



**Sixth Report of
KSV Restructuring Inc. as
Receiver of the Canadian
Business and Assets of
Celadon Group, Inc. and the
Entities Listed in Footnote 1
of this Report**

October 30, 2020

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COURT FILE NO.:CV-20-00634911-00CL

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

**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 ENTITIES LISTED IN
FOOTNOTE “1” HERETO**

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

**SIXTH REPORT OF KSV RESTRUCTURING INC.
AS RECEIVER**

October 30, 2020

1.0 Introduction

1. On December 8, 2019, Celadon Group, Inc. (“Celadon”) and its affiliated entities¹ listed in footnote 1 (collectively, the “Chapter 11 Debtors”) commenced proceedings by filing voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware (the “US Court”) (the “Chapter 11 Proceedings”). Two of the Chapter 11 Debtors are Canadian corporations: Celadon Canadian Holdings, Limited (“CCHL”) and Hyndman Transport Limited (“Hyndman”) (jointly, the “Canadian Debtors”).
2. Pursuant to an Initial Recognition Order (the “Initial Recognition Order”) and a Supplemental Order (“Supplemental Order”), both made on January 23, 2020 by the Ontario Superior Court of Justice (Commercial List) (the “Court”), the Chapter 11 Proceedings were recognized in Canada and KSV Restructuring Inc. (“KSV”) ² was appointed receiver (“Receiver”) of the Chapter 11 Debtors' property in Canada. Copies of the Initial Recognition Order and the Supplemental Order (without schedules) are attached as Appendices “A” and “B”, respectively.

¹ A R Management Services, Inc., Bee Line, Inc., Celadon E-Commerce, Inc., Celadon Canadian Holdings, Limited, 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, 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.

² On August 31, 2020, KSV Kofman Inc. changed its name to KSV Restructuring Inc.

3. On or around December 9, 2019, the Chapter 11 Debtors, with the exception of the business operated by Taylor Express, Inc. (“Taylor”), a US debtor, ceased operations. The stated purpose of the Chapter 11 Proceedings is to preserve and sell the Taylor business on a going-concern basis and to conduct an orderly wind down and realization process for the other Chapter 11 Debtors, including the Canadian Debtors.

1.1 Purposes of this Report

1. The purposes of this report (“Report”) are to:
 - a) provide background information about these proceedings;
 - b) provide an update on the status of these proceedings and the Chapter 11 Proceedings, including the Canadian Debtors’ remaining property and the Receiver’s ongoing administration of the employee claims process pursuant to the *Wage Earner Protection Program Act* (“WEPPA”);
 - c) provide a summary of the sale process (the “Sale Process”) for Hyndman’s real property located at 1001 Belmore Line, Wroxeter, Ontario (the “Wroxeter Property”);
 - d) summarize the terms of a transaction for the sale of the Wroxeter Property pursuant to an Agreement of Purchase and Sale dated October 1, 2020 (the “APS”) between Hyndman and Thalen Bros. Properties Ltd. (the “Purchaser”) (the “Transaction”);
 - e) set out the basis on which the Receiver is recommending Court approval of the Transaction and that the net proceeds be directed to Blue Torch Finance LLC (“Blue Torch”), as agent for a group of term loan lenders (the “Term Loan Lenders”);
 - f) summarize a proposed amendment to the Supplemental Order in respect of the Receiver’s reporting requirements in these proceedings;
 - g) summarize the reasons a Certificate of Action (the “Certificate of Action”) registered by Siemens Canada Limited (“Siemens”) should be removed from title to a property in Ayr, Ontario formerly owned by Hyndman (the “Ayr Property”); and
 - h) recommend that the Court issue orders:
 - i. approving the APS and the Transaction and authorizing Hyndman to complete the Transaction and to convey the Wroxeter Property to the Purchaser;
 - ii. vesting the Wroxeter Property in the Purchaser on closing of the Transaction, free and clear of claims and encumbrances;
 - iii. amending Paragraph 19(c) of the Supplemental Order to require that the Receiver file reports with the Court once every four months rather than on a bi-monthly basis; and
 - iv. directing the removal of the Certificate of Action from title to the Ayr Property.

1.2 Currency

1. Unless otherwise noted, all currency references in this Report are to Canadian dollars.

1.3 Restrictions

1. In preparing this Report, the Receiver has relied upon the Chapter 11 Debtors' unaudited and publicly available financial information, materials filed in the Chapter 11 Proceedings and discussions with the Chapter 11 Debtors' legal counsel and financial advisor (the "Information").
2. The Receiver has not performed an audit or other verification of the Information. An examination of the Chapter 11 Debtors' financial forecasts as outlined in the Chartered Professional Accountants of Canada Handbook has not been performed. Future oriented financial information relied upon in this Report is based on the Chapter 11 Debtors' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Receiver expresses no opinion or other form of assurance with respect to the accuracy of the Information or any financial information presented in this Report or relied upon by the Receiver in its preparation of this Report.

2.0 Background

1. The Chapter 11 Debtors are a US-based trucking company that formerly operated a fleet of approximately 3,300 tractors, 10,000 trailers and had 3,800 employees, including approximately 360 who were employed by the Canadian Debtors. The Chapter 11 Debtors provided international truckload services between the US, Canada and Mexico. The Chapter 11 Debtors' head office is located in Indianapolis, Indiana.
2. In respect of the Canadian Debtors:
 - a) Hyndman operated a fleet of approximately 310 tractors and hundreds of trailers from three owned properties, being the Ayr Property, the Wroxeter Property and a property located in Winnipeg, Manitoba (the "Winnipeg Property"). Hyndman had been in business since 1937 and was acquired by Celadon in 2005; and
 - b) CCHL is an inactive holding company and the sole shareholder of Hyndman.
3. Upon discontinuation of its business on or around December 9, 2019, Hyndman terminated its workforce, including substantially all of its employees and owner-operator drivers. Hyndman retained a few employees to manage its facilities. Hyndman's workforce was not unionized and it did not maintain any registered pension plans.
4. In advance of these proceedings, KSV filed a report to Court dated January 22, 2020 (the "Prefiling Report"). Additional information about the Canadian Debtors and the Chapter 11 Proceedings is provided in the Prefiling Report and, accordingly, that information is not repeated in this Report. A copy of the Prefiling Report is attached as Appendix "C", without appendices.
5. Court materials filed in these proceedings are available on the Receiver's website at <https://www.ksvadvisory.com/insolvency-cases/case/celadon-group-inc>.

2.1 Secured Creditors

1. The Chapter 11 Debtors' principal secured creditors are:
 - a) MidCap Funding IV Trust ("MidCap"), as administrative agent and lender under the Chapter 11 Debtors' US\$60 million revolving credit facility dated July 31, 2019 (the "Revolving Credit Agreement"), which was used to fund the Chapter 11 Debtors' working capital requirements. The Canadian Debtors are co-borrowers under the Revolving Credit Agreement and granted a security interest to MidCap in substantially all of their assets in order to secure all of the obligations under the Revolving Credit Agreement, which totalled approximately US\$31.8 million at the commencement of the Chapter 11 Proceedings, plus interest and costs. The Receiver has been advised that MidCap has been repaid in full on its advances under the Revolving Credit Agreement;
 - b) the Term Loan Lenders represented by Blue Torch, as agent, who were owed approximately US\$103.6 million under a US\$105 million term loan facility (the "Term Loan Facility") at the commencement of the Chapter 11 Proceedings, plus interest and costs which continue to accrue. The Canadian Debtors are secured guarantors under the Term Loan Facility. The Term Loan Lenders were also the DIP lenders in these proceedings pursuant to a US\$11.25 million DIP loan facility (the "DIP Facility") approved by the US Court and this Court. All amounts drawn under the DIP Facility have been fully repaid during the Chapter 11 Proceedings;
 - c) Luminus Energy Partners Master Fund, Ltd., a 49.9% shareholder of Celadon, is a secured creditor as a result of its US\$30 million "last-out" participation in the Term Loan Facility discussed in 1(b) above; and
 - d) numerous vehicle financiers/lessors who have registered security interests in the Chapter 11 Debtors' tractors and trailers. In respect of Hyndman, the largest financier/lessor is Canadian Western Bank ("CWB"). CWB took possession of its collateral, comprised of approximately 271 vehicles, and liquidated it in accordance with a Liquidating and Vesting Order made by the Court on March 2, 2020.
2. The Receiver and/or its counsel, Bennett Jones LLP ("Bennett Jones"), requested that each vehicle financier/lessor provide the Receiver with its lease and security documents and certain other information. Bennett Jones' review is continuing - it has spoken with CWB's legal counsel regarding certain issues related to its security and has requested additional information. On October 6, 2020, CWB's legal counsel advised that this information is in the process of being compiled. Upon receipt of the outstanding information from CWB, Bennett Jones will complete its review of CWB's lease and security documents.

2.2 Projected Recoveries in the Chapter 11 Proceedings

1. On February 20, 2020, the Chapter 11 Debtors' financial advisor, AlixPartners, LLP ("Alix"), provided the Receiver with a liquidation analysis (the "Liquidation Analysis")³ for the Chapter 11 Debtors, including the Canadian Debtors. The Receiver requested this analysis in order to determine whether the proceeds of realization for the Chapter 11 Debtors (including the Canadian Debtors) are expected to be sufficient to repay in full their obligations owing to their secured creditors, and accordingly, whether subordinate ranking creditors may have an economic interest in these proceedings.
2. The Liquidation Analysis reflects that, on a global basis, recoveries are not expected to satisfy the Chapter 11 Debtors' secured obligations owing to the Term Loan Lenders.
3. Based on the Receiver's recent discussions with Alix, actual realizations from the sale of the Taylor business, accounts receivable collections and net proceeds from real property sales and liquidation of rolling stock have been generally consistent with those projected in the Liquidation Analysis.

2.3 Claims Process

1. A claims process is being administered in the Chapter 11 Proceedings in accordance with a US Court Order entered March 30, 2020 (the "Claims Process Order"), which, among other things, established deadlines for filing proofs of claim, approved procedures for submitting proofs of claim, approved the notice procedures in respect thereof and granted related relief in respect of the Chapter 11 Debtors, including the Canadian Debtors.
2. Pursuant to the Claims Process Order, the general claims bar date was April 30, 2020 and the governmental claims bar date was June 5, 2020.
3. As set out in the Receiver's prior reports, the Chapter 11 Debtors did not seek recognition of the Claims Process Order in Canada given, *inter alia*, that there will not be any funds available for distribution to unsecured creditors of any of the Chapter 11 Debtors, including the Canadian Debtors.
4. The Receiver posted notice of the Claims Process Order and the general bar date on the case website it established for these proceedings (www.ksvadvisory.com/insolvency-cases/case/celadon-group-inc). The Receiver also sent a claims process notice to the Service List and published a claims process notice in *The Globe and Mail* (National Edition) on April 1, 2020 and April 7, 2020, respectively.

³ The Liquidation Analysis was filed with the Court as a confidential appendix to the Receiver's second report dated February 24, 2020, and remains sealed pending further Court order pursuant to a Court order made on March 2, 2020.

2.4 WEPPA Administration

1. Hyndman's former workforce is eligible to file claims in these proceedings under WEPPA.
2. 366 WEPPA claims were submitted to Service Canada by the Receiver. Should all the claims be filed by the former employees and accepted by Service Canada, the priority portion of employee claims for unpaid wages and vacation pay is estimated to total approximately \$400,000. The Receiver is holding that amount as a reserve for these potential priority claims. To the extent required, these funds will be used to pay Service Canada the amounts it is owed under WEPPA for the priority amounts it paid to Hyndman's former employees in these proceedings.
3. Based on a Service Canada statement of account dated October 21, 2020, 102 former employees have either not yet filed a claim with the Receiver and/or are still waiting to receive their WEPPA payments from Service Canada. The Receiver is continuing to follow up with Service Canada to expedite the WEPPA process.

3.0 The Canadian Debtors' Remaining Assets

1. A summary of the Canadian Debtors' remaining assets is as follows:
 - a) Cash
 - As at the date of this Report, there is approximately \$714,000⁴ in the Receiver's accounts.
 - The cash in the receivership accounts represents the balance of the Court approved holdback from which potential priority claims are to be funded, being the priority portion of the WEPPA employee claims of approximately \$400,000 and a claim of approximately \$100,000 asserted by owner/operator drivers, which the Court-appointed representative counsel for the employees, Koskie Minsky LLP ("Representative Counsel"), asserts is subject to a trust. The priority claim holdback was reduced from \$907,000 with the consent of Representative Counsel. The Receiver and Representative Counsel are in discussions to resolve the alleged trust claim.
 - b) Accounts Receivable
 - Substantially all of Hyndman's accounts receivable owing at the commencement of these proceedings have been collected. There is a nominal balance outstanding as at the date of this Report.
 - Accounts receivable collections were applied against the Chapter 11 Debtors' obligations owing to MidCap under the Revolving Credit Agreement. Midcap has now been paid in full. Earlier in these proceedings, Bennett Jones provided an opinion confirming the validity and enforceability of MidCap's security against the Canadian Debtors.

⁴ Includes approximately US\$163,000 in the Receiver's US dollar bank account translated to Canadian dollars at a rate of US\$1.00 : CAD\$1.32.

- Accounts receivable collections are now being applied against the Chapter 11 Debtors' obligations owing to the Term Loan Lenders pursuant to their subordinate ranking security interest in the Chapter 11 Debtors' working capital assets. Earlier in these proceedings, Bennett Jones provided an opinion confirming the validity and enforceability of the security held by Blue Torch, as agent under the Term Loan Facility, with respect to the working capital assets.

c) Rolling Stock

- Pursuant to a Court Order made on March 2, 2020, the Court approved a sale agreement between the Chapter 11 Debtors and Ritchie Bros. Auctioneers (America) Inc. ("RB") (the "Sale Agreement"), which was approved by the US Court on February 19, 2020.
- Pursuant to the Sale Agreement, RB was retained as auctioneer and broker for the Chapter 11 Debtors' fleet of owned tractors and trailers in the US and Canada. The majority of Hyndman's fleet was sold at an auction conducted by RB in early March 2020.
- The net proceeds of individual sale transactions completed under the Sale Agreement are being applied against the Chapter 11 Debtors' obligations owing to Blue Torch, in its capacity as agent under the Term Loan Facility. Earlier in these proceedings, Bennett Jones provided an opinion confirming the validity and enforceability of Blue Torch's security with respect to these assets.

d) Real Property

- At the outset of these proceedings, the Company owned three pieces of real estate, being the Winnipeg Property, the Ayr Property and the Wroxeter Property.
- Transactions for the Ayr Property and the Winnipeg Property were approved by the Court on February 12, 2020. These transactions closed on February 18, 2020 and February 28, 2020, respectively.
- Subject to a holdback for the Siemens Lien (as defined and described below), the net proceeds of the real property transactions were applied against the Chapter 11 Debtors' secured obligations owing to Blue Torch. Earlier in these proceedings, Bennett Jones provided an opinion confirming the validity and enforceability of Blue Torch's security with respect to Hyndman's real property.
- The Wroxeter Property has been listed for sale since May 2020 with Jones Lang LaSalle Inc. ("JLL") and, pending Court approval, has been sold pursuant to the terms and conditions of the APS.

4.0 Sale Process

1. On February 4, 2020, the US Court entered an order approving sale procedures for the Chapter 11 Debtors' remaining assets (the "Remaining Assets Sale Procedures Order") which, *inter alia*, approved procedures governing the sale of the Chapter 11 Debtors' real estate that had not previously been sold during an auction held on January 22, 2020 and/or approved at the sale hearing conducted on January 30, 2020. The Wroxeter Property is subject to the Remaining Assets Sale Procedures Order, a copy of which is attached as Appendix "D", without schedules.
2. As required under the Remaining Assets Sale Procedures Order, on October 15, 2020, a notice of sale (the "Notice") was filed with the US Court and served on the service list in the Chapter 11 Proceedings. The Notice was filed with the declaration of Chase Welsh, Executive Vice-President of the Chapter 11 Debtors, in support of the Transaction (the "Declaration"). The Notice set an objection deadline of October 26, 2020 at 4:00pm (EST). A copy of the Notice and Declaration is attached as Appendix "E".
3. The Declaration describes the Sale Process⁵ as follows:
 - a) in May 2020, the Chapter 11 Debtors engaged JLL to market the Wroxeter Property for sale;
 - b) JLL's marketing process included:
 - listing the Wroxeter Property on the Multiple Listing Service ("MLS") on May 27, 2020;
 - sending a bi-weekly E-blast to JLL's network starting on June 1, 2020;
 - placing a sign on the Wroxeter Property on June 15, 2020;
 - arranging for site visits for interested parties;
 - making information available to prospective purchasers following execution of a non-disclosure agreement ("NDA"), including site plans, environmental studies and other information prospective purchasers commonly require when performing diligence on real property; and
 - marketing the Wroxeter Property on an "as is, where is" basis and advising prospective purchasers that any transaction would be subject to approval of the US Court and this Court.
4. JLL has advised the Receiver that the Sale Process generated 13 executed NDAs, 11 site visits and four conditional offers which are summarized as follows:
 - a) in June 2020, two parties submitted conditional offers. Neither party waived its conditions; and

⁵ The Receiver has discussed the Sale Process with JLL, the real estate broker retained by the Chapter 11 Debtors to sell the Wroxeter Property.

- b) in September 2020, two further offers were submitted, including the Purchaser's offer. Both of these offers were for essentially the same value. According to the Declaration, *"After a review of both offers, the Debtors, in the exercise of their business judgement, determined that the offer from the Purchaser was the highest and otherwise best offer for the Wroxeter Property, because they determined that the Purchaser would be the most likely party to expeditiously close on the sale of the Wroxeter Property. Also the Purchaser's bid included an executed purchase agreement, substantially in the form attached to the Remaining Assets Sale Procedures Order, along with a good faith deposit."*
5. Based on the foregoing, the Chapter 11 Debtors negotiated a binding APS with the Purchaser, resulting in the execution of the APS on October 1, 2020. The APS is summarized in Section 5 below.

5.0 The Transaction

1. A summary of the Transaction is provided below.
 - a) **Purchaser:** Thalen Bros, Properties Ltd., which the Receiver understands is arm's length to the Chapter 11 Debtors.
 - b) **Purchased Assets:** The Wroxeter Property
 - c) **Purchase Price:** \$900,000
 - d) **Deposit:** The Purchaser has paid a \$90,000 deposit, which is being held by DLA Piper (Canada) LLP, the Chapter 11 Debtors' Canadian legal counsel.
 - e) **Permitted Encumbrances:** None
 - f) **Representations and Warranties:** Consistent with the standard terms of an insolvency transaction, i.e. on an "as is, where is" basis, with limited representations and warranties.
 - g) **Alternative Transaction:** In order to preserve the ability of the Chapter 11 Debtors to enter into a superior transaction between the date on which the APS was executed (October 1, 2020) and closing (i.e. a fiduciary out provision), nothing in the APS prohibits the Chapter 11 Debtors from consummating an alternative transaction that, in the Chapter 11 Debtors' judgement, is for a higher price than the Transaction.
 - h) **Closing Date:** Within 10 days of the Approval and Vesting Order, should it be granted by this Court.
 - i) **Material Conditions:** The only material condition precedent that has not been satisfied is the Court's issuance of the proposed Approval and Vesting Order.
2. A copy of the APS is attached as Appendix "F".
3. As at the date of this Report, a form of sale approval order (the "US Wroxeter Sale Approval Order") has been submitted to the US Court together with a certificate of no objection. At the return of this motion, the Receiver's counsel will update the Court on whether the US Wroxeter Sale Approval Order has been issued by the US Court.

5.1 Recommendation

1. The Receiver recommends that the Court issue an order approving the Transaction for the following reasons:
 - a) the Sale Process was carried out by the Chapter 11 Debtors in accordance with the Remaining Assets Sale Procedures Order issued by the US Court;
 - b) in the Receiver's view, commercially reasonable steps were taken to market and sell the Wroxeter Property, all of which are consistent with how real property is typically listed and sold in insolvency proceedings in Ontario;
 - c) JLL has canvassed the market since May 2020 and the Purchaser's offer provides for the greatest recovery available in the circumstances;
 - d) no objections to the Transaction were filed in the Chapter 11 Proceedings prior to the objection deadline of October 26, 2020;
 - e) Blue Torch, being the stakeholder with the principal economic interest in these proceedings, was consulted with during the Sale Process and supports the Transaction;
 - f) the Transaction is subject to a "fiduciary out" provision, which allows a superior transaction to be accepted prior to Court approval of the Transaction; and
 - g) further time spent listing the Wroxeter Property is unlikely to improve recoveries, particularly when considering maintenance costs, property taxes and professional fees that would continue to accrue until the Wroxeter Property is sold.

5.2 Distribution of Sale Proceeds

1. The proposed Approval and Vesting Order contemplates that the net proceeds of the Transaction are to be distributed to Blue Torch on closing of the Transaction. The Receiver believes this is appropriate for the following reasons:
 - a) Bennett Jones has provided the Receiver with an opinion confirming the validity and enforceability of Blue Torch's security with respect to Hyndman's real property;
 - b) the immediate distribution to Blue Torch is consistent with the manner in which proceeds generated from real property sales have been treated in these proceedings, which distributions were authorized pursuant to Court orders dated February 12, 2020 approving distributions of proceeds generated from the sale of the Ayr Property and the Winnipeg Property; and
 - c) there are sufficient funds on hand in the receivership accounts (approximately \$714,000) to pay the outstanding WEPPA and other priority claims (which at a maximum may total approximately \$520,000) and the remaining costs of these proceedings.

6.0 Proposed Amendment to Supplemental Order

1. Paragraph 19(c) of the Supplemental Order requires the Receiver to report to Court on the status of these proceedings and the Chapter 11 Proceedings at least once every two months. The Receiver has complied with this reporting requirement, including by filing its Fifth Report to Court on August 24, 2020. The most recent bi-monthly report was due on October 24, 2020 (the “October 24th Update”).
2. On October 22, 2020, Bennett Jones sent a notice to the Service List advising that the October 24th Update would be included in this Report. The Receiver posted a copy of the notice on its website. A copy of the notice is attached as Appendix “G”.
3. At this time, the Receiver is recommending that Paragraph 19(c) of the Supplemental Order be amended to require update reports be filed every four months for the following reasons:
 - a) these proceedings are presently at a stage where activity levels are winding down – the Wroxeter Property is the only known remaining asset to be realized upon;
 - b) reporting once every four months is sufficient given the status of these proceedings; and
 - c) requiring bi-monthly reports to be filed with the Court at this stage will result in unnecessary fees being incurred by the Receiver and its counsel.

7.0 Siemens Lien

1. On December 20, 2019, Siemens registered a construction lien against title for the Ayr Property in the amount of \$22,278.52 (the “Siemens Lien”).
2. The transaction for the Ayr Property was approved by the Court on February 12, 2020 and closed on February 18, 2020. Notwithstanding the closing, the Certificate of Action in respect of the Siemens Lien remains registered on title to the Ayr Property.
3. The purchaser of the Ayr Property has requested that the Receiver seek an order removing the Certificate of Action from title to the Ayr Property. Bennett Jones has confirmed with Siemens’ legal counsel that Siemens does not object to the relief sought.
4. Any settlement of the Siemens Lien will be paid from the funds in the Receiver’s account. Bennett Jones is working with legal counsel to Siemens and Blue Torch in an effort to resolve the Siemens Lien on a consensual basis.

8.0 Conclusion and Recommendation

1. Based on the foregoing, the Receiver respectfully recommends that the Court make an order granting the relief detailed in Section 1.1 (1)(h) of this Report.

* * *

All of which is respectfully submitted,

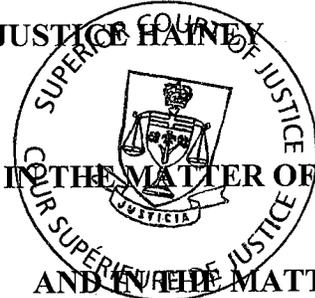
KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
SOLELY IN ITS CAPACITY AS RECEIVER OF THE CANADIAN
BUSINESS AND ASSETS OF
CELADON GROUP, INC. AND THE
ENTITIES LISTED IN FOOTNOTE 1 HERETO
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “A”

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.) THURSDAY, THE 23rd DAY OF
JUSTICE HAINES)
) JANUARY, 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 ENTITIES LISTED IN FOOTNOTE "1" HERETO

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

INITIAL RECOGNITION ORDER
(FOREIGN MAIN PROCEEDING)

THIS APPLICATION, made by Celadon Group, Inc. ("Celadon") in its capacity as the foreign representative (the "Foreign Representative") on behalf of itself as well as its direct and indirect subsidiaries (collectively, the "Chapter 11 Debtors"¹), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") for Orders substantially in the forms included at Tabs 3 and 4 of the Application Record, was heard this day at 330 University Avenue, Toronto, Ontario.

