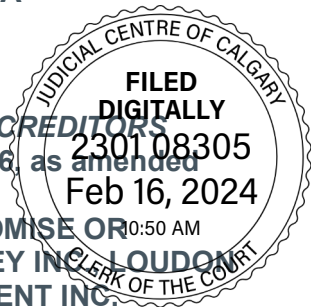


COURT FILE NUMBER **2301 – 08305**
COURT **COURT OF KING’S BENCH OF ALBERTA**
JUDICIAL CENTRE **CALGARY**
APPLICANTS **IN THE MATTER OF THE COMPANIES’ CREDITORS**
ARRANGEMENT ACT, RSC 1985, c. C-36, as amended

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



DOCUMENT **NINTH REPORT OF THE MONITOR**
FEBRUARY 15, 2024

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1.0 Introduction

1. Pursuant to an order (the “**Initial Order**”) granted by the Court of King’s Bench of Alberta (the “**Court**”) on June 22, 2023 (the “**Filing Date**”), Wallace & Carey Inc. (“**Wallace & Carey**”), Loudon Bros Limited (“**Loudon Bros**”, and together with Wallace & Carey, the “**Logistics Companies**”) and Carey Management Inc. (“**CMI**”, and together with the Logistics Companies, the “**Applicants**”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and KSV Restructuring Inc. (“**KSV**”) was appointed monitor of the Applicants (the “**Monitor**”).
2. On June 30, 2023, the Court granted an Amended and Restated Initial Order (the “**ARIO**”).
3. Pursuant to an order granted by the Court on August 23, 2023, the Applicants carried out a sale and investment solicitation process (the “**SISP**”) that resulted in a transaction (the “**Transaction**”) between the Applicants and 7-Eleven Canada, Inc. (the “**Purchaser**”) that was approved by the Court on November 17, 2023 pursuant to an approval and vesting order (the “**Transaction Approval and Vesting Order**”) and other orders (together with the Transaction Approval and Vesting Order, the “**Transaction Orders**”). A detailed discussion of the Transaction is provided in the Monitor’s Sixth Report to Court dated November 8, 2023 (the “**Sixth Report**”). Copies of the Sixth Report (without appendices) and the Transaction Approval and Vesting Order are attached hereto as **Appendix “A”** and “**B**”, respectively.
4. Pursuant to the Transaction Orders, the Court:
 - a) approved a sale of certain of the Applicants’ property, assets and undertakings to the Purchaser;
 - b) approved a transition services agreement (the “**TSA**”) among CMI, Wallace & Carey and the Purchaser, as more fully discussed in the Sixth Report. A copy of the TSA is attached hereto as **Appendix “C”**;

- c) appointed KSV as the receiver (the “**Receiver**”) of the following subsidiaries of CMI:
- i. 772921 Alberta Inc. (“**772**”), which,
 - owned two warehouses¹, one in British Columbia (the “**772 Owned BC Property**”) and one in Alberta (the “**772 Owned Alberta Property**”, together with the 772 Owned BC Property, the “**772 Owned Real Property**”) that are used by Wallace & Carey in its business; and
 - leased two warehouses², one in British Columbia and one in Alberta, that continue to be used by Wallace & Carey (the “**772 Leased Real Property**”); and
 - ii. Ridge Meadows Properties Ltd. (“**Ridge Meadows**”)³ and Spruce It Up Land Corp. (“**SIU**”)^{4, 5} each of which was subject to security interests in favour of Canadian Western Bank (“**CWB**”) and Canadian Imperial Bank of Commerce (“**CIBC**”); and
- d) approved the sale and assignment to the Purchaser of the 772 Owned Real Property and the 772 Leased Real Property, respectively.
5. On November 29, 2023, upon an application by the Applicants, the Court granted an order, among other things:
- a) extending the stay of proceedings (the “**Stay**”) in these CCAA Proceedings (as defined below) to and including February 29, 2024;
 - b) approving the Monitor’s Reports (as defined in the Seventh Report of the Monitor, dated November 22, 2023 (the “**Seventh Report**”, together with the Seventh Report, the “**Previous Reports**”)) and the Monitor’s activities, as detailed therein, from the commencement of the CCAA Proceedings, including its pre-filing activities; and

¹ The municipal addresses of these properties are 1230 Industrial Road, Kelowna, British Columbia and 5415 and 5445 8th Street N.E., Calgary Alberta.

² Having municipal addresses of 8th Street NE, Calgary, Alberta, and Unit 5B, 4386 Boban Drive, Nanaimo, British Columbia.

³ Having a municipal address of 255256 Range Road 25, NW Calgary, Alberta (the “**Ridge Meadows Property**”).

⁴ Having a municipal address of 159 210 Avenue SW, Calgary, Alberta (the “**SIU Property**”).

⁵ The shares of Ridge Meadows and SIU are subject to the CCAA Charges (as defined in the Sixth Report). CMI is believed to own 100% of Ridge Meadows and 84.57% of SIU.

- c) approving the fees and expenses of the Monitor and its counsel, Cassels Brock & Blackwell LLP (“**Cassels**”) from the commencement of the CCAA Proceedings to October 31, 2023 and November 6, 2023, respectively, including their pre-filing fees and expenses.
6. On January 30, 2024, the Monitor filed its eighth report to Court dated January 29, 2024 (the “**Eighth Report**”) in support of the Monitor’s application for an order:
- a) authorizing the Monitor to make distributions totaling \$3,313,081, in full satisfaction of the increase in the Logistics Companies’ tobacco tax liabilities owing to British Columbia, Alberta, and the Yukon between the Filing Date and the Effective Closing Time (as defined in paragraph 2.4 below), as such obligations are detailed in paragraph 26(c) of the Transaction Approval and Vesting Order (the “**Post-Filing Tobacco Tax Obligations**”), as follows:
 - i. British Columbia – \$1,956,828;
 - ii. Alberta – \$1,223,267⁶; and
 - iii. Yukon – \$132,986 (collectively, the “**Recommended Distributions**”);
 - b) granting a Court-ordered charge to the Purchaser (the “**TSA Charge**”) over certain present and future property of Wallace & Carey;
 - c) approving the Eighth Report and the Monitor’s activities, as detailed therein; and
 - d) approving the fees and expenses of the Monitor and Cassels from November 1 to December 31, 2023.
7. On February 7, 2024, after discussions with representatives of the Provinces of British Columbia and Alberta, it was agreed that the portion of the Monitor’s application regarding the Recommended Distributions and TSA Charge would be adjourned to allow British Columbia and Alberta to: (i) provide the Monitor with support for their calculation of the Post-Filing Tobacco Tax Obligations; and (ii) discuss the terms of the proposed TSA Charge. Accordingly, on February 7, 2024, the Court granted an Order, among other things, approving the Eighth Report, the activities detailed therein, and the fees and expenses of

⁶ Includes an amount of \$329,618 payable to the Purchaser.

the Monitor and Cassels. A copy of the February 7, 2024 order is attached hereto as **Appendix “D”**.

8. On February 7, 2024, the Court granted a further order (the **“Scheduling Order”**) establishing a litigation schedule for the hearing of a dispute between Wallace & Carey and Dakin News Systems Inc. (**“INS News”**). A copy of the Scheduling Order is attached hereto as **Appendix “E”**. In this regard, Wallace & Carey claims it is owed approximately \$765,000 from INS News in respect of accounts receivable (totalling approximately \$625,000) and certain inventory purchases made specifically for INS News operators in the amount of approximately \$140,000.
9. Court materials filed in these proceedings are available on the Monitor’s case website at www.ksvadvisory.com/experience/case/wallace-and-carey (the **“Case Website”**).
10. KSV is filing this ninth report (the **“Report”**) as Monitor of the Applicants.

1.1 Purposes of this Report

1. The purposes of this Report are to:
 - a) provide background information concerning the Applicants and these proceedings (the **“CCAA Proceedings”**); and
 - b) discuss and provide the Monitor’s recommendation that the stay of proceedings (the **“Stay”**) in these CCAA Proceedings be extended from February 29, 2024, the date that the Stay presently expires, to and including May 31, 2024.

1.2 Scope and Terms of Reference

1. In preparing this Report, the Monitor has relied upon the Applicants’ unaudited financial information, books and records and discussions with the Applicants’ management and legal counsel.
2. The Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards (**“CAS”**) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.

3. An examination of any forward-looking financial information discussed herein has not been performed in accordance with the Chartered Professional Accountants of Canada Handbook. Forward-looking financial forecasts and information are based upon various assumptions. Actual results achieved may vary materially from the forecasted results. The Monitor expresses no opinion or other form of assurance on whether the Applicants' businesses will perform in accordance with their financial forecasts and projections.

1.3 Currency

1. All references to currency in this Report are to Canadian dollars.

2.0 Applicants' Background

1. CMI is an Alberta corporation and the sole shareholder of Wallace & Carey, which is the sole shareholder of Loudon Bros. In addition to the Logistics Companies, CMI has ownership interests in nine subsidiaries, none of which are subject to the CCAA Proceedings. These include 100% of the equity of 772 and Ridge Meadows, and 84.57% of the equity of SIU, each of which is now subject to receivership proceedings with KSV as Receiver pursuant to an order granted by the Court on November 17, 2023 (the "**Receivership Order**"). CMI's corporate organizational chart is provided in **Appendix "F"**.
2. Wallace & Carey is an Alberta corporation that is extra-provincially registered to conduct business in most provinces and territories in Canada.
3. Loudon Bros, located in Thunder Bay, Ontario is an Ontario corporation that is wholly owned by Wallace & Carey, which until late 2023 operated as its Northwestern Ontario branch. As part of their efforts to downsize their businesses during these proceedings, the Applicants decided to discontinue the Loudon Bros business and to sell its assets. On November 3, 2023, the Court approved a sale of Loudon Bros' real property for gross proceeds of approximately \$1.4 million. The sale closed on November 17, 2023, which was the final significant step in the wind-down of Loudon Bros.
4. Pursuant to the terms of the Transaction Approval and Vesting Order and the TSA, Wallace & Carey continues to carry on active business operations. As provided for in and subject to the terms and conditions of the TSA, from and after 12:01 a.m. on November 19, 2023 (the "**Effective Closing Time**"), 7-Eleven is responsible to fund substantially all post-Effective Closing Time costs of Wallace & Carey's operations.

