Court File No. CL-26-00000330-0000

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

B E T W E E N:

BANK OF MONTREAL

Applicant

- and –

TRS COMPONENTS LTD. PLANT 22 LTD. and 976711 ONTARIO INC.

Respondents

APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c B-3 AS AMENDED AND SECTION 101 OF THE *COURT OF JUSTICE ACT*, R.S.O. 1990, c C.43, AS AMENDED

FACTUM OF THE PROPOSED RECEIVER
(Sale Process Order)

July 29, 2026

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TO: **THE SERVICE LIST**

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PART I - INTRODUCTION

1. This factum is filed by AlixPartners Restructuring, Inc. in its capacity as the proposed receiver (in such capacity, the "**Proposed Receiver"**) of TRS Components Ltd. ("**TRS**"), Plant 22 Ltd. ("**Plant 22**"), 976711 Ontario Inc. o/a Terra Nova Truss ("**TNT**", and together with TRS and Plant 22, the "**Debtors**"), in support of its motion for an order (the "**Sale Process Order**"), among other relief:

(a) approving a sale process (the "**Sale Process**") soliciting offers superior to the transaction contemplated by the Stalking Horse Agreement (as defined below) in respect of the business and assets of the Debtors; and

(b) approving a stalking horse agreement of purchase and sale (the "**Stalking Horse Agreement**") between the Receiver, if appointed, as vendor and Terra Nova Components Inc. and Celina Thorndale Inc. as purchaser (in such capacity, the "**Stalking Horse Purchasers**").

PART II - SUMMARY OF FACTS

2. The complete factual basis for this motion is set forth in the pre-filing report of the proposed receiver dated July 24, 2026 (the "**Pre-Filing Report**") and the affidavit of Craig Khattar sworn July 17, 2026 (the "**Khattar Affidavit**").[1]

[1] Pre-Filing Report of the Proposed Receiver dated July 24, 2026, Motion Record of the Proposed Receiver dated July 24, 2026, Tab 2; Affidavit of Craig Khattar sworn July 17, 2026, Application Record of Bank of Montreal dated July 21, 2026, Tab 2.

A. The Debtors

3. The Debtors are part of a larger group of entities owned by various investors and Argyle Capital Partners Inc., a Toronto-based private equity firm.[2]

(i) TRS

4. TRS manufactures and distributes construction components, including roof trusses, wall panels, floor systems, and lumber packages for residential, commercial, and agricultural applications. TRS operates from a facility it leases from Plant 22, which is located at 16783 Thorndale Road, Thorndale, Ontario (the "**Thorndale Property**").[3]

5. TRS has 68 employees. TRS's employees are not offered a registered pension plan and are not unionized.[4]

(ii) TNT

6. TNT specializes in designing pre-engineered floor and roof trusses for residential, commercial, and agricultural applications. It operates from leased facilities in Brockville and Kingston, Ontario.[5]

7. TNT has 52 employees. TNT's employees are not offered a registered pension plan and are not unionized.[6]

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[2] Khattar Affidavit at paras 8-9; Pre-Filing Report at fn 2.
[3] Pre-Filing Report at ss. 2.1(5)-(6); Khattar Affidavit at paras 13-14.
[4] Pre-Filing Report at s. 2.1(7).
[5] Pre-Filing Report at s. 2.2(2); Khattar Affidavit at para 15.
[6] Pre-Filing Report at s. 2.2(3).

(iii) Plant 22

8. Plant 22 is owned by ATRS Real Estate Holdings Inc. and owns the Thorndale Property. Plant 22 does not have any employees.[7]

B. Financial Performance of the Debtors

9. The operating companies, TRS and TNT, are insolvent. Specifically:

(a) TRS and TNT cannot meet their liabilities in the ordinary course of business;

(b) the book value of their assets is less than their liabilities;

(c) TRS and TNT have negative consolidated retained earnings of approximately $7.4 million, reflecting a history of losses, and negative equity of approximately $500,000.[8]