¹ In addition to Celadon, the Chapter 11 Debtors are A R 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.

ON READING the Notice of Application of the Foreign Representative, the affidavit of Kathryn Wouters sworn January 22, 2020 and the exhibits thereto, including the declaration of Kathryn Wouters sworn December 8, 2019 (the “**Wouters Declaration**”), and upon being provided with copies of the documents required by section 269(2) of the BIA,

AND UPON HEARING the submissions of counsel for the Foreign Representative, counsel for the proposed Receiver, counsel for Blue Torch Finance LLC (the “**Agent**”) as agent for the DIP Lenders and as agent for the Term Loan Lenders, counsel to MidCap (each as defined in the Wouters Declaration), counsel to the proposed Employee Representative, and those other parties present, no one else appearing although duly served as appears from the affidavit of service of Danny M. Nunes sworn January 23, 2020:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined have the meaning given to them in the Wouters Declaration.

FOREIGN REPRESENTATIVE

3. **THIS COURT ORDERS AND DECLARES** that the Foreign Representative is the “foreign representative” as defined in section 269 of the BIA of the Chapter 11 Debtors in respect of the cases commenced in the United States Bankruptcy Court for the District of Delaware by the Chapter 11 Debtors pursuant to Chapter 11 of the United States Bankruptcy Code (collectively, the “**Foreign Proceeding**”).

CENTRE OF MAIN INTEREST AND RECOGNITION OF FOREIGN PROCEEDING

4. **THIS COURT DECLARES** that the centre of main interest for each of the Chapter 11 Debtors is the United States of America and that the Foreign Proceeding is hereby recognized as a “foreign main proceeding” as defined in section 268 of the BIA.

STAY OF PROCEEDINGS

5. **THIS COURT ORDERS** that until otherwise ordered by this Court:
- (a) all proceedings taken or that might be taken against the Chapter 11 Debtors under the *Bankruptcy and Insolvency Act* or the *Winding-up and Restructuring Act* are stayed;
 - (b) further proceedings in any action, suit or proceeding against the Chapter 11 Debtors are restrained; and
 - (c) the commencement of any action, suit or proceeding against the Chapter 11 Debtors is prohibited.

NO SALE OF PROPERTY

6. **THIS COURT ORDERS** that, except with leave of this Court, each of the Chapter 11 Debtors is prohibited from selling or otherwise disposing of:
- (a) outside the ordinary course of its business, any of its property in Canada that relates to the business; and
 - (b) any of its other property in Canada.

GENERAL

7. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada and the United States of America, to give effect to this Order and to assist the Chapter 11 Debtors and the Foreign Representative and their respective counsel and agents in carrying out the terms of this Order.
8. **THIS COURT ORDERS AND DECLARES** that this Order shall be effective as of 12:01 a.m. Eastern Standard Time on the date of this Order.
9. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days notice to the Service List in

this proceeding and to any other party or parties likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.



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

JAN 23 2020

PER / PAR: 

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 ENTITIES LISTED IN FOOTNOTE "1" HERETO

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

INITIAL RECOGNITION ORDER
(FOREIGN MAIN PROCEEDING)

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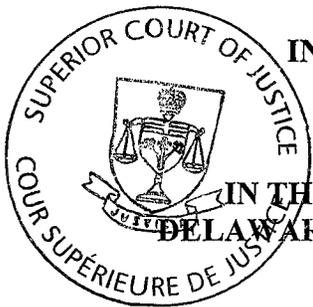
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Lawyers for the Chapter 11 Debtors and the Foreign
Representative

Appendix “B”

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE)
JUSTICE HAINEY) THURSDAY, THE 23rd DAY OF
JANUARY, 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
ENTITIES LISTED IN FOOTNOTE "1" HERETO

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

SUPPLEMENTAL ORDER
(FOREIGN MAIN PROCEEDING)

THIS APPLICATION, made by Celadon Group, Inc. ("Celadon") in its capacity as the foreign representative (the "Foreign Representative") on behalf of itself as well as its direct and indirect subsidiaries (collectively, the "Chapter 11 Debtors"¹), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "BIA") and the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "CJA") for Orders substantially in the forms included at

¹ In addition to Celadon, the Chapter 11 Debtors are A R 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.

Tabs 3 and 4 of the Application Record, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application of the Foreign Representative, the affidavit of Kathryn Wouters sworn January 22, 2020 and the exhibits thereto, including the declaration of Kathryn Wouters sworn December 8, 2019 (the “**Wouters Declaration**”), and upon being provided with copies of the documents required by section 269(2) of the BIA,

AND UPON HEARING the submissions of counsel for the Foreign Representative, counsel for the proposed Receiver, counsel for Blue Torch Finance LLC (the “**Agent**”) as agent for the DIP Lenders and as agent for the Term Loan Lenders, counsel to MidCap (each as defined in the Wouters Declaration), counsel to the proposed Employee Representative, and those other parties present, no one else appearing although duly served as appears from the affidavit of service of Danny M. Nunes sworn January 23, 2020:

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined have the meaning given to them in the Wouters Declaration.

INITIAL RECOGNITION ORDER

3. **THIS COURT ORDERS** that the provisions of this Order shall be interpreted in a manner complementary and supplementary to the provisions of the Initial Recognition Order (Foreign Main Proceeding) dated as of January 23, 2020 (the “**Recognition Order**”), provided that in the event of a conflict between the provisions of this Order and the provisions of the Recognition Order, the provisions of the Recognition Order shall govern.

RECOGNITION OF FOREIGN REPRESENTATIVE ORDER

4. **THIS COURT ORDERS** that the Order of the United States Bankruptcy Court for the District of Delaware (the “**U.S. Bankruptcy Court**”) made in the Foreign Proceeding (as defined in the Recognition Order), and attached hereto as Schedule “A”, authorising Celadon Group, Inc. to act as Foreign Representative of the Chapter 11 Debtors (the “**Foreign Representative Order**”) is hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to section 272 of the BIA, provided, however, that in the event of any conflict between the terms of the Foreign Representative Order and the Orders of this Court made in the within proceedings, the Orders of this Court shall govern with respect to the Property (as defined below) in Canada.

RECOGNITION OF FINAL DIP ORDER

5. **THIS COURT ORDERS** that the Order of the U.S. Bankruptcy Court made in the Foreign Proceeding and attached hereto as Schedule “B”, authorizing, *inter alia*, the Chapter 11 Debtors to obtain senior secured superiority financing from the DIP Lenders and granting to the DIP Lenders a charge (the “**DIP Charge**”) over the Chapter 11 Debtors’ assets, including all of the assets, undertakings and properties of the Chapter 11 Debtors located in Canada, acquired or, or used in relation to the business carried on by the Chapter 11 Debtors in Canada, including all proceedings there (collectively, the “**Property**”) (the “**Final DIP Order**” and together with the Foreign Representative Order, the “**Recognized Foreign Orders**”), is hereby recognized and given full force and effect in all provinces and territories of Canada pursuant to section 272 of the BIA, provided, however, that in the event of any conflict between the terms of the Final DIP Order and the Orders of this Court made in the within proceedings, the Orders of this Court shall govern with respect to the Property in Canada.

APPOINTMENT OF RECEIVER

6. **THIS COURT ORDERS** that pursuant to section 272(1)(d) of the BIA and pursuant to Section 101 of the CJA, KSV is hereby appointed receiver (the “**Receiver**”), without security, of all of the Property.

RECEIVER'S POWERS

7. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver, in consultation with the Chapter 11 Debtors, considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to access all information relating to the Chapter 11 Debtors' accounts at any financial institution in Canada, and the Receiver shall have immediate, continuous and unrestricted access to carry out the foregoing;
- (d) to access any and all computer systems and servers, wherever located, related to the business and affairs of the Chapter 11 Debtors and or the Property;
- (e) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including, without limitation, those conferred by this Order;
- (f) to assist the Chapter 11 Debtors to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion and in consultation with the Chapter 11 Debtors may deem appropriate;

- (g) to sell, convey, transfer, lease or assign the Property or any part or parts thereof as requested by the Chapter 11 Debtors out of the ordinary course of business,
 - (i) without the approval of the Court in respect of any transaction not exceeding CDN\$200,000, provided that the aggregate consideration for all such transactions does not exceed CDN\$1,000,000;
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or aggregate purchase price exceeds the applicable amount set out in the preceding clause,

and in each such case, notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required;

- (h) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (i) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Chapter 11 Debtors and/or the Property, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (j) to apply for any permits, licenses, approvals or permissions as may be required by any governmental authority and any renewals thereof on behalf of and, if thought desirable by the Receiver, in the name of any Chapter 11 Debtor; and
- (k) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, subject at all times to the provisions of this Order and the provisions of the Recognized Foreign Orders.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

8. **THIS COURT ORDERS** that: (i) the Chapter 11 Debtors; (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on their instructions or behalf; and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being “**Persons**” and each being a “**Person**”) shall forthwith advise the Receiver of the existence of any Property in such Person’s possession or control, shall grant immediate and continued access to the Property to the Receiver and shall deliver all such Property to the Receiver upon the Receiver’s request.

9. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Chapter 11 Debtors, and any computer programs, computer tapes, computer disks, servers, electronic backups, or other data storage media containing any such information (the foregoing, collectively, the “**Records**”) in that Person’s possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

10. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this

paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

NO PROCEEDINGS AGAINST THE RECEIVER

11. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”), shall be commenced or continued against or in respect of the Receiver, except with leave of this Court.

NO PROCEEDINGS AGAINST THE CHAPTER 11 DEBTORS OR THE PROPERTY

12. **THIS COURT ORDERS** that until such date as this Court may order (the “**Stay Period**”), no Proceeding shall be commenced or continued against or in respect of the Chapter 11 Debtors or affecting their business (the “**Business**”) or Property, except with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Chapter 11 Debtors or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

13. **THIS COURT ORDERS** that, without limiting the stay of proceedings provided for in the Recognition Order, during the Stay Period, all rights and remedies of any Person against or in respect of the Chapter 11 Debtors, or affecting the Business or the Property, are hereby stayed and suspended except with leave of this Court, provided that nothing in this Order shall (a) prevent the assertion of or the exercise of rights and remedies outside of Canada, (b) empower any of the Chapter 11 Debtors to carry on any business in Canada which that Chapter 11 Debtor is not lawfully entitled to carry on, (c) exempt the Receiver or any Chapter 11 Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (d) prevent the filing of any registration to preserve or perfect a security interest, or (e) prevent the registration of a claim for lien, or (e) preclude any parting having a Vehicle Finance Lien (as

defined in paragraph 27 below) from enforcing such Vehicle Finance Liens solely in accordance with the protocols and stipulations established in the Foreign Proceeding.

NO INTERFERENCE WITH RIGHTS

14. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any of the Chapter 11 Debtors and affecting the Business in Canada, without the prior written consent of the Receiver or leave of this Court.

LIMITATION ON THE RECEIVER'S LIABILITY

15. **THIS COURT ORDERS** that all employees of the Chapter 11 Debtors in Canada shall remain the employees of the Chapter 11 Debtors until such time as the Chapter 11 Debtors, or the Receiver on the Chapter 11 Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee related liabilities, including any successor employer liabilities as provided for in subsection 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under subsections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

ADDITIONAL PROTECTIONS

16. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Chapter 11 Debtors or statutory or regulatory mandates for the supply of goods and/or services in Canada, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services provided in respect of the Property or Business of the Chapter 11 Debtors, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Chapter 11 Debtors or the Receiver, and that the Chapter 11 Debtors and the Receiver shall be entitled to the continued use in Canada of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that

the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver or the applicable Chapter 11 Debtor in accordance with normal payment practices of the applicable Chapter 11 Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver or the applicable Chapter 11 Debtor, or as may be ordered by this Court.

17. **THIS COURT ORDERS** that notwithstanding the provisions of the Recognized Foreign Orders, but subject to paragraph 33 below, all funds, monies, cheques, instruments and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the “**Post Receivership Accounts**”) and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

18. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or 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 Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver’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.

OTHER PROVISIONS RELATING TO THE RECEIVER

19. **THIS COURT ORDERS** that the Receiver:

- (a) is hereby authorized to provide such information and assistance to the Foreign Representative in the performance of its duties as the Foreign Representative may reasonably request;
- (b) is hereby authorized to otherwise coordinate the administration and supervision of the Chapter 11 Debtors' assets and affairs with the Foreign Representative;
- (c) shall report to this Court at least once every two months with respect to the status of these proceedings and the status of the Foreign Proceeding, which reports may include information relating to the Property, or such other matters as may be relevant to the proceedings herein; and
- (d) in addition to the periodic reports referred to in paragraph 19(c) above, the Receiver may report to this Court at such other times and intervals as the Receiver may deem appropriate with respect to any of the matters referred to in paragraph 19(c) above.

20. **THIS COURT ORDERS** that the Chapter 11 Debtors and the Foreign Representative shall (a) advise the Receiver of all material steps taken to date and to be taken by the Chapter 11 Debtors or the Foreign Representative in these proceedings or in the Foreign Proceeding as it relates to the Property, (b) co-operate fully with the Receiver in the exercise of its powers and discharge of its obligations, and (c) provide the Receiver with the assistance that is necessary to enable the Receiver to adequately carry out its functions.

21. **THIS COURT ORDERS** that the Receiver (a) shall post on its website all Orders of this Court made in these proceedings, all motions and other materials filed by any Person herein (including without limitation any reports of the Receiver filed herein), and such other materials as this Court may order from time to time, and (b) may post on its website any other materials that the Receiver deems appropriate.

22. **THIS COURT ORDERS** that the Receiver may provide any creditor of a Chapter 11 Debtor with information provided by the Chapter 11 Debtors in response to reasonable requests for information made in writing by such creditor addressed to the Receiver. The Receiver shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Receiver has been advised by the Chapter 11 Debtors is privileged or confidential, the Receiver shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Receiver, the Foreign Representative and the relevant Chapter 11 Debtors may agree.

23. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the “**Receiver’s Charge**”) on the Property in Canada in the maximum amount of CDN \$350,000, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver’s Charge shall have the priority set out in paragraphs 26 and 28 hereof, and shall be subject to sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.

24. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice and the accounts of the Receiver and its legal counsel shall not be subject to approval in the Foreign Proceeding.

25. **THIS COURT ORDERS** that prior to passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver and its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

DIP CHARGE

26. **THIS COURT ORDERS** that the Agent in its capacity as agent for DIP Lender shall be entitled to the benefit of and is hereby granted a DIP Charge on the Property in Canada, which DIP Charge shall be consistent with the liens and charges created by the Final DIP Order with respect to the Property in Canada, shall have the priority set out in paragraphs 27 and 29 hereof, and further provided that the DIP Charge shall not be enforced except with leave of this Court on notice to the Receiver and those parties on the service list established for these proceedings (the “**Service List**”).

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

27. **THIS COURT ORDERS** that the priorities of the Receiver’s Charge and the DIP Charge shall be as follows:

- (a) First – vehicle-specific liens and charges in favour of financiers and lessors of vehicles to Hyndman Transport Limited, solely with respect to and as against such vehicles (the “**Vehicle Finance Liens**”); and the Prepetition ABL Liens over the ABL Priority Collateral (both as defined in the Final DIP Order);
- (b) Second - the Receiver’s Charge; and
- (c) Third – the DIP Charge.

28. **THIS COURT ORDERS** that the filing, registration or perfection of the Receiver’s Charge or the DIP Charge (collectively, 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 the Charges.

29. **THIS COURT ORDERS** that the Charges (as constituted and defined herein) shall constitute a charge on the Property in Canada and, in the case of the Receiver’s Charge, such Charge shall rank in priority to all other security interests, trust, liens, charges and encumbrances, claims of secured creditor, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person, and in the case of the DIP Charge shall rank in

priority to all Encumbrances other than the Receiver's Charge and the Vehicle Finance Liens and the Prepetition ABL Liens over the ABL Priority Collateral:

30. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Chapter 11 Debtors shall not grant any Encumbrances over any Property in Canada that rank in priority to, or *pari passu* with, the Charges, unless the Chapter 11 Debtors also obtain the prior written consent of the Receiver and the DIP Lender.

31. **THIS COURT ORDERS** that the Receiver's Charge and the DIP Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") 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 any Chapter 11 Debtor, and notwithstanding any provision to the contrary in any Agreement:

- (i) the creation of the Charges shall not create or be deemed to constitute a breach by a Chapter 11 Debtor of any Agreement to which it is a party;
- (ii) 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 creation of the Charges; and
- (iii) the payments made by the Chapter 11 Debtors to the Chargees pursuant to this Order, 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.

32. **THIS COURT ORDERS** that Charges created by this Order over leases of real property in Canada shall only be a charge in the applicable Chapter 11 Debtors' interest in such real property leases.

REINSTATEMENT OF BANK ACCOUNT OPERATION

33. **THIS COURT ORDERS** that the Chapter 11 Debtors are authorized to reinstate the operation of the bank accounts held in the name of Hyndman Transport Limited in accordance with the terms of MidCap Prepetition ABL Loan Documents (as defined in the Final DIP Order). Despite the foregoing, and any other term in this Order, \$907,000 of the current assets of Hyndman will be segregated and held separate and apart in a trust account by the Receiver pending the determination of the amount of BIA s. 81.3 and 81.4 claims and any trust claims of the Hyndman employees and/or "owner/operator" drivers, on consent of the Receiver, Midcap and Koskie Minsky LLP as counsel to the employees, or as otherwise ordered by this Court.

SERVICE AND NOTICE

34. **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/celadon-group-inc>

35. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Chapter 11 Debtors, the Foreign Representative and the Receiver 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 Chapter 11 Debtors'

creditors or other interested parties at their respective addresses as last shown on the records of the applicable Chapter 11 Debtor 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.

GENERAL

36. **THIS COURT ORDERS** that within five (5) business days from the date of this Order, or as soon as practicable thereafter, the Receiver shall cause to be published a notice once a week for two consecutive weeks, in the Globe and Mail (National Edition) regarding the issuance of the Recognition Order and this Order.

37. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

38. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a monitor, a proposal trustee, or a trustee in bankruptcy of any Chapter 11 Debtor, the Business or the Property.

39. **THIS COURT ORDERS** that within five (5) business days from the date of this Order, or as soon as practicable thereafter, the Receiver shall cause to be published a notice once a week for two consecutive weeks, in the Globe and Mail (National Edition) regarding the issuance of this Order and the Recognition Order.

40. **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 of America, to give effect to this Order and to assist the Chapter 11 Debtors, the Foreign Representative, the Receiver, and their respective counsel and 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 Chapter 11 Debtors, the Foreign Representative and the Receiver, the latter as an officer of this Court, as may be necessary or desirable to give effect to this Order, or to assist the Chapter 11 Debtors, the

Foreign Representative, the Receiver, and their respective counsel and agents in carrying out the terms of this Order.

41. **THIS COURT ORDERS** that each of the Chapter 11 Debtors, the Foreign Representative and the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order.

42. **THIS COURT ORDERS** that the Guidelines for Communication and Cooperation between Courts in Cross-Border Insolvency Matters issued by the Judicial Insolvency Network and adopted by this Court and the U.S. Bankruptcy Court and attached as Schedule "C" hereto (the "**JIN Guidelines**"), are hereby adopted by this Court for the purposes of these recognition proceedings.

43. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order or seek other relief on not less than seven (7) days' notice to the Foreign Representative, the Receiver and the rest of the Service List, and to any other party or parties likely to be affected by the order sought, or upon such other notice, if any, as this Court may order.

44. **THIS COURT ORDERS** that this Order shall be effective as of 12:01 a.m. Eastern Standard Time on the date of this Order.



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

JAN 23 2020

PER / PAR: 

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 ENTITIES LISTED IN FOOTNOTE "1" HERETO

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

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto, Ontario

SUPPLEMENTAL ORDER

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Lawyers for the Chapter 11 Debtors and the Foreign
Representative

Appendix “C”



**Report of
KSV Kofman Inc. as
Proposed Receiver of the Canadian
Business and Assets of
Celadon Group, Inc. and the
Entities Listed in Footnote 1 Hereto**

January 22, 2020

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COURT FILE NO.: _____

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

**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 ENTITIES LISTED IN
FOOTNOTE “1” HERETO**

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

**REPORT OF KSV KOFMAN INC.
AS PROPOSED RECEIVER**

JANUARY 22, 2020

1.0 Introduction

1. On December 8, 2019, Celadon Group, Inc. (the “Foreign Representative”) and its affiliated entities¹ listed in footnote 1 to this report (“Report”) (collectively, the “Chapter 11 Debtors”) commenced proceedings by filing voluntary petitions for relief under Chapter 11 of Title 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the “US Court”) (the “Chapter 11 Proceedings”). Two of the Chapter 11 Debtors are Canadian corporations: Celadon Canadian Holdings, Limited (“CCHL”) and Hyndman Transport Limited (“Hyndman”) (jointly, the “Canadian Debtors”).
2. On December 9, 2019, the US Court heard the Chapter 11 Debtors’ first day motions and granted numerous orders. On December 16, 2019, the US Court entered an order authorizing Celadon Group, Inc. to act as Foreign Representative for the Chapter 11 Debtors (the “Foreign Representative Order”).

¹ A R Management Services, Inc., Bee Line, Inc., Celadon E-Commerce, Inc., Celadon Canadian Holdings, 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, 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.

3. The Foreign Representative is making an application to the Ontario Superior Court of Justice (Commercial List) (the "Ontario Court") for the following:
 - a) an initial recognition order which, *inter alia*, recognizes the Chapter 11 Proceedings as a "foreign main proceeding", recognizes the Foreign Representative as the "foreign representative", stays all proceedings against the Chapter 11 Debtors, and restricts the Chapter 11 Debtors' ability to sell or otherwise dispose of property in Canada (the "Initial Recognition Order"); and
 - b) a supplemental order (the "Supplemental Order", and together with the Initial Recognition Order, the "Recognition Orders") which, *inter alia*, appoints KSV Kofman Inc. ("KSV") as receiver (the "Receiver") of the assets, undertakings and properties of the Chapter 11 Debtors located in Canada, acquired for, or used in relation to the business carried on by the Chapter 11 Debtors in Canada, including all proceeds thereof, under section 101 of the *Courts of Justice Act (Ontario)* ("CJA") and subsection 272(1)(d) of the *Bankruptcy and Insolvency Act* ("BIA"), recognizes certain US Court Orders made in the Chapter 11 Proceedings, grants a stay of proceedings against the Chapter 11 Debtors and establishes certain charges against the Chapter 11 Debtors' property in Canada, including the property of the Canadian Debtors.
4. This Report is filed by KSV in the context of its proposed appointment as Receiver.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide KSV's qualifications to act as Receiver;
 - b) provide background information about the Chapter 11 Debtors and the Chapter 11 Proceedings, including a summary of the US Court Orders for which recognition is being sought from the Ontario Court;
 - c) set out the status of two pending Canadian real property transactions and other property and assets of the Canadian Debtors, including tractors, trailers, cash and accounts receivable;
 - d) discuss an \$11.25 million debtor-in-possession credit facility dated as of December 16, 2019 (the "DIP Facility") between the Chapter 11 Debtors and Blue Torch Finance LLC, as agent for the lenders to the DIP Facility (the "DIP Lenders");
 - e) discuss the proposed Receiver's Charge and DIP Charge (both as defined in the Supplemental Order); and
 - f) recommend that the Ontario Court grant the relief sought by the Foreign Representative.

1.2 Currency

1. All currency references in this Report are to US dollars, unless otherwise noted.

1.3 Restrictions

1. In preparing this Report, KSV has relied upon the Chapter 11 Debtors' unaudited and publicly available financial information, materials filed in the Chapter 11 Proceedings and discussions with the Chapter 11 Debtors' legal counsel (the "Information").
2. KSV has not performed an audit or other verification of the Information. An examination of the Chapter 11 Debtors' financial forecasts as outlined in the *Chartered Professional Accountants of Canada Handbook* has not been performed. Future oriented financial information relied upon in this Report is based on the Chapter 11 Debtors' assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. KSV expresses no opinion or other form of assurance with respect to the accuracy of the Information or any financial information presented in this Report or relied upon by KSV in its preparation of this Report.

