:

(a) confirmation of the Proposed CRO appointment;

(b) approval of the CRO Agreement, including the fees and expenses contemplated therein;

(c) the Respondents shall not make any payment or transfer without the consent of the CRO;

(d) approval of the indemnification provisions of the CRO Agreement, including, but not limited to, limiting liability of HWS and Mr. Prosperi from all claims, damages and losses, save and except for any gross negligence or willful misconduct; and

(e) the CRO Agreement may be terminated by the Monitor, for and on behalf of the Simply Green Leasing Group, pursuant to the powers granted to the Monitor in the Proposed Initial Order.

69. As noted in the Lombard Affidavit, the directors and officers of the Simply Green Leasing Group will be resigning or have indicated they intend to resign in connection with the Application and as such, the appointment of the Proposed CRO is necessary and appropriate in the circumstances. While senior management of the Simply Green Leasing Group have agreed to continue, in a consulting capacity, to support the Proposed CRO through a transition period, the Proposed CRO appointment will vest significantly all of the powers of management of the Respondents in the CRO.

70. The Proposed Monitor has reviewed the CRO Agreement and is supportive of the appointment of the Proposed CRO. Further, the Proposed Monitor understands the Applicant is supportive of the CRO appointment.

IX. PROPOSED COURT ORDERED CHARGES

71. The Proposed Initial Order provides for two priority charges (collectively the "**Proposed Charges**") on the current and future assets, undertakings and properties of the Respondents wherever located, including all proceeds thereof, that rank in the following order:

(f) First, the Administration Charge (to the maximum amount of $250,000); and

(g) Second, the DIP Lender's Charge (to the maximum amount of $1.1 million);

72. Each of the Proposed Charges are described in more detail below.

Administration Charge

73. The Proposed Initial Order provides a charge for the ten-day period prior to the Comeback Hearing on all Property of the Respondents in favour of the Proposed Monitor, counsel to the Proposed Monitor, the Proposed CRO and its counsel, and the Applicant's counsel, as security for their respective fees and disbursements incurred in respect of the Application in the aggregate amount of $250,000 (the "**Administration Charge**").

74. The Proposed Monitor is of the view that the Administration Charge is reasonable and appropriate in the circumstances, having considered, among other things:

(a) the work completed to date in preparation for these CCAA proceedings by the Proposed CRO, the Proposed Monitor, the Proposed Monitor's counsel and the Applicant's counsel has been material and without any retainers or payments made;

(b) the size of the court-ordered charge is comparable to other insolvency proceedings; and

(c) the amount of the Administration Charge is limited to an amount necessary to ensure the beneficiaries of the Administration Charge have adequate protection to the date of the Comeback Hearing.

DIP Lender's Charge

75. As described above, PTC has agreed to provide a DIP Facility in the maximum amount of $15 million to fund the Respondents' working capital, payments to PTC under the Loan Agreements and the Concurrent Lease Agreements, and for general corporate purposes, including legal and other professional costs associated with these CCAA proceedings. For the short-term forecast period up to the Comeback Hearing, the Respondents are expected to require $1.1 million of DIP funding to make all necessary payments. The Proposed Monitor understands that PTC is only prepared to provide the DIP Facility if all advances thereunder are secured by a Court-approved priority charge on the Property.

76. The Proposed Initial Order provides a charge for the ten-day period prior to the Comeback Hearing on all Property of the Respondents in favour of PTC in the aggregate amount of $1.1 million (the "**DIP Lender's Charge**").

77. The purpose of the proposed DIP Lender's Charge is to secure the DIP Facility and provide PTC with priority over all other liens on the Property of the Respondents other than the Administration Charge.

78. The Proposed Monitor is of the view that the amount of the DIP Lender's Charge is reasonable in the circumstances and required as the Respondents urgently need liquidity to operate during these CCAA proceedings. The amount of the DIP Lender's Charge is limited to an amount necessary to ensure PTC has adequate security to the date of the Comeback Hearing and is supported by the Cash Flow Forecast.

X. COMEBACK HEARING

79. Should the Court grant the Proposed Initial Order, the Proposed Monitor understands that the Applicant intends to bring a motion returnable within the ten (10) day stay period (the "**Comeback Hearing**") seeking, among other relief:

(a) increases to the Administration Charge and the DIP Lender's Charge; and

(b) an extension of the stay of proceedings established by the Proposed Initial Order.

80. Should the Court grant the Proposed Initial Order, KPMG (in its then capacity as Monitor) will report to the Court in connection with the Comeback Hearing and any other relief sought by the Applicant.

All of which is respectfully submitted this 6th day of November 2023.

KPMG Inc.
In its capacity as Proposed Monitor of
Crest Financial Corp., Simply Green Home Services Inc., Simply Green Home Services Corp., Crown Crest Capital Management Corp., Crown Crest Funding Corp. and Crown Crest Capital Trust
And not in its personal or corporate capacity

Per:

____
Pritesh Patel
CIRP, LIT
Senior Vice President

____
Huey Lee
CIRP, LIT
Senior Vice President

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

Court File No. ●

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CROWN CREST CAPITAL MANAGEMENT CORP., CROWN CREST FINANCIAL CORP., MARBLE AMALCO INC., CROWN CREST FUNDING CORP., SIMPLY GREEN HOME SERVICES INC., SIMPLY GREEN HOME SERVICES CORP., AND CROWN CREST CAPITAL TRUST

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

PRE-FILING REPORT OF THE PROPOSED MONITOR

OSLER, HOSKIN & HARCOURT LLP
100 King Street West, 1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

Marc Wasserman (LSO #44066M)
Shawn Irving (LSO #50035U)
Martino Calvaruso (LSO #57359Q)

Tel: (416) 362-2111
Fax: (416) 862-6666

Lawyers to KPMG Inc., in its capacity as Proposed Monitor

Appendix “B”

Court File No.: CV-23-00709183-00CL

CROWN CREST CAPITAL MANAGEMENT CORP., CROWN CREST FINANCIAL CORP., CROWN CREST FUNDING CORP., SIMPLY GREEN HOME SERVICES INC., SIMPLY GREEN HOME SERVICES CORP., AND CROWN CREST CAPITAL TRUST

FIRST REPORT OF KPMG INC., IN ITS CAPACITY AS MONITOR

November 16, 2023

TABLE OF CONTENTS

APPENDICES

Court File No.: CV-23-00709183-00CL

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 CROWN CREST CAPITAL MANAGEMENT CORP., CROWN CREST FINANCIAL CORP., CROWN CREST FUNDING CORP., SIMPLY GREEN HOME SERVICES INC., SIMPLY GREEN HOME SERVICES CORP., AND CROWN CREST CAPITAL TRUST

FIRST REPORT OF KPMG INC. IN ITS CAPACITY AS MONITOR

November 16, 2023

I. INTRODUCTION

1. On November 9, 2023 (the "**Filing Date**"), on the application (the "**Application**") of Peoples Trust Company ("**PTC**" or the "**Applicant**"), the Honourable Madam Justice Conway of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued an order (the "**Initial Order**") granting Crown Crest Financial Corp. ("**CCFC**"), Simply Green Home Services Inc. ("**New Simply Green**"), Simply Green Home Services Corp. ("**Old Simply Green**"), Crown Crest Capital Management Corp. ("**CC Management Co**"), Crown Crest Funding Corp. ("**Trustee Co**"), and Crown Crest Capital Trust ("**CC Trust**" and collectively, the "**Crown Crest Leasing Group**" or the "**Debtors**") protection pursuant to the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), and appointed KPMG Inc. ("**KPMG**") as the Monitor of the Crown Crest Leasing Group (the "**Monitor**"). The Initial Order provided the Debtors with a stay of proceedings until November 19, 2023 (the "**Stay Period**").

2. KPMG, in its then capacity as Proposed Monitor, provided this Court with a report dated November 6, 2023 (the "**Pre-Filing Report**") that contained, *inter alia*, an overview of the Debtors' financial position, an overview of the Debtors' 13-week cash-flow forecast, the terms of an interim financing facility (the "**DIP Facility**") made available to the Debtors by PTC (in such capacity, the "**DIP Lender**") in order to finance their working capital requirements and restructuring costs, the appointment of HWS Consulting Inc. ("**HWS**"), acting through Josef Prosperi and others, to act as the Chief Restructuring Officer (the "**CRO**") of the Debtors, and the Proposed Monitor's associated conclusions and recommendations. A copy of the Pre-Filing Report (without exhibits) is attached as **Appendix "A"** to this report.

3. The Court scheduled a comeback hearing to be heard on November 17, 2023 (the "**Comeback Hearing**"). At the Comeback Hearing, the Applicant is seeking an Amended and Restated Initial Order (the "**ARIO**") that, among other things:

   (a) extends the Stay Period to and including February 10, 2024;

   (b) increases the quantum of the Administration Charge to $1.5 million;

(c) increases the quantum of the DIP Lender's Charge to $15.0 million; and

(d) authorizes the Debtors to pay amounts owing for goods or services supplied by third party suppliers or service providers prior to the Filing Date, up to a maximum aggregate amount of $750,000, if in the opinion of the CRO and following consultation with the Monitor, such suppliers or service providers are critical to the ongoing operations of the Debtors.

4. Copies of materials and documents filed in connection with these CCAA proceedings are available on the Monitor's website at kpmg.com/ca/crowncrest. In addition, KPMG has arranged for a toll-free hotline 1-833-668-6400 and an email address crowncrest@kpmg.ca through which creditors of the Debtors or other interested parties can make inquires related to the CCAA proceedings.

