



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL/ENDORSEMENT SLIP

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

DATE: July 30, 2026

NO. ON LIST: 1

TITLE OF PROCEEDING: BALBOA INC ET AL

BEFORE: JUSTICE CAVANAGH

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
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For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
Jennifer Stam	The Fuller Landau Group Inc.	Jennifer.stam@nortonrosefulbright.com

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Mario Forte	Representative counsel for the unsecured lenders	mforte@reconllp.com
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Gary Abramson	The Lion's Share Group Inc.	gabrahamson@fullerllp.com

ENDORSEMENT OF JUSTICE CAVANAGH:

Introduction

[1] AlixPartners Restructuring, Inc. ("AlixPartners"), in its capacity as court-appointed monitor (in such capacity, the "Monitor") of the Applicants, pursuant to the Second Amended and Restated Initial Order of this Court dated March 28, 2024 (as further amended from time to time, including by Order dated December 6, 2024, the "SARIO") and the Order (Expansion of Monitor's Powers) of the Court dated June 25, 2024 (the "Expanded Powers Order"), seeks the following Orders:

- a. an Order (the "Interim Distribution Order")
 - i. approving the Proposed Distributions (as defined and described in the Fifteenth Report of the Monitor dated July 21, 2026 (the "Fifteenth Report")); and
 - ii. authorizing and directing the Monitor, for and on behalf of the Applicants, to make one or more distributions from the Mortgaged Property Proceeds (as defined in the Fifteenth Report) to the Mortgagees (as defined in the Fifteenth Report), which distributions shall be applied by each Mortgagee first to the principal amount owing to such Mortgagee under their mortgage or charge and thereafter to interest, fees, penalties, charges, costs or similar amounts to the extent recoverable under, and in accordance with, the terms of such Mortgagee's mortgage or charge;
- b. an Order (the "Claims Procedure Order") establishing a procedure for the identification and resolution of the quantum of claims against the Applicants (the "Claims Procedure"), including proving that, subject to certain exceptions and solely for the purposes of the Claims Procedure and these CCAA proceedings (including any distributions or dividends on account of claims to be made in these CCAA proceedings), any claims in respect of a promissory note or similar instrument issued in favour of a claimant by any of the Applicants or a mortgage or charge granted to a claimant by any of the Applicants shall be limited to the principal amount owing under such promissory note or similar instrument or such mortgage or charge, as applicable, and no amounts owing or chargeable for interest, fees, penalties, charges, costs or similar amounts shall be eligible to be included in such claim;
- c. an Order (the "Toke Street AVO")
 - i. approving the transaction (the "430 Toke Transaction") contemplated by an agreement between the Monitor, on behalf of the Applicant, Interlude Inc. ("Interlude") and John Wright and Kristina Wright (the "Toke Purchasers") dated January 19, 2026; and
 - ii. following the Monitor's delivery of the Monitor's certificate substantially in the form attached as Schedule "A" to the Toke Street AVO, transferring and vesting in the Toke Purchasers all of Interlude's right, title and interest in and to the Toke Street Property (as defined in the motion materials); and
- d. an Order (the "Ancillary Matters Order")
 - i. extending the Stay Period (as defined in the SARIO, defined below) to and including January 29, 2027;
 - ii. approving the Fifteenth Report and the Monitor's activities described therein; and

- iii. approving the fees and disbursements of the Monitor and its counsel, Cassels Brock & Blackwell LLP ("Cassels"), as set out in the Fifteenth Report and the Fee Affidavits (as defined below) appended to the Fifteenth Report.

[2] Capitalized terms not defined in this endorsement have their meaning as set out in the Fifteenth Report.

Background

[3] On January 23, 2024, the Applicants obtained an Initial Order pursuant to the *Companies' Creditors Arrangement Act* ("CCAA") and the Monitor was appointed in the CCAA proceedings. The Initial Order was subsequently amended and restated by the SARIO.

[4] The Applicants are a group of companies that were the principal owners of a portfolio of 407 residential properties located in tertiary Ontario markets (collectively, the "Real Properties"). The Applicants' acquisition and renovation of the Real Properties were financed through: (i) registered first and second mortgage loans (each, a "Mortgage"), provided predominantly by numerous individual real estate investors (each, a "Mortgagee"); and (ii) unsecured promissory notes issued in favour of The Lion's Share Group Inc. and various individual real estate investors.

[5] On June 25, 2024, the Court granted the Expanded Powers Order, which, among other things, authorized and empowered the Monitor to exercise any powers which may be properly exercised by a board of directors or any officers of the Applicants, including marketing and selling the Real Properties.

[6] On April 14, 2025, the Court granted an Order (the "Orderly Liquidation Mechanics Order") which, among other things, authorized the Monitor, on behalf of the Applicants, without further order of the Court, to sell the Liquidation Portfolio Properties with the consent of the applicable prescribed stakeholders for each Liquidation Portfolio Property.

[7] To date, through a series of transactions: (i) approved by Court-issued approval and vesting orders; or (ii) completed in accordance with, and pursuant to, the Orderly Liquidation Mechanics Order, the Monitor has completed transactions for 67 of the Liquidation Portfolio Properties and seven Liquidation Portfolio Properties remain unsold.

Analysis

The Interim Distribution Order

[8] The Monitor is currently holding approximately \$3.7 million in the bank account maintained by the Monitor in these CCAA proceedings, comprised of the net proceeds of sale of the Liquidation Portfolio Properties, less costs and disbursements of these proceedings.

