

Clerk's stamp:

COURT FILE NUMBER	2301 - 08305
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANTS	IN THE MATTER OF THE <i>COMPANIES' CREDITORS ARRANGEMENT ACT</i> , 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	<u>AFFIDAVIT NO. 1 OF ERIC ROLHEISER</u>
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	MILLER THOMSON LLP Barristers and Solicitors 3000, 700 – 9 th 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. 1 OF ERIC ROLHEISER

Sworn on August 21, 2023

I, Eric Rolheiser, of the City of Calgary, in the Province of Alberta, **MAKE OATH AND SAY THAT:**

1. I am the President and Chief Executive Officer 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**").
2. In my roles, I am responsible for overseeing the operations of the Companies and their 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 and June 27, 2023, Brian M. Birnie swore Affidavits in these CCAA proceedings in support of Applications by the Applicants 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**"), which was amended and restated on June 30, 2023 (the "**ARIO**").
6. Capitalized terms used herein but not otherwise defined shall have the meanings given to such terms in the ARIO.
7. This Affidavit is sworn in support of an application by the Companies for the following relief:
 - (a) an order (the "**Order**") including, without limitation:
 - (i) extending the stay period (the "**Stay Period**") up to and including November 30, 2023, or such other date as this Court may consider appropriate;
 - (ii) approving the agreement (the "**Advisor Agreement**") dated August 13, 2023, between Alvarez & Marsal Canada Securities ULC ("**A&M**") and the

- Applicants, and approving A&M's engagement to assist the Applicants with implementing the SISP (as defined below) in consultation with the Monitor;
- (iii) increasing the Administration Charge contained in paragraph 33 of the ARIO from \$750,000 to \$850,000 to include the Work Fee and Restructuring Fees (as defined in the Advisor Agreement) within the Administration Charge;
 - (iv) amending the Priority Charges (as defined below) by granting a second-ranking Priority Charge in favour of A&M for the Transaction Fee (as defined in the Advisor Agreement); and
 - (v) approving the WEX Deposit Agreement (as defined below);
- (b) an order (the "**SISP Order**") including without limitation:
- (i) approving a sale and investment solicitation process (the "**SISP**"), a copy of which is attached to the SISP Order; and
 - (ii) authorizing the Applicants, with the assistance of A&M and in consultation with the Monitor, to conduct and undertake the SISP.

I. UPDATE AND ACTIONS TAKEN SINCE THE ARIO

8. Pursuant to the ARIO, among other things:

- (a) KSV Restructuring Inc. was appointed as Monitor (the "**Monitor**");
- (b) the Stay Period was extended up to and including September 20, 2023;
- (c) the Priority Charges were approved in the following priority:
 - (i) First – Administration Charge (to the maximum amount of \$750,000);
 - (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 \$4,000,000);
 - (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 \$26,000,000);
 - (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; and
 - (e) the Applicants are authorized to pursue all avenues of sale or investment of their assets or business, in whole or in part, subject to prior approval of the Court before any material sale or refinancing.
9. The Applicants have been acting diligently and in good faith in these CCAA proceedings, including, in consultation with the Monitor:
- (a) engaging with its suppliers, customers, employees, contractual counterparties, provincial and territorial tobacco tax authorities, and other stakeholders regarding these CCAA proceedings, the Applicants' business during these CCAA proceedings, and various other issues;
 - (b) engaging with the Canadian Imperial Bank of Commerce ("**Lender**"), including negotiating and executing two amendments to the forbearance agreement between the Applicants and various related entities and the Lender dated June 22, 2023 (the "**Forbearance Agreement**");
 - (c) engaging with 7-Eleven Canada, Inc. ("**7-Eleven**"), including negotiating and executing a cash collateral agreement dated August 10, 2023 (the "**Cash Collateral Agreement**"), whereby 7-Eleven has agreed to provide cash collateral to the Lender on behalf of the Applicants in exchange for, among other things, a liquidity fee and certain rights under the SISP; and
 - (d) reviewing the Applicants' forecasted operating costs as a result of reduced liquidity that has affected the Applicants' ability to purchase inventory at levels to maintain required fill rates. The Applicants, in consultation with the Monitor, have made efforts to reduce costs, source fresh capital and improve operations.

10. With respect to the Forbearance Agreement amendments, on July 18, 2023, the parties executed an amendment to the Forbearance Agreement (the "**First Forbearance Amendment**"). Attached hereto and marked as Exhibit "**A**" is a copy of the First Forbearance Amendment. The purpose of the First Forbearance Amendment, among other things, is for the inclusion of pre-purchased inventory that has not yet been delivered ("**Undelivered Inventory**") in the Borrowing Base (as defined in the Forbearance Agreement) in an effort to improve liquidity.

11. On August 10, 2023, the parties executed a second amendment to the Forbearance Agreement (the "**Second Forbearance Amendment**"). Attached hereto and marked as Exhibit "**B**" is a copy of the Second Forbearance Amendment.

12. The Second Forbearance Amendment was entered into in conjunction with the Cash Collateral Agreement, which I understand will be discussed further in the Third Report of the Monitor dated August 21, 2023 (the "**Third Report**"). Also pursuant to the Second Forbearance Amendment, the Applicants must meet certain amended restructuring milestones, including, among other things, implementing the SISP and selecting a financial advisor to advise and assist with the same.

II. THE ORDER

13. The proposed Order provides for certain relief in connection with these CCAA proceedings.

(a) Extension of Stay of Proceedings

14. The Applicants seek an extension of the Stay Period up to and including November 30, 2023, or such other date as this Court may consider appropriate to align with milestones contained in the SISP.

15. The proposed extension of the Stay Period will provide the Applicants with a sufficient amount of time to undertake and implement the SISP, if approved by the Court. As set out in the Revised Cash Flow Forecast, which I understand is defined in and will be attached to the Third Report, 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 extension of the Stay Period. As well, the additional liquidity facilitated by 7-Eleven, as set out in the Cash Collateral Agreement, further supports the Applicants liquidity through the proposed extended Stay Period.

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

(b) Approval of the Advisor Agreement with A&M

17. On August 13, 2023, the Applicants entered into the Advisor Agreement with A&M. The Advisor Agreement provides that A&M will act as the Applicants' financial advisor and will assist and facilitate the Applicants with carrying out the SISP in consultation with the Monitor, subject to Court approval. Attached hereto and marked as Exhibit "C" is a copy of the Advisor Agreement.

18. The SISP is intended to solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Applicants' business and operations, including the assets, and may include one or more transactions involving a restructuring, recapitalization, or an other form of reorganization of the Applicants' business, or some combination thereof (each, a "**Transaction**").

19. Pursuant to the terms of the Advisor Agreement, A&M's services will include, among other things:

- (a) facilitating and implementing the SISP, which is intended to solicit interest in, and opportunities for, a Transaction;
- (b) preparing a confidential information memorandum and other relevant informational materials;
- (c) coordinating due diligence investigations;
- (d) assisting in structuring and negotiating a Transaction or Transactions; and
- (e) assisting in the preparation and evaluation of the Applicants' cash flow forecast and other financial reports as required in coordination with the Monitor.

20. The salient terms of the Advisor Agreement with respect to payment to A&M are described in part, as follows:

- (a) Work Fee. A monthly work fee ("**Work Fee**") of \$50,000 per month will be paid in advance upon execution of the Advisor Agreement and be paid thereafter upon the Applicants' receipt of an invoice, and which a portion will be credited against the success fee;

- (b) Restructuring Fees. A&M will receive fees ("**Restructuring Fees**") based on time spent by its employees and agents in connection with operational and reporting matters under the Advisor Agreement at its standard hourly rates, and shall not exceed a monthly amount of \$50,000 without the prior written consent of the Applicants in coordination with the Monitor; and
- (c) Transaction Fee. Upon the closing of any Transaction whether a financing transaction, sale transaction, joint venture transaction, or restructuring transaction, A&M will be entitled to a fee as set out in the Advisor Agreement (collectively a "**Transaction Fee**"). The Transaction Fee will vary depending on the type of Transaction and will be earned concurrently with the closing of such a Transaction. For example, A&M would be entitled to a fee equal to the greater of \$750,000 and 3.0% of the gross consideration for a sale transaction. A&M would be entitled to a financing fee of 3.0% of the amount of debt raised or committed and 6.0% of the amount of equity raised or committed. Further details are set out in the Advisor Agreement.

21. The Work Fee and the Restructuring Fees have been built into the cash flow projections. A&M has the requisite knowledge and experience that will assist in facilitating and implementing the SISP.

22. I understand the Monitor and the Lender are supportive of and approve the Advisor Agreement and the terms thereof.

(c) Amendments to the Priority Charges

23. Pursuant to Section C of the Advisor Agreement, A&M requires the Work Fee and Restructuring Fees to be secured by a first-priority ranking Court-ordered charge, included within the Administration Charge.

24. Due to the inclusion of A&M's Work Fee and Restructuring Fees within the Administration Charge, the Applicants are seeking to increase the Administration Charge from \$750,000 to \$850,000 to reflect the additional work to be undertaken during these CCAA proceedings by A&M.

25. The Monitor has reviewed the quantum of the proposed increase to the Administration Charge and the basis for the requested increase. I understand that the Monitor is of the view that the proposed increase to the Administration Charge is reasonable.

26. In addition, the Advisor Agreement provides that the Transaction Fee shall be secured by a second ranking Court-ordered charge as against the property, assets and undertakings of the Applicants, subordinate only to the Administration Charge. I understand that CIBC supports the charge and security of the Transaction Fee.

27. The Applicants' request that the Priority Charges as set out in the ARIO be amended as follows:

- (a) First – Administration Charge (to the maximum amount of \$850,000, which includes the Work Fee and Restructuring Fee);
- (b) Second – Transaction Fee pursuant to the Advisor Agreement;
- (c) Third – Lender Priority Charge (to the maximum amount of \$55,000,000 plus interest, fees, and expenses);
- (d) Fourth – D&O Charge (to the maximum amount of \$4,000,000);
- (e) Fifth – the Encumbrances existing prior to 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
- (f) Sixth – Tobacco Tax Charge (to the maximum amount of \$26,000,000).

28. I understand that the Monitor and the Lender are supportive of these proposed amendments to the Priority Charges.

(d) The WEX Deposit Agreement

29. WEX Canada Ltd. ("**WEX**") is a payment processor that provides, among other things, fuel cards and fleet management cards (the "**Mobil Fleet Cards**") to Wallace & Carey. Mobil Fleet Cards are necessary for the continued operation of the Applicants' business.

30. WEX deactivated and cancelled the Mobil Fleet Cards upon the Applicants commencing these CCAA proceedings.

31. As a result of WEX's deactivation of the Mobil Fleet Cards, the Applicants obtained an emergency Order from the Court on June 30, 2023 (the "**WEX Order**"), which directed WEX and

other related entities, including Imperial Oil Limited and Exxon Mobil Corporation, to reactivate or otherwise reinstate all Mobil Fleet Cards, in exchange for the posting of \$100,000 of cash collateral.

32. After the WEX Order was issued, negotiations with WEX occurred as between Wallace & Carey and WEX, which resulted in Wallace & Carey and WEX entering into a deposit agreement (the "**Deposit Agreement**") on or about July 7, 2023, whereby WEX agreed to reinstate the Mobil Fleet Cards and Wallace & Carey agreed to deposit \$100,000 with WEX for a line of credit to be used by the Applicants. Attached hereto and marked as Exhibit "**D**" is a copy of the Deposit Agreement.

33. In connection with the Deposit Agreement, the Monitor wired the \$100,000 deposit it was holding from Wallace & Carey and pursuant to the WEX Order to WEX as a deposit for the line of credit and ongoing payments for post-filing amounts owing by the Applicants to WEX. The Mobil Fleet Cards have since been reinstated.

34. I understand that a condition of the Deposit Agreement is for the Applicants to seek Court approval of the arrangement.

III. THE SISP ORDER

35. The SISP was developed with the assistance of A&M and in consultation with the Monitor, taking into account the financial circumstances of the Applicants. Attached hereto and marked as Exhibit "**E**" is a copy of the proposed form of SISP.

36. Capitalized terms used in this section of this Affidavit and not otherwise defined have the meanings given to them in the SISP.

37. The SISP will be undertaken by the Applicants with the assistance of A&M and in coordination with the Monitor and in consultation with the Lender.

38. In accordance with the terms of the Cash Collateral Agreement between 7-Eleven, Wallace & Carey Inc., and the Lender, the SISP provides 7-Eleven with an option, within 30 days of the date of the SISP Order, to determine whether it wishes to submit a stalking horse agreement in order to establish a baseline bid in the SISP.

39. The proposed SISP contemplates a two-phase process, whereby Phase I will provide for Potential Bidders submitting a non-binding letter of intent and Phase II will provide for Potential Bidders to submit a binding offer, accompanied by a deposit.

40. The proposed SISP contemplates the following milestone dates:

- (a) an August 30, 2023 SISP launch date;
- (b) an October 5, 2023 Phase I Bid Deadline to receive non-binding letters of intent from Potential Bidders participating in the SISP;
- (c) a November 2, 2023 Phase II Bid Deadline to receive binding offers from Potential Bidders participating in the SISP;
- (d) a hearing for approval of a Transaction as soon as practicable and based on Court availability; and
- (e) a December 4, 2023 closing of a Transaction.

41. The milestones in the SISP may be extended by the Applicants in consultation with A&M and with the approval of the Monitor and the Lender.

42. A&M will prepare (i) a process summary ("**Teaser Letter**") describing the opportunity, outlining the SISP, and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP, and (ii) a non-disclosure agreement ("**NDA**"). A&M will send the Teaser Letter and the NDA to all Known Potential Bidders, and any other party who requests a copy of the Teaser Letter and NDA.

43. Any party who wishes to participate in the SISP and has signed an NDA and has provided required financial information will be provided with a confidential information memorandum prepared by A&M, and will also be provided access to an electronic data room for due diligence material and information relating to the Applicants' business and property.

