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COURT FILE NUMBER

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COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANTS

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, as amended

AND IN THE MATTER OF THE COMPROMISE OR ARRANGEMENT OF WALLACE & CAREY INC., LOUDON BROS LIMITED, and CAREY MANAGEMENT INC.

DOCUMENT

AFFIDAVIT NO. 2 OF BRIAN M. BIRNIE

COM
June 30, 2023
Justice M.E. Burns

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

MILLER THOMSON LLP
Barristers and Solicitors
3000, 700 – 9th Avenue SW
Calgary, AB, T2P 3V4

Attention: James W. Reid / Larry Ellis

Phone: 403-298-2418 / 416-595-8639

E-mail: jwreid@millerthomson.com /
lellis@millerthomson.com

File No.: 0221652.0006

AFFIDAVIT NO. 2 OF BRIAN M. BIRNIE

Sworn on June 27, 2023

I, Brian M. Birnie, of the City of Nanaimo, in the Province of British Columbia, **MAKE OATH AND SAY THAT:**

1. I am the Senior Vice President of Finance & Corporate Development at Wallace & Carey Inc. ("**Wallace & Carey**"), Loudon Bros Limited ("**Loudon Bros**"), and Carey Management Inc. ("**CMI**", and together with Wallace & Carey, and Loudon Bros, the "**Applicants**" or the "**Companies**"). I am also the Chief Financial Officer of Wallace & Carey.
2. In my roles, I am responsible for overseeing the financial operations of the Companies and their liquidity management.
3. I have personal knowledge of the matters described in this Affidavit, except where I state that my knowledge is based upon information and belief, in which case I believe the statements to be true.
4. On June 21, 2023, I swore an Affidavit in these CCAA proceedings ("**Birnie Affidavit No. 1**") in support of an Originating Application by the Applicants for an Initial Order under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 ("**CCAA**").
5. On June 22, 2023, the Honourable Justice G.A. Campbell granted a CCAA Initial Order in these proceedings (the "**Initial Order**").
6. Capitalized terms used herein but not otherwise defined shall have the meanings given to such terms in Birnie Affidavit No. 1 or the Initial Order.
7. This Affidavit is sworn in support of an application by the Companies amending and restating the Initial Order including, without limitation, the following amended relief:
 - (a) extending the Stay Period up to and including September 20, 2023, or such other date as this Court may consider appropriate;
 - (b) declaring that the Applicants may file a plan of compromise or arrangement;
 - (c) declaring that the Applicants may pursue an orderly restructuring of the Business and the Property;
 - (d) increasing the Administration Charge to the aggregate amount of \$750,000;

- (e) increasing the D&O Charge to the aggregate amount of \$4,000,000; and
- (f) increasing the Tobacco Tax Charge to the aggregate amount of \$26,000,000.

I. UPDATE AND ACTIONS TAKEN SINCE THE INITIAL ORDER

8. As discussed in greater detail in Birnie Affidavit No. 1, Wallace & Carey is a family owned business that was founded in 1921. Servicing more than 7,000 customers across the country, Wallace & Carey has grown to become one of Canada's largest independent wholesale distribution and logistics companies.

9. Wallace & Carey has owned and operated Loudon Bros since 2011. Loudon Bros is Thunder Bay's leading foodservice wholesaler and distributor, serving convenience stores, grocery stores, restaurants, foodservice providers, not-for-profits, and various retail sector businesses throughout Northwestern Ontario.

10. CMI is the parent company and sole shareholder of Wallace & Carey. CMI provides management services to the Logistics Companies.

11. The Business is facing unprecedented challenges that resulted from the COVID-19 global pandemic and its attendant supply chain disruptions and lockdowns, and subsequent inflationary pressures and interest rate increases. These financial stressors have been exacerbated by significant declines in the sale of tobacco, a key product supplied by the Business. The Logistics Companies are consequently facing a liquidity crisis that has put the viability of the Business and the continued employment of their 650 employees at risk.

12. As a result, the Applicants sought and obtained creditor protection and related relief under the CCAA pursuant to the Initial Order.

13. Pursuant to the Initial Order:

- (a) KSV Restructuring Inc. was appointed as Monitor;
- (b) the Stay Period was granted up to July 1, 2023;
- (c) the Charges were approved in the following priority:
 - (i) First – Administration Charge (to the maximum amount of \$250,000);

- (ii) Second – Lender Priority Charge (to the maximum amount of \$55,000,000 plus interest, fees, and expenses);
 - (iii) Third – D&O Charge (to the maximum amount of \$3,300,000);
 - (iv) Fourth – the Encumbrances existing as of the date of the Initial Order in favour of the Lender securing the pre-filing obligations owing under the CIBC Credit Agreement including, for greater certainty, obligations in connection with the BCAP Loan; and
 - (v) Fifth – Tobacco Tax Charge (to the maximum amount of \$18,000,000); and
- (d) the Applicants are authorized to carry on business in a manner consistent with the preservation of the Property, the proposed restructuring, and to make certain payments in connection with their business.

14. Since the Initial Order was granted, the Applicants have, with the assistance of their legal counsel and the Monitor, among other things:

- (a) hosted several town hall meetings and question and answer periods with employees at each location to advise them of the CCAA proceedings, what led to the filing, and the Applicants' plans for the business going forward;
- (b) immediately reached out to customers to advise them of the CCAA proceedings and the intention that the Business continue to operate in the normal course during the CCAA proceedings;
- (c) advised and engaged with vendors, suppliers, provincial and territorial tobacco tax authorities, and other creditors regarding these CCAA proceedings, the Applicants' business during these CCAA proceedings, and various other issues; and
- (d) reviewed forecasted operating costs and expenses in order to conserve capital during these CCAA proceedings.

II. AMENDED AND RESTATED INITIAL ORDER

15. The proposed Amended and Restated Initial Order provides for certain amendments to the Initial Order, namely:

- (a) the inclusion of certain provisions contained in the standard form template Alberta CCAA Initial Order, including additional restructuring provisions expanding the Monitor's powers to assist the Applicants' restructuring efforts;
- (b) the extension of the Stay Period to September 20, 2023;
- (c) increases to the Administration Charge (to \$750,000), the D&O Charge (to \$4 million), and the Tobacco Tax Charge (to \$26 million).

(a) *Restructuring Provisions*

16. At the time these CCAA proceedings commenced, the Applicants needed urgent relief to stabilize the Business. The Applicants only sought the relief that was reasonably necessary for its continued operation in the ordinary course of business during the initial 10-day Stay Period.

17. The Applicants now seek to include more expansive restructuring provisions in the Amended and Restated Initial Order to enable them to take steps that may become necessary during these CCAA proceedings, including the ability to file with this Court a plan of compromise or arrangement between the Applicants and their creditors.

18. Further, in accordance with the standard form template Alberta CCAA Initial Order, the Applicants are seeking to expand the Monitor's powers to, among other things, advise the Applicants in their development of a plan of compromise or arrangement and assist the Applicants with the holding and administering of a creditors' meeting to consider and vote upon a plan.

(b) *Extension of Stay of Proceedings*

19. The Applicants seek an extension of the Stay Period up to and including September 20, 2023, or such other date as this Court may consider appropriate to align with milestones contained in the CIBC Forbearance Agreement.

20. The proposed extension of the Stay Period is 90 days from the date of the Initial Order, which will provide stability for the Business and provide the Applicants time to develop and file a plan of arrangement or compromise with the Court for creditors to vote on.

21. As set out in the Cash Flow Projections attached as Appendix B to the Pre-Filing Report of KSV Restructuring Inc. dated June 22, 2023, with the continued use of the Cash Management System, the Applicants have sufficient liquidity to fund their obligations and the costs of these CCAA proceedings through the end of the proposed extended Stay Period.

22. I understand the Monitor supports the extension of the Stay Period as sought by the Applicants.

(c) Increases to the Charges

23. The Charges in the Initial Order were limited to those amounts necessary for the Applicants' ordinary course operations during the initial 10-day Stay Period. The Applicants now seek to increase the Administration Charge, the D&O Charge, and the Tobacco Tax Charge for the proposed extended Stay Period.

24. The Administration Charge is described in paragraphs 163 to 170 of Birnie Affidavit No. 1. The D&O Charge is described in paragraphs 178 to 184 of Birnie Affidavit No. 1. The Tobacco Tax Charge is described in paragraphs 185 to 189 of Birnie Affidavit No. 1.

25. The Monitor has reviewed the quantum of the proposed increases to these Charges and the basis for the requested increases. I understand that the Monitor is of the view that the proposed increases to these Charges are reasonable.

(d) The CIBC Forbearance Agreement

26. At the time of swearing Birnie Affidavit No. 1, the CIBC Forbearance Agreement described in paragraphs 91 to 94 had not been finalized. Attached hereto and marked as Exhibit "A" is a copy of the CIBC Forbearance Agreement.

III. CONCLUSION

27. I swear this Affidavit in support of the Amended and Restated Initial Order at the Comeback Hearing.

SWORN BEFORE me at the City of)
Calgary, in the Province of Alberta, this)
27th day of June, 2023.)
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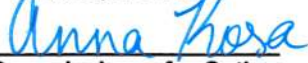
A Commissioner for Oaths in and for the Province of Alberta.



BRIAN M. BIRNIE

Anna Elizabeth Kosa
Barrister & Solicitor
Notary Public and Commissioner for Oaths
In and for the Province of Alberta

This is Exhibit " A " referred to in
the Affidavit of Brian M. Birnie
Sworn before me this 27 day
of June, A.D. 2023



Anna Kosa
A Commissioner for Oaths
In and for the Province of Alberta

Anna Elizabeth Kosa
Barrister & Solicitor
Notary Public and Commissioner for Oaths
In and for the Province of Alberta

FORBEARANCE AGREEMENT

THIS AGREEMENT is dated as of June 22, 2023.

