

32-2705503

Re ALLIED TRACK SERVICES INC.

① Order to go on the
Terms of the attached.

Hayley J.

January 22, 2021

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

THE HONOURABLE MR.)

FRIDAY, THE 22nd

JUSTICE HAINES)

DAY OF JANUARY, 2021



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**IN THE MATTER OF *THE BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, c. B-3, AS AMENDED**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF ALLIED TRACK SERVICES INC., A CORPORATION
INCORPORATED UNDER THE LAWS OF ONTARIO**

ORDER

THIS MOTION, made by Allied Track Services Inc. (the "**Applicant**") for an order pursuant to the *Bankruptcy and Insolvency Act* (Canada) R.S.C. 1985, c. C-36, as amended (the "**BIA**") was heard this day via video conference as a result of the COVID-19 pandemic.

ON READING the Notice of Motion, the affidavit of Andrew Stuart Jones sworn January 21, 2021 and the Exhibits thereto (the "**Jones Affidavit**"), filed, the First Report of KSV Restructuring Inc. in its capacity as Proposal Trustee (the "**Proposal Trustee**"), dated January 21, 2021 (the "**First Report**"), filed, and on reading the Applicant's cash-flow statement, appended to the First Report, and on being advised that the secured creditors of the Applicant who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel to the Applicant, counsel for the Proposal Trustee, counsel for Bridging Finance Inc. ("**Bridging**"), and such other counsel appearing on the counsel slip, no one appearing for any other party although duly served as appears from the affidavit of service of Joshua Foster sworn January 21, 2021;

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion, the Motion Record and the First Report is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

EXTENSION OF TIME TO MAKE A PROPOSAL

2. **THIS COURT ORDERS** that the time within which to make a proposal pursuant to section 62(1) of the BIA and the corresponding stay of proceedings provided for in section 69 of the BIA, be and are hereby extended in accordance with section 50.4(9) of the BIA to and including April 6, 2021.

SALE PROCESS

3. **THIS COURT ORDERS** that the sale and investment solicitation process (the "SISP") and corresponding bid and auction procedures in the form attached hereto as Schedule "A" (the "Bid Procedures") are hereby approved. The Proposal Trustee, the Applicant and their advisors, are hereby authorized to perform their obligations under and in accordance with the SISP and the Bid Procedures and to take such further steps as they consider necessary or desirable in carrying out the SISP and the Bid Procedures, subject to prior approval of this Court being obtained before completion of any transaction(s) under the SISP.

4. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Proposal Trustee, the Applicant and each of their respective representatives are hereby authorized and permitted to disclose and transfer to each potential bidder (the "Potential Bidders") and to their representatives, if requested by such Potential Bidders, personal information of identifiable individuals, including, without limitation, all human resources and payroll information in the Applicant's records pertaining to the Applicant's past and current employees, but only to the extent desirable or required to negotiate or attempt to complete a sale pursuant to the SISP (a "Sale"). Each Potential Bidder or representative to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation for the purpose of effecting a Sale, and if it does not complete a Sale, shall return all such information to the Proposal Trustee, or in the

alternative destroy all such information and provide confirmation of its destruction if requested by the Proposal Trustee.

STALKING HORSE AGREEMENT

5. **THIS COURT ORDERS** that the Applicant's execution of the Stalking Horse Agreement between the Applicant, as vendor, and 2806401 Ontario Inc., as purchaser (in such capacity, the "**Purchaser**"), dated January 21, 2021 (the "**Stalking Horse Agreement**") and attached to the Jones Affidavit as Exhibit "R" is hereby authorized and approved, with such minor amendments as the Applicant (with the consent of the Proposal Trustee) and the Purchaser may agree to in writing, and the bid made by the Purchaser pursuant to the Stalking Horse Agreement is hereby approved as the stalking horse bid (the "**Stalking Horse Bid**"), provided that nothing herein approves the sale and vesting of the assets to the Purchaser pursuant to the Stalking Horse Agreement and that the approval of the sale and vesting of such assets shall be considered by this Court on a subsequent motion made to this Court following completion of the SISP if the Stalking Horse Bid is the Successful Bid (as defined in the Bid Procedures).

CASH MANAGEMENT

6. **THIS COURT ORDERS** that the Applicant shall be entitled to continue to utilize the cash management system currently in place as described in the Jones Affidavit or, with the consent of the Proposal Trustee and the DIP Lender (as defined below), replace it with a substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as defined below) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor with regard to any claims or expenses it may suffer or incur in connection with the provisions of the Cash Management System.

ADMINISTRATION CHARGE

7. **THIS COURT ORDERS** that that the Proposal Trustee, the Proposal Trustee's counsel, and the Applicant's counsel, shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings, both before and after the making of this Order. The Applicant is hereby authorized to pay the accounts of the Proposal Trustee, the Proposal Trustee's counsel and the Applicant's counsel on a weekly basis, provided that the accounts of the Proposal Trustee and the Proposal Trustee's counsel as paid are passed from time to time, and for this purpose the accounts are hereby referred to a judge of the Ontario Superior Court of Justice (Commercial List) at Toronto, Ontario.

