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Estate File No.: 32-2705503

**IN THE MATTER OF THE BANKRUPTCY OF
1958635 ONTARIO INC.**

**TRUSTEE'S REPORT TO CREDITORS ON
PRELIMINARY ADMINISTRATION**

1. Introduction

1. On January 21, 2021, Allied Track Services Inc. (which would subsequently change its name to 1958635 Ontario Inc., as described below) (the "Company") commenced restructuring proceedings pursuant to the *Bankruptcy and Insolvency Act* ("BIA") by filing a Notice of Intention to Make a Proposal ("NOI"). KSV Restructuring Inc. ("KSV") was appointed as proposal trustee in the NOI proceedings.
2. The Company was deemed to have filed an assignment in bankruptcy on July 6, 2021 and KSV Restructuring Inc. was appointed as licensed insolvency trustee of the estate of the bankrupt by the Office of the Superintendent of Bankruptcy (the "Trustee"), subject to affirmation at the First Meeting of Creditors.

1.1 Currency

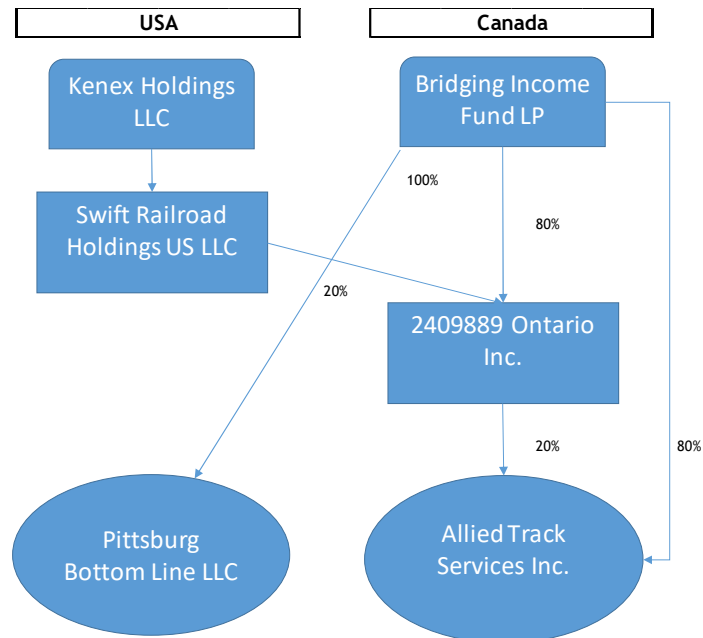
1. All currency references in this report ("Report") are to Canadian dollars, unless otherwise noted.

1.2 Restrictions

1. In preparing this Report, the Trustee has relied upon the Company's unaudited financial information, including certain of its books and records and discussions with its management. The Trustee has not audited, reviewed or otherwise verified the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants of Canada Handbook.
2. The Trustee expresses no opinion or other form of assurance with respect to the financial information presented in this Report or relied upon by the Trustee in preparing this Report. Any party wishing to place reliance on the Company's financial information should perform its own diligence.

2. Background

1. The Company was founded in Ontario in 1987 and was a railroad maintenance service provider, offering an array of services including track maintenance and repair, construction, bridging, civil engineering, flagging, signalling and related services.
2. The Company is 80% owned by Bridging Income Fund LP and 20% owned by 2409889 Ontario Inc. ("240"). Bridging Income Fund LP owns 80% of 240 and, as a result, directly and indirectly, owns 96% of the shares of the Company. A copy of the Company's organizational chart is below.



3. In 2017, Bridging Income Fund LP acquired Pittsburg Bottom Line LLC ("Bottom Line"), a Texas-based rail bridge contractor to compliment the Company's services and offerings. Bottom Line is an affiliate of the Company and was not a party to the NOI proceedings.

2.1 NOI Proceedings

1. The principal purpose of the Company's NOI proceedings was to stabilize the Company's business and operations while a Court-approved sale and investment solicitation process ("SISP") was conducted. In accordance with the Court order issued on January 22, 2021 approving the SISP, Bottom Line's business and assets were marketed concurrently with the Company's business and assets through the SISP. The SISP resulted in a Court-approved going concern sale (the "Transaction") to 2806401 Ontario Inc., a subsidiary of Bridging Finance Inc. (the "Purchaser") of (i) the shares of Bottom Line; and (ii) substantially all of the Company's business and assets.
2. With the exception of several employees terminated during the NOI proceedings, all of the Company's remaining employees were hired by the Purchaser.