AMONG:

CAREY MANAGEMENT INC.
(the "**Borrower**")

- and -

THE GUARANTORS FROM TIME TO TIME PARTY HERETO

- and -

CANADIAN IMPERIAL BANK OF COMMERCE, as Agent
(the "**Agent**")

- and -

THE LENDERS FROM TIME TO TIME PARTY TO THE CREDIT AGREEMENT
(the "**Lenders**")

CONTEXT:

- A.** The Agent and the Lenders have provided certain financing arrangements under a Credit Agreement dated as of September 26, 2017 among the Borrower, the guarantors party thereto, the Agent and the lenders party thereto from time to time (as amended by Amendment No. 1 to Credit Agreement dated May 3, 2018, First Amendment to Credit Agreement dated January 1, 2019, Amendment No. 2 and Consent and Waiver to Credit Agreement dated December 31, 2019, Fourth Amendment to Credit Agreement dated September 2, 2020, Fifth Amendment to Credit Agreement dated March 31, 2021, Sixth Amendment to Credit Agreement dated May 28, 2021, Seventh Amendment and Consent dated October 29, 2021, Eight Amendment to Credit Agreement dated April 4, 2022, Ninth Amendment to Credit Agreement dated January 23, 2023 and as the same may be further amended, restated, supplemented, revised, replaced or otherwise modified from time to time, the "**Credit Agreement**").
- B.** As of the date of this Agreement, the Credit Parties are in default under the Credit Agreement and the other Loan Documents, which default constitutes one or more events of default thereunder as set out in Schedule 3 hereto, and in addition, the Borrower has advised the Agent of the occurrence of potential liquidity shortfalls that would be considered Defaults that with the passage of time would be Events of Default, and that could have a material impact on the ability of the Credit Parties to continue business as a going concern.
- C.** The conditions to the obligation of the Lenders to make Loans as set out in Section 4.2 of the Credit Agreement are not satisfied at this time (the "**Draw Conditions**"). As a result, the Lenders are not obligated at this time to make further advances of Loans under the Credit Agreement.
- D.** Certain of the Credit Parties, being the Borrower, Wallace & Carey Inc. and Loudon Bros Limited (the "**Applicants**") are applying to the Alberta Court of King's Bench (the "**CCAA Court**") for an initial order (as amended, supplemented or otherwise modified from time to time, the "**Initial Order**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") (such proceedings being the "**CCAA Proceedings**") on or about June 22, 2023 and the Credit Parties have requested ongoing support of the Agent and the Lenders during the CCAA Proceedings. The primary purpose

of the CCAA Proceedings is to give effect to a process for Wallace & Carey Inc. and Loudon Bros Limited to pursue potential transactions to restructure certain unsecured debt (a “**Plan**”) or otherwise restructure the business of the Credit Parties.

- E. The Credit Parties require funding to implement the restructuring process and have concluded that the Agent and the Lenders are the most cost effective and timely source of working capital funding that is available and appropriate in the circumstances of the Applicants in the CCAA Proceedings.
- F. The Credit Parties have requested that the Agent and the Lender continue to make available to the Borrower credit facilities under the Credit Agreement to fund working capital requirements during the CCAA Proceedings.
- G. The Credit Parties have further requested that the Agent and the Lenders forbear from exercising the Agent’s and the Lenders’ rights arising as a result of (i) the Existing Defaults (as defined below); and (ii) the commencement and existence of the CCAA Proceedings.
- H. The Borrower, the Agent and the Lenders have agreed, subject to the terms and conditions herein, that the Lenders will continue to make available to the Borrower certain Borrowings under the Credit Agreement during the Forbearance Period (as defined below), subject to the terms and conditions set out herein, for the Borrower’s working capital purposes, notwithstanding the failure of the Borrower to satisfy the Draw Conditions as a result of, among other things, the Existing Defaults and Events of Default that would arise from the CCAA Proceedings.
- I. The Agent and the Lenders are willing to forbear from exercising their rights and remedies and to provide certain Borrowings to the Borrower during the Forbearance Period (as defined below) subject to the terms and conditions set out herein.

THEREFORE, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Credit Agreement Definitions

Each capitalized term used and not otherwise defined in this Agreement will have the meaning assigned to it in the Credit Agreement.

1.2 Other Definitions

In this Agreement the following terms have the following meanings:

- (a) “**ABL DIP Fee**” is defined in Section 3.3(a).
- (b) “**ABL DIP Priority Charge**” is defined in Section 7.1(v)(b).
- (c) “**Additional Default**” means: (i) a Credit Party’s default or failure to comply with any of the terms, conditions or covenants under this Agreement, or (ii) a Default by a Credit Party under the Credit Agreement or any other Loan Document prior to or on or after the date of this Agreement (other than an Existing Default).
- (d) “**Agreement**” means this agreement, including all Schedules, as it may be modified, amended, revised, restated, replaced, supplemented or otherwise changed from time to time and at any time hereafter, in writing, by the Parties.

- (e) **"Alberta Tobacco Tax Payment Plan"** means the payment arrangements between Wallace & Carey Inc. and the Government of Alberta pursuant to which the Credit Parties agreed to make weekly payments of \$2,000,000 (of which \$250,000 is on account of arrears) owing under the *Tobacco Tax Act*, RSA 2000, c T-4.
- (f) **"Applicants"** is defined in "Context" above.
- (g) **"Approved Cash Flow"** means the approved (by the Agent) rolling 13-week cash flow forecast of the Applicants in form and substance satisfactory to the Agent, which forecast shall also include the forecasted inventory, forecasted Borrowings and forecasted Borrowing Base for each week, which is attached as Schedule 6 hereto for the weeks June 23, 2023 to September 23, 2023.
- (h) **"CCAA"** is defined under "Context" above.
- (i) **"CCAA Court"** is defined under "Context" above.
- (j) **"CCAA Proceedings"** is defined under "Context" above.
- (k) **"Claims"** and **"Claim"** are defined in Section 8.3(a).
- (l) **"Communication"** means any notice, demand, request, consent, approval or other communication, which is required or permitted by this Agreement to be given or made by a Party.
- (m) **"Conditions Precedent"** is defined in Section 7.1.
- (n) **"Court Order"** means an order of the CCAA Court.
- (o) **"Credit Agreement"** is defined under "Context" above.
- (p) **"Draw Conditions"** is defined under "Context" above.
- (q) **"Existing Defaults"** means the Defaults or Events of Default under the Credit Agreement set out in Schedule 3 attached hereto, and any Default or Event of Default arising solely as a result of the commencement of the CCAA Proceedings in accordance with the terms hereof.
- (r) **"Existing Indebtedness"** means the outstanding Obligations existing as at the date hereof as more particularly described in Schedule 1.
- (s) **"Existing Security"** is defined in Section 2.4.
- (t) **"Forbearance Period"** is defined in Section 3.1(a).
- (u) **"Initial Order"** is defined under "Context" above.
- (v) **"Loan Documents"** has the meaning given thereto in the Credit Agreement and includes, without limitation, this Agreement.
- (w) **"Mortgaged Properties"** means the real property (including fixtures thereto) listed on Schedule 4 and identified as such thereon as updated from time to time with the consent of the Agent, owned by the Borrower or a Guarantor.
- (x) **"Net Cash Flow"** means the cumulative net cash flow measured and reported weekly on a cumulative basis.

- (y) **"Parties"** means, collectively, the Credit Parties, the Agent and the Lenders; and **"Party"** means any one of them.
- (z) **"Plan"** is defined under "Context" above.
- (aa) **"Pre-Filing Payments Order"** is defined in Section 4.1(d)(iv).
- (bb) **"Releasees"** and **"Releasee"** are defined in Section 8.3(a).
- (cc) **"Saskatchewan Tobacco Tax Payment Plan"** means the payment arrangement evidenced by the letter dated February 15, 2023 from the Government of Saskatchewan to Wallace & Carey Inc. regarding the payment of arrears owing under the *Tobacco Tax Act*, RSA 2000, c T-4.
- (dd) **"Tobacco Tax Payment Plans"** means, collectively, the Alberta Tobacco Tax Payment Plan and the Saskatchewan Tobacco Tax Payment Plan.
- (ee) **"Termination Date"** is defined in Section 5.3.
- (ff) **"Terminating Event"** is defined in Section 5.4.

1.3 Entire Agreement

This Agreement, together with the Credit Agreement and the other Loan Documents and the other agreements and documents to be delivered under this Agreement, constitute the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no representations, warranties or other agreements between the Parties in connection with the subject matter of this Agreement except as specifically set out in this Agreement, the Credit Agreement, the other Loan Documents or the other agreements and documents delivered under this Agreement.

1.4 Business Day

Whenever any payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, the payment is to be made or action taken on the next Business Day following.

1.5 Certain Rules of Interpretation

- (a) In this Agreement, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the word "including" in this Agreement is to be construed as meaning "including, without limitation".
- (b) The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement.
- (c) References in this Agreement to an Article, Section, Schedule or Exhibit are to be construed as references to an Article, Section, Schedule or Exhibit of or to this Agreement unless the context requires otherwise.
- (d) Unless otherwise specified in this Agreement, time periods within which or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends. If the last day of a time period is not a Business Day, the time period will end on the next Business Day.

- (e) Unless otherwise specified, any reference in this Agreement to any (a) statute includes all regulations made under that statute, and is to be construed as a reference to that statute as amended, supplemented or replaced from time to time, and (b) to any agreement means such agreement as amended, supplemented, restated, or replaced subject to compliance with any restrictions thereon in the Loan Documents.
- (f) Unless otherwise specified, the word “dollar” and the “\$” sign refer to Canadian currency, and all amounts to be advanced, paid, tendered or calculated under this Agreement are to be advanced, paid, tendered or calculated in Canadian currency.

1.6 Schedules and Exhibits

The following is a list of the Schedules and Exhibits attached hereto:

Schedule	Subject Matter
Schedule 1	Existing Indebtedness
Schedule 2	Existing Security
Schedule 3	Existing Defaults
Schedule 4	Mortgaged Properties
Schedule 5	Restructuring Timeline
Schedule 6	Approved Cash Flow

ARTICLE 2 ACKNOWLEDGMENT

2.1 Acknowledgement of Obligations

Each Credit Party confirms, acknowledges and agrees that the Existing Indebtedness as of the date of this Agreement is as set out in Schedule 1 attached hereto.

2.2 Continuing Effect of Amendments

The Parties hereto each acknowledge, confirm and agree that the Credit Agreement and the other Loan Documents remain in full force and effect as at the date hereof, except as specifically amended by this Agreement. The Credit Agreement shall henceforth be read and construed in conjunction with this Agreement.