II. PURPOSE OF REPORT

5. The purpose of this report (the "**First Report**") is to provide the Court with information pertaining to:

(a) an overview of the activities of the Debtors and the Monitor since the issuance of the Initial Order;

(b) certain matters raised by parties at the hearing for the Initial Order held on November 9, 2023;

(c) the Debtors' cash flow forecast (the "**Updated Cash Flow Forecast**") for the period November 13, 2023, to February 10, 2024 (the "**Forecast Period**"); and

(d) the relief sought by the Applicant at the Comeback Hearing.

III. TERMS OF REFERENCE

6. In preparing this First Report, KPMG has relied solely on information and documents provided to it by the Debtors and PTC, and their respective advisors, including unaudited, draft and/or internal financial information, financial projections prepared by the Crown

Crest Leasing Group, discussions with management of the Debtors, and discussions with the CRO (collectively, the "**Information**"). In accordance with industry practice, except as otherwise described in the First Report, KPMG has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided. However, KPMG has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Auditing Standards ("**GAAS**") pursuant to the *Chartered Professional Accountant of Canada Handbook* and, as such, KPMG expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

7. Capitalized terms used but not defined in the First Report are defined in the Pre-Filing Report and/or the Affidavit of Mr. Michael Lombard of PTC sworn November 15, 2023 (the "**November 15 Lombard Affidavit**"), filed by the Applicant as part of its materials in support of the Comeback Hearing and the ARIO. The First Report should be read in conjunction with the November 15 Lombard Affidavit, as certain information contained in the November 15 Lombard Affidavit has not been included herein in order to avoid unnecessary duplication.

8. Future orientated financial information contained in the Updated Cash Flow Forecast is based on the Debtors' estimates and assumptions regarding future events. Actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Updated Cash Flow Forecast will be achieved.

9. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

IV. ACTIVITIES OF THE DEBTORS

10. As noted in the Pre-Filing Report, the officers and directors of the Debtors resigned on November 9, 2023, prior to the hearing for the Initial Order. Prior to their resignation, the CRO Agreement was executed to appoint (subject to Court approval) HWS, acting through Mr. Josef Prosperi and others, to act as CRO in respect of each of the Debtors.

11. Since the date of the Initial Order, the Debtors, with the assistance of their advisors, the CRO, and the Monitor, have been managing the Debtors' operations in the normal course and working to stabilize the business as a result of the CCAA proceedings. The Debtors' primary focus, in addition to managing relationships with key stakeholders and addressing operational issues arising in connection with the announcement of the commencement of the CCAA proceedings, has been to manage communications with their employees that are critical to maintaining the ongoing operations of the Debtors.

12. The CRO, with the assistance of the Monitor, has performed the following activities to stabilize operations:

(a) meeting with key employees of the Debtors to discuss the ongoing business of the Debtors and their continued employment during the CCAA proceedings;

(b) meeting with certain former directors and officers of the Debtors to discuss temporary consulting arrangements to facilitate an orderly transition of the business and operations to the CRO;

(c) working with the Monitor to prepare the Updated Cash Flow Forecast;

(d) working with the Debtors to disseminate a press release announcing the commencement of the CCAA proceedings; and

(e) communicating with and providing further information to various stakeholders as requested.

V. ACTIVITIES OF THE MONITOR

13. Since the date of the Initial Order, the Monitor's activities have included:

(a) arranging for notice of the CCAA proceedings to be published in the November 14, 2023 edition of the *Globe and Mail*, as required pursuant to the Initial Order;

(b) sending a notice, within five business days of the issuance of the Initial Order, of the CCAA proceedings to all known creditors with claims greater than $1,000 against the Debtors. Notice was also sent to other creditors, including government bodies and any other party that requested a copy;

(c) filing prescribed documents with the Office of the Superintendent of Bankruptcy pursuant to the CCAA;

(d) maintaining the Monitor's website where all Court documents and other material documents pertaining to the CCAA proceedings are available in electronic form;

(e) implementing procedures for the monitoring of the Debtors' cash flows and to allow for payments in accordance with the terms of the Initial Order;

(f) assisting the Debtors with the preparation of the Updated Cash Flow Forecast;

(g) having discussions with the DIP Lender and its counsel in respect of the Initial Advance under the DIP Facility and the Updated Cash Flow Forecast;

(h) assisting the Debtors and the CRO with their communications with stakeholders including employees, vendors and key partners;

(i) attending various teleconferences and in-person town-hall meetings at the Debtors' offices with employees in respect of the CCAA proceedings and on-going operations;

(j) discussing the Debtors' business and financial affairs with the CRO including, among other things, regarding the review of the equipment lease portfolio and employee related matters such as potential incentive structures, communications and retention matters;

(k) reviewing materials filed by the Applicant in connection with the Comeback Hearing; and

(l) preparing this First Report.

VI. MATTERS RAISED AT NOVEMBER 9, 2023 HEARING

14. As detailed in the November 15 Lombard Affidavit, the Debtors are currently named as defendants in two litigation matters: (i) a claim commenced by MNP Corporate Finance Inc. ("**MNP**") seeking, among other things, damages for breach of contract in relation to a prior engagement of MNP to assist with a capital raise (the "**MNP Action**"); and (ii) a proposed class proceeding commenced by Alga Adina Bonnick and Goran Stoilov Donev (the "**Bonnick Action**") in which the representative plaintiffs allege, among other things, that consumer agreements entered into by the defendants breached the *Consumer Protection Act* (Ontario).

15. At the outset of the November 9 hearing, counsel to MNP and the plaintiffs in the Bonnick Action sought an adjournment of the Application on the grounds that their clients had significant concerns about the CCAA process being pursued by PTC in coordination with the Debtors.

16. Specifically, counsel for MNP argued that there was no urgency for the Application to be heard and questioned whether PTC and the Debtors were acting in good faith with respect to the commencement of the CCAA proceedings. Further, counsel for the plaintiffs in the Bonnick Action argued that a continuation of the Debtors' business during CCAA proceedings would overlook alleged business practices that gave rise to the Bonnick Action in the first place.

17. The Court denied the adjournment request and granted the Initial Order.

18. On November 12, 2033, counsel to MNP sent a letter to PTC's counsel, copying the Monitor, requesting certain information from PTC (the "**November 12 Letter**"), including:

(a) information pertaining to PTC's ownership interest in Marble Amalco Inc. ("**Marble Amalco**") and any of the Debtors;

(b) information pertaining to the liquidity issues facing the Debtors from January 1, 2023 onwards; and

(c) communications and documentation relating to the timing of the CCAA filing by PTC.

19. PTC's counsel responded to the November 12 Letter on November 15, 2023, and subsequently delivered the November 15 Lombard Affidavit which provides further information pertaining to the lead up to these CCAA proceedings.

Debtors' Liquidity Challenges

20. Based on the Monitor's review of the Debtors' books and records, in the months leading up to the commencement of these CCAA proceedings, the Debtors were facing significant near-term liquidity challenges and incurring unsustainable net cash outflows that exceeded their available cash reserves. The Monitor understands that the Debtors attributed their declining financial performance to higher interest costs, significant principal repayments and increasing variable expenses caused by inflation. In the Monitor's view, it is clear that the Debtors required an immediate injection of additional financing in order to sustain their operations.

21. As detailed in the November 15 Lombard Affidavit, PTC and the Debtors engaged in protracted and adversarial negotiations over the months leading up to the commencement of these CCAA proceedings on a potential debt restructuring solution. Based on the Information reviewed to date, the Monitor understands that the Debtors were able to sustain operations during the negotiation period through cash advances provided by Marble Amalco, which is the parent to New Simply Green and not a respondent in these CCAA proceedings. As noted in the November 15 Lombard Affidavit, as part of these negotiations, then senior management of the Debtors advised PTC of their inability or unwillingness to continue to fund the Debtors' shortfalls through Marble Amalco or otherwise.

22. Given this position taken by the Debtors' senior management and the inability of the parties to otherwise reach an acceptable agreement to address the Debtors' immediate liquidity concerns, the Monitor understands that PTC ultimately decided to commence creditor-initiated CCAA proceedings and seek the appointment of the CRO to manage the business

on a go-forward basis. PTC has indicated that it is only prepared to provide the Debtors with financing through the DIP Facility and pursuant to these CCAA proceedings.

23. PTC and the Debtors ultimately agreed that it would be in the best interests of the Debtors' stakeholders to seek the Initial Order on a consensual basis, which culminated in the CCAA Application filed by PTC with this Court on the Filing Date.

24. The Monitor is not aware of any other party that is willing to provide necessary financing to the Debtors, and PTC has advised the Monitor that it will object to any other debtor-in-possession financing that seeks a charge that would be in priority to its pre-petition security interests.

MNP Action

25. The Monitor understands that MNP's claims as against the Debtors are contingent and unliquidated at this time as the trial judge has not released his judgment prior to the Filing Date. Based on the foregoing and the Information available to the Monitor, in the event that MNP was successful in its action against the Debtors, the Debtors would not have had sufficient cash flow to satisfy any judgment based on its liquidity situation. Moreover, MNP's claim would rank as unsecured and behind the interests of the Debtors' secured creditors.

Bonnick Action

26. As noted in the November 15 Lombard Affidavit, the Bonnick Action has not yet been certified and none of the allegations have been proven in court.