5. Wallace & Carey presently has approximately 450 full-time employees. CMI has three employees, being Patrick Carey, the Chair, Daniel Elrod, the Chief Executive Officer, and an administrative employee. All Loudon Bros' employees have been terminated.
6. Prior to the CCAA Proceedings, CIBC provided CMI with a revolving asset-based loan (the "**CIBC Revolving Loan**") and a term loan facility (jointly with the CIBC Revolving Loan, the "**CIBC Facilities**"). The CIBC Facilities were guaranteed by the Logistics Companies and various other entities within the CMI corporate group, including 772, SIU and Ridge Meadows. Pursuant to the terms of a Forbearance Agreement between the Applicants and CIBC dated June 22, 2023, all amounts owing to CIBC as of the Filing Date under the CIBC Revolving Loan (being approximately \$38.54 million) were repaid during the CCAA Proceedings through accounts receivables collections, and all amounts advanced by CIBC since that time were secured by the Lender Priority Charge granted under the Initial Order.
7. As of the Effective Closing Time: CIBC (i) discontinued funding the Applicants' business and operations; and (ii) has no further obligation to fund the business and operations of the Applicants.
8. As of the date of this Report, all amounts owing to CIBC have been repaid, including amounts owing to it pursuant to the Lender Priority Charge, the BCAP Loan (as defined in the ARIO) and letters of credit.
9. All amounts owing to CWB have also been repaid through proceeds generated from the Transaction.

3.0 Cash Flow Forecast

1. The Applicants prepared the cash flow forecast (the "**Cash Flow Forecast**") for the period February 11 to June 1, 2024 (the "**Forecast Period**"). The Cash Flow Forecast and the Applicants' statutory report thereon pursuant to Section 10(2)(b) of the CCAA are attached as **Appendix "G"**.
2. On the assumption that the Applicants' pre-filing obligations remain stayed, the Cash Flow Forecast reflects that the Applicants, with the support of the Purchaser, are projected to have sufficient liquidity to continue to operate during the Forecast Period. Pursuant to the TSA, the Purchaser is required to fund all of Wallace & Carey's operational costs (including taxes accruing during that period) incurred from and after the Effective Closing Time. The

Purchaser is not obligated to fund any pre-filing obligations of the Applicants, and no funding is available from any other source for this purpose.

3. Based on the Monitor's review of the Cash Flow Forecast, the assumptions underlying the Cash Flow Forecast appear reasonable. The Cash Flow Forecast reflects the continued operations of the Wallace & Carey business from its present locations, including the Western Business and the Eastern Business, as such terms are defined in the TSA. The Monitor's statutory report on the Cash Flow Forecast is attached hereto as **Appendix "H"**.
4. To the Monitor's knowledge, the Purchaser has funded all the Applicants' operating costs in the ordinary course since the Effective Closing Time. No creditor has contacted the Monitor since the Effective Closing Time to express concerns regarding payment delays or non-payment.

4.0 Stay Extension

1. The Stay currently expires on February 29, 2024. The Applicants are requesting an extension of the Stay until May 31, 2024.
2. The Monitor supports an extension of the Stay for the following reasons, among others:
 - a) the Applicants are acting in good faith and with due diligence;
 - b) an extension of the Stay is consistent with the Transaction Approval Orders and is necessary for the Applicants to be able to carry out their obligations under the Transaction Approval Orders and the TSA;
 - c) the Purchaser would be severely prejudiced if the Stay is not extended. Absent an extension of the Stay, Wallace & Carey's operations are likely to be terminated, resulting in the immediate loss of hundreds of jobs. Discontinuing the Wallace & Carey business would also immediately disrupt the Purchaser's business, as Wallace & Carey is its major provider of logistics services;
 - d) the Stay will allow Wallace & Carey to realize on the Excluded Assets⁷ including, but not limited to: (i) continuing its litigation with A&M Enterprise Ltd. ("**Freshslice**"), the Freshslice franchisees, INS News, and other parties; (ii) collecting its accounts receivable; and (iii) considering how to realize on a leased facility in Oakville, Ontario

⁷ As defined in the Asset Purchase Agreement dated November 7, 2023 between the Applicants and 7-Eleven.

(and the non-purchased personal property at that location), other businesses in which CMI has an interest, and certain amounts owing from vendors as a result of transactions⁸ between the Filing Date and the Effective Closing Time;

- e) as of the date of this Report, neither the Applicants nor the Monitor is aware of any party opposed to the requested extension; and
- f) based on the Purchaser's funding obligations pursuant to the TSA⁹, the Applicants are projected to have sufficient liquidity to fund their operations and the costs of these proceedings, as reflected in the Cash Flow Forecast. Accordingly, the Monitor does not believe that any creditor will be prejudiced if the extension is granted.

5.0 Efforts to Realize on the Excluded Assets¹⁰

1. Since the issuance of the Transaction Approval and Vesting Order, the Monitor has worked with the Applicants to realize on the Excluded Assets, including but not limited to:
 - a) sending letters to and corresponding extensively with vendors and the Applicants in respect of credits owing by vendors to Wallace & Carey as of the Effective Closing Time¹¹;
 - b) sending letters to and/or corresponding with various customers of the Applicants to collect accounts receivable owing as of the Effective Closing Time, including INS News, the Freshslice franchisees, and Megabox Inc. ("**Megabox**");
 - c) preparing for and attending hearings before the Court and the Court of Appeal of Alberta with respect to an application by Wallace & Carey seeking an Order, among other things, to compel the payment of \$497,521.26 by Freshslice to Wallace & Carey for purchased but undelivered Freshslice pizza dough. The application was successful, leave to appeal was dismissed, and such funds have been collected, with the exception of costs, which Wallace & Carey and the Monitor continue to pursue;

⁸ See footnote 10.

⁹ As at the date of this Report, the Purchaser has provided funding of approximately \$39.5 million to the Applicants.

¹⁰ All capitalized terms not defined in this section have the meanings provided in the Transaction Approval and Vesting Order.

¹¹ Amounts outstanding from vendors consist of, among other things: (i) deposits paid by the Applicants; (ii) refunds owing to the Applicants for damaged or undelivered products; and (iii) rebates for certain advertising or volume programs offered by the vendors.

- d) monitoring the sale of inventory excluded from the Transaction (the “**Non-7-Eleven Inventory**”) and creating an inventory report (the “**Pre-Closing Inventory Report**”) to track the sale of this inventory following the Effective Closing Time;
- e) corresponding extensively with the Applicants to consider strategies for selling the Non-7-Eleven Inventory;
- f) working extensively with the Applicants to develop an accounts receivable report (the “**Pre-Closing AR Report**”) for tracking the collection of receivables outstanding as of the Effective Closing Time, which involves:
 - i. matching every collection received by the Applicants in their bank accounts to supporting invoices and determining if these invoices were issued prior to or after the Effective Closing Time;
 - ii. allocating the pre-closing and post-closing receipts between the Applicants’ bank accounts;
 - iii. performing a detailed analysis of the Applicants’ daily bank transactions and accounts receivable subledgers to confirm that the amounts received by the Applicants were recorded and deposited to the proper bank accounts and reflected accordingly in the Applicants’ records; and
 - iv. investigating and resolving discrepancies identified by the Monitor with respect to the above;
- g) establishing with the Purchaser a weekly reporting process for updating the Pre-Closing Inventory Report and Pre-Closing AR Report; and
- h) assisting Wallace & Carey with its litigation against Freshslice, the Freshslice franchisees, INS News, and other parties that are refusing to pay amounts owing to the Applicants.

2. The Sixth Report summarizes the waterfall of distributions to the Applicants' creditors, which waterfall is the product of the Court-ordered charges created by the ARIO and the Ancillary Order¹².
3. Each Court-ordered charge has been fully satisfied (or cash has been set aside by the Monitor to fully satisfy the unpaid charges), with the exception of the Tobacco Tax Charge, which was granted in favour of the Provinces and Territories in respect of the Applicants' pre-filing obligations owing to them.
4. In the Sixth Report, net recoveries available to satisfy the Tobacco Tax Charge were projected to range from approximately \$3.7 million to \$14.4 million. Based on recoveries to-date, and the Monitor's estimates of the net realizable value of the remaining Excluded Assets, the Monitor projects that recoveries will be in the middle to high-end of this range. The Monitor, or KSV, as Receiver of Ridge Meadows and SIU, continues to pursue the following sources of recovery:
 - a) litigation against INS News, the Freshslice franchisees, Megabox, and 0903219 BC Ltd.;
 - b) the sale of the SIU Property and Ridge Meadows Property, both of which are currently listed for sale by KSV as Receiver;
 - c) the monetization of the Oakville warehouse lease and the sale of the personal property located at that warehouse;
 - d) the sale of the remaining Non-7-Eleven Inventory; and
 - e) collecting certain additional accounts receivable and vendor credits.

6.0 Monitor's Activities Since the Eighth Report

1. The Monitor's activities from the commencement of these proceedings to the date of the Eighth Report were summarized in the Previous Reports. Since the date of the Eighth Report, the Monitor has, among other things:

¹² This Order was issued by the Court on August 23, 2023 and created the Transaction Fee Charge, which was payable to Alvarez & Marsal Canada Securities ULC, the financial advisor retained by the Applicants to carry out the SISF.