1.4 KSV's Qualifications to Act as Receiver

1. KSV is qualified to act as Receiver. KSV's qualifications include:
 - a) KSV is a trustee within the meaning of subsection 2(1) of the BIA; and
 - b) KSV has extensive experience acting as a court officer in cross-border insolvency proceedings in a wide variety of industries, including in the recognition proceedings of Allied Group², which operated in the trucking and transportation industry (as do the Chapter 11 Debtors).
2. KSV has consented to act as Receiver in these proceedings should the Ontario Court grant the Recognition Orders. A copy of KSV's consent to act as Receiver is attached as Appendix "A".

2.0 Background

1. The Chapter 11 Debtors were a significant US-based trucking company, with a fleet of approximately 3,300 tractors and 10,000 trailers and approximately 3,800 employees, including approximately 357 employed by the Canadian Debtors. The Chapter 11 Debtors specialized in international truckload services between the US, Canada and Mexico. The Chapter 11 Debtors' head office is in Indianapolis, Indiana.

² KSV performed this mandate under its predecessor business, Duff & Phelps Canada Restructuring Inc.

2. The Chapter 11 Debtors and affiliated companies are comprised of 32 entities. A copy of the corporate organizational chart is attached as Appendix “B”. In respect of the Canadian Debtors:
 - a) Hyndman operated a fleet of approximately 310 trucks and trailers from owned properties in Wroxeter and Ayr, Ontario and Winnipeg, Manitoba. Hyndman had been in business since 1937; and
 - b) CCHL is an inactive holding company and the sole shareholder of Hyndman.
3. On or around December 9, 2019, all of the Chapter 11 Debtors ceased operations, with the exception of the business operated by Taylor Express, Inc. (“Taylor”), a US debtor. The stated purpose of the Chapter 11 Proceedings is to preserve and sell the Taylor business on a going-concern basis and to conduct an orderly wind down and realization process for the other Chapter 11 Debtors, including the Canadian Debtors.
4. Upon the discontinuation of its business on or around December 9, 2019, Hyndman terminated its workforce, including all but three of its 357 employees and owner-operator drivers. The three employees were retained to manage its facilities. Hyndman’s workforce was not unionized and it did not maintain any registered pension plans.
5. The Chapter 11 Debtors’ principal secured creditors are:
 - a) MidCap Funding IV Trust (“MidCap”), as administrative agent and lender under the Chapter 11 Debtors’ \$60 million revolving credit facility dated July 31, 2019 (the “Revolving Credit Agreement”), which funded the Chapter 11 Debtors’ working capital requirements. The Canadian Debtors are co-borrowers under the Revolving Credit Agreement and granted to MidCap a security interest in substantially all of their assets in order to secure all of the obligations under the Revolving Credit Agreement, which totalled approximately \$31.8 million at the commencement of the Chapter 11 Proceedings, plus interest and costs which continue to accrue. MidCap is also a subordinate secured creditor on the Chapter 11 Debtors’ non-current assets, including their real property and vehicle fleet;
 - b) a group of term loan lenders represented by Blue Torch Finance LLC, as agent (collectively, the “Term Loan Lenders”), who were owed approximately \$103.6 million under a \$105 million term loan facility (the “Term Loan Facility”) at the commencement of the Chapter 11 Proceedings, plus interest and costs which continue to accrue. The Canadian Debtors are secured guarantors under the Term Loan Facility. The Term Loan Lenders are the DIP Lenders in the Chapter 11 Proceedings;
 - c) Luminus Energy Partners Master Fund, Ltd. (“Luminus”), which is a 49.9% shareholder of Celadon Group, Inc. and a secured creditor as a result of its \$30 million “last-out” participation in the Term Loan Facility referenced in 5(b) above; and

- d) numerous vehicle financiers/lessors who have registered security interests in Hyndman's vehicle fleet, the largest of which is Canadian Western Bank ("CWB") (approximately 271 vehicles). CWB is represented by Goldman Sloan Nash & Haber LLP ("GSNH"). GSNH also represents Concentra Bank, Compaction Credit Ltd. and Canadian Equipment Financing and Leasing Inc., which have financed or leased to Hyndman five, eight and eight vehicles, respectively.
6. Further information concerning the Chapter 11 Debtors' background, financial position, corporate structure and the reasons the Chapter 11 Debtors filed for Chapter 11 protection are provided in the December 8, 2019 Declaration of Kathryn Wouters, the Senior Vice President of Finance and Treasurer of Celadon Group, Inc. (the "Wouters Declaration"), which is appended to Ms. Wouters' Affidavit sworn January 22, 2020 and was filed in support of the Foreign Representative's application to the Ontario Court (the "Wouters Affidavit").

3.0 Canadian Employees

1. According to the Affidavit of Jeff Sippel, a former Hyndman employee, sworn January 16, 2020: (a) all but a few of Hyndman's employees were terminated without notice on December 9, 2019; and (b) Hyndman's former employees are owed approximately \$2.3 million in respect of unpaid wages, vacation pay, severance and termination. KSV does not have details as to the allocation of the unpaid amounts owing to the employees in respect of each category of employee obligation.
2. KSV has been advised that Koskie Minsky LLP ("Koskie") represents over 200 former Hyndman employees. At a 9:30 a.m. appointment on January 15, 2020 before Mr. Justice Hainey of the Ontario Court, His Honour issued an endorsement (the "January 15th Endorsement") stating:

"While it is preferable that the U.S. debtors bring a Recognition proceeding and receivership in Canada under Part 13 of the BIA, I am prepared to issue a receivership on the application of the terminated Canadian employees on short notice, and in either case, appoint KSV Kofman as receiver".

A copy of the January 15th Endorsement is attached as Appendix "C".

3. The appointment of a Receiver will allow former Canadian employees to claim and receive statutory payments under the *Wage Earner Protection Program Act* ("WEPPA"), including amounts in respect of unpaid wages and termination pay.
4. If appointed, one of the Receiver's principal activities will be to administer the WEPPA claims process for the former Hyndman employees.

4.0 Property of the Canadian Debtors

4.1 Real Property Sale Transactions

1. As a result of a process carried out by the Chapter 11 Debtors to realize on certain assets, two of the three Canadian real properties are subject to Agreements of Purchase and Sale. Both sale approval motions are scheduled to be heard by the US Court on January 30, 2020. KSV has not yet had an opportunity to discuss the marketing process for these properties with representatives of the Chapter 11 Debtors.
2. KSV understands that the purchase price for the Ayr, Ontario and Winnipeg, Manitoba properties is CAD\$12 million and CAD\$4.25 million, respectively. KSV is not otherwise familiar with the terms of these transactions. KSV intends to discuss these transactions and the related marketing efforts immediately following its appointment.
3. The January 15th Endorsement included the following in respect of the sale of the property owned by the Canadian Debtors: "*The Canadian assets shall not be sold without the approval of this court, despite the sale proceedings underway in the U.S. proceedings of the U.S. debtors*". The Receiver, once appointed, will consider whether it is necessary to register a copy of the Recognition Orders on title to the three Canadian properties. While KSV is cognizant of protecting the interests of Canadian stakeholders, it does not want to take steps that may impair the completion of transactions.
4. Following its appointment, KSV will file a report with the Ontario Court concerning the proposed sale of any property in Canada owned by the Chapter 11 Debtors.

4.2 Cash and Accounts Receivable

1. Following a second 9:30 a.m. appointment, this one on January 20, 2020, Mr. Justice Hainey issued a further endorsement which provided that, *inter alia*, any funds (if any) in the Canadian Debtors' bank accounts, or subsequently deposited into the Canadian Debtors' bank accounts, are to remain in those bank accounts pending the hearing of the Foreign Representative's receivership application. A copy of the January 20th endorsement is attached as Appendix "D".
2. KSV has been advised that, as at the close of business on January 17, 2020, there was approximately CAD\$187,000 and \$24,000 in the Canadian Debtors' Canadian and US dollar bank accounts, respectively.

3. KSV has retained Bennett Jones LLP (“Bennett Jones”) to act as its legal counsel in the event that the Recognition Orders are granted and KSV is appointed as Receiver. On January 22, 2020, Bennett Jones provided an opinion³ which, subject to the standard assumptions and qualifications contained therein, concludes that the security granted by the Canadian Debtors in favour of MidCap, as registered under the PPSA, creates a valid and perfected security interest in the Canadian Debtors’ assets situated in Ontario, Alberta and British Columbia. Bennett Jones also notes that MidCap effected PPSA registrations against the Canadian Debtors in Manitoba and Saskatchewan, but the opinion does not provide an opinion under those jurisdictions as Bennett Jones does not practice in Manitoba or Saskatchewan.
4. Based on Bennett Jones’ review of the PPSA searches, it appears that the only registrations ranking ahead of MidCap are by Blue Torch Finance LLC in respect of the Term Loan Facility (which KSV understands to have been subordinated to MidCap in respect of certain collateral, including cash receipts) and by vehicle or equipment financiers and lessors.
5. Based on the foregoing, KSV believes it is appropriate that the Canadian Debtors’ accounts receivable collections are swept and applied against MidCap’s Revolving Credit Agreement on a daily basis. KSV has been advised that these proceeds contribute to fund the Chapter 11 Proceedings.

4.3 Trucks and Trailers

1. KSV understands that a large percentage of Hyndman’s fleet has been repossessed, including a large number that were financed by CWB. KSV understands that CWB is conducting its own realization process for these vehicles. KSV is unaware whether any other fleet financiers have also repossessed their trucks and trailers.
2. On January 21, 2020, KSV sent a representative to Hyndman’s facility in Ayr, Ontario to determine if any vehicles remained on site. KSV’s representative advised that several trucks and trailers do remain on site. Once appointed, KSV intends to discuss the sale of these vehicles with the Chapter 11 Debtors and the secured creditors having a charge on them. KSV understands that any rolling stock in Canada is likely to be included in a sale of all rolling stock owned by the Chapter 11 Debtors. Ontario Court approval is intended to be sought to the extent rolling stock owned by the Canadian Debtors is included in the sale.
3. The Chapter 11 Debtors have allowed vehicle lessors and financiers to have access to their various premises, including those in Canada, in order to take possession of their collateral. That process is expected to continue.

³ A copy of the security opinion will be made available to the Ontario Court should it wish to review it.

5.0 US Court Orders

1. The Foreign Representative is seeking recognition of the following US Court Orders by the Ontario Court:
 - a) Foreign Representative Order, which authorizes the Foreign Representative to act as the “foreign representative” under Section 269 of the BIA in order to seek the relief sought in its application; and
 - b) Final DIP Order, which authorizes the advances under the DIP Facility to be used to finance the Chapter 11 Proceedings and contemplates that advances under the DIP Facility would be secured by a super-priority charge in both the US and Canada. The terms of the DIP Facility are summarized below in Section 6 of this Report.

6.0 The DIP Facility⁴

1. As set out in the Wouters Declaration and the Wouters Affidavit, the Chapter 11 Debtors, including the Canadian Debtors, require financing during the Chapter 11 Proceedings to provide the necessary liquidity to wind down their businesses on an orderly basis. It is unclear to KSV at this point what portion of this facility is required for the Canadian Debtors’ realization process.
2. A copy of the DIP Facility is appended to the Foreign Representative’s application materials and summarized in the Wouters Affidavit. A summary of the key terms of the DIP Facility is provided in the table below.

Borrower	Celadon Group, Inc.
Guarantors	The Chapter 11 Debtors, including the Canadian Debtors
Nature of Liability	Canadian Debtors and other Chapter 11 Debtors are to be jointly and severally liable for all obligations under the DIP Facility
Post-petition Lenders	The DIP Lenders, being the same parties as the Prepetition Term Lenders
DIP Agent	Blue Torch Finance LLC
Commitment	Up to \$11.25 million
Interest Rate	Base Rate plus 12.5% (effective interest rate of 17.5%)
Expenses and Fees	\$725,000 (including facility, administration, exit and other fees) plus 2.5% of net sale proceeds in excess of the amounts required to repay the DIP Facility, the Prepetition ABL Obligations and the Prepetition Term Loan Obligations
Budget	The Chapter 11 Debtors must operate in accordance with the DIP Budget
Priority Charge	It is contemplated that advances under the DIP Facility will be secured by the DIP Charge over the Chapter 11 Debtors’ property in Canada, which is proposed to rank subordinate only to the Receiver’s Charge, Vehicle Finance Liens (as defined in the Supplemental Order) and MidCap’s ABL Priority Collateral

⁴ Capitalized terms not otherwise defined in this section of the Report are as defined in the DIP Facility.

3. In assessing the reasonableness of the DIP Facility and the proposed recognition of the Final DIP Order, KSV considered the following:
- a) once the Recognition Orders are issued, there should be no prejudice to Canadian creditors in recognizing the DIP Facility as there would be a mechanism in place to protect Canadian creditors to the extent required:
 - (i) Canadian real property or other transactions are subject to the approval of the Ontario Court and any distribution of proceeds therefrom to the DIP Lenders will be subject to further order of the Ontario Court; and
 - (ii) many of Hyndman's vehicle financiers will be conducting their own realization processes for the Hyndman vehicles they financed. To the extent owned vehicles remain on site, their sale will be subject to an order of the Ontario Court. KSV will also be vetting the security⁵ and writing to all equipment lessors/financiers who have repossessed their vehicles to obtain an accounting of the sale proceeds so that it can determine if there is any equity that should be made available to subsequent ranking creditors;
 - b) the Canadian Debtors are secured guarantors under the Term Loan Facility and, accordingly, the DIP Facility does not grant security over any previously unencumbered assets of the Canadian Debtors;
 - c) the Chapter 11 Debtors have filed sale approval motions for a number of pending transactions, including the Taylor business for \$14.5 million⁶ and the Canadian Debtors' real property in Ayr, Ontario and Winnipeg, Manitoba for CAD\$12 million and CAD\$4.25 million, respectively. The proceeds of these transactions are sufficient to repay in full the DIP Facility after considering the Carve-Out and Permitted Liens;
 - d) while the pricing of the DIP Facility is significant (an effective interest rate of 17.5% plus fees of at least \$725,000), the Wouters Declaration states that the DIP Facility is the result of arm's-length negotiations between the Chapter 11 Debtors and the DIP Lenders. The DIP Facility has been approved by the US Court with the consent of the secured creditors and the funds available under the DIP Facility have been advanced to the Chapter 11 Debtors; and
 - e) as a result of the controls put in place over assets in Canada set out in paragraph 3(a) above, KSV believes that there should be sufficient recoveries in Canada to repay in full all priming obligations in Canada. Any remaining balance (net of administrative costs in Canada) would be paid to the Chapter 11 Debtors for distribution to creditors in the Chapter 11 Proceedings. KSV expects that unsecured creditors of the Canadian Debtors would be treated consistently with unsecured creditors of the Chapter 11 proceedings, which is appropriate in the context of the Recognition Orders.

⁵ Bennett Jones is in the process of compiling the security documents it requires to prepare an opinion on the validity of the security granted in favour of Blue Torch Finance LLC.

⁶ This transaction is not subject to these proceedings.

4. Based on the foregoing, KSV does not believe that any creditor with an economic interest in the Canadian Debtors' assets will be materially prejudiced by the recognition of the Final DIP Order and/or the granting of the DIP Charge.

7.0 Court Ordered Charges

1. In addition to the DIP Charge, the proposed Supplemental Order contemplates a charge in favour of the Receiver for its fees and disbursements, including legal fees (the "Receiver's Charge").
2. The Foreign Representative is seeking a Receiver's Charge in an amount not to exceed \$350,000 to secure the fees and expenses of the Receiver and its counsel.
3. A Receiver's Charge is a customary provision in a receivership order - it is required by the professionals involved to protect their fees and costs in the event the debtors are unable to pay those amounts during the insolvency process.
4. KSV believes that the amount of the Receiver's Charge is reasonable in the circumstances given the scope of its anticipated mandate.

8.0 Conclusion and Recommendation

1. Based on the foregoing, KSV recommends that this Honourable Court grant the Recognition Orders sought by the Foreign Representative.

* * *

All of which is respectfully submitted,



KSV KOFMAN INC.

**SOLELY IN ITS CAPACITY AS PROPOSED RECEIVER OF
THE CANADIAN BUSINESS AND ASSETS OF CELADON GROUP, INC. AND
THE AFFILIATED ENTITIES LISTED IN FOOTNOTE 1 HERETO
AND NOT IN ITS PERSONAL CAPACITY**

Appendix “D”

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

-----X
:

In re: : Chapter 11

:

CELADON GROUP, INC., *et al.*,¹ : Case No. 19-12606 (KBO)

:

Debtors. : (Jointly Administered)

:

-----X Re: D.I.: 79, 179, 198, 219, 317, 338, 429

**ORDER (I) APPROVING SALE PROCEDURES
FOR THE DEBTORS' REMAINING ASSETS AND (II) AUTHORIZING AND
APPROVING THE SALE OF SUCH REMAINING ASSETS FREE AND CLEAR OF
LIENS, CLAIMS, INTERESTS, AND ENCUMBRANCES**

This matter is before the Court upon *Motion of the Debtors for the Entry of Orders: (I)(A) Approving Bidding Procedures and Bid Protections, (B) Permitting Debtors to Designate Stalking Horse Purchaser(s) and Grant Bid Protections, (C) Scheduling a Hearing to Consider Approval of the Sale of Assets, (D) Approving Form and Manner of Notice of Sale, and (E) Granting Related Relief; and (II)(A) Authorizing and Approving the Sale of Substantially All Assets of Certain of the Debtors Free and Clear of Liens, Claims, Interests, and Encumbrances, (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (C)*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Celadon Group, Inc. (1050); A R Management Services, Inc. (3604); Bee Line, Inc. (5403); Celadon Canadian Holdings, Limited (2539); Celadon E-Commerce, Inc. (2711); Celadon International Corporation (5246); Celadon Logistics Services, Inc. (0834); Celadon Mexicana, S.A. de C.V. (6NL7); Celadon Realty, LLC (2559); Celadon Trucking Services, Inc. (6138); Distribution, Inc. (0488); Eagle Logistics Services Inc. (7667); Hyndman Transport Limited (3249); Jaguar Logistics, S.A. de C.V. (66D1); Leasing Servicios, S.A. de C.V. (9MUA); Osborn Transportation, Inc. (7467); Quality Companies LLC (4073); Quality Equipment Leasing, LLC (2403); Quality Insurance LLC (7248); Servicios Corporativos Jaguar, S.C. (78CA); Servicios de Transportación Jaguar, S.A. de C.V. (5R68); Stinger Logistics, Inc. (3860); Strategic Leasing, Inc. (7534); Taylor Express, Inc. (9779); Transportation Insurance Services Risk Retention Group, Inc. (7197); Vorbas, LLC (8936). The corporate headquarters and the mailing address for the Debtors listed above is 9503 East 33rd Street, One Celadon Drive, Indianapolis, IN 46235.



Granting Related Relief (the “Sale Motion”) [D.I. 79]²; and the Court having heard statements of counsel and the evidence presented in support of the relief requested by the Debtors at the hearing on the Sale Motion on January 30, 2020 (the “Sale Hearing”); and due and sufficient notice of the Sale Motion and Sale Hearing and the relief sought in the Sale Motion having been given under the circumstances; and it further appearing that the legal and factual bases set forth in the Sale Motion and at the Sale Hearing establish just cause for the relief granted herein; and upon the full record of these chapter 11 cases and it further appearing that the relief requested in the Sale Motion and in this Sale Order is in the best interest of the Debtors, their estates, their creditors, and other parties in interest; and upon consideration of the *Notice of Sales Going Forward at the Auction* [D.I. 317] (the “Auction Notice”), and after due deliberation thereon and good and sufficient cause appearing therefor,

THE COURT HEREBY FINDS AND DETERMINES THAT:

I. Jurisdiction, Final Order and Statutory Predicates

A. The Court has jurisdiction to hear and determine the Sale Motion pursuant to 28 U.S.C. §§ 157(b)(1) and 1334(a) and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware* dated as of February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper in this District and in the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. Notwithstanding Bankruptcy Rules 6004(h) and 6006(d), and to any extent necessary under Bankruptcy Rule 9014 and Rule 54(b) of the Federal Rules of Civil Procedure, as made applicable by Bankruptcy Rule 7054, the Court expressly finds that there is no just reason

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Sale Motion.

for delay in the implementation of this Sale Order, and expressly directs entry of judgment as set forth herein.

C. The statutory predicates for the relief requested in the Sale Motion are sections 105(a), 363(b), (f), and (m), and 365 of the Bankruptcy Code, Bankruptcy Rules 2002(a)(2), 6004, 6006, 9007 and 9014 and Local Rules 2002-1, 6004-1 and 6006-1.

D. The Court entered the Bidding Procedures Order on January 6, 2020 [D.I. 218].

E. The findings of fact and conclusions of law set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. Any findings of fact or conclusions of law stated by the Court on the record at the Sale Hearing are hereby incorporated, to the extent they are not inconsistent herewith.

II. The Auction and Remaining Assets

A. On January 22, 2020, the Debtors held the Auction to sell certain Remaining Assets designated in the Auction Notice. The sale of each Remaining Asset sold at the Auction has been approved by the Sale Orders docketed at numbers 409, 419, 420 and 421.

B. The Debtors did not sell all of their Remaining Assets at the Auction and Sale Hearing. A non-exclusive list of the Remaining Assets that were not sold at the Auction or the Sale Hearing is attached hereto as **Schedule 1**.

C. The Debtors have articulated good and sufficient reasons for the Bankruptcy Court to grant the relief requested in the Sale Motion and this Sale Order.

D. The disclosures made by the Debtors concerning the Sale Motion, the Auction and Sale Hearing were good, complete and adequate.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED

THAT:

General Provisions

1. The Sale Motion, with respect to the Remaining Assets that are not already the subjects of Sale Orders, is adjourned to a date to be determined.

Approval of Sale Procedures for the Remaining Assets

2. The Bidding Procedures will not apply to the marketing and sale of the Remaining Assets.

3. The following sale procedures for the Remaining Assets (the “Remaining Asset Sale Procedures”) are APPROVED as follows:

The Debtors are authorized to market and consummate the sale or transfer of the Remaining Assets (a “Remaining Asset Sale”), in one or several lots and in any individual transaction or series of related transactions to a single buyer or group of related buyers, for which the Debtors have determined, in the reasonable exercise of their business judgment, in consultation with the Consultation Parties,³ that such transaction(s) is in the best interest of their estates; provided that the Debtors adhere to the following procedures:

- (a) Marketing. The Debtors are currently marketing the Remaining Assets and may continue to market each Remaining Asset until it is sold subject to a sale order entered by this court (a “Sale Order”). For the avoidance of doubt, the Debtors will continue outreach to parties that may have expressed interest after the Debtors receive an Approved Bid (as defined below).
- (b) Bid Submissions. Any bid submissions to the Debtors pursuant to these Remaining Asset Sale Procedures must be directed to each of the following persons unless otherwise provided (collectively, the “Bid Notice Parties”):
 - i. *Debtors*. Kathryn Wouters and Chase Welsh, Celadon Group, Inc., 9503 East 33rd Street, One Celadon Drive, Indianapolis, Indiana 46235, kwouters@celadontrucking.com and cwelsh@celadontrucking.com.

³ The “Consultation Parties” shall be counsel to the Committee, the Prepetition ABL Agent, and the DIP Agent (all as defined in the Final DIP Order) [D.I. 230].