27. The certification motion is currently scheduled to be heard in October 2024.

VII. UPDATED CASH FLOW FORECAST

Disbursements from Initial Advance

28. Upon granting of the Initial Order, the CRO, on behalf of the Debtors, requested an initial advance of $1.1 million under the DIP Facility, which funds were advanced by PTC on November 10, 2023.

29. Between November 10 and November 16, 2023, the Debtors made payments totalling approximately $0.6 million including in respect of payroll ($0.3 million), professional fees ($0.2 million) and costs associated with technical servicing ($0.1 million).

Updated Cash Flow Forecast

30. The Debtors, with the assistance of the Monitor, have prepared the Updated Cash Flow Forecast for the purpose of projecting the estimated liquidity needs of the Debtors during the Forecast Period. A copy of the Updated Cash Flow Forecast, accompanying notes and a report containing prescribed representations regarding the preparation of the Updated Cash Flow Forecast are attached hereto as **Appendix "B"**.

31. The Updated Cash Flow Forecast has been prepared on a conservative basis using probable and hypothetical assumptions set out in the notes to the Updated Cash Flow Forecast. The Updated Cash Flow Forecast reflects the Debtors' estimates of receipts and disbursements on a weekly basis over the Forecast Period.

32. The Monitor's review of the Updated Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to Information supplied to it by the Debtors and/or the CRO. Since the probable and hypothetical assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Updated Cash Flow Forecast. The Monitor also reviewed the support provided by the Debtors for the probable and hypothetical assumptions, and the preparation and presentation of the Updated Cash Flow Forecast.

33. Forecast operating cash receipts over the Forecast Period total approximately $16.7 million, primarily related to the collection of monthly payments from the customers of the Debtors.

34. Forecast operating disbursements over the Forecast Period total approximately $9.4 million and primarily consist of payroll ($2.9 million), costs associated with the technical servicing (call-outs, repairs and maintenance) of the portfolio ($2.3 million), professional fees ($1.5 million) and sales tax remittances ($0.8 million).

35. The Updated Cash Flow Forecast assumes debt servicing costs under the Loan Agreements continue to be paid to PTC, upon receipt of an opinion from the Monitor's independent counsel, Osler, Hoskin & Harcourt LLP, that PTC's security interest is valid and enforceable, which opinion is anticipated to be completed in short order after the date of the Comeback Hearing. The Updated Cash Flow Forecast assumes debt servicing payments under the Loan Agreements commence during the week ending December 2, 2023 and continuing thereafter. Remittances to PTC for amounts required under the Concurrent Lease Agreements commence the week ending November 25 and continue weekly thereafter.

36. Over the Forecast Period, a total of approximately $17.2 million will be paid to PTC to service debts owing under the Loan Agreements and in respect of the cash flows arising from the Concurrent Lease Agreements.

37. After debt servicing payments, the Debtors are projected to incur a net cash outflow of approximately $10.0 million over the Forecast Period. Accordingly, the Updated Cash Flow Forecast projects borrowings under the DIP Facility in the amount of $7.3 million over the Forecast Period. These amounts may differ due to the timing of receipts and disbursements over the Forecast Period.

38. As evidenced by the Updated Cash Flow Forecast, without access to interim financing, the Debtors lack sufficient liquidity to maintain operations. The DIP Facility will provide the Debtors with sufficient funding during the Forecast Period to ensure continued operations during the CCAA proceedings.

39. The Monitor notes that the Updated Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

VIII. STAY EXTENSION

40. The current stay of proceedings expires on November 17, 2023. The Applicant is seeking an extension of the Stay Period to February 10, 2024.

41. The Monitor supports the Applicant's request for an extension of the stay of proceedings to February 10, 2024 for the following reasons:

    (a) the Debtors, under the stewardship of the CRO, are acting in good faith and with due diligence;

    (b) the extension of the Stay Period will provide the Debtors, under the supervision of the CRO, the opportunity to explore restructuring options under the CCAA that would seek to maximize creditor and stakeholder recoveries; and

    (c) the granting of the extension of the Stay Period should not materially prejudice any creditor of the Debtors as the Updated Cash Flow Forecast reflects that the Debtors are projected to have sufficient funding to continue to operate in the normal course through the proposed stay extension period.

IX. PROPOSED AMENDMENTS TO INITIAL ORDER

42. As outlined in the November 15 Lombard Affidavit, the Applicant is seeking certain amendments to the Initial Order including, but not limited to:

(a) increasing the Administration Charge from $250,000 to $1.5 million;

(b) increasing the DIP Lender's Charge from $1.1 million to $15 million; and

(c) granting the authority to the Debtors, with the approval of the CRO and consent of the Monitor, to pay pre-filing amounts up to $750,000 in total.

Increase in Administration Charge

43. The Initial Order provided a charge for the ten-day period prior to the Comeback Hearing on all Property of the Debtors in favour of the Monitor, counsel to the Monitor, the CRO and its counsel, and the Applicant's counsel, as security for their respective fees and disbursements incurred in respect of the Application in the aggregate amount of $250,000 (the "**Administration Charge**").

44. Based on the Updated Cash Flow Forecast, the Debtors are seeking to increase the Administration Charge to $1.5 million to account for the work to be provided by the parties covered under the Administration Charge during the CCAA proceedings, given the limited retainers provided to these professionals to date. The Monitor is of the view that the increased Administration Charge is reasonable and appropriate in the circumstances, and comparable to the size of the court-ordered charge granted in similar proceedings.

Increase in DIP Lender's Charge

45. As described above, PTC has agreed to provide a DIP Facility in the maximum amount of $15 million to fund the Debtors' working capital, payments to PTC under the Loan Agreements and the Concurrent Lease Agreements, and for general corporate purposes, including legal and other professional costs associated with these CCAA proceedings. The Initial Order provided a charge for the ten-day period prior to the Comeback Hearing on

all Property of the Debtors in favour of PTC in the aggregate amount of $1.1 million (the "**DIP Lender's Charge**").

46. The purpose of the DIP Lender's Charge is to secure the DIP Facility and provide PTC with priority over all other liens on the Property of the Debtors other than the Administration Charge.

47. Based on the Updated Cash Flow Forecast, the Debtors are seeking to increase the DIP Lender's Charge to up to $15 million to account for the projected funding required during the Forecast Period and CCAA proceedings. To the extent drawn either in part or whole, under the proposed ARIO, a corresponding increase in the amount secured by the DIP Lender's Charge will occur.

48. The Monitor is of the view that the increased amount of the DIP Lender's Charge is reasonable and necessary in the circumstances, as the Debtors require the liquidity to operate during these CCAA proceedings.

Pre-Filing Payments

49. The Applicant is seeking the authority to allow the Debtors to make payments up to $750,000 in total for certain arrears owing prior to the Filing Date to suppliers that in the opinion of the CRO, in consultation with the Monitor, provide the Debtors with essential services.

50. The Debtors are of the view that there is significant risk to the Debtors' business and restructuring if their ability to respond to customer service calls is materially interrupted in the first month of the CCAA proceedings, particularly during the cold weather months. Furthermore, it is critical that the Debtors maintain and continue to meet their servicing obligations under the rental agreements to preserve customer loyalty, support and goodwill in order to maximize the value of the business for the benefit of all stakeholders.

51. The Monitor recognizes the importance of maintaining stability with respect to the continued servicing of the customer's rental HVAC equipment. Accordingly, the Monitor supports the relief being requested by the Applicant in this regard.

X. MONITOR'S RECOMMENDATIONS

52. For the reasons set out in this First Report, the Monitor is of the view that the relief requested by the Applicant in the proposed ARIO is both appropriate and reasonable. The Monitor is also of the view that the Debtors, under the stewardship of the CRO, are acting in good faith and with due diligence. Granting the relief sought by the Applicant will provide the Debtors with the best opportunity to explore restructuring options under the CCAA under the stewardship of the CRO and supervision of the Monitor, that would seek to maximize creditor and stakeholder recoveries.

53. Based on the foregoing, the Monitor respectfully recommends that this Court approve the relief sought by the Applicant in the proposed ARIO.

All of which is respectfully submitted this 16th day of November 2023.