8. **THIS COURT ORDERS** that the Proposal Trustee, the Proposal Trustee's counsel and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the current and future assets, undertakings and properties of the Applicant of every nature and kind whatsoever (including all real and personal property), and wherever situate including all proceeds thereof (collectively, the "**Property**"), which charge shall not exceed an aggregate amount of \$500,000, as security for their professional fees and disbursements incurred at their standard rates and charges, both before and after the making of this Order. The Administration Charge shall have the priority set out in paragraphs 19 and 21 herein.

DIP FINANCING

9. **THIS COURT ORDERS** that the execution by the Applicant of the DIP Term Sheet (as defined below) is hereby approved, and the Applicant is hereby authorized and empowered to perform its obligations under the DIP Term Sheet and to obtain and borrow under the DIP Term Sheet among the Applicant, as borrower, and Bridging as lender (in such capacity, the "**DIP Lender**"), in order to finance the Applicant's working capital requirements (including those of its operating facilities), and other general corporate purposes and capital expenditures, provided that borrowing under such credit facility shall not exceed \$3,000,000.

10. **THIS COURT ORDERS** that such credit facility shall be on substantially the terms and subject to the conditions set forth in the DIP Term Sheet dated January 21, 2021, and attached as Exhibit "B" to the Jones Affidavit (the "**DIP Term Sheet**"), together with such modifications as may be agreed upon by the Applicant and the DIP Lender and consented to by the Proposal Trustee.

11. **THIS COURT ORDERS** that the Applicant and the DIP Lender are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (such documents, together with the DIP Term Sheet, collectively, the "**Definitive Documents**"), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof together with such modifications as may be agreed upon by the Applicant and the DIP Lender and consented to by the Proposal Trustee, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

12. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which charge shall not exceed an aggregate amount of \$3,000,000, and which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 19 and 21 herein.

13. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge: (i) the DIP Lender may cease making advances to the Applicant, and (ii) the DIP Lender may make demand, accelerate payment and give other notices, and upon three (3) days' notice to the Applicant and the Proposal Trustee, exercise any and all of their rights and remedies against the Applicant or the Property under or pursuant to the Definitive Documents, including, without limitation, to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant and not have to wait ten (10) days to bring such a motion pursuant to section 243 of the BIA; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

14. **THIS COURT ORDERS AND DECLARES** that all claims of the DIP Lender pursuant to the Definitive Documents are not claims that may be compromised pursuant to any proposal filed by the Applicant or any plan filed by the Applicant under the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the "CCAA"), without the consent of the DIP Lender and, except as contemplated in the Definitive Documents, the DIP Lender shall be treated as unaffected in any proposal or plan or other restructuring with respect to any obligations outstanding to the DIP Lender under or in respect of the Definitive Documents.

15. **THIS COURT ORDERS** that except to the extent contemplated by the Definitive Documents, the Applicant shall not file a proposal or plan in these proceedings or proceed with any other restructuring that does not provide for the indefeasible payment in full in cash of the obligations outstanding under the Definitive Documents as a pre-condition to the implementation of any such proposal or plan or any other restructuring without the prior written consent of the DIP Lender.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

16. **THIS COURT ORDERS** that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings provided that the occurrence giving rise to the indemnified obligations and liabilities shall have occurred after the effective time of this Order, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

17. **THIS COURT ORDERS** that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$1,500,000, as security for the indemnity provided in paragraph 16 of this Order. The Directors' Charge shall have the priority set out in paragraphs 19 and 21 herein.

18. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary: (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 16 of this Order.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

19. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Directors' Charge and the DIP Lenders' Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First - Administration Charge (up to the maximum amount of \$500,000);

Second - Directors' Charge (up to the maximum amount of \$1,500,000); and

Third - DIP Lenders' Charge (up to the maximum amount of \$3,000,000).

20. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

21. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**"), in favour of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") notwithstanding the order of perfection or attachment.

22. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that ranks in priority to, or *pari passu* with, any of the Charges, unless the Applicant also obtains

the prior written consent of the Proposal Trustee and the chargees entitled to the benefit of such Charges (collectively, the "**Chargees**"), or further Order of this Court.

23. **THIS COURT ORDERS** that the Charges shall not be rendered invalid or unenforceable and the rights and remedies of the Chargees thereunder shall not otherwise be limited or impaired in any way by: (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Definitive Documents shall create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the Definitive Documents, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicant pursuant to this Order, the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

24. **THIS COURT ORDERS** that any of the Charges created by this Order over leases of real property in Canada shall only be a charge in the Applicant's interest in such real property leases.