- a) communicated on a daily basis with the Applicants' management team and 7-Eleven regarding all aspects of these proceedings, including the Applicants' financial performance, the TSA, the Excluded Assets, and the Applicants' continued banking arrangements with CIBC;
- b) continued to work with the Applicants to realize on the Excluded Assets;
- c) monitored the Applicants' receipts and disbursements on a daily basis;
- d) dealt with issues related to the Post-Filing Tobacco Tax Obligations and dealing with certain of the Provinces and Territories regarding same;
- e) responded to numerous calls and emails from creditors and customers of the Applicants concerning the CCAA Proceedings and the Transaction;
- f) corresponded extensively with the Applicants, the Purchaser and CIBC in respect of Wallace & Carey's daily funding requests;
- g) assisted the Applicants and 7-Eleven in preparing the Cash Flow Forecast;
- h) drafted this Report; and
- i) maintained the Case Website.

7.0 Conclusion

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the relief sought by the Applicants at the February 23, 2024 application.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
in its capacity as monitor of
Wallace & Carey Inc., Loudon Bros Limited, and Carey Management Inc.
and not in its personal capacity**

APPENDIX A

[ATTACHED]

COURT FILE NUMBER

2301 – 08305

COURT

2301- _____
COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANTS

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



LL

C110668

Nov 17, 2023
COM

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

CANADIAN IMPERIAL BANK OF COMMERCE v. 772921
ALBERTA INC.; SPRUCE IT UP LAND CORP. and RIDGE
MEADOWS PROPERTIES LTD.

DOCUMENT

SIXTH REPORT OF THE MONITOR AND
PRE-FILING REPORT OF THE PROPOSED RECEIVER
DATED NOVEMBER 8, 2023

ADDRESS FOR
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PARTY FILING THIS
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1.0 Introduction

1. Pursuant to an order (the “**Initial Order**”) issued by the Court of King’s Bench of Alberta (the “**Court**”) on June 22, 2023 (the “**Filing Date**”), Wallace & Carey Inc. (“**Wallace & Carey**”), Loudon Bros Limited (“**Loudon Bros**”, and together with Wallace & Carey, the “**Logistics Companies**”) and Carey Management Inc. (“**CMI**”, and together with the Logistics Companies, the “**Applicants**”) were granted protection under the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), and KSV Restructuring Inc. (“**KSV**”) was appointed monitor of the Applicants (the “**Monitor**”).
2. KSV is filing this report (the “**Report**”) as Monitor of the Applicants and as proposed receiver and manager of the property, assets and undertaking of:
 - a) 772921 Alberta Inc. (“**772**”), which:
 - i. owns two warehouses¹, one in British Columbia (the “**772 Owned BC Property**”) and one in Alberta (the “**772 Owned Alberta Property**”) that are used by Wallace & Carey in its business (jointly, the 772 Owned BC Property and the 772 Owned Alberta Property, the “**772 Owned Real Property**”); and
 - ii. leases two warehouses², one in British Columbia and one in Alberta, that are also used by Wallace & Carey in its business (the “**772 Leased Real Property**”); and
 - b) Ridge Meadows Properties Inc. (“**Ridge Meadows**”)³ and Spruce It Up Land Corp (“**SIU**”)^{4,5} each of which is subject to security interests in favour of Canadian Western Bank (“**CWB**”) and Canadian Imperial Bank of Commerce (“**CIBC**” or the “**Lender**”). (Collectively, the 772 Owned Real Property, the 772 Leased Real Property and the properties owned by 772, Ridge Meadows and SIU are referred to as the “**Non-Applicant Real Property**”.)

¹ The municipal addresses of these properties are 1230 Industrial Road, Kelowna, British Columbia and 5415 and 5445 8th Street N.E., Calgary Alberta.

² Having municipal addresses of 8th Street N.E., Calgary, Alberta, and Unit 5B, 4386 Boban Drive Nanaimo, British Columbia.

³ Having a municipal address of 255256 Range Road 25, NW Calgary, Alberta.

⁴ Having a municipal address of 159 210 Avenue SW, Calgary, Alberta.

⁵ The shares of Ridge Meadows and SIU are subject to the CCAA Charges (as defined in Section 2.1 below). CMI is believed to own 100% of Ridge Meadows and 84.57% of SIU.

1.1 Purposes of this Report

1. The purposes of this Report are to:

- a) provide background information concerning the Applicants and these proceedings;
- b) discuss the Sale and Investment Solicitation Process (“**SISP**”) carried out by Alvarez & Marsal Canada Securities ULC (“**A&M**”), as the Applicants’ financial advisor (the “**Financial Advisor**”), under the supervision of the Monitor;
- c) discuss a transaction (the “**Transaction**”) between the Applicants and 7-Eleven Canada, Inc. (“**7-Eleven**” or the “**Purchaser**”) that is intended to maximize recoveries to stakeholders, which includes:
 - i. pursuant to an agreement of purchase and sale dated November 7, 2023 (the “**W&C APA**”):
 - the purchase of certain of the Applicants’ personal property, information technology and intellectual property assets used in the Wallace & Carey business in British Columbia and Alberta (the “**Western Business**”);
 - the purchase of 7-Eleven designated inventory; and
 - the payment of accounts receivable owing by 7-Eleven to Wallace & Carey;
 - ii. the entering into of a Transition Services Agreement (“**TSA**”) upon closing of the Transaction among Wallace & Carey, CMI, the Purchaser and the Monitor that contemplates:
 - the businesses of the Logistics Companies continuing to operate following closing of the Transaction for the benefit of the Purchaser while the Applicants remain under CCAA protection;
 - the Purchaser funding substantially all of the Applicants’ operational and professional costs from and after the closing of the Transaction, including the fees and costs of the Monitor and its counsel, Cassels, Brock & Blackwell LLP (“**Cassels**”);

- an option granted to the Purchaser to acquire certain additional assets (the “**Optional Purchased Assets**”) used by the Logistics Companies that are not being acquired by 7-Eleven on closing of the Transaction, including certain assets located in provinces east of Alberta (the “**Eastern Business**”); and
 - the retention of most of the employees of Wallace & Carey⁶ during, at least, the term of the TSA, and potentially thereafter, as further detailed below;
- iii. releases (the “**Releases**”) granted in favour of certain persons, including the Applicants’ director and officers, as contemplated by the form of Approval and Vesting Order (the “**CCAA AVO**”);
 - iv. the appointment of KSV as receiver and manager of the property, assets and undertaking of 772, Ridge Meadows and SIU (if so appointed, the “**Receiver**”), pursuant to a receivership application brought by CIBC as secured creditor of each of 772, SIU and Ridge Meadows;
 - v. a sale by the Receiver to the Purchaser immediately following its appointment of the real property owned by 772, as set out in an agreement of purchase and sale between the Purchaser and the Receiver (the “**Receivership APS**”);
 - vi. an assignment pursuant to the Receivership APS by the Receiver to the Purchaser of the leases for 772 Leased Real Property; and
 - vii. a marketing process for the Non-Applicant Real Properties owned by Ridge Meadows and SIU;
- d) recommend that the sale proceeds from the Transaction, as well as the proceeds from the Optional Purchased Assets, certain assets excluded from the transaction (the “**Excluded Assets**”) and the Non-Applicant Real Property (collectively, the “**Net Distributable Proceeds**”) be paid to stakeholders (including CIBC and CWB) in accordance with the priorities established by the ARIO and the Ancillary Order (each as defined below), and applicable law;

⁶ As of the date of this Report, all Loudon Bros. employees have been terminated.

- e) discuss the next steps in these proceedings; and
- f) provide the reasons in support of the Monitor's recommendation that the Court issue:
 - i. the CCAA AVO, among other things, approving the W&C APA, the TSA, the Releases and a distribution of the Net Distributable Proceeds of the assets subject to the CCAA Proceeding, as discussed herein;
 - ii. an order (the "**Receivership Order**") sought by CIBC appointing KSV as the Receiver and authorizing the Receiver to market the Non-Applicant Real Properties owned by Ridge Meadows and SIU through the retention of a real estate broker identified by the Receiver;
 - iii. an order (the "**Receivership AVO**") approving:
 - the Receivership APS, including the sale of the 772 Owned Real Property to the Purchaser, and the assignment of the 772 Leased Real Property to the Purchaser, in each case free and clear of encumbrances other than permitted encumbrances; and
 - authorizing a distribution of the Net Distributable Proceeds of the assets subject to the Receivership Proceeding, as discussed herein; and
 - iv. sealing **Confidential Appendix "1"** for the reasons provided in Section 7 of this Report until the earlier of the termination of these proceedings or Order of this Court.

1.2 Scope and Terms of Reference

1. In preparing this Report, the Monitor has relied upon the Applicants' unaudited financial information, books and records and discussions with the Applicants' management and legal counsel.
2. The Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the financial information relied on to prepare this Report in a manner that complies with Canadian Auditing Standards ("**CAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under the CAS in respect of such information. Any party wishing to place reliance on the financial information should perform its own diligence.

3. An examination of any forward-looking financial information discussed herein has not been performed in accordance with the Chartered Professional Accountants of Canada Handbook. Forward-looking financial forecasts and information are based upon various assumptions. Actual results achieved may vary materially from the forecasted results. The Monitor expresses no opinion or other form of assurance on whether the Applicants' businesses will perform in accordance with their financial forecasts and projections.

1.3 Currency

1. All references to currency in this Report are to Canadian dollars.

2.0 Applicants' Background

1. CMI is an Alberta corporation and the sole shareholder of Wallace & Carey, which is the sole shareholder of Loudon Bros. In addition to the Logistics Companies, CMI has ownership interests in nine subsidiaries, none of which are subject to the CCAA proceedings. These include 100% of the equity of 772 and Ridge Meadows, and 84.57% of the equity of SIU. CMI's corporate organizational chart is provided in **Appendix "A"**.
2. Wallace & Carey is an Alberta corporation that is extra-provincially registered to conduct business in most provinces and territories in Canada. Wallace & Carey operates from nine leased warehouses.
3. Loudon Bros, located in Thunder Bay, Ontario, is an Ontario corporation that is wholly owned by Wallace & Carey which until recently operated as its Northwestern Ontario branch. As part of their efforts to downsize their business during these proceedings, the Applicants decided to discontinue the Loudon Bros business. On November 3, 2023, the Court approved a sale of Loudon Bros' real property for gross proceeds of approximately \$1.4 million. The sale is scheduled to close on or before November 17, 2023, which will be the final significant step in the wind-down of the Loudon Bros business.
4. Wallace & Carey is continuing to carry on active business operations. 7-Eleven is by far the most significant customer of Wallace & Carey. It presently represents substantially all of Wallace & Carey's revenue.
5. As of the Filing Date, the Logistics Companies employed approximately 600 full-time and 50 part-time employees. Wallace & Carey presently has approximately 450 full-time employees. CMI has three employees, being Patrick Carey, the Chair, Daniel Elrod, the Chief Executive Officer, and an administrative employee.