KPMG Inc.
In its capacity as Monitor of
Crest Financial Corp., Simply Green Home Services Inc., Simply Green Home Services Corp., Crown Crest Capital Management Corp., Crown Crest Funding Corp. and Crown Crest Capital Trust
and not in its personal or corporate capacity

Per:

Pritesh Patel
CIRP, LIT
Senior Vice President

Huey Lee
CIRP, LIT
Senior Vice President

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

Court File No: CV-23-00709183-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CROWN CREST CAPITAL MANAGEMENT CORP., CROWN CREST FINANCIAL CORP., CROWN CREST FUNDING CORP., SIMPLY GREEN HOME SERVICES INC., SIMPLY GREEN HOME SERVICES CORP., AND CROWN CREST CAPITAL TRUST

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

FIRST REPORT OF THE MONITOR

Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

Marc Wasserman (LSO #44066M)
Shawn Irving (LSO #50035U)
Martino Calvaruso (LSO #57359Q)

Tel: (416) 362-2111
Fax: (416) 862-6666

Lawyers to KPMG Inc., in its capacity as Monitor

Appendix “C”

Court File No.: CV-23-00709183-00CL

CROWN CREST CAPITAL MANAGEMENT CORP., CROWN CREST FINANCIAL CORP., CROWN CREST FUNDING CORP., SIMPLY GREEN HOME SERVICES INC., SIMPLY GREEN HOME SERVICES CORP., AND CROWN CREST CAPITAL TRUST

SECOND REPORT OF KPMG INC., IN ITS CAPACITY AS MONITOR

January 29, 2024

TABLE OF CONTENTS

Court File No.: CV-23-00709183-00CL

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 CROWN CREST CAPITAL MANAGEMENT CORP., CROWN CREST FINANCIAL CORP., CROWN CREST FUNDING CORP., SIMPLY GREEN HOME SERVICES INC., SIMPLY GREEN HOME SERVICES CORP., AND CROWN CREST CAPITAL TRUST

PEOPLES TRUST COMPANY

Applicant

AND

CROWN CREST CAPITAL MANAGEMENT CORP., CROWN CREST FINANCIAL CORP., CROWN CREST FUNDING CORP., SIMPLY GREEN HOME SERVICES INC., SIMPLY GREEN HOME SERVICES CORP., AND CROWN CREST CAPITAL TRUST

Respondents

SECOND REPORT OF KPMG INC.
IN ITS CAPACITY AS MONITOR

January 29, 2024

I. INTRODUCTION

1. On November 9, 2023 (the "**Filing Date**"), on the application of Peoples Trust Company ("**PTC**" or the "**Applicant**"), the Honourable Madam Justice Conway of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued an order (the "**Initial Order**") granting Crown Crest Financial Corp. ("**CCFC**"), Simply Green Home Services Inc. ("**New Simply Green**"), Simply Green Home Services Corp. ("**Old Simply Green**"), Crown Crest Capital Management Corp. ("**CC Management Co**"), Crown Crest Funding Corp. ("**Trustee Co**"), and Crown Crest Capital Trust ("**CC Trust**" and collectively, the "**Crown Crest Leasing Group**" or the "**Debtors**") protection pursuant to the *Companies' Creditors Arrangement Act,* R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), and appointed KPMG Inc. ("**KPMG**") as the Monitor of the Crown Crest Leasing Group (the "**Monitor**"). The Initial Order provided the Debtors with a stay of proceedings until November 19, 2023 (the "**Stay Period**").

2. At the comeback hearing held on November 17, 2023, the Court issued the Amended and Restated Initial Order (the "**ARIO**"), which incorporated certain amendments to the Initial Order granted on the Filing Date including extending the stay of proceedings in respect of the Debtors to February 10, 2024.

3. KPMG, in its capacities as Proposed Monitor and Monitor, has previously provided this Court with two reports. A copy of the report of the Proposed Monitor dated November 6, 2023 (the "**Pre-Filing Report**") and the first report of Monitor dated November 16, 2023 (the "**First Report**" and together with the Pre-Filing Report, the "**Prior Reports**"), are attached hereto (without appendices) as **Appendices "A" and "B"**, respectively.

4. Copies of materials and documents filed in connection with these CCAA proceedings are available on the Monitor's website at kpmg.com/ca/crowncrest. In addition, KPMG has arranged for a toll-free hotline at 1-833-668-6400 and an email address at crowncrest@kpmg.ca through which creditors of the Debtors or other interested parties can make inquires related to these CCAA proceedings.

II. PURPOSE OF REPORT

5. The purpose of this report (the "**Second Report**") is to provide the Court with information pertaining to:

   (a) an overview of the activities of the Debtors and the Monitor since the issuance of the ARIO;

   (b) the Debtors' reported receipts and disbursements for the period from November 13, 2023 to January 20, 2024, including a comparison of reported to forecast results;

   (c) the Debtors' cash flow forecast (the "**Updated Cash Flow Forecast**") for the period January 21, 2024, to May 11, 2024 (the "**Forecast Period**");

   (d) the proposed increase to the Work Fee under the CRO Engagement Letter (as defined herein); and

   (e) the Monitor's motion requesting, for and on behalf of the Debtors, that the Court issue an Order (the "**Stay Extension Order**"), among other things, extending the Stay Period to and including May 10, 2024, amending paragraph 39 of the ARIO to increase the approved borrowings under the DIP Facility to $15 million, and approving the increase to the Work Fee under the CRO Engagement Letter (as defined herein).

III. TERMS OF REFERENCE

6. In preparing this Second Report, KPMG has relied solely on information and documents provided to it by the Debtors, the CRO, and their respective advisors, including unaudited, draft and/or internal financial information, financial projections prepared by the Debtors, and discussions with management of the Debtors and the CRO (collectively, the "**Information**"). In accordance with industry practice, except as otherwise described in the Second Report, KPMG has reviewed the Information for reasonableness, internal consistency, and use in the context in which it was provided. However, KPMG has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Auditing Standards ("**GAAS**")

pursuant to the *Chartered Professional Accountant of Canada Handbook* and, as such, KPMG expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

7. Capitalized terms used but not defined in the Second Report are defined in the Prior Reports and/or the Affidavit of Mr. Josef Prosperi sworn January 29, 2024 (the "**Prosperi Affidavit**"), filed by the CRO in support of the within motion. The Second Report should be read in conjunction with the Prosperi Affidavit, as certain information contained in the Prosperi Affidavit has not been included herein in order to avoid unnecessary duplication.

8. Future orientated financial information contained in the Updated Cash Flow Forecast is based on the Debtors' estimates and assumptions regarding future events. Actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Updated Cash Flow Forecast will be achieved.

9. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

IV. ACTIVITIES OF THE DEBTORS AND THE CRO

10. As noted in the Pre-Filing Report, all of the officers and directors of the Debtors resigned on November 9, 2023, prior to the hearing for the Initial Order. Prior to their resignation, the CRO Engagement Letter was executed to appoint (subject to Court approval) HWS Consulting Inc., acting through Mr. Josef Prosperi and others, to act as CRO in respect of each of the Debtors.

11. Since the Filing Date, the Debtors, under the stewardship of the CRO and the supervision of the Monitor, have been managing the Debtors' operations in the normal course and working to stabilize the business following the commencement of these CCAA proceedings. The CRO, with the assistance of the Monitor, has performed the following activities to stabilize operations since the date of the ARIO, as further detailed in the Prosperi Affidavit:

(a) successfully transitioning certain managerial and operational responsibilities of the Debtors to the CRO and the Monitor, in a cooperative manner;

(b) identifying key members of senior management of the Debtors and negotiating and entering into appropriate retention arrangements for 2024;

(c) stabilizing the employee base and minimizing any potential disruption to customer service, collection and billing as well as relationships with key service suppliers;

(d) addressing active litigation matters, including engaging with the Debtors' counsel of record in the proposed class proceedings;

(e) negotiating with potential purchasers or assignees for the Debtors' residential new construction ("**RNC**") business segment;

(f) communicating with customers of the RNC business and overseeing communications with consumer customers;

(g) fulfilling leasing obligations to customers under the existing builder supply agreements entered into as part of the RNC business;

(h) re-establishing required financial reporting to PTC; and,

(i) evaluating the current IT infrastructure environment and developing recommendations for management of IT going forward.

V. ACTIVITIES OF THE MONITOR

12. Since the date of the ARIO, the Monitor's activities have included:

(a) monitoring the Debtors' cash flows and reviewing analyses on variances to the Debtors' cash flow forecast;

(b) approving the payment of certain pre-filing obligations of the Debtors pursuant to the terms of the ARIO;

(c) assisting the Debtors in their communications with key partners and suppliers;

(d) investigating and understanding the Debtors' document filing, information management and email systems. The business and the broader Simply Green entities and its affiliates, including the Debtors, appears to have been centrally administered in terms of common electronic file storage, servers, email, information management systems and networks. Email addresses are commonly "@mysimplygreen.com" and senders and addresses are not generally delineated or distinguished by reference to a specific entity name;

(e) corresponding and communicating with various counsel for the Debtors' former CEO regarding various matters including possession of or access to certain information and/or documentation stored on the Debtors' electronic systems;

(f) Preliminary review and reconciliation of pre-filing transactions and payments of the Simply Green group, including the Debtors, and corresponding and communicating with various counsel in connection with same;

(g) assisting the Debtors and the CRO with a comprehensive review of the Debtors' RNC business operated through New Simply Green and its joint venture partner, HCSI Home Comfort 2 Inc. ("**HCSI**"), including corresponding and communicating with certain parties who have expressed interest in acquiring the Debtors' interests and rights to certain RNC related agreements and/or equipment;

(h) communicating with certain interested parties regarding the business of the Debtors and their potential interest in same;

(i) assisting the Debtors with the preparation of the Updated Cash Flow Forecast;

(j) corresponding and communicating with the DIP Lender and its counsel in respect of the Debtors' cash flows, the Updated Cash Flow Forecast and updates on these CCAA proceedings generally;

(k) assisting the Debtors and the CRO with their communications with stakeholders including employees, vendors, key partners and creditors;

(l) communicating, through counsel, with counsel of record for the plaintiffs in a proposed class action commenced against certain of the Debtors;

(m) discussing and considering the Debtors' business, business practices, and financial affairs with the CRO including, among other things, regarding a review of the equipment lease portfolio, a review of collections and delinquencies, a review of ongoing operational costs and potential plans for efficiencies, a review of ongoing litigation and/or legal disputes and of employee-related matters such as potential incentive structures, communications and retention matters;

(n) reviewing materials filed by the CRO in connection with the motion for the Stay Extension Order; and

(o) with the assistance of its legal counsel, preparing this Second Report.