2.3 Other Confirmations and Acknowledgements

Each Credit Party confirms, acknowledges and agrees that:

- (a) each of the recitals in the “Context” is true and correct;
- (b) the Existing Defaults (other than the Default or Event of Default arising solely from the commencement of the CCAA Proceedings) have occurred and are continuing and, as of the date of this Agreement, no Default or Event of Default, other than the Existing Defaults, exists under the Credit Agreement or any other Loan Document;

- (c) the Agent and the Lenders have not waived the Existing Defaults and nothing contained in this Agreement or the transactions contemplated by this Agreement will be deemed to constitute any such waiver, and the Credit Parties acknowledge, confirm and agree that notwithstanding any provision of the Credit Agreement to the contrary, the Agent and the Lenders shall be under no obligation to continue the Commitments following the Forbearance Period and shall only continue the Commitments during the Forbearance Period subject to the terms and conditions of this Agreement;
- (d) interest and fees will accrue on the Existing Indebtedness under the Credit Agreement and the other Loan Documents in accordance with the terms set out herein;
- (e) KSV Advisory Inc. has been retained by the Applicants, and has been appointed as the financial advisor to the Applicants and the Agent has retained and is entitled to continue to retain PricewaterhouseCoopers Inc., as financial advisor and any other advisors as the Agent may require at the cost of the Credit Parties;
- (f) KSV Advisory Inc. (the "**Monitor**") is the proposed monitor under the Initial Order in the CCAA Proceedings and has consented to act in such capacity;
- (g) each Credit Party consents to the immediate enforcement of all or any part of the rights and remedies accorded to the Agent and the Lenders under the Credit Agreement and the other Loan Documents and Applicable Law in any manner determined by the Agent and the Lenders upon the expiry of the Forbearance Period;
- (h) each Credit Party will grant all access and provide, on reasonable notice during regular business hours, all information and documentation to, and will otherwise cooperate fully with, the Agent and the Lenders and PricewaterhouseCoopers Inc., as the Agent's advisor, and pay all reasonable fees and disbursements of each consultant or advisor appointed by the Agent or the Lenders as the Agent or the Lenders may require; and pay, in accordance with the Approved Cash Flow, as the case may be, all reasonable fees and disbursements of the Monitor and the Monitor's counsel;
- (i) except for obligations in respect of accrued unpaid tobacco sales taxes not to exceed \$10,653,860.42, which are the subject of the Tobacco Tax Payment Plans, as at the date of this Agreement, the Credit Parties have paid or caused to be paid and satisfied when due all amounts in respect of income taxes, provincial sales taxes, tobacco taxes and other excise taxes, GST, HST, employee payroll remittances, employee wages and other obligations which have or may constitute a Priority Payable;
- (j) neither the Borrower, nor any other Credit Party has received, or is aware of any pending issuance of, any notice of garnishment from a Governmental Authority;
- (k) the Agent has and will continue to have valid, enforceable and perfected first ranking Liens, subject to Permitted Liens, over and in respect of the Collateral as continuing and collateral security for the Obligations and all other amounts owing from time to time under this Agreement, the Credit Agreement and the other Loan Documents, and subject to any court-ordered charge(s) approved by the Agent and the Lender and granted by the CCAA Court;
- (l) the Credit Agreement, the other Loan Documents to which each Credit Party is party and this Agreement are in full force and effect and constitute legal, valid and binding obligations of each Credit Party, enforceable against each such Credit Party in accordance with their respective terms;
- (m) the Credit Parties do not have any valid claim for set-off, counter-claim, damages or other defence on any basis whatsoever against the Agent and the Lenders and if there are any such claims, then each Credit Party hereby expressly waives and releases them to the fullest extent permitted under Applicable Law;

- (n) the Agent and the Lenders are and will be entitled to the rights, remedies and benefits provided for in this Agreement, the Credit Agreement and the other Loan Documents subject to Applicable Law;
- (o) the Approved Cash Flow existing as at the date hereof covers the period from June 23, 2023 to September 23, 2023;
- (p) this Agreement constitutes a Loan Document for all purposes of the Credit Agreement and the other Loan Documents.

2.4 Security

The Credit Parties acknowledge and agree that, in addition to the security created pursuant to the ABL DIP Priority Charge, the Security Documents delivered to, and Liens granted therein to, the Agent (including, without limitation, each Guarantee delivered by each Guarantor) as listed in Schedule 2 attached hereto (collectively, the “**Existing Security**”) shall stand as security for the payment and performance of each and every one of the Credit Parties’ obligations and indebtedness to the Agent and the Lenders.

ARTICLE 3 FORBEARANCE, FEES AND INTEREST, AND COMMITMENTS

3.1 Forbearance

- (a) In reliance upon the acknowledgments, confirmations, representations, warranties and covenants of the Credit Parties contained in this Agreement, and subject to the terms and conditions of this Agreement and any documents or instruments executed in connection with this Agreement, the Agent and the Lenders agree to forbear from exercising their rights and remedies under the Credit Agreement and the other Loan Documents and/or Applicable Law in respect of or arising out of or relating to the Existing Defaults, subject to the conditions, amendments and modifications contained in this Agreement, during the period (the “**Forbearance Period**”) commencing on the date of this Agreement and ending on the Termination Date.
- (b) On the last day of the Forbearance Period, the agreement of the Agent and the Lenders to forbear will automatically and without further action terminate and be of no further force or effect, it being expressly agreed that the effect of that termination will be to permit the Agent and the Lenders to immediately exercise all or any part of their rights and remedies under this Agreement, the Credit Agreement, the other Loan Documents and Applicable Law (whether against all or any combination of the Credit Parties), including without limitation:
 - (i) to immediately terminate the Commitments and cease to permit any further Borrowings, upon which no further credit will be available thereunder;
 - (ii) to demand immediate payment of all of the Obligations and enforce all of the Agent’s rights and remedies under this Agreement, the Credit Agreement, the other Loan Documents and Applicable Law, in each case without any further notice, passage of time or forbearance of any kind; and
 - (iii) to appoint a receiver, interim receiver or receiver and manager of any of the Credit Parties pursuant to this Agreement, the Credit Agreement, the other Loan Documents or Applicable Law (or apply to a court of competent jurisdiction to do so).

3.2 No Other Waivers; Reservation of Rights

The Agent and the Lenders have not waived, and are not by this Agreement or the implementation of this Agreement waiving, any Existing Default or any Additional Default (whether the same or similar to the Existing Defaults or otherwise), and the Agent and the Lenders have not agreed to forbear with respect to

any of their rights or remedies concerning any Additional Default (whether the same or similar to the Existing Defaults or otherwise) which may have occurred or be continuing as of the date of this Agreement or which may occur or be continuing after the date of this Agreement. The Agent and the Lenders have not waived any of such rights or remedies, and nothing in this Agreement, and no delay on their part in exercising any such rights or remedies, should be construed as a waiver of those rights or remedies.

3.3 Fees and Interest

- (a) In consideration of the agreements set out in this Agreement, the Borrower agrees to pay to the Agent, a fee for the benefit of the Revolving Lenders in the amount of \$1,000,000 which shall be fully earned upon execution of this Agreement and payable in four equal instalments of \$250,000 on July 21, 2023, August 21, 2023, September 21, 2023, and October 21, 2023 (the “**ABL DIP Fee**”); provided, however, that the ABL DIP Fee, excluding a \$100,000 portion of that fee which is non-refundable, shall be refunded to the Borrower upon: (i) implementation of a Plan in form and substance acceptable to the Agent and in connection therewith a refinancing of all of the Obligations on or prior to November 30, 2023; or (ii) the indefeasible repayment in full of the Obligations, including the BCAP Loan, on or prior to November 30, 2023.
- (b) Subject to subsection 3.3(a), the ABL DIP Fee is in addition to all other fees (including legal fees), interest, costs, expenses and other amounts payable in connection with this Agreement, the Credit Agreement and the other Loan Documents (including fees contemplated in the Credit Agreement to the extent that payment has not been received by the Agent as at the date hereof) and may be charged by the Agent to any account of the Borrower maintained by the Lenders. The ABL DIP Fee will be fully earned by the Agent despite any failure by any Credit Party to comply with any other term of this Agreement.
- (c) Notwithstanding Section 2.3(d) hereof or any other provision of this Agreement, or any provision of the Credit Agreement or any other Loan Document:
 - (i) The Revolving Loans comprising each Canadian Prime Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 days or 366 days, as the case may be) at a rate per annum equal to the Canadian Prime Rate plus 3.75%.
 - (ii) The Revolving Loans comprising each Base Rate Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the Base Rate plus 3.75%.
 - (iii) The BCAP Loan shall bear interest at a rate equal to 2% plus the rate otherwise applicable to the BCAP Loan.

- 3.4 **Revolving Commitments:** The Credit Parties, the Agent and the Lender hereby agree that the Revolving Commitment shall be reduced to \$55,000,000.

ARTICLE 4 OBLIGATIONS OF THE CREDIT PARTIES DURING FORBEARANCE PERIOD

4.1 Covenants of the Credit Parties

During the Forbearance Period, each Credit Party covenants and agrees as follows:

- (a) **Loan Document Obligations:** each Credit Party will strictly adhere to all the terms, conditions and covenants of this Agreement, the Credit Agreement and the other Loan Documents including, without limitation, terms requiring prompt payment to the Agent and the Lenders of principal and interest amounts when due, except to the extent that those terms, conditions and covenants are

otherwise specifically amended by this Agreement, or modified and agreed to in writing by the parties to such agreement and acknowledged and approved in writing by the Agent;

(b) **Asset Sales and Payments:** notwithstanding anything to the contrary contained in this Agreement, the Credit Agreement or any other Loan Document:

- (i) unless otherwise agreed to by the Agent in writing on or after the date hereof, the Credit Parties will not transfer, lease, sell or otherwise dispose of all or any part of their property, assets or undertaking (excluding dispositions of inventory in the ordinary course of business) other than the transfer, lease, sale or other disposition of property, assets or undertaking not exceeding \$25,000 for any single transaction or \$50,000 in the aggregate;
- (ii) notwithstanding Section 6.6 and 6.15 of the Credit Agreement, each Credit Party agrees that no Restricted Payment (including any Restricted Payment otherwise permitted by Section 6.6 of the Credit Agreement) or Capital Expenditure shall be incurred or paid, in each case unless such payment is expressly identified and included in the Approved Cash Flow or has been approved by the Agent in writing on or after the date hereof;
- (iii) unless otherwise agreed to by the Agent in writing on or after the date hereof, the Credit Parties shall not pay any key employee any bonus, incentive or retention payments, whether such payment was an obligation arising from a contract executed prior to the date of this Agreement or otherwise; and
- (iv) notwithstanding Section 6.8 of the Credit Agreement, no payment of interest, principal or any other obligations owing under the Shareholder Subordinated Indebtedness or the Elite Unsecured Debt shall be made during the Forbearance Period without the prior written consent of the Agent given on or after the date hereof.