6. CIBC provides CMI with a revolving asset-based loan (the "**CIBC Revolving Loan**") and term loan facility, which is guaranteed by the Logistics Companies and various other entities within the Carey corporate group, including 772, SIU and Ridge Meadows (the "**CIBC Facility**"). Pursuant to the terms of a Forbearance Agreement between the Applicants and CIBC dated June 22, 2023 (the "**Forbearance Agreement**"), all amounts owing to CIBC as of the Filing Date under the revolving portion of the CIBC Facility (being approximately \$38.54 million) have been repaid through accounts receivables collections, and all amounts advanced by CIBC since that time are secured by the Lender Priority Charge (as defined below).
7. Pursuant to the Forbearance Agreement, CIBC was also to be provided a mortgage on the Non-Applicant Real Property, which mortgage was to rank behind CWB's mortgage on the same real property. The agreed mortgages were executed on July 20, 2023 and registered on the Non-Applicant Real Property on September 12, 2023.
8. At this time, the Forbearance Agreement has terminated as a result of the occurrence of certain Terminating Events described therein; however, CIBC has continued to fund the business of the Applicants subject to the borrowing limits of the CIBC Credit Agreement (as defined in the Initial Order) primarily for the purpose of completing the Transaction. The Monitor also understands that certain amendments to the CIBC Credit Agreement concerning, *inter alia*, enhanced reporting required by CIBC are in the process of being documented.

2.1 CCAA Proceedings

1. Pursuant to the terms of the Initial Order, *inter alia*, the Court:
 - a) granted a stay of proceedings in favour of the Applicants and their directors and officers to and including July 1, 2023;
 - b) approved the Applicants' use of the centralized cash management system provided by CIBC to the Applicants;
 - c) granted charges on the Applicants' current and future assets, property and undertakings in the following amounts and priority:
 - i. first, a charge in the amount of \$250,000 in favour of the Applicants' legal counsel (Miller Thomson LLP), the Monitor and its counsel, Cassels, to secure the fees and disbursements of those firms (the "**Administration Charge**");

- ii. second, a charge in the amount of \$55 million plus interest, fees and expenses for all post-filing advances (the “**Lender Priority Charge**”) made by CIBC under the existing CIBC Credit Agreement as amended pursuant to the terms of the Forbearance Agreement;
 - iii. third, a charge in the amount of \$3.33 million in favour of the directors and officers of the Applicants (the “**D&O Charge**”);
 - 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 (the “**CIBC Pre-Filing Security**”); and
 - v. fifth, a charge in the amount of \$18 million in favour of provincial and territorial authorities for amounts required to be remitted by the Logistics Companies under the *Tobacco Tax Act*, RSA 2000, c. T-4 or under any other applicable provincial legislation or laws (the “**Tobacco Tax Charge**”, and collectively with the Lender Priority Charge, the Administration Charge and the D&O Charge, the “**CCAA Charges**”); and
 - d) permitted the Logistics Companies to pay certain pre-filing tobacco tax obligations pursuant to the Tobacco Tax Payment Plans (as defined in the Initial Order), subject to the terms of the Forbearance Agreement and first obtaining the Monitor’s consent.
2. On June 30, 2023, the Applicants’ comeback application was heard and the Court granted:
- a) an amended and restated Initial Order (the “**ARIO**”) (provided in **Appendix “B”**) which, among other things:
 - i. extended the stay of proceedings to and including September 20, 2023;
 - ii. increased the maximum amount of the CCAA Charges, as follows:
 - Administration Charge to \$750,000;
 - D&O Charge to \$4 million; and
 - Tobacco Tax Charge to \$25 million; and

- b) an Order providing for the Applicants' continued access to certain fuel service cards, known as the Mobil Fleet Cards.
3. Pursuant to certain restructuring milestones in the Forbearance Agreement, the Applicants were required within 40 days of the Initial Order to deliver for acceptance by CIBC a pro forma business model and financial forecast for the restructured business of the Applicants following implementation of a proposed plan consistent with a plan term sheet (the "**Term Sheet Milestone**"). Pursuant to the terms of the first amendment to the Forbearance Agreement dated July 18, 2023, CIBC provided certain accommodations to the Applicants and the Applicants were required to, *inter alia*, retain a financial advisor for the purpose of the SISP. Subsequently, certain defaults arose under the Forbearance Agreement, as amended, including in respect of the Term Sheet Milestone, and on August 2, 2023, CIBC provided notice to the Applicants of the occurrence of certain Terminating Events (as defined in the Forbearance Agreement).
4. On August 9, 2023, the Monitor filed its second report to Court (the "**Second Report**") which, among other things:
- a) was drafted in the context of Section 23(1)(d)(i) of the CCAA, which requires the Monitor to file a report with the Court advising on the state of a company's business and financial affairs upon ascertaining a material adverse change (a "**MAC**") in the company's projected cash flow or financial circumstances;
 - b) discussed financial and other challenges being faced by the Applicants and the efforts being taken at the time by the Applicants, the Monitor, CIBC and 7-Eleven to address those challenges;
 - c) provided a comparison of the Applicants' cash flow forecast for the period June 18 to September 30, 2023 against actual results; and
 - d) advised that the Monitor would file a further report with the Court advising on the status of the Applicants' efforts to address the issues resulting from the MAC.

5. On August 11, 2023, the Monitor filed a supplement to the Second Report (the “**Second Report Supplement**”). The Second Report Supplement provided stakeholders with a copy of the Second Forbearance Amendment between, among others, CIBC and the Applicants. The Second Forbearance Amendment, among other things, provided the Applicants with enhanced availability of approximately \$10 million of credit under their existing financing arrangements with CIBC based on additional credit support provided by 7-Eleven to CIBC pursuant to a cash collateral agreement (the “**Cash Collateral Agreement**”). The Applicants advised that they expected that the additional capital would address their challenges and would lead to improved customer fill rates, and therefore financial performance. Copies of the Second Report and the Second Report Supplement are provided in **Appendices “C”** and “**D**”, respectively, without appendices.

6. On August 21, 2023, the Monitor prepared and filed its Third Report to Court (the “**Third Report**”) which provided, among other things, the Monitor’s recommendations that the Court issue:
 - a) an order (the “**SISP Approval Order**”) among other things, approving the SISP and authorizing the Applicants, in consultation and co-operation with A&M, under the oversight of the Monitor, to conduct the SISP; and

 - b) an order (the “**Ancillary Order**”), among other things:
 - i. extending the stay of proceedings to and including November 30, 2023;

 - ii. approving the engagement of A&M as the Financial Advisor, pursuant to an agreement dated August 13, 2023 between the Applicants and A&M, and associated changes to the ARIO, including:
 - increasing the amount of the Administration Charge from \$750,000 to \$850,000 to include a work fee payable to A&M in connection with the SISP and its role as the Financial Advisor; and

 - granting a charge on the Applicants’ current and future assets, property and undertakings in favour of A&M to secure a fee payable to A&M upon completion of a qualifying transaction (the “**Transaction Fee**”), which is only subordinate to the Administration Charge.

7. On September 18, 2023, CIBC delivered to the Applicants a notice that certain additional Terminating Events had occurred and that CIBC was reserving all rights in respect of such, but provided that CIBC would continue to advance funding to the Applicants, subject to the borrowing limits of the CIBC Credit Agreement, unless and until two days following the delivery by CIBC of notice to the Applicants and the Monitor of CIBC's intention to discontinue funding.
8. On September 19, 2023, the Monitor filed its Fourth Report to Court (the "**Fourth Report**") which advised of a further MAC, as reflected by the Applicants' cash flow projection finalized on September 13, 2023. The MAC arose because the Applicants were not projected to have sufficient liquidity under the CIBC Revolving Loan to fund all forecasted disbursements in the ordinary course, unless the Logistics Companies deferred the payment of certain pre-filing and post-filing tobacco taxes (the "**Accrued Tobacco Taxes**") or made significant reductions to their inventory purchases (which was anticipated to impair the viability of the Logistics Business).
9. On October 7, 2023, the Monitor filed its Supplemental Report to the Fourth Report (the "**Fourth Report Supplement**"), which provided:
 - a) a summary of the dialogue among the Applicants, the Monitor and representatives of certain Provinces concerning the Accrued Tobacco Taxes and the payment by the Applicants of such taxes going-forward;
 - b) a further revised cash flow projection;
 - c) an update in respect of certain additional financial support provided by 7-Eleven;
 - d) an update concerning a third amendment to the Forbearance Agreement (the "**Third Amendment**"), which was expected to be finalized in the week following the filing of the Fourth Report Supplement and in respect of which the Monitor advised it would file a further supplemental report once finalized (the "**Second Supplement to the Fourth Report**");
 - e) an update concerning the SISP; and
 - f) the Monitor's recommendation that these proceedings continue so that the Applicants could complete the SISP, which was being advanced on an expedited basis given the Applicants' ongoing liquidity challenges.