44. Potential Bidders who wish to make an offer must first submit a non-binding LOI to A&M, the Applicants, and the Monitor by no later than the October 5, 2023, Phase I Bid Deadline, setting out, among other things:

- (a) a non-binding offer to:

- (i) acquire all, substantially all or a portion of the Property or the Business (a **"Sale Proposal"**);
 - (ii) make an investment in, restructure, reorganize or refinance the Business (an **"Investment Proposal"**);
 - (iii) carry out any combination of a Sale Proposal and an Investment Proposal; or
 - (iv) form a partnership with the Applicants, or any of them, by way of joint-venture or otherwise (a **"Partnership Proposal"**);
- (b) the identity of each entity entering into the Transaction;
 - (c) the financial capability of the Phase I Bidder; and
 - (d) specific information surrounding the proposed Transaction, including structure, consideration, and valuation.

45. The Applicants and A&M, with approval from the Monitor and the Lender, will determine which LOIs constitute Phase I Qualified Bids. Only Phase I Qualified Bids will be able to participate in Phase II of the SISP.

46. Phase I Qualified Bidders who wish to make a formal and binding offer must submit a bid ("**Bid**") in writing and deliver the Bid to A&M, the Applicants and the Monitor, along with a deposit equal to 10% of the Purchase Price to the Monitor, by no later than the November 2, 2023 Phase II Bid Deadline.

47. Following the Phase II Bid Deadline, the Applicants, in consultation with A&M and with the approval of the Monitor and the Lender, will assess the Bids received to determine which, if any, are deemed Qualified Bids.

48. The Applicants will seek Court approval of the Final Agreement negotiated with a Successful Bidder, if any, as soon as practicable after selection of the Successful Bid.

49. Finally, in the event that the SISP does not result in the consummation of a going-concern Transaction for all or substantially all of the Business with a Successful Bidder and the obligations of the Lender have been repaid in full, subject to approval of the Court, 7-Eleven shall be entitled to a right of first refusal to purchase tangible non-inventory Property.

50. I believe the SISP will optimize the opportunity, in the particular circumstances facing the Applicants, of securing the best possible Transaction. I also believe a Court-supervised SISP

under the CCAA will be the most cost-efficient and effective means of maximizing creditor recovery.

51. The SISP is designed to be substantially completed before the end of the extended Stay Period and is in accordance with the Revised Cash Flow Forecast.

52. I understand the Monitor and the Lender are supportive of the SISP.

IV. CONCLUSION

53. I swear this Affidavit in support of the Order and the SISP Order.

SWORN BEFORE me at the City of
Calgary, in the Province of Alberta, this
21st day of August, 2023.



A Commissioner for Oaths in and for the
Province of Alberta.

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Eric Rolheiser

Arsham Gill
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
Eric Rolheiser sworn before me this 21st day of
August, 2023



A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

Arsham Gill
Barrister & Solicitor
Notary Public and Commissioner for Oaths
In and for the Province of Alberta

AMENDMENT TO FORBEARANCE AGREEMENT AND CREDIT AGREEMENT

THIS AGREEMENT is dated as of July 18, 2023 (this "Agreement").

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" and, together with the Borrower, the Guarantors and the Agent, the
"Parties")

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 (as defined in the Credit Agreement).
- C. Certain of the Credit Parties, being the Borrower, Wallace & Carey Inc. and Loudon Bros Limited (the "Applicants") have obtained an Amended and Restated Initial Order from the Court of King's Bench (the "CCAA Court") (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") and the Credit Parties have requested ongoing support of the Agent and the Lenders during the CCAA Proceedings.
- D. The Agent and the Lenders agreed to continue to provide the facilities set out in the Credit Agreement subject to the terms and conditions of a Forbearance Agreement entered into on June 22, 2023 (the "Forbearance Agreement"), and approved (as may be amended from time to time) by the CCAA Court on June 22, 2023.

- E. The Borrower has requested that the Lenders provide certain Loans for which the conditions set out in Section 4.2 of the Credit Agreement and the Forbearance Agreement are not satisfied (the "**Draw Conditions**"). Among other things, the Borrower has advised that it requires Loans to fund the purchase of Inventory that has not yet been delivered and, as a result, would not be Eligible Inventory and would not be included in the Borrowing Base. The Lenders and the Agent have agreed to amend the Credit Agreement to provide for the inclusion of Undelivered Inventory (as defined below) in the Borrowing Base on the terms set out herein to permit Loans to be made to fund the purchase price of the Undelivered Inventory (as defined below).

THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, 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 or the Forbearance Agreement.

1.2 Entire Agreement

This Agreement, together with the Credit Agreement, the Forbearance 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 Forbearance Agreement, the other Loan Documents or the other agreements and documents delivered under this Agreement.

1.3 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.

1.4 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.

ARTICLE 2 AMENDMENTS, COVENANTS AND WAIVER

2.1 Amendments to Credit Agreement

With effect on the Amendment Effective Date (as defined below), the Credit Agreement is amended as follows:

- (a) Section 1.1 (Defined Terms) of the Credit Agreement is hereby amended by adding the following defined terms in alphabetical order with the existing definitions:

"Eligible Undelivered Inventory" means all Undelivered Inventory of such Credit Party valued in Canadian Dollars on a lower of Standard Cost or market basis in accordance with GAAP, with detailed calculations of lower of cost or market to occur on at least a monthly basis, which meets such standards of eligibility as the Agent shall establish from time to time in its Permitted Discretion; provided that, in any event, no Undelivered Inventory shall be deemed Eligible Undelivered Inventory unless each of the following statements is accurate and complete (and by including such Undelivered Inventory in any computation of the applicable Borrowing Base, the Borrower shall be deemed to represent and warrant to the Agent, each Issuing Bank and the Lenders, to the best of its knowledge, the accuracy and completeness of such statements and the compliance of such Inventory with each such other eligibility standard established by the Agent):

- (1) such Undelivered Inventory meets all of the criteria for "Eligible Inventory" except for clause (2) thereof as it is not in the possession of the Credit Party or a bailee that has delivered an Acceptable Bailee Letter;
- (2) the Agent has received a no-offset and acknowledgement of title transfer letter, in form and substance satisfactory to the Agent, from the supplier of such Undelivered Inventory;
- (3) no more than 10 days has passed since the time that such Undelivered Inventory has been paid in full; and
- (4) such Undelivered Inventory is not Undelivered Inventory which the Agent, in the exercise of Permitted Discretion, determines to be not acceptable for any other reason.

"Undelivered Inventory" means all Inventory of the Credit Parties which has been fully paid for by such Credit Party, an invoice for such Inventory has been issued to such Credit Party, title has transferred to such Credit Party and such Inventory is located in Canada, but the Inventory has not been delivered into the possession of such Credit Party as it remains in the possession of a supplier or any other person shipping such Inventory to such Credit Party.

- (b) The definition of "Borrowing Base" in Section 1.1 (Defined Terms) of the Credit Agreement is hereby amended by (A) renumbering the existing clauses (iii) and (iv) to clauses (iv) and (v), and (B) adding a new clause (iii) as follows:

- “(iii) plus, the lesser of (A) 70% of the lower of cost or fair market value of all Eligible Undelivered Inventory, and (B) 75% of the appraised net orderly liquidation value of all Eligible Undelivered Inventory, provided that, the aggregate amount of Eligible Undelivered Inventory used to calculate the Borrowing Base shall not exceed \$15,000,000 (reduced to \$13,000,000 as of August 18, 2023).”
- (c) The definition of “Priority Payables” in Section 1.1 (Defined Terms) of the Credit Agreement is hereby amended by adding the words “Eligible Undelivered Inventory” immediately after the words “Eligible Accounts” where they appear in such definition.
- (d) Section 5.1 (Financial Statements and Other Information) of the Credit Agreement is hereby amended by adding the following provisions to the end of clause (f):
 - “(xii) a calculation and report as to the Undelivered Inventory which does not meet the definition of Eligible Undelivered Inventory;
 - (xiii) a separate listing of Eligible Undelivered Inventory containing the supplier name, the date of payment in full, and the date of shipment;
 - (xiv) copies of the purchase orders and payment receipt confirmations from each applicable supplier in respect of Eligible Undelivered Inventory; and
 - (xv) any additional information and reports pertaining to Eligible Undelivered Inventory as the Agent may request in its Permitted Discretion.”
- (e) Section 5.1 (Financial Statements and Other Information) of the Credit Agreement is hereby amended by adding the following provisions to the end of clause (g):
 - “(x) a calculation and report as to the Undelivered Inventory which does not meet the definition of Eligible Undelivered Inventory;
 - (xi) a separate listing of Eligible Undelivered Inventory containing the supplier name, the date of payment in full, and the date of shipment;
 - (xii) copies of the purchase orders and payment receipt confirmations from each applicable supplier in respect of Eligible Undelivered Inventory; and
 - (xii) any additional information and reports pertaining to Eligible Undelivered Inventory as the Agent may request in its Permitted Discretion.”
- (f) Section 7.2 (Remedies) of the Credit Agreement is hereby amended by adding the words “and/or Eligible Undelivered Inventory” immediately after the words “Eligible Inventory” where they appear in clause (a) of such section.

2.2 **SISP and Milestones**

- (a) With effect from the Amendment Effective Date, Section 4.1(d)(iii) of the Forbearance Agreement is hereby deleted and the following is hereby inserted in its place:

The Applicants agree to comply with the timeline set forth in Schedule 5 hereto with respect to (i) a Plan on terms acceptable to the Agent and the Lenders; and (ii) identification and selection of a financial advisor to advise on a process to solicit interest in and opportunities for a sale of, or investment in, or refinancing of the Credit Parties' business and assets (a “SISP”) that may be implemented as an alternative to or in parallel with the negotiation of a Plan. The Applicants acknowledge that the Agent's and the Lenders' acceptance of

continued accommodations set out herein in connection with any of the steps set out in Schedule 5 may be conditional upon the concurrent pursuit of a SISP or alternative pursuit of a SISP (including if any milestone in Schedule 5 is not satisfied).

- (b) With effect from the Amendment Effective Date, Schedule 5 to the Forbearance Agreement is hereby deleted and replaced with Exhibit "A" attached hereto.

ARTICLE 3 FEES

3.1 Amendment Fee

- (a) In consideration of the amendments 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 \$25,000, which shall be fully earned and payable upon execution of this Agreement (the "**Amendment Fee**"), which fee shall be in addition to the ABL DIP Fee, which shall remain payable in accordance with the terms of the Forbearance Agreement.
- (b) The Amendment 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, the Forbearance 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 Amendment Fee will be fully earned by the Agent despite any failure by any Credit Party to comply with any other term of this Agreement.

ARTICLE 4 ACKNOWLEDGEMENTS AND CONFIRMATIONS

- 4.1 Without limiting the confirmations, acknowledgments and agreements contained in the Forbearance Agreement, each Credit Party confirms, acknowledges and agrees that:
 - (a) the Credit Agreement and the other Loan Documents remain in full force and effect as at the date hereof, except as specifically amended by the Forbearance Agreement and this Agreement. The Credit Agreement shall henceforth be read and construed in conjunction with the Forbearance Agreement and this Agreement;
 - (b) 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;
 - (c) 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;
 - (d) 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;

**ARTICLE 5
CONDITIONS PRECEDENT TO THIS AGREEMENT**

5.1 Conditions Precedent

- (a) The amendments contemplated hereunder shall be effective upon the date (the "**Amendment Effective Date**") of satisfaction of the following conditions precedent (the "**Conditions Precedent**"), which must occur on or before 5:00 p.m. (Calgary Time) on July 19, 2023:
- (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 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 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;
 - (iv) other than the Existing Defaults and any Events of Default solely as a consequence of the commencement of the CCAA Proceedings, 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;
 - (v) the Amendment Fee shall have been paid by the Borrower it being acknowledged and agreed by the Credit Parties that, in satisfying this condition precedent, the Amendment fee 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, and
 - (vi) as of the date set out above in this Section 5.1, 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.

**ARTICLE 6
GENERAL**

6.1 Effect of this Agreement

Except as modified by this Agreement, no other changes or modifications to the Credit Agreement, the Forbearance 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, the Forbearance Agreement, and the other Loan Documents, the terms of this Agreement will govern.

6.2 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, the Forbearance Agreement or any of the other Loan Documents or any transactions under or related to, this Agreement, the Credit Agreement, the Forbearance 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 6.2(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 6.2(a).

6.3 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.

6.4 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.

6.5 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.

6.6 Time of Essence

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

6.7 Notices

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

6.8 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.

6.9 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.

6.10 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 the Forbearance Agreement and this Agreement) and the other Loan Documents.

6.11 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.

6.12 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.

6.13 Electronic Signatures

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

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:
Title:

WALLACE & CAREY INC.,
as a Guarantor

By: 
Name:
Title:

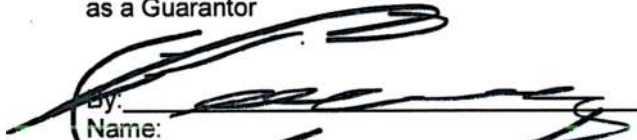
LOUDON BROS. LIMITED,
as a Guarantor

By: 
Name:
Title:

SPRUCE IT UP LAND CORP.,
as a Guarantor

By: 
Name:
Title:

772921 ALBERTA INC.,
as a Guarantor

By: 
Name:
Title:

RIDGE MEADOWS PROPERTIES LTD.,
as a Guarantor

By: 
Name: _____
Title: _____

RETLOGISTICS INC.,
as a Guarantor

By: 
Name: _____
Title: _____

**CANADIAN IMPERIAL BANK OF COMMERCE, as
Agent and as Lender**

Per



Name: Anthony Tsuen
Title: Authorized Signatory

Per



Name: Steven Filippi
Title: Authorized Signatory

EXHIBIT A

SCHEDULE 5

RESTRUCTURING TIMELINE

Date	Milestone
Within 40 days following the date of the hearing of the application for the Initial Order	The Credit Parties shall have identified and selected a financial advisor acceptable to the Agent and the Lenders, to advise on a process to solicit interest in and opportunities for a sale of, or investment in, or refinancing of the Credit Parties' business and assets to be implemented as an alternative to or in parallel with the negotiation of a Plan.
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 (the " Business Model ").
Within 60 days following the date of the hearing of the application for the Initial Order	If the Plan Term Sheet and the Business Model milestones above are satisfied, then 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 the application for the Initial Order	If the above milestones are satisfied, the Applicants, with the consent of the Agent, shall submit a motion to the CCAA Court for the filing of a Plan acceptable to the Agent and seeking a Plan Filing and Meeting Order and a Claims Procedure Order acceptable to the Agent.
Within 120 days following the date of the hearing of the application for the Initial Order	If a Plan has been filed as set out above, such Plan shall have been voted upon and approved by the requisite majorities of creditors required pursuant to the CCAA.