(c) **Information Sharing:** The Credit Parties will forthwith provide to the Agent:

- (i) a copy of all reports and information respecting the business, financial condition or prospects of the Credit Parties within two business days following request by the Agent, or such other time period as agreed to by the Agent acting reasonably;
- (ii) the following reporting information certified by the respective Chief Financial Officer or Chief Executive Officer (unless otherwise specified) of the applicable Credit Party and in form and substance satisfactory to the Agent:
 - a. the reporting information required under the Credit Agreement (and, in particular, Section 5.1 thereof);
 - b. promptly after a Credit Party learns of the receipt or occurrence thereof, a certificate of such Credit Party, signed by a senior officer of such Credit Party specifying:
 - (i) notice of the institution of or any material adverse development in any action, suit or proceeding or any governmental investigation or any arbitration before any court or arbitrator or any Governmental Authority or official against such Credit Party which would reasonably be expected to have a Material Adverse Effect;
 - (ii) any official notice of any violation, possible violation, non-compliance or possible non-compliance, or claim made by any Governmental Authority or licensor pertaining to all or any part of the properties or Intellectual

Property Rights of such Credit Party which would reasonably be expected to have a Material Adverse Effect;

- (iii) except for the Existing Defaults, any event which constitutes a Default or Event of Default, together with a detailed statement specifying the nature thereof and the steps being taken to cure such Default or Event of Default;
 - (iv) the receipt of any notice from, or the taking of any other action by, the holder of any promissory note, debenture or other evidence of Indebtedness of such Credit Party with respect to an actual or alleged default, together with a detailed statement specifying the notice given or other action taken by such holder and the nature of the claimed default and what action such Credit Party is taking or proposes to take with respect thereto;
 - (v) the receipt of any notice from, or the taking of any other action by, a party to a Material Contract or material indebtedness with respect to an actual or alleged default, together with a detailed statement specifying the notice given or other action taken by such party and the nature of the claimed default and what action such Credit Party is taking or proposes to take with respect thereto;
 - (vi) the receipt of, or notice of the pending issuance of, any notice of garnishment against a Credit Party outlining the dollar amount subject to the garnishment and, if issued, attaching a copy of the order;
 - (vii) any returns, credit memos, damage or destruction of Inventory, in excess of \$250,000 in aggregate during the Forbearance Period, together with a detailed statement describing the Inventory returned, damaged or destroyed or the credit memo and the cause of such return, damage or destruction or credit memo and what action the Credit Parties are taking or propose to take with respect thereto;
 - (viii) any notices received from customers advising of termination of their purchase agreements, material reductions in orders relative to prior periods, or liabilities or set offs such customers are seeking to impose on any Credit Party in an aggregate amount in excess of \$250,000 during the Forbearance Period;
 - (ix) any other event, development or condition which may reasonably be expected to have a Material Adverse Effect;
- (iii) promptly:
- a. after receipt by a Credit Party, a copy of any notice received by such Credit Party in which any creditor, landlord, licensor or other third party delivers a notice of defect, default, demand, acceleration or enforcement in respect of any obligation of such Credit Party, and
 - b. any written restructuring, liquidation or sale proposal that is received by a Credit Party or their respective advisors;
- (iv) promptly, all other reports and information required to be provided under this Agreement, the Credit Agreement or any other Loan Document or as may be otherwise reasonably required by the Agent from time to time.

(d) **CCAA Proceedings:**

- (i) All motions, applications, affidavits, Court Orders and other pleadings and related documents filed or submitted to the CCAA Court by any Credit Party shall be consistent with the terms hereof and all Court Orders shall not be inconsistent with or have an adverse impact in any material respect on the rights, remedies or interests of the Agent or the Lenders unless otherwise agreed to by the Agent and the Lenders;
- (ii) Drafts of any motions, applications, affidavits, Court Orders and other pleadings and related documents to be filed or sought by any Credit Party, shall be provided to the Agent not less than three business days prior to service and filing, to be confirmed in advance to be satisfactory to the Agent and the Lenders, acting reasonably, subject to any amendments that are required by the Court that are acceptable to the Agent and the Lenders, acting reasonably;
- (iii) The Applicants agree to comply with the timeline set forth in Schedule 5 hereto with respect to negotiation of the Plan, with such amendments as may be agreed to by the Agent and the Lenders;
- (iv) The Applicants shall seek and obtain, as part of the Initial Order, an Order of the CCAA Court, in form and substance satisfactory to the Agent and the Lenders, authorizing and directing the Applicants to pay, in accordance with the Credit Agreement, as amended hereby, any and all amounts owing by the Applicants to the Agent and the Lenders on account of the Credit Parties' pre-filing outstanding Borrowings under the Credit Agreement from time to time, whether such Borrowings arose prior to or after the date of the Initial Order, provided that no advances of funds made by the Agent or the Lenders to the Credit Parties under the Credit Agreement (as amended) made on or after the granting of the Initial Order shall be used to pay pre-filing outstanding Borrowings under the Credit Agreement (as amended) (the "**Pre-filing Payments Order**");
- (v) The Credit Parties will enforce, collect and receive at their expense all amounts owing on their Accounts in the ordinary course of their business and any proceeds they receive shall be subject to the terms of the Credit Agreement and this Section 4.1(d);
- (vi) that, on the date of the Initial Order and at all times thereafter: (a) each of the Credit Parties' deposit accounts that receive proceeds of Inventory or other property subject to a Lien in favour of the Agent are and shall be Blocked Accounts subject to duly executed and delivered Blocked Account Agreements and complying in all respects with the terms set forth in the Credit Agreement, (b) each of the Credit Parties shall have delivered to the Agent evidence satisfactory to the Agent that blocked account and cash management systems with all such Persons complying in all respects with the terms set forth in the Credit Agreement have been established and are currently being maintained in the manner set forth in the Credit Agreement, and (c) it shall have delivered to the Agent copies of duly executed tri-party blocked account and other control agreements satisfactory to the Agent, acting reasonably, with all such other Persons as required by the Agent in its sole discretion; and
- (vii) The Applicants will seek and obtain, as part of the Initial Order, an Order of the CCAA Court, in form and substance satisfactory to the Agent and the Lenders, authorizing and directing the Applicants to enter into and perform under the above described Blocked Accounts arrangements (the "**Blocked Accounts Order**")

The Parties hereto hereby acknowledge, confirm and agree that the continuing implementation of the cash management arrangements is a contractual right provided to the Agent hereunder and under the Credit Agreement in order for the Agent to manage and monitor its collateral position and not a proceeding for enforcement or recovery of a

claim, or pursuant to, or an enforcement of, any security or remedies whatsoever, that the cash management arrangements contemplated herein are critical to the structure of the lending arrangements contemplated herein, that the Agent is relying on this acknowledgement, confirmation and agreement with respect to such cash management arrangements in making accommodations of credit available to the Borrower and in particular that any accommodations of credit are being provided by the Agent and the Lenders to the Borrower strictly on the basis of a borrowing base calculation to fully support and collateralize any such accommodations of credit hereunder.

- (viii) The Credit Parties will not disclaim any contract that is material to the Credit Parties' business except on prior notice to and with the written consent of the Agent;
- (e) **Security:** The Credit Parties will from time to time execute and deliver additional Guarantees and such supplements, amendments or additions as may be requested by the Agent to any of the existing Liens held by the Agent (together with supporting resolutions, certificates and other documentation as may be reasonably required) in order to better effect the intent of this Agreement, the Credit Agreement and the other Loan Documents.
- (f) **No Non-arm's Length Payments:** Without derogation to any negative covenants contained in the Credit Agreement, no Credit Party shall make any payments of interest, principal, bonuses, management fees, incentives, payments or salary or other distributions of cash or assets to any Person with which it does not deal with at arm's length except for (i) payments of salaries in the ordinary course of business and consistent with historical salaries; (ii) incentive payments to employees paid in accordance with the terms of the Credit Parties' teammate incentive program; and (iii) the payment of management fees and interest among the Credit Parties in the ordinary course of business consistent with past practice; in each case as identified and included in the Approved Cash Flow.
- (g) **Approved Cash Flow:** The Credit Parties agree that:
 - (i) the cash flow forecast attached hereto as Schedule 6 is the Approved Cash Flow for the period June 23, 2023 to September 23, 2023;
 - (ii) by 12:00 p.m. (Toronto time) on the third Business Day of each week, the Credit Parties shall provide the Agent with an updated Borrowing Base calculation and a variance report that shows the actual cash receipts and actual cash disbursements against the Approved Cash Flow on both a trailing weekly period basis and cumulative basis over the entirety of the Approved Cash Flow period to date, as well as an explanation of variances for individual line items in excess of the greater of 5% or \$100,000 from the Approved Cash Flow;
 - (iii) on each month anniversary of the date of this Agreement (or the first Business Day thereafter) the Credit Parties shall provide the Agent with a one-month roll-forward of the Approved Cash Flow, which shall reflect the Borrower's good faith projections and be in form and detail consistent with the initial Approved Cash Flow;
 - (iv) the Credit Parties shall deliver to the Agent promptly such additional information as the Agent may from time to time reasonably request respecting any such Approved Cash Flow; and
 - (v) the Credit Parties and the Monitor shall hold a weekly conference call with the Agent, at a time to be agreed by the Credit Parties, the Monitor and the Agent, to provide updates on the past and anticipated future performance of the business relative to the Approved Cash Flow.

For greater certainty, the requirement to deliver, and any approval of, an Approved Cash Flow having a duration extending beyond the current Termination Date does not constitute an agreement by the Lenders to extend the Termination Date.

The Credit Parties will not make any payments outside the ordinary course of their business.

On each second monthly anniversary date following the date of this Agreement (or the first Business Day thereafter) the Credit Parties shall deliver to the Agent an updated 13 week cash flow forecast that is proposed to be an updated Approved Cash Flow for the purposes of this Agreement (the "**Updated Cash Flow**"). Upon approval by the Agent of such Updated Cash Flow, such Updated Cash Flow shall be deemed the Approved Cash Flow for the applicable future forecasted periods under this Agreement.

- (h) **Real Property Mortgages:** the Credit Parties shall grant and shall cause the Agent to receive on or before the date that is 30 days following the date of this Agreement: (i) a perfected second priority Lien (subject only to the First Lien Term Loan Lender) on the Mortgaged Properties, including the filing and recording of mortgages, (ii) lender title insurance policies or commitments to title insure, in the customary form and with customary endorsements and qualifications for similar policies, insuring each Mortgaged Property, and (iii) the consent of the First Lien Term Loan Lender to the Agent's Liens over the Mortgaged Properties, in form and substance satisfactory to the Agent;
- (i) **Blocked Accounts:** Each Credit Party agrees as follows:
 - (i) that it will enforce, collect and receive at its expense all amounts owing on its Accounts in the ordinary course of its business and any proceeds it so receives shall be subject to the terms of the Credit Agreement and this Section 4.1(i);
 - (ii) that, on the date of this Agreement and at all times thereafter: (a) each of the Credit Parties' deposit accounts that receive proceeds of property subject to a Lien in favour of the Agent or otherwise are and shall be Blocked Accounts subject to duly executed and delivered Blocked Account Agreements and complying in all respects with the terms set forth in the Credit Agreement, (b) each of the Credit Parties shall have delivered to the Agent evidence satisfactory to the Agent that blocked account and cash management systems with all such Persons complying in all respects with the terms set forth in the Credit Agreement have been established and are currently being maintained in the manner set forth in the Credit Agreement, and (c) it shall have delivered to the Agent copies of duly executed tri-party blocked account and other control agreements satisfactory to the Agent, acting reasonably, with all such other Persons as required by the Agent in its sole discretion; and

The Parties hereto hereby acknowledge, confirm and agree that the continuing implementation of the cash management arrangements is a contractual right provided to the Agent hereunder and under the Credit Agreement in order for the Agent to manage and monitor its collateral position and not a proceeding for enforcement or recovery of a claim, or pursuant to, or an enforcement of, any security or remedies whatsoever, that the cash management arrangements contemplated herein are critical to the structure of the lending arrangements contemplated herein, that the Agent is relying on this acknowledgement, confirmation and agreement with respect to such cash management arrangements in making accommodations of credit available to the Borrower and in particular that any accommodations of credit are being provided by the Agent to the Borrower strictly on the basis of a borrowing base calculation to fully support and collateralize any such accommodations of credit hereunder.