10. Copies of the Fourth Report and the Fourth Report Supplement are provided in **Appendices “E” and “F”**, respectively, without appendices.
11. As of the date of this Report, a Third Amendment has not been finalized; however, CIBC has continued to make its revolving loan facility available to the Applicants, subject to the borrowing limits of the CIBC Credit Agreement and the reliance on certain additional financial support provided by 7-Eleven, so that the Applicants could fund their normal course business operations and complete the SISP, including the Transaction.
12. On October 30, 2023, the Monitor served its Fifth Report to Court, which recommended a sale of the Loudon Bros real property located in Thunder Bay, Ontario. The Court approved that transaction on November 3, 2023 and the sale is expected to close by no later than November 17, 2023.
13. The Court materials filed in these proceedings, including this Report, are available on the Monitor’s case website at www.ksvadvisory.com/experience/case/wallace-and-carey.

3.0 SISP

3.1 Background

1. The Applicants were required to commence the SISP due to their ongoing liquidity challenges and the absence of an executable restructuring plan.
2. As a result of negotiations among the Applicants, 7-Eleven, CIBC and the Monitor, the Applicants, 7-Eleven, and CIBC entered into the Cash Collateral Agreement on August 10, 2023, which resulted in an increase in the Applicants’ availability under the CIBC Facility. Pursuant to the Cash Collateral Agreement, the parties thereto agreed to the following key terms, among others:
 - a) 7-Eleven would provide \$9 million (the “**Cash Collateral**”) to be held by CIBC;
 - b) upon receipt by CIBC of the Cash Collateral, CIBC would promptly (i) increase the borrowing base under the CIBC Facility by an amount equal to the Cash Collateral, and (ii) increase the borrowing base under the CIBC Facility by not less than \$2 million;

- c) 7-Eleven agreed to execute and deliver to and in favour of CIBC a Limited Recourse Guarantee, therein guaranteeing the obligations of Wallace & Carey under the CIBC Credit Agreement, as well as a Cash Collateral Agreement granting to CIBC a security interest in the Cash Collateral (collectively, the “**7-Eleven Security Documents**”);
 - d) the Applicants would schedule a Court hearing to approve the SISP;
 - e) as consideration for 7-Eleven providing the Cash Collateral, the Applicants agreed (i) to pay 7-Eleven a fully earned fee equal to \$1 million; and (ii) 7-Eleven would be granted the 7-Eleven SISP Rights, including the right to be a stalking horse purchaser in the SISP, as discussed further in paragraph 3.2.3 below; and
 - f) on a monthly basis, the Applicants agreed to pay 7-Eleven interest at the rate of 10% per annum, less any amounts received from CIBC on account of the Cash Collateral, until same has been returned to 7-Eleven in full.
3. On August 10, 2023, the Cash Collateral Agreement, 7-Eleven Security Documents and Second Forbearance Amendment were executed and 7-Eleven funded the Cash Collateral amount. Accordingly, the Applicants were provided approximately \$10 million of additional liquidity under the CIBC Facility (which amounts are secured under the Lender Priority Charge) for general working capital purposes, including to purchase inventory intended to improve customer fill rates and to provide the Applicants the opportunity to advance the SISP.
 4. Pursuant to the Cash Collateral Agreement, CIBC is not permitted to seek repayment of the amounts owing to it by the Applicants from the Cash Collateral until it has realized upon all of the tangible property of Wallace & Carey, CMI and the CMI subsidiaries over which CIBC holds security.
 5. The guarantee by 7-Eleven was amended on or about October 6, 2023 to, among other things, increase the guarantee given by 7-Eleven to CIBC of the Applicants’ indebtedness from \$9 million to \$11.5 million. The guarantee by 7-Eleven was further amended on or about November 3, 2023 to among other things, increase the guarantee given by 7-Eleven to CIBC of the Applicants’ indebtedness from \$11.5 million to \$15 million.

3.2 SISP Overview⁷

1. Pursuant to the SISP, interested parties were provided the opportunity to submit offers to:
 - a) acquire all, substantially all or a portion of the Property or the Business;
 - b) make an investment in, restructure, reorganize or refinance the Business;
 - c) carry out any combination of a Sale Proposal and an Investment Proposal; or
 - d) form a partnership with the Applicants, or any of them, by way of joint-venture or otherwise.
2. The following table provides the key milestones and dates under the SISP Approval Order.

[REDACTED]	
SISP Launch Date	August 30, 2023
Phase 1 Bid Deadline	October 5, 2023
Phase 2 Bid Deadline	November 2, 2023
Hearing of the Transaction Approval Application	Subject to the availability of the Court
Target Closing Date	On or before December 4, 2023

3. The SISP was designed as a two-stage process, with letters of intent to be submitted by the Phase 1 Bid Deadline and binding agreements to be submitted at the Phase 2 Bid Deadline.
4. Notwithstanding that 7-Eleven was granted the right to submit a stalking horse bid pursuant to the SISP, 7-Eleven did not exercise that right.

3.3 SISP Summary

1. A&M conducted a comprehensive process to solicit interest in the SISP, by contacting 190 parties, including 12 lending institutions, 141 private equity firms and 37 strategic parties, of which:

⁷ Defined terms in this Section of the Report have the meaning provided to them in the SISP Approval Order, unless otherwise defined herein.

- a) 47 parties executed a non-disclosure agreement (the “**NDA**”) and were granted access to an electronic data room, including 32 private equity firms, ten strategic parties and five lenders; and
 - b) four parties submitted non-binding expressions of interest/letters of intent (each an “**EOI**”), including one strategic party, two private equity firms and one lender.
2. A&M has provided the Monitor with a report concerning its conduct of the SISP and its recommendation of the Transaction. A copy of A&M’s report is provided in **Appendix “G”**.
3. As a result of the Applicants’ significant liquidity challenges, which continued notwithstanding the Cash Collateral Agreement, the Applicants, A&M and the Monitor, with the consent of CIBC, believed it was necessary to expedite the SISP timelines.
4. Accordingly, A&M encouraged the parties most interested in the transaction opportunity to provide EOIs at the earliest possible opportunity, which EOIs were to include, among other things, an overview of the proposed transaction structure, an indication of value, any outstanding due diligence and an estimated timeline to complete a transaction. A&M engaged with each party participating in the SISP at that time to facilitate their due diligence, including organizing meetings between certain interested parties and representatives of 7-Eleven.
5. As noted, four parties submitted EOIs on or before October 5, 2023. Given the critical importance of the 7-Eleven relationship to the Wallace & Carey business, each of the parties that submitted an EOI required that a new service agreement be executed with 7-Eleven, with the exception of the prospective lender, which required an equity investment.
6. During September 2023, 7-Eleven expressed concerns to the Monitor about the Applicants’ eroding financial and operational performance, lack of liquidity, the ability of the interested parties performing due diligence in the SISP to meet their service needs, and the amount of time that would be required to negotiate a new service agreement with one or more of these parties. 7-Eleven, however, also advised that it was not prepared at that time to exercise its right to submit a stalking horse bid nor to make a definitive offer for the Applicants’ business as its due diligence was not yet complete.

7. Following the Fourth Report (i.e., the second MAC report), discussions among A&M, the Monitor and 7-Eleven advanced rapidly concerning a transaction based on the structure detailed in this Report. On September 27, 2023, 7-Eleven sent an email to the Monitor outlining the terms of a proposed transaction. Those terms were incorporated into a draft term sheet between the Applicants and 7-Eleven that formed the basis of the Transaction documents. As the term sheet was non-binding, the parties' focus shifted to the definitive documents rather than finalizing the term sheet.

4.0 The Transaction⁸

1. The following are the primary Transaction documents:

- a) the W&C APA;
- b) the TSA; and
- c) the Receivership APS.

Each document is summarized below.

2. The W&C APA sets out the terms pursuant to which:

- a) the Applicants will sell to the Purchaser certain personal property forming part of the Western Business;
- b) the Purchaser will pay for 7-Eleven designated inventory; and
- c) the Purchaser will pay for all validated accounts receivable it owes to Wallace & Carey.

3. The W&C APA attaches a form of the TSA which is to be executed by the parties at closing of the Transaction. The TSA sets out the terms on which (i) the Purchaser will be provided an option following closing to purchase certain remaining assets used in the operation of the Western Business and the Eastern Business, including a lease for a warehouse used by Wallace & Carey in Oakville, Ontario that is believed to have considerable value; and (ii)

⁸ Unless otherwise defined in this Report, defined terms have the meanings provided to them in the Transaction Documents.

Wallace & Carey will continue to operate for the benefit of the Purchaser under CCAA protection, including:

- a) the duration of the TSA, being 15 months and nine months for the Western Business and the Eastern Business, respectively, subject in each case to two 90-day extensions that are available to the Purchaser; and
 - b) the Purchaser shall fund from and after closing, substantially all of the Applicants' operational costs, including employee costs, real property and personal property leases and other contracts, as well as the fees and costs of the Monitor and its counsel, and certain fees of the Applicants' counsel.
4. The execution of the TSA by the parties thereto is a critical part of the Transaction. The purpose of the TSA is for Wallace & Carey and CMI to maintain in good standing for the benefit of the Purchaser certain real and personal property leases and other contracts until the Purchaser can determine its long-term intentions for those leases and contracts.
 5. Pursuant to the TSA, the majority of Wallace & Carey's employees as of the Closing Date will continue to be employed until (and if) they are hired by one or more service providers identified by the Purchaser, which may include 7-Eleven, or until their services are no longer required, at which time their employment will be terminated and all wages and vacation pay owing to them will be paid. Additionally, the Purchaser has agreed to encourage any new service provider or providers with which they contract to hire Wallace & Carey's employees.
 6. The Receivership APS sets out the terms pursuant to which KSV, if appointed as Receiver of 772, is to sell and transfer to the Purchaser, respectively, the 772 Owned Real Property and 772's interest in the 772 Leased Real Property. These properties were marketed as part of the SISP. Pursuant to the terms of the Receivership APS, the Purchaser shall purchase the 772 Owned Real Property for the purchase price of \$14.92 million. The purchase price for the 772 Owned Real Property was determined through (i) an arm's length process conducted by a commercial real estate agent for the 772 Owned BC Property, in which the Purchaser's offer was the highest offer; and (ii) an estimate of value based on an appraisal sourced by the Applicants that was updated by the Monitor to reflect the current market value for the 772 Owned Alberta Property.