ADDITIONAL PROTECTIONS

25. **THIS COURT ORDERS** that nothing herein contained shall require the Proposal Trustee to occupy or to take control, care, charge, possession or management (separately and/or

collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Proposal Trustee from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Proposal Trustee shall not, as a result of this Order or anything done in pursuance of the Proposal Trustee's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

26. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal shall be commenced or continue against the Proposal Trustee except with the written consent of the Proposal Trustee or with leave of this Court.

27. **THIS COURT ORDERS** that the Proposal Trustee shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded to the Proposal Trustee under the BIA or any applicable legislation.

PAYMENT FOR PRE-FILING GOODS AND SERVICES

28. **THIS COURT ORDERS** that the Applicant, with the consent of the Proposal Trustee and the DIP Lender, shall be entitled but not required to pay amounts owing for goods and services supplied to the Applicant prior to the date of this Order by any supplier or other Person with whom the Applicant deals with in the ordinary course of business.

SERVICE AND NOTICE

29. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of

documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a case website shall be established in accordance with the Protocol with the following URL – <https://www.ksvadvisory.com/insolvency-cases/case/Allied-Track-Services>.

30. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable (including, without limitation, due to COVID-19), the Applicant and the Proposal Trustee are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

31. **THIS COURT ORDERS** that the Applicant and the Proposal Trustee and each of their counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicant's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

32. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

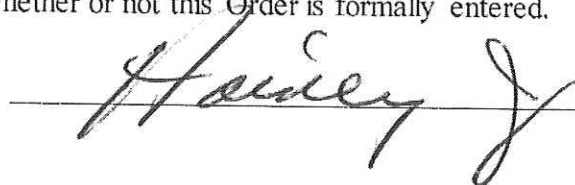
33. **THIS COURT ORDERS** that the Applicant or the Proposal Trustee may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of its powers and duties under this Order or in the interpretation or application of this Order.

34. **THIS COURT ORDERS** that nothing in this Order shall prevent the Proposal Trustee from acting as an interim receiver, receiver, receiver and manager, or trustee in bankruptcy of the Applicant or the Property or acting as monitor if the proceeding is continued under the CCAA.

35. **THIS COURT REQUESTS** the aid and recognition of any court or any judicial, regulatory, or administrative body in any province or territory of Canada and the Federal Court of Canada and any judicial, regulatory, or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province and any court or any judicial, regulatory or administrative body of the United States and the states of other subdivisions of the United States and of any other nation or state to act in aid of and to be complementary to this Court in carrying out the terms of this Order.

36. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Applicant, the Proposal Trustee, the DIP Lender and any other party or parties likely to be affected by the Order sought or upon such other notice as this Court may order.

37. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order whether or not this Order is formally entered.

A handwritten signature in cursive script, appearing to read "Harvey J.", is written over a horizontal line. The signature is written in dark ink and is positioned to the right of the text of paragraph 37.

SCHEDULE "A"

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
ALLIED TRACK SERVICES INC., A CORPORATION INCORPORATED UNDER
THE LAWS OF ONTARIO**

Bid Procedures

On January 21, 2021 Allied Track Services Inc. ("**Allied Track**") filed a notice of intention to make a proposal (the "**NOI**") pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3 (the "**BIA**"). KSV Restructuring Inc. was named as the proposal trustee under the NOI (in such capacity, the "**Proposal Trustee**").

On January 22, 2021, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") granted an order (the "**Order**") pursuant to the BIA, among other things: authorizing Allied Track to conduct a sale and investment solicitation process (the "**SISP**"); approving an interim financing facility pursuant to subsection 50.6(1) of the BIA (the "**DIP Facility**"); approving and accepting for the purpose of conducting the SISP the asset purchase agreement dated January 21, 2021 (the "**Stalking Horse Bid**") between Allied Track and 2806401 Ontario Inc., a nominee of Bridging Finance Inc. ("**Bridging**" and the stalking horse bidder entity, in such capacity, the "**Stalking Horse Bidder**"); and approving the Bid Procedures (as defined below).

Set forth below are the bid procedures (the "**Bid Procedures**") to be employed with respect to the sale of Allied Track's and Pittsburg Bottom Line LLC's ("**Bottom Line**", and together with Allied Track, the "**Vendors**") assets, interests, undertakings, and shares (in the case of Bottom Line), pursuant to the Court-approved SISP.

Subject to Court availability and the terms hereof, Allied Track shall bring a motion (the "**Approval and Vesting Order Motion**") on or before March 5, 2021 seeking the granting of an order by the Court (the "**Approval and Vesting Order**") authorizing Allied Track to proceed with the sale of the Vendors' Assets or a portion thereof to the Qualified Bidder making the Successful Bid (each as defined below) (the "**Successful Bidder**").