- (j) **Rent Payments:** Subject to any pre-filing amounts that are subject to a stay of proceedings in favour of the Applicants, the Credit Parties must maintain as current all payments under any lease or any mortgage of any premises out of which any Credit Party operates, or contracts for storage or bailment, and will otherwise not permit any default or event of default under any such lease,

mortgage or contract for storage or bailment, or forthwith obtain a waiver in writing from the relevant landlord, storer or bailee.

- (k) **Minimum Excess Availability:** The Borrower shall maintain Excess Availability of not less than \$1,500,000 at all times during the Forbearance Period, which shall be calculated after applying the Availability Block of \$2,500,000.
- (l) **Further Assurances:** Each Credit Party will provide any further or additional documents, whether provided for in this Agreement, the Credit Agreement, any other Loan Documents or otherwise, that the Agent may require to ensure that the Agent has and continues to have full and complete Guarantees from each Credit Party and a first ranking Lien, subject to Permitted Liens, against such assets, properties and undertaking of the Credit Parties as the Agent requires (including all amendments or supplements to any of this Agreement, the Credit Agreement or any other Loan Document (including all Security Documents) and all additional or supplemental debentures, hypothecs, mortgages, charges, assignments, pledges and/or other security deemed necessary or desirable by the Agent).

4.2 Covenants in the Credit Agreement and the other Loan Documents

Except as expressly modified in this Agreement by specific reference, all of the covenants in this Agreement are in addition to and not in substitution for the covenants of the Credit Parties in the Credit Agreement and the other Loan Documents.

ARTICLE 5 AMENDMENTS TO LENDING ARRANGEMENTS

5.1 Amendments to Credit Agreement

- (a) The Borrower agrees to provide the Agent with information detailing the proposed use of proceeds for Borrowings after the date of this Agreement, which information shall accompany each Borrowing Request and be in form satisfactory to Agent.
- (b) Except to the extent otherwise set forth in this Agreement, the credit facilities shall continue in accordance with their terms and conditions as set forth in the Credit Agreement.

5.2 Purpose

- (a) The proceeds of Borrowings by the Borrower shall, subject to the provisions of this Agreement, be used to fund the operations of the Applicants in the ordinary course and for such other purposes as may be agreed to by the Agent in writing; all in accordance with the Approved Cash Flow.

5.3 Termination Date

- (a) All amounts owing to the Agent and the Lenders by the Borrower in connection with the Credit Agreement and otherwise in connection with this Agreement and all other Loan Documents shall be paid by the Credit Parties to the Agent in full on the Termination Date. The “**Termination Date**” shall be the date which is the earliest of:
 - (i) notice by the Agent to the Borrower of a Default or an Event of Default (other than an Existing Default);
 - (ii) December 18, 2023, or such other date as may be agreed to by the Agent; and
 - (iii) the occurrence or existence of any Terminating Event.

5.4 Terminating Events

Other than as provided in this Agreement or as may otherwise be consented to in writing by the Agent, the occurrence of any of the following events will constitute a **"Terminating Event"** under this Agreement (and, for purposes of greater certainty, a Default or an Event of Default under the Credit Agreement and the other Loan Documents):

- (a) if any Additional Default occurs;
- (b) if the Initial Order is not obtained in form and substance acceptable to the Agent on or prior to June 22, 2023, and amended and restated in form and substance acceptable to the Agent on or prior to June 30, 2023;
- (c) if any of the Credit Parties fail to comply with any Order granted by the CCAA Court;
- (d) if any Credit Party fails to achieve any of the steps set out in Schedule 5 by the dates set out therein;
- (e) if any cash flow projection provided to the Agent pursuant to Section 4.1(g) is not acceptable to the Agent, acting reasonably;
- (f) if, in any given week during the Forbearance Period: (i) the actual cumulative Receipts (as so described in the Approved Cash Flow) are more than 5% below the forecasted cumulative Receipts amount (as shown on the Approved Cash Flow) for the given week, or (ii) the actual weekly Receipts are more than 15% below forecasted weekly Receipts amount (as shown in the Approved Cash Flow) for a given week;
- (g) if (a) a Credit Party creates, incurs, assumes or permits to exist any Lien on any of its property, undertaking or assets now owned or hereafter acquired, or (b) the CCAA Court makes any order declaring that all or part of a Credit Party's property is subject to a Lien in favour of any party other than the Agent and such court ordered charge purports to rank in any manner whatsoever in priority to or *pari passu* with any claim of the Agent under its Liens in the Security Documents (including liens securing the obligations in connection with the BCAP Loan) or the ABL DIP Priority Charge, other than (i) Permitted Liens and (ii) any court-ordered charge(s) approved by the Agent and granted by the CCAA Court in the CCAA Proceedings; or (iii) in each case solely in respect of the Mortgaged Properties, the Liens granted to the First Lien Term Loan Lender on the Mortgaged Properties.
- (h) if BDC provides notice of any dispute regarding the legality, validity, binding nature, enforcement or enforceability of its participation under the BDC BCAP Program in connection with Borrower;
- (i) the value of Eligible Inventory (valued in Canadian Dollars at Standard Cost) at any time exceeds \$75,000,000 in the week ended June 24, 2023, or \$60,000,000 thereafter;
- (j) if, on or after the date of this Agreement:
 - (i) the CCAA Proceedings are terminated without the prior or concurrent consent of the Agent,
 - (ii) any Order of the CCAA Court is sought by a Credit Party or granted by the CCAA Court that is not in form and substance acceptable to the Agent and the Lenders acting reasonably,
 - (iii) the Monitor reports to the CCAA Court that there has been a material adverse change in respect of an Applicant and/or the CCAA Proceedings;

- (k) if any representation, warranty or other statement made or deemed to be made by a Credit Party in this Agreement, the Credit Agreement or any of the other Loan Documents or in any of the documents or instruments to be delivered to the Agent and the Lenders as contemplated by this Agreement is untrue in any material respect;
- (l) if any Credit Party shall fail to observe or perform any covenant, condition or agreement contained in this Agreement;
- (m) if any notice of garnishment is received by any Credit Party from any Governmental Authority;
- (n) the occurrence of any event listed in Section 4.1(c)(ii)(b);
- (o) if any representation, warranty or other statement made or deemed to be made by any Credit Party in this Agreement, the Credit Agreement or any of the other Loan Documents or in any of the documents or instruments to be delivered to the Agent and the Lenders as contemplated by this Agreement is untrue in any material respect or, in the case of any representation stated to be made as at a particular earlier date, was untrue in any material respect when made;
- (p) if there occurs any: (a) closure of all or any material part of any of the business or operations of any of the Credit Parties or any suspension of all or a material part of the business or operations of any of the Credit Parties and/or (b) disposition or sale of all or any material part of the business or operations of the Credit Parties;
- (q) if any action, claim or proceeding is formally commenced, filed or lodged against any of the Credit Parties which is not stayed by the CCAA Proceedings and the same gives rise to, or could reasonably be expected to give rise to, indebtedness, liabilities or obligations of \$2,500,000 and such action, claim or proceeding continues undismissed or unstayed for a period of 10 calendar days after the institution thereof;
- (r) if any creditor or encumbrancer of any Credit Party takes possession of any of the Credit Parties' property or assets, or if distress or execution, foreclosure or power of sale, or any similar process is levied or enforced against such property or assets;
- (s) if any of the Credit Parties contests or denies in any manner the legality, validity, binding nature or enforceability of this Agreement, the Credit Agreement or any of the other Loan Documents or any liabilities and obligations to the Agent or the Lenders under or relating to this Agreement, the Credit Agreement or any of the other Loan Documents;
- (t) if the Agent determines that a Material Adverse Change in the financial or business condition, or prospects of, any Credit Party has occurred or that a Material Adverse Change in the value of the Collateral relative to the Obligations has occurred;
- (u) if any Order is granted in the CCAA Proceedings that is not in form and substance acceptable to the Agent, acting reasonably;
- (v) if the stay imposed under the CCAA Proceedings is lifted, in whole or in part, is terminated or lapses without extension, unless the Agent consents thereto;
- (w) if any step is taken or event occurs that would materially prejudice or jeopardize the Agent's or the Lenders' rights under this Agreement, the Credit Agreement, or the other Loan Documents or the Collateral secured by the Loan Documents; or
- (x) if, other than the CCAA Proceedings, any action is taken by or against or consented to by a Credit Party to institute proceedings to be liquidated, adjudicated a bankrupt or insolvent or consent to the institution of liquidation, bankruptcy, insolvency or similar proceedings against a Credit Party or file

a petition (or similar action or proceeding) or consent seeking reorganization, arrangement, or relief from creditors, or take or commence any other steps or proceedings under any one or more of the applicable insolvency, liquidation, bankruptcy or analogous statutes or laws unless, in the case of any action taken against a Credit Party in connection with any of the foregoing, such petition, application or proceeding is contested by the Credit Parties and is dismissed or stayed within 5 Business Days after the institution thereof (and in the case of a stay, such stay is continuing).

Upon the occurrence of a Terminating Event, the Forbearance Period will automatically terminate without requirement for any notice to any Credit Party or any other action whatsoever by the Agent and the Agent and the Lenders shall be entitled to exercise any and all rights and remedies under the Credit Agreement and the other Loan Documents without further notice to the Credit Parties and any such notice, including pursuant to the BIA, is hereby irrevocably waived by the Credit Parties.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES

Each of the Credit Parties represents, warrants and covenants with and to the Agent and the Lenders as follows:

6.1 Representations in Loan Documents

Except for any representation and warranty set out in any of the Loan Documents relating to the non-existence of an Existing Default, or stated to be made as at a particular date, each of the representations and warranties made by or on behalf of the Credit Parties to the Agent in the Credit Agreement or any of the other Loan Documents was true and correct when made, and in all material respects is, true and correct on the date of this Agreement, with the same full force and effect as if each of those representations and warranties had been made by the applicable Credit Parties on the date of, and within, this Agreement.