7. Other notable provisions of the Transaction include:
- a) from and after the Closing Date, the Lender will have no further obligation to fund the Applicants' operating costs;
 - b) the key terms of the Transaction are consistent with the terms of a standard insolvency transaction, i.e., on an "as is, where is" basis, with limited representations and warranties from the Applicants or the Receiver, as the case may be;
 - c) the closing of the W&C APA and the Receivership APS are conditional on the closing of each other;
 - d) the CCAA AVO in respect of the W&C APA provides for the Releases (as discussed in Section 4.3 below);
 - e) the CCAA AVO provides for an assignment of the Assigned Contracts listed on Schedule "B" to the W&C APA to the Purchaser provided that amounts required to be paid pursuant to section 11.3(4) of the CCAA have been paid by the Purchaser. The Monitor understands that the Applicants and the Purchaser are attempting to reach out to counterparties of the Assigned Contracts to obtain their consent to assignment. However, given the timing of the expected closing of this transaction, it is likely not possible to do so for all Assigned Contracts. In this respect, the Monitor notes that the Purchaser has agreed under the W&C APA to assume the obligations under the Assigned Contracts. Based on information provided to the Monitor by the Purchaser, the Monitor also understands that 7-Eleven will be able to perform the obligations under the Assigned Contracts and that it would be appropriate to assign the rights and obligations to the Purchaser;
 - f) With respect to any real property lease assignments required under the Transaction, the Applicants' counsel has advised that each of the relevant landlords has indicated that it is prepared to consent to an assignment of the relevant lease. The Monitor understands that the Applicants' counsel intends to obtain these assignments in advance of closing; however, to the extent that the assignments are not provided prior to the hearing of the application, the Receivership AVO also provides for an assignment of the 772 Leased Real Property to the Purchaser;

- g) subject to Court approval, closing of the Transaction is contemplated to occur on November 20, 2023 (with an effective time of 12:01 a.m. on November 19, 2023) unless otherwise agreed by the parties and the Monitor. The Outside Date is November 30, 2023;
- h) the only material conditions precedent are Court approval of the Transaction pursuant to the CCAA AVO and the approval or non-objection of the Transaction by the Commissioner of Competition pursuant to the *Competition Act*, 1985, c. C-34, the latter of which is in process; and
- i) the Receiver also intends to market the Ridge Meadows and SIU real property for sale by retaining a real estate broker.

4.1 Estimated Transaction Value

1. The table below provides (i) an estimate of the value of the Transaction as of October 28, 2023 based on the Applicants' financial information available to the Monitor; and (ii) the indicative waterfall of distributions resulting therefrom pursuant to the ARIO and the Ancillary Order.

(\$000s) ⁹	Range	
	Low	High
Description		
W&C APA Transaction		
Accounts Receivable	10,000	12,600
Inventory	7,600	8,600
7-Eleven Inventory	27,100	27,100
Property, Plant & Equipment	4,000	5,000
Other Proceeds	6,200	8,000
Total proceeds from W&C APA Transaction	54,900	61,300
Receivership Transaction, net of CWB mortgage¹⁰	3,100	3,100
Loudon real property	1,300	1,300
Other	400	1,400
Total gross realizations	59,700	67,100

⁹ All amounts in the table have been rounded.

¹⁰ CWB's mortgage is expected to be repaid in full on closing from the sale of the 772 Owned Real Property.

Less:		
Holdbacks and adjustments ¹¹	(14,600)	(11,300)
Net proceeds of realization before the following	45,100	55,800
Lender Priority Charge	(31,800)	(31,800)
Surplus after Lender Priority Charge	13,300	24,000
D&O Charge ¹²	(4,000)	(4,000)
(Shortfall)/surplus after D&O Charge	9,300	20,000
CIBC Pre-Filing Security ¹³	(5,600)	(5,600)
(Shortfall)/surplus after CIBC debt	3,700	14,400
Tobacco Tax Charge	(24,800)	(24,800)
Shortfall on Tobacco Charge	(21,100)	(10,400)

4.2 Transaction Alternatives

1. For the following reasons, the Monitor is of the view that there is no viable better option to the Transaction:
 - a) A&M conducted the SISP in accordance with its terms, subject to encouraging parties to submit offers on an expedited basis;
 - b) the Transaction maximizes value for the Applicants' business and assets;
 - c) 7-Eleven has advised that it is not prepared to support any other transaction at this time. Given 7-Eleven's critical relationship to the Wallace & Carey business, its support is required for any going-concern solution;
 - d) absent the Transaction, the Applicants' business is likely to be liquidated; and
 - e) the value of the Transaction exceeds liquidation value for the Applicants' business and assets for the reasons listed below.

¹¹ Includes holdbacks for the Administration Charge, the Transaction Fee Charge, post-filing liabilities, vacation pay and various other amounts that are required to be paid.

¹² As discussed in paragraph 4.3.6 below, the Applicants' directors and officers are prepared to have this charge released if the Release contemplated by the Transaction is approved by the Court. This would make available \$4 million to stakeholders ranking subordinate to the D&O Charge.

¹³ Estimated, subject to adjustment for interest and expenses.

i. W&C APA transaction

- The purchase price of the personal property in the CCAA transaction exceeds the liquidation value of those assets based on valuations obtained by A&M. A&M and the Monitor engaged in extensive and protracted negotiation with 7-Eleven concerning the purchase price for these assets. The amount paid by 7-Eleven includes a premium above liquidation value reflecting their value-in-use for 7-Eleven.
- 7- Eleven has agreed to purchase, in most cases at cost, certain inventory that has been purchased on its behalf by Wallace & Carey. This represents a substantial portion of Wallace & Carey's inventory. Without this commitment from 7-Eleven, inventory realizations would be significantly impaired, and costs of realization would be materially higher. There would also be challenges conducting the liquidation of the inventory as the assistance of Wallace & Carey's employees would be required. This would require an expensive key employee retention plan given the large number of Wallace & Carey employees, which would further reduce recoveries.
- 7-Eleven has also agreed to pay in full its accounts receivable owing to Wallace & Carey. In a liquidation, Wallace & Carey may be unable to service 7-Eleven in the ordinary course, and there is a significant risk that 7-Eleven would setoff any damages against accounts receivable it owes to Wallace & Carey.
- The method for determining the purchase price for the Oakville lease, which is an Optional Purchased Asset that is believed to have considerable value, was established under the terms of the TSA. The Monitor believes that the methodology is fair and commercially reasonable and is consistent with how such value is commonly calculated.

ii. Receivership transaction

- The purchase price for each 772 Owned Real Property is based on either updated value estimates for those properties obtained by the Monitor earlier in these proceedings, and/or on offers received for these properties in these proceedings. The purchase price also excludes carrying costs (such as property taxes and utilities) that would otherwise be incurred while marketing the properties, and the realtor commissions payable are less than a typical transaction.¹⁴ The sale of the properties in the Transaction also eliminates the risk that these properties may sell for a lower price than the purchase price under the Transaction.

iii. Additionally, the Transaction:

- mitigates the risks and costs of a liquidation, including the challenges retaining employees to assist with the liquidation process and the related payroll and operating costs, which would total millions of dollars; and
- minimizes the fees and costs of the Monitor, its counsel and the Applicants' counsel carrying out a liquidation, which would also be very significant.

4.3 Releases

1. The CCAA AVO provides for the Releases, which include a broad release of all claims against (a) the current and former directors, officers, employees and their legal counsel; (b) legal counsel, agents and advisors of the Applicants and the Purchaser; (c) the Monitor and its legal counsel (collectively, the "**Released Parties**").
2. The proposed Releases do not release: (i) any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA, or (ii) any fraud, gross negligence or willful misconduct on the part of any Released Parties.
3. The W&C APA provides that the closing of the Transaction will not be conditional upon the granting of the provisions of the CCAA AVO in a form that contains the Releases.

¹⁴ Typically, 5% of the selling price. In this case, commissions total approximately \$180k, or slightly more than 1%.

4. The Monitor notes that certain of the statutes under which the Accrued Tobacco Taxes are legislated contain provisions for director and/or officer liability that would be captured by the Releases contained in the CCAA AVO. The amounts are also secured by the Tobacco Tax Charge. Potential recoveries under the Tobacco Tax Charge are discussed herein and the Monitor understands that the applicable Provinces and Territories were served by the Applicants with their application materials on November 7, 2023 and will be served with this Report. The applicable Provinces and Territories have also been served with all materials filed in these proceedings, including the application materials containing the Initial Order, the ARIO and the Ancillary Order, each of which addresses the priority of the Tobacco Tax Charge and the other CCAA Charges.
5. In the Monitor's view, the Released Parties have provided substantial assistance (and will continue to do so) facilitating the proposed Transaction, which, if approved and closed, will ultimately see the value of the Applicants' business being maximized for the benefit of its stakeholders, including the beneficiaries of the Tobacco Tax Charge. In this regard, the Applicants' directors and officers have agreed, if requested, to continue in their role through this CCAA proceeding, which will provide the Purchaser with the benefit of their institutional knowledge of the Applicants' business and operations and will facilitate the orderly completion of these proceedings for the benefit of stakeholders.
6. Further, the Applicants' director and officers have agreed to have the D&O Charge released if the Release contemplated by the Transaction is approved by the Court. This would make the holdback of \$4 million otherwise contemplated to secure the D&O Charge unnecessary, meaning such funds would be available to stakeholders ranking subordinate to the D&O Charge. The release of this charge also negates the need for a claims process to determine any entitlement to such funds, resulting in significant associated cost savings.