November 30, 2023	The Plan shall have been implemented.
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This is Exhibit "B" referred to in the Affidavit of
Eric Rolheiser sworn before me this 21st day of
August, 2023



A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

Arsham Gill
Barrister & Solicitor
Notary Public and Commissioner for Oaths
In and for the Province of Alberta

SECOND AMENDMENT TO FORBEARANCE AGREEMENT

THIS AGREEMENT is dated as of August 10, 2023 (this "Agreement").

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" and, together with the Borrower, the Guarantors and the Agent, the
"Parties")

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, Amendment to Forbearance Agreement and Credit Agreement dated July 18, 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 (as defined in the Credit Agreement).
- C. Certain of the Credit Parties, being the Borrower, Wallace & Carey Inc. and Loudon Bros Limited have obtained an Amended and Restated Initial Order from the Court of King's Bench of Alberta (the "CCAA Court") (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") and the Credit Parties have requested ongoing support of the Agent and the Lenders during the CCAA Proceedings.
- D. The Agent and the Lenders agreed to continue to provide the facilities set out in the Credit Agreement subject to the terms and conditions of a Forbearance Agreement entered into on June 22, 2023, and approved (as may be amended from time to time) by the CCAA Court on June 22, 2023, as amended by an Amendment to Forbearance Agreement and Credit Agreement dated July 18, 2023 (the "Forbearance Agreement").

- E. Pursuant to Section 4.1(h) of the Forbearance Agreement, the Credit Parties were required to grant and cause the Agent to receive on or before the date that is 30 days following the date of the Forbearance Agreement, among other things, a perfected second priority Lien (subject only to the Liens registered in favour of the First Lien Term Loan Lender) on the Mortgaged Properties, including the filing and recording of mortgages. The obligations in Section 4.1(h) of the Forbearance Agreement were not completed on or before the date that was 30 days following the date of the Forbearance Agreement, but such obligations have now been completed.
- F. Pursuant to Section 5.1 of the Forbearance Agreement, certain Terminating Events have occurred including those as described in the notice sent by the Agent to the Credit Parties dated August 2, 2023 and listed on Exhibit "A" hereto (the "**Existing Terminating Events**").

THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, 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 or the Forbearance Agreement.

1.2 Entire Agreement

This Agreement, together with the Credit Agreement, the Forbearance 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 Forbearance Agreement, the other Loan Documents or the other agreements and documents delivered under this Agreement.

1.3 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.

1.4 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.

ARTICLE 2 FORBEARANCE AND AMENDMENTS

2.1 Amendments to Credit Agreement

With effect on the Amendment Effective Date (as defined below), the Credit Agreement is amended as follows:

- (a) The definition of "Borrowing Base" in Section 1.1 (Defined Terms) of the Credit Agreement is hereby amended by:
 - (i) deleting clause (iii) in its entirety and replacing it with the following:

"(iii) plus, the lesser of (A) 70% of the lower of cost or fair market value of all Eligible Undelivered Inventory, and (B) 90% of the appraised net orderly liquidation value of all Eligible Undelivered Inventory, provided that, the aggregate amount of Eligible Undelivered Inventory used to calculate the Borrowing Base shall not exceed \$15,000,000 (reduced to \$13,000,000 as of August 18, 2023)."
 - (ii) (A) renumbering the existing clauses (iv) and (v) to clauses (v) and (vi), and (B) adding a new clause (iv) as follows:

"(iv) plus, upon satisfaction of the 7-Eleven Cash Conditions, 100% of the amount of Eligible Cash; provided that, the aggregate amount of Eligible Cash included in the Borrowing Base shall not exceed \$9,000,000."
- (b) Section 1.1 (Defined Terms) of the Credit Agreement is hereby amended by adding the following defined terms in alphabetical order with the existing definitions:

"**7-Eleven**" means 7-Eleven Canada, Inc.

"**7-Eleven Cash Collateral Agreement**" means the Cash Collateral Agreement among 7-Eleven and the Agent providing for the deposit of cash collateral with the Agent as security for the 7-Eleven Guarantee, in form and substance satisfactory to the Agent.

"7-Eleven Cash Conditions" means the date the Agent has confirmed, in its sole discretion, satisfaction of the following conditions: (i) the Agent has received duly authorized, executed and delivered copies of the 7-Eleven Cash Collateral Agreement and the 7-Eleven Guarantee, (ii) the deposit of the Eligible Cash in the Eligible Cash Account, and (iii) the Agent has received a duly authorized, executed and delivered Cash Collateral Letter of Agreement between 7-Eleven, the Agent and Wallace & Carey Inc., in form and substance acceptable to the Agent.

"7-Eleven Guarantee" means the Limited Recourse Guarantee provided by 7-Eleven to the Agent whereby 7-Eleven guarantees payment to the Agent of the Obligations, in form and substance satisfactory to the Agent.

"Eligible Cash" means unrestricted cash of 7-Eleven deposited with or held by Canadian Imperial Bank of Commerce in an Eligible Cash Account pursuant to the 7-Eleven Cash Collateral Agreement, as security for the 7-Eleven Guarantee.

"Eligible Cash Account" means the Canadian Dollar Deposit Account designated by the Agent to hold the Eligible Cash.

- (c) The definition of "Eligible Inventory" in Section 1.1 (Defined Terms) of the Credit Agreement is hereby amended by adding a new clause (16), and renumbering the existing clause (16) to clause (17), as follows:

"(16) Such Inventory is not Exclusive Inventory, as defined in the Acknowledgement of Prepayment in Full for Exclusive Products dated August 10, 2023 between the Agent, Wallace & Carey Inc. and 7-Eleven Canada Inc."

- (d) The definition of "Priority Payables" in Section 1.1 (Defined Terms) of the Credit Agreement is hereby amended by adding the words "Eligible Cash" immediately after the words "Eligible Undelivered Inventory" where they appear in such definition.
- (e) Section 7.2 (Remedies) of the Credit Agreement is hereby amended by adding the words "Eligible Cash" immediately after the words "Eligible Inventory" where they appear in clause (a) of such section.

2.2 Milestones

- (a) Notwithstanding Recital D to the Forbearance Agreement, the primary purpose of the CCAA Proceedings is to give effect to a process for Wallace & Carey Inc. and Loudon Bros. Limited to pursue transactions as set out in Schedule 5 to the Forbearance Agreement, as amended.
- (b) With effect from the Amendment Effective Date, Section 4.1(d)(iii) is hereby deleted and the following is hereby inserted in its place:

The Applicants agree to comply with the timeline set forth in Schedule 5 hereto with respect to a sale and investment solicitation process and cash flow reporting, with such amendments as may be agreed to by the Agent and the Lenders;

- (c) With effect from the Amendment Effective Date, Schedule 5 to the Forbearance Agreement is hereby deleted in its entirety and replaced with the Exhibit "B" attached hereto.

2.3 Existing Defaults

- (a) Schedule 3 to the Forbearance Agreement shall be amended to include the Existing Terminating Events as additional Existing Defaults and such Existing Terminating Events shall be deemed to be Existing Defaults under the Forbearance Agreement.

2.4 Real Property Mortgages

- (a) With effect from the Amendment Effective Date, Section 4.1(h) of the Forbearance Agreement is hereby deleted and the following is hereby inserted in its place:

Real Property Mortgages: the Credit Parties shall grant and shall cause the Agent to receive on or before August 4, 2023 (or any such later date as may be confirmed by the Agent in writing): (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.

2.5 Reporting

- (a) With effect from the Amendment Effective Date, Section 4.1(c) of the Forbearance Agreement is hereby amended to include the following as new subsection 4.1(c)(iv), new subsection 4.1(c)(v), new subsection 4.1(c)(vi), new subsection 4.1(c)(vii), and new 4.1(c)(viii) prior to the existing subsection 4.1(c)(iv), and the existing subsection 4.1(c)(iv) shall become subsection 4.1(c)(ix):

(iv) written notice forthwith upon any entry into, termination of, default under, or amendment to any Material Contract;

(v) together with the reporting required pursuant to Section 4.1(g)(ii):

(x) written confirmation of the Delivery Service Fill Rates described in Section B. v. and Section B. vi. of the Amendment to Service Agreement between 7-Eleven Canada, Inc. and Wallace & Carey Inc. dated July 31, 2023 (the "**7-Eleven Amendment**") for the then most recent Weekly Measurement Period (as defined in the 7-Eleven Amendment);

(y) a listing of all inventory, with accompanying cost values, that is held on consignment by the Credit Parties;

(z) a listing of inventory held in possession of the Credit Parties which is subject to a prepayment arrangement between the applicable Credit Party and the purchaser of such inventory and for which payment has already been received by the applicable Credit Party from the purchaser;

(vi) with each Borrowing Request, the then current Daily File Rate / Sales Report for the top five customers of the Credit Parties in customary form;

(vii) written notice forthwith upon the occurrence of any Termination Event (as defined in the 7-Eleven Amendment);

(viii) either directly or through the Agent's advisors as the Agent may elect, access to the Credit Parties' premises during business hours to conduct field examinations, inventory test counts and other collateral examinations as the Agent deems appropriate;

2.6 CCAA Proceedings

- (a) With effect from the Amendment Effective Date, Section 4.1(d) of the Forbearance Agreement is hereby amended to include the following new subsection 4.1(d)(ix):

(ix) In addition to any other approvals or review requirements in the Credit Agreement and the Forbearance Agreement, the Monitor's review and confirmation shall be required for any:

- (a) Borrowing Requests;
- (b) Inventory purchase orders in excess of \$1,000,000; and
- (c) Amendments to Material Contracts.

2.7 Approved Cash Flow

- (a) With effect from the Amendment Effective Date, Section 4.1(g)(ii) of the Forbearance Agreement is hereby deleted and the following is hereby inserted in its place:

(y) On the third Business Day of each week at no later than 12:00 p.m. (Calgary Time), the Credit Parties shall provide the Agent with an updated Borrowing Base calculation and (z) on the fourth Business day of each week at no later than 12:00 p.m. (Calgary Time), the Credit Parties shall provide the Agent with 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. For greater certainty, the Credit Parties shall provide the Agent with only one Borrowing Base calculation per week at the time specified above unless otherwise requested by the Agent;

2.8 Fees and Interest

- (a) With effect from the Amendment Effective Date, Section 3.3(a) of the Forbearance Agreement is hereby deleted and the following is hereby inserted in its place:

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 three instalments of \$250,000 on July 21, 2023, \$375,000 on August 21, 2023, and \$375,000 on September 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.

2.9 Anti Cash Hoarding

- (a) With effect from the Amendment Effective Date, a new Section 3.5 shall be inserted in the Forbearance Agreement immediately following Section 3.4 as follows:

3.5 Anti-Cash Hoarding: The Borrower shall not, and shall not permit any other Credit Party to, use the proceeds of any Borrowing to accumulate or maintain cash or cash equivalents in one or more accounts (including, for certainty, any depository, investment or securities account) maintained by the Borrower, any Credit Party or any of their Subsidiaries in an amount, in the aggregate, greater than \$3,000,000. For certainty, the Agent and the Lenders may refuse to make any requested Loan which the Lenders determine would result in a contravention of this Section 3.5.

2.10 **Minimum Excess Availability**

- (a) With effect from the Amendment Effective Date, Section 4.1(k) of the Forbearance Agreement is hereby deleted in its entirety.

**ARTICLE 3
ACKNOWLEDGEMENTS, CONFIRMATIONS AND COVENANTS**

3.1 Without limiting the confirmations, acknowledgments and agreements contained in the Forbearance Agreement, each Credit Party confirms, acknowledges and agrees that:

- (a) the Credit Agreement and the other Loan Documents remain in full force and effect as at the date hereof, except as specifically amended by the Forbearance Agreement and this Agreement. The Credit Agreement shall henceforth be read and construed in conjunction with the Forbearance Agreement and this Agreement;
- (b) 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;
- (c) except for obligations in respect of accrued unpaid tobacco sales taxes not to exceed \$9,844,957, 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; and
- (d) 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.

3.2 The Parties agree that during the period from the date of this Agreement up to and including the week ending August 27, 2023, the Terminating Event in Section 5.4(f) of the Forbearance Agreement shall not be effective.

**ARTICLE 4
CONDITIONS PRECEDENT TO THIS AGREEMENT**

4.1 **Conditions Precedent**

- (a) The amendments contemplated hereunder shall be effective upon the date (the "**Amendment Effective Date**") of satisfaction of the following conditions precedent (the "**Conditions Precedent**"), which must occur on or before 5:00 p.m. (Calgary Time) on August 11, 2023:
- (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 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 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; and

- (iv) other than the Existing Defaults and any Events of Default solely as a consequence of the commencement of the CCAA Proceedings, 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.

The Conditions Precedent are for the sole benefit of the Agent and the Lenders and may be waived only by the Agent in writing.

ARTICLE 5 GENERAL

5.1 Effect of this Agreement

Except as modified by this Agreement, no other changes or modifications to the Credit Agreement, the Forbearance Agreement or the other Loan Documents are intended or implied, and in all other respects the Credit Agreement, the Forbearance 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, the Forbearance Agreement, and the other Loan Documents, the terms of this Agreement will govern.

5.2 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, the Forbearance Agreement or any of the other Loan Documents or any transactions under or related to, this Agreement, the Credit Agreement, the Forbearance 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 5.2(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 5.2(a).

5.3 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.

5.4 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.

5.5 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.

5.6 Time of Essence

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

5.7 Notices

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

5.8 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.

5.9 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.

5.10 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 the Forbearance Agreement and this Agreement) and the other Loan Documents.

5.11 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.

5.12 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.

