

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE MR. )  
 )  
JUSTICE HAINEY ) WEDNESDAY, THE 12<sup>th</sup> DAY  
 )  
 ) OF FEBRUARY, 2020

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

AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE WITH RESPECT TO CELADON GROUP, INC. AND THE AFFILIATED DEBTORS LISTED IN FOOTNOTE "1" HERETO<sup>1</sup>

APPLICATION OF CELADON GROUP, INC. PURSUANT TO PART XIII OF THE *BANKRUPTCY AND INSOLVENCY ACT* AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*, R.S.O. 1990, C. c.-43, AS AMENDED

APPROVAL AND VESTING ORDER  
(Ayr Property)

THIS MOTION, made by KSV Kofman Inc., in its capacity as Court-appointed receiver (in such capacity, the "Receiver") of the Property (as defined in the Supplemental Order dated January 23, 2020, the "Supplemental Order") of Celadon Group Inc. and the affiliated debtors listed in footnote "1" hereto (the "Chapter 11 Debtors") for an order, *inter alia*, approving the sale transaction (the "Transaction") with respect to all of the lands and premises municipally described as 2616 Cedar Creek Road, Ayr, Ontario, Canada and all of the present and after-acquired assets, undertaking and properties of the Vendor (as defined below) related thereto contemplated by an agreement of purchase and sale between Celadon Group, Inc. on behalf of Hyndman Transport Ltd. (the "Vendor"), as vendor, and Wyndham Street Investments Inc. (the

<sup>1</sup> In addition to Celadon, the Chapter 11 Debtors are AR Management Services, Inc., Bee Line, Inc., Celadon Canadian Holdings, Limited ("CCHL"), Celadon E-Commerce, Inc., Celadon International Corporation, Celadon Logistics Services, Inc., Celadon Mexicana, S.A. de C.V., Celadon Realty, LLC, Celadon Trucking Services, Inc., Distribution, Inc., Eagle Logistics Services Inc., Hyndman Transport Limited ("Hyndman"), Jaguar Logistics, S.A. de C.V., Leasing Servicios, S.A. de C.V., Osborn Transportation, Inc., Quality Companies LLC, Quality Equipment Leasing, LLC, Quality Insurance LLC, Servicios Corporativos Jaguar, S.C., Servicios de Transportacion Jaguar, S.A. de C.V., Stinger Logistics, Inc., Strategic Leasing, Inc., Taylor Express, Inc., Transportation Insurance Services Risk Retention Group, Inc., and Vorbas, LLC

"**Purchaser**"), as purchaser, dated January 7, 2020, as amended (the "**Sale Agreement**"), a copy of which is attached as Appendix "G" to the First Report of the Monitor dated February 5, 2020 (the "**First Report**"), and vesting in the Purchaser, or as it may direct in accordance with the Sale Agreement, all of the Vendor's right, title and interest in and to the "Property" as defined in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the First Report and appendices thereto, and on hearing the submissions of counsel for the Receiver and such other counsel as were present, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Aiden Nelms sworn February 5, 2020, filed,

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

2. **THIS COURT ORDERS** that the Confidential Appendices to the First Report shall be sealed and kept confidential pending further order of this Court.

3. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Vendor is hereby authorized and approved, with such minor amendments as the Vendor, with the consent of the Receiver, may deem necessary. The Vendor, with the consent of the Receiver, is hereby authorized to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser, or as it may direct.

4. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as **Schedule "A"** hereto (the "**Receiver's Certificate**"), all of the Vendor's right, title and interest in and to the Purchased Assets, including without limitation the subject real property identified in **Schedule "B"** hereto (the "**Real Property**"), shall vest absolutely in the

Purchaser, or as it may direct, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, leases, notices of lease, subleases, licences, restrictions, contractual rights, options, judgments, liabilities (direct, indirect, absolute or contingent), obligations, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**"), including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Supplemental Order; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) those Claims listed on **Schedule "C"** hereto (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on **Schedule "D"**) and, for greater certainty, this Court orders and declares that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets and are non-enforceable and non-binding as against the Purchaser.

5. **THIS COURT ORDERS** that upon the registration in the Land Registry Office for the Land Titles Division of Waterloo (No. 58) of an Application for Vesting Order in the form prescribed by the *Land Titles Act* and/or the *Land Registration Reform Act*, the Land Registrar is hereby directed to enter the Purchaser, or as it may direct, as the owner of the Real Property identified in **Schedule "B"** hereto in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in **Schedule "C"** hereto.

6. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate, all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold



and remained in the possession or control of the person having that possession or control immediately prior to the sale.

7. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

8. **THIS COURT ORDERS** that following the delivery of the Receiver's Certificate contemplated herein, the Receiver is authorized to hold and distribute the net proceeds from the Transaction (or cause the net proceeds from the Transaction to be held and distributed) as follows:

- a) first, create and hold a reserve (or cause a reserve to be created and held) in the amount of the Potential Trust Claim Holdback (as defined in the First Report);
- b) second, create and hold a reserve (or cause a reserve to be created and held) in the amount of the Receiver's Charge Holdback (as defined in the First Report);
- c) third, create and hold a reserve (or cause a reserve to be created and held) in the amount of the Accrued Fees Holdback (as defined in the First Report) and make one or more distributions (or cause one or more distributions to be made) to pay the fees and expenses owing to the Receiver and counsel for the Receiver in the amount of the Accrued Fees Holdback;
- d) fourth, create and hold a reserve (or cause a reserve to be created and held) in the amount of the Siemens Lien Holdback (as defined in the First Report) and, with the agreement of the Receiver, the Chapter 11 Debtors, Siemens Canada Limited ("**Siemens**") and the Prepetition Term Loan Agent (as defined in the Supplemental Order), or upon further Order of the Court, to distribute (or cause to be distributed) to Siemens any amount of the Siemens Lien Holdback as is agreed, or ordered by this Court, to be payable to Siemens in satisfaction of the Siemens Lien (as defined in the First Report);

- e) fifth, create and hold a reserve (or cause a reserve to be created and held) in the amount of \$77,618.25 and make one or more distributions (or cause one or more distributions to be made) to pay the fees and expenses owing to Koskie Minsky LLP up to January 23, 2020 in its capacity as court appointed representative counsel of current and former employees of the Vendor; and
- f) sixth, cause the balance of the net proceeds from the Transaction to be distributed to the DIP Agent (as defined in the Supplemental Order) and the Prepetition Term Loan Agent, subject to the terms of the US Ayr Sale Approval Order (as defined in the First Report).

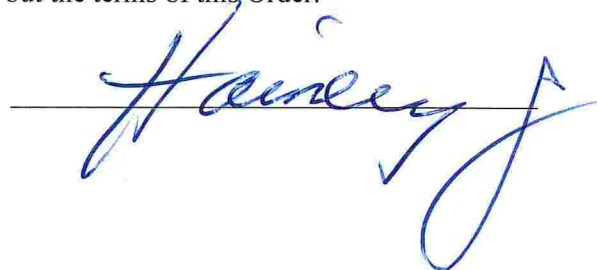
9. **THIS COURT ORDERS** that, notwithstanding:

- a) the pendency of these proceedings;
- b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Vendor and any bankruptcy order issued pursuant to any such applications; and
- c) any assignment in bankruptcy made in respect of the Vendor,

the vesting of the Purchased Assets in the Purchaser, or as it may direct, pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Vendor and shall not be void or voidable by creditors of the Vendor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and

to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

A handwritten signature in blue ink, appearing to read "Hainey", is written over a horizontal line.

ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO:

FEB 14 2020

PER / PAR:

Handwritten initials in blue ink, possibly "ey", are written next to the "PER / PAR:" label.

**SCHEDULE "A"**

**FORM OF RECEIVER CERTIFICATE**

Court File No.: CV-20-00634911-00CL

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

**AND IN THE MATTER OF CERTAIN PROCEEDINGS TAKEN IN THE UNITED STATES  
BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE WITH RESPECT TO  
CELADON GROUP, INC. AND THE AFFILIATED DEBTORS LISTED IN FOOTNOTE "1"  
HERETO<sup>2</sup>**

**APPLICATION OF CELADON GROUP, INC. PURSUANT TO PART XIII OF THE  
*BANKRUPTCY AND INSOLVENCY ACT* AND SECTION 101 OF THE *COURTS OF JUSTICE  
ACT*, R.S.O. 1990, C. c.-43, AS AMENDED**

**RECEIVER'S CERTIFICATE**

**RECITALS**

I. Pursuant to an Order of the Honourable Mr. Justice Hainey of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated January 23, 2020 (as amended, the "**Supplemental Order**"), KSV Kofman Inc. was appointed as Receiver (in such capacity, the "**Receiver**") of the Property (as defined in the Supplemental Order).