VI. CASH RECEIPTS AND DISBURSEMENTS FROM NOVEMBER 13, 2023 TO JANUARY 20, 2024

13. The Debtors' consolidated cash flow projection for the period from November 13, 2023 to February 10, 2024 (the "**November 13 Cash Flow Forecast**"), was filed with the Court in support of the comeback hearing held on November 17, 2023, seeking, *inter alia*, an extension of the Stay Period.

14. The Debtors have continued to provide the Monitor with their co-operation and access to their premises, books and records. The Monitor has implemented procedures for monitoring the Debtors' receipts and disbursements on a weekly basis. The Monitor has also worked with the Debtors to prepare forecast to actual variance analyses with respect to their weekly cash flows as compared to the November 13 Cash Flow Forecast.

15. A comparison of the Debtors' actual cash receipts and disbursements as compared to the November 13 Cash Flow Forecast for the ten-week period ending January 20, 2024, is summarized as follows:

Crown Crest Leasing Group			
Summary of Actual Receipts and Disbursements			
For ten weeks ending January 20, 2024			
In C$; unaudited			
Week ending		**Total**	
	Actual	**Forecast**	**Variance**
Receipts			
Customer receipts	11,986,656	12,271,682	(285,026)
Total customer receipts	**11,986,656**	**12,271,682**	**(285,026)**
Operating disbursements			
Technical servicing	1,793,742	1,868,739	74,996
Billing cost	62,891	124,476	61,585
Third-party call centre	174,868	428,867	253,999
SG&A	629,871	862,626	232,755
Payroll	1,822,552	2,445,312	622,760
Professional fees	1,209,241	1,272,772	63,531
Tax remittances	391,626	347,672	(43,954)
Total operating disbursements	**6,084,791**	**7,350,463**	**1,265,672**
Net operating cash flow	**5,901,865**	**4,921,219**	**980,646**
CLA and Debt Servicing Payments	(9,567,484)	(12,314,624)	2,747,140
Net cash flow before external funding	(3,665,618)	(7,393,404)	3,727,786
DIP funding	2,900,000	4,700,000	(1,800,000)
Net cash flow	**(765,618)**	**(2,693,404)**	**1,927,786**
Opening cash	2,720,424	2,720,424	-
Net cash flow	(765,618)	(2,693,404)	1,927,786
Ending cash	**1,954,805**	**27,019**	**1,927,786**

16. As reflected in the summary table above, the Debtors reported a net cash outflow of approximately $3.7 million over the ten-week period, which was funded by $4 million in advances under the DIP Facility, of which $2.9 million was in the period of the November 13 Cash Flow Forecast. As at January 20, 2024, the Debtors had a cash balance of approximately $1.95 million. The actual cash balance was approximately $1.9 million higher than forecast over the period.

17. The favourable cash flow variance of approximately $1.9 million can be summarized as follows:

(a) a positive variance of $2.75 million related to concurrent lease agreement ("**CLA**") and debt servicing payments. This is a timing issue associated with the reporting and subsequent approval of the CLA flow-through payments which is anticipated to reverse in the coming weeks;

(b) a positive variance of $1.3 million related to operating disbursements, of which $0.6 million relates to lower than forecast payroll due to lower 2023 bonus payments and $0.5 million relates to lower third-party call centre payments and SG&A, of which some relates to timing and the remainder to forecast deposits that were not required;

(c) off-set by lower advances under the DIP Facility of $1.8 million; and

(d) a negative variance of $0.3 million related to customer receipts which is assumed to be timing rather than an increase in delinquency rates.

18. Pursuant to the ARIO, the Debtors had the authority to make payments of up to $750,000 in total for certain arrears owing to suppliers prior to the Filing Date, provided that such payments, in the opinion of the CRO, in consultation with the Monitor, were essential for the continued operation of the business. As at January 20, 2024, the Debtors had made approximately $560,000 in payments to technical servicing suppliers for expenses incurred prior to the Filing Date. Technical servicing is essential to ensure that customer equipment is maintained in a good and functional state of repair and to ensure that the Debtors' repair commitments are performed.

VII. UPDATED CASH FLOW FORECAST

19. The Debtors, with the assistance of the Monitor, have prepared the Updated Cash Flow Forecast for the purpose of projecting the estimated liquidity needs of the Debtors during the Forecast Period. A copy of the Updated Cash Flow Forecast, accompanying notes and a report containing prescribed representations regarding the preparation of the Updated Cash Flow Forecast are attached hereto as **Appendix "C"**.

20. The Updated Cash Flow Forecast has been prepared on a conservative basis using probable and hypothetical assumptions set out in the notes to the Updated Cash Flow Forecast. The Updated Cash Flow Forecast reflects the Debtors' estimates of receipts and disbursements on a weekly basis over the Forecast Period.

21. The Monitor's review of the Updated Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to Information supplied to it by the Debtors and/or the

CRO. Since the probable and hypothetical assumptions need not be supported, the Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Updated Cash Flow Forecast. The Monitor also reviewed the support provided by the Debtors for the probable and hypothetical assumptions, and the preparation and presentation of the Updated Cash Flow Forecast.

22. Forecast operating cash receipts over the Forecast Period total approximately $21.5 million, primarily related to the collection of monthly payments from the customers of the Debtors.

23. Forecast operating disbursements over the Forecast Period total approximately $10.6 million and primarily consist of payroll ($2.3 million), costs associated with the technical servicing (call-outs, repairs and maintenance) of the portfolio ($2.9 million), professional fees ($1.4 million) and sales tax remittances ($2.2 million).

24. The Updated Cash Flow Forecast assumes debt servicing costs under the Loan Agreements will be paid to PTC in the normal course.

25. Over the Forecast Period, a total of approximately $19.9 million will be paid to PTC to service debts owing under the Loan Agreements and in respect of the cash flows arising from the Concurrent Lease Agreements.

26. After CLA and debt servicing payments, the Debtors are projected to incur a net cash outflow of approximately $9 million over the Forecast Period. Accordingly, the Updated Cash Flow Forecast projects the use of cash on hand as of the beginning of the Forecast Period and additional borrowings under the DIP Facility in the amount of $8.3 million over the Forecast Period. These amounts may differ due to the timing of receipts and disbursements over the Forecast Period.

27. The Monitor notes that the Updated Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

Amendment to ARIO re Borrowings under the DIP Facility

28. Total borrowings under the DIP Facility since the Filing Date are forecast to be $12.5 million at the end of the Forecast Period.

29. Based on the Updated Cash Flow Forecast, the Monitor, for and on behalf of the Debtors, is seeking to amend paragraph 39 of the ARIO to authorize borrowing under the DIP Facility of up to $15,000,000 to account for the projected funding required during the Forecast Period. The DIP Lender's Charge will continue to secure all obligations outstanding under the DIP Facility.

30. The Monitor is of the view that the proposed amendment to paragraph 39 of the ARIO is reasonable and necessary in the circumstances, as the Debtors require the liquidity to operate during the Forecast Period.

VIII. INCREASE TO CRO WORK FEE

31. The Initial Order granted on November 9, 2023 approved the appointment of HWS Consulting Inc. ("**HWS**"), acting through Josef Prosperi and others, to act as the Chief Restructuring Officer (the "**CRO**") of the Debtors pursuant to an engagement letter dated November 8, 2023 (the "**CRO Engagement Letter**").

32. The CRO Engagement Letter provided for a fee of $40,000 per month for the first 3 months of the engagement, commencing on the date of the Initial Order, and for each subsequent month, a fee in an amount to be agreed upon by HWS, the Monitor, PTC and the DIP Lender and approved by the Court (the "**Work Fee**").

33. HWS, PTC and the DIP Lender have agreed, in consultation with the Monitor, to increase the Work Fee to $65,000 commencing in February 2024 and for the next 4 months thereafter, subject to approval of the Court.

34. The Monitor has been consulted on the proposed new Work Fee and is supportive of the increase to the Work Fee as it is of the view that it is commensurate with the significant time and effort being and expected to be incurred by the CRO in operating the business of

the Debtors and comparable with the compensation paid to other chief restructuring officers in similar cases.

IX. UPDATE ON OTHER MATTERS IN THE CCAA PROCEEDINGS

RNC Business

35. The Debtors historically originated certain leases in Ontario through supplying heating, ventilation and air conditioning ("**HVAC**") equipment to builders of new residential homes. The Monitor understands that the majority of the RNC business was operated through the Debtors' joint venture partner, HCSI, as well as internally through New Simply Green.

36. As part of the RNC business, New Simply Green or HCSI, as the case may be, would procure builder site agreements to supply HVAC equipment to builders in connection with the construction of new homes in consideration of such builders facilitating new home rental agreements for such equipment between New Simply Green or HCSI and the homeowner, upon the closing of the home. The builder site agreements are all site specific and include agreed upon terms such as number of units, type(s) of equipment, rental rates, builder allowances and timelines for delivery. The Monitor understands that HCSI has historically relied on New Simply Green to provide funding to purchase and deliver the required HVAC units and as such, HCSI lacks the financial wherewithal to perform under the builder site agreements without the support of the Debtors.

37. As at the Filing Date, New Simply Green is a party to 6 BSAs (representing approximately 500 units) (the "**SG BSAs**") and HCSI is party to 24 BSAs (representing approximately 2,200 units) (the "**HCSI BSAs**" and together with the SG BSAs, the "**BSAs**"). SG or HSCI, as the case may be, has failed to adhere to the equipment delivery schedule stipulated in certain of the BSAs. Based on discussions with the Debtors, the Monitor understands that New Simply Green would require over $4 million in additional capital to procure the equipment required to fulfill its obligations under the BSAs, which is not feasible in the circumstances of these CCAA proceedings.