5.13 Electronic Signatures

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

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:
Title:

WALLACE & CAREY INC.,
as a Guarantor

By: 
Name:
Title:

LOUDON BROS. LIMITED,
as a Guarantor

By: 
Name:
Title:

SPRUCE IT UP LAND CORP.,
as a Guarantor

By: 
Name:
Title:

772921 ALBERTA INC.,
as a Guarantor

By: 
Name:
Title:

RIDGE MEADOWS PROPERTIES LTD.,
as a Guarantor

By: 
Name:
Title:

RETLOGISTICS INC.,
as a Guarantor

By: 
Name:
Title:

**CANADIAN IMPERIAL BANK OF COMMERCE, as
Agent and as Lender**

Per 
Name: Geoff Golding
Title: Authorized Signatory


Per 
Name: Anthony Tsuen
Title: Authorized Signatory

Exhibit "A"

Existing Terminating Events

1. Pursuant to Section 5.4(f) of the Forbearance Agreement, in the week ended July 23, 2023 the actual cumulative Receipts (as so described in the Approved Cash Flow) were more than 5% below the forecasted cumulative Receipts amount (as shown in the Approved Cash Flow).
2. Pursuant to Section 5.4(f) of the Forbearance Agreement, in the week ended July 23, 2023 the actual weekly Receipts were more than 15% below forecasted weekly Receipts amounts (as shown in the Approved Cash Flow).
3. Pursuant to Section 5.1(a) due to the Additional Default arising from the 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 period ending June 10, 2023 in accordance with the terms of and within the time required by Section 5.1(b) of the Credit Agreement.
4. Pursuant to Section 5.1(l) as a result of the failure of the Applicants to deliver a Plan Term Sheet in form and substance acceptable to the Agent, as required pursuant to Section 4.1(d)(iii).

Exhibit "B"

Schedule 5

Milestones

Milestone	Deadline Date*
1. Entry into an engagement letter with a financial advisor to the Credit Parties to advise in connection with a sale and investment solicitation process, in form and substance acceptable to the Agent.	August 14, 2023
2. Agreement between the Credit Parties, the Monitor and the Agent regarding the timeline for milestones in a sale and investment solicitation process.	August 16, 2023
3. An Order is granted by the Court in the CCAA Proceedings approving a sale and investment solicitation process in form and substance acceptable to the Agent.	August 25, 2023
4. An Updated Cash Flow (as defined in the Forbearance Agreement) covering a 13 week period commencing from the date of the Second Amendment to this Agreement, shall be delivered to the Agent. For the avoidance of doubt the Updated Cash Flow shall only be deemed as the Approved Cash Flow (as defined in the Forbearance Agreement) upon the approval by the Agent.	August 25, 2023

***The foregoing deadline dates may be extended by written agreement (including by email) of the Parties, with the consent of the Monitor.**

This is Exhibit "C" referred to in the Affidavit of
Eric Rolheiser sworn before me this 21st day of
August, 2023



A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

Arsham Gill
Barrister & Solicitor
Notary Public and Commissioner for Oaths
In and for the Province of Alberta



August 13, 2023

Eric Rolheiser
Wallace & Carey Inc.
5445 - 8 St. NE Calgary
Alberta T2K 5R9
L4H 0L8

Dear Mr. Rolheiser:

Alvarez & Marsal Canada Securities ULC ("A&M") understands that Wallace & Carey Inc. ("**Wallace & Carey**"), Loudon Bros Limited ("**Loudon Bros**"), and Carey Management Inc. ("**CMI**"), and together with Wallace & Carey and Loudon Bros, "**WCI Group**" or the "**Company**") obtained protection from their creditors pursuant to the *Companies' Creditors Arrangement Act* ("**CCAA**") pursuant to an order of the Court of King's Bench of Alberta (the "**Court**"). Further, the Court also appointed KSV Restructuring Inc. as monitor of the Company (the "**Monitor**"). The Company acknowledges and agrees that A&M is authorized to meet and share information requested by the Monitor.

The Company has advised A&M that the Canadian Imperial Bank of Commerce ("**CIBC**") is the interim lender to the Company within the CCAA proceedings and the Company's senior secured lender (the "**Lender**"). The Company acknowledges and agrees that A&M is authorized to meet and share information requested by the Lender.

This letter confirms and sets forth the terms and conditions of the engagement between A&M and WCI Group and, including the scope of the services to be performed and the basis of compensation for those services. Upon execution of this letter by each of the parties below, and subject to ratification by the Court, this letter will constitute an agreement between WCI Group and A&M (the "**Agreement**").

1. Description of Engagement and Services.

A. Transaction Services:

The Company hereby engages A&M as its financial advisor with respect to evaluating and pursuing a potential Financing Transaction, Restructuring Transaction or Sale Transaction (as defined below, each a "**Transaction**"), effective as of the date hereof (the "**Effective Date**"). As part of our engagement, A&M will, if appropriate and requested perform the following services:

- i. In consultation with the Monitor, provide advice and recommendations to the Company with respect to a sales and investment solicitation process ("**SISP**"),

including but not limited to milestones and other relevant requirements, all subject to approval by the Court;

- ii. Should the Company seek a Financing Transaction and/or Sale Transaction, advise and assist the Company in executing such Financing Transaction and/or Sale Transaction, including but not limited to;
 - a. Prepare, in collaboration with the Company and in consultation with the Monitor, a confidential information memorandum or similar document ("**Confidential Information Memorandum**") and other relevant informational materials;
 - b. Identify and contact prospective investors and solicit and assist in evaluating indications of interest and proposals among prospective investors;
 - c. Coordinate potential investors' due diligence investigations;
 - d. Assist in structuring and negotiating the financing and/or sale and the terms of the securities/consideration; and
 - e. Assist in matters associated with closing the Financing Transaction and/or Sale Transaction generally provided by financial advisors;
- iii. Should the Company seek a Restructuring Transaction, advise and assist the Company in executing such Restructuring Transaction, including but not limited to;
 - a. Assist with the formulation and evaluation of various restructuring scenarios and the potential impact of those scenarios on the recoveries of stakeholders;
 - b. Assist the Company in negotiations with creditors, shareholders and other appropriate parties-in-interest and implementation of various strategic alternatives including restructuring, financing, reorganization, merger, or sale of the Company, or its assets or businesses;
 - c. Assist the Company in analyzing, structuring, negotiating and effecting a Restructuring Transaction; and
 - d. If necessary, provide investment banking and financial advisory services to support the Company in connection with the Company's and its advisors' efforts to develop and implement a Restructuring Transaction;
- iv. Provide any other investment banking and financial advisory services reasonably necessary to accomplish the foregoing and consummate a

transaction as requested by the Company and agreed to by A&M from time to time.

B. Restructuring Services

If and as requested by the Company and in coordination with the Monitor, A&M shall:

- i. Assist in the preparation and evaluation of the Company's short-term liquidity forecast including review of the Company's rolling 13-week cash flow forecast ("**CF Forecast**") model and supporting assumptions;
- ii. Assist in the preparation and evaluation of the Company's actual results to the CF Forecast and provide to the Monitor and Lender as required;
- iii. Assist in evaluation of the Company's three-statement financial model (balance sheet, income statement, cash flow) and supporting assumptions;
- iv. Assist in preparation of reports and other correspondence with the Monitor and Lender and other stakeholders; and

Other activities as other activities as approved by you and agreed to by A&M.

C. Transactions

For purposes of this Agreement, each of the following transactions shall constitute a "**Financing Transaction**", whether or not such transaction is effectuated in-court, out-of-court, through the confirmation of a plan of reorganization or otherwise under the CCAA or Bankruptcy and Insolvency Act (Canada):

- i. any refinancing of all or a material portion of the Company's Indebtedness (as defined below); and/or
- ii. the raising or issuance of any form of new equity or debt financing from any source by the Company or any entity formed by, or at the direction of, the Company;
- iii. Notwithstanding the above, but subject to the Carved-out Transactions, any debtor in possession ("DIP") or exit financing done in connection with a Restructuring of this company under the CCAA or Bankruptcy and Insolvency Act (Canada), regardless of the source of the financing, shall constitute a Financing Transaction

For purposes of this Agreement, the term "**Sale Transaction**" is defined to include any of the following (whether in one or a series of transactions): (a) a merger of the Company and/or any of its material businesses with a third-party (b) a sale of at least 50% of the equity securities of the Company (whether from the Company or security holders of the Company) or any material portion of its business, in any case whether by sale, exchange, tender offer or otherwise, (d) a sale of the Company that is consummated through a sale of

all or substantially all of its assets or its subsidiaries other than a liquidation, , (f) any recapitalization or restructuring (including spin-off or split-off of assets) of the Company or any of its material businesses, (g) any other form of disposition which results in the effective disposition of all or a substantial amount of the business, operations, or assets of the Company or any of its businesses. For the avoidance of doubt, a Sale Transaction shall include (h) any other form of disposition which results in the effective disposition of all or a substantial amount of the business, operations, or assets of the Company, excluding a liquidation. For the avoidance of doubt, all significant business transactions entered into by the Company including any transaction completed through a CCAA Plan of Arrangement, Court-approved sale of assets or other transaction shall be included.

For the purposes of this Agreement, a “**Restructuring Transaction**” shall be defined as any single transaction or series of transactions that effectuates any: (a) modification, amendment to, or change in, any of the Company’s payment obligations and/or senior or subordinated institutional indebtedness for borrowed money, including accrued and/or accreted interest thereon (“**Indebtedness**”), or (b) disposition of all or substantially all of the business operations or assets of the Company. Such modification, amendment, or change shall include, without limitation, any transaction(s) which provide for: any material modification, amendment or change of, or in, principal balance, accrued or accreted interest, payment term, or other debt service requirement; any maturity extension / forbearance for at least twelve (12) months with respect to any payment obligation described above; conversion to equity, or some other security instrument, of all, or a material portion of, such Indebtedness; any compromise of the existing terms of such Indebtedness; any combination of the foregoing transactions. Each of the foregoing shall include, without limitation, any transaction in which requisite consents to a reorganization or restructuring are obtained pursuant to a tender offer, exchange offer, consent solicitation or other process. For greater certainty, a Restructuring Transaction Fee (defined below) shall not be paid for the compromising of any unsecured debt unless it is part of an overall restructuring plan.

In connection with the Company seeking approval of the SISF, the Company shall apply to the Court for approval (“**Court Approval**”) of (a) this Agreement; (b) the retention of A&M by the Company under the terms of this Agreement; (c) the payment of the fees and expenses of A&M under this Agreement in the form and at times contemplated hereby; (d) security or charge for such fees, whereby the Work Fee and Restructuring Fees (both as defined below) shall be secured by a first priority Court ordered charge under the Administration Charge granted in the CCAA proceeding, and the Transaction Fee shall have a second ranking Court ordered charge, subordinate only to the Administration Charge. Subject to the termination provisions of the Agreement, A&M agrees to provide services pursuant to this Agreement until the Company obtains Court approval by way of a final order satisfactory to A&M, the Monitor and the Lender.

It is understood and agreed that nothing contained herein shall constitute an expressed or implied commitment by A&M to underwrite, place, or purchase any financing or securities. The scope of A&M services shall not include delivery of a fairness opinion with respect to any transaction.

The Company authorizes A&M to provide the Confidential Information Memorandum (as amended and supplemented and including any information incorporated therein by reference, the “**Confidential Information Memorandum**”) and other relevant information to prospective investors.

The Company, in consultation with the Monitor and the Lender, shall have the right, in its sole discretion, to accept or reject any Transaction offer or any prospective investors. The Company, in consultation with the Monitor and the Lender, shall also have the right to approve prospective investors, in what manner they are to be contacted and at what point in time such contact may be made with each such prospective investor. The Company agrees to promptly inform A&M of any inquiry it receives regarding a Transaction so that A&M can evaluate such party and its interest in a Transaction and A&M shall advise the Monitor of such inquiries. Furthermore, the Company agrees to request that the Monitor forward to A&M any inquiries that it receives or has received from prospective investors.

The Company understands that the services to be rendered by A&M may include providing the Company with assistance in the preparation of projections and other forward-looking statements regarding the Company and / or its businesses, subsidiaries or affiliates, and numerous factors can affect the actual results of the Company and / or its businesses, subsidiaries or affiliates, which may materially and adversely differ from those projections.

A&M makes no representation whatsoever that an appropriate Transaction can or will be formulated, that any Transaction in general or that any transaction in particular is the best course of action for the Company. Further A&M assumes no responsibility for the selection and approval of any Transaction presented to the Company, this determination shall rest strictly with the Company, in consultation with the Monitor and the Lender.

The Company agrees that it will be solely responsible for ensuring that any Transaction complies with applicable law.

The Company will be solely responsible for the contents of the Confidential Information Memorandum and any and all other written or oral communications provided by or on behalf of the Company to any prospective investors and/or any other party in connection with a potential Transaction. The Company represents and warrants that the Confidential Information Memorandum and such other communications will not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading. If an event occurs as a result of which the Confidential Information Memorandum (or any other distributed materials) would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading, the Company will promptly notify A&M and A&M will suspend solicitations of prospective investors until such time as the Company prepares a supplement or amendment to the Confidential Information Memorandum (or otherwise) that corrects such statement(s) and/or omission(s).

In connection with A&M’s engagement, WCI Group will furnish A&M with all information concerning WCI Group which A&M reasonably deems appropriate and will



provide A&M with access to WCI Group's officers, directors, employees, accountants, counsel and other representatives (collectively, the "**Representatives**"). It is understood that A&M will rely solely upon the information supplied by WCI Group and its Representatives without assuming any responsibility for independent investigation or verification thereof. WCI Group represents and warrants that any financial projections provided to A&M have been, or will be, prepared on a basis reflecting the best currently available estimates and judgments of the future financial results and condition of WCI Group. WCI Group will, in writing, promptly notify A&M of any material inaccuracy or misstatement in, or material omission from, any information previously delivered to A&M or any interested party. WCI Group authorizes A&M to contact WCI Group professional advisors, which in A&M's discretion is deemed appropriate in connection with this engagement.