Key Dates

January 25, 2021	Delivery of Teaser Letter and sales packages
January 25, 2021	Confidential data – site to be established
February 24, 2021 at 5:00 p.m. (Eastern Time)	Bid Deadline – due date for bids and deposits
February 26, 2021 at 5:00 p.m. (Eastern Time)	Proposal Trustee to provide the Stalking Horse Bidder and each Qualified Bidder a schedule setting forth either or both (i) the highest or otherwise best fully binding offer for all of the Vendors' Assets and (ii) the highest or otherwise best fully binding offer(s) for all or any combination of the Vendors' Assets
March 1, 2021 at 10:00 a.m. (Eastern Time)	Auction (if any)
March 5, 2021 (Eastern Time) (pending the Court's availability)	Approval and Vesting Order hearing (no Auction)
March 10, 2021 (Eastern Time) (pending the Court's availability)	Approval and Vesting Order hearing

Solicitation of Interest: Notice of the SISP and Bid Procedures

As soon as reasonably practicable, but in any event no later than January 25, 2021:

- a) the Proposal Trustee, with the assistance of the Vendors, will prepare a list of potential bidders who may be interested in acquiring the Vendors' Assets in whole or in part (collectively, "**Known Potential Bidders**");
- b) the Proposal Trustee will arrange for a notice of the SISP (and such other relevant information the Proposal Trustee considers appropriate) to be published as soon as reasonably practicable after the date hereof in *The Globe and Mail (National Edition)* and any other newspaper or journal as the Proposal Trustee considers appropriate, if any; and
- c) the Proposal Trustee, in consultation with the Vendors, will prepare: (i) a process summary (the "**Teaser Letter**") describing the Vendors' Assets, outlining the Bid Procedures and inviting recipients of the Teaser Letter to express their interest pursuant to the Bid Procedures; and (ii) a non-disclosure agreement in form and substance satisfactory to the Vendors (an "**NDA**").

The Proposal Trustee will send the Teaser Letter and NDA to each Known Potential Bidder by no later than January 25, 2021 and to any other party who requests a copy of the Teaser Letter and NDA or who is identified by the Vendors as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Assets to Be Sold En Bloc or Piecemeal

The Vendors are offering for sale: (i) the assets, undertakings and interests of or shares in Bottom Line (the "**Bottom Line Assets**"); and (ii) the assets, undertakings and interests of Allied Track (the "**Allied Track Assets**", and together with the Bottom Line Assets, the "**Vendors' Assets**").

The Vendors will consider (i) a bid for all of the Vendors' Assets (an "**En Bloc Bid**"); or (ii) separate bids to acquire some but not all of the Vendors' Assets, including, without limitation, bids to acquire solely the Allied Track Assets or a portion thereof (each a "**Piecemeal Bid**"), provided that the Vendors will only consider Piecemeal Bids if a combination of one or more Piecemeal Bids in the aggregate meet the requirements to be a Qualified Bid (as defined below). The Proposal Trustee will be responsible for conducting the SISP and an auction (the "**Auction**"), if any, on behalf of the Vendors. The Vendors' preferred transaction structure is an En Bloc Bid.

Although the Vendors are seeking bids to purchase some or all of the Vendors' Assets, the Vendors will also consider a bid that contemplates a plan of restructuring, recapitalization or other form of reorganization of the business and affairs of the Vendors, as a going concern or a NOI proposal (an "**Investment Bid**"), provided that an Investment Bid will only be considered a Qualified Bid if it: (i) provides for the indefeasible payment in full of the amounts owing to Bridging or any affiliate or subsidiary thereof, or such lesser amount acceptable to Bridging, including without limitation the secured indebtedness owing to Bridging or any affiliate or subsidiary thereof, or

such lesser amount acceptable to Bridging, on or before the Outside Date (as defined in the Stalking Horse Bid) regardless of the timeline for such Investment Bid; (ii) has conditions that, in the reasonable opinion of the Vendors and the Proposal Trustee, are likely to be satisfied; and (iii) includes a fully-funded commitment to provide any additional interim financing required by the Vendors to complete all steps required to implement such Investment Bid, any security in respect of such financing to be subordinate to the Administration Charge, Directors' Charge and DIP Lender's Charge (each as defined in the Order).

The Bidding Process

The Proposal Trustee, in consultation with the Vendors, shall be responsible for the marketing and sale of the Vendors' Assets pursuant to the Bid Procedures. The Proposal Trustee, with the consent of the Vendors, shall have the right to adopt such other rules for the Bid Procedures (including rules that may depart from those set forth herein) that in its reasonable business judgment will better promote the goals of the SISP, *provided, however*, that the adoption of any rule that materially deviates from the Bid Procedures shall require the prior written consent of the Stalking Horse Bidder or a further Order of the Court.

Participation Requirements

Any interested party that wishes to participate in the process detailed by these Bid Procedures (a "**Potential Bidder**") must provide to the Proposal Trustee:

- a) an NDA executed by it, which shall enure to the benefit of any purchaser of the Vendors' Assets, or any portion thereof, and
- b) a letter setting forth the identity of the Potential Bidder, and the contact information for such Potential Bidder.