- ii. *Debtors' Counsel.* Stuart M. Brown and Matthew S. Sarna, DLA Piper LLP (US), 1201 N. Market St., Ste. 2100, Wilmington, Delaware 19801, stuart.brown@us.dlapiper.com, matthew.sarna@us.dlapiper.com; and Richard A. Chesley and Jamila Justine Willis, DLA Piper LLP (US), 1251 Avenue of the Americas, New York, New York 10020, richard.chesley@us.dlapiper.com, Jamila.willis@us.dlapiper.com.
 - iii. *Debtors' Financial Advisor.* Brian Maloney and Michael Oestreich, Alix Partners, 909 Third Avenue, 3rd Fl., New York, New York 10022, bmaloney@alixpartners.com; moestreich@alixpartners.com
- (c) Approved Bid Requirements. In the exercise of their reasonable business judgment, and after consultation with the Consultation Parties and upon receiving approval from the DIP Agent, the Debtors shall be authorized to accept an bid (a "Bid") to purchase a Remaining Asset or lot of Remaining Assets by executing a purchase agreement (which shall substantially be in the form attached hereto as Exhibit A), provided that such Bid meets the following requirements (a "Bid Requirements"):
- i. *Assets.* Each Bid must clearly state which Remaining Assets the bidder is offering to purchase.
 - ii. *Purchase Price.* Each Bid must clearly set forth the purchase price to be paid (the "Purchase Price"). The Bid must meet or exceed the minimum bid price ("Minimum Bid") that has been designated in Schedule 1 annexed hereto for a particular Remaining Asset. To the extent that a single Bid is made for more than one Remaining Asset, the Bid must meet the cumulative total of the Minimum Bid for such Remaining Assets. The Debtors reserve the right to accept or reject any Bid even if it exceeds a Minimum Bid.
 - iii. *Deposit.* With a Bid, a bidder must submit by wire transfer of immediately available funds, a cash deposit in the amount not less than ten percent (10%) of the aggregate Purchase Price set forth in the Bid, to be held in a noninterest-bearing escrow account to be identified and established by the Debtors (the "Deposit").
 - iv. *Assumption of liabilities.* Each Bid must expressly identify the liabilities, contracts and leases related to such Remaining Asset or Remaining Assets that the bidder desires to (A) assume or (B) provide for or satisfy, including cure amounts as required under section 365 of the Bankruptcy Code.
 - v. *Contingencies; No financing or diligence outs.* A Bid shall not be conditioned on (A) obtaining financing, (B) shareholder, board of directors, or other internal approval, or (C) the outcome or completion

of a due diligence review by the bidder. Notwithstanding the foregoing, a Bid may be subject to (A) the accuracy at the closing of the sale of specified representations and warranties or (B) the satisfaction at the closing of the sale of specified conditions, which shall not be more burdensome to the Debtors, as determined by the Debtors (in consultation with the DIP Agent).

- vi. *Identity.* Each Bid must fully disclose the identity of each entity that will be bidding or otherwise participating in connection with such Bid (including each equity holder or other financial backer of the bidder if such bidder is an entity formed for the purpose of consummating a sale of one or more Remaining Assets), and the complete terms of any such participation. Under no circumstances shall any undisclosed principals, equity holders, or financial backers be associated with any Bid. Each Bid must also include contact information for the specific persons and counsel whom the Debtors and their advisors should contact regarding such Bid. Each Bid must also disclose any past or present connections or agreements with the Debtors, any other bidder and its affiliates, and/or any officer or director of the foregoing (including any current officer or director of the Debtors).
- vii. *Demonstrated financial capacity.* A bidder must have, in the Debtors' business judgment (in consultation with the Consultation Parties), the necessary financial capacity to consummate the proposed transactions required by its Bid and provide adequate assurance of future performance under all contracts that such bidder proposes that the Debtors assume and assign to the bidder, if any.
- viii. *Authorization.* Each Bid must contain evidence that the bidder has obtained authorization or approval from its board of directors (or a comparable governing body acceptable to the Debtors in consultation with the Consultation Parties) with respect to the submission of its Bid and the consummation of the transactions contemplated in such Bid.
- ix. *Documents Evidencing Financing.* Each bidder must provide copies of any documents evidencing any financing commitments necessary to consummate the transaction upon request of the Debtors or any Consultation Party.
- x. *Consent to Jurisdiction.* Each bidder must submit to the jurisdiction of the Court and waive any right to a jury trial in connection with any disputes relating to Debtors' qualification of Bids, the construction and enforcement of these Remaining Asset Sale Procedures, and the closing of the sale, as applicable.

A Bid that meets the Bid Requirements is an "Approved Bid".

(d) Sale Notice and Objection Period.

- i. *Certificate of Counsel and Supporting Declaration.* Upon the Debtors' acceptance, subject to approval of the Court, of an Approved Bid (after consultation with the Consultation Parties and consent by the DIP Agent), the Debtors shall file a certificate of counsel (a "Certificate of Counsel") that attaches:
 - A. the fully executed purchase agreement pertaining to the one or more lots of Remaining Assets subject to the Approved Bid; and
 - B. a declaration ("Supporting Declaration") that provides support for the sale of the Remaining Asset(s) free and clear of any liens on such Remaining Asset(s), and sets forth an evidentiary record to support such sale without need for a hearing, including (i) identification of the Remaining Assets being sold or transferred, (ii) identification of the purchaser or transferee of the assets and their relationship (if any) to the Debtors, (iii) the selling price, (iv) the significant terms of the sale or transfer agreement, including, but not limited to, any payments to be made by the Debtors on account of commission fees to agents or brokers for the potential purchaser, and (v) the intended use of the proceeds from such sale (the "Proposed Transaction Summary Information").

For the avoidance of doubt, if only one acceptable Bid is received, the Debtors may file a Certification of Counsel seeking approval of such Bid, or if multiple Bids are received, the Debtors may file a Certification of Counsel seeking approval of the highest or otherwise best Bid or proceed to conduct an Auction, as further described below.

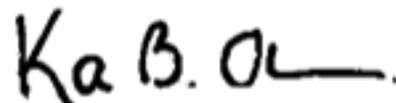
- ii. *Notice of the Certificate of Counsel and Supporting Declaration.* The Debtors shall provide the Certificate of Counsel and the Supporting Declaration to (i) all entities known to have expressed an interest in a transaction with respect the Remaining Asset(s) subject to the Approved Bid during the past six (6) months; (ii) all entities known to have asserted any interest in or upon any of the Remaining Assets; (iii) all federal, state, and local regulatory or taxing authorities or recording offices which have a reasonably known interest in the Remaining Asset(s); (iv) known counterparties to any unexpired leases or executory contracts that could potentially be assumed and assigned to the potential purchaser; (v) the Office of the United States Trustee for the District of Delaware; and (vi) counsel to the Committee; (vii) counsel to the DIP Agent (collectively, the "Notice Parties").

- iii. *No Alternative Bids or Objections.* After ten (10) calendar days after filing the Certification of Counsel (“Notice Period”) without objection, the Debtors shall file a certificate of no objection (“CNO”) attaching a proposed order (“Proposed Sale Order”) approving the purchase agreement attached to the Certificate of Counsel; provided that the Debtors have not previously received other higher or otherwise better bids for such Remaining Assets.
 - iv. *Alternative Bids and Telephonic or Other Auction Procedures.* If the Debtors have previously received alternate Bids for certain Remaining Assets, or within the Notice Period receive higher or otherwise better Bids (including if such Bid is in the form of an objection to the Certificate of Counsel), the Debtors may conduct a telephonic or other style of auction (an “Auction”) that shall proceed under procedures and on a date and time that shall be set in the Debtors’ discretion, in consultation with the Consultation Parties. At the conclusion of the Auction, the Debtors shall file a Certificate of Counsel that attaches (A) the fully executed purchase agreement from the winning Bid at the Auction, (B) a Supporting Declaration, which identifies the original proposed sale transaction and sets forth the modifications to the original proposed sale, including the revised Proposed Transaction Summary Information, and (C) the Proposed Sale Order.
 - v. *Objections to the Certificate of Counsel.* If a written objection to any such Certification of Counsel is filed with the Court within the Notice Period, then the relevant Remaining Assets shall only be sold or transferred upon submission of a consensual form of order resolving the objection as between the Debtors and the objecting party or further order of the Court after a hearing, which shall be not later than the next omnibus hearing after the submission of any such objection.
- (e) The Debtors’ Fiduciary Obligations. At all times prior to the entry of a Sale Order approving the sale of a Remaining Asset, the Debtors shall reserve the right to exercise their fiduciary duties and terminate a purchase agreement.
 - (f) Sales are Free and Clear of All Liens. All Remaining Asset sales shall be free and clear of any and all liens, claims, encumbrances and interests, with the except for leases, if any, on any portion of a Remaining Asset, with such liens attaching only to the sale or transfer proceeds, if any, with the same validity, extent, and priority as had attached to the Remaining Assets.
- 4. The requirements of Bankruptcy Rule 6003(b) are satisfied.
 - 5. The requirements of Bankruptcy Rule 6004(a) are waived.

6. The Debtors are hereby authorized to take all actions necessary to effectuate the relief granted in this Sale Order.

7. This Court retains jurisdiction over any and all matters related to or arising from the interpretation or implementation of this Sale Order.

Dated: February 4th, 2020
Wilmington, Delaware

Handwritten signature of Karen B. Owens in black ink.

KAREN B. OWENS
UNITED STATES BANKRUPTCY JUDGE

Schedule 1

(Remaining Assets)

Schedule of Remaining Assets and Minimum Bids

	Remaining Asset Name	Remaining Asset Location	Minimum Bid
1.	9050 E. 33rd St.	9050 East 33rd Street Indianapolis, IN	\$1,250,000
2.	9503-9517 E. 33rd St.	9503-9517 East 33rd Street Indianapolis, IN	\$2,300,000
3.	10010 Conveyor Drive	10010 Conveyor Drive Indianapolis, IN	\$1,100,000
4.	9702 E. 30th St.	9702 East 30th Street Indianapolis, IN	\$4,900,000
5.	9920 E. 30th St.	9920 East 30th Street Indianapolis, IN	\$1,300,000
6.	Richmond, VA	5600 Midlothian Turnpike Richmond, VA	\$2,500,000
7.	Cockeysville, MD	221 Cockeysville Road Hunt Valley / Cockeysville, MD	\$2,750,000
8.	Butler, IN	110 East Oak Street Butler, IN	\$300,000
9.	Gadsden, AL	Osborn Lot, Tallahassee Street and Crenshaw Avenue Gadsden, AL	\$75,000
10.	Wroxeter, ON	1001 Belmore Line Wroxeter, ON, N0G 2X0	\$700,000

EXHIBIT A

(Form of Purchase Agreement)

ASSET PURCHASE AGREEMENT

This AGREEMENT (the “Agreement”) dated February [], 2020 (the “Effective Date”), is entered into by and between **CELADON GROUP, INC.** (“Celadon”), a Delaware corporation, and any of Celadon’s subsidiaries that becomes a signatory hereto (together with Celadon, “Seller”), and [BUYER], a [STATE OF ORGANIZATION AND ENTITY] (“Buyer”).

Witnesseth:

WHEREAS, Seller is the owner of certain real property located in [LOCATION], as more specifically described below;

WHEREAS, Seller, together with certain of its affiliates and subsidiaries, commenced voluntary proceedings under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) by filing petitions for relief in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) on December 8, 2019; and

WHEREAS, Sellers have agreed to sell to Buyer, and Buyer has agreed to purchase, the Property.

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties hereto agree as follows:

1. **Sale of Property.** Seller has agreed to sell to Buyer, and Buyer agrees to buy from Seller, the following:

1.1. **Real Property.** The real property located at [LOCATION] described on the attached Exhibit A (“Land”) together with all buildings, improvements and fixtures constructed or located on the Land (“Buildings”) and all easements and rights benefiting or appurtenant to the Land (collectively the “Real Property”).

1.2. **Personal Property.** The personal property located on the Land and owned by Seller, including, without limitation, as described in the attached Exhibit B (the “Personal Property”) and together with the Real Property, the “Property”); provided that Personal Property shall not include any rolling stock.

2. **Purchase Price and Manner of Payment.** The total purchase price (“Purchase Price”) to be paid for the Property shall be [PURCHASE PRICE]. The Purchase Price shall be payable as follows:

2.1. Within one (1) business day of execution of this Agreement by Seller and Buyer, Buyer shall deposit the sum of [TEN PERCENT (10%) OF THE PURCHASE PRICE] as earnest money as may be increased under Section 4 (the “Earnest Money”) with First American Title Insurance Company, 211 North Pennsylvania Street, Suite 1250, Indianapolis, Indiana 46204, Attn: Monica Chavez, National Manager (the “Title Company”). The Earnest Money shall remain on deposit in

accordance with Section 4 and Section 15, and shall otherwise be held by the Title Company in accordance with this Agreement; and

2.2. The balance of the Purchase Price, subject to any adjustments as set forth herein, shall be payable in certified funds or by electronic transfer of funds on the "Closing Date" (as hereinafter defined).

3. Contingencies. The obligation of the Seller is contingent upon the entry of a sale order by the Bankruptcy Court pursuant to section 363 of the Bankruptcy Code, which shall find the Buyer to be a "good faith purchaser" under section 363(m) of the Bankruptcy Code, provide for the sale of the Property free and clear of any and all liens, claims, encumbrances and interests, except for leases (if any) ("Leases") of the Real Property, and shall be reasonably acceptable to the Buyer (the "Sale Order"), which Sale Order shall become a final, non-appealable order (a "Final Order"). In the event the Sale Order is not entered on or before [] or has not become a Final Order on or before [], Buyer shall have the right to terminate this Agreement and receive a return of the Earnest Money; provided, however, the requirement that the Sale Order be a Final Order may be waived by the Buyer in its sole discretion. The obligation of Buyer is contingent upon the satisfaction of the conditions set forth in this Agreement.

4. Conditions to Purchase of Property. Buyer's obligation to purchase the Property is subject to the following conditions, which must be satisfied on or before 11:59 p.m. (CST) on the date which is fifteen (15) business days ("Initial Conditions Period") after the Effective Date (the "Initial Conditions Date"), or if not satisfied, waived in writing by Buyer:

(a) Title. Buyer shall order from the Title Company a commitment for an owner's policy of title insurance, in a form acceptable to Buyer, insuring Buyer or its nominee as proposed owner for an amount equal to the Purchase Price (the "Title Commitment"). The Title Commitment shall include any endorsements requested by Buyer. The final policy of title insurance shall insure title to the Property free and clear of all liens, restrictions, easements, violations of zoning and building ordinances, and encumbrances other than current taxes not delinquent, the Leases (if any), and exceptions agreed to by Buyer in writing prior to Closing (the "Permitted Exceptions"). The costs related to the Title Commitment and final policy issued pursuant to said commitment shall be paid by Buyer. The costs related to endorsements to the final policy shall be paid by Buyer.

(b) Survey. Buyer may obtain at its expense an ALTA survey of the Property. Buyer shall provide Seller with a copy of a plat of the survey, and the legal description of the Property in the Deed shall include a metes and bounds description of the Property derived from Buyer's survey.

(c) Approvals and Zoning. Buyer shall have determined, in its reasonable discretion, that the zoning of the Property is acceptable to Buyer, in its reasonable discretion, with all classifications, variances, permissions, exceptions, conditional uses, plat and other approvals deemed necessary or appropriate by Buyer for use in connection with Buyer's intended use of the Property having been obtained from all applicable governmental agencies and such approvals being final, non-appealable and in full force and effect.

(d) Utilities. Buyer shall have determined, in its reasonable discretion, that all utilities (water, gas, electricity, telephone, cable, sewer and storm drainage) are, or can be made, available to the Property in quantities and at costs acceptable to Buyer.

(e) Development Conditions. Buyer shall have determined, in its reasonable discretion, that the Property is in suitable condition for Buyer's intended use as a [DESCRIPTION] at costs acceptable to Buyer, including conditions related to access, required permits, soil conditions, environmental matters, development restrictions, on and off-site improvements, and any wetlands or woodlands which affect the Property.

(f) Improvements. Buyer shall have determined that all improvements, if any, on the Property are located entirely within the bounds thereof, and that there are no encroachments upon the Property by improvements or appurtenances on property adjoining the Property; and Buyer shall have determined that there are no existing violations of zoning ordinances or other laws, ordinances, restrictions or covenants applicable to the Property.

Seller shall use its reasonable business judgment in cooperating with Buyer on all matters pertaining to the satisfaction of the foregoing conditions. The results of all inspections, tests, examinations and studies of the Property performed (or provided to Buyer) during the Initial Conditions Period must be suitable to Buyer, in its reasonable discretion. Prior to the expiration of the Initial Conditions Period, Buyer may notify Seller that such results are suitable to Buyer by delivering to Seller a written Notice of Suitability ("Notice of Suitability"). If Buyer fails for any reason to send Seller the Notice of Suitability by the expiration of the Initial Conditions Period, then Buyer's right to terminate this Agreement shall be waived. If Buyer notifies Seller in writing at any time during the Initial Conditions Period that the conditions set forth in this Section 4 are not satisfied by the expiration of the Initial Conditions Period or the results of its inspections, tests, examinations or studies are not suitable to Buyer (an "Objection Notice"), then Buyer shall have the right to terminate this Agreement under Section 15(d) and be entitled to an prompt refund of all the Earnest Money in accordance with Section 15(d), and thereafter neither party shall have any further obligation to the other hereunder.

5. Delivery of Information. Within five (5) days after the Effective Date, Seller shall deliver to Buyer copies of all of the following materials, to the extent they are in the possession or control of Seller: (i) all surveys, (ii) all title reports, commitments and policies, (iii) all zoning documents, construction plans, approved site plans or plats, permits, development orders or other documents of entitlement obtained by or assigned to Seller prior to Closing, including any applications therefor, (iv) all reports, documents and surveys regarding rock tests and other soil conditions, (v) all environmental studies and reports, including without limitation Phase I reports, (vi) all wetland delineation studies, (vii) all other reports, studies and other materials that pertain to environmental hazards, wetlands, flood studies or any aspect of the physical or environmental condition of the Property or other property in the vicinity of the Property, (viii) all existing or proposed Leases, licenses, easements and contracts (including without limitation, service and management contracts) affecting the Property, and (ix) any warranties relating to the Property.

6. Rights of Buyer. From and after the Effective Date, and at Buyer's cost and expense, Buyer, its agents, employees and contractors shall have the right to enter upon the Property at reasonable times to make studies, conduct tests and surveys, take borings or perform other tests of

surface and subsurface conditions, and perform all other similar acts which Buyer deems necessary or appropriate in connection with the purchase and development of the Property, including without limitation obtaining a Phase I and Phase II environmental report.

7. Closing. The closing of the purchase and sale contemplated by this Agreement (the “Closing”) shall occur within ten (10) days following the later of (a) the date the Sale Order becomes a Final Order, or (b) the Initial Conditions Date (the “Closing Date”) unless extended by mutual agreement of the parties. The Closing shall take place at a time and on a date agreeable by Seller and Buyer and shall occur in escrow at the Title Company. Possession of the Property shall be delivered to Buyer at the Closing free of any rights of any third parties

7.1. Seller’s Closing Documents. On the Closing Date, Seller shall have executed and delivered or caused to be delivered to Buyer the following (collectively, “Seller’s Closing Documents”), all in form and content reasonably satisfactory to Buyer:

7.1.1. Deed. A Quitclaim Deed conveying the Real Property to Buyer. Title shall be free and clear of all liens.

7.1.2. FIRPTA Affidavit. A non-foreign affidavit, properly executed, containing such information as is required by Internal Revenue Code Section 1445(b)(2) and its regulations.

7.1.3. IRS Forms. A Designation Agreement designating the “reporting person” for purposes of completing Internal Revenue Form 1099 and, if applicable, Internal Revenue Form 8594.

7.1.4. Vendor’s Affidavit. A vendor’s affidavit acceptable to the Title Company, if any, to remove the general preprinted exceptions.

7.1.5. Assignment of Contracts, Permits and Warranties. An assignment of such materials.

7.1.6. Sales Disclosure Form. An [STATE OF PROPERTY LOCATION] sales disclosure form.

7.1.7. Sale Order. A certified copy of the Sale Order.

7.1.8. [Tenant Estoppel Certificates. Estoppel certificates executed by each of the tenants of the Property other than Seller, in a form substantially similar to Exhibit C attached hereto and made a part hereof, provided however, if notwithstanding Seller’s commercially reasonable efforts, Seller is unable to obtain such estoppel certificates, such certificates shall not be a condition of closing.]

7.1.9. Other Documents. All other documents reasonably determined by Buyer or Title Company to be necessary to transfer title to the Real Property to Buyer free and clear except Permitted Exceptions to title.

- 7.2. Buyer's Closing Documents. On the Closing Date, Buyer will execute and deliver to Seller the following (collectively, "Buyer's Closing Documents"):
- 7.2.1. Purchase Price. Funds representing the Purchase Price, by electronic transfer of immediately available funds.
 - 7.2.2. Assumption of Contracts, Permits and Warranties. An Assumption of Contracts, Permits and Warranties, if any, assuming Seller's obligations under such documents.
 - 7.2.3. IRS Form. To the extent required by the Internal Revenue Code, a Designation Agreement designating the "reporting person" for purposes of completing Internal Revenue Form 1099 and, if applicable, Internal Revenue Form 8594.
 - 7.2.4. Sales Disclosure Form. An [STATE OF PROPERTY] sales disclosure form.
 - 7.2.5. Sale Order. A certified copy of the Sale Order.
 - 7.2.6. Other Documents. All other documents reasonably determined by Seller or Title Company to be necessary to complete the transaction contemplated by this Agreement.
8. Allocation of Costs. Seller and Buyer agree to the following allocation of costs regarding this Agreement:
- 8.1. Title Insurance and Closing Fee. Buyer shall pay the cost of the owner's policy of title insurance, the cost of recording the deed and any documents necessary to remove any liens from the Property and all closing fees or charges imposed by the Title Company.
 - 8.2. Taxes and Assessments. Seller shall be responsible for all real estate taxes due and payable for the period up until the Closing Date. Real estate taxes becoming a lien during the year in which the Closing occurs shall be prorated on a calendar year basis between Seller and Buyer as of the Closing Date. If the tax rate and/or assessed value for the current year have not been determined at the time of the Closing, said rate and/or assessed value shall be assumed to be equal to that of the prior year for the purpose of such proration and credit for due but unpaid taxes. Except as set forth above, Seller shall assume no responsibility or liability for any real property taxes or other assessments.
 - 8.3. Utilities. Seller shall either ensure that utility service to the Real Property is disconnected as of the Closing Date or shall cooperate with Purchaser in having such utility services transferred to Purchaser's account. All contracts relating to operating the Real Property shall be canceled as of the Closing Date.
 - 8.4. Attorney's Fees. Each of the parties will pay its own attorney's fees.

- 8.5. [Rents and Lease matters. Rents and all other sums payable by tenants under the Leases (collectively, “Rents”), all as and when actually collected (whether such collection occurs prior to, on or after the Closing Date); shall all be prorated as of 12:01 a.m. prevailing Eastern Time on the Closing Date, with Buyer deemed the owner of the Property on the entire Closing Date. If, as of the Closing Date, any Rent is in arrears (the “Delinquent Rent”) under any Lease for the Closing Month, then Seller's portion of the first rent collected by Buyer following the Closing Date and applicable to the Closing Month will be delivered to Seller to be applied to the Delinquent Rent for the Closing Month. If Delinquent Rent is in arrears for a period prior to the Closing Month, then rents collected by Buyer following the Closing Date shall first be applied to rent due for the Closing Month (prorated between Seller and Buyer) and then to the current month's rent (if after the Closing Month) and then to Delinquent Rent for such prior period up to a maximum prior period of ninety (90) days. Buyer shall deliver Seller's pro rata share within ten (10) Business Days of Buyer's receipt of any Delinquent Rent. To the extent legally permitted, the amount of any security deposits held by Seller under the Leases (together with accrued interest thereon if required by law or by the terms of the Leases), shall be credited against the Purchase Price (and Seller shall be entitled to retain such security deposits), and thereafter Buyer shall be solely obligated for the return of such security deposits and, to the extent required by law, the deposit of such security deposit amount into an account concurrently with the Closing. If any of the aforesaid prorations and adjustments cannot be calculated accurately on the Closing Date, then the same shall be calculated on an estimated basis at Closing, and within sixty (60) days thereafter shall be recalculated. Either party owing the other party a sum of money based on proration(s) calculated after the Closing Date shall promptly pay said sum to the other party, accompanied by reasonable back-up information.]
- 8.6. Cure Costs. All cure costs that must be paid pursuant to section 365 of the Bankruptcy Code in connection with the assumption and assignment of any contracts shall be paid by Buyer.
9. [Reserved].
10. Representations and Warranties by Seller. Seller represents and warrants to Buyer as of the Execution Date as follows:
- 10.1. Existence; Authority. Subject to obtaining the Order, Seller has the requisite power and authority to enter into and perform this Agreement and to execute and deliver Seller's Closing Documents; such documents have been duly authorized by all necessary action.
- 10.2. Contracts. Seller has made available to Buyer a correct and complete copy of any Contract and its amendments which will survive a closing hereunder, if any.
- 10.3. Operations. Seller has received no written notice of actual or threatened cancellation or suspension of any utility services for any portion of the Real

Property. Seller has received no written notice of actual or threatened special assessments or reassessments of the Real Property.