In rendering its services to WCI Group, subject to the oversight of the Monitor, A&M will report directly to the Chief Executive Officer (the "**CEO**") and the Board of Directors (the "**Board**") and will make recommendations to and consult with the CEO and the Board or such senior officers as the CEO and / or the Board directs.

Hugh Rowan-Legg, a Managing Director of A&M, will be responsible for the overall engagement and will be assisted by other A&M personnel, as appropriate. A&M personnel providing services to WCI Group may also work with other A&M clients in conjunction with unrelated matters. In connection with the services to be provided hereunder, from time to time A&M may utilize the services of employees of its affiliates (as defined below). Such affiliates are wholly owned by A&M's parent company and A&M's employees.

For the purposes of this Agreement, "affiliate" means, with respect to any specified person, any other person directly or indirectly controlling, controlled by or under common control with such specified person. For purposes of this definition, the terms "controlling," "controlled by" or "under common control with" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise, or the power to elect at least 50% of the directors, managers, general partners, or persons exercising similar authority with respect to such person.

WCI Group understands that A&M is not undertaking to provide any legal, regulatory, accounting, insurance, tax or similar professional advice. It is further understood and agreed that A&M's services will not include the preparation of a due diligence report, presentation or otherwise for WCI Group, and that A&M's services will not include the rendering of a fairness opinion. If you should request additional services not otherwise contemplated by this Agreement, WCI Group and A&M will enter into an additional letter agreement which will set forth the nature and scope of the services, appropriate compensation and other customary matters, as mutually agreed upon by WCI Group and A&M.

2. Compensation.

As compensation for the Transaction Services hereunder, A&M will be paid as follows:



(a) Work Fees:

A monthly work fee (the "**Work Fee**") of \$50,000 per month, to be paid in advance, starting with the first payment immediately upon the execution of this Engagement Letter, and thereafter upon the presentation of an invoice. Work Fees paid will be non-refundable. However, upon calculation of any Transaction Fee (as defined below), a rebate equal to 33.3% of the Work Fee paid to the date of any such transaction subject to the Transaction Fee, shall be applied to discount such Transaction Fee.

(b) Transaction Fee(s):

In addition to the other fees provided for herein, the Company shall pay A&M the following transaction fee(s) (the "**Transaction Fee(s)**") set out below.

In the instance where this Transaction Fee is in connection with a transaction and a party listed in Appendix A (the "**Carved-out Transactions**") a Transaction Fee as set out on Appendix "A" would be applicable in substitution for the fees described below.

i. Financing Transaction Fee:

Concurrently with the close of any Financing Transaction, A&M shall earn, and the Company shall thereupon pay concurrently with the closing and from the proceeds of such Financing Transaction, as a cost of financing, a Financing Transaction Fee ("**Financing Transaction Fee**") of 3.0% of the amount debt raised or committed and 6.0% of the amount of equity raised or committed.

For the purposes of calculating the Financing Transaction Fee, debt will include but not be limited to any senior, subordinated and mezzanine debt, and equity will include but not be limited to convertible securities, preferred stock, common equity and any capital with equity-linked securities.

ii. Sale Transaction Fee:

Concurrently with the closing of a Sale Transaction, A&M shall earn, and the Company shall thereupon pay immediately and directly from the proceeds of such Sale Transaction, as a cost of such transaction, a fee (the "**Sale Transaction Fee**") equal to the greater of i) \$750,000; and ii) 3.0% of the Aggregate Gross Consideration (as defined below).

iii. Joint Venture Opportunity Fee:

A fee equal to \$750,000 (the "**Joint Venture Fee**") earned and paid at closing of a Joint Venture transaction. For purposes of this Agreement a Joint



Venture is where a key customer or any third party creates a joint venture that provides financial support to the Company, whether through a Financing Transaction, or a change in commercial strategy, or through other means, resulting in a transaction that substantially restructures the business of the Company. A clear example of a Joint Venture opportunity would be with a customer or vendor that see strategic opportunity in partnering with the Company by offering purchasing power, product offerings or long-term agreements in exchange for distribution control. For the avoidance of doubt, any Joint Venture completed through a CCAA Plan of Arrangement, Court-approved sale of assets or other transaction shall be included.

iv. Restructuring Transaction Fee:

A fee equal to \$750,000 (the “**Restructuring Transaction Fee**”), earned and paid upon the earlier of (i) consummation of a Restructuring Transaction and (ii) in the event the Company attempts to implement a Restructuring Transaction, in whole or in part by means of an exchange offer, then upon closing of the exchange offer. For the purpose of (i) above, consummation of a Restructuring Transaction shall mean the closing of such transaction with binding execution and effectiveness of all necessary waivers, consents, amendments or restructuring agreements between the Company and its creditors necessary to effectuate such Restructuring Transaction.

v. Transaction Fee Earned in a Combination Transaction:

If a transaction occurs that has any combination of a Financing Transaction, a Sale Transaction, a Joint Venture Transaction or a Restructuring Transaction, only the single highest individual Transaction Fee will be payable. For clarity in the event a Financing Transaction Fee of \$750,000 is earned and is followed by Sale Transaction Fee of \$1,500,000, only \$750,000 of the Sale Transaction Fee would be payable.

- (c) As compensation for the Restructuring Services hereunder (the “**Restructuring Fees**”), A&M will receive fees based on time spent by its employees and agents in connection with this engagement at its standard hourly rates, which may be adjusted from time to time. A&M’s current standard hourly rate schedule is as follows:

	Hourly Rate (\$CAD)
Managing Directors	\$840 to \$1150
Senior Directors / Directors	\$525 to \$825
Associates / Analysts	\$325 to \$585

- (d) A&M’s Restructuring Fees shall not exceed a monthly amount of \$50,000 (excluding out of pocket expenses and applicable taxes) without the prior written



consent of the Monitor and the Company. An initial amount of \$35,000 shall be paid in advance, upon the execution of this Engagement Letter. A&M will receive fees based on time spent by its employees and agents in connection with this engagement at its standard hourly rates, to be billed on not more than a weekly or periodic basis, at A&M's discretion, and payable upon receipt, subject to the limitations set out above.

- (e) In addition to the fees described above, and regardless of whether any transaction contemplated by this Agreement shall be proposed or consummated, the Company agrees to promptly reimburse A&M, on a monthly basis, for all documented out-of-pocket expenses reasonably incurred by A&M in connection with the matters contemplated by this Agreement, including, without limitation, reasonable fees of counsel and travel and lodging expenses. Air travel and lodging shall be preapproved by the Company.
- (f) The Transaction Fee shall be earned if, within twelve months following the end of the term of this engagement, a Transaction is consummated or an agreement is entered into that subsequently results in a Transaction with any of the prospective investors and shall be payable upon the closing of any such Transaction.
- (g) All provisions in this Section 2 are in addition to any protections or remedies afforded to A&M at law or by statute.
- (h) All fees will be subject to applicable taxes.

For purposes of this agreement, the term "Aggregate Gross Consideration" shall mean the total fair market value (at the time of closing) of all consideration including, without duplication or limitation, cash, notes, securities and property; payments made in installments; and Contingent Payments (as defined below), paid or payable, or otherwise to be distributed, directly or indirectly, to the Company, plus all indebtedness assumed by the purchaser of assets of the Company and / or any of its businesses, or from which the Company or any of its businesses, is relieved in connection with a Sale Transaction. If any portion of the Aggregate Gross Consideration is payable in the form of securities, the value of such securities, for purposes of calculating our Sale Transaction Fee, will be determined based on the average closing price for such securities for the five trading days prior to the closing of the Sale Transaction. In the case of securities that do not have an existing public market, Aggregate Gross Consideration will be determined based on the fair market value of such securities as mutually agreed upon in good faith by the Company and A&M, in consultation with the Monitor, prior to the closing of the Sale Transaction. Contingent Payments shall be defined as the fair market value of consideration received or receivable by the Company] in the form of deferred, performance-based payments, "earn-outs", or other contingent payments based on future performance of the Company or any of its businesses or assets.

Term.



The engagement will commence as of the date hereof and may be terminated by either party without cause by giving 10 days' written notice to the other party. In the event of any such termination, any fees and expenses due to A&M shall be remitted promptly (including fees and expenses that accrued prior to but were invoiced subsequent to such termination). WCI Group may immediately terminate A&M's services hereunder at any time for Cause (as defined below) by giving written notice to A&M. Upon any such termination, WCI Group shall be relieved of all of its payment obligations under this Agreement, except for the payment of fees and expenses through the effective date of termination (including fees and expenses that accrued prior to but were invoiced subsequent to such termination) and its obligations under Sections 8 and 9 below. For purposes of this Agreement, "Cause" shall mean if A&M breaches any of its material obligations hereunder and does not cure such breach within 10 days of WCI Group having given written notice of such breach to A&M describing in reasonable detail the nature of the alleged breach. A&M shall be entitled to immediately terminate its services hereunder for Good Reason (as defined below). For purposes of this Agreement, termination for "Good Reason" shall mean either a breach by WCI Group of any of its material obligations under this Agreement that is not cured within 10 days of A&M having given written notice of such breach to WCI Group describing in reasonable detail the nature of the alleged breach.

The parties acknowledge that this engagement requires approval of the Court. If the engagement is not approved by the Court by no later than August 31, 2023, this engagement is terminated and shall have no force or effect except for the payment of fees and expenses through the effective date of termination (including fees and expenses that accrued prior to but were invoiced subsequent to such termination) and its obligations under Sections 8 and 9 below.

3. Relationship of the Parties.

The parties intend that an independent contractor relationship will be created by this engagement letter. Neither A&M nor any of its personnel or subcontractors is to be considered an employee or agent of WCI Group. WCI Group acknowledges that A&M's engagement shall not constitute an audit, review or compilation, or any other type of financial statement reporting engagement that is subject to generally accepted accounting principles or the rules of any provincial, territorial or national professional or regulatory body. Accordingly, while the information gathered will be reviewed for reasonableness, A&M's work will not necessarily identify any errors or irregularities, if such exist, on the part of WCI Group or its officers or employees. Furthermore, A&M is entitled to rely on the accuracy and validity of the data disclosed to it or supplied to it by agents, advisors, employees and representatives of WCI Group. A&M is under no obligation to update data submitted to it or review any other areas unless specifically requested by WCI Group to do so. WCI Group agrees and acknowledges that the services to be rendered by A&M may include the assistance in the preparation and review of projections, forecasts and other forward-looking statements, and numerous factors can affect the actual results of WCI Group's operations, which may materially and adversely differ from those projections, forecasts and other forward-looking statements. A&M makes no representation or guarantee that any business plan or refinancing alternative is the best course of action. A&M shall not be required to certify any financial statements or information or to provide



representations with respect therewith in connection with any audit or securities law disclosure documents. For greater certainty, during the course of this engagement, A&M shall be acting as a consultant to WCI Group in this matter and A&M shall not be assuming any decision making or other management responsibilities in connection with the affairs of WCI Group and A&M shall have no responsibility for the affairs of WCI Group during this engagement. In addition, A&M shall not do anything or perform any act pursuant to which A&M assumes any possession or control of the property, assets, undertakings, premises or operations of WCI Group for any purpose whatsoever.

4. No Third-Party Beneficiary.

WCI Group acknowledges that all advice (written or oral) given by A&M to WCI Group in connection with this engagement is intended solely for the benefit and use of WCI Group (limited to its Board and management) in considering the matters to which this engagement relates. WCI Group agrees that no such advice shall be used for any other purpose or reproduced, disseminated, quoted or referred to at any time in any manner or for any purpose other than accomplishing the tasks referred to herein or sharing such advice with the Monitor without A&M's prior approval (which shall not be unreasonably withheld), except as required by law. A&M acknowledges that in the context of any transaction resulting from this engagement it may be required to provide, and it shall provide, a summary of its efforts leading to the transaction so that such efforts can be described in the court materials seeking approval of such transaction.

5. Conflicts.

A&M is not currently aware of any relationship that would create a conflict of interest with WCI Group or those parties-in-interest of which you made us aware. Because A&M is a consulting firm that serves clients on an international basis in numerous cases, both in and out of court, it is possible that A&M may have rendered or will render services to or have business associations with other entities or people which had or have or may have relationships with WCI Group, including creditors of WCI Group. In the event you accept the terms of this engagement, A&M will not represent, and A&M has not represented, the interests of any such entities or people in connection with this matter. Each of the entities comprising the definition of Company hereunder (each, a "Company Entity") acknowledges and agrees that the services being provided hereunder are being provided on behalf of each of them and each of them hereby waives any and all conflicts of interest that may arise on account of the services being provided on behalf of any other Company Entity. Each Company Entity represents that it has taken all corporate action necessary and is authorized to waive such potential conflicts of interest.

6. Confidentiality.

A&M shall keep as confidential all non-public information received from WCI Group in conjunction with this engagement, except: (i) as requested by WCI Group or its legal counsel; (ii) as required by legal proceedings; or (iii) as reasonably required in the performance of this engagement. All obligations as to non-disclosure shall cease as to any



part of such information to the extent that such information is or becomes public other than as a result of a breach of this provision.

7. Non-Solicitation.

WCI Group, on behalf of itself, its subsidiaries and affiliates and any person (as such term is defined under the *Canada Business Corporations Act*) which may acquire all or substantially all of its assets, agrees that, until two years subsequent to the termination of this Agreement, it will not solicit, recruit, hire or otherwise engage any employee of A&M or its affiliates who worked on this engagement while employed by A&M or its affiliates ("Solicited Person"). Should WCI Group, any of its subsidiaries or affiliates or any person who acquires all or substantially all of its assets extend an offer of employment to or otherwise engage any Solicited Person and should such offer be accepted, A&M shall be entitled to a fee from the party extending such offer equal to the Solicited Person's hourly client billing rate at the time of the offer multiplied by 4,000 hours for a Managing Director, 3,000 hours for a Senior Director and 2,000 hours for any other A&M employee. The fee shall be payable at the time of the Solicited Person's acceptance of employment or engagement.

8. Indemnification.

The indemnification provisions, attached hereto as Exhibit A, are incorporated herein by reference and the termination of this Agreement or the engagement shall not affect those provisions, which shall survive termination. Furthermore, all those provisions contained in Exhibit A are in addition to any protections or remedies afforded to A&M at law or by statute.