C. Secured Creditors

10. Bank of Montreal ("**BMO**") is the Debtors' senior secured creditor, pursuant to a second amended and restated credit agreement dated as of June 26, 2025. As of April 28, 2026, the Debtors were indebted to BMO in the total amount of approximately $23.5 million and USD $20,000 (collectively, the "**BMO Indebtedness**").[9]

11. As security for the obligations of the Debtors to BMO, BMO was granted the following security:[10]

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[7] Pre-Filing Report at ss. 2.3(1)-(3); Khattar Affidavit at para 13.
[8] Pre-Filing Report at s. 4.1(2)(h).
[9] Pre-Filing Report at s. 3.1(1); Khattar Affidavit at paras 20-22, 48.
[10] Pre-Filing Report at s. 3.1(3); Khattar Affidavit at para 25.

(a) all present and future personal property of the Debtors pursuant to a general security agreement originally granted by predecessor entities of TRS and Plant 22 dated as of July 25, 2022 (the "**BMO GSA**") and an attornment to general security agreement granted by TNT in respect of the BMO GSA dated as of April 1, 2023;

(b) certain security granted by TRS under section 427 of the Bank Act (Canada) dated July 25, 2022; and

(c) a debenture granted by Plant 22 dated July 25, 2022, registered as a charge/mortgage in the amount of $10 million on title to the Thorndale Property on July 25, 2022.

12. BMO is the only creditor with a registered charge on title to the Thorndale Property.[11]

13. In addition to BMO, the Debtors are indebted to the following parties who have provided vendor take-back financing:

(a) Whirl 2 Ltd., 2070400 Ontario Ltd., Jeff Young, and Chad Lambourn in respect of TRS; and

(b) Fox Investments Inc. in respect of TNT.[12]

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[11] Pre-Filing Report at s. 3.1(5).

[12] Pre-Filing Report at s. 3.2; Khattar Affidavit at paras 31-35.

D. Sale Process

14. Given the Debtors' financial underperformance and the financial and operational pressures facing the Debtors, the Proposed Receiver has developed the Sale Process to market the Debtors' business and assets for sale in consultation with Celina Capital Corporation ("**Celina**"), as representative of the Stalking Horse Purchasers, and BMO.[13]

15. Key milestones in the Sale Process are as follows:[14]

(a) *Delivery of teasers and opening of confidential data room*: Immediately following Court approval of the Sale Process;

(b) *Qualified bid deadline*: August 31, 2026, being 30 days from the Sale Process Order date ("**Qualified Bid Deadline**");

(c) *Hearing for Approval and Vesting Order*: As soon as reasonably possible after the selection of the successful bid, subject to Court availability;

(d) *Closing*: If the Stalking Horse Purchasers are the successful bidder, five days following Court approval, or such other date as may be agreed upon. Otherwise no later than the Outside Date (as defined below); and

(e) *Outside Date*: If the Stalking Horse Purchasers are the successful bidder, September 14, 2026, being 45 days from the Sale Process Order, otherwise as required by the successful bidder (the "**Outside Date**").

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[13] Pre-Filing Report at s. 5.1.

[14] Pre-Filing Report at s. 5.1(3), Appendix "A".

16. Qualified bids must, among other requirements, exceed the purchase price of the Stalking Horse Agreement by an initial bid increment of at least $150,000, include a cash deposit of 10% of the amount of cash consideration and be submitted by the Qualified Bid Deadline.[15]

17. The Proposed Receiver is of the view that:

(a) the duration of the Sale Process is sufficient in the circumstances to allow parties to perform diligence and submit offers;

(b) a longer sale process, or a non-stalking horse sale process, is likely to cause material disruption and risk to the business; and

(c) a stalking horse process is appropriate in the circumstances as it will provide stability to the business and help preserve its going-concern value by providing confidence to key stakeholders.[16]

18. BMO, the principal secured creditor, is supportive of the Sale Process and the Stalking Horse Agreement, and is of the view that absent this process, it will incur a materially greater shortfall on its loans to the Debtors than it will through this process.[17]

E. Stalking Horse Agreement

19. The Stalking Horse Agreement, contemplates, among other things:[18]

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[15] Pre-Filing Report at s. 5.3, Appendix “A”.
[16] Pre-Filing Report at s. 5.1(2).
[17] Pre-Filing Report at s. 5.1(1)(j); Khattar Affidavit at para 52.
[18] Pre-Filing Report at s. 5.5, Appendix “B”.