II. Pursuant to an Order of the Court dated February 12, 2020 (the "**Ayr Approval and Vesting Order**"), the Court approved the agreement of purchase and sale between Celadon Group, Inc. on behalf of Hyndman Transport Ltd., as vendor (the "**Vendor**"), and Wyndham Street Investments Inc. (the "**Purchaser**"), as purchaser, dated January 7, 2020 (the "**Sale Agreement**"), and provided for the vesting

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<sup>2</sup> In addition to Celadon, the Chapter 11 Debtors are AR Management Services, Inc., Bee Line, Inc., Celadon Canadian Holdings, Limited ("CCHL"), Celadon E-Commerce, Inc., Celadon International Corporation, Celadon Logistics Services, Inc., Celadon Mexicana, S.A. de C.V., Celadon Realty, LLC, Celadon Trucking Services, Inc., Distribution, Inc., Eagle Logistics Services Inc., Hyndman Transport Limited ("Hyndman"), Jaguar Logistics, S.A. de C.V., Leasing Servicios, S.A. de C.V., Osborn Transportation, Inc., Quality Companies LLC, Quality Equipment Leasing, LLC, Quality Insurance LLC, Servicios Corporativos Jaguar, S.C., Servicios de Transportacion Jaguar, S.A. de C.V., Stinger Logistics, Inc., Strategic Leasing, Inc., Taylor Express, Inc., Transportation Insurance Services Risk Retention Group, Inc., and Vorbas, LLC

in the Purchaser, or as it may direct in accordance with the Sale Agreement, of all of the Vendor's right, title and interest in and to the Purchased Assets (as defined in the Ayr Approval and Vesting Order), which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the purchase price for the Purchased Assets; (ii) that the conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Vendor and the Purchaser; and (iii) the transaction has been completed to the satisfaction of the Receiver.

III. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid the purchase price for the Purchased Assets payable on the closing date pursuant to the Sale Agreement;
2. The conditions to closing as set out in the Sale Agreement have been satisfied or waived by the Vendor and the Purchaser in accordance with their terms;
3. The transaction has been completed to the satisfaction of the Receiver; and
4. This Certificate was delivered by the Receiver at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

**KSV KOFMAN INC.**, solely in its capacity as court appointed receiver, and not in its personal capacity or in any other capacity

Per: \_\_\_\_\_

Name:

Title:



**SCHEDULE "B"**  
**LEGAL DESCRIPTION OF THE REAL PROPERTY**

PIN NO.: 03848-0178 (LT)

PT LT 30 CON 11 NORTH DUMFRIES; PT RDAL BTN CON 10 & 11 NORTH DUMFRIES CLOSED BY 58G710; AS IN WS707023, EXCEPT PT 1, 58EX470; TOWNSHIP OF NORTH DUMFRIES

**SCHEDULE "C"**  
**INSTRUMENTS TO BE DELETED FROM PIN NO. 03848-0178 (LT)**

<b>Reg. No.</b>	<b>Date</b>	<b>Instrument Type</b>	<b>Amount</b>	<b>Parties From</b>	<b>Parties To</b>
WR1136835	September 6, 2018	Charge	\$500,000,000.00	Hyndman Transport Limited	Bank Of America, N.A.
WR1201387	July 31, 2019	Transfer Of Charge	N/A	Bank Of America, N.A.	Blue Torch Finance, LLC
WR1201439	August 1, 2019	Notice (Debenture Amending Agreement)	N/A	Blue Torch Finance, LLC	Hyndman Transport Limited
WR1233636	December 20, 2019	Construction Lien	\$22,278.00	Siemens Canada Limited	

**SCHEDULE "D"**  
**PERMITTED ENCUMBRANCES FROM PIN NO. 03848-0178 (LT)**

<b>Reg. No.</b>	<b>Date</b>	<b>Instrument Type</b>	<b>Amount</b>	<b>Parties From</b>	<b>Parties To</b>
WR896635	July 29, 2015	Transfer	\$4,250,000.00	D 5 D Enterprises Limited	Hyndman Transport Limited
WR963165	July 4, 2016	Notice (Site Plan Agreement)	N/A	The Regional Municipality of Waterloo	
WR1150815	November 9, 2018	Notice (Site Plan Control Development Agreement)	N/A	The Corporation of the Township of North Dumfries	

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

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**APPROVAL AND VESTING ORDER  
(Ayr Property)**

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Counsel to KSV Kofman Inc., solely in its capacity as Court-appointed receiver and not in its personal capacity