5.0 Proposed Distributions

1. The ARIO and the Ancillary Order establish the following waterfall of distributions in the CCAA proceedings:
 - a) Administration Charge (\$850,000);

- b) Transaction Fee Charge (variable based on the value of the Transaction, but estimated to be approximately \$1 million);
 - c) the Lender Priority Charge (\$55 million);
 - d) D&O Charge (\$4 million);
 - e) the CIBC Pre-Filing Security (estimated to be \$5.5 million); and
 - f) Tobacco Tax Charge to \$25 million.
2. Pursuant to the Forbearance Agreement, CIBC was provided mortgages on the Non-Applicant Real Property ranking subordinate to CWB. As of the date of this Report, the amount owing to CWB is estimated to be approximately \$12 million. CWB is to be repaid, in full, from the sale of the Non-Applicant Real Property owned by 772.
 3. Subject to maintaining a holdback for the Administration Charge and other pre-closing costs that need to be funded from the Transaction proceeds, the Applicants are requesting an Order of the Court providing that the Net Distribution Proceeds are to be distributed to secured creditors in accordance with paragraph 1 and 2 above.
 4. In advance of these proceedings, and in order for the Monitor to recommend that the Court approve the Lender Priority Charge, the Monitor's counsel, Cassels, provided an opinion on the validity and enforceability of CIBC's security. Cassels' opinion provides that, subject to the customary assumptions and qualifications contained therein, the security granted to CIBC is valid and enforceable. Cassels has also provided the Monitor with an opinion confirming the validity and enforceability of CWB's security, subject to the customary assumptions and qualifications contained therein. A copy of the security opinions can be made available to the Court upon request.
 5. The Monitor is not aware of any secured creditors or any claim (including any deemed trust) that ranks or may rank in priority to the Lender Priority Charge or the CIBC Pre-Filing Security, other than the amounts secured under the Administration Charge, the Ancillary Order, and CWB in respect of the Non-Applicant Real Property (excluding the 772 Leased Real Property). Any equipment lessors with security interests in certain leased assets will either be assumed or paid by the Purchasers pursuant to the terms of the Transaction or their assets will be returned to the lessor.

6. The CCAA AVO provides that these distributions will be made free and clear of any claims and encumbrances. The Monitor notes that provincial legislation regarding tobacco taxes establishes a deemed trust in favour of tobacco tax authorities; however, that deemed trust is not operative pursuant to Section 37 of the CCAA. The Monitor notes that the applicable provinces will be served with this Report, as has been the case with all relevant materials filed in these proceedings.
7. Based on the foregoing, the Monitor recommends that the Court issue an order or orders:
 - a) authorizing the Monitor to make distributions to CWB to repay it in full from the proceeds of the sale of the 772 Owned Real Property; and
 - b) subject to the Monitor retaining sufficient reserves to satisfy, among other things, employee wages and vacation pay, the Administration Charge and the D&O Charge (subject to Court approval of the Release), authorizing the Applicant to make certain distributions, to the extent funds are available, including under the Transaction Fee Charge, the Lender Priority Charge and the CIBC Prefiling Security.

6.0 Tobacco Tax Recoveries

1. A table comparing the amounts projected to be owed by the Applicants to the Provinces and Territories as of November 17, 2023¹⁵ to the amounts owing as of the date of the Filing Date is provided below.

(\$000s)	November 17 Projection	Filing Date	Change
British Columbia	3,638	4,281	(643)
Alberta ¹⁶	16,085	13,780	2,305
Saskatchewan	1,880	4,386	(2,506)
Manitoba	1,426	452	974
Ontario	639	1,342	(702)
Northwest Territories	279	340	(61)
Nunavut	-	344	(344)
Yukon	822	535	287
Total	24,769	25,459	(691)

¹⁵ The last business day before closing.

¹⁶ The Monitor understands that the Province of Alberta's records may reflect a lower amount owing as of the Filing Date. The Monitor believes this amount would be approximately \$7.3 million. This is because the Province of Alberta's records would be based on the tobacco tax obligation as of the end of May 2023 and not as of the Filing Date.

2. As is evidenced by the table above, on a net basis, the tobacco taxes projected to be owing by the Applicants as of November 17, 2023 approximate the tobacco taxes owing as of the date of the Initial Order. The table reflects that the amounts owing to certain Provinces and Territories are projected to decline while the amounts owing to others are projected to increase, with Alberta seeing the greatest increase. This is largely because as of the Filing Date, Alberta and the Applicants had agreed to a payment plan in respect of tobacco tax arrears owing at the time, which the Applicants were unable to maintain during the CCAA proceedings. As noted in the Fourth Report Supplement, on October 1, 2023, Alberta withdrew Wallace & Carey's status as a tax collector such that Wallace & Carey is required to pay tobacco taxes at the time of purchase versus at the time of sale, which was the case until that time.
3. Based on the analyses performed by the Monitor, as discussed in Section 4.2 above, the projected repayments to the Provinces and Territories resulting from the Transaction materially exceed the amounts that the Provinces and Territories would receive if the business and assets of the Applicants were liquidated.
4. During the TSA period, Wallace & Carey intends to continue to pay tobacco taxes in the ordinary course.

7.0 Sealing

1. The Applicants are also seeking a Sealing Order, sealing on the Court file the Confidential Appendix to this Report, which contains a summary of bids received during the SISP. The availability of this information to other parties may negatively impact any future sale process if the Transaction does not close, or with respect to other elements of the Applicants' business that may be sold in the future. In the Monitor's view, sealing this information until the earlier of the termination of these proceedings or further Order of this Court is necessary to maximize recoveries in these proceedings and to maintain the integrity and confidentiality of key information in the SISP. The salutary effects of sealing such information from the public record greatly outweigh any deleterious effects of doing so. The Monitor is of the view that the Sealing Order is appropriate in the circumstances, satisfies the test from *Sherman Estate v. Donovan* 2021 SCC 25, and that no stakeholders will be prejudiced if the information is sealed.

8.0 Recommendation

1. The Monitor recommends that the Court issue the CCAA AVO, the Receivership Order and the Receivership AVO for the following reasons:
 - a) A&M carried out the SISP in accordance with its terms;
 - b) A&M widely canvassed the market for potential purchasers. Any purchaser of the Wallace & Carey business would have required a new “service agreement” with 7-Eleven. Among other reasons, the Applicants’ declining liquidity did not provide 7-Eleven with sufficient time to negotiate a service agreement with a new distributor;
 - c) the value of the Transaction exceeds liquidation value. The Transaction has been extensively negotiated. The Monitor believes that the Transaction is, by far, the best outcome for the business and its stakeholders in the circumstances, and is intended to maximize value. The Monitor does not believe there is any viable transaction alternative available to the Applicants;
 - d) the Applicants have had a series of liquidity challenges throughout these proceedings, which liquidity challenges are continuing. Accordingly, it is imperative that a transaction be completed forthwith. Liquidation is a probability if the Transaction is not approved by the Court;
 - e) the Forbearance Agreement has been terminated. Absent completion of the Transaction, it is unlikely that CIBC will continue to fund the going concern operations of Wallace & Carey’s business;
 - f) The Monitor does not believe that the Provinces and Territories would have a superior outcome to the Transaction if it is not approved. Wallace & Carey intends to continue to remit to the Provinces and Territories all tobacco taxes accruing from the date of closing and following;
 - g) the transaction will see the Wallace & Carey business continue during the transition periods, at a minimum. The Purchaser has undertaken to encourage a future service provider (or providers) to offer employment to Wallace & Carey employees. The Purchaser is also considering long-term self-distribution, which would also provide employees with opportunities for long-term employment; and

- h) the continuation of the business will provide Wallace & Carey's vendors with an opportunity to continue their relationship with 7-Eleven, which is critically important to many of them.

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
in its capacity as monitor of
Wallace & Carey Inc., Loudon Bros Limited, and Carey Management Inc.
and not in its personal capacity**

APPENDIX B

[ATTACHED]

COURT FILE NUMBER 2301 - 08305
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

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

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

APPLICANTS WALLACE & CAREY INC, LOUDON
BROS LIMITED, and CAREY
MANAGEMENT INC.

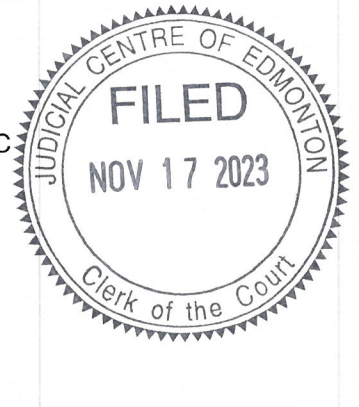
DOCUMENT APPROVAL AND VESTING ORDER

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
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File No.: 0221652.0006

Clerk's Stamp



I hereby certify this to be a
true copy of the original.

for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: November 17, 2023

LOCATION WHERE ORDER WAS PRONOUNCED: Edmonton
Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice M. E. Burns

UPON THE APPLICATION by Wallace & Carey Inc. ("W&C"), Loudon Bros. Limited ("Loudon"), and Carey Management Inc. ("CMI", collectively with W&C and Loudon, the "Applicants") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") for an order (this "Order"), *inter alia*, approving the transaction contemplated by the asset purchase agreement dated as of November 7, 2023 (the "Sale Agreement") among the Applicants and 7-Eleven Canada, Inc. (the "Purchaser") for the sale of certain undertakings, property and assets of the Applicants (the "Transaction"), a copy of the Agreement which is

attached as Exhibit A to Affidavit No. 3 of Eric Rolheiser sworn November 7, 2023 (the “**Rolheiser Affidavit**”).

AND UPON HAVING READ the Application, the Rolheiser Affidavit, the Affidavit of Service of Marica Ceko sworn November 14, 2023, and the Sixth Report of KSV Restructuring Inc. (the “**Monitor**”) in its capacity as Court-appointed Monitor and proposed receiver dated November 8, 2023 (the “**Sixth Report**”), which affixes the report of Alvarez & Marsal Canada Securities ULC (the “**Financial Advisor**”) appended thereto including the confidential exhibit (the “**Confidential Exhibit**”), the Supplement to the Sixth Report of the Monitor dated November 16, 2023, each filed;

AND UPON HEARING the submissions of counsel for the Applicants, the Purchaser, the Monitor, Canadian Imperial Bank of Commerce, Canadian Western Bank, and such other parties present;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.