(a) *Purchased assets*: Terra Nova Components Inc. will acquire substantially all the business and assets of TRS and TNT, and Celina Thorndale Inc. will acquire the Thorndale Property;

(b) *Purchase price*: the purchase price for the purpose of the Stalking Horse Agreement is $19.2 million, subject to adjustment, plus Assumed Liabilities (as defined therein);

(c) *Deposit*: $500,000 will be paid by Celina Thorndale Inc. immediately following Court approval of the Sale Process;

(d) *"As is, where is"*: The Stalking Horse Purchasers have acknowledged that they are acquiring the assets on an "as is, where is" basis;

(e) *Excluded assets*: Cash is excluded from the assets to be acquired;

(f) *Approval and Vesting Order:* The Stalking Horse Agreement is conditional upon the issuance by the Court of an Approval and Vesting Order, if it is the successful bid in the Sale Process;

(g) *Closing*: Closing will take place 5 days following the Approval and Vesting Order, or such other date as agreed to by the parties; and

(h) *Outside date*: The outside date is 45 days following the date of the Sale Process Order.

20. The Stalking Horse Agreement does not include a break fee or an expense reimbursement provision.[19]

21. The Proposed Receiver believes that the value of the Stalking Horse Agreement is reasonable in the circumstances because the combined book value of the Debtors' assets is materially less than the BMO Indebtedness, the businesses of the Debtors are incurring significant and ongoing losses, the financial position of the Debtors' is eroding and the Proposed Receiver is of the view that liquidation value will be less than the book value of the assets.[20]

PART III - STATEMENT OF ISSUES

22. The issues on this motion are whether:

(a) the Sale Process should be approved; and

(b) the Stalking Horse Agreement should be approved as a stalking horse bid in the Sale Process.

23. The Proposed Receiver submits that the answer to both issues is "yes".

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[19] Pre-Filing Report at s. 5.6.
[20] Pre-Filing Report at ss. 5.7(e).

PART IV - LAW & AUTHORITIES

A. The Sale Process Should be Approved

24. This Court has the jurisdiction to approve the Sale Process pursuant to, among other things, section 243(1)(c) of the *Bankruptcy and Insolvency Act* (Canada)[21], which affords the Court broad discretion within Court-appointed receiverships.

25. The Court will assess the reasonableness and adequacy of a sale process in light of the factors that a Court will consider when considering the approval of a proposed sale, as set out by the Court of Appeal in *Royal Bank of Canada v Soundair*:[22]

(a) the fairness, transparency and integrity of the proposed process;

(b) the commercial efficacy of the proposed process in light of the specific circumstances facing the receiver; and,

(c) whether the sales process will optimize the chances, in the particular circumstances, of securing the best possible price for the assets up for sale.[23]

26. Each of the *Soundair* factors is satisfied in respect of the proposed Sale Process:

(a) *Fairness, Transparency, and Integrity*: The Proposed Receiver has developed the Sale Process in consultation with BMO and the Stalking Horse Purchasers. The Proposed Receiver will be responsible for the marketing and sale of the Debtors'

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[21] R.S.C. 1985, c. B.-3.

[22] *CCM Master Qualified Fund v. blutip Power Technologies*, 2012 ONSC 1750 [*CCM*] at para 6; R*oyal Bank of Canada v Soundair Corp.*, [1991] 46 OAC 321 [*Soundair*].

[23] Pre-Filing Report at ss. 5.1(1), 5.2.

assets and property, which will be marketed broadly. All interested bidders that executed an NDA will be granted access to a virtual data room containing diligence information. The Successful Bid (as defined therein) will be subject to approval by the Court.