To be a "**Qualified Bidder**", a Potential Bidder must submit a bid in substantially the same form as the Stalking Horse Bid, providing for a cash purchase price of the Purchase Price (as defined in the Stalking Horse Bid) (approximately CAD\$104.873 million), or such lesser amount otherwise acceptable to Bridging, and satisfy the Required Bid Terms and Materials (as defined below). Any bid meeting these criteria that is received by the Proposal Trustee before the Bid Deadline is a qualified bid ("**Qualified Bid**").

Bid Deadline

A Qualified Bidder that desires to make a bid shall deliver written copies of its bid and the Required Bid Terms and Materials to the Proposal Trustee no later than 5:00 p.m. (Eastern Time) on February 24, 2021 (the "**Bid Deadline**"). Written copies of bids and the Required Bid Terms and Materials shall be delivered by the Bid Deadline by email to the Proposal Trustee:

KSV Restructuring Inc. 150 King Street West, Suite 2308
Toronto, Ontario, M5H 1J9
Attention: Eli Brenner
Email: ebrenner@ksvadvisory.com

The Proposal Trustee shall forthwith provide copies of any bids received to the Vendors and Bridging.

Interested parties requesting information about the bid process, should contact the Proposal Trustee at the address noted above.

Bid Requirements

All bids (other than the Stalking Horse Bid) must include the following requirements, unless such requirement is waived by the Proposal Trustee after consultation with the Vendors and Bridging (collectively, the "**Required Bid Terms and Materials**"):

- a) the identity of each entity or person and representatives thereof who are authorized to appear and act on behalf of the bidder for all purposes regarding the transaction;
- b) a base cash purchase price equal to or greater than (the "**Base Purchase Price**"):
 - (i) the Purchase Price (being approximately CAD\$104.773 million) and CAD\$100,000 bid increment; or
 - (ii) such lesser amount otherwise acceptable to Bridging;
- c) a description of the Vendors' Assets to be included in the transaction, including, without limitation, a description of which, if any, of the Bottom Line Assets (including any shares) are expected to be included in the transaction and an allocation of the Base Purchase Price to such Bottom Line Assets;
- d) a provision stating that the Potential Bidder's offer is irrevocably open for acceptance until the earlier of (i) the date that the Vendors' Assets have been sold pursuant to the closing of the transaction(s) approved by the Court; and (ii) the Outside Date;
- e) there shall be no provision making the Potential Bidder's offer conditional on obtaining financing or any internal approval or on the outcome of unperformed due diligence or any other contingencies more burdensome than those set forth in the Stalking Horse Agreement;

- f) a duly authorized and executed copy of a proposed purchase agreement and a redline of the bidder's proposed purchase agreement reflecting variations from the Stalking Horse Bid (the "**Modified APA**");
- g) there shall be no provision within the Modified APA requesting or entitling the Potential Bidder to any termination or break-up fee, expense reimbursement or similar type of payment;
- h) written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Proposal Trustee and the Vendors to make a determination as to the bidder's financial and other capabilities to consummate the proposed transaction;
- i) an assumption of liabilities and other economic terms pursuant to the Modified APA that are at least as favorable in the aggregate as those in the Stalking Horse Agreement; and
- j) a cash deposit in the amount of not less than ten percent (10%) of the amount of the Base Purchase Price, in the form of a wire transfer, certified cheque or such other form acceptable to the Proposal Trustee, acting reasonably (the "**Bid Deposit**"), which shall be held in a trust account established by the Proposal Trustee (the "**Escrow Account**"). Funds shall be disbursed from the Escrow Account only as follows: (i) if the Qualified Bidder is the Successful Bidder, its Bid Deposit will be disbursed in accordance with its binding transaction agreement; and (ii) if the Qualified Bidder is not the Successful Bidder, then its Bid Deposit shall be returned to it, without interest, forthwith following the expiration of its offer (which in the case of the Back-Up Bid (as defined below) shall be following closing of the sale to the Successful Bidder).

For the purposes of these Bid Procedures, the Proposal Trustee shall provide all Potential Bidders with an estimate of the anticipated amount owing under the DIP Facility as of the Closing Date (as defined in the Stalking Horse Bid), provided however that the Successful Bidder must agree to adjust its bid (either higher or lower) to reflect the actual amount owing under the DIP Facility on Closing.

A bid received from a Potential Bidder that includes all of the Required Bid Terms and Materials and has been received by the Bid Deadline is a "Qualified Bid". The Proposal Trustee shall notify each Potential Bidder with respect to whether it has submitted a Qualified Bid as soon as practicable after the Bid Deadline. In consultation with the Vendors and Bridging, the Proposal Trustee may waive compliance with any one or more of the Required Bid Terms and Materials and deem such non-compliant bid to be a Qualified Bid.

The Proposal Trustee shall review the Qualified Bids and shall recommend to the Vendors and Bridging which Qualified Bid is the best offer, if any. The Vendors, in consultation with the Proposal Trustee, reserve the right to determine the value of any Qualified Bid, and which Qualified Bid will constitute the lead bid in the Auction (such Qualified Bid, the "**Lead Bid**"). Details of the Lead Bid will be provided by the Proposal Trustee to all Qualified Bidders after the Bid Deadline and no later than 5:00p.m. (Eastern Time) two (2) days before the date scheduled for the Auction.