- 10.4. Litigation. To Seller's knowledge, there is no litigation or proceeding pending or threatened against or relating to the Real Property, nor does Seller know of or have reasonable grounds to know of any basis for any such action or claim.
- 10.5. Violations. There is not pending, or to Seller's knowledge, threatened, from any federal, state, city or local authority any notice, suit or judgment relating to any violation at the Real Property; and there is no condition existing with respect to the Real Property that violates any statute, ordinance, law or code regarding zoning, building, fire, air pollution, or health law, or requiring any improvement, alteration, addition, correction or other work on or about the Real Property, whether related to the Real Property or to the activities of any owner or occupant thereof.
- 10.6. Improvements/Assessments. There are no public improvements which have been ordered to be made or assessed, and there are no special, general, or other assessments pending, threatened against or affecting the Real Property.
- 10.7. Other Agreements. Seller has not entered into any other contracts, agreements or understandings, verbal or written, for the sale or transfer of any portion of the Real Property. From and after the Effective Date, no part of the Real Property will be alienated, encumbered or transferred except [by the Leases and as otherwise and] as contemplated by this Agreement
- 10.8. Development Obligations. There are no special understandings or agreements, whether oral or written, between Seller or any predecessor in title, and any jurisdictional authority, whether contained in ordinances, agreements or otherwise, limiting or defining the use and development of the Real Property, the construction of improvements thereon, the availability to the Real Property of public improvements and municipal services, any requirement to share in the cost thereof by recapture, contribution, special assessment or otherwise.
- 10.9. Landfill/Flood Areas. No landfill has occurred on the Real Property and no debris has been buried or placed on the Real Property. No portion of the Real Property is located in any flood zone, flood hazard area, flood plain or similarly designated zone on the applicable FEMA maps. No wetlands, as defined by any authority, exist on any portion of the Real Property. If a wetlands delineation or study has been performed, Seller has heretofore provided Buyer with a copy of the report at Seller's expense.
- 10.10. Environmental. The Real Property, including the land, surface water, ground water, and any improvements, is free of material "contamination" from (i) any "hazardous waste," any "hazardous substance," and any "oil, petroleum products, and their by-products," as such terms are defined by any federal, state, county or local law, ordinance, regulation or requirement applicable to any portion of the Real Property, as the same may be amended from time to time, and including any regulations

promulgated thereunder, and (ii) any substance the presence of which on the Real Property is regulated or prohibited by any law (collectively, “Hazardous Substances”). “Contamination” means the presence of Hazardous Substances at the Real Property or arising from the Real Property that may require remediation or cleanup under any applicable law. Seller has not used any Hazardous Substances on, from or affecting the Real Property in any manner that violates any applicable law, and to Seller’s knowledge, no prior owner or user of the Real Property has used such substances on, from, or affecting the Real Property in any manner which violates any applicable law. Except as set forth on Schedule 1, there are not now, nor, during the past two (2) years, have there been on or in the Real Property underground storage tanks or surface impoundments, asbestos-containing materials, or any material spills of polychlorinated biphenyls, including those used in hydraulic oils, electric transformers or other equipment. Without limiting in any respect the generality of the foregoing, to the Seller’s knowledge, there are no actual or alleged health issues applicable to any portion of the Real Property. To the Seller’s knowledge, the copies of any environmental report that may have been delivered by Seller to Buyer, are materially complete and accurate copies of the same and Seller has no other environmental reports, tests or audits in its possession or under its control, and Seller has no knowledge of any other environmental reports, tests or audits regarding any portion of the Real Property existing elsewhere.

- 10.11. FIRPTA. Seller is not a “foreign person”, “foreign partnership”, “foreign trust” or “foreign estate”, as those terms are defined in Section 1445 of the Internal Revenue Code.

Seller makes no representation or warranty concerning the physical, financial, environmental (or other) condition of the Property, except as otherwise herein provided.

11. Casualty; Condemnation. If all or any part of the Property is materially damaged by fire, casualty, the elements or any other cause, Seller shall immediately give notice to Buyer, and Buyer shall have the right to terminate this Agreement and receive back all Earnest Money by giving notice within thirty (30) days after Seller’s notice. If eminent domain proceedings are threatened in writing or commenced against all or any part of the Real Property, Seller shall immediately give notice to Buyer, and Buyer shall have the right to terminate this Agreement and receive back all Earnest Money by giving notice within thirty (30) days after Seller’s notice. Termination of this Agreement and return of all Earnest Money are Seller’s sole remedies.

12. Broker’s Commission. There is no broker’s commission for the sale of the Property.

13. Notices. Any notice required or permitted hereunder shall be given by personal delivery upon an authorized representative of a party hereto; or if mailed by United States certified mail, return receipt requested, postage prepaid; or if transmitted by facsimile copy followed by mailed notice; or if deposited cost paid with a nationally recognized, reputable overnight courier, properly addressed as follows:

If to Seller:

c/o Celadon Group, Inc.

9503 East 33rd Street
One Celadon Drive
Indianapolis, Indiana 46235

With Copy to: DLA Piper LLP (US)
444 West Lake Street, Suite 900
Chicago, Illinois 60606
Attention: Richard A. Chesley

If to Buyer: []

Attention:

With Copy to: []

Attention:

Notices shall be deemed effective on the date of receipt. Any party may change its address for the service of notice by giving notice of such change ten (10) days prior to the effective date of such change.

14. Miscellaneous. The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement, and are not to be considered in interpreting this Agreement. This written Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the Real Property. There are no verbal agreements that change this Agreement, and no waiver of any of its terms will be effective unless in a writing executed by the parties. This Agreement binds and benefits the parties and their successors and assigns. This Agreement has been made under the laws of the State of Delaware, and any suit must be brought in the Bankruptcy Court.

15. Remedies.

a) If Buyer defaults on any of its material obligations under this Agreement, and if Buyer fails to cure such default within ten (10) days of the date of notice of such default from Seller, then Seller shall have the right to terminate this Agreement by giving written notice of termination to Buyer (a “Buyer Termination Event”). If Seller terminates this Agreement as a result of a Buyer Termination Event, Buyer agrees that Seller will receive the Earnest Money from the Title Company and be entitled to retain the Earnest Money, time being of the essence of this Agreement. The termination of this Agreement and retention of the Earnest Money by the Seller will be the sole remedy available to Seller in respect of such Buyer Termination Event and such underlying breach, and Buyer will not be liable for damages or specific performance.

b) If Seller terminates this Agreement for any reason other than as a result of a Buyer Termination Event, Seller agrees that Buyer shall be refunded the Earnest Money and such

refund will be the sole remedy available to Buyer in respect of such termination, and Seller will not be liable for damages or specific performance; provided that in the event Seller, in the exercise of its fiduciary duties, terminates this Agreement to sell the Property to third party (“Alternative Transaction”), Buyer shall be entitled to receive a break-up fee of 3% of the Purchase Price out of the proceeds of the Alternative Transaction.

- c) If Seller defaults on any of its material obligations under this Agreement, and if Seller fails to cure such default within ten (10) days of the date of notice of such default from Buyer, then Buyer shall have the right to terminate this Agreement by giving written notice of termination to Seller (a “Seller Termination Event”). If Buyer terminates this Agreement as a result of a Seller Termination Event, Seller agrees that Buyer shall be refunded the Earnest Money, time being of the essence of this Agreement. The termination of this Agreement and refund of the Earnest Money to the Buyer will be the sole remedy available to Buyer in respect of such Seller Termination Event and such underlying breach, and Seller will not be liable for damages or specific performance.
- d) If Buyer has delivered an Objection Notice prior to the end of the Initial Conditions Period, then Buyer shall have the right to terminate this Agreement by giving written notice of termination to Seller within two business days of the date of such Objection Notice (an “Review Period Termination Event”). If Buyer terminates this Agreement as a result of an Review Period Termination Event, Seller agrees that the Earnest Money shall be refunded to Buyer and such refund shall be the sole remedy available to Buyer in respect of such Review Period Termination Event or the underlying events, facts or circumstances giving rise to such Review Period Termination Event, and Seller will not be liable for damages or specific performance or any break-up fee. In the event this Agreement is terminated after the Initial Conditions Date or Buyer fails to provide written notice to Seller within two business days of the date of such Objection Notice, each of the conditions set forth in Section 4 shall be deemed to be satisfied and, except as provided in Section 15(c), the Earnest Money shall not be refunded to Buyer for any reason.

16. Buyer’s Examination. Buyer is relying solely upon its own examination of the Property and inspections in determining its condition (physical, environmental, financial and otherwise), character, and suitability for Buyer’s intended use of the Property and is not relying upon any representation by Seller or any broker, except for those made by Seller directly to Buyer in writing. Except for the representations and warranties made by Seller herein, Buyer agrees and acknowledges that it is accepting the Property “AS IS” subject to all faults of every kind and nature whatsoever, whether latent or patent, and whether now or hereafter existing, and Buyer acknowledges that it has based its decision to purchase the Property solely upon information obtained independently by Buyer. Buyer shall acquire the Property subject to all laws imposed upon the Property by any governmental or quasi-governmental authority having jurisdiction thereof. Buyer represents and warrants to Seller that Buyer has not relied, and will not rely, upon the representation or statement, or the failure to make any representation or statement, by Seller or Seller’s agents, employees or by any person acting or purporting to act on the behalf of Seller with respect to the condition (physical, environmental, financial and otherwise) of the Property.

17. Non-Collusion and Acceptance. The undersigned attests, subject to the penalties for perjury, that he/she is the Buyer, or that he/she is the properly authorized representative, agent,

member or officer of the Buyer, that he/she has not, nor has any other member, employee, representative, agent or officer of the Buyer, directly or indirectly, to the best of the undersigned's knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he/she has not received or paid any sum of money or other consideration for the execution of this Agreement other than that which appears upon the face of this Agreement.

18. Assignment. Buyer's rights and obligations hereunder shall not be assignable, directly or indirectly or by operation of law, without the prior written consent of Seller; provided, however, that Buyer may, by written notice delivered to Seller on or prior to the Closing Date, designate any entity in which Buyer or an affiliate of Buyer (an entity which Buyer owns or controls at least a 10% equity interest) is the managing member, general partner or manager of such assignee or of such assignee's managing member, general partner or manager ("Permitted Assignee"), whereupon, provided such Permitted Assignee shall assume in writing, in form reasonably acceptable to Seller, all Buyer's agreements and obligations hereunder, Seller shall convey at Closing the Property (on behalf of Buyer) in accordance with such written instructions; provided that Buyer shall remain responsible and liable for all obligations under this Agreement unless otherwise agreed by the Seller in writing. Subject to the limitations described herein, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, Buyer and the Seller have, through their duly authorized representatives, entered into this Agreement. The parties, having read and understood the foregoing terms, do by their respective signatures dated below hereby agree to the terms thereof.

[Signature Pages Follow]

BUYER:

[BUYER]

By: _____

Name: _____

Its: _____

SELLER:

CELADON GROUP, INC., a Delaware corporation

By: _____

Name: _____

Its: _____

EXHIBIT A

Legal Description from the records of the State Land Office

EXHIBIT B

Description of Personal Property

[None, if not so listed]

EXHIBIT C

FORM OF ESTOPPEL CERTIFICATE

[insert date]

Tenant: _____

Attn: _____

To: GCP Assets LLC
25 S. Charles Street, Suite 1002A
Baltimore, Maryland 21201

Re: Premises: (Suite #/square footage)
Property: 221 Cockeysville Road, Cockeysville, MD 21030

1. _____, a _____ corporation, is the named Tenant (“Tenant”), and _____ is the Landlord (“Landlord”) under a Lease dated _____, located at the Property (“Property”) identified above. The Lease, together with the amendments:

(collectively, “Lease”) constitutes the entire agreement between Landlord and Tenant with respect to the Property and the Premises. There are no other lease documents, commitments, options or rights with respect to the Property or the Premises and there are no other representations, warranties, agreements, concessions, commitments, or other understandings between the Tenant and the Landlord regarding the Property or the premises demised other than as set forth in the Lease or this paragraph 1.

2. Tenant occupies Suite _____, with a Rentable Square Footage Area of _____ rentable square feet (the “Premises”).

3. The Term of the Lease commenced _____ and will expire _____. Tenant is the actual occupant in possession of the Premises and has not sublet, assigned or hypothecated its leasehold interest. All improvements to be constructed on the Premises by Landlord have been completed and accepted by Tenant and any tenant construction or improvement allowances have been paid.

4. As of this date, no breach or default exists on the part of Tenant under the Lease, and there exists no facts that, with the passage of time or the giving of notice, or both, would constitute a default. To Tenant’s knowledge, no breach or default exists on the part of Landlord under the Lease, and there exists no facts that, with the passage of time or the giving of notice, or both, would constitute a default. Neither Tenant nor Landlord has

commenced any action or given or received any notice for the purpose of terminating the Lease.

5. Base Rent is currently payable in the amount of \$_____ per month (which includes an expense stop equal to the amount of the operating expenses incurred by Landlord in the ____ calendar year and a real estate expense stop equal to the amount of the real estate taxes incurred by Landlord in the ____ calendar year.). Pursuant to the Lease, Tenant is obligated to pay as additional rent its pro-rata share of operating expenses and real estate taxes that exceed the operating expense stop and real estate expense stop set forth in the Lease. The monthly base rent has been paid through _____ and all additional rent has been paid on a current basis in the manner required under the Lease.

6. Tenant has paid the first monthly installment of rent in advance, and Tenant has no claim or defense against Landlord under the Lease and is asserting no offsets or credits against either the rent or Landlord. Tenant has no claim against Landlord for any security or other deposits except \$_____ which was paid pursuant to the Lease. Tenant has no right to any free rent, rent abatement, rent credit, or other rent concession, except:

7. Tenant has no right to renew or extend the term of the Lease, or to expand the size of the Premises, except:

Tenant has no interest in or option or preferential right to purchase all or any part of the Premises or the Property of which it forms a part, other than its right to lease the Premises as Tenant under the Lease.

8. Tenant has no rights of termination under the terms of the Lease except:

9. All insurance required of Tenant by the Lease has been provided by Tenant and all premiums paid.

10. There has not been filed by or against Tenant a petition in bankruptcy, voluntary or otherwise, any assignment for the benefit of creditors, any petition seeking reorganization or arrangement under the bankruptcy laws of the United States or any state thereof, or any other action brought under said bankruptcy laws with respect to Tenant.

11. Tenant has not received any notice of Landlord's prior sale, transfer, or assignment, hypothecation or pledge of the Lease or any of the rents or other amounts to be paid by Tenant pursuant thereto.

- 12. Tenant has received no notice from any governmental authority or other person or party claiming a violation of, or requiring compliance with, any Federal, State or local statute, ordinance, rule or regulation or the requirement of law for environmental contamination at the Premises, to the best knowledge of Tenant, the Tenant is in compliance with all applicable provisions of the Industry Site Recovery Act, and no hazardous, toxic, or polluting substances or wastes have been generated, treated, manufactured, stored, refined, used, handled, transported, released, spilled, disposed of or deposited by Tenant on, in or under the Premises.

This Tenant Estoppel Certificate may be relied upon by the Landlord, GCP Asset LLC, and any lender providing financing to acquire the Property.

WITNESS/ATTEST:

_____, a _____
 _____ (corp./part/llc)

By: _____
 Printed Name: _____
 Title: _____
 Date: _____

SCHEDULE 1

[None, if not so listed]

Appendix “E”

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

-----X
:

In re: : Chapter 11

:

CELADON GROUP, INC., *et al.*,¹ : Case No. 19-12606 (KBO)

:

Debtors. : (Jointly Administered)

:

: **Related D.I.: 219, 431**

: **Objection Deadline: October 26, 2020 at 4:00**

: **p.m. (ET)**

-----X

**CERTIFICATION OF COUNSEL REGARDING NOTICE
OF SALE OF NON-RESIDENTIAL REAL PROPERTY FREE AND CLEAR
OF LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, PURSUANT TO
THE REMAINING ASSETS SALE PROCEDURES ORDER [WROXETER PROPERTY]**

I, Stuart M. Brown, an attorney with DLA Piper LLP (US), as counsel to Celadon Group, Inc. and its affiliated debtors in the above-captioned chapter 11 cases (collectively, the “Debtors”), hereby certify the following:

1. On February 4, 2020, the Court entered the *Order (I) Approving Sale Procedures for the Debtors’ Remaining Assets and (II) Authorizing and Approving the Sale of Such Remaining Assets Free and Clear of Liens, Claims, Interests, and Encumbrances* (the “Remaining Assets Sale Procedures Order”) [D.I. 431],² which approved procedures to govern the sale of the Debtors’ non-

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Celadon Group, Inc. (1050); A R Management Services, Inc. (3604); Bee Line, Inc. (5403); Celadon Canadian Holdings, Limited (2539); Celadon E-Commerce, Inc. (2711); Celadon International Corporation (5246); Celadon Logistics Services, Inc. (0834); Celadon Mexicana, S.A. de C.V. (6NL7); Celadon Realty, LLC (2559); Celadon Trucking Services, Inc. (6138); Distribution, Inc. (0488); Eagle Logistics Services Inc. (7667); Hyndman Transport Limited (3249); Jaguar Logistics, S.A. de C.V. (66D1); Leasing Servicios, S.A. de C.V. (9MUA); Osborn Transportation, Inc. (7467); Quality Companies LLC (4073); Quality Equipment Leasing, LLC (2403); Quality Insurance LLC (7248); Servicios Corporativos Jaguar, S.C. (78CA); Servicios de Transportación Jaguar, S.A. de C.V. (5R68); Stinger Logistics, Inc. (3860); Strategic Leasing, Inc. (7534); Taylor Express, Inc. (9779); and Vorbas, LLC (8936). The corporate headquarters and the mailing address for the Debtors listed above is 9503 East 33rd Street, One Celadon Drive, Indianapolis, IN 46235.

² All capitalized terms used but not otherwise defined herein shall have the meaning ascribed in the Remaining Assets Sale Procedures Order.



residential real estate (“Remaining Assets”) that had not previously been sold during the auction held on January 22, 2020 and approved at the sale hearing conducted on January 30, 2020.

2. As further set forth in the supporting declaration, attached hereto as **Exhibit A**, in the exercise of their business judgment, upon receipt of consent from the Prepetition Term Loan Agent, the Debtors have accepted an Approved Bid for the sale of their non-residential real property located at 1001 Belmore Line, Wroxeter, Ontario, Canada (the “Wroxeter Property”).

3. Attached hereto as **Exhibit B** is the executed asset purchase agreement (“Purchase Agreement”) for the sale of the Wroxeter Property. The Purchase Agreement, submitted by Thalen Bros. Properties Ltd. (the “Purchaser”) for the purchase price of Canadian \$900,000.00, reflects the highest or otherwise best offer for the Wroxeter Property received by the Debtors.

4. Pursuant to the Remaining Assets Sale Procedures Order, the Debtors are hereby providing ten (10) days’ notice of the sale to the Purchaser. If after ten (10) days no objection to the sale is filed and served, the Debtors intend to file a certification of no objection and request that the Court enter an order approving the sale to the Purchaser free and clear of all claims, liens, encumbrances and interests, other than the Permitted Exception.

[Remainder of Page Intentionally Left Blank]

Dated: October 15, 2020
Wilmington, Delaware

Respectfully submitted,

DLA PIPER LLP (US)

/s/ Stuart M. Brown

Stuart M. Brown (DE 4050)
Matthew S. Sarna (DE 6578)
1201 North Market Street, Suite 2100
Wilmington, Delaware 19801
Telephone: (302) 468-5700
Facsimile: (302) 394-2341
Email: stuart.brown@us.dlapiper.com
matthew.sarna@us.dlapiper.com

-and-

Richard A. Chesley (admitted *pro hac vice*)
Jamila Justine Willis (admitted *pro hac vice*)
1251 Avenue of the Americas
New York, New York 10020
Telephone: (212) 335-4500
Facsimile: (212) 335-4501
Email: richard.chesley@us.dlapiper.com
jamila.willis@us.dlapiper.com

Counsel to the Debtors

EXHIBIT A

Supporting Declaration

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

-----x
 In re: : Chapter 11
 :
 : Case No. 19-12606 (KBO)
 CELADON GROUP, INC., *et al.*,¹ :
 : (Jointly Administered)
 Debtors. :
 -----x **Related D.I.: 219, 431**

**DECLARATION OF CHASE WELSH IN SUPPORT OF THE SALE OF
CERTAIN NON-RESIDENTIAL REAL PROPERTY FREE AND CLEAR OF
LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES, PURSUANT TO THE
REMAINING ASSETS SALE PROCEDURES ORDER /WROXETER PROPERTY/**

Pursuant to 28 U.S.C. § 1746, I, Chase Welsh, hereby declare and state as follows:

1. I was the Executive Vice President of Celadon Group, Inc. (“Celadon”), one of the above-captioned debtors (collectively, the “Debtors”) in the above-captioned chapter 11 cases, until Celadon ceased all operations on March 31, 2020. I continue to serve as an “Authorized Officer” of Celadon, and since April 1, 2020, I have served as an independent contractor for Celadon.

2. Except as otherwise indicated, all facts set forth in this declaration (“Declaration”) are based upon my personal knowledge of the Debtors’ operations, financial condition, and marketing and sale efforts; information learned from my review of relevant documents; and

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Celadon Group, Inc. (1050); A R Management Services, Inc. (3604); Bee Line, Inc. (5403); Celadon Canadian Holdings, Limited (2539); Celadon E-Commerce, Inc. (2711); Celadon International Corporation (5246); Celadon Logistics Services, Inc. (0834); Celadon Mexicana, S.A. de C.V. (6NL7); Celadon Realty, LLC (2559); Celadon Trucking Services, Inc. (6138); Distribution, Inc. (0488); Eagle Logistics Services Inc. (7667); Hyndman Transport Limited (3249); Jaguar Logistics, S.A. de C.V. (66D1); Leasing Servicios, S.A. de C.V. (9MUA); Osborn Transportation, Inc. (7467); Quality Companies LLC (4073); Quality Equipment Leasing, LLC (2403); Quality Insurance LLC (7248); Servicios Corporativos Jaguar, S.C. (78CA); Servicios de Transportación Jaguar, S.A. de C.V. (5R68); Stinger Logistics, Inc. (3860); Strategic Leasing, Inc. (7534); Taylor Express, Inc. (9779); and Vorbas, LLC (8936). The corporate headquarters and the mailing address for the Debtors listed above is 9503 East 33rd Street, One Celadon Drive, Indianapolis, IN 46235.

information provided to me by management, advisors, employees, or other representatives of the Debtors. If I were called as a witness, I would testify consistently with the facts set forth in this Declaration.

3. In accordance with section 3(d)(i)(B) of the *Order (I) Approving Sale Procedures for the Debtors' Remaining Assets and (II) Authorizing and Approving the Sale of Such Remaining Assets Free and Clear of Liens, Claims, Interests, and Encumbrances* [D.I. 431] (the "Remaining Assets Sale Procedures Order"),² I submit this Declaration in support of the sale, free and clear of all liens, claims, encumbrances and other interests, except for Permitted Exceptions (as defined in the Purchase Agreement), of the Debtors' non-residential real property located at 1001 Belmore Line, Wroxeter, Ontario, Canada (the "Wroxeter Property") to Thalen Bros. Properties Ltd. (the "Purchaser") for Canadian \$900,000.00 (the "Purchase Price") pursuant to the terms of the Purchase Agreement (as defined below).

A. Background of the Debtors' Marketing and Sale Efforts

4. The Wroxeter Property has been heavily marketed throughout these chapter 11 cases with the assistance of the Debtors' real estate broker Jones Lang Lasalle Brokerage, Inc. ("JLL").³ Originally, the Wroxeter Property was marketed through the bidding procedures process that was approved by the Remaining Assets Bidding Procedures Order [D.I. 219]. This marketing process involved business discussions, including telephone calls, in-person meeting between and among the Debtors' senior management, counsel to the Debtors pre- and post-petition secured lenders (including the Prepetition Term Loan Agent), representatives of potential purchasers, and

² All capitalized terms used but not otherwise defined herein shall have the meaning ascribed in the Remaining Assets Sale Procedures Order.

³ The Court entered the order approving JLL's retention on March 13, 2020 ("JLL Retention Order") [D.I. 706].

various advisors to the Debtors and potential purchasers, as well as access to electronic data rooms and, where appropriate, site visits.

5. In accordance with the Remaining Assets Bidding Procedures Order, on January 22, 2020, the Debtors held an auction (the “Jan. 22 Auction”) for certain of the Remaining Assets. The Debtors did not receive any qualified offers at the time of the Jan. 22 Auction for the Wroxeter Property.