(b) *Commercial Efficacy*: The Proposed Receiver has worked with BMO and the Stalking Horse Purchasers to develop the timelines for a marketing/bid period of 30 days. The Proposed Receiver is of the view that the duration of the Sale Process will be sufficient to canvass a sale of the Debtors' business and assets and to allow interested parties to submit offers. The duration of the Sale Process is also reasonable and appropriate having regard to the Debtors' financial situation. The timelines were developed after considering that BMO is only prepared to provide funding for a limited period and the amount of time required to adequately canvass the market for possible bids that are superior to the transaction contemplated in the Stalking Horse Agreement.[24]

(c) *Best Possible Price*: The proposed Sale Process is designed to obtain the best possible price for the business and assets of the Debtors in the circumstances. The Stalking Horse Agreement will assist in maximizing value and addresses from downside risk should a superior bid not be identified, while the bidding procedures will provide an opportunity to complete a transaction with a greater value than the Stalking Horse Agreement.[25]

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[24] Pre-Filing Report at ss. 5.1(3), 5.7(1)(g), Appendix "A".
[25] Pre-Filing Report at ss. 5.7(1)(c), (f), Appendix "A"; Khattar Affidavit at para 54.

27. Additionally, the Sale Process is designed to be flexible. Specifically:

(a) the Sale Process provides the Proposed Receiver the ability to extend or amend the Sale Process to better promote a robust sale process that will maximize value for stakeholders; and

(b) the Sale Process provides that the Stalking Horse Purchasers, with the consent of the Proposed Receiver, are able to modify the Stalking Horse Agreement to exclude any asset for which an alternative bid is received if it would maximize value.[26]

B. The Stalking Horse Agreement Should be Approved as a Bid

28. The use of stalking horse bids to set a baseline for the bidding process, including credit bid stalking horses, has been recognized by Canadian courts as a reasonable and useful element of a sales process. Stalking horse bids have been approved for use in other receivership proceedings, BIA proposals, and CCAA proceedings.[27]

29. Stalking horse processes are evaluated using the *Soundair* criteria listed above, with the core consideration being whether the proposed process, including its stalking horse component, will likely result in the best recovery of assets being sold pursuant to a fair and transparent process. Factors considered by the Court in the context of a stalking horse process include: (a) how the

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[26] Pre-Filing Report, Appendix "A".

[27] *CCM* at para 7. For unreported orders and endorsements (where available) approving a stalking horse sale process, see: the Order and Endorsement of Justice Kimmel dated February 10, 2026 in *Labatt Village LP, Labatt Village GP Inc., and Labatt Village Holdings Inc.* and the Order and Endorsement of Justice Black dated June 21, 2024 in *Sam M (180 SAW) LP Inc. and Sam M (180 SAW) Inc.*

stalking horse agreement arose, (b) stability benefits, (c) timing considerations, (d) stakeholder support or objections; (e) the "true cost" of the agreement, and (f) any alternatives.[28]

30. Each of the factors above are satisfied:

(a) The Stalking Horse Agreement arose through discussions with the Proposed Receiver, BMO and Celina as the controlling shareholder of the Stalking Horse Purchaser, in light of the Debtors' liquidity crisis and the need to preserve going-concern value. The Stalking Horse Agreement will result in a going-concern solution for the benefit of substantially all stakeholders. This includes substantially all of the Debtors' employees and the assumption of all, or substantially all. amounts owing to arms-length vendors.[29]

(b) The Stalking Horse Agreement will provide stability by setting a floor price of $19.2 million for the Debtors' business and assets, subject to adjustment. The Stalking Horse Purchasers are prepared to pay a deposit of $500,000, further evidencing their commitment to the transaction. A Qualified Bid (as defined in the Sale Process) must exceed the stalking horse purchase price by a minimum of $150,000 and must be accompanied by a deposit equal to 10% of the cash component of that bid. This structure ensures that any competing offer meaningfully exceeds the stalking horse floor and provides stakeholders with certainty of a minimum baseline recovery. Absent the Stalking Horse Agreement,

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[28] *Validus Power Corp et al. and Macquarie Equipment Finance Limited*, 2023 ONSC 6367 at para 34, citing *Re Freshlocal Solutions Inc.*, 2022 BCSC 1616.