6.2 Full Effect of Documents

This Agreement, the Credit Agreement and the other Loan Documents are in full force and effect, except as modified by this Agreement.

6.3 No Conflict

The execution and delivery and performance of this Agreement by each Credit Party will not violate any requirement of Applicable Law or any Material Contract of each Credit Party, and will not result in, or require, the creation or imposition of any Lien on any of its properties or revenues except as expressly contemplated herein.

6.4 Lender May Pursue Rights and Remedies

Nothing in this Agreement will prejudice the Agent's and the Lenders' rights to pursue any of their rights or remedies including, without limitation, enforcing their rights under any of this Agreement, the Credit Agreement or any of the other Loan Documents or under Applicable Law following the expiry or termination of the Forbearance Period.

ARTICLE 7 CONDITIONS PRECEDENT TO THIS AGREEMENT

7.1 Conditions Precedent

- (a) The forbearance and other accommodations contemplated hereunder shall only be granted by the Agent if the following conditions precedent (the "**Conditions Precedent**") have been satisfied or

complied with in a manner satisfactory to the Agent on or before 5:00 p.m. (Calgary Time) on June 22, 2023 or such other time or date as specified below:

- (i) the Agent has received a duly authorized, executed and delivered PDF copy of this Agreement executed by each of the Credit Parties;
- (ii) the payment of all fees, disbursements and taxes owing to the Agent's and the Lenders' legal counsel and to PricewaterhouseCoopers Inc. (as advisor to the Agent and the Lenders) at such time pursuant to a delivered invoice; it being acknowledged and agreed by the Credit Parties that, in satisfying this condition precedent, each such amount payable under (y) shall be automatically debited by the Agent from the operating accounts of the Borrower without any further consent or agreement of the Credit Parties being required in respect thereof;
- (iii) the Agent shall have confirmed to the Credit Parties that the Approved Cash Flow prepared by the Borrower to be filed with its CCAA materials is satisfactory to the Agent;
- (iv) the Agent shall have received, drafts of the Initial Order and drafts of all supporting affidavits and reports to be filed in the CCAA Proceedings and the Approved Cash Flow and such materials shall be in form and substance satisfactory to the Agent and the Lenders, acting reasonably
- (v) the Initial Order shall have been granted in form and substance satisfactory to the Agent and the Lenders and shall, *inter alia*,:
 - a. provide that the Agent shall at all times be treated as an "unaffected creditor" in the CCAA Proceedings and in any Plan filed pursuant thereto and/or in any other insolvency, restructuring, reorganization and/or arrangement proceeding with respect to any Applicant thereafter including, without limitation, proceedings under the CCAA or the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") and any stay of proceedings ordered by the CCAA Court in the CCAA Proceedings shall not apply to the Agent and the Lenders;
 - b. provide that the aggregate of any Borrowings under the Credit Agreement (as amended by this Agreement) made on or after the time of the granting of the Initial Order shall be secured by a CCAA Court ordered security and charge in favour of the Agent (the "**ABL DIP Priority Charge**") which security and charge shall rank in priority to every other claim, Lien and security interest against the Credit Parties' property, assets and undertaking, other than the Administration Charge (as defined in the Initial Order) and the First Lien Term Loan Lender's mortgage on the Mortgaged Properties, which may have priority over the ABL DIP Priority Charge and the Agent's Liens, without any need or requirement for any further steps for attachment, perfection, opposability against third parties, registration, publication or other notice thereof required to be taken by the Agent;
 - c. provide that except as may be expressly consented to by the Agent, at no time on or after the date of the Initial Order shall all or part of an Applicant's property be the subject of a court ordered security or charge in favour of any party where such security or charge is purported to rank in any manner whatsoever in priority to or *pari passu* with any claim of the Agent or the Lenders in respect of the Liens under the Security Documents (including liens securing obligations in connection with the BCAP Loan), other than the Administration Charge (to a maximum of \$750,000); the ABL DIP Priority Charge; and a directors and officers charge (to a maximum of \$4,000,000) which shall rank subordinate to the ABL DIP Priority Charge but in priority to the Agent's and the Lenders' Liens under the other Security Documents;

- d. include the Pre-filing Payments Order; and
- e. include the Blocked Accounts Order.
- (vi) the Agent shall have received satisfactory evidence that the First Lien Term Loan Lender has agreed to waive any default or event of default of the Credit Parties existing thereunder arising from the CCAA Proceedings or otherwise, which waiver shall be in addition to the stays of proceedings in the Initial Order;
- (vii) the Agent shall have received all other documentation reasonably required by the Agent and its counsel in connection with this Agreement (including, without limitation, such further assurances, resolutions, opinions and additional confirmations or other agreements relating to the Agent's Liens), all duly authorized, executed and delivered in form and substance satisfactory to the Agent in its sole discretion;
- (viii) other than the Existing Defaults, no event shall have occurred and be continuing, or will result from the consummation of the transactions contemplated by this Agreement that would constitute a Default or an Event of Default; and
- (ix) as of the date set out above in this Section 7.1, Excess Availability shall be not less than \$1,500,000, which shall be calculated after applying the Availability Block of \$2,500,000.

The Conditions Precedent are for the sole benefit of the Agent and the Lenders and may be waived only by the Agent in writing. If the Conditions Precedent are not complied with to the satisfaction of the Agent as provided for above, and the Agent will not waive satisfaction thereof at its sole discretion, then the Agent shall have no obligation to grant the forbearance and other accommodations contemplated herein.

ARTICLE 8 GENERAL

8.1 Effect of this Agreement

Except as modified by this Agreement, no other changes or modifications to the Credit Agreement or the other Loan Documents are intended or implied, and in all other respects the Credit Agreement and the other Loan Documents are specifically acknowledged, ratified and confirmed by the Credit Parties. To the extent of conflict between the terms of this Agreement, the Credit Agreement and the other Loan Documents, the terms of this Agreement will govern.

8.2 Costs and Expenses

The Credit Parties hereby absolutely and unconditionally jointly and severally agree to pay to and fully indemnify the Agent, on demand by the Agent at any time and as often as may be required, whether or not all or any of the transactions contemplated by this Agreement are consummated, all fees and disbursements of the Agent, all counsel to the Agent, any financial advisor retained by the Agent, all other consultants to and agents of the Agent and all other expenses incurred by the Agent in connection with this Agreement, the Credit Agreement and the other Loan Documents including without limitation: (a) legal expenses in connection with the preparation, negotiation and interpretation of this Agreement, the other agreements or documents contemplated by this Agreement, the Credit Agreement and the other Loan Documents and the administration of this Agreement, the Credit Agreement and the other Loan Documents generally; (b) all documented expenses of advisors and consultants to and agents of the Agent (including legal expenses on a full indemnity basis) incurred in connection with the protection and enforcement of this Agreement, the Credit Agreement or any of the other Loan Documents or in connection with any proceeding in respect of bankruptcy, insolvency, winding up, receivership, dissolution, reorganization, liquidation, moratorium, arrangement or assignment for the benefit of creditors involving any Credit Party; in each of the foregoing events whether under the laws of Canada, Ontario, Alberta or other applicable jurisdiction, or

any local or foreign bankruptcy, insolvency, reorganization, receivership or similar law. Each Credit Party specifically authorizes the Agent to debit from any of its accounts with the Agent the amount of any such existing and future fees and disbursements, and other expenses and the Agent agrees to use commercially reasonable efforts to notify such Credit Party of such anticipated debit and the amount thereof at least two (2) Business Days in advance.

8.3 Release

- (a) In consideration of this Agreement and for other good and valuable consideration, each Credit Party, on their own behalf and on behalf of their respective successors, assigns, and other legal representatives, absolutely, unconditionally and irrevocably releases the Agent, the Lenders, and their present and former affiliates, subsidiaries, divisions, predecessors, directors, officers, legal counsel, consultants, employees, agents and other representatives, and their successors and assigns (all of which are referred to collectively as the “**Releasees**” and individually as a “**Releasee**”), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defences, rights of set-off, demands and liabilities (individually, a “**Claim**” and collectively, “**Claims**”) known or unknown, both at law or in equity, that such Credit Party or any of their respective successors, assigns, or other legal representatives may now or later have or claim against any of the Releasees by reason of any circumstance, action, cause or thing which arises at any time on or prior to the date of this Agreement, including for or on account of, or in relation to, or in any way in connection with (i) this Agreement, the Credit Agreement or any of the other Loan Documents or any transactions under or related to, this Agreement, the Credit Agreement or any of the other Loan Documents, and (ii) any and all proposed refinancings of any Credit Party by the Lenders (past or present), including, without limitation, any and all prior proposed offers of finance (whether consummated or not), term sheets, indicative and non-binding term sheets or negotiations for financing, between any of the Lenders and any Credit Party;
- (b) each Credit Party understands, acknowledges and agrees that the release set out in Section 8.3(a) may be pleaded as a full and complete defence and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of that release; and
- (c) each Credit Party agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may later be discovered will affect in any manner the final, absolute and unconditional nature of the release set out in Section 8.3(a).

8.4 Survival of Representations and Warranties

All representations and warranties made in this Agreement or any other document delivered in connection with this Agreement will survive the execution and delivery of this Agreement and the other documents and no investigation by the Agent or any closing will affect the representations and warranties or the right of the Agent to rely upon them.

8.5 Governing Law

This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Alberta and the federal laws of Canada effective therein.

8.6 Reviewed by Legal Counsel

Each Credit Party represents and warrants to the Agent and the Lenders that it:

- (a) understands fully the terms of this Agreement and the consequences of the execution and delivery of this Agreement;
- (b) has been afforded an opportunity to have this Agreement reviewed by, and to discuss this Agreement and any documents executed in connection herewith with, such lawyers and other persons as such Credit Party may wish; and
- (c) has entered into this Agreement and executed and delivered all documents in connection herewith of its own free will and accord and without threat, duress or other coercion of any kind by any Person.

The Parties hereto acknowledge and agree that neither this Agreement nor the other documents or instruments executed pursuant hereto will be construed more favourably in favour of one than the other based upon which Party drafted the same, it being acknowledged that all Parties hereto contributed substantially to the negotiation and preparation of this Agreement and the other documents and instruments executed pursuant hereto or in connection herewith.