As to the services WCI Group has requested and A&M has agreed to provide as set forth in this Agreement, the total aggregate liability of A&M under this Agreement to WCI Group and its successors and assigns, shall be limited to the actual damages incurred by WCI Group or its successors or assigns, respectively. In no event will A&M or any of its affiliates be liable to WCI Group or their successors or assigns for consequential, special or punitive damages, including loss of profit, data, business or goodwill. In no event shall the total aggregate liability of A&M under this Agreement to WCI Group and their successors and assigns exceed the total amount of fees received and retained by A&M hereunder.

9. Data Hosting

From time to time, as an accommodation to WCI Group, A&M as directed by WCI Group may arrange for a third party data hosting provider (i.e., Firmex or Intralinks) (the "Provider") to host documents and information relating to this engagement in a web/data room environment for WCI Group's and/or certain authorized parties review. For WCI Group's convenience, the Provider's service is generally provided based upon an agreement between A&M and the Provider to which WCI Group is not a party. Notwithstanding anything herein, it is understood and agreed that A&M does not warrant and is not responsible for the Provider's conduct and services. Otherwise, should WCI



Group wish to arrange for a direct agreement with a Provider, A&M is happy to assist in that pursuit.

10. Miscellaneous.

Depending on future developments the spread of the Coronavirus has the potential to affect the services provided under this Agreement. Travel, work place and mobility restrictions (to include measures reasonably mandated by A&M with respect to its employees and personnel) may restrict travel to the Company and other work sites as well as limit access to facilities, infrastructure, information and personnel of A&M, the Company or others. Such circumstances may adversely affect the timetable or content of A&M's deliverables and completion of the scope of services included in this Agreement. A&M will discuss with the Company if A&M believes that the services may be impacted in this way. The Company accepts and acknowledges that A&M employees and personnel may attend at the Company's locations or physically interact with the Company's employees and personnel in connection with the services, unless A&M or the Company decide that this should not be the case.

This Agreement (together with the attached indemnity provisions): (a) shall be governed and construed in accordance with the laws of the Province of Alberta applicable therein without giving effect to such province's rules concerning conflicts of laws that might provide for any other choice of law; (b) incorporates the entire understanding of the parties with respect to the subject matter hereof; (c) may not be amended or modified except in writing executed of the parties hereto; (d) may be executed by facsimile and in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same agreement; and (e) notwithstanding anything herein to the contrary, A&M may reference or list WCI Group's name and/or a general description of the services in A&M's marketing materials, including, without limitation, on A&M's website.

If the foregoing is acceptable to you, kindly sign the enclosed copy to acknowledge your agreement with its terms.

Very truly yours,
Alvarez & Marsal Canada Securities
ULC


By:



Hugh Rowan-Legg
Managing Director

Accepted and agreed:

Wallace & Carey Inc., for itself and on behalf of Loudon Bros Limited ("Loudon Bros"),
and Carey Management Inc.

By: 
Name: Eric Rolheiser
Title: President & CEO





Alvarez & Marsal Canada ULC
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900, P.O. Box 22
Toronto, ON M5J 2J1
Phone: +1 416 847 5200
Fax: +1 416 847 5201

APPENDIX A

Carved-out Transactions

1. Siena Lending Group: in connection with a DIP refinancing transaction;
2. CIBC, in connection with any incremental add-on financing to its existing facility, other than in connection with a comprehensive restructuring of the Company. For clarity if CIBC provides a small add-on financing to its existing facility then no Transaction Fee would be payable, however if CIBC provides financing in support of a Transaction then a Transaction Fee calculated as outlined -in Section 2 would apply.

Fees for the Carved-Out Transactions shall be as follows:

1. Siena Lending Group: \$825,000
2. CIBC: \$nil

EXHIBIT A

Indemnity Provisions

- A. WCI Group agrees to indemnify and hold harmless each of A&M, its affiliates and their respective shareholders, managers, members, employees, agents, representatives and subcontractors (each, an "Indemnified Party" and collectively, the "Indemnified Parties") against any and all losses, claims, damages, liabilities, penalties, obligations, disbursements and expenses, including the costs (fees and disbursements) for counsel or others (including employees of A&M, based on their then current hourly billing rates) in investigating, preparing or defending any action or claim, whether or not in connection with litigation in which any Indemnified Party is a party, or enforcing the Agreement (including these indemnity provisions), as and when incurred, caused by, relating to, based upon or arising out of (directly or indirectly) the Indemnified Parties' acceptance of or the performance or nonperformance of their obligations under the Agreement; provided, however, such indemnity shall not apply to any such loss, claim, damage, liability or expense to the extent it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) to have resulted primarily and directly from such Indemnified Party's gross negligence or willful misconduct. WCI Group also agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to WCI Group for or in connection with the engagement of A&M, except to the extent for any such liability for losses, claims, damages, liabilities or expenses that are found in a final judgment by a court of competent jurisdiction (not subject to further appeal) to have resulted primarily and directly from such Indemnified Party's gross negligence or willful misconduct. WCI Group further agrees that it will not, without the prior consent of an Indemnified Party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which such Indemnified Party seeks indemnification hereunder (whether or not such Indemnified Party is an actual party to such claim, action, suit or proceeding) unless such settlement, compromise or consent includes an unconditional release of such Indemnified Party from all liabilities arising out of such claim, action, suit or proceeding.
- B. These indemnification provisions shall be in addition to any liability which WCI Group may otherwise have to the Indemnified Parties. In the event that, at any time whether before or after termination of the engagement or the Agreement, as a result of or in connection with the Agreement or A&M's and its personnel's role under the Agreement, A&M or any Indemnified Party is required to produce any of its personnel (including former employees) or for examination, discovery, deposition or other written, recorded or oral presentation, or A&M or any of its personnel (including former employees) or any other Indemnified Party is required to produce or otherwise review, compile, submit, duplicate, search for, organize or report on any material within such Indemnified Party's possession or control pursuant to a subpoena or other legal (including administrative) process, WCI Group will reimburse the Indemnified Party for its out of pocket expenses, including the reasonable fees and expenses of its counsel, and will compensate the Indemnified Party for the time expended by its personnel based on such personnel's then current hourly rate.



- C. If any action, proceeding or investigation is commenced to which any Indemnified Party proposes to demand indemnification hereunder, such Indemnified Party will notify WCI Group with reasonable promptness; provided, however, that any failure by such Indemnified Party to notify WCI Group will not relieve WCI Group from its obligations hereunder, except to the extent that such failure shall have actually prejudiced the defense of such action. WCI Group shall promptly pay expenses reasonably incurred by any Indemnified Party in defending, participating in, or settling any action, proceeding or investigation in which such Indemnified Party is a party or is threatened to be made a party or otherwise is participating in by reason of the engagement under the Agreement, upon submission of invoices therefor, whether in advance of the final disposition of such action, proceeding, or investigation or otherwise. Each Indemnified Party hereby undertakes, and WCI Group hereby accepts its undertaking, to repay any and all such amounts so advanced if it shall ultimately be determined that such Indemnified Party is not entitled to be indemnified therefor. If any such action, proceeding or investigation in which an Indemnified Party is a party is also against WCI Group, WCI Group may, in lieu of advancing the expenses of separate counsel for such Indemnified Party, provide such Indemnified Party with legal representation by the same counsel who represents WCI Group, provided such counsel is reasonably satisfactory to such Indemnified Party, at no cost to such Indemnified Party; provided, however, that if such counsel or counsel to the Indemnified Party shall determine that due to the existence of actual or potential conflicts of interest between such Indemnified Party and WCI Group such counsel is unable to represent both the Indemnified Party and WCI Group, then the Indemnified Party shall be entitled to use separate counsel of its own choice, and WCI Group shall promptly advance its reasonable expenses of such separate counsel upon submission of invoices therefor. Nothing herein shall prevent an Indemnified Party from using separate counsel of its own choice at its own expense. WCI Group will be liable for any settlement of any claim against an Indemnified Party made with WCI Group's written consent, which consent shall not be unreasonably withheld.
- D. In order to provide for just and equitable contribution if a claim for indemnification pursuant to these indemnification provisions is made but it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) that such indemnification may not be enforced in such case, even though the express provisions hereof provide for indemnification, then the relative fault of WCI Group, on the one hand, and the Indemnified Parties, on the other hand, in connection with the statements, acts or omissions which resulted in the losses, claims, damages, liabilities and costs giving rise to the indemnification claim and other relevant equitable considerations shall be considered; and further provided that in no event will the Indemnified Parties' aggregate contribution for all losses, claims, damages, liabilities and expenses with respect to which contribution is available hereunder exceed the amount of fees actually received by the Indemnified Parties pursuant to the Agreement. No person found liable for a fraudulent misrepresentation shall be entitled to contribution hereunder from any person who is not also found liable for such fraudulent misrepresentation.
- E. In the event WCI Group and A&M seek judicial approval for the assumption of the Agreement or authorization to enter into a new engagement agreement pursuant to either of which A&M would continue to be engaged by WCI Group, WCI Group shall promptly



pay expenses reasonably incurred by the Indemnified Parties, including attorneys' fees and expenses, in connection with any motion, action or claim made either in support of or in opposition to any such retention or authorization, whether in advance of or following any judicial disposition of such motion, action or claim, promptly upon submission of invoices therefor and regardless of whether such retention or authorization is approved by any court. WCI Group will also promptly pay the Indemnified Parties for any expenses reasonably incurred by them, including attorneys' fees and expenses, in seeking payment of all amounts owed to it under the Agreement (or any new engagement agreement) whether through submission of a fee application or in any other manner, without offset, recoupment or counterclaim, whether as a secured claim, an administrative expense claim, an unsecured claim, a prepetition claim or a postpetition claim.


- F. Neither termination of the Agreement nor termination of A&M's engagement nor the filing of a petition or application under the *Companies' Creditors Arrangement Act* or *Bankruptcy and Insolvency Act* (Canada) (nor the conversion of an existing case to a different form of proceeding, including a receivership) shall affect these indemnification provisions, which shall hereafter remain operative and in full force and effect.
- G. The rights provided herein shall not be deemed exclusive of any other rights to which the Indemnified Parties may be entitled under the certificate of incorporation or by-laws of WCI Group, any policy of insurance, any other agreements, any vote of shareholders or disinterested directors of WCI Group, any applicable law or otherwise.

By: 

Hugh Rowan-Legg
Title: Managing Director

Accepted and agreed:

Wallace & Carey Inc. for itself and on behalf of Loudon Bros Limited ("Loudon Bros"), and Carey Management Inc.

By: 

Name: Eric Rolheiser
Title: President & CEO



This is Exhibit "D" referred to in the Affidavit of
Eric Rolheiser sworn before me this 21st day of
August, 2023



A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

Arsham Gill
Barrister & Solicitor
Notary Public and Commissioner for Oaths
In and for the Province of Alberta

DEPOSIT AGREEMENT--CANADA

THIS AGREEMENT is made by and between WEX Canada Ltd¹, a New Brunswick corporation, ("WEX") with a place of business at 7090 South Union Park Center, Suite 350, Midvale, UT 84047 and Wallace & Carey Inc, with a place of business at 5445, 8th St NE, Calgary AB, T2K 5R7 (the "Customer") and it shall become effective as of the date set forth below.

WHEREAS, Customer intends to make credit card purchases using a WEX issued charge or credit card; and

WHEREAS, WEX has agreed to establish or has established a credit line (the "credit line") for Customer on the condition that the Customer deposit cash collateral with it to be held by WEX as security for any and all obligations owing by the Customer to WEX arising on or after the date hereof.

NOW, THEREFORE, the parties hereto agree as follows:

1. **The deposit shall not be less than \$500.**
2. The Customer shall deposit with WEX the sum of **\$100,000.00** (the "deposit"), the receipt of which is hereby acknowledged, and the Customer does hereby grant to WEX a security interest in said deposit and in all credits or other amounts owing from WEX to the Customer, all in order to secure all obligations owing by the Customer to WEX arising on or after the date hereof.
3. WEX shall record the deposit and any additional deposit on its books but shall not be required to segregate the sum from its other funds. WEX may, at its sole discretion and without notice, apply said deposit and any additional deposit, or so much thereof as is necessary, to satisfy any obligations including any outstanding account balances arising on or after the date hereof from the Customer to WEX. WEX shall also have a right to set off with respect to any credits or other amount owing by WEX to the Customer.
4. If at any time the Customer ceases to become a WEX card holder, and all the Customer's accounts have been paid in full and no further amounts are owed from the Customer to WEX, then the remaining deposit amount shall be returned by WEX to the Customer within 30 days of termination.
5. The Customer agrees that it will pay amounts owed for credit card purchases made using a WEX issued charge card as such amounts become due and in accordance with credit terms established from time to time by WEX. Nothing herein contained shall relieve the Customer of its obligation to make such payments as they come due.
6. This Agreement shall be governed by and construed in accordance with federal law and the laws of the province of Ontario (without reference to choice of law rules).
7. This Agreement sets forth the entire understanding and supersedes any previous understandings or agreements, written or oral, between the parties relating to the subject matter hereof. This Agreement may be modified only by an agreement in writing signed by both parties.

By signing this Deposit Agreement, you are indicating that you have the authority to bind the Customer to this Deposit Agreement and to the terms contained herein.

CUSTOMER NAME: Wallace & Carey Inc.

Customer's Physical Address: 5445 – 8th St NE Calgary, AB, T2k 5R7

Customer's Telephone Number: 403-275-7360

Authorized Signature: 

Printed Name: Brian M. Birnie

Title of Signatory: SVP Finance & Corporate Development and CFO

Date: July 7, 2023

To Provide a Deposit Return this Agreement and Wire funds to:

WEX Canada Ltd.
c/o Bank of Montreal
International Banking, Head Office, 100 King Street West
Toronto, Ontario, Canada M5W 5M5
SWIFT BIC Code: BOFMCAM2
Customer Name: WEX Canada Ltd.
Account # 00021548411

****You must include an account or opportunity number on the notes section of your wire.**

For Internal Use Only:

Account Number(s)/Opportunity Number(s)	
---	--

¹ References to WEX Canada Ltd. in this Agreement are also intended to refer to any entity to whom WEX Canada Ltd. assigns its rights as allowed under any credit agreement between the parties.