6. As the Debtors did not sell all of their Remaining Assets – including the Wroxeter Property – at the Jan. 22 Auction or through private sales, the Debtors proposed revised, streamlined procedures to govern the sales of the Debtors’ Remaining Assets. On February 4, 2020, the Court approved the streamlined procedures (“Remaining Assets Sale Procedures”) through entry of the Remaining Assets Sale Procedures Order.

7. JLL has been actively reaching out to strategic purchasers for the Wroxeter Property. JLL received two offers for the Wroxeter Property, including the offer from the Purchaser for the Wroxeter Property. After a review of both offers, the Debtors, in the exercise of their business judgement, determined that the offer from the Purchaser was the highest and otherwise best offer for the Wroxeter Property, because they determined that the Purchaser would be the most likely party to expeditiously close on the sale of Wroxeter Property. Also, the Purchaser’s bid included an executed purchase agreement, substantially in the form attached to the Remaining Assets Sale Procedures Order, along with a good faith deposit. Thus, the Debtors deemed the Purchaser as the successful bidder for the Wroxeter Property with its bid of Canadian \$900,000.00, pursuant to that certain Asset Purchase Agreement, dated October 1, 2020 (together with any schedules, exhibits and any other documents or instruments related thereto, and as modified, amended or supplemented from time to time, the “Purchase Agreement”).

8. As time is of the essence and given that (a) nothing in the Purchase Agreement prohibits the Debtors from consummating an alternative transaction that, in the Debtors' business judgement, would maximize the value of their estates, and (b) the Debtors consulted with the Prepetition Term Loan Agent through the negotiations and approval process of the Purchase Agreement, I believe it is unlikely that an auction would result in greater economic value for the Debtors' estates or net recovery to the Debtors' creditors. Further, I believe that the Purchaser has acted in good faith and will close in good faith, and the sale to the Purchaser will produce the greatest economic value for the Debtors' estates and net recovery to the Debtors' creditors.

B. Proposed Transaction Summary Information

9. In accordance with section 3(d)(1)(B) of the Remaining Assets Sale Procedures Order, the following is a summary of the material terms of the Purchase Agreement:

- (a) Remaining Asset to be Sold: The real property located at 1001 Belmore Line, Wroxeter, Ontario, Canada, which shall include all buildings, improvements and fixtures constructed or located on the land, all easements and rights benefiting or appurtenant to the land, and all personal property located on the land and owned by the Debtors; provided that the sale will not include any rolling stock, tractors or trailers, computer equipment or the Debtors' books and records.
- (b) Deposit: Canadian \$90,000.00, which is 10% of the Purchase Price, which has been deposited in an escrow account to be held for the benefit of the Debtors (the "Earnest Money").
- (c) Purchase Price: Canadian \$900,000.00.
- (d) Contingencies: The obligation of the Seller to sell the Wroxeter Property pursuant to the Purchase Agreement is contingent upon the entry of a Sale Order and upon approval of the Canadian Court in the Recognition Proceedings.
- (e) Diligence Period: The Purchaser shall have ten (10) business days from October 1, 2020, which is the "Effective Date" of the Purchase Agreement (defined in the Purchase Agreement as the "Initial Conditions Period").
- (f) Closing: The closing (the "Closing Date") of the sale shall occur within ten (10) days following the later of the entry of the Sale Order, or (b) the Initial

Conditions Date (as defined in the Purchase Agreement, which is October 16, 2020), unless extended by mutual agreement of the parties. The Closing shall take place on the Closing Date in accordance with the terms and provisions of the DRA.

- (g) Broker Fees: JLL is the broker for the Seller, which will receive its fee pursuant to the JLL Retention Order (“Broker Fees”).
- (h) Alternative Transaction: Nothing in the Purchase Agreement prohibits the Debtors from consummating an alternative transaction that, in the Debtors’ business judgement, would maximize the value of their estates.
- (i) Intended Use of Proceeds of the Sale: Upon the closing of the sale, the Purchase Price shall be paid as set forth in the Sale Order.

10. After review of the offer and the Purchase Agreement, and upon receipt of approval from the Prepetition Term Loan Agent, I believe that the bid presented by the Purchaser includes terms most favorable to the Debtors and is the highest and best offer that the Debtors will receive for the Wroxeter Property.

C. The Sale Should Be Free and Clear of All Claims, Liens, Encumbrances and Interests

11. The Debtors will provide a copy of the Certificate of Counsel and this Declaration to (i) all entities known to have expressed an interest in a transaction with respect the Wroxeter Property during the past six (6) months; (ii) all entities known to have asserted any interest in or upon the Wroxeter Property; (iii) all federal, state, and local regulatory or taxing authorities or recording offices which have a reasonably known interest in the Wroxeter Property; (iv) known counterparties to any unexpired leases or executory contracts that could potentially be assumed and assigned to the potential purchaser, if any; (v) the Office of the United States Trustee for the District of Delaware; (vi) counsel to the Committee; (vii) counsel to the DIP Agent, the Prepetition Term Loan Agent and the Prepetition ABL Agent (collectively, the “Notice Parties”). Each Notice Party will have an opportunity to object to the sale.

12. To the best of my knowledge, no party, other than the Prepetition Term Loan Agent asserts or holds a valid, perfected lien on the Wroxeter Property. The charges granted by the Canadian Court over the Debtors' property in Canada will be vested off of the Wroxeter Property pursuant to the Sale Order. Accordingly, to the extent any party contends that it holds a valid lien on the Wroxeter Property, such lien is subject to bona fide dispute, and the Debtors may sell the Wroxeter Property free and clear of such asserted, disputed lien (other than the Permitted Exceptions), under section 363(f)(4) of the Bankruptcy Code. Therefore, the sale should be approved free and clear of all encumbrances and interests, other than the Permitted Exceptions, with the proceeds of the sale being distributed as described above, which shall be set forth in the Sale Order.

[Signature Page Follows]

To the best of my knowledge, I declare under penalty of perjury that the foregoing is true and correct.

October 15, 2020

/s/ Chase Welsh
Chase Welsh

EXHIBIT B

Purchase Agreement

ASSET PURCHASE AGREEMENT

This AGREEMENT (the “Agreement”) dated as of October 1, 2020 (the “Effective Date”) is entered into by and between **HYNDMAN TRANSPORT LIMITED** (being a subsidiary of Celadon Group, Inc. and referred to herein as “Seller”), and **THALEN BROS. PROPERTIES LTD.** (“Buyer”).

WHEREAS Seller is the owner of certain real property located in 1001 Belmore Line, Wroxeter, as more specifically described below;

AND WHEREAS Celadon Group, Inc., together with certain of its affiliates and subsidiaries, including the Seller (collectively, the “Chapter 11 Debtors”), commenced voluntary proceedings under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) by filing petitions for relief in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) on December 8, 2019 (the “Chapter 11 Proceedings”);

AND WHEREAS the Chapter 11 Debtors commenced recognition proceedings before the Ontario Superior Court of Justice [Commercial List] (the “Canadian Court”) on January 23, 2020, seeking recognition of the Chapter 11 Proceedings and certain orders made therein in Canada (the “Recognition Proceedings”);

AND WHEREAS as part of the Recognition Proceedings, the Canadian Court ordered that the sale of any property owned by any Chapter 11 Debtor located in Canada outside the ordinary course of business must be approved by the Canadian Court;

AND WHEREAS Seller has agreed to sell to Buyer, and Buyer has agreed to purchase, the Property, on and subject to the terms and provisions contained in this Agreement;

NOW THEREFORE, in consideration of the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties hereto agree as follows:

1. **Sale of Property.** Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller, on and subject to the terms and provisions of this Agreement, the following:

1.1. **Real Property.** The real property located at 1001 Belmore Line, Wroxeter, Ontario, and described on the attached Exhibit A (“Land”), together with all buildings, improvements and fixtures constructed or located on the Land (“Buildings”) and all easements and rights benefiting or appurtenant to the Land (collectively the “Real Property”).

1.2. **Personal Property.** The personal property described in the attached Exhibit B to the extent located on the Land and owned by Seller (the “Personal Property” and together with the Real Property, the “Property”); provided that Personal Property shall not include any rolling stock.

2. Purchase Price and Manner of Payment. The total purchase price (“Purchase Price”) to be paid for the Property shall be **NINE HUNDRED THOUSAND** Canadian Dollars (CDN\$ **900,000.00**). The Purchase Price shall be payable as follows:

2.1. The Buyer shall deliver the sum of **NINETY THOUSAND** Canadian Dollars (CDN\$**90,000.00**) in certified funds or by electronic transfer of funds to the Seller’s solicitors, in trust (the “Deposit”), on or before the business day next following the Effective Date. The Deposit shall remain on deposit in accordance with Section 16, and shall otherwise be held by the Seller’s solicitors, in trust, in accordance with this Agreement. The parties agree that Seller’s solicitors shall be a mere stakeholder of the Deposit, and in the event of a dispute arising between Seller and Buyer as to the manner in which the Deposit is to be disbursed, Seller’s solicitors shall, in their discretion, or if requested by either Seller or Buyer, bring an application to pay the Deposit into Court; and

2.2. The balance of the Purchase Price, subject to any adjustments as set forth herein, shall be payable in certified funds or by electronic transfer of funds on the “Closing Date” (as hereinafter defined).

3. Adjustments. The transaction contemplated by this Agreement shall be completed on the Closing Date, on which date the Buyer shall be entitled to receive all rents and profits and shall bear all expenses in respect of or pertaining to the Property. The Seller shall be entitled to receive all rents and profits and shall bear all expenses in respect of or pertaining to the Property up to the Closing Date. Realty taxes, water and sewer rates and charges, utilities and all other amounts or matters usually adjusted in transactions similar to that contemplated by the terms hereof shall be adjusted. To the extent any adjustment cannot be determined on the Closing Date, or in the event an error or omission is made, the parties will adjust or readjust as between themselves forthwith after such adjustments can be determined.

4. Due Diligence Condition. Buyer shall have until 4:00 p.m. (EST) on the date which is ten (10) business days (“Initial Conditions Period”) after the Effective Date (the “Initial Conditions Date”) to investigate and to satisfy itself, in its sole discretion, with respect to the state of the Property, including conducting a review of title to the Property, conducting off-title searches and reviewing the Due Diligence Deliveries, and conducting such other inquiries with respect to other matters relating to the Property (the “Due Diligence Condition”). Seller shall use its reasonable business judgment in cooperating with Buyer in respect of satisfaction of the Due Diligence Condition. Prior to the expiration of the Initial Conditions Period, Buyer may notify Seller that such results are suitable to Buyer by delivering to Seller a written Notice of Suitability (“Notice of Suitability”). If Buyer fails for any reason to send Seller the Notice of Suitability by the expiration of the Initial Conditions Period, then Buyer’s right to terminate this Agreement shall be deemed to have been waived and this Agreement shall be binding upon Buyer. If Buyer notifies Seller in writing at any time during the Initial Conditions Period that the Due Diligence Condition is not waived or satisfied by the expiration of the Initial Conditions Period (an “Objection Notice”), then Buyer shall have the right to terminate this Agreement under Section 16.4 and shall be entitled to a prompt refund of the Deposit in accordance therewith, and thereafter neither party shall have any further obligation to the other hereunder.

5. Delivery of Information. Within five (5) days after the Effective Date, Seller shall deliver to Buyer copies of all of the following materials, to the extent they are in the possession or control of Seller, which Seller shall hold and maintain in strict confidence: (i) all surveys in respect of the Real Property, (ii) all title insurance reports, commitments and policies in respect of the Real Property, (iii) all zoning documents, approved site plans, permits or development orders in respect of the Real Property, (iv) all environmental studies and reports in respect of the Real property, and (v) all existing or proposed Leases, licenses, easements and contracts affecting the Property, if any (collectively, the “**Due Diligence Deliveries**”).

6. Buyer’s Examination. Buyer is relying solely upon its own examination of the Property, the Due Diligence Materials and inspections in determining the condition, character, and suitability for Buyer’s intended use of the Property and is not relying upon any representation by Seller or any broker, except for those made by Seller directly to Buyer in writing. Except for the representations and warranties made by Seller herein, Buyer agrees and acknowledges that it is accepting the Property “AS IS” subject to all faults of every kind and nature whatsoever, whether latent or patent, and whether now or hereafter existing, and Buyer acknowledges that it has based its decision to purchase the Property solely upon information obtained independently by Buyer. Buyer shall acquire the Property subject to all laws imposed upon the Property by any governmental or quasi-governmental authority having jurisdiction thereof. Buyer represents and warrants to Seller that Buyer has not relied, and will not rely, upon the representation or statement, or the failure to make any representation or statement, by Seller or Seller’s agents, employees or by any person acting or purporting to act on the behalf of Seller with respect to the condition (physical, environmental, financial and otherwise) of the Property.

7. Seller’s Conditions. Seller’s obligation to sell the Property is subject to the following conditions in its favour, which must be satisfied on or before Closing, or if not satisfied, waived in writing by the Seller, in each case in its sole discretion:

7.1. Sale Order. Receipt by the Seller of an issued and entered sale order by the Canadian Court authorizing and approving this Agreement and providing for the sale of the Property free and clear of any and all liens, claims, encumbrances and interests, except for leases (“Leases”), if any, of the Real Property, in form and substance satisfactory to the Seller in its sole discretion (the “Sale Order”).

7.2. Restraint or Prohibition. No action or proceeding shall be pending or threatened to restrain or prohibit the closing nor any order restraining or prohibiting closing shall have been made by any court of competent jurisdiction.

7.3. Delivery of Documents and Performance of Terms. All documents required to be executed and/or delivered by the Buyer pursuant to the terms of this Agreement shall have been executed and/or delivered, and all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Buyer, on or prior to the Closing Date, shall have been complied with or performed, in all respects, by the Buyer on or before the Closing Date.

The conditions as set out in this Section are for the sole benefit of the Seller and may be waived, in whole or in part, by the Seller at any time on or before Closing.

8. Buyer's Conditions. Buyer's obligation to buy the Property is subject to the following conditions in its favour, which must be satisfied on or before Closing, or if not satisfied, waived in writing by the Buyer, in each case in its sole discretion:

- 8.1. Sale Order. Receipt by the Buyer of a copy of the Sale Order.
- 8.2. Restraint or Prohibition. No action or proceeding shall be pending or threatened to restrain or prohibit the closing nor any order restraining or prohibiting closing shall have been made by any court of competent jurisdiction.
- 8.3. Delivery of Documents and Performance of Terms. All documents required to be executed and/or delivered by the Seller pursuant to the terms of this Agreement shall have been executed and/or delivered, and all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Seller, on or prior to the Closing Date, shall have been complied with or performed, in all respects, by the Seller on or before the Closing Date.

The conditions as set out in this Section are for the sole benefit of the Buyer and may be waived, in whole or in part, by the Buyer at any time on or before Closing.

9. Closing. The closing of the purchase and sale contemplated by this Agreement (the "Closing") shall occur within ten (10) days following the later of (a) the date the Sale Order is issued and entered in form and substance satisfactory to the Seller, or (b) the Initial Conditions Date (the "Closing Date") unless extended by mutual agreement of the parties. The Closing shall take place on the Closing Date in accordance with the terms and provisions of the DRA (as defined below). Possession of the Property shall be delivered to Buyer at the Closing free of any rights of any third parties, except as otherwise set out in this Agreement or otherwise agreed between the Seller and the Buyer.

- 9.1. Seller's Closing Documents. On the Closing Date, Seller shall have executed and delivered or caused to be delivered to Buyer the following (collectively, "Seller's Closing Documents"), all in form and content reasonably satisfactory to Buyer:
 - 9.1.1. Sale Order. A copy of the Sale Order.
 - 9.1.2. Registerable Transfer. An electronically registerable transfer of the Real Property to be delivered to the Buyer following the issuance and entering of the Sale Order and once the Closing Date has been confirmed.
 - 9.1.3. Statement of Adjustments. A statement of adjustments (the "Statement of Adjustments") to be delivered to the Buyer following the issuance and entering of the Sale Order and once the Closing Date has been confirmed.
 - 9.1.4. Undertaking to Adjust. An undertaking to re-adjust any item on or omitted from the Statement of Adjustments.

- 9.1.5. Assignment/Assumption of Contracts, Permits and Warranties. An assignment and assumption of contracts, permits and warranties, if any, assigning Seller's obligations thereunder to Buyer.
- 9.1.6. Direction re Funds. A direction designating the party to which the balance of the Purchase Price shall be paid.
- 9.1.7. Non-Residency Certificate. A certificate confirming that the Seller is not a "non-resident" of Canada within the meaning and purpose of Section 116 of the *Income Tax Act* (Canada).
- 9.1.8. Keys, Cards, etc. Keys for the Real Property which are in the possession or control of the Seller (provided that same may be left at the Real Property with an agent or in a lock-box with access provided to Buyer).
- 9.1.9. Other Documents. All other documents reasonably determined by Buyer or its solicitors to be necessary to complete the transaction contemplated by this Agreement, subject to the provisions of the Sale Order.
- 9.2. Buyer's Closing Documents. On the Closing Date, Buyer shall have executed and delivered or caused to be delivered to Seller the following (collectively, "Buyer's Closing Documents"):
 - 9.2.1. Purchase Price. Funds representing the balance of the Purchase Price, in certified funds or by electronic transfer of immediately available funds.
 - 9.2.2. Undertaking to Adjust. An undertaking to re-adjust any item on or omitted from the Statement of Adjustments.
 - 9.2.3. Assignment/Assumption of Contracts, Permits and Warranties. An assignment and assumption of contracts, permits and warranties, if any, assuming Buyer's obligations thereunder by Seller.
 - 9.2.4. Certificate re HST. A certificate and indemnity re HST.
 - 9.2.5. Direction re Title. A direction designating the party to which title to the Real Property shall be transferred.
 - 9.2.6. Other Documents. All other documents reasonably determined by Seller or its solicitors to be necessary to complete the transaction contemplated by this Agreement, subject to the provisions of the Sale Order.
10. Allocation of Costs. Seller and Buyer agree to the following allocation of costs regarding this Agreement:
 - 10.1. Registration Fees and Land Transfer Taxes. Buyer shall pay the cost of registering the electronic transfer and the cost of any land transfer taxes in respect of the transfer of the Property.

- 10.2. Taxes and Assessments. Seller shall be responsible for all real estate taxes due and payable for the period up until the Closing Date. Real estate taxes becoming a lien during the year in which the Closing occurs shall be prorated on a calendar year basis between Seller and Buyer as of the Closing Date. If the tax rate and/or assessed value for the current year have not been determined at the time of the Closing, said rate and/or assessed value shall be assumed to be equal to that of the prior year for the purpose of such proration and credit for due but unpaid taxes. Except as set forth above, Seller shall assume no responsibility or liability for any real property taxes or other assessments.
- 10.3. Utilities. Seller shall either ensure that utility service to the Real Property is disconnected as of the Closing Date or shall cooperate with Buyer in having such utility services transferred to Buyer's account. All contracts relating to operating the Real Property shall be canceled as of the Closing Date.
- 10.4. Solicitor's Fees. Each of the parties will pay its own solicitor's fees.
- 10.5. Rents and Lease matters. Rents and all other sums payable by tenants under the Leases (collectively, "Rents"), if any, all as and when actually collected (whether such collection occurs prior to, on or after the Closing Date) shall all be prorated as of 12:01 a.m. prevailing Eastern Time on the Closing Date, with Buyer deemed the owner of the Property on the entire Closing Date. If, as of the Closing Date, any Rent is in arrears (the "Delinquent Rent") under any Lease for the Closing Month, then Seller's portion of the first rent collected by Buyer following the Closing Date and applicable to the Closing Month will be delivered to Seller to be applied to the Delinquent Rent for the Closing Month. If Delinquent Rent is in arrears for a period prior to the Closing Month, then rents collected by Buyer following the Closing Date shall first be applied to rent due for the Closing Month (prorated between Seller and Buyer) and then to the current month's rent (if after the Closing Month) and then to Delinquent Rent for such prior period up to a maximum prior period of ninety (90) days. Buyer shall deliver Seller's pro rata share within ten (10) Business Days of Buyer's receipt of any Delinquent Rent. To the extent legally permitted, the amount of any security deposits held by Seller under the Leases (together with accrued interest thereon if required by law or by the terms of the Leases), shall be credited against the Purchase Price (and Seller shall be entitled to retain such security deposits), and thereafter Buyer shall be solely obligated for the return of such security deposits and, to the extent required by law, the deposit of such security deposit amount into an account concurrently with the Closing. If any of the aforesaid prorations and adjustments cannot be calculated accurately on the Closing Date, then the same shall be calculated on an estimated basis at Closing, and within sixty (60) days thereafter shall be recalculated. Either party owing the other party a sum of money based on proration(s) calculated after the Closing Date shall promptly pay said sum to the other party, accompanied by reasonable back-up information.

11. Representations and Warranties by Seller. Seller represents and warrants to Buyer as of the Effective Date as follows:

- 11.1. Existence; Authority. Subject to obtaining the Sale Order, Seller has the requisite power and authority to enter into and perform this Agreement and to execute and deliver Seller's Closing Documents; such documents have been duly authorized by all necessary action.
- 11.2. Due Diligence Deliveries. Seller has made available to Buyer all of the Due Diligence Deliveries to the extent within the control and possession of the Seller within the time required for delivery of same.
- 11.3. Operations. Seller has received no written notice of actual or threatened cancellation or suspension of any utility services for any portion of the Real Property. Seller has received no written notice of actual or threatened special assessments or reassessments of the Real Property.
- 11.4. Other Agreements. Seller has not entered into any other contracts, agreements or understandings, verbal or written, for the sale or transfer of any portion of the Real Property, and from and after the Effective Date, no part of the Real Property will be alienated, encumbered or transferred except by the Leases (if any) and as otherwise and as contemplated by this Agreement.
- 11.5. Non-Residency. Seller is not now and does not intend to become, prior to Closing, a non-resident of Canada within the meaning and purpose of Section 116 of the *Income Tax Act* (Canada);

Seller makes no representation or warranty concerning the physical, financial, environmental (or other) condition of the Property, except as otherwise herein provided.

12. Casualty; Condemnation. If all or any part of the Property is materially damaged by fire, casualty, the elements or any other cause, Seller shall immediately give notice to Buyer, and Buyer shall have the right to terminate this Agreement and receive back the Deposit by giving notice within thirty (30) days after Seller's notice. If expropriation proceedings are threatened in writing or commenced against all or any part of the Real Property, Seller shall immediately give notice to Buyer, and Buyer shall have the right to terminate this Agreement and receive back the Deposit by giving notice within thirty (30) days after Seller's notice. Termination of this Agreement and return of the Deposit are Seller's sole remedies.

13. Broker's Commission. Seller and Buyer hereby represent and warrant to the other party that, in connection with this transaction, no third-party broker or finder has been engaged or consulted by it or through such party's actions (or claiming through such party) is entitled to compensation as a consequence of this transaction except for Brian Seitz of Jones Lang LaSalle ("Broker") representing the Seller. Broker is to be paid a fee by Seller per a separate agreement. Seller and Buyer hereby agree to indemnify, defend and hold the other party harmless against any and all claims of brokers, finders or the like, and against the claims of all third parties, claiming any right to commission or compensation by or through acts of the indemnifying party or its partners, agents or affiliates in connection with this Agreement. The indemnifying party's indemnity obligations shall include all damages, losses, costs, liabilities and expenses, including

reasonable attorneys' fees and litigation costs, which may be incurred by the other party. The provisions of this Section shall survive the Closing or any termination of this Agreement.

14. Notices. Any notice required or permitted hereunder shall be given by personal delivery upon an authorized representative of a party hereto; or if mailed by certified mail, return receipt requested, postage prepaid; or if transmitted by facsimile copy followed by mailed notice; or if deposited cost paid with a nationally recognized, reputable overnight courier, properly addressed as follows:

If to Seller: c/o Celadon Group, Inc.
9503 East 33rd Street
One Celadon Drive
Indianapolis, Indiana 46235

With Copy to: DLA Piper LLP (US)
444 West Lake Street, Suite 900
Chicago, Illinois 60606
Attention: Richard A. Chesley

- and -

Brian Seitz
Jones Lang LaSalle
8900 Keystone Crossing
Suite 1150
Indianapolis, IN 46240

- and -

Kathy Kolodziej
Jones Lang LaSalle Real Estate Services Inc.
110 Matheson Blvd. W., Suite 107
Mississauga ON L5R 4G7

If to Buyer: Thalen Bros. Properties Ltd.,

R R # 1

Elora, ON N0B 1S0
Attention: Bert Thalen

Notices shall be deemed effective on the date of receipt. Any party may change its address for the service of notice by giving notice of such change ten (10) days prior to the effective date of such change.