[9] The Monitor has determined that it is an appropriate time to seek authorization to make, on behalf of the Applicants, one or more interim distribution to the Mortgagees holding registered Mortgages on the Liquidation Portfolio Properties in accordance with their registered priorities.

[10] The Monitor has prepared an analysis of the estimated proceeds available for distribution from the Liquidation Portfolio Property sales completed to date and forecasted sales of the Remaining Liquidation Properties (the "Distribution Analysis"), a copy of which is attached at Appendix "C" to the Fifteenth Report. Subject to underlying assumptions detailed therein, the Distribution Analysis contemplates that \$2.97 million (the "Mortgaged Property Proceeds") will be available for distribution to the Mortgagees of the Liquidation Portfolio Properties, including the estimated sale proceeds for Liquidation Portfolio Properties not yet sold.

[11] Pursuant to the Interim Distribution Order, if approved, the Monitor will be authorized to make distributions to the applicable first Mortgagees on each Liquidation Portfolio Property (the "Proposed Distributions") up to the amounts set out in the Distribution Analysis in the manner described in the Fifteenth Report.

[12] I am satisfied that the Proposed Distributions should be approved. As set out in the Distribution Analysis, the Monitor intends to make one or more distribution from the Mortgaged Property Proceeds to the Mortgagees holding registered Mortgages, subject to the Monitor reserving sufficient amounts to fund the continuing administration of the CCAA proceedings.

[13] The Monitor is also seeking relief in the proposed Interim Distribution Order declaring that the Monitor shall not incur any liability under any tax statute as a result of the Proposed Distributions. I accept that this relief should be granted in the circumstances. The tax authorities were served with the motion materials and no one appeared to oppose the requested order. See *One Bloor West Toronto Group (the One) Inc. (Re)*, 2026 ONSC 1854, at paras. 50-54 where a similar order was made in similar circumstances.

[14] I am satisfied that the Proposed Distributions and the Distribution Analysis are fair, reasonable and appropriate and the Interim Distribution Order should be granted.

The Claims Procedure Order

[15] The Monitor has designed the proposed Claims Procedure to establish a comprehensive, fair and expeditious means of identifying and resolving the quantum of Claims against the Applicants, to enable the Monitor, on behalf of the Applicants, to return to Court to seek a distribution of the remaining sale proceeds following the sale of the remaining Liquidation Portfolio Properties. The Claims Procedure is specifically intended to determine the quantum of Claims against the Applicants (and not to determine entitlement to the proceeds of the Applicants' property).

[16] Details of the Claims Procedure are set out in the Claims Procedure Order and the Fifteenth Report.

[17] I am satisfied that the proposed Claims Procedure is fair and reasonable and should be approved. I accept the recommendations of the Monitor in this respect and its reasons for the recommendations as set out in section 6.7 of the Fifteenth Report.

The Toke Street AVO

[18] The Monitor seeks the Court's approval of the 430 Toke Transaction in respect of the Liquidation Portfolio Property municipally known as 430 Toke Street, Timmins (the "Toke Street Property"). The relief is necessitated due to the Monitor being unable to obtain the requisite consents of the Mortgagees holding the Mortgage registered on title to the Toke Street Property in accordance with the Orderly Liquidation Mechanics Order.

[19] The 430 Toke Transaction arose through the Monitor, with the assistance of a listing agent, marketing the Toke Street Property in accordance with the Orderly Liquidation Mechanics Order.

[20] The Monitor reports that the 430 Toke Transaction represents the best actionable transaction available in respect of the Toke Street Property and provides for the greatest recovery to stakeholders available in the circumstances.

[21] Pursuant to section 36 of the CCAA, this Court may authorize a debtor company to sell or otherwise dispose of its assets outside of the ordinary course of business free and clear of any security, charge or other restriction. In considering whether to approve a sale, section 36(3) of the CCAA requires the Court to consider: (i) whether the sale process was reasonable in the circumstances; (ii) whether the Monitor approved of the sale process and filed a report supporting the sale; (iii) the extent to which creditors were consulted; (iv) the effect of

the sale on creditors and stakeholders; and (v) whether the purchase price is fair and reasonable. The section 36(3) factors largely overlap with the factors set out by the Ontario Court of Appeal in *Royal Bank of Canada v Soundair Corp.*, 1991 CanLII 2727 (ONCA) at para 16.

[22] The Toke Street Property was marketed by the Monitor, with the assistance of a listing agent, in accordance with the Orderly Liquidation Mechanics Order. The Toke Street Property was subject to a reasonable marketing process, which included the Toke Street Property being marketed and publicly listed for a reasonable period of time and multiple price adjustments to reflect market interest, all in accordance with the Orderly Liquidation Mechanics Order.

[23] I have considered the relevant factors and I am satisfied that the s. 36 factors and the factors in *Soundair* support approval of the 430 Toke Transaction.

The Ancillary Matters Order

[24] The Monitor is seeking approval of the Fifteenth Report, and the activities of the Monitor described therein, as well as the fees and disbursements of the Monitor and its legal counsel, Cassels, for the period from January 1, 2026 to June 30, 2026.

[25] I am satisfied that the requested relief should be granted.

Disposition

[26] Orders to issue in forms of Orders signed by me today.