This is Exhibit "E" referred to in the Affidavit of
Eric Rolheiser sworn before me this 21st day of
August, 2023



A COMMISSIONER FOR OATHS IN AND FOR
ALBERTA

Arsham Gill
Barrister & Solicitor
Notary Public and Commissioner for Oaths
In and for the Province of Alberta

Sale and Investment Solicitation Process

Introduction

1. On June 22, 2023, Wallace & Carey Inc., Loudon Bros Limited, and Carey Management Inc. (collectively, the “**Applicants**”) were granted an initial order (as amended or amended and restated from time to time, the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (the “**CCAA**” and the “**CCAA Proceedings**”) by the Court of King’s Bench of Alberta (the “**Court**”). The Initial Order (which was amended and restated on June 30, 2023), among other things:
 - (a) stayed all proceedings against the Applicants, their assets and their respective directors and officers, other than those proceedings, rights and claims that are expressly unaffected under the Initial Order;
 - (b) appointed KSV Restructuring Inc. as the monitor of the Applicants (in such capacity, the “**Monitor**”); and
 - (c) authorized the Applicants to continue to utilize their cash management system and draw funds from the revolving asset-based loan facility (the “**Loan Facility**”) established by Canadian Imperial Bank of Commerce (the “**Lender**”), and granted a charge in favour of the Lender to secure the amounts outstanding from time to time under or in connection with the Loan Facility.
2. On August 23, 2023, the Court granted an order (the “**SISP Order**”), among other things:
 - (a) authorizing the Applicants to pursue all avenues of sale of or investment in their assets or business, in whole or in part, subject to the Court’s prior approval of any material sale or refinancing; and (b) approving this sale and investment solicitation process (the “**SISP**”).
3. Also on August 23, 2023, the Court granted an ancillary order, among other things, approving the engagement of Alvarez & Marsal Canada Securities ULC (“**A&M**”) as financial advisor and authorizing the Applicants to conduct the SISP with the assistance of A&M, in coordination with the Monitor and in consultation with the Lender, pursuant to the SISP Order. Throughout this SISP, any reference to a step or action required of the Applicants is deemed to include the Applicants acting in consultation and co-operation with A&M with respect to such step or action.
4. The SISP is intended to solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Applicants’ business and operations (collectively, the “**Business**”), including the assets (collectively, the “**Applicants’ Property**”) of the Applicants (the “**Opportunity**”). Certain property that is necessary to operate the Applicants’ Business as a going concern is owned by wholly owned subsidiaries of the Applicants, the shares of which constitute Applicants’ Property subject to the CCAA Proceedings (“**Non-CCAA Property**”, and together with the Applicants’ Property, the “**Property**”). Information regarding the Non-CCAA Property will be made available to Potential Bidders (as defined herein), and such Non-CCAA Property will, subject to the approval of the Court, be brought within the CCAA Proceedings or other proceedings, if required to facilitate a Transaction (as defined herein).

5. The Opportunity may include one or more transactions involving the restructuring, recapitalization or other form of reorganization of the Business as a going concern or a sale of all, substantially all or one or more components of the Business and Property as a going concern or otherwise, or some combination thereof (each, a “**Transaction**”).
6. The Applicants intend to provide all qualified interested parties with an opportunity to participate in the SISP.

Stalking Horse Bid

7. In accordance with the terms of a letter of agreement dated August 10, 2023 between 7-Eleven Canada, Inc. (“**7-Eleven**”), Wallace & Carey Inc., and the Lender, 7-Eleven has the exclusive option, within 30 days of the date of the SISP Order, to determine whether it wishes to submit a Stalking Horse Agreement (a “**Stalking Horse Bid**”). In the event that 7-Eleven exercises its option to submit a Stalking Horse Bid, the Applicants, in consultation with the Monitor, shall expeditiously negotiate the terms of the Stalking Horse Agreement with 7-Eleven, and if concluded on terms acceptable to 7-Eleven, the Applicants, the Lender and the Monitor, shall bring an application before the Court seeking the approval of the Stalking Horse Bid as well as any amendments to the SISP that may be required. Until such time as 7-Eleven confirms that it will not be a Bidder in the SISP, 7-Eleven will not be entitled to any information concerning the SISP, including the identity of the Potential Bidders (as defined below), the number of Potential Bidders, or any other material aspect of the SISP. For greater certainty, this shall not prohibit 7-Eleven from meeting with Potential Bidders in the context of their due diligence.

Opportunity

8. This document describes the SISP, including the manner in which individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures, governmental organizations or other entities (each, a “**Person**”) may gain access to or continue to have access to due diligence materials concerning the Applicants, the Property and the Business, how bids involving the Applicants, the Property or the Business will be submitted to and dealt with by the Applicants, in consultation with the Monitor and the Lender, and how Court approval will be sought in respect of a Transaction (or Transactions) involving the Applicants, the Business or the Property.
9. The SISP contemplates a two-stage process that involves the submission by interested parties of binding offers on or before the Bid Deadline (as defined below).
10. Except to the extent otherwise set forth in a definitive sale or investment agreement with a successful bidder, any sale of the Property or investment in the Business will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by A&M, the Monitor, the Applicants, or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Applicants or their subsidiaries, as applicable, in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims,

charges, options, and interests therein and thereon pursuant to Court orders, to the extent that the Court deems it appropriate to grant such relief and except as otherwise provided in such Court orders.

11. In this SISP: (a) “**Business Day**” means any day (other than Saturday or Sunday) that banks are open for business in Calgary, Alberta, and if any deadline date referred to in this SISP falls on a day that is not a Business Day, then such date shall be extended until the next Business Day; and (b) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase, “without limitation”.

Timeline

12. The following table sets out the key milestones under the SISP:

Milestone	Deadline
Obtain Order granted by the Court in the CCAA proceedings approving the SISP	August 23, 2023
SISP Launch Date	August 30, 2023
Phase I Bid Deadline	October 5, 2023
Phase II Bid Deadline	November 2, 2023
Hearing of the Transaction Approval Motion (as defined below)	As soon as practicable and based on Court availability
Closing of the Transaction(s)	On or before December 4, 2023

13. Subject to any order of the Court providing otherwise, and subject to section 7 above, the dates set out in the SISP may be extended by the Applicants, with the approval of the Monitor and the Lender.

Solicitation of Interest: Notice of the SISP

14. As soon as reasonably practicable, but in any event by no later than August 25, 2023:
- (a) A&M, in consultation with the Applicants and the Monitor, will prepare a list of initial potential bidders, including: (i) parties that have approached the Applicants, Monitor or Lender indicating an interest in the Opportunity; and (ii) local and international strategic and financial parties who the Applicants, in consultation with the Monitor, believe may be interested in purchasing all or part of the Business or Property or investing in the Applicants pursuant to the SISP (collectively, “**Known Potential Bidders**”);

- (b) The Monitor will arrange for a notice of the SISP (the “**Notice**”) to be published in *Insolvency Insider*, the Monitor’s website, and any other newspaper or journal as the Applicants, in consultation with the Monitor, considers appropriate, if any; and
 - (c) A&M, in consultation with the Applicants and the Monitor, will prepare: (i) a process summary (the “**Teaser Letter**”) describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and (ii) a non-disclosure agreement in form and substance satisfactory to the Applicants, 7-Eleven and the Monitor (an “**NDA**”). For greater certainty, the NDA will provide for the opportunity for discussions between potential bidders and 7-Eleven.
15. A&M will send the Teaser Letter and NDA to each initial Known Potential Bidder by no later than August 25, 2023 and thereafter to any other party who requests a copy of the Teaser Letter and NDA or who is identified to A&M, the Applicants or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Potential Bidders and Due Diligence Materials

16. Any party who wishes to participate in the SISP (a “**Potential Bidder**”) must provide to the Applicants and A&M an executed NDA, which shall inure to the benefit of any purchaser or investor of or in the Business or Property, or any portion thereof, and a letter setting forth the identity of the Potential Bidder, the contact information for the Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder and information as to their financial wherewithal to close a Transaction.
17. A&M will send a confidential information memorandum and other relevant information (the “**Confidential Information Memorandum**”) to each Potential Bidder and to any other party who requests a copy of same and has executed an NDA, as soon as reasonably practicable after such request or identification, as applicable.
18. Potential Bidders that have signed and delivered an NDA in accordance with this SISP, and provided information as to their financial wherewithal to close a Transaction, shall be provided with such access to due diligence materials and information relating to the Business and the Property as the Applicants deem appropriate. Due diligence materials shall include access to an electronic data room containing information about the Applicants and their Business and Property, and may also include management presentations, on-site inspections, and other matters which a Potential Bidder may reasonably request and as to which A&M, in its reasonable business judgment may agree. A&M will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Potential Bidders and the manner in which such requests must be communicated. Neither the Applicants nor A&M will be obligated to furnish any information relating to the Business or Property to any person other than to Potential Bidders. Furthermore and for the avoidance of doubt, selected due diligence materials may be withheld from certain Potential Bidders if the Applicants, in consultation with the Monitor, determine such information to represent proprietary or

sensitive competitive information. The Applicants, A&M, and the Monitor are not responsible for, and will bear no liability with respect to, any information obtained by any party in connection with a Transaction in respect of the Business and Property.

19. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information relating to the Applicants and their Business and Property in connection with their participation in the SISP and resulting Transaction.

Phase I Bid Deadline

20. Potential Bidders who wish to make an offer to purchase or make an investment in the Applicants' Business or Property (each, a "**Phase I Bidder**") shall first submit a non-binding letter of intent ("**LOI**") to A&M and the Applicants at the addresses specified in Schedule "1" hereto (including by e-mail), so as to be received by them not later than **5:00 p.m. (Mountain Standard Time) on October 5, 2023** or such later date as may be set out in a Bid process letter circulated by A&M to Potential Bidders, with the approval of the Applicants, the Monitor and the Lender (the "**Phase I Bid Deadline**").
21. Unless otherwise ordered by the Court or agreed by the Applicants with the approval of the Monitor, an LOI will be considered a "**Phase I Qualified Bid**", if it is submitted to A&M and the Applicants on or before the Phase I Bid Deadline and satisfies the following criteria, as determined by the Applicants, with the approval of the Monitor:
 - (a) the LOI constitutes a non-binding offer to:
 - (i) acquire all, substantially all or a portion of the Property or the Business (a "**Sale Proposal**");
 - (ii) make an investment in, restructure, reorganize or refinance the Business (an "**Investment Proposal**");
 - (iii) carry out any combination of a Sale Proposal and an Investment Proposal;
or
 - (iv) form a partnership with the Applicants, or any of them, by way of joint-venture or otherwise (a "**Partnership Proposal**");
 - (b) the LOI discloses the identity of each entity that will be entering into the Transaction, or that is otherwise anticipated to participate in or benefit from such Transaction;
 - (c) the LOI includes a specific indication of the financial capability of the Phase I Bidder to consummate the Transaction, including sources of capital, and a description of the expected structure of the Transaction;
 - (d) for a Sale Proposal, the LOI includes:
 - (i) the Purchase Price, and a description of any non-cash consideration, including details of any liabilities intended to be assumed by the Phase I Bidder and key assumptions supporting the purchase price; and

- (ii) a description of the Property that is anticipated to be subject to the Transaction and any of the Property anticipated to be excluded;
 - (e) for an Investment Proposal, the LOI includes:
 - (i) a description of how the Phase I Bidder anticipates structuring the proposed investment, restructuring, recapitalization, refinancing or reorganization, and a description of any non-cash consideration; and
 - (ii) the aggregate amount of the equity and/or debt investment to be made in the Business of the Applicants in Canadian Dollars;
 - (f) for a Partnership Proposal, the LOI includes:
 - (i) a description of how the Phase I Bidder anticipates structuring the proposed partnership, including the financial support, treatment of the existing liabilities of the Applicants, change in commercial strategy or other means to restructure the business; and
 - (ii) a description of purchasing power, product offerings, or long-term agreements.
22. Following the Phase I Bid Deadline, the Applicants, in consultation with the Monitor and the Lender, will assess each LOI received and seek clarification with respect to any of the terms or conditions of any LOI as required, and/or request and negotiate one or more amendments to any LOI prior to determining whether an LOI constitutes a Phase I Qualified Bid. The Applicants, with the approval of Monitor, may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant LOI to be a Phase I Qualified Bid.
23. The Applicants, with the approval of the Monitor and the consent of the Lender, shall confirm which LOIs constitute Phase I Qualified Bids (“**Phase I Qualified Bidders**”). A&M shall notify each Phase I Bidder in writing as to whether its LOI constitutes a Phase I Qualified Bid within two (2) Business Days of the Phase I Bid Deadline, or at such later time as the Applicants deem appropriate, with the approval of the Monitor.
24. The Applicants, with the consent of A&M, the Monitor, and the Lender, may aggregate separate LOIs from unaffiliated Phase I Bidders to create one Phase I Qualified Bid.
25. If the Applicants, are not satisfied with the number or terms of the Phase I Qualified Bids, or if no Phase I Qualified Bids are received, the Applicants, with the approval of the Monitor and the Lender, may extend the Phase I Bid Deadline, or may seek Court approval to amend or terminate the SISP.