15. Miscellaneous. The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement, and are not to be considered in interpreting this Agreement. This written Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the Property. There are no verbal agreements that change this Agreement, and no waiver of any of its terms will be effective unless in a writing executed by the parties. This Agreement binds and benefits the parties and their successors and assigns. This Agreement has been made under the laws of the Province of Ontario and any suit must be brought in the Courts of Ontario or Canada having jurisdiction, as applicable.

16. Remedies.

- 16.1. If Buyer defaults on any of its material obligations under this Agreement prior to Closing, and if Buyer fails to cure such default within three (3) days of the date of notice of such default from Seller, or if Buyer fails to close on the Closing Date to the extent that the Seller is ready, willing and able to do so, then Seller shall have the right to terminate this Agreement by giving written notice of termination to Buyer (a "Buyer Termination Event"). If Seller terminates this Agreement as a result of a Buyer Termination Event, Buyer agrees that Seller will be entitled to receive the Deposit from Seller's solicitor and shall be entitled to retain the Deposit, time being of the essence of this Agreement. The termination of this Agreement and retention of the Deposit by the Seller will be the sole remedy available to Seller in respect of such Buyer Termination Event and such underlying breach, and Buyer will not be liable for damages or specific performance.
- 16.2. If Seller terminates this Agreement for any reason other than as a result of a Buyer Termination Event, Seller agrees that Buyer shall be refunded the Deposit and such refund will be the sole remedy available to Buyer in respect of such termination, and Seller will not be liable for damages or specific performance.
- 16.3. If Seller defaults on any of its material obligations under this Agreement prior to Closing, and if Seller fails to cure such default within ten (10) days of the date of notice of such default from Buyer, or if Seller fails to close on the Closing Date to the extent that the Buyer is ready, willing and able to do so, then Buyer shall have the right to terminate this Agreement by giving written notice of termination to Seller (a "Seller Termination Event"). If Buyer terminates this Agreement as a result of a Seller Termination Event, Seller agrees that Buyer shall be refunded the Deposit, time being of the essence of this Agreement. The termination of this Agreement and refund of the Deposit to the Buyer will be the sole remedy available to Buyer in respect of such Seller Termination Event and such underlying breach, and Seller will not be liable for damages or specific performance.
- 16.4. If Buyer has delivered an Objection Notice prior to the end of the Initial Conditions Period, then Buyer shall have the right to terminate this Agreement by giving written notice of termination to Seller within two business days of the date of such Objection Notice (an "Review Period Termination Event"). If Buyer terminates this Agreement as a result of an Review Period Termination Event, Seller agrees

that the Deposit shall be refunded to Buyer and such refund shall be the sole remedy available to Buyer in respect of such Review Period Termination Event or the underlying events, facts or circumstances giving rise to such Review Period Termination Event, and Seller will not be liable for damages or specific performance or any break-up fee. In the event this Agreement is terminated after the Initial Conditions Date or Buyer fails to provide written notice to Seller within two business days of the date of such Objection Notice, the conditions in favour of Buyer set forth in this Agreement shall be deemed to be satisfied and, except as provided in Section 16.3, the Deposit shall not be refunded to Buyer for any reason.

17. Electronic Registration and Tendering. With respect to the electronic registration system (“TERS”) governing the relevant land registry office in which the Lands are located (the “Registry Office”), the following provisions shall apply:

- 17.1. Each of the parties shall and do hereby authorize its respective solicitors to enter into a document registration agreement substantially in the form prepared by The Law Society of Upper Canada, which document version was adopted by the joint LSUC-CBAO Committee on Electronic Registration of Title Documents and which can be viewed at <http://www.lsuc.on.ca> (the “DRA”), establishing the procedures and timing for completing the transaction contemplated by this Agreement.
- 17.2. The delivery and exchange of closing documents (a) shall not occur contemporaneously with the registration of the Sale Order and other registerable documentation, and (b) shall be governed by the DRA, pursuant to which the solicitors for the Buyer and the Seller shall hold all closing documents and funds in escrow, and will not be entitled to release them except in strict accordance with the provisions of the DRA.
- 17.3. The Buyer expressly acknowledges and agrees that the Seller will not release the Sale Order and/or the transfer for registration until the balance of funds due on Closing, in accordance with the terms of this Agreement, are remitted to Seller’s solicitor prior to the release of the Sale Order and/or the transfer for registration, which the Seller’s Solicitor will hold in escrow.
- 17.4. Notwithstanding anything contained in this Agreement to the contrary, it is expressly understood and agreed by the parties hereto that an effective tender shall be deemed to have been made by the Seller upon the Buyer when the Seller’s solicitor has:
 - 17.4.1. delivered all Seller’s Closing Documents to the Buyer’s solicitor;
 - 17.4.2. advised the Buyer’s Solicitor in writing that the Seller is ready, willing and able to complete the transaction contemplated by this Agreement in accordance with the terms and provisions of this Agreement; and
 - 17.4.3. completed all steps required by TERS to complete the transaction contemplated by this Agreement that can be performed or undertaken by the

Seller's Solicitor without the cooperation or participation of the Buyer's Solicitor,

without the necessity of personally attending upon the Buyer or the Buyer's solicitor with the Seller's Closing Documents, and without any requirement to have an independent witness evidencing the foregoing.

17.5. Notwithstanding anything contained in this Agreement to the contrary, it is expressly understood and agreed by the parties hereto that an effective tender shall be deemed to have been made by the Buyer upon the Seller when the Buyer's solicitor has:

17.5.1. delivered the balance due at Closing and all Buyer's Closing Documents to the Seller's solicitor;

17.5.2. advised the Seller's Solicitor in writing that the Seller is ready, willing and able to complete the transaction contemplated by this Agreement in accordance with the terms and provisions of this Agreement; and

17.5.3. completed all steps required by TERS to complete this transaction contemplated by this Agreement that can be performed or undertaken by the Buyer's solicitor without the cooperation or participation of the Seller's solicitor,

without the necessity of personally attending upon the Seller or the Seller's solicitor with the Buyer's Closing Documents, and without any requirement to have an independent witness evidencing the foregoing.

17.6. If TERS is unavailable on the Closing Date, then the transaction contemplated by this Agreement shall be completed in escrow in accordance with the terms of the DRA which shall apply until such time as TERS becomes available. Upon TERS becoming available, the parties shall arrange to complete the registration of the Sale Order and/or the transfer as expeditiously as possible, whereupon the escrow shall be released.

17.7. In the event of any conflict or inconsistency between the terms of this Section and the terms of the DRA, the terms of this Section shall prevail.

18. Non-Collusion and Acceptance. The Buyer attests, subject to the penalties for perjury, that he/she is the Buyer, or that he/she is the properly authorized representative, agent, member or officer of the Buyer, that he/she has not, nor has any other member, employee, representative, agent or officer of the Buyer, directly or indirectly, to the best of the undersigned's knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he/she has not received or paid any sum of money or other consideration for the execution of this Agreement other than that which appears upon the face of this Agreement.

19. Assignment. Buyer's rights and obligations hereunder shall not be assignable, directly or indirectly or by operation of law, without the prior written consent of Seller; provided, however,

that Buyer may, by written notice delivered to Seller at least three (3) Business Days prior to the filing of the draft sale order to the Canadian Court for the purpose of authorizing and approving this Agreement and providing for the sale of the Property (which will, if acceptable to such Canadian Court, become the Sale Order), designate any entity in which Buyer or an affiliate of Buyer (an entity which Buyer owns or controls at least a 10% equity interest) is the managing member, general partner or manager of such assignee or of such assignee's managing member, general partner or manager ("Permitted Assignee"), whereupon, provided such Permitted Assignee shall assume in writing, in form reasonably acceptable to Seller, all Buyer's agreements and obligations hereunder, Seller shall convey at Closing the Property (on behalf of Buyer) in accordance with such written instructions; provided that Buyer shall remain responsible and liable for all obligations under this Agreement unless otherwise agreed by the Seller in writing. Subject to the limitations described herein, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

20. Consent to Jurisdiction and Waiver of Jury Trial. Buyer submits and consents to the jurisdiction of the Bankruptcy Court, the Courts of the Province of Ontario and the Federal Courts of Ontario (as applicable and has determined by the Seller) and waives any right to a jury trial in connection with any disputes relating to Seller's qualification of bids for the Property, the construction and enforcement of the procedures established by such Courts for the sale of the Property and the closing of the sale of the Property.

21. No Past or Present Connection or Agreements with Seller, etc. Buyer warrants and represents to Seller that it has no past or present connections or agreements with Seller or any of its affiliates, any other bidder known to Buyer and its affiliates, and/or any officer or director of the foregoing (including any current officer or director of Seller and its affiliates).

22. Compliance with *Planning Act* (Ontario). This Agreement shall be effective to create an interest in the Lands only if the provisions of the *Planning Act* (Ontario) are complied with prior to Closing.

23. Harmonized Sales Tax. The transaction contemplated hereunder may be subject to harmonized sales tax ("**HST**") levied pursuant to the *Income Tax Act*, in which case HST shall be in addition to and not included in the Purchase Price and shall be collected and remitted in accordance with the Act. In the event that part or all of the transaction contemplated by this Agreement is subject to HST, the Buyer may deliver, prior to Closing, its certificate in form prescribed by the Act or, if no such form is prescribed, then in reasonable form, certifying that the Buyer shall be liable for, shall self-assess and shall remit to the appropriate government authority all HST payable in respect of the transaction contemplated hereunder. If the Buyer is a "prescribed recipient" under the *Income Tax Act* and/or is registered under the *Income Tax Act*, then the Buyer's certificate shall also include certification of the Buyer's prescription and/or registration, as the case may be, and the Buyer's HST registration number. If the Buyer shall fail to deliver its certificate hereunder, then the Buyer shall tender to the Seller, at Closing, in addition to the balance due at Closing described in the Statement of Adjustments, an amount equal to the HST that the Seller shall be obligated to collect and remit, if any, in connection with the transaction contemplated by this Agreement. The Buyer shall indemnify and save harmless the Seller from all claims, liabilities, penalties, interest, costs and legal and other expenses incurred, directly or

indirectly, in connection with the assessment of HST payable in respect of the transaction contemplated hereunder.

24. Severability. If any provision contained in this Agreement or the application thereof to any person/entity or circumstance is, to any extent, invalid or unenforceable, the remainder of this Agreement and the application of such provision to persons/entities or circumstances other than those to whom/which it is held invalid or unenforceable, shall not be affected thereby and each provision contained in this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

25. Entire Agreement. This Agreement and the schedules attached hereto, constitute the entire agreement between the Seller and the Buyer in respect of the Property. Each of the parties acknowledges that, except as contained in this Agreement, there is no representation, warranty, collateral agreement or condition (whether a direct or collateral condition or an express or implied condition) which induced it to enter into this Agreement.

26. Time. Time shall be of the essence of this Agreement. Except as expressly set out in this Agreement, the computation of any period of time referred to in this Agreement shall exclude the first day and include the last day of such period. The time limited for performing or completing any matter under this Agreement may be extended or abridged by an agreement in writing by the parties or by their respective solicitors. Where anything is required to be done under this Agreement on a day that is not a business day, then the time for such thing to be done shall be the next following business day and without limiting the foregoing, if the Closing Date is not a business day or a day on which the LRO is open for business then the Closing Date shall be the next following business day on which the LRO is open for business.

27. Further Assurances. Except as otherwise expressed herein to the contrary, each party shall, without receiving additional consideration therefor, co-operate with and take such additional actions as may be requested by the other party, acting reasonably, in order to carry out the purpose and intent of this Agreement.

28. Non-Business Days. In the event that any date specified or any date contemplated in this Agreement shall fall upon a day other than a business day, then such date shall be deemed to be the next following business day.

29. Non-Registration of Agreement. The Buyer agrees that it will not register this Agreement on title and will not cause this Agreement to be registered on title on the Buyer's behalf and that no reference to or notice of the Agreement or any caution, certificate of pending litigation or other similar court process in respect thereof shall be registered on title to the Lands by the Buyer or anyone acting on its behalf, and the Buyer shall be deemed to be in default under this Agreement if it makes any registration or causes or permits any registration to be made on its behalf on title to the Lands prior to the Closing Date.

30. Counterparts. This Agreement may be executed in counterparts and when each party has executed a counterpart, each of such counterparts shall be deemed to be an original and all of such counterparts, when taken together, shall constitute one and the same agreement. Counterparts may also be executed by facsimile, "pdf" or "tif" form.

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The following Exhibits are attached to this Agreement and form an integral part hereof:

Exhibit "A" Legal Description of Real Property

Exhibit "B" Description of Personal Property

IN WITNESS WHEREOF, Buyer and the Seller have, through their duly authorized representatives, entered into this Agreement. The parties, having read and understood the foregoing terms, do by their respective signatures dated below hereby agree to the terms thereof.

This offer is irrevocable by the Seller until 5:00 p.m. on October 2, 2020, after which time, if not accepted, this offer shall become null and void.

BUYER:

THALEN BROS. PROPERTIES LTD.

By: *Bert Thalen*
Name: Bert Thalen
Title: _____

I have authority to bind the Corporation

CONTACT PERSON FOR BUYER:

Name: Bert Thalen
Address: R R # 1, Elora, ON N0B 1S0
Email: thalen.bert@gmail.com
Phone: 519-993-2080

CONTACT INFORMATION FOR ATTORNEY FOR BUYER:

Name: Richard Morrow
Firm (if applicable):
Address:
Email:
Phone:

SELLER:

HYNDMAN TRANSPORT LIMITED, a Ontario corporation

By: 
Name: Chase Welsh
Title: Secretary

I have authority to bind the Corporation

EXHIBIT A

Legal Description of Real Property

**PT LT 24 CON A HOWICK PT 2, 22R3335; PT LT 25 CON A HOWICK PT 1, 22R929,
EXCEPT PT 1, 22R2881; HOWICK**

EXHIBIT B

Description of Personal Property

All chattels, furniture, desks, generator, sheds, truck boxes, etc., as viewed on September 19, 2020

[None, if not so listed]

Appendix “F”

ASSET PURCHASE AGREEMENT

This AGREEMENT (the “Agreement”) dated as of October 1, 2020 (the “Effective Date”) is entered into by and between **HYNDMAN TRANSPORT LIMITED** (being a subsidiary of Celadon Group, Inc. and referred to herein as “Seller”), and **THALEN BROS. PROPERTIES LTD.** (“Buyer”).

WHEREAS Seller is the owner of certain real property located in 1001 Belmore Line, Wroxeter, as more specifically described below;

AND WHEREAS Celadon Group, Inc., together with certain of its affiliates and subsidiaries, including the Seller (collectively, the “Chapter 11 Debtors”), commenced voluntary proceedings under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) by filing petitions for relief in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) on December 8, 2019 (the “Chapter 11 Proceedings”);

AND WHEREAS the Chapter 11 Debtors commenced recognition proceedings before the Ontario Superior Court of Justice [Commercial List] (the “Canadian Court”) on January 23, 2020, seeking recognition of the Chapter 11 Proceedings and certain orders made therein in Canada (the “Recognition Proceedings”);

AND WHEREAS as part of the Recognition Proceedings, the Canadian Court ordered that the sale of any property owned by any Chapter 11 Debtor located in Canada outside the ordinary course of business must be approved by the Canadian Court;

AND WHEREAS Seller has agreed to sell to Buyer, and Buyer has agreed to purchase, the Property, on and subject to the terms and provisions contained in this Agreement;

NOW THEREFORE, in consideration of the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties hereto agree as follows:

1. **Sale of Property.** Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller, on and subject to the terms and provisions of this Agreement, the following:

1.1. **Real Property.** The real property located at 1001 Belmore Line, Wroxeter, Ontario, and described on the attached Exhibit A (“Land”), together with all buildings, improvements and fixtures constructed or located on the Land (“Buildings”) and all easements and rights benefiting or appurtenant to the Land (collectively the “Real Property”).

1.2. **Personal Property.** The personal property described in the attached Exhibit B to the extent located on the Land and owned by Seller (the “Personal Property” and together with the Real Property, the “Property”); provided that Personal Property shall not include any rolling stock.

2. Purchase Price and Manner of Payment. The total purchase price (“Purchase Price”) to be paid for the Property shall be **NINE HUNDRED THOUSAND** Canadian Dollars (CDN\$ **900,000.00**). The Purchase Price shall be payable as follows:

2.1. The Buyer shall deliver the sum of **NINETY THOUSAND** Canadian Dollars (CDN\$**90,000.00**) in certified funds or by electronic transfer of funds to the Seller’s solicitors, in trust (the “Deposit”), on or before the business day next following the Effective Date. The Deposit shall remain on deposit in accordance with Section 16, and shall otherwise be held by the Seller’s solicitors, in trust, in accordance with this Agreement. The parties agree that Seller’s solicitors shall be a mere stakeholder of the Deposit, and in the event of a dispute arising between Seller and Buyer as to the manner in which the Deposit is to be disbursed, Seller’s solicitors shall, in their discretion, or if requested by either Seller or Buyer, bring an application to pay the Deposit into Court; and

2.2. The balance of the Purchase Price, subject to any adjustments as set forth herein, shall be payable in certified funds or by electronic transfer of funds on the “Closing Date” (as hereinafter defined).

3. Adjustments. The transaction contemplated by this Agreement shall be completed on the Closing Date, on which date the Buyer shall be entitled to receive all rents and profits and shall bear all expenses in respect of or pertaining to the Property. The Seller shall be entitled to receive all rents and profits and shall bear all expenses in respect of or pertaining to the Property up to the Closing Date. Realty taxes, water and sewer rates and charges, utilities and all other amounts or matters usually adjusted in transactions similar to that contemplated by the terms hereof shall be adjusted. To the extent any adjustment cannot be determined on the Closing Date, or in the event an error or omission is made, the parties will adjust or readjust as between themselves forthwith after such adjustments can be determined.

4. Due Diligence Condition. Buyer shall have until 4:00 p.m. (EST) on the date which is ten (10) business days (“Initial Conditions Period”) after the Effective Date (the “Initial Conditions Date”) to investigate and to satisfy itself, in its sole discretion, with respect to the state of the Property, including conducting a review of title to the Property, conducting off-title searches and reviewing the Due Diligence Deliveries, and conducting such other inquiries with respect to other matters relating to the Property (the “Due Diligence Condition”). Seller shall use its reasonable business judgment in cooperating with Buyer in respect of satisfaction of the Due Diligence Condition. Prior to the expiration of the Initial Conditions Period, Buyer may notify Seller that such results are suitable to Buyer by delivering to Seller a written Notice of Suitability (“Notice of Suitability”). If Buyer fails for any reason to send Seller the Notice of Suitability by the expiration of the Initial Conditions Period, then Buyer’s right to terminate this Agreement shall be deemed to have been waived and this Agreement shall be binding upon Buyer. If Buyer notifies Seller in writing at any time during the Initial Conditions Period that the Due Diligence Condition is not waived or satisfied by the expiration of the Initial Conditions Period (an “Objection Notice”), then Buyer shall have the right to terminate this Agreement under Section 16.4 and shall be entitled to a prompt refund of the Deposit in accordance therewith, and thereafter neither party shall have any further obligation to the other hereunder.

5. Delivery of Information. Within five (5) days after the Effective Date, Seller shall deliver to Buyer copies of all of the following materials, to the extent they are in the possession or control of Seller, which Seller shall hold and maintain in strict confidence: (i) all surveys in respect of the Real Property, (ii) all title insurance reports, commitments and policies in respect of the Real Property, (iii) all zoning documents, approved site plans, permits or development orders in respect of the Real Property, (iv) all environmental studies and reports in respect of the Real property, and (v) all existing or proposed Leases, licenses, easements and contracts affecting the Property, if any (collectively, the “**Due Diligence Deliveries**”).

6. Buyer’s Examination. Buyer is relying solely upon its own examination of the Property, the Due Diligence Materials and inspections in determining the condition, character, and suitability for Buyer’s intended use of the Property and is not relying upon any representation by Seller or any broker, except for those made by Seller directly to Buyer in writing. Except for the representations and warranties made by Seller herein, Buyer agrees and acknowledges that it is accepting the Property “AS IS” subject to all faults of every kind and nature whatsoever, whether latent or patent, and whether now or hereafter existing, and Buyer acknowledges that it has based its decision to purchase the Property solely upon information obtained independently by Buyer. Buyer shall acquire the Property subject to all laws imposed upon the Property by any governmental or quasi-governmental authority having jurisdiction thereof. Buyer represents and warrants to Seller that Buyer has not relied, and will not rely, upon the representation or statement, or the failure to make any representation or statement, by Seller or Seller’s agents, employees or by any person acting or purporting to act on the behalf of Seller with respect to the condition (physical, environmental, financial and otherwise) of the Property.

7. Seller’s Conditions. Seller’s obligation to sell the Property is subject to the following conditions in its favour, which must be satisfied on or before Closing, or if not satisfied, waived in writing by the Seller, in each case in its sole discretion:

7.1. Sale Order. Receipt by the Seller of an issued and entered sale order by the Canadian Court authorizing and approving this Agreement and providing for the sale of the Property free and clear of any and all liens, claims, encumbrances and interests, except for leases (“Leases”), if any, of the Real Property, in form and substance satisfactory to the Seller in its sole discretion (the “Sale Order”).

7.2. Restraint or Prohibition. No action or proceeding shall be pending or threatened to restrain or prohibit the closing nor any order restraining or prohibiting closing shall have been made by any court of competent jurisdiction.

7.3. Delivery of Documents and Performance of Terms. All documents required to be executed and/or delivered by the Buyer pursuant to the terms of this Agreement shall have been executed and/or delivered, and all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Buyer, on or prior to the Closing Date, shall have been complied with or performed, in all respects, by the Buyer on or before the Closing Date.

The conditions as set out in this Section are for the sole benefit of the Seller and may be waived, in whole or in part, by the Seller at any time on or before Closing.

8. Buyer's Conditions. Buyer's obligation to buy the Property is subject to the following conditions in its favour, which must be satisfied on or before Closing, or if not satisfied, waived in writing by the Buyer, in each case in its sole discretion:

- 8.1. Sale Order. Receipt by the Buyer of a copy of the Sale Order.
- 8.2. Restraint or Prohibition. No action or proceeding shall be pending or threatened to restrain or prohibit the closing nor any order restraining or prohibiting closing shall have been made by any court of competent jurisdiction.
- 8.3. Delivery of Documents and Performance of Terms. All documents required to be executed and/or delivered by the Seller pursuant to the terms of this Agreement shall have been executed and/or delivered, and all of the terms, covenants and conditions of this Agreement to be complied with or performed by the Seller, on or prior to the Closing Date, shall have been complied with or performed, in all respects, by the Seller on or before the Closing Date.

The conditions as set out in this Section are for the sole benefit of the Buyer and may be waived, in whole or in part, by the Buyer at any time on or before Closing.

9. Closing. The closing of the purchase and sale contemplated by this Agreement (the "Closing") shall occur within ten (10) days following the later of (a) the date the Sale Order is issued and entered in form and substance satisfactory to the Seller, or (b) the Initial Conditions Date (the "Closing Date") unless extended by mutual agreement of the parties. The Closing shall take place on the Closing Date in accordance with the terms and provisions of the DRA (as defined below). Possession of the Property shall be delivered to Buyer at the Closing free of any rights of any third parties, except as otherwise set out in this Agreement or otherwise agreed between the Seller and the Buyer.

- 9.1. Seller's Closing Documents. On the Closing Date, Seller shall have executed and delivered or caused to be delivered to Buyer the following (collectively, "Seller's Closing Documents"), all in form and content reasonably satisfactory to Buyer:
 - 9.1.1. Sale Order. A copy of the Sale Order.
 - 9.1.2. Registerable Transfer. An electronically registerable transfer of the Real Property to be delivered to the Buyer following the issuance and entering of the Sale Order and once the Closing Date has been confirmed.
 - 9.1.3. Statement of Adjustments. A statement of adjustments (the "Statement of Adjustments") to be delivered to the Buyer following the issuance and entering of the Sale Order and once the Closing Date has been confirmed.
 - 9.1.4. Undertaking to Adjust. An undertaking to re-adjust any item on or omitted from the Statement of Adjustments.