8.7 Submission to Jurisdiction

Without prejudice to the ability of any Party to enforce this Agreement in any other proper jurisdiction, each of the Parties irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of Alberta to determine all issues, whether at law or in equity arising from this Agreement. To the extent permitted by Applicable Law, each of the Parties irrevocably waives any objection (including any claim of inconvenient forum) to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of that province, or that the subject matter of this Agreement may not be enforced in those courts, and irrevocably agrees not to seek, and hereby waives any right to, judicial review by any court which may be called upon to enforce the judgment of the courts referred to in this Section 8.7, of the substantive merits of any such suit, action or proceeding. To the extent a Party has or hereafter may acquire any immunity from the jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, that Party irrevocably waives that immunity in respect of its obligations under this Agreement.

8.8 Mutual Waiver of Jury Trial

Because disputes arising in connection with complex financial transactions are most quickly and economically resolved by an experienced and expert person and the Parties wish applicable provincial and federal laws to apply (rather than arbitration rules), the Parties desire that their disputes be resolved by a judge applying those Applicable Laws. Therefore, to achieve the best combination of the benefits of the judicial system, the Parties waive all rights to trial by jury in any action, suit, or proceeding brought to resolve any dispute, whether arising in contract, tort, or otherwise between the Agent and any Credit Party, arising out of, connected with, or related or incidental to, the relationship established between them in connection with this Agreement, the Credit Agreement or any of the other Loan Documents or the transactions related to this Agreement, the Credit Agreement or any of the other Loan Documents.

8.9 Time of Essence

Time is of the essence in all respects of this Agreement.

8.10 Notices

Any Communication or notice must be in writing and delivered in accordance with the Credit Agreement.

8.11 Further Assurances

Each Credit Party will, at its own cost, execute and deliver all further agreements and documents and provide all further assurances as may be reasonably required by the Agent to give effect to this Agreement and, without limiting the generality of the foregoing, will do or cause to be done all acts and things, execute and deliver or cause to be executed and delivered all agreements and documents and provide such assurances, undertakings and information as may be required from time to time by all regulatory or governmental bodies or stock exchanges having jurisdiction over the affairs of a Party or as may be required from time to time under applicable securities legislation.

8.12 Confirmation of Documents and Terms

Each of the Credit Parties hereby agrees to the terms of this Agreement and confirms to and agrees with the Agent and the Lenders that its liabilities and obligations, and the Liens created under or pursuant to all Security Documents, Loan Documents and other documents and instruments executed in connection with the Credit Agreement and accommodations provided for or contemplated in the Credit Agreement continue in full force and effect in accordance with their respective terms and that all Security Documents and other Loan Documents executed by it secure and shall continue to secure the Obligations.

8.13 No Merger or Novation

All Security Documents, other Loan Documents and other documents and instruments provided to the Agent or otherwise entered into by the Credit Parties prior to the date hereof in connection with the Credit Agreement and accommodations provided for or contemplated in the Credit Agreement, there being no novation or merger of the Credit Agreement (as amended pursuant to this Agreement), any of the Agent's Liens under the Security Documents or any of the other Loan Documents, and all Obligations continue under the Credit Agreement (as amended by this Agreement) and the other Loan Documents.

8.14 Amendment and Waiver

No supplement, modification, amendment, waiver, discharge or termination of this Agreement is binding unless it is executed in writing by the Party to be bound. No waiver of, failure to exercise or delay in exercising, any provision of this Agreement constitutes a waiver of any other provision (whether or not similar) nor does such waiver constitute a continuing waiver unless otherwise expressly provided.

8.15 Assignment and Enurement

No Credit Party will be entitled to assign this Agreement or any right or obligation under this Agreement without the prior consent of the Agent. The Agent may assign this Agreement and any of their rights and obligations under this Agreement without the consent of or notice to any Credit Party. This Agreement enures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

8.16 Severability

Each provision of this Agreement is distinct and severable. If any provision of this Agreement, in whole or in part, is or becomes illegal, invalid or unenforceable in any jurisdiction by a court of competent jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect:

- (a) the legality, validity or enforceability of the remaining provisions of this Agreement; or
- (b) the legality, validity or enforceability of that provision in any other jurisdiction.

8.17 Counterparts

This Agreement may be executed and delivered by the Parties in one or more counterparts, each of which when so executed and delivered will be an original and such counterparts will together constitute one and the same instrument.

8.18 Electronic Signatures

Delivery of this Agreement by facsimile or other electronic transmission (including through "pdf" format via email) constitutes valid and effective delivery.

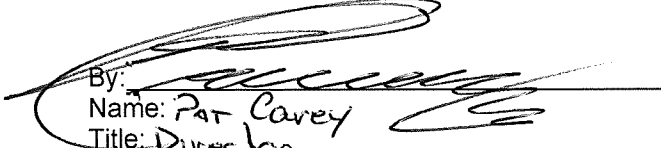
8.19 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Credit Agreement or any other Loan Document, the provisions of this Agreement shall prevail.

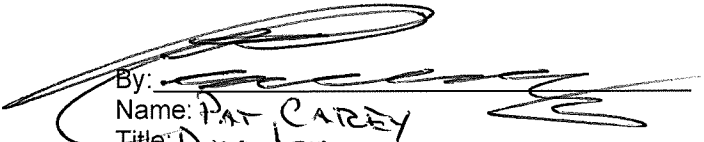
THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.

Each of the Parties has executed and delivered this Agreement effective as of the date first written above.

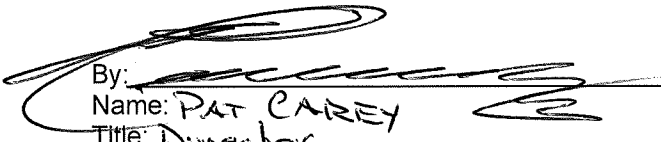
CAREY MANAGEMENT INC.,
as the Borrower

By: 
Name: PAT CAREY
Title: Director

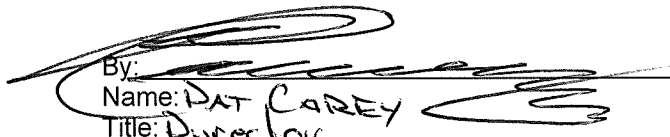
WALLACE & CAREY INC.,
as a Guarantor

By: 
Name: PAT CAREY
Title: Director

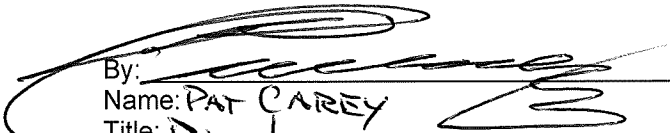
LOUDON BROS. LIMITED,
as a Guarantor

By: 
Name: PAT CAREY
Title: Director

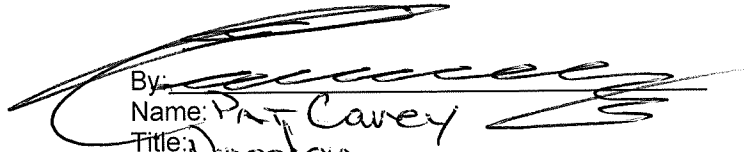
SPRUCE IT UP LAND CORP.,
as a Guarantor

By: 
Name: PAT CAREY
Title: Director

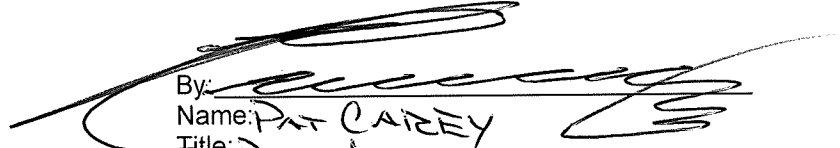
772921 ALBERTA INC.,
as a Guarantor

By: 
Name: PAT CAREY
Title: Director

RIDGE MEADOWS PROPERTIES LTD.,
as a Guarantor

By: 
Name: Pat Carey
Title: Director

RETLOGISTICS INC.,
as a Guarantor

By: 
Name: Pat CAREY
Title: Director

CANADIAN IMPERIAL BANK OF COMMERCE, as
Agent and as Lender

Per



Name: Anthony Tsuen
Title: Authorized Signatory

Per



Name: Steven Filippi
Title: Authorized Signatory

SCHEDULE 1
EXISTING INDEBTEDNESS UNDER THE CREDIT AGREEMENT

- CAD Revolving Loan Balance: C\$41,823,454.43
- USD Revolving Loan Balance: US\$404.75
- CAD Standby Letters Of Credit: C\$857,500.00
- CAD BCAP Loan: C\$4,861,111.12

**SCHEDULE 2
EXISTING SECURITY**

1. General Security Agreement dated as of September 26, 2017 among Carey Management Inc., Wallace & Carey Inc., Loudon Bros. Limited, Muirfield Lakes Golf Club Ltd., Elite Foods Inc., Elite International Foods Inc., Rical Sales and Logistics Inc., Regneck Enterprises Ltd., Retlogistics Inc., Ridge Meadows Properties Ltd., 1204248 Alberta Inc. and 772921 Alberta Inc., collectively as Grantors, and Canadian Imperial Bank of Commerce, as Agent.
2. Guarantee Agreement entered into as of September 26, 2017 by and among Wallace & Carey Inc., Loudon Bros. Limited, Muirfield Lakes Golf Club Ltd., Elite Foods Inc., Elite International Foods Inc., Rical Sales and Logistics Inc., Regneck Enterprises Ltd., Retlogistics Inc., Ridge Meadows Properties Ltd., 1204248 Alberta Inc. and 772921 Alberta Inc., as Guarantors, in favour of Canadian Imperial Bank of Commerce, as Agent.
3. Notice of Intention to Give Security Under Section 427 of the Bank Act (Canada) to Canadian Imperial Bank of Commerce, dated September 7, 2017, from Carey Management Inc.
4. Application for Credit and Promise to Give Bills of Lading, Warehouse Receipts or Security Under Section 427 of the Bank Act (Canada), dated September 26, 2017, from Carey Management Inc. to Canadian Imperial Bank of Commerce.
5. Agreement As To Powers of Canadian Imperial Bank of Commerce In Relation To Security Under Section 427 of the Bank Act (Canada), dated September 26, 2017, from Carey Management Inc. to Canadian Imperial Bank of Commerce.
6. Special Security In Respect of Specified Property or Classes of Property Described in Section 427 of the Bank Act (Canada), dated September 26, 2017, from Carey Management Inc. to Canadian Imperial Bank of Commerce.
7. Securities Pledge Agreement between Carey Management Inc. and Canadian Imperial Bank of Commerce, dated September 26, 2017, with respect to the securities listed thereto in Schedule A.
8. Securities Pledge Agreement between Wallace & Carey Inc. and Canadian Imperial Bank of Commerce, dated September 26, 2017, with respect to the securities listed thereto in Schedule A.
9. Securities Pledge Agreement between Elite Foods Inc. and Canadian Imperial Bank of Commerce, dated September 26, 2017, with respect to the securities listed thereto in Schedule A.
10. Blocked Accounts Agreement dated September 26, 2017, between Carey Management Inc., 1204248 Alberta Inc., Elite Foods Inc., Elite International Foods Inc., Loudon Bros. Limited, Muirfield Lakes Golf Club Ltd., Regneck Enterprises Ltd., RETLogistics Inc., Rical Sales and Logistics Inc., Ridge Meadows Properties Ltd. and Wallace & Carey Inc., collectively as Customers, Canadian Imperial Bank of Commerce, as account bank, and Canadian Imperial Bank of Commerce, as Agent for the lenders.
11. Assumption and Confirmation of Security dated October 29, 2017 between Elite Foods International Inc., as amalco, and Canadian Imperial Bank of Commerce, as Agent.
12. Confirmation of Security agreement executed on June 1, 2020 between Spruce It Up Land Corp., as amalco, and Canadian Imperial Bank of Commerce, as Agent.