Phase II Formal Binding Offers

26. Phase I Qualified Bidders who wish to make a formal offer to purchase or make an investment in the Applicants’ Business or Property (each, a “**Bidder**”) shall submit a binding offer (a “**Bid**”) that complies with all of the following requirements to A&M and the Applicants at the addresses specified in Schedule “1” hereto (including by e-mail), so as to be received by them not later than **5:00 p.m. (Mountain Standard Time)** on

November 2, 2023 or such later date as may be set out in a Bid process letter circulated by A&M to Phase I Qualified Bidders (the “**Phase II Bid Deadline**”):

- (a) the Bid constitutes a binding offer for:
 - (i) a Sale Proposal;
 - (ii) an Investment Proposal;
 - (iii) any combination of a Sale Proposal and an Investment Proposal; or
 - (iv) a Partnership Proposal
- (b) the Bid (either individually or in combination with other Bids that make up one Bid) is an offer to purchase or make an investment in some or all of the Business or Property and is consistent with any necessary terms and conditions established by the Applicants, and communicated to Bidders;
- (c) the Bid includes a letter stating that the Bidder’s offer is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the Transaction with the Successful Bidder;
- (d) the Bid includes duly authorized and executed Transaction agreements that clearly state the purchase price, investment amount and any other key economic terms expressed in Canadian Dollars (the “**Purchase Price**”), together with all exhibits and schedules thereto;
- (e) the Bid is accompanied by a deposit (the “**Deposit**”) in the form of a wire transfer (to a trust account specified by the Monitor), in an amount equal to 10% of the Purchase Price, investment amount or other consideration to be paid in respect of the Bid (whether in cash or assumed liabilities), to be held and dealt with in accordance with this SISP;
- (f) the Bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed Transaction, that will allow the Applicants to make a determination as to the Bidder’s financial and other capabilities to consummate the proposed Transaction;
- (g) the Bid is not conditioned on: (i) the outcome of unperformed due diligence by the Bidder; (ii) the outcome of negotiations with 7-Eleven or any other customer of the Business; or (iii) obtaining financing, but may be conditioned upon the Applicants or the Bidder receiving the required approvals or amendments relating to the licences required to operate the Business, if necessary;
- (h) outlines any anticipated regulatory and other approvals required to close the Transaction, the anticipated time frame to receive such approvals and any anticipated impediments to obtaining such approvals;
- (i) the Bid fully discloses the identity of each entity that will be entering into the Transaction, or that is otherwise participating or benefiting from such Transaction;
- (j) for a Sale Proposal, the Bid includes:

- (i) the Purchase Price, and a description of any non-cash consideration, including details of any liabilities to be assumed by the Bidder and key assumptions supporting the valuation;
 - (ii) a description of the Property that is expected to be subject to the Transaction and any of the Property expected to be excluded;
 - (iii) a specific indication of the financial capability of the Bidder to consummate the Transaction, including sources of capital, and a description of the expected structure of the Transaction;
 - (iv) a description of the conditions and approvals required to complete the closing of the Transaction;
 - (v) a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and obligations it does not intend to assume;
 - (vi) an express acknowledgment and agreement from the Bidder to provide a minimum of 270 days of transition services to 7-Eleven at prices consistent with those currently paid by 7-Eleven to Wallace & Carey Inc. under an existing service agreement (which will be provided to Bidders), the terms of which may be adjusted as necessary to maintain cost neutrality to the Bidder, as determined by the Monitor, 7-Eleven- and the Bidder; and
 - (vii) all other terms or conditions of the Sale Proposal;
- (k) for an Investment Proposal, the Bid includes:
- (i) a description of how the Bidder proposes to structure the proposed investment, restructuring, recapitalization, refinancing or reorganization, and a description of any non-cash consideration;
 - (ii) the aggregate amount of the equity and/or debt investment to be made in the Business of the Applicants in Canadian dollars;
 - (iii) the underlying assumptions regarding the pro forma capital structure;
 - (iv) a specific indication of the financial capability of the Bidder to consummate the Transaction, including sources of capital, and a description of the expected structure of the Transaction;
 - (v) a description of the conditions and approvals required to complete the closing of the Transaction;
 - (vi) a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and obligations it does not intend to assume;
 - (vii) an express acknowledgment and agreement from the Bidder to (or to cause the Applicants to) provide a minimum of 270 days of transition services to 7-Eleven at prices consistent with those currently paid by 7-Eleven to Wallace & Carey Inc. under an existing service agreement (which will be

provided to Bidders), the terms of which may be adjusted as necessary to maintain cost neutrality to the Bidder, as determined by the Monitor, 7-Eleven- and the Bidder; and

- (viii) all other terms or conditions of the Investment Proposal;
- (l) for a Partnership Proposal, the Bid includes:
 - (i) a description of how the Bidder proposes to structure the proposed partnership, including the financial support, change in commercial strategy or other means to restructure the business;
 - (ii) a description of purchasing power, product offerings, or long-term agreements;
 - (iii) a specific indication of the financial capability of the Bidder to consummate the Transaction, including sources of capital, and a description of the expected structure of the Transaction;
 - (iv) a description of the conditions and approvals required to complete the closing of the Transaction;
 - (v) a description of those liabilities and obligations (including operating liabilities) which the Bidder intends to assume and which such liabilities and obligations it does not intend to assume; and
 - (vi) an express acknowledgment and agreement from the Bidder to (or to cause the Applicants to) provide a minimum of 270 days of transition services to 7-Eleven at prices consistent with those currently paid by 7-Eleven to Wallace & Carey Inc. under an existing service agreement (which will be provided to Bidders), the terms of which may be adjusted as necessary to maintain cost neutrality to the Bidder, as determined by the Monitor, 7-Eleven- and the Bidder; and
 - (vii) all other terms or conditions of the Partnership Proposal;
- (m) the Bid includes acknowledgements and representations of the Bidder that the Bidder:
 - (i) has had an opportunity to conduct any and all due diligence regarding the Business, the Property and the Applicants prior to making its offer;
 - (ii) is completing the Transaction on an “as is, where is” basis;
 - (iii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its Bid; and
 - (iv) did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Business, the Property, or the Applicants or the completeness of any information provided in connection therewith, except as expressly stated in the definitive Transaction agreement(s) signed by the Applicants;
- (n) the Bid is received by the Bid Deadline;

- (o) the Bid contemplates closing the Transaction set out therein on or before December 4, 2023, or a date otherwise agreed to by the Applicants and the Bidder, in consultation with A&M and with the consent the Monitor and the Lender.
27. Following the Bid Deadline, the Applicants in conjunction with the Monitor and the Lender, will assess the Bids received. The Applicants, with the approval of the Monitor and the Lender, will designate the most competitive Bids that comply with the foregoing requirements to be “**Qualified Bids**”. No Bids received shall be deemed not to be Qualified Bids without the approval of the Applicants and the Monitor, in consultation with the Lender. Only Bidders whose Bids have been designed as Qualified Bids are eligible to become the Successful Bidder(s).
 28. The Applicants, with the approval of the Monitor and the Lender, may waive strict compliance with any one or more of the requirements specified above and deem any non-compliant Bid to be a Qualified Bid; provided that doing so shall not constitute a waiver of the requirements specified above, or an obligation on the part of the Applicants and/or the Monitor, to designate any other Bid as a Qualified Bid.
 29. Following the Bid Deadline, the Applicants, in consultation with the Monitor and the Lender, specifically reserve the right to: (i) negotiate with any Bidder with respect to any provision of its Bid or to request or agree to any changes in any such Bid; (ii) choose to take such steps with respect to one or more Bidders, but shall have no obligation to negotiate identical terms with, or extend identical terms to, each Bidder; (iii) reserve their right to request that some, but not all, Bidders submit a revised Bid reflecting improved terms or other amendments; and (iv) be under no obligation to provide each Bidder with the opportunity to improve the terms of any Bid submitted following the Bid Deadline.
 30. A&M shall notify each Bidder in writing as to whether its Bid constitutes a Qualified Bid within two (2) Business Days of the Bid Deadline, or at such later time as the Applicants, in consultation the Monitor, deem appropriate.
 31. If the Applicants with the approval of the Monitor, are not satisfied with the number or terms of the Qualified Bids, the Applicants may, with the approval of the Lender and the Monitor, extend the Bid Deadline or seek Court approval to terminate or amend the SISP.
 32. The Applicants may, with the consent of the Monitor, aggregate separate Bids from unaffiliated Bidders to create one Qualified Bid.

Evaluation of Bids

33. A Qualified Bid will be evaluated based upon several factors including, without limitation: (i) the Purchase Price and the net value provided by such Bid; (ii) the identity, circumstances and ability of the Bidder to successfully complete such Transaction; (iii) the proposed Transaction documents; (iv) factors affecting the speed, certainty and value of the Transaction; (v) the Property included or excluded from the Bid; (vi) any restructuring costs related to such Transaction; and (vii) the likelihood and timing of consummating such Transaction, each as determined by the Applicants, in consultation with the Monitor and the Lender.

Selection of Successful Bid

34. The Applicants, in consultation with the Monitor and the Lender, will review and evaluate each Qualified Bid, considering the requirements and factors set out in paragraph 33 and any other factor that the Applicants may reasonably deem relevant, including:
- (i) the amount of consideration being offered, and, if applicable, the proposed form, composition and allocation of same;
 - (ii) the value of any assumption of liabilities or waiver of liabilities;
 - (iii) the Bidder's ability to provide a minimum of 270 days of transition services to 7-Eleven at prices consistent with those currently paid by 7-Eleven to Wallace & Carey Inc. under an existing service agreement (which will be provided to Bidders), the terms of which may be adjusted as necessary to maintain cost neutrality to the Bidder, as determined by the Monitor, 7-Eleven- and the Bidder;
 - (iv) the likelihood of the Qualified Party's ability to close a Transaction by December 4, 2023, after the Court's approval of the Successful Bid;
 - (v) the net benefit to the Applicants; and
 - (vi) any other factors the Applicants may, consistent with their fiduciary duties, reasonably deem relevant.
35. The Applicants may, but shall have no obligation to, enter into a definitive agreement ("**Final Agreement**") with the Person or Persons who submitted the highest, best or otherwise most favourable Qualified Bid. The Applicants reserve the right, after consultation with the Lender, and the approval of the Monitor, to reject any or all Qualified Bids.
36. In the event that the Applicants enter into a Final Agreement (with the approval of the Monitor and the consent of the Lender) in accordance with the Qualified Bid(s), any Qualified Bid so selected shall be the "**Successful Bid**" and the Bidder making such Bid, the "**Successful Bidder**".
37. The Successful Bidder shall complete and execute the Final Agreement within three Business Days of the Successful Bid being selected as such, unless extended by the

Applicants, in consultation with the Monitor, subject to the milestones set forth in paragraph 12.

Transaction Approval Motion Hearing

38. At the hearing of the motion to approve any Transaction with the Successful Bidder (the “**Transaction Approval Motion**”), the Applicants shall seek, among other things, approval from the Court to consummate the Successful Bid. All the Qualified Bids other than the Successful Bid, if any, shall be deemed to be rejected by the Applicants on and as of the date of closing of the Transaction(s) of the Successful Bid.

Confidentiality and Access to Information

39. All discussions regarding a Sale Proposal, Investment Proposal, Partnership Proposal, Bid or other Transaction should be directed through A&M.
40. Participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Bidders, Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Applicants, A&M, the Monitor and such other Bidders or Potential Bidders in connection with the SISP, except to the extent the Applicants, in consultation with the Monitor and consent of the applicable participants, are seeking to combine separate bids from Potential Bidders or Bidders. For greater certainty, nothing herein shall preclude Potential Bidders from entering into discussions with 7-Eleven with respect to possible future business opportunities and/or transition services at any time during the SISP.

Supervision of the SISP

41. A&M, on behalf of the Applicants, shall conduct the SISP, in consultation with the Monitor and subject to the applicable approval and consent rights of the Monitor and the Lender herein. This SISP does not, and will not be interpreted to create any contractual or other legal relationship between the Applicants, A&M or the Monitor and any Potential Bidder, any Bidder or any other Person, other than as specifically set forth in a Final Agreement that may be entered into with the Applicants.
42. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a Transaction. By submitting a Bid, each Potential Bidder shall be deemed to acknowledge and represent that: (i) it has had an opportunity to conduct any and all due diligence regarding the Applicants, the Property and/or the Business prior to making its Bid; (ii) it has relied solely on its own independent review, investigation, and/or inspection of any documents and/or the Property, Applicants and/or Business in making its Bid; and (iii) it did not rely on any written or oral statements, representations, promises, warranties, conditions or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Property, Applicants or Business, as applicable, or the

completeness of any information provided in connection therewith, except as expressly stated in this SISP or as set forth in the Final Agreement approved by the Court.

43. The Applicants, with the consent of the Monitor and the Lender, shall have the right to modify the SISP if, in their reasonable business judgment, such modification or amendment will enhance the process or better achieve the objectives of the SISP; provided that the Service List in the CCAA Proceedings shall be advised of any substantive modification to the procedures set forth herein.

Deposits

44. All Deposits paid pursuant to this SISP shall be held in trust by the Monitor. The Monitor shall hold Deposits paid by the Successful Bidder in accordance with the terms outlined in this SISP. In the event that a Deposit is paid pursuant to this SISP and the Applicants, in consultation with the Monitor, elect not to proceed to negotiate and settle the terms and conditions of a Final Agreement with the Person that paid such deposit, the Monitor shall return the deposit without interest to that Person. In the event that the Successful Bidder defaults in the payment or performance of any obligations owed to A&M, the Applicants, or the Monitor pursuant to any Final Agreement, the Deposit paid by the Successful Bidder shall be forfeited to the Applicants as liquidated damages and not as a penalty.

Residual Assets

45. Subject to approval of the Court, 7-Eleven shall be granted a right of first refusal to purchase tangible non-inventory Property that has not been realized upon at the time of payment in full of the outstanding indebtedness of the Lender.

**Schedule “1”
Addresses for Deliveries**

To the Applicants

c/o Wallace & Carey Inc.
5445 – 8 ST. NE Calgary, AB T2K 5R9

Attention: Eric Rolheiser

Email: rolheisere@wacI.com

with a copy to:

Miller Thomson LLP
3000, 700 – 9th Avenue SW
Calgary, Alberta T2P 3V4

Attention: James W. Reid / Larry Ellis

Email: jwreid@millerthomson.com
lellis@millerthomson.com

To A&M:

Alvarez & Marsal Canada Securities ULC
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2900, P.O. Box 22
Toronto, ON M5J 2J1

Attention: Hugh Rowan-Legg / Joshua Nevsky / Justin Sim

Email: hrowanlegg@alvarezandmarsal.com
jnevsky@alvarezandmarsal.com
jsim@alvarezandmarsal.com

To the Monitor:

KSV Restructuring Inc.
Suite 1165, 324 – 8th Avenue SW
Calgary, Alberta T2P 2Z2

Attention: Bobby Kofman / Jason Knight

Email: bkofman@ksvadvisory.com
jknight@ksvadvisory.com