38. Accordingly, the Debtors and the CRO, with the assistance of the Monitor, have engaged in discussions with potential interested parties in acquiring the Debtors' interests in the RNC business, including the BSAs. As at the date of this Second Report, the Debtors and HCSI are in the process of negotiating agreements to assign their respective interests in the BSAs, as applicable, to a third party (the "**Assignee**") in exchange for a future commission to be earned by New Simply Green or HCSI, as applicable, based on the Assignee's fulfilment of the obligations under the BSAs.

39. The Debtors and the Monitor are of the view that the assignment transactions with the Assignee, if completed, are not likely to Court approval as the consideration to be received by the Debtors is not expected to exceed the thresholds set forth in paragraph 11(a) of the ARIO.

40. The Debtors and HCSI, in consultation with the Monitor, are also in discussions with interested parties, including the Assignee, about selling their respective interests in certain equipment previously delivered to builder sites prior to the Filing Date but which have not generated rental agreements due to outstanding pre-filing amounts owed to the builders under the BSAs. The Monitor will report back to the Court in due course to seek approval of any transaction on these assets, depending on the outcome of discussions and the consideration to be received by the Debtors therefrom.

Amendments to Consumer Protection Act (Ontario)

41. As noted in the Prosperi Affidavit, new legislation was passed in Ontario in December 2023 that will repeal the existing *Consumer Protection Act,* 2002 (Ontario) and enact the *Consumer Protection Act*, 2023 (Ontario), in its place. This new legislation amends significant portions of the existing consumer protection framework in Ontario and could have an impact on the Debtors' operations. The CRO is assessing the effects of this legislation on the Debtors' lease portfolio, if any.

Review of Strategic Options

42. The CRO, in consultation with the Monitor, has commenced a comprehensive review of the Debtors' business, including its people, processes and systems/technology, in order to identify potential opportunities for operational efficiencies and go-forward cost savings.

43. As part of this review, the Debtors, under the supervision of the CRO, intend to continue reviewing the underlying equipment lease portfolio in order to explore potential strategic options for the business including, but not limited to, a sale of some or all of the lease portfolio through a sale and investor solicitation process or through other restructuring options.

44. The Monitor notes that the valuation of the lease portfolio is extremely sensitive to macroeconomic conditions, primarily the prevailing interest rate environment. As such, the CRO and the Monitor are considering the optimal timing for any potential sale and investor solicitation process, including whether it may need to coincide with a reduction of interest rates in order to maximize realizations for PTC and other stakeholders.

Security Review

45. Osler, Hoskin & Harcourt LLP ("**Osler**"), the Monitor's independent legal counsel, conducted a review of the security granted pursuant to general security agreements between the Applicant and each of CC Management Co, CCFC, Trustee Co in its capacity as trustee of CC Trust, New Simply Green and Old Simply Green with respect to the Provinces of Ontario, British Columbia and Alberta, and its local provincial agents with respect to the Provinces of Saskatchewan, Manitoba, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador. Osler and its local agents have provided the Monitor with written opinions that, subject to the qualifications, assumptions, limitations and discussions therein, such security constitutes valid and enforceable security and creates a valid security interest, and that the necessary registrations have been made in the applicable Canadian provinces in order to perfect or evidence such security. Any interested party in these CCAA proceedings that wishes to review the opinions should contact the Monitor to request copies thereof.

X. STAY EXTENSION

46. The current stay of proceedings expires on February 10, 2024. The Monitor, for and on behalf of the Debtors, is seeking an extension of the Stay Period until and including May 10, 2024.

47. The Monitor supports an extension of the stay of proceedings to May 10, 2024 for the following reasons:

    (a) the Debtors, under the stewardship of the CRO and supervision of the Monitor, are acting in good faith and with due diligence;

    (b) the extension of the Stay Period will provide the Debtors, under the stewardship of the CRO and the supervision of the Monitor, the opportunity to continue exploring restructuring options under the CCAA that would seek to maximize creditor and stakeholder recoveries;

    (c) as of the date of this Second Report, the Monitor is not aware of any party opposed to an extension of the Stay Period; and

    (d) the granting of the extension of the Stay Period should not materially prejudice any creditor of the Debtors as the Updated Cash Flow Forecast reflects that the Debtors are projected to have sufficient funding to continue to operate in the normal course through the proposed stay extension period.

XI. MONITOR’S RECOMMENDATIONS

48. For the reasons set out in this Second Report, the Monitor is of the view that the relief requested pursuant to the Stay Extension Order is both appropriate and reasonable. The Monitor is also of the view that the Debtors, under the stewardship of the CRO and supervision of the Monitor, are acting in good faith and with due diligence. Granting the relief sought will provide the Debtors with the best opportunity to explore restructuring options under the CCAA that would seek to maximize creditor and stakeholder recoveries.

49. Based on the foregoing, the Monitor respectfully recommends that this Court approve the relief sought in the proposed Stay Extension Order.

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

KPMG Inc.
In its capacity as Monitor of
Crest Financial Corp., Simply Green Home Services Inc., Simply Green Home Services Corp., Crown Crest Capital Management Corp., Crown Crest Funding Corp. and Crown Crest Capital Trust
and not in its personal or corporate capacity

Per:

Pritesh Patel
CIRP, LIT
Senior Vice President

T. Montgomery

Tim Montgomery
CIRP, LIT
Vice President

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

Court File No: CV-23-00709183-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CROWN CREST CAPITAL MANAGEMENT CORP., CROWN CREST FINANCIAL CORP., CROWN CREST FUNDING CORP., SIMPLY GREEN HOME SERVICES INC., SIMPLY GREEN HOME SERVICES CORP., AND CROWN CREST CAPITAL TRUST

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

SECOND REPORT OF THE MONITOR

Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

Marc Wasserman (LSO #44066M)
Shawn Irving (LSO #50035U)
Martino Calvaruso (LSO #57359Q)

Tel: (416) 362-2111
Fax: (416) 862-6666

Lawyers to KPMG Inc., in its capacity as Monitor

Appendix “D”

Court File No.: CV-23-00709183-00CL

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 CROWN CREST CAPITAL MANAGEMENT CORP., CROWN CREST FINANCIAL CORP., CROWN CREST FUNDING CORP., SIMPLY GREEN HOME SERVICES INC., SIMPLY GREEN HOME SERVICES CORP., AND CROWN CREST CAPITAL TRUST

(collectively the "Crown Crest Leasing Group" or the "Respondents")

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

The management of the Crown Crest Leasing Group have developed the assumptions and prepared the attached statement of projected cash flow as of the 30th day of April 2024, consisting of the period from April 21, 2024 to September 28, 2024 (the **"Updated Cash Flow Forecast**").

The hypothetical assumptions are reasonable and consistent with the purpose of the Updated Cash Flow Forecast described in the notes therein, and the probable assumptions are suitably supported and consistent with the plans of the Respondents and provide a reasonable basis for the Updated Cash Flow Forecast. All such assumptions are disclosed in the notes therein.

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

The Updated Cash Flow Forecast has been prepared solely for the purpose described in the notes therein, using the probable and hypothetical assumptions set out therein. Consequently, readers are cautioned that the Updated Cash Flow Forecast may not be appropriate for other purposes.

Dated at Toronto, in the Province of Ontario, this 30th day of April 2024.

Crown Crest Capital Management Corp., Crown Crest Financial Corp., Crown Crest Funding Corp., Simply Green Home Services Inc., Simply Green Home Services Corp., and Crown Crest Capital Trust