**SCHEDULE 3
EXISTING DEFAULTS**

1. under Section 7.1(d) of the Credit Agreement resulting from the failure of the Borrower to maintain during the Minimum EBITDA Period for the Fiscal Months of April 2022 through to and including October 2022 the minimum EBITDA required under Section 5.13 of the Credit Agreement.
2. a failure to deliver an annual budget of the Borrower and other Credit Parties, on a consolidated basis, approved by the Board of Directors of the Borrower, for the Fiscal Year commencing November 1, 2022 in accordance with the terms of and within the time required by Section 5.1(q) of the Credit Agreement.
3. a failure to deliver the Borrower's and its Subsidiaries' audited combined balance sheet and related statements of income, retained earnings and changes in financial position for the end of and for the Fiscal Year ended October 31, 2022 in accordance with the terms of and within the time required by Section 5.1(a) of the Credit Agreement.
4. a failure to deliver the Borrower's and its Subsidiaries' unaudited combined balance sheet and related statements of income, retained earnings and changes in financial position as of the fiscal periods ending July 9, 2022, August 6, 2022, September 3, 2022, October 1, 2022, October 28, 2022, November 26, 2022, December 24, 2022, January 21, 2023, February 18, 2023, March 18, 2023, April 15, 2023 and May 13, 2023 in accordance with the terms of and within the time required by Section 5.1(b) of the Credit Agreement.
5. a failure to maintain a Fixed Charge Coverage Ratio at the level required pursuant to Section 5.12 of the Credit Agreement from and after May 6, 2022.
6. an Event of Default under Section 7.1(r) of the Credit Agreement as a result of the occurrence of an event or condition that enables or permits the holder or holders of the Indebtedness under the First Lien Term Loan Facility, or any trustee or agent on their behalf, to cause such Indebtedness to become due. Specifically, the Credit Parties have failed to maintain the Fixed Charge Coverage Ratio required under the First Lien Term Loan Facility for the year ended October 31, 2022.

**SCHEDULE 4
MORTGAGED PROPERTIES**

1. PLAN 7911396
BLOCK 1
LOT 3
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 1.06 HECTARES (2.62 ACRES) MORE OR LESS
Standing in the name of 772921 Alberta Inc.
2. PLAN 7911396
BLOCK 1
LOT 4
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.502 HECTARES (1.24 ACRES) MORE OR LESS
Standing in the name of 772921 Alberta Inc.
3. PLAN 8031JK
BLOCK A
LOT 5
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 7.85 HECTARES (19.4 ACRES) MORE OR LESS
Standing in the name of Ridge Meadows Properties Ltd.
4. PLAN 5235JK
BLOCK A
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 8.4 HECTARES (20.75 ACRES) MORE OR LESS
Standing in the name of Spruce It Up Land Corp.
5. PIN: 003-862-682
LOT C DISTRICT LOT 506 OSOYOOS DIVISION YALE DISTRICT PLAN 30698
Standing in the name of 772921 Alberta Ltd.

**SCHEDULE 5
RESTRUCTURING TIMELINE**

Date	Milestone
Within 40 days following the date of the hearing of the application for the Initial Order	The Applicants shall deliver to the Agent a term sheet summarizing the material commercial terms of the proposed Plan for which support will be solicited from the unsecured creditors of Wallace & Carey Inc. and Loudon Bros Limited, which term sheet shall be in form and substance acceptable to the Agent (the " Plan Term Sheet ").
Within 40 days following the date of the hearing of the application for the Initial Order	The Applicants shall deliver a pro forma business model and financial forecast for the restructured business of the Applicants following implementation of the proposed Plan consistent with the Plan Term Sheet, which shall be in form and substance acceptable to the Agent.
Within 60 days following the date of the hearing of the application for the Initial Order	The Applicants shall provide confirmation in form and substance acceptable to the Agent that the required majorities of creditors of the Applicants support and will vote in favour of the Plan on the terms set out in the Plan Term Sheet.
Within 90 days following the date of the hearing of application for the Initial Order	The Applicants shall submit a motion to the CCAA Court filing the Plan and seeking a Plan Filing and Meeting Order and a Claims Procedure Order, in each case acceptable to the Agent.
Within 120 days following the date of the hearing of the application for the Initial Order	The Plan shall have been voted upon and approved by the requisite majorities of creditors as required pursuant to the CCAA.
November 30, 2023	Implementation of the Plan.

**SCHEDULE 6
APPROVED CASH FLOW**

SEE ATTACHED

Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc.
Projected Weekly Cash Flow Statement (Consolidated)
 June 18, 2023 to September 30, 2023
 (Unaudited; \$CAD Thousands)

Note	Week ending																Total
	24-Jun-23	01-Jul-23	08-Jul-23	15-Jul-23	22-Jul-23	29-Jul-23	05-Aug-23	12-Aug-23	19-Aug-23	26-Aug-23	02-Sep-23	09-Sep-23	16-Sep-23	23-Sep-23	30-Sep-23		
RECEIPTS																	
Collection of accounts receivable		27,329	1,438	-	-	-	-	-	-	-	-	-	-	-	-	28,767	
Collection of sales and taxes	2	-	31,372	31,372	31,372	32,338	32,338	32,338	32,338	29,435	29,435	29,435	29,435	27,415	27,415	27,415	423,453
Other Receipts	3	-	425	425	425	438	438	438	438	399	399	399	399	372	372	372	5,739
Total receipts		27,329	33,236	31,797	31,797	32,776	32,776	32,776	32,776	29,834	29,834	29,834	29,834	27,787	27,787	27,787	457,959
DISBURSEMENTS																	
Inventory vendor payments	4	(10,078)	(23,402)	(23,627)	(22,075)	(22,075)	(23,619)	(23,638)	(23,276)	(23,276)	(23,276)	(18,755)	(18,771)	(19,157)	(19,157)	(20,315)	(314,498)
Sales tax remittances	5	(18,941)	(2,850)	(2,000)	(2,000)	(17,440)	(5,832)	(2,000)	(2,000)	(2,000)	(21,324)	(3,017)	(2,000)	(2,000)	(21,889)	(3,047)	(108,339)
GST collected /(paid)		(48)	33	(62)	(1,294)	73	(24)	(20)	(15)	(125)	(130)	145	141	310	28	(36)	(1,025)
Operating disbursements	6	(605)	(2,130)	(655)	(1,628)	(618)	(1,628)	(1,189)	(1,513)	(577)	(1,513)	(1,217)	(1,433)	(548)	(1,433)	(548)	(17,235)
Total operating disbursements		(29,672)	(28,349)	(26,343)	(26,998)	(40,060)	(31,102)	(26,848)	(26,804)	(25,978)	(46,243)	(22,845)	(22,063)	(21,396)	(42,450)	(23,946)	(441,097)
Other disbursements																	
Interest and principal payments - CIBC revolving facility		-	(351)	-	-	-	-	(289)	-	-	-	(230)	-	-	-	-	(870)
Interest and principal payments - CIBC BCAP loan		-	-	-	-	-	-	(226)	-	-	-	-	-	-	-	-	(226)
Interest and principal payments - CWB demand loan		-	(124)	-	-	-	-	(123)	-	-	-	(123)	-	-	-	-	(370)
Forbearance fee	7	-	-	-	-	(250)	-	-	-	-	(250)	-	-	-	(250)	-	(750)
Restructuring costs	8	-	-	(500)	-	-	(500)	-	(400)	-	-	-	(400)	-	-	-	(1,800)
Total other disbursements		-	(474)	(500)	-	(250)	(500)	(638)	(400)	-	(250)	(354)	(400)	-	(250)	-	(4,017)
Total disbursements		(29,672)	(28,823)	(26,843)	(26,998)	(40,310)	(31,602)	(27,486)	(27,204)	(25,978)	(46,493)	(23,198)	(22,463)	(21,396)	(42,700)	(23,946)	(445,113)
Net cash flow		(2,343)	4,412	4,954	4,800	(7,535)	1,174	5,290	5,572	3,856	(16,659)	6,636	7,371	6,391	(14,913)	3,841	12,846
Opening CIBC Revolving Facility																	
Net cash flow		38,541	40,883	36,471	31,517	26,717	34,252	33,078	27,788	22,216	18,361	35,020	28,384	21,013	14,622	29,535	38,541
Ending CIBC Revolving Facility		40,883	36,471	31,517	26,717	34,252	33,078	27,788	22,216	18,361	35,020	28,384	21,013	14,622	29,535	25,695	25,695
Pre-Filing CIBC Revolving Facility																	
Opening CIBC Revolving Facility		38,541	11,212	-	-	-	-	-	-	-	-	-	-	-	-	-	38,541
Post-filing receipts		(27,329)	(11,212)	-	-	-	-	-	-	-	-	-	-	-	-	-	(38,541)
Ending CIBC Revolving Facility		11,212	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Post-Filing CIBC Revolving Facility																	
Opening CIBC Revolving Facility		-	29,672	36,471	31,517	26,717	34,252	33,078	27,788	22,216	18,361	35,020	28,384	21,013	14,622	29,535	-
Post-filing receipts		(22,024)	(31,797)	(31,797)	(32,776)	(32,776)	(32,776)	(32,776)	(32,776)	(29,834)	(29,834)	(29,834)	(29,834)	(27,787)	(27,787)	(27,787)	(419,419)
Post-filing disbursements		29,672	28,823	26,843	26,998	40,310	31,602	27,486	27,204	25,978	46,493	23,198	22,463	21,396	42,700	23,946	445,113
Ending CIBC Revolving Facility		29,672	36,471	31,517	26,717	34,252	33,078	27,788	22,216	18,361	35,020	28,384	21,013	14,622	29,535	25,695	25,695