- 9.1.5. Assignment/Assumption of Contracts, Permits and Warranties. An assignment and assumption of contracts, permits and warranties, if any, assigning Seller's obligations thereunder to Buyer.
- 9.1.6. Direction re Funds. A direction designating the party to which the balance of the Purchase Price shall be paid.
- 9.1.7. Non-Residency Certificate. A certificate confirming that the Seller is not a "non-resident" of Canada within the meaning and purpose of Section 116 of the *Income Tax Act* (Canada).
- 9.1.8. Keys, Cards, etc. Keys for the Real Property which are in the possession or control of the Seller (provided that same may be left at the Real Property with an agent or in a lock-box with access provided to Buyer).
- 9.1.9. Other Documents. All other documents reasonably determined by Buyer or its solicitors to be necessary to complete the transaction contemplated by this Agreement, subject to the provisions of the Sale Order.
- 9.2. Buyer's Closing Documents. On the Closing Date, Buyer shall have executed and delivered or caused to be delivered to Seller the following (collectively, "Buyer's Closing Documents"):
 - 9.2.1. Purchase Price. Funds representing the balance of the Purchase Price, in certified funds or by electronic transfer of immediately available funds.
 - 9.2.2. Undertaking to Adjust. An undertaking to re-adjust any item on or omitted from the Statement of Adjustments.
 - 9.2.3. Assignment/Assumption of Contracts, Permits and Warranties. An assignment and assumption of contracts, permits and warranties, if any, assuming Buyer's obligations thereunder by Seller.
 - 9.2.4. Certificate re HST. A certificate and indemnity re HST.
 - 9.2.5. Direction re Title. A direction designating the party to which title to the Real Property shall be transferred.
 - 9.2.6. Other Documents. All other documents reasonably determined by Seller or its solicitors to be necessary to complete the transaction contemplated by this Agreement, subject to the provisions of the Sale Order.
10. Allocation of Costs. Seller and Buyer agree to the following allocation of costs regarding this Agreement:
 - 10.1. Registration Fees and Land Transfer Taxes. Buyer shall pay the cost of registering the electronic transfer and the cost of any land transfer taxes in respect of the transfer of the Property.

- 10.2. Taxes and Assessments. Seller shall be responsible for all real estate taxes due and payable for the period up until the Closing Date. Real estate taxes becoming a lien during the year in which the Closing occurs shall be prorated on a calendar year basis between Seller and Buyer as of the Closing Date. If the tax rate and/or assessed value for the current year have not been determined at the time of the Closing, said rate and/or assessed value shall be assumed to be equal to that of the prior year for the purpose of such proration and credit for due but unpaid taxes. Except as set forth above, Seller shall assume no responsibility or liability for any real property taxes or other assessments.
- 10.3. Utilities. Seller shall either ensure that utility service to the Real Property is disconnected as of the Closing Date or shall cooperate with Buyer in having such utility services transferred to Buyer's account. All contracts relating to operating the Real Property shall be canceled as of the Closing Date.
- 10.4. Solicitor's Fees. Each of the parties will pay its own solicitor's fees.
- 10.5. Rents and Lease matters. Rents and all other sums payable by tenants under the Leases (collectively, "Rents"), if any, all as and when actually collected (whether such collection occurs prior to, on or after the Closing Date) shall all be prorated as of 12:01 a.m. prevailing Eastern Time on the Closing Date, with Buyer deemed the owner of the Property on the entire Closing Date. If, as of the Closing Date, any Rent is in arrears (the "Delinquent Rent") under any Lease for the Closing Month, then Seller's portion of the first rent collected by Buyer following the Closing Date and applicable to the Closing Month will be delivered to Seller to be applied to the Delinquent Rent for the Closing Month. If Delinquent Rent is in arrears for a period prior to the Closing Month, then rents collected by Buyer following the Closing Date shall first be applied to rent due for the Closing Month (prorated between Seller and Buyer) and then to the current month's rent (if after the Closing Month) and then to Delinquent Rent for such prior period up to a maximum prior period of ninety (90) days. Buyer shall deliver Seller's pro rata share within ten (10) Business Days of Buyer's receipt of any Delinquent Rent. To the extent legally permitted, the amount of any security deposits held by Seller under the Leases (together with accrued interest thereon if required by law or by the terms of the Leases), shall be credited against the Purchase Price (and Seller shall be entitled to retain such security deposits), and thereafter Buyer shall be solely obligated for the return of such security deposits and, to the extent required by law, the deposit of such security deposit amount into an account concurrently with the Closing. If any of the aforesaid prorations and adjustments cannot be calculated accurately on the Closing Date, then the same shall be calculated on an estimated basis at Closing, and within sixty (60) days thereafter shall be recalculated. Either party owing the other party a sum of money based on proration(s) calculated after the Closing Date shall promptly pay said sum to the other party, accompanied by reasonable back-up information.

11. Representations and Warranties by Seller. Seller represents and warrants to Buyer as of the Effective Date as follows:

- 11.1. Existence; Authority. Subject to obtaining the Sale Order, Seller has the requisite power and authority to enter into and perform this Agreement and to execute and deliver Seller's Closing Documents; such documents have been duly authorized by all necessary action.
- 11.2. Due Diligence Deliveries. Seller has made available to Buyer all of the Due Diligence Deliveries to the extent within the control and possession of the Seller within the time required for delivery of same.
- 11.3. Operations. Seller has received no written notice of actual or threatened cancellation or suspension of any utility services for any portion of the Real Property. Seller has received no written notice of actual or threatened special assessments or reassessments of the Real Property.
- 11.4. Other Agreements. Seller has not entered into any other contracts, agreements or understandings, verbal or written, for the sale or transfer of any portion of the Real Property, and from and after the Effective Date, no part of the Real Property will be alienated, encumbered or transferred except by the Leases (if any) and as otherwise and as contemplated by this Agreement.
- 11.5. Non-Residency. Seller is not now and does not intend to become, prior to Closing, a non-resident of Canada within the meaning and purpose of Section 116 of the *Income Tax Act* (Canada);

Seller makes no representation or warranty concerning the physical, financial, environmental (or other) condition of the Property, except as otherwise herein provided.

12. Casualty; Condemnation. If all or any part of the Property is materially damaged by fire, casualty, the elements or any other cause, Seller shall immediately give notice to Buyer, and Buyer shall have the right to terminate this Agreement and receive back the Deposit by giving notice within thirty (30) days after Seller's notice. If expropriation proceedings are threatened in writing or commenced against all or any part of the Real Property, Seller shall immediately give notice to Buyer, and Buyer shall have the right to terminate this Agreement and receive back the Deposit by giving notice within thirty (30) days after Seller's notice. Termination of this Agreement and return of the Deposit are Seller's sole remedies.

13. Broker's Commission. Seller and Buyer hereby represent and warrant to the other party that, in connection with this transaction, no third-party broker or finder has been engaged or consulted by it or through such party's actions (or claiming through such party) is entitled to compensation as a consequence of this transaction except for Brian Seitz of Jones Lang LaSalle ("Broker") representing the Seller. Broker is to be paid a fee by Seller per a separate agreement. Seller and Buyer hereby agree to indemnify, defend and hold the other party harmless against any and all claims of brokers, finders or the like, and against the claims of all third parties, claiming any right to commission or compensation by or through acts of the indemnifying party or its partners, agents or affiliates in connection with this Agreement. The indemnifying party's indemnity obligations shall include all damages, losses, costs, liabilities and expenses, including

reasonable attorneys' fees and litigation costs, which may be incurred by the other party. The provisions of this Section shall survive the Closing or any termination of this Agreement.

14. Notices. Any notice required or permitted hereunder shall be given by personal delivery upon an authorized representative of a party hereto; or if mailed by certified mail, return receipt requested, postage prepaid; or if transmitted by facsimile copy followed by mailed notice; or if deposited cost paid with a nationally recognized, reputable overnight courier, properly addressed as follows:

If to Seller: c/o Celadon Group, Inc.
9503 East 33rd Street
One Celadon Drive
Indianapolis, Indiana 46235

With Copy to: DLA Piper LLP (US)
444 West Lake Street, Suite 900
Chicago, Illinois 60606
Attention: Richard A. Chesley

- and -

Brian Seitz
Jones Lang LaSalle
8900 Keystone Crossing
Suite 1150
Indianapolis, IN 46240

- and -

Kathy Kolodziej
Jones Lang LaSalle Real Estate Services Inc.
110 Matheson Blvd. W., Suite 107
Mississauga ON L5R 4G7

If to Buyer: Thalen Bros. Properties Ltd.,

R R # 1

Elora, ON N0B 1S0
Attention: Bert Thalen

Notices shall be deemed effective on the date of receipt. Any party may change its address for the service of notice by giving notice of such change ten (10) days prior to the effective date of such change.

15. Miscellaneous. The paragraph headings or captions appearing in this Agreement are for convenience only, are not a part of this Agreement, and are not to be considered in interpreting this Agreement. This written Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the Property. There are no verbal agreements that change this Agreement, and no waiver of any of its terms will be effective unless in a writing executed by the parties. This Agreement binds and benefits the parties and their successors and assigns. This Agreement has been made under the laws of the Province of Ontario and any suit must be brought in the Courts of Ontario or Canada having jurisdiction, as applicable.

16. Remedies.

- 16.1. If Buyer defaults on any of its material obligations under this Agreement prior to Closing, and if Buyer fails to cure such default within three (3) days of the date of notice of such default from Seller, or if Buyer fails to close on the Closing Date to the extent that the Seller is ready, willing and able to do so, then Seller shall have the right to terminate this Agreement by giving written notice of termination to Buyer (a "Buyer Termination Event"). If Seller terminates this Agreement as a result of a Buyer Termination Event, Buyer agrees that Seller will be entitled to receive the Deposit from Seller's solicitor and shall be entitled to retain the Deposit, time being of the essence of this Agreement. The termination of this Agreement and retention of the Deposit by the Seller will be the sole remedy available to Seller in respect of such Buyer Termination Event and such underlying breach, and Buyer will not be liable for damages or specific performance.
- 16.2. If Seller terminates this Agreement for any reason other than as a result of a Buyer Termination Event, Seller agrees that Buyer shall be refunded the Deposit and such refund will be the sole remedy available to Buyer in respect of such termination, and Seller will not be liable for damages or specific performance.
- 16.3. If Seller defaults on any of its material obligations under this Agreement prior to Closing, and if Seller fails to cure such default within ten (10) days of the date of notice of such default from Buyer, or if Seller fails to close on the Closing Date to the extent that the Buyer is ready, willing and able to do so, then Buyer shall have the right to terminate this Agreement by giving written notice of termination to Seller (a "Seller Termination Event"). If Buyer terminates this Agreement as a result of a Seller Termination Event, Seller agrees that Buyer shall be refunded the Deposit, time being of the essence of this Agreement. The termination of this Agreement and refund of the Deposit to the Buyer will be the sole remedy available to Buyer in respect of such Seller Termination Event and such underlying breach, and Seller will not be liable for damages or specific performance.
- 16.4. If Buyer has delivered an Objection Notice prior to the end of the Initial Conditions Period, then Buyer shall have the right to terminate this Agreement by giving written notice of termination to Seller within two business days of the date of such Objection Notice (an "Review Period Termination Event"). If Buyer terminates this Agreement as a result of an Review Period Termination Event, Seller agrees

that the Deposit shall be refunded to Buyer and such refund shall be the sole remedy available to Buyer in respect of such Review Period Termination Event or the underlying events, facts or circumstances giving rise to such Review Period Termination Event, and Seller will not be liable for damages or specific performance or any break-up fee. In the event this Agreement is terminated after the Initial Conditions Date or Buyer fails to provide written notice to Seller within two business days of the date of such Objection Notice, the conditions in favour of Buyer set forth in this Agreement shall be deemed to be satisfied and, except as provided in Section 16.3, the Deposit shall not be refunded to Buyer for any reason.

17. Electronic Registration and Tendering. With respect to the electronic registration system (“TERS”) governing the relevant land registry office in which the Lands are located (the “Registry Office”), the following provisions shall apply:

- 17.1. Each of the parties shall and do hereby authorize its respective solicitors to enter into a document registration agreement substantially in the form prepared by The Law Society of Upper Canada, which document version was adopted by the joint LSUC-CBAO Committee on Electronic Registration of Title Documents and which can be viewed at <http://www.lsuc.on.ca> (the “DRA”), establishing the procedures and timing for completing the transaction contemplated by this Agreement.
- 17.2. The delivery and exchange of closing documents (a) shall not occur contemporaneously with the registration of the Sale Order and other registerable documentation, and (b) shall be governed by the DRA, pursuant to which the solicitors for the Buyer and the Seller shall hold all closing documents and funds in escrow, and will not be entitled to release them except in strict accordance with the provisions of the DRA.
- 17.3. The Buyer expressly acknowledges and agrees that the Seller will not release the Sale Order and/or the transfer for registration until the balance of funds due on Closing, in accordance with the terms of this Agreement, are remitted to Seller’s solicitor prior to the release of the Sale Order and/or the transfer for registration, which the Seller’s Solicitor will hold in escrow.
- 17.4. Notwithstanding anything contained in this Agreement to the contrary, it is expressly understood and agreed by the parties hereto that an effective tender shall be deemed to have been made by the Seller upon the Buyer when the Seller’s solicitor has:
 - 17.4.1. delivered all Seller’s Closing Documents to the Buyer’s solicitor;
 - 17.4.2. advised the Buyer’s Solicitor in writing that the Seller is ready, willing and able to complete the transaction contemplated by this Agreement in accordance with the terms and provisions of this Agreement; and
 - 17.4.3. completed all steps required by TERS to complete the transaction contemplated by this Agreement that can be performed or undertaken by the

Seller's Solicitor without the cooperation or participation of the Buyer's Solicitor,

without the necessity of personally attending upon the Buyer or the Buyer's solicitor with the Seller's Closing Documents, and without any requirement to have an independent witness evidencing the foregoing.

17.5. Notwithstanding anything contained in this Agreement to the contrary, it is expressly understood and agreed by the parties hereto that an effective tender shall be deemed to have been made by the Buyer upon the Seller when the Buyer's solicitor has:

17.5.1. delivered the balance due at Closing and all Buyer's Closing Documents to the Seller's solicitor;

17.5.2. advised the Seller's Solicitor in writing that the Seller is ready, willing and able to complete the transaction contemplated by this Agreement in accordance with the terms and provisions of this Agreement; and

17.5.3. completed all steps required by TERS to complete this transaction contemplated by this Agreement that can be performed or undertaken by the Buyer's solicitor without the cooperation or participation of the Seller's solicitor,

without the necessity of personally attending upon the Seller or the Seller's solicitor with the Buyer's Closing Documents, and without any requirement to have an independent witness evidencing the foregoing.

17.6. If TERS is unavailable on the Closing Date, then the transaction contemplated by this Agreement shall be completed in escrow in accordance with the terms of the DRA which shall apply until such time as TERS becomes available. Upon TERS becoming available, the parties shall arrange to complete the registration of the Sale Order and/or the transfer as expeditiously as possible, whereupon the escrow shall be released.

17.7. In the event of any conflict or inconsistency between the terms of this Section and the terms of the DRA, the terms of this Section shall prevail.

18. Non-Collusion and Acceptance. The Buyer attests, subject to the penalties for perjury, that he/she is the Buyer, or that he/she is the properly authorized representative, agent, member or officer of the Buyer, that he/she has not, nor has any other member, employee, representative, agent or officer of the Buyer, directly or indirectly, to the best of the undersigned's knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he/she has not received or paid any sum of money or other consideration for the execution of this Agreement other than that which appears upon the face of this Agreement.

19. Assignment. Buyer's rights and obligations hereunder shall not be assignable, directly or indirectly or by operation of law, without the prior written consent of Seller; provided, however,

that Buyer may, by written notice delivered to Seller at least three (3) Business Days prior to the filing of the draft sale order to the Canadian Court for the purpose of authorizing and approving this Agreement and providing for the sale of the Property (which will, if acceptable to such Canadian Court, become the Sale Order), designate any entity in which Buyer or an affiliate of Buyer (an entity which Buyer owns or controls at least a 10% equity interest) is the managing member, general partner or manager of such assignee or of such assignee's managing member, general partner or manager ("Permitted Assignee"), whereupon, provided such Permitted Assignee shall assume in writing, in form reasonably acceptable to Seller, all Buyer's agreements and obligations hereunder, Seller shall convey at Closing the Property (on behalf of Buyer) in accordance with such written instructions; provided that Buyer shall remain responsible and liable for all obligations under this Agreement unless otherwise agreed by the Seller in writing. Subject to the limitations described herein, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

20. Consent to Jurisdiction and Waiver of Jury Trial. Buyer submits and consents to the jurisdiction of the Bankruptcy Court, the Courts of the Province of Ontario and the Federal Courts of Ontario (as applicable and has determined by the Seller) and waives any right to a jury trial in connection with any disputes relating to Seller's qualification of bids for the Property, the construction and enforcement of the procedures established by such Courts for the sale of the Property and the closing of the sale of the Property.

21. No Past or Present Connection or Agreements with Seller, etc. Buyer warrants and represents to Seller that it has no past or present connections or agreements with Seller or any of its affiliates, any other bidder known to Buyer and its affiliates, and/or any officer or director of the foregoing (including any current officer or director of Seller and its affiliates).

22. Compliance with *Planning Act* (Ontario). This Agreement shall be effective to create an interest in the Lands only if the provisions of the *Planning Act* (Ontario) are complied with prior to Closing.

23. Harmonized Sales Tax. The transaction contemplated hereunder may be subject to harmonized sales tax ("**HST**") levied pursuant to the *Income Tax Act*, in which case HST shall be in addition to and not included in the Purchase Price and shall be collected and remitted in accordance with the Act. In the event that part or all of the transaction contemplated by this Agreement is subject to HST, the Buyer may deliver, prior to Closing, its certificate in form prescribed by the Act or, if no such form is prescribed, then in reasonable form, certifying that the Buyer shall be liable for, shall self-assess and shall remit to the appropriate government authority all HST payable in respect of the transaction contemplated hereunder. If the Buyer is a "prescribed recipient" under the *Income Tax Act* and/or is registered under the *Income Tax Act*, then the Buyer's certificate shall also include certification of the Buyer's prescription and/or registration, as the case may be, and the Buyer's HST registration number. If the Buyer shall fail to deliver its certificate hereunder, then the Buyer shall tender to the Seller, at Closing, in addition to the balance due at Closing described in the Statement of Adjustments, an amount equal to the HST that the Seller shall be obligated to collect and remit, if any, in connection with the transaction contemplated by this Agreement. The Buyer shall indemnify and save harmless the Seller from all claims, liabilities, penalties, interest, costs and legal and other expenses incurred, directly or

indirectly, in connection with the assessment of HST payable in respect of the transaction contemplated hereunder.

24. Severability. If any provision contained in this Agreement or the application thereof to any person/entity or circumstance is, to any extent, invalid or unenforceable, the remainder of this Agreement and the application of such provision to persons/entities or circumstances other than those to whom/which it is held invalid or unenforceable, shall not be affected thereby and each provision contained in this Agreement shall be separately valid and enforceable to the fullest extent permitted by law.

25. Entire Agreement. This Agreement and the schedules attached hereto, constitute the entire agreement between the Seller and the Buyer in respect of the Property. Each of the parties acknowledges that, except as contained in this Agreement, there is no representation, warranty, collateral agreement or condition (whether a direct or collateral condition or an express or implied condition) which induced it to enter into this Agreement.

26. Time. Time shall be of the essence of this Agreement. Except as expressly set out in this Agreement, the computation of any period of time referred to in this Agreement shall exclude the first day and include the last day of such period. The time limited for performing or completing any matter under this Agreement may be extended or abridged by an agreement in writing by the parties or by their respective solicitors. Where anything is required to be done under this Agreement on a day that is not a business day, then the time for such thing to be done shall be the next following business day and without limiting the foregoing, if the Closing Date is not a business day or a day on which the LRO is open for business then the Closing Date shall be the next following business day on which the LRO is open for business.

27. Further Assurances. Except as otherwise expressed herein to the contrary, each party shall, without receiving additional consideration therefor, co-operate with and take such additional actions as may be requested by the other party, acting reasonably, in order to carry out the purpose and intent of this Agreement.

28. Non-Business Days. In the event that any date specified or any date contemplated in this Agreement shall fall upon a day other than a business day, then such date shall be deemed to be the next following business day.

29. Non-Registration of Agreement. The Buyer agrees that it will not register this Agreement on title and will not cause this Agreement to be registered on title on the Buyer's behalf and that no reference to or notice of the Agreement or any caution, certificate of pending litigation or other similar court process in respect thereof shall be registered on title to the Lands by the Buyer or anyone acting on its behalf, and the Buyer shall be deemed to be in default under this Agreement if it makes any registration or causes or permits any registration to be made on its behalf on title to the Lands prior to the Closing Date.

30. Counterparts. This Agreement may be executed in counterparts and when each party has executed a counterpart, each of such counterparts shall be deemed to be an original and all of such counterparts, when taken together, shall constitute one and the same agreement. Counterparts may also be executed by facsimile, "pdf" or "tif" form.

[The remainder of this page is intentionally left blank.]

The following Exhibits are attached to this Agreement and form an integral part hereof:

Exhibit "A" Legal Description of Real Property

Exhibit "B" Description of Personal Property

IN WITNESS WHEREOF, Buyer and the Seller have, through their duly authorized representatives, entered into this Agreement. The parties, having read and understood the foregoing terms, do by their respective signatures dated below hereby agree to the terms thereof.

This offer is irrevocable by the Seller until 5:00 p.m. on October 2, 2020, after which time, if not accepted, this offer shall become null and void.

BUYER:

THALEN BROS. PROPERTIES LTD.

By: *Bert Thalen*
Name: Bert Thalen
Title: _____

I have authority to bind the Corporation

CONTACT PERSON FOR BUYER:

Name: Bert Thalen
Address: R R # 1, Elora, ON N0B 1S0
Email: thalen.bert@gmail.com
Phone: 519-993-2080

CONTACT INFORMATION FOR ATTORNEY FOR BUYER:

Name: Richard Morrow
Firm (if applicable):
Address:
Email:
Phone:

SELLER:

HYNDMAN TRANSPORT LIMITED, a Ontario corporation

By: 
Name: Chase Welsh
Title: Secretary

I have authority to bind the Corporation

EXHIBIT A

Legal Description of Real Property

**PT LT 24 CON A HOWICK PT 2, 22R3335; PT LT 25 CON A HOWICK PT 1, 22R929,
EXCEPT PT 1, 22R2881; HOWICK**

EXHIBIT B

Description of Personal Property

All chattels, furniture, desks, generator, sheds, truck boxes, etc., as viewed on September 19, 2020

[None, if not so listed]

Appendix “G”

From: Aiden Nelms <NelmsA@bennettjones.com>

Sent: October 22, 2020 5:20 PM

To: edmond.lamek@dlapiper.com; danny.nunes@dlapiper.com; Bobby Kofman <bkofman@ksvadvisory.com>; David Sieradzki <dsieradzki@ksvadvisory.com>; zweigs@bennettjones.com; tushara.weerasooriya@mcmillan.ca; Jeffrey.levine@mcmillan.ca; evan.cobb@nortonrosefulbright.com; ahatnay@kmlaw.ca; dyiokaris@kmlaw.ca; bissell@gsnh.com; patrick.shea@gowlingwlg.com; cservice@coastcapitalsavings.com; TCendoflease@lbccapital.ca; bmaloney@alixpartners.com; rmacgregor@millertthomson.com; JUS-G-MAG-CSD-Toronto-SCJ Commercial List <MAG.CSD.To.SCJCom@ontario.ca>

Cc: Annie Kwok <KwokA@bennettjones.com>

Subject: CV-20-00634911-00CL - Celadon Group, Inc. et al.

To the Service List,

Please be advised that the Receiver has secured Court time on November 5, 2020 at 9:30am (ET) to seek, among other things, an Approval and Vesting Order in respect of a transaction (the "**Transaction**") relating to certain real property located in Wroxeter, Ontario. As a result, the update that was to be provided by the Receiver in its bi-monthly report (as prescribed in paragraph 19(c) of the Supplemental Order dated January 23, 2020) will be included in the report to be filed in respect of the Transaction.

Regards,



Aiden Nelms
Associate, Bennett Jones LLP

3400 One First Canadian Place, P.O. Box 130, Toronto, ON, M5X 1A4
T. 416 777 4642 | F. 416 863 1716
E. nelmsa@bennettjones.com
BennettJones.com

Bennett Jones is committed to mitigating the spread of COVID-19. We have transitioned to a remote work environment and continue to provide complete and uninterrupted service to our clients. Visit our COVID-19 Resource Centre (<https://www.bennettjones.com/COVID-19>) for timely legal updates.

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