Notwithstanding the Required Bid Terms and Materials detailed above, the Stalking Horse Bid shall be deemed to be a Qualified Bid and the Stalking Horse Bidder shall be deemed to be a Qualified Bidder, however the Stalking Horse Bidder shall not participate in the Auction, if any.

If no Qualified Bids are submitted by the Bid Deadline other than the Stalking Horse Bid, the Stalking Horse Bid shall be deemed to be the Successful Bid, and the SISP shall not proceed to an Auction. If only one Qualified Bid is submitted by the Bid Deadline, other than the Stalking Horse Bid, the SISP shall not proceed to an Auction, and the Vendors and Bridging, in consultation with the Proposal Trustee, may engage with such Qualified Bidder to negotiate a binding offer, which offer, subject to acceptance by the Vendors, in consultation with the Proposal Trustee and Bridging, shall be the Successful Bid.

The Sale and Auction Process

If more than one Qualified Bid (other than that submitted by the Stalking Horse Bidder) has been received by the Proposal Trustee on or before the Bid Deadline, the Proposal Trustee shall advise all Qualified Bidders of the Lead Bid and invite all Qualified Bidders (including the Stalking Horse Bidder) to participate in the Auction to be conducted by the Proposal Trustee in accordance with the Auction Procedures attached hereto as Schedule "A" (the "**Auction Procedures**"). The Auction will be conducted by video conference due to the COVID-19 pandemic.

Determination of Highest and/or Best Bid: The Proposal Trustee shall determine after each round of offers in the Auction, in its reasonable business judgment, the best bid and shall recommend such bid to the Vendors and Bridging as the Lead Bid for the following round. In making such determination, the Proposal Trustee, the Vendors and Bridging may consider, without limitation: (i) the amount and nature of the consideration; (ii) the proposed assumption of liabilities, if any, and the related implied impact on recoveries for creditors; (iii) the ability of the Qualified Bidder in question to close the proposed transaction; (iv) the proposed closing date and the likelihood, extent and impact of any potential delays in closing; (v) any purchase price adjustment; (vi) the net economic effect of any changes made to the Stalking Horse Bid; and (vii) such other considerations as the Proposal Trustee, the Vendors or Bridging deem relevant in their reasonable business judgment. At the end of each round of offers, the Proposal Trustee shall advise the Qualified Bidders of the material terms of the then highest and/or best bid, and the basis for

calculating the total consideration offered in such offer. If at the end of any round of bidding a Qualified Bidder has elected not to submit a further bid meeting the criteria set out herein (including the Minimum Overbid Increment (as defined in the Auction Procedures)), then such Qualified Bidder shall not be entitled to continue to participate in the next round of offers or in any subsequent round.

If only one Qualified Bid is submitted after a round of offers then that Qualified Bid shall be the Successful Bidder. The next highest offer, as determined by the Vendors based on the Proposal Trustee's recommendation (the "**Back-up Bid**"), shall be required to keep its offer open and available for acceptance until the closing of the Court-approved sale of the Vendors' Assets to the Successful Bidder.

Notwithstanding the foregoing, Bridging shall retain the discretion to not accept any Qualified Bid that does not provide for cash repayment in full of the secured debt owing to Bridging and any affiliate or subsidiary thereof.

Highest versus Best Offer

In determining the Lead Bid, the highest and/or best sale offer during each round of offers, and the Successful Bid, the Proposal Trustee and the Vendors, in consultation with Bridging, are not required to select the offer with the highest purchase price and may, exercising their reasonable business judgment, select another offer on the basis that it is the best offer even though not the highest purchase price. Without limiting the foregoing, the Proposal Trustee and the Vendors, in consultation with Bridging, may give such weight to the non-monetary considerations as they determine, exercising their reasonable business judgment, are appropriate and reasonable, including those considerations described above under "Determination of the Highest and/or Best Bid".

Acceptance of Qualified Bids

The sale of the Vendors' Assets to any Successful Bidder by the Vendors is expressly conditional upon the approval of such bid (the "**Successful Bid**") by the Court at the hearing of the Approval and Vesting Order Motion. The presentation of the Successful Bid to the Court for approval does not obligate the Vendors to close the transaction contemplated by such Successful Bid unless and until the Court approves the Successful Bid. The Vendors will be deemed to have accepted a bid only when the bid has been approved by the Court at the hearing on the Approval and Vesting Order Motion.