____

Josef Prosperi
Chief Restructuring Officer

The Crown Crest Leasing Group
Weekly Cash Flow Forecast
In C$; unaudited

	Notes	Forecast 1 27-Apr-24	Forecast 2 4-May-24	Forecast 3 11-May-24	Forecast 4 18-May-24	Forecast 5 25-May-24	Forecast 6 1-Jun-24	Forecast 7 8-Jun-24	Forecast 8 15-Jun-24	Forecast 9 22-Jun-24	Forecast 10 29-Jun-24	Forecast 11 6-Jul-24	Forecast 12 13-Jul-24	Forecast 13 20-Jul-24	Forecast 14 27-Jul-24	Forecast 15 3-Aug-24	Forecast 16 10-Aug-24	Forecast 17 17-Aug-24	Forecast 18 24-Aug-24	Forecast 19 31-Aug-24	Forecast 20 7-Sep-24	Forecast 21 14-Sep-24	Forecast 22 21-Sep-24	Forecast 23 28-Sep-24	Total
	1																								
Receipts																									
Customer receipts	2	1,267,213	2,773,046	640,123	960,347	422,042	725,778	2,823,847	712,256	762,988	881,190	2,764,394	499,579	934,145	754,638	2,901,123	403,150	955,519	451,638	874,669	2,764,394	499,579	934,145	1,097,991	27,803,797
Total customer receipts		1,267,213	2,773,046	640,123	960,347	422,042	725,778	2,823,847	712,256	762,988	881,190	2,764,394	499,579	934,145	754,638	2,901,123	403,150	955,519	451,638	874,669	2,764,394	499,579	934,145	1,097,991	
Operating Disbursements																									
Technical servicing	3	137,328	137,328	137,328	137,328	137,328	137,328	137,328	137,328	137,328	137,328	137,328	137,328	137,328	137,328	137,328	137,328	137,328	137,328	137,328	137,328	137,328	137,328	137,328	3,158,544
Billing cost	3	613	21,972	43	136	9,103	1,871	20,733	45	9,201	613	20,714	35	3,347	5,970	22,495	39	104	9,133	847	20,714	35	3,347	5,970	157,082
Adjudication	3	249	332	422	222	-	332	312	499	83	249	249	561	83	194	388	229	360	55	249	249	561	83	194	6,157
Third-party call centre	3	-	-	91,034	-	-	-	-	91,034	-	-	-	91,034	-	-	-	91,034	-	-	-	-	91,034	-	-	455,171
General & administrative	3	41,992	5,334	29,489	20,795	13,725	41,723	19,973	24,064	22,451	41,992	16,682	21,755	18,355	48,491	7,988	24,173	18,614	20,637	42,849	16,682	21,755	18,355	52,980	590,854
IT	3	52,184	3,483	71,250	18,039	-	52,184	18,168	58,548	16,056	52,184	13,507	61,226	18,039	37,258	15,714	39,862	42,946	9,176	52,184	13,507	61,226	18,039	52,184	776,966
Rent and utilities	4	-	67,246	-	-	-	-	67,246	-	-	-	67,246	-	-	-	67,246	-	-	-	-	67,246	-	-	-	336,232
Payroll	5	-	410,586	-	236,419	-	241,030	-	257,197	-	241,030	-	257,197	-	241,030	-	267,197	-	241,030	-	257,197	-	241,030	-	2,890,941
Professional fees	6	97,050	170,500	57,500	85,750	85,750	97,050	170,500	57,500	85,750	181,800	102,700	57,500	85,750	181,800	1,000	102,700	57,500	136,600	97,050	102,700	57,500	85,750	97,050	2,254,750
Tax remittances (HST)	7	-	461,643	-	-	-	414,479	-	-	-	396,325	-	-	-	-	428,149	-	-	-	425,371	-	-	-	434,938	2,560,904
Total Operating Disbursements		329,417	1,278,425	387,068	498,688	245,905	985,997	434,261	626,214	270,869	1,051,521	358,428	626,636	262,902	652,072	680,308	662,561	256,852	553,960	755,879	615,624	369,439	503,931	780,645	13,187,602
																									-
Net Operating Cash Flow		937,796	1,494,622	253,055	461,659	176,137	(260,219)	2,389,587	86,043	492,119	(170,332)	2,405,967	(127,057)	671,244	102,566	2,220,815	(259,411)	698,667	(102,322)	118,789	2,148,770	130,140	430,214	317,346	14,616,195
																									-
CLA and debt servicing	8	897,181	3,101,998	-	862,438	897,181	-	3,101,998	-	1,759,619	-	3,101,998	-	862,438	897,181	3,101,998	-	862,438	897,181	-	3,101,998	-	1,759,619	-	25,205,266
																									-
Net Cash Flow		40,615	(1,607,376)	253,055	(400,779)	(721,044)	(260,219)	(712,411)	86,043	(1,267,500)	(170,332)	(696,031)	(127,057)	(191,194)	(794,615)	(881,183)	(259,411)	(163,771)	(999,503)	118,789	(953,228)	130,140	(1,329,405)	317,346	(10,589,071)
																									-
Opening cash	9	1,331,222	2,371,837	1,164,460	1,417,516	2,016,736	1,295,692	2,035,473	1,323,062	1,409,104	1,241,604	2,071,272	1,375,241	1,248,184	2,056,990	1,262,376	1,381,192	2,121,781	1,958,011	1,958,508	2,077,297	1,624,069	1,754,209	1,024,804	1,331,222
Net cash flow		40,615	(1,607,376)	253,055	(400,779)	(721,044)	(260,219)	(712,411)	86,043	(1,267,500)	(170,332)	(696,031)	(127,057)	(191,194)	(794,615)	(881,183)	(259,411)	(163,771)	(999,503)	118,789	(953,228)	130,140	(1,329,405)	317,346	(10,589,071)
DIP funding	10	1,000,000	400,000	-	1,000,000	-	1,000,000	-	-	1,100,000	1,000,000	-	-	1,000,000	-	1,000,000	1,000,000	-	1,000,000	-	500,000	-	600,000	-	10,600,000
Ending Cash		2,371,837	1,164,460	1,417,516	2,016,736	1,295,692	2,035,473	1,323,062	1,409,104	1,241,604	2,071,272	1,375,241	1,248,184	2,056,990	1,262,376	1,381,192	2,121,781	1,958,011	1,958,508	2,077,297	1,624,069	1,754,209	1,024,804	1,342,151	1,342,151
DIP Facility																									
Opening balance		9,216,933	10,233,772	10,653,199	10,672,662	11,693,987	11,715,351	12,738,581	12,761,853	12,785,168	13,910,352	14,937,410	14,964,517	14,991,673	16,020,706	16,049,792	17,080,758	18,111,780	18,144,686	19,179,479	19,214,336	19,749,257	19,784,241	20,421,481	9,216,933
DIP funding		1,000,000	400,000	-	1,000,000	-	1,000,000	-	-	1,100,000	1,000,000	-	-	1,000,000	-	1,000,000	1,000,000	-	1,000,000	-	500,000	-	600,000	-	10,600,000
Accrued interest		16,839	19,427	19,463	21,325	21,364	23,230	23,272	23,315	25,184	27,057	27,107	27,156	29,033	29,086	30,966	31,023	32,906	34,793	34,857	34,920	34,984	37,240	37,308	641,856
Closing balance		10,233,772	10,653,199	10,672,662	11,693,987	11,715,351	12,738,581	12,761,853	12,785,168	13,910,352	14,937,410	14,964,517	14,991,673	16,020,706	16,049,792	17,080,758	18,111,780	18,144,686	19,179,479	19,214,336	19,749,257	19,784,241	20,421,481	20,458,790	20,458,790

Josef Prosperi
Chief Restructuring Officer

Crown Crest Leasing Group
23-Week Cash Flow Forecast
Notes and Summary of Assumptions

In the matter of a Plan of Compromise or Arrangement of Crown Crest Capital Management Corp., Crown Crest Financial Corp., Crown Crest Funding Corp., Simply Green Home Services Inc., Simply Green Home Services Corp., and Crown Crest Capital Trust (collectively the "Crown Crest Leasing Group" or the "Respondents")

Disclaimer

In preparing this updated cash flow forecast (the **"Updated Cash Flow Forecast**"), the Respondents have relied upon unaudited financial information and have not attempted to further verify the accuracy or completeness of such information. Since the Updated Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Updated Cash Flow Forecast period will vary from the Updated Cash Flow forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty, or other assurance that any of the estimates, forecasts or projections will be realized.

The Updated Cash Flow Forecast is presented in Canadian dollars. All defined terms that are not otherwise defined herein are to have the same meaning ascribed to them in the first report of the Monitor dated November 16, 2023 and second report of the Monitor dated January 29, 2024.

Note 1 Purpose of the Updated Cash Flow Forecast

The purpose of the Updated Cash Flow Forecast is to present the estimated cash receipts and disbursements of the Respondents for the period from April 21, 2024 to September 28, 2024 (the "**Forecast Period**"). The Updated Cash Flow Forecast has been prepared by the Respondents, in consultation with the Monitor**.** Readers are cautioned that this information may not be appropriate or relied upon for any other purpose.

Note 2 Customer Receipts

Customer receipts include collections from customers on the Respondents' lease agreements, customer buyouts, end of term customer sales, equipment upgrades and renewals. Customer receipts are forecast based on historical run rates from January, 2024 to March, 2024. As a result, forecast receipts exclude historically delinquent accounts.

Enbridge receipts are net of their billing costs.

Note 3 Operating Expenses (Technical Servicing, Adjudication, Third-party Call Centre, General and Administrative, IT, Billing Costs)

Operating expenses are forecasted primarily based on historical run rates from January, 2024 to March, 2024. Historical run rate in respect of technical servicing was adjusted for warranty credits expected to be received in the Forecast Period and for seasonality.

Note 4 Rent and Utilities

These disbursements represent payments for rent and other costs provided for in the Respondent's office space lease. Includes rent for office building and other office building related costs (e.g. utilities, etc.).

Note 5 Payroll

Payroll expenses include salaries and wages, bonuses and commissions, payroll taxes and remittances, and employee benefits paid to the Respondents' employees. Payroll expenses are forecasted based on current headcount levels and are paid bi-weekly.

Note 6 Professional Fees

Includes professional fees of (i) the Monitor, counsel to the Monitor, the Chief Restructuring Officer, counsel to the Chief Restructuring Officer and the Company's Class Action counsel; and (ii) general other legal and professional fees.

Note 7 Tax Remittances

The Monitor understands the Respondents collects / disburses various taxes including Retail Sales Tax ("**RST**") and employee source deductions ("**Source Deductions**"). All receipts and applicable disbursements are gross of RST and the remittance of RST is forecast monthly.

Note 8 CLA and Debt Servicing

The Updated Cash Flow Forecast assumes that the Respondents continue to service interest expense of the Loan Agreements and make the CLA flow-through payments in the normal course. Assumed interest rates in the Updated Cash Flow Forecast are as follows:

Facility	Entity	Interest Rate
WH #1	Crown Crest Capital Trust.	Prime +5.3%
WH #4	Crown Crest Capital Trust.	Prime +6.05%
WH #5	Simply Green Home Services Inc.	Prime +5.3%
CLA facility	Crown Crest Capital Trust.	Prime +1.3%
CLA facility	Simply Green Home Services Inc.	Greater of: a) 4.5% b) Prime +1.3%
DIP	The Companies	9.50%
Debenture	Simply Green Home Services Inc.	Prime +5.3%

Note 9 **Opening Cash Balances**

Opening cash balance is net of outstanding cheques as of April 21, 2024.