3. The Transaction was approved by the Court on April 7, 2021 and was completed on April 30, 2021. The purchase price was \$104.873 million. The purchase price was primarily settled through the assumption of Bridging's secured debt (approximately \$88.653 million) and certain of the Company's other liabilities. In connection with the closing of the Transaction, the Company changed its name from Allied Track Services Inc. to 1958635 Ontario Inc., because the Purchaser bought the name and continues to operate as Allied Track Services.
4. Further materials filed in the Company's NOI proceedings and these proceedings are available on KSV's website at: <https://www.ksvadvisory.com/insolvency-cases/case/allied-track-services>.

3. The Bankrupt Estate

3.1 Assets

1. As at the date of this Report, there is cash on deposit in the Trustee's account of approximately \$50,000. This amount was funded by the Purchaser to fund the professional costs of the bankruptcy proceedings.
2. The Trustee is not aware of any other remaining Assets.

3.2 Secured Creditors

1. Bridging was the Company's largest secured creditor prior to the completion of the Transaction. Bridging's debt was assumed by the Purchaser in accordance with the terms of the Transaction.
2. The Company's other former secured creditors were primarily equipment lessors. The Purchaser assumed certain of the Company's leases as part of the Transaction. Leases that were not assumed in the Transaction were terminated and the underlying assets were returned.
3. There is an ongoing dispute between two of the Company's secured creditors, Allied Track Equipment Company LLC ("ATEC"), a party unrelated to the Company, and 2700902 Ontario Inc. ("2700902"), a subsidiary of Bridging. The dispute relates to priority to the proceeds of sale of certain of the Company's equipment that was sold to the Purchaser, over which both secured creditors assert priority. The Trustee is holding CDN\$5,000,000 in escrow (the "Escrowed Funds") as escrow agent, pursuant to Court order, pending the resolution of the dispute, which is scheduled to be adjudicated by the Ontario Superior Court of Justice in September of 2021. The Company and the Trustee are not a party to the secured creditor dispute, and regardless of the disposition of the hearing in September, no portion of the Escrowed Funds will form a part of the Company's estate available to the Company's unsecured creditors.
4. The Trustee is not aware of any other secured creditors.

3.3 Priority Claims

1. The Trustee is not aware of any priority and/or trust claims.

3.4 Unsecured Creditors

1. According to the Company's Statement of Affairs, amounts owing to unsecured creditors totaled approximately \$35.2 million at the date of bankruptcy, before considering employee severance and termination claims.
2. In respect of employee claims, all wages and vacation pay were paid in full based on the Company's books and records.

3.5 Property of the Bankrupt Not Divisible Amongst Creditors by Virtue of Section 67(1)(b) of the Bankruptcy and Insolvency Act

1. There does not appear to be any property exempt from execution or seizure pursuant to Section 67(1)(b) of the *Bankruptcy and Insolvency Act* ("BIA").

4. Books and Records

1. By virtue of its administration of the Company's NOI proceedings and pursuant to the terms of the Transaction, the Trustee has access to the Company's books and records it requires to complete its bankruptcy administration.

5. Preferences and Transfers Undervalue

1. From the commencement of the Company's NOI proceedings on January 21, 2021, KSV, in its capacity as Proposal Trustee, was involved in the Company's cash management review process.
2. Based on its involvement in the cash management process, there do not appear to be any preferences or transfers at undervalue made by the Company during the NOI proceedings.
3. KSV will complete a review of the full year preceding the date of bankruptcy by reviewing transfers in the pre-NOI period. To the extent the Trustee's review results in the identification of any preferences or transfers undervalue, the Trustee will discuss any intended next steps with the inspectors to be appointed in the bankruptcy.

6. Anticipated Realization and Projected Distribution

1. As noted above, the Transaction was satisfied primarily by an assignment of Bridging's debt.
2. The cash on deposit in the Trustee's account will be used to fund the costs of these proceedings. There is not expected to be any recoveries for the Company's creditors.

7. Other Matters

1. The Trustee intends to seek inspector approval for the appointment of Blakes Cassels & Graydon LLP ("Blakes") as its legal counsel in these bankruptcy proceedings.

* * *

DATED at Toronto, Ontario, this 26th day of July 2021.

All of which is respectfully submitted,

A handwritten signature in blue ink that reads "KSV Restructuring Inc." The signature is written in a cursive, flowing style.

**KSV RESTRUCTURING INC.,
SOLELY IN ITS CAPACITY AS TRUSTEE OF
1958635 ONTARIO INC.
AND NOT IN ITS PERSONAL CAPACITY**