"As Is, Where Is, With All Faults"

The sale of the Vendors' Assets or any portion thereof shall be on an "as is, where is" and "with all faults" basis and without representations, warranties, or guarantees, express, implied or statutory,

written or oral, of any kind, nature, or description by the Proposal Trustee or the Vendors or their agents, representatives, partners or employees, or any of the other parties participating in the sales process pursuant to these Bid Procedures, except as may otherwise be provided in a definitive purchase agreement with the Vendors. By submitting a bid, each Qualified Bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Vendors' Assets prior to making its bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Vendors' Assets in making its bid, and that it did not rely upon any written or oral statements, representations, warranties, or guarantees, express, implied, statutory or otherwise, regarding the Vendors' Assets, the financial performance of the Vendors' Assets or the physical condition or location of the Vendors' Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in these Bid Procedures or as set forth in a definitive purchase agreement with the Vendors.

Free of Any and All Liens

Except as otherwise provided in the Stalking Horse Bid or another Successful Bidder's purchase agreement, and subject to any permitted encumbrances therein, all of Allied Track's right, title and interest in and to the Vendors' Assets shall be sold free and clear of all liens and encumbrances pursuant to the Approval and Vesting Order except for Permitted Encumbrances (as defined in the Stalking Horse Bid).

Approval and Vesting Order Motion Hearing

If there is no Auction, the Approval and Vesting Order Motion shall, subject to the Court's availability take place on or before March 5, 2021. In the case of an Auction, the Approval and Vesting Order Motion shall, subject to the Court's availability, take place on or before March 10, 2021. Allied Track, with the consent of the Proposal Trustee, reserves its right to the extent consistent with the Stalking Horse Bid to change the date of the hearing of the Approval and Vesting Order Motion in order to achieve the maximum value for the Vendors' Assets.

Miscellaneous

The solicitation process and these Bid Procedures are solely for the benefit of the Vendors and nothing contained in the Order or these Bid Procedures shall create any rights in any other person (including, without limitation, any bidder or Qualified Bidder, and any rights as third party beneficiaries or otherwise) other than the rights expressly granted to a Successful Bidder under the Order. The bid protections incorporated in these Bid Procedures are solely for the benefit of the Stalking Horse Bidder.

Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Qualified Bid, due diligence activities, and any further

negotiations or other actions whether or not they lead to the consummation of a transaction, including, without limitation, any actions within the Auction.

Except as provided in the Order and Bid Procedures, the Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of the Order, the SISP and the Bid Procedures.

The Proposal Trustee may consult with Bridging, the Vendors' senior secured creditor, throughout the SISP.

SCHEDULE "A"

Auction Procedures

Auction

1. If the Vendors, based on the recommendation of the Proposal Trustee, in consultation with Bridging, determine to conduct an Auction pursuant to the Bid Procedures to which these Auction Procedures are appended, the Proposal Trustee will notify the Qualified Bidders who made a Qualified Bid that an Auction will be conducted. The Auction will be convened by the Proposal Trustee and conducted by video conference at 10:00 a.m. (Eastern Time) on March 1, 2021, or such other place and time as the Proposal Trustee may advise. Capitalized terms used but not defined have the meaning ascribed to them in the Bid Procedures. The Stalking Horse Bidder shall not participate in the Auction. The Auction shall be conducted in accordance with the following procedures:
 - a) Participation at the Auction. Only a Qualified Bidder is eligible to participate in the Auction. The Proposal Trustee shall provide all Qualified Bidders with the amount of the Lead Bid by 5:00 p.m. (Eastern Time) two (2) Days before the date scheduled for the Auction. Each Qualified Bidder must inform the Proposal Trustee whether it intends to participate in the Auction no later than 12:00 p.m. (Eastern Time) on the business day prior to the Auction. Only the authorized representatives of each of the Qualified Bidders, the Proposal Trustee, the Vendors, Bridging, and their respective counsel and other advisors shall be permitted to attend the Auction.
 - b) Bidding at the Auction. Bidding at the Auction shall be conducted in rounds. The Lead Bid shall constitute the "**Opening Bid**" for the first round and the highest Overbid (as defined below) at the end of each round shall constitute the Opening Bid for the following round. In each round, a Qualified Bidder may submit no more than one Overbid. Any Qualified Bidder who bids in a round (including the Qualified Bidder that submitted the Opening Bid for such round) shall be entitled to participate in the next round of bidding at the Auction.

