



**The Lion's Share Group Inc.  
Notice of Intention to Make a Proposal  
Frequently Asked Questions**

On March 16, 2024, the The Lion's Share Group Inc. (the "**Company**" or "**LS**") filed a Notice of Intention to Make a Proposal ("**NOI**") under the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") pursuant to which The Fuller Landau Group Inc. was appointed as the proposal trustee (the "**Proposal Trustee**") assisting in the proposal process.

**Q: What is an NOI?**

- An NOI filing commences a restructuring process under the BIA, a federal statute that enables a company to restructure itself, or wind-down its operations on a structured basis.
- Based on initial discussions with management LS will be wound down; it's assets (loans) collected and distributions to creditors made as described below.
- As a result of the NOI filing a stay of proceedings (the "**Stay**") is granted to LS which prevents any person from taking or continuing any action against LS e.g. filing a Statement of Claim seeking to recover any amount due or continuing to prosecute any Statement of Claim issued prior to the NOI filing date (being March 16, 2024).

**Q: Why did LS file the NOI?**

- The NOI filing was deemed necessary due to:
  - The CCAA filing of the Balboa Group and their significant indebtedness to LS. The CCAA results in a stay of proceedings against creditors including LS, such that payment by the Balboa Group of interest and other amounts due to LS will not occur as scheduled.
  - Many requests from LS lenders to repay loans that had matured and the inability of LS to satisfy the requests.
  - Many legal proceedings and formal demands for repayment being received by LS recently, and in particular since the commencement of the Balboa CCAA filing.
  - A desire by LS management to obtain professional assistance to support collection and recovery efforts for the benefit of LS' creditors.

**Q: What are the roles of Management and the Proposal Trustee during the process?**

- Although typically Management remains in possession and control of LS and its operations, it is not anticipated that management will remain in possession for much longer given the pending receivership and bankruptcy (discussed below).

**Q: Will Management of LS remain in possession and control of its assets and operations?**

- On April 3, 2024, The Proposal Trustee, with the support of LS, will be making an application to the Superior Court of Justice for:
  - a termination of the NOI proceeding. This would result in LS becoming bankrupt;
  - the appointment of Fuller as Receiver over all the assets, undertakings and properties (the “**Property**”) of LS; and
  - the appointment of Aird & Berlis LLP (“**A&B**”) as representative counsel to the unsecured promissory noteholders of LS, subject to certain conditions or opt out provisions.
- The effect of the above is that Fuller would assume control of the Property for the benefit of the unsecured promissory noteholders and any other creditors, represent LS in the Balboa Group CCAA proceeding and pursue collections for amounts due from all parties including those not included in the Balboa CCAA proceedings.
- Motion materials will be posted on the website set out below and communication from A&B will be sent to you regarding their role as representative counsel if the Court Orders are granted.

**Q: What do I need to do to recover my investment? Do I have to file a Proof of Claim or email the Proposal Trustee to tell them how much I am owed?**

- Recovery of your investment will occur through a process whereby the claims of all creditors are quantified, and distributions made pro-rata based on net recoveries from the Company’s assets.
- At this time you do not need to file a Proof of Claim or provide details of how much you are owed at this time. At a later date, you will receive by email a claims package which will set out instructions as to how you can file a Proof of Claim.

**Q: Has my investment been lost? Will I get any of my money back?**

- At this time, the Proposal Trustee is not in a position to quantify the extent of recoveries to creditors. The Proposal Trustee will provide an update as soon as it can on recovery efforts and distribution timelines.

**Q: Is there any ordering for a repayment of any investment?**

- The BIA sets out a process of ranking creditor claims. In general, secured claims rank in priority to unsecured claims. Unsecured claims share pro-rata on any distribution based on each creditors claim amount and the amount of recoveries.
- Based on information provided by LS it does not appear that there are any secured claims and accordingly all creditors would rank equally for distribution purposes.
- If a creditor commencing litigation prior to the NOI date, it does not result in any right to receive a recovery ahead other similar creditor who had not commenced litigation prior to the NOI.

**Q: What are the times lines to receiving any repayment of my loan?**

- The timing of any repayment will depend on when collections from the Company's borrowers are sufficient to allow for a distribution including recoveries from the Balboa CCAA proceedings.

**Q: How do I report my T5 and do I need to retain legal counsel?**

- Please speak to your accountant to obtain tax advice regarding your T5.
- The Proposal Trustee cannot advise you as to whether you should retain a lawyer.

**Q: How do I get updates on what is happening and whether I will get any money back?**

- The Proposal Trustee has a dedicated email address at [lionsshare@fullerlp.com](mailto:lionsshare@fullerlp.com) which is being monitored and responses provided as necessary. Please use this address to communicate with the Proposal Trustee.
- A webpage which will include updates on the status of the proceeding has been established being: [https://fullerlp.com/active\\_engagements/the-lions-share-group-inc/](https://fullerlp.com/active_engagements/the-lions-share-group-inc/)
- At a later date, the Proposal Trustee will set up a virtual information session to update creditors and answer your questions.