[29] Pre-Filing Report at ss. 5.1(1), 5.7(1)(d), Appendix "B".

the Sale Process could potentially result in the receipt of substantially less consideration from the sale of the Debtors' assets. [30]

(c) The Sale Process will expose the Debtors to a public marketing process and permit higher and better offers to replace the Stalking Horse Agreement. Bidders will have sufficient time to assess the Stalking Horse Agreement and potentially submit a superior bid. The Sale Process balances the need to have a sale accomplished in a reasonable timeframe to limit the costs incurred in these receivership proceedings with the desire to properly expose the Debtors' assets to the marketplace to maximize recoveries for stakeholders.[31] The Sale Process allows timelines to be extended if the Receiver believes doing so is in the best interest of the process.

(d) There is no "cost" to the Stalking Horse agreement as it does not include a break fee, expense reimbursement or other bid protections.[32]

(e) The Stalking Horse Agreement is supported by BMO. The Proposed Receiver is not presently aware of any other stakeholder that objects to the Stalking Horse Agreement or the Sale Process.[33] BMO is of the view that it suffer a materially greater loss if the Sale Process is not approved.

(f) The alternative would likely be a sale process without a stalking horse. However, in the current circumstances where there is no break fee or expense reimbursement,

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[30] Pre-Filing Report at ss. 5.1(2), 5.3, 5.5, 5.7(1)(b), Appendix "A".
[31] Pre-Filing Report at ss. 5.1(2), 5.7(c), (g), Appendix "A".
[32] Pre-Filing Report at s. 5.6, Appendix "B".
[33] Pre-Filing Report at s. 5.1(1)(j); Khattar Affidavit at para 52.

there is no prejudice in accepting the Stalking Horse Agreement as the minimum bid in the Sale Process.[34]

PART V - ORDER REQUESTED

31. For the reasons outlined above, the Proposed Receiver respectfully requests that this Honourable Court grant the order substantially in the form of the Sale Process Order found at Tab 3 of the Motion Record.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 29th day of July, 2026.

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[34] Pre-Filing Report at s. 5.6, Appendix "B".

SCHEDULE "A"

LIST OF AUTHORITIES

1. *CCM Master Qualified Fund v. blutip Power Technologies*, 2012 ONSC 1750

2. *Royal Bank of Canada v Soundair Corp.*, [1991] 46 OAC 321

3. *Validus Power Corp et al. and Macquarie Equipment Finance Limited*, 2023 ONSC 6367

4. *Re Freshlocal Solutions Inc.*, 2022 BCSC 1616

5. Order and Endorsement of Justice Kimmel dated February 10, 2026 in *Labatt Village LP, Labatt Village GP Inc., and Labatt Village Holdings Inc.*

6. Order and Endorsement of Justice Black dated June 21, 2024 in *Sam M (180 SAW) LP Inc. and Sam M (180 SAW) Inc.*

I certify that I am satisfied as to the authenticity of every authority.

Note: Under the Rules of Civil Procedure, an authority or other document or record that is published on a government website or otherwise by a government printer, in a scholarly journal or by a commercial publisher of research on the subject of the report is presumed to be authentic, absent evidence to the contrary (rule 4.06.1(2.2)).

Date July 29, 2026

Signature

SCHEDULE "B"

TEXT OF STATUTES, REGULATIONS & BY - LAWS

***Bankruptcy and Insolvency Act*, RSC 1985, c B-3**

Court may appoint receiver

243 (1) Subject to subsection (1.1), on application by a secured creditor, a court may appoint a receiver to do any or all of the following if it considers it to be just or convenient to do so:

(a) take possession of all or substantially all of the inventory, accounts receivable or other property of an insolvent person or bankrupt that was acquired for or used in relation to a business carried on by the insolvent person or bankrupt;

(b) exercise any control that the court considers advisable over that property and over the insolvent person's or bankrupt's business; or

(c) take any other action that the court considers advisable.

BANK OF MONTREAL -and- **TRS COMPONENTS LTD. et al.**

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Proceeding commenced at Toronto

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