- c) Proposal Trustee Shall Conduct the Auction. The Proposal Trustee and its advisors shall direct and preside over the Auction. At the start of each round of the Auction, the Proposal Trustee shall provide the terms of the Opening Bid to all participating Qualified Bidders at the Auction. The determination of which Qualified Bid constitutes the Opening Bid for each round shall take into account any factors that the Proposal Trustee and the Vendors, in consultation with Bridging, reasonably deem relevant to the value of the Qualified Bid, including, among other things, the following: (i) the amount and nature of the consideration; (ii) the proposed assumption of any liabilities and the related implied impact on recoveries for creditors; (iii) the Proposal Trustee's and the Vendors' assessment of the certainty of the Qualified Bidder to close the proposed transaction on or before the Outside Date; (iv) the likelihood, extent and impact of any potential delays in closing; (v) the net economic effect of any changes from the Opening Bid of the previous round; and (vi) such other considerations as the Proposal Trustee or the Vendors deem relevant in their reasonable business judgment (collectively, the "**Bid Assessment Criteria**"). All bids made after the Opening Bid shall be Overbids, and shall be made and received on an open basis, and all material terms of the highest and best Overbid shall be fully disclosed to all other Qualified Bidders that are participating in the Auction. The Proposal Trustee shall maintain a record of the Opening Bid and all Overbids made and announced at the Auction.
- d) Terms of Overbids. An "**Overbid**" is any bid made at the Auction subsequent to the Proposal Trustee's announcement of the Opening Bid. To submit an Overbid, in any round of the Auction, a Qualified Bidder must comply with the following conditions:
- (i) *Minimum Overbid Increment:* Any Overbid shall be made in minimum cash purchase price increments of \$100,000 above the Opening Bid, or such increments as the Proposal Trustee, in consultation with the Vendors, may determine in order to facilitate the Auction (the "**Minimum Overbid Increment**"). The amount of the cash purchase price consideration or value of any Overbid shall not be less than the cash purchase price consideration or value of the Opening Bid, plus the Minimum Overbid Increment(s) at that time, plus any additional Minimum Overbid Increments.
 - (ii) *The Bid Requirements same as for Qualified Bids:* Except as modified herein, an Overbid must comply with the Required Bid Terms and Materials, provided, however, that the Bid Deadline shall not apply. Any Overbid made by a Qualified Bidder must provide that it remains irrevocable and binding on the Qualified Bidder and open for acceptance as a Back-Up Bid until the closing of the Successful Bid.
 - (iii) *Announcing Overbids:* At the end of each round of bidding, the Proposal Trustee shall announce the identity of the Qualified Bidder and the material terms of the then highest and/or best Overbid, including the nature of the transaction, the assets and/or business proposed to be acquired and the obligations proposed to be assumed, the basis for calculating the total

consideration offered in such Overbid based on, among other things, the Bid Assessment Criteria.

- (iv) *Consideration of Overbids:* The Proposal Trustee, in consultation with the Vendors and Bridging, reserves the right to make one or more adjournments in the Auction in durations set by the Proposal Trustee to, among other things: (A) allow individual Qualified Bidders to consider how they wish to proceed; (B) consider and determine the current highest and/or best Overbid at any given time during the Auction; and (C) give Qualified Bidders the opportunity to provide the Proposal Trustee or the Vendors with such additional evidence as it may require that the Qualified Bidder has obtained all required internal corporate approvals, has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed transaction at the prevailing Overbid amount. The Proposal Trustee may have clarifying discussions with a Qualified Bidder, and the Proposal Trustee may allow a Qualified Bidder to make technical clarifying changes to its Overbid following such discussions. **BIDDERS MUST OBTAIN ALL NECESSARY APPROVALS AND FUNDING COMMITMENTS IN ADVANCE OF THE AUCTION.**
- (v) *Failure to Bid:* If at the end of any round of bidding a Qualified Bidder (other than the Qualified Bidder that submitted the then highest and/or best Overbid or Opening Bid, as applicable) fails to submit an Overbid, then such Qualified Bidder shall not be entitled to continue to participate in the next round of the Auction.
- e) Additional Procedures. The Proposal Trustee, in consultation with the Vendors and Bridging, may adopt additional or alternative rules for the Auction at or prior to the Auction that will better promote the goals of the SISF, including rules pertaining to the structure of the Auction, the order of bidding provided they are not inconsistent with any of the provisions of the Bid Procedures and provided further that no such rules may change the requirement that all material terms of the then highest and/or best Overbid at the end of each round of bidding will be fully disclosed to all other Qualified Bidders.
- f) Closing the Auction. The Auction shall be closed once the Vendors, after considering the Proposal Trustee's recommendation, and in consultation with Bridging, have: (i) reviewed the final Overbid of each Qualified Bidder on the basis of financial and contractual terms and the factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the proposed sale; and (ii) identified the Successful Bid and the Back-Up Bid and the Proposal Trustee has advised the Qualified Bidders participating in the Auction of such determination.
- g) Finalizing Documentation. Promptly following a Bid of a Qualified Bidder being declared the Successful Bid or the Back-Up Bid, the Qualified Bidder shall execute

and deliver such revised and updated definitive transaction agreements as may be required to reflect and evidence the Successful Bid or Back-Up Bid. For greater certainty, every bid made at Auction is deemed to be a signed and binding bid based on the bidder's original Qualified Bid.

**IN THE MATTER OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS AMENDED
IN THE MATTER OF THE NOTICES OF INTENTION TO MAKE A PROPOSAL OF ALLIED TRACK SERVICES INC.,
A CORPORATION INCORPORATED UNDER THE LAWS OF ONTARIO**

Estate/Court File No.: 32-2705503

**ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)
COMMERCIAL LIST**

Proceedings commenced in Toronto

ORDER

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