Note 10 **Debtor-in-possession ("DIP") Financing**

The Updated Cash Flow Forecast reflects advances under the DIP Facility in the Forecast Period of $10.6 million. The interest rate on the principal outstanding amount of the DIP advances is 9.5% and is accrued.

Court File No.: CV-23-00709183-00CL

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 CROWN CREST CAPITAL MANAGEMENT CORP., CROWN CREST FINANCIAL CORP., CROWN CREST FUNDING CORP., SIMPLY GREEN HOME SERVICES INC., SIMPLY GREEN HOME SERVICES CORP., AND CROWN CREST CAPITAL TRUST

(collectively the "Crown Crest Leasing Group" or the "Respondents")

MONITOR'S REPORT ON CASH FLOW STATEMENT

(paragraph 23(1)(b) of the CCAA)

The attached statement of projected cash flow of the Crown Crest Leasing Group prepared as of the 30th day of April 2024, consisting of the period from April 21, 2024 to September 28, 2024 (the **"Updated Cash Flow Forecast"**), has been prepared by management of the Respondents, in consultation with the Monitor for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Updated Cash Flow Forecast.

Our review and consultation consisted of inquiries, analytical procedures and discussions related to information supplied by management and employees of the Respondents. 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 Updated Cash Flow Forecast. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Updated Cash Flow Forecast.

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 Updated Cash Flow Forecast;
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 Respondents or do not provide a reasonable basis for the Updated Cash Flow Forecast, given the hypothetical assumptions; or
c) the Updated Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

Since the Updated Cash Flow Forecast 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 Updated Cash Flow Forecast will be achieved.

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

Dated at Toronto, in the Province of Ontario, this 30th day of April 2024.

KPMG Inc.
In its capacity as Monitor of the Crown Crest Leasing Group
And not in its personal or corporate capacity

Pritesh Patel, CIRP, LIT
Senior Vice President

Appendix “E”

FIRST AMENDMENT TO DIP FACILITY TERM SHEET

Dated: May 1, 2024

RECITALS:

A. Simply Green Home Services Corp., Crown Crest Capital Management Corp., Crown Crest Funding Corp. in both its personal capacity and in its capacity as trustee of the Crown Crest Capital Trust, Crown Crest Financial Corp., and Simply Green Home Services Inc. (collectively the "**Borrowers**"), as borrowers, and Peoples Trust Company (the "**DIP Lender**"), as lender, entered into a DIP facility term sheet dated November 9, 2023 (the "**DIP Facility Term Sheet**");

B. The Borrowers have requested certain amendments to the DIP Facility Term Sheet; and

C. Subject to the terms and conditions contained in this agreement (this "**Amendment**"), the parties hereto have agreed to amend the DIP Facility Term Sheet on the terms and conditions set out below.

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

1. DEFINITIONS

1.1 **Use of Defined Terms.** Unless otherwise defined herein or the context otherwise requires, capitalized terms used in this Amendment, including its preamble and recitals, have the meanings provided in the DIP Facility Term Sheet, as amended by this Amendment, as applicable.

2. AMENDMENTS TO DIP FACILITY TERM SHEET

2.1 **Amendments.** Subject to the satisfaction of each of the conditions to effectiveness set forth in this Amendment, the parties agree that:

2.1.1 Section 7(a) of the DIP Facility Term Sheet shall be amended by deleting the reference to "$15,000,000" therein and replacing it with "$21,000,000".

2.1.2 Section 9(a) of the DIP Facility Term Sheet shall be amended by deleting all of the contents therein and replacing it with the following:

"(a) September 28, 2024, or such later date as the DIP Lender in its sole and absolute discretion may agree to in writing with the Borrowers".

3. REPRESENTATIONS AND WARRANTIES

3.1 **Representations.** The Borrowers each represent and warrant to the DIP Lender that, as of the date hereof (after giving effect to this Amendment):

3.1.1 This Amendment has been duly authorized, executed and delivered by the Borrowers;

3.1.2 This Amendment constitutes a legal, valid and binding obligation of the Borrowers, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other applicable laws affecting creditors' rights generally and to general principles of equity, regardless of whether considered in a proceeding in equity or at law;

3.1.3 The representations and warranties set forth in the DIP Facility Term Sheet and the other DIP Credit Documentation are true and correct in all respects on and as of the date hereof as though made on and as of such date, unless stated to be made as of a specified date; and

3.1.4 No Default or Event of Default has occurred and is continuing.

4. CONDITIONS

4.1 **Conditions Precedent.** This Amendment shall become effective on the date upon which there has been receipt by the DIP Lender of the following (which conditions precedent are for the sole and exclusive benefit of the DIP Lender and may be waived by the DIP Lender):

4.1.1 a counterpart of this Amendment fully executed by the Borrowers;

4.1.2 receipt by the DIP Lender of updated Cash Flow Projections, in form and substance satisfactory to the DIP Lender in its sole and absolute discretion; and

4.1.3 receipt by the DIP Lender of an Order of the Court in the CCAA Proceedings approving this Amendment, in form and substance satisfactory to the DIP Lender in its sole and absolute discretion.

5. GENERAL PROVISIONS

5.1 **Headings Etc.** The inclusion of headings in this Amendment is for convenience of reference only and does not affect the construction or interpretation hereof.

5.2 **Governing Law.** This Amendment is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

5.3 **Assignment.** This Amendment enures to the benefit of, and is binding upon, the parties and their respective successors and permitted assigns.

5.4 **Conflicts.** If, after the date of this Amendment, any provision of this Amendment is inconsistent with any provision of the DIP Facility Term Sheet, the relevant provision of this Amendment shall prevail.

5.5 **DIP Credit Documentation.** This Amendment constitutes DIP Credit Documentation for all purposes under the DIP Facility Term Sheet.

5.6 **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall be deemed to be an original agreement and all of which shall constitute one agreement. All counterparts shall be construed together and shall constitute one and the same agreement. This

Amendment, to the extent signed and delivered by means of electronic transmission (including, without limitation, facsimile and Internet transmissions), shall be treated in all manner and respects as an original agreement and should be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

- remainder of page intentionally left blank -

IN WITNESS HEREOF, the parties hereby execute this Amendment as of the date first written above.

SIMPLY GREEN HOME SERVICES CORP.;
SIMPLY GREEN HOME SERVICES INC.;
CROWN CREST CAPITAL MANAGEMENT CORP.;
CROWN CREST FUNDING CORP. IN BOTH IN ITS PERSONAL CAPACITY AND ITS CAPACITY AS TRUSTEE OF THE CROWN CREST CAPITAL TRUST; and
CROWN CREST FINANCIAL CORP.

BY JOSEPH PROSPERI, SOLELY IN HIS CAPACITY AS COURT-APPOINTED CHIEF RESTRUCTURING OFFICER OF EACH OF THE ABOVE AND NOT IN HIS PERSONAL CAPACITY, PURSUANT TO THE AUTHORITY GRANTED BY THE INITIAL ORDER OF THE ONTARIO SUPERIOR COURT OF JUSTICE (COMMERCIAL LIST) DATED MAY 1, 2024

By: ________________________________
Name: Joseph Prosperi
Title: Chief Restructuring Officer

By: ________________________________
Name:
Title:

PEOPLES TRUST COMPANY

By: ________________________________
Name:
Title:

By: ________________________________
Name:
Title:

IN WITNESS HEREOF, the parties hereby execute this Amendment as of the date first written above.

SIMPLY GREEN HOME SERVICES CORP.;
SIMPLY GREEN HOME SERVICES INC.;
CROWN CREST CAPITAL MANAGEMENT CORP.;
CROWN CREST FUNDING CORP. IN BOTH IN ITS PERSONAL CAPACITY AND ITS CAPACITY AS TRUSTEE OF THE CROWN CREST CAPITAL TRUST; and
CROWN CREST FINANCIAL CORP.

By: ______________________________
Name:
Title:

By: ______________________________
Name:
Title:

PEOPLES TRUST COMPANY

By: DocuSigned by: Michael Lombard CEAC2EAE5A51485...
Name: Michael Lombard
Title: Chief Credit Officer

By: DocuSigned by: Anne Butler 746E79C97E6841A...
Name: Anne Butler
Title: CLO

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

Court File No: CV-23-00709183-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF CROWN CREST CAPITAL MANAGEMENT CORP., CROWN CREST FINANCIAL CORP., CROWN CREST FUNDING CORP., SIMPLY GREEN HOME SERVICES INC., SIMPLY GREEN HOME SERVICES CORP., AND CROWN CREST CAPITAL TRUST

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

Proceeding commenced at Toronto

THIRD REPORT OF THE MONITOR

Osler, Hoskin & Harcourt LLP
100 King Street West
1 First Canadian Place
Suite 6200, P.O. Box 50
Toronto ON M5X 1B8

Marc Wasserman (LSO #44066M)
Shawn Irving (LSO #50035U)
Martino Calvaruso (LSO #57359Q)

Tel: (416) 362-2111
Fax: (416) 862-6666

Lawyers to KPMG Inc., in its capacity as Monitor