CAPITALIZED TERMS

2. Capitalized terms used but not otherwise defined in this Order shall have the meaning given to such terms in the Sale Agreement as the context may require.

APPROVAL OF TRANSACTION

3. The Sale Agreement and Transaction are hereby approved and execution of the Sale Agreement by the Applicants is hereby authorized and approved, with such amendments to the Sale Agreement as the Applicants and the Purchaser may agree to with the consent of the Monitor. The performance by the Applicants of their obligations under the Sale Agreement are hereby authorized and approved. The Applicants are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for completion of the Transaction and conveyance of the Purchased Assets to the Purchaser.

VESTING OF PROPERTY

4. Upon delivery of a Monitor's certificate to the Purchaser (or its nominee) substantially in the form set out in **Schedule "A"** hereto (the "**Monitor's Closing Certificate**"), all of Applicants' right, title and interest in and to the Purchased Assets as such term is defined in the Sale Agreement attached as **Schedule "B"** hereto shall vest absolutely in the name of the Purchaser (or its nominee), free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, judgements, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, "**Claims**") including, without limiting the generality of the foregoing:

- (a) any encumbrance or charges created by the Amended and Restated Initial Order dated June 30, 2023, or any other Order granted in these proceedings;
- (b) any charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system;
- (c) any liens or claims of lien under the *Builders' Lien Act* (Alberta); and
- (d) those Claims listed in **Schedule "C"** hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, caveats, interests, easements, and restrictive covenants listed in **Schedule "D"** (collectively, "**Permitted Encumbrances**");

and for greater certainty, this Court orders that all Claims including Encumbrances other than Permitted Encumbrances, affecting or relating to the Purchased Assets are hereby expunged, discharged and terminated as against the Purchased Assets.

5. Upon delivery of the Monitor's Closing Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, "**Governmental Authorities**") are hereby authorized, requested and directed to accept delivery of such Monitor's Closing Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as

may be required to convey to the Purchaser or its nominee clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing:

- (a) the Registrar of the Alberta Personal Property Registry (the “**PPR Registrar**”) shall and is hereby directed to forthwith cancel and discharge any registrations at the Alberta Personal Property Registry (whether made before or after the date of this Order) claiming security interests (other than Permitted Encumbrances) in the estate or interest of the Applicants in any of the Purchased Assets which are of a kind prescribed by applicable regulations as serial-number goods.
6. In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this Order and the Sale Agreement. Presentment of this Order and the Monitor’s Closing Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but excluding Permitted Encumbrances.
7. No authorization, approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the due execution, delivery and performance by the Applicants of the Sale Agreement.
8. For the purposes of determining the nature and priority of Claims, net proceeds from sale of the Purchased Assets (to be held in an interest bearing trust account by the Monitor) shall stand in the place and stead of the Purchased Assets from and after delivery of the Monitor’s Closing Certificate and all Claims including Encumbrances (but excluding Permitted Encumbrances) shall not attach to, encumber or otherwise form a charge, security interest, lien, or other Claim against the Purchased Assets and may be asserted against the net proceeds from sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. Unless otherwise ordered (whether before or after the date of this Order), the Monitor shall not make any distributions to creditors of net proceeds from sale of the Purchased Assets without further order of this Court.
9. Except as expressly provided for in the Sale Agreement or by section 5 of the Alberta *Employment Standards Code* if and to the extent it applies, the Purchaser (or its nominee)

shall not, by completion of the Transaction, have liability of any kind whatsoever in respect of any Claims against the Applicants.

10. Upon completion of the Transaction, the Applicants and all persons who claim by, through or under the Applicants in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchaser (or its nominee).
11. The Purchaser (or its nominee) shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for its own use and benefit without any interference of or by the Applicants, or any person claiming by, through or against the Applicants.
12. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against the Applicants.
13. The Monitor is directed to file with the Court a copy of the Monitor's Closing Certificate forthwith after delivery thereof to the Applicants and Purchaser (or its nominee).
14. The Monitor may rely on written notice from the Applicants and the Purchaser or their respective counsel regarding the satisfaction of the Purchase Price and the fulfillment of the conditions to closing under the Sale Agreement and shall incur no liability with respect to the delivery of the Monitor's Closing Certificate.
15. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada) and section 20(e) of the *Alberta Personal Information Protection Act*, the Applicants are authorized and permitted to disclose and transfer to the Purchaser (or its nominee) all human resources and payroll information in Applicants' records pertaining to the Applicants' past and current employees. The Purchaser (or its nominee) shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use (of such information) to which the Applicants were entitled.

APPROVAL OF TRANSITION SERVICES AGREEMENT

16. The TSA (as defined in the Sale Agreement) is hereby approved and execution of the TSA by the Applicants and the Monitor is hereby authorized and approved, with such amendments to the TSA as the Applicants and the Purchaser may agree to with the consent of the Monitor. The performance by the Applicants of their obligations under the TSA are hereby authorized and approved. The Applicants are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for completion of the TSA.

RELEASES

17. Effective upon the filing of the Monitor's Closing Certificate: (i) the present and former directors, officers and employees of the Applicants; (ii) their respective legal counsel and advisors; (iii) the legal counsel and advisors of the Applicants and the Purchaser; and (iv) the Monitor and its legal counsel (the persons listed in (i), (ii), (iii) and (iv) being collectively, the "**Released Parties**") shall be deemed to be forever irrevocably released and discharged from any and all present and future claims (including, without limitations, claims for contribution or indemnity), liabilities, indebtedness, demands, actions, causes of action, counterclaims, suits, damages, judgments, executions, recoupments, debts, sums of money, expenses, accounts, liens, taxes, recoveries, and obligations of any nature or kind whatsoever (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, matured or unmatured or due or not yet due, in law or equity and whether based in statute or otherwise) based in whole or in part on any act or omission, transaction, dealing or other occurrence existing or taking place prior to the issuance of the Monitor's Closing Certificate (collectively, the "**Released Claims**"), which Released Claims are hereby fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released Parties, provided that nothing in this paragraph 17 shall waive, discharge, release, cancel or bar any claim against any of the Released Parties for fraud, gross negligence, or willful misconduct, or any claims against the directors and officers of each of the Applicants that is not permitted to be released pursuant to section 5.1(2) of the CCAA.

THE MONITOR

18. Without in any way limiting the Monitor's powers set out in the Amended and Restated Initial Order, any other Order of this Court in these CCAA proceedings, or under the CCAA or

applicable law, the Monitor is hereby authorized to undertake and perform such activities and obligations as are contemplated to be undertaken or performed by the Monitor pursuant to this Order and the Sale Agreement or any ancillary document related thereto, and shall incur no liability in connection therewith, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall affect, vary, derogate from, limit or otherwise amend any of the protections in favour of the Monitor at law or pursuant to the CCAA, the Amended and Restated Initial Order or any other Order granted in these CCAA proceedings.

19. The Monitor may rely on written notice from the Applicants and the Purchaser or their respective counsel regarding the satisfaction of the Purchase Price and the fulfillment of the conditions to closing under the Sale Agreement and shall incur no liability with respect to the delivery of the Monitor's Closing Certificate.

ASSIGNMENT OF ASSIGNED CONTRACTS

20. Upon delivery by the Monitor to the Applicants and the Purchaser of the Monitor's Closing Certificate and payment of all amounts required pursuant to section 11.3(4) of the CCAA, all of the rights and obligations of the Applicants under and to the Assigned Contracts (as defined in the Sale Agreement) (the "**Assigned Contracts**"), shall be assigned, conveyed and transferred to, and assumed by, the Purchaser pursuant to this Order. For certainty, the Purchaser is assuming all obligations and liabilities of the Applicants under the Assigned Contracts.
21. The assignment of the Assigned Contracts is declared to be valid and binding upon all of the counterparties to the Assigned Contracts notwithstanding any restriction, condition or prohibition contained to the Assigned Contracts relating to the assignment thereof, including any provision requiring the consent of any party to the assignment.
22. The assignment and transfer of the Assigned Contracts shall be subject to the provisions of this Order.
23. No counterparty under any Assigned Contract, nor any other person, upon the assignment and transfer to, and assumption by, the Purchaser of the Assigned Contracts hereunder shall make or pursue any demand, claim, action or suit or exercise any right or remedy under any Assigned Contract against the Purchaser relating to:

- (a) the Applicants having sought or obtained relief under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the “**BIA**”);
- (b) the insolvency of the Applicants; or
- (c) any failure by the Applicants to perform a non-monetary obligation under the Assigned Contract,

and all such counterparties and persons shall be forever barred and estopped from taking such action. For greater certainty, nothing herein shall limit or exempt the Purchaser in respect of obligations accruing, arising or continuing after the Closing Date (as defined in the Sale Agreement) under the Assigned Contracts other than in respect of items (a)-(b) above.

INTERIM DISTRIBUTION

- 24. Following delivery of the Monitors’ Closing Certificate, the Monitor, is hereby authorized, on behalf of the Applicants to hold back from the distributions authorized in paragraph 24 hereof, (i) an amount as the Monitor determines is necessary to satisfy any outstanding and anticipated professional fees and disbursements of the Applicants, the Monitor, the Monitors’ counsel and any outstanding Work Fees of A&M (the “**Admin Holdback**”); and (ii) an amount as the Monitor determines is necessary to satisfy the following post-filing incurred but unpaid amounts: employee wages and benefits, employee vacation pay, sales taxes, and trade payables, accrued, and an amount sufficient to fund operational losses of the Applicants prior to closing (collectively, the “**Operational Holdback**”, together with the Admin Holdback the “**Holdback**”). Provided further, following the creation of the Holdback, the Administration Charge shall attach only to the Holdback.
- 25. Further to the releases set out at paragraph 17 of this Order being herein granted and approved, following delivery of the Monitor’s Closing Certificate, the D&O Charge shall be released, and any holdback of funds from distribution that would have been required to secure that charge shall be distributed in accordance with paragraph 26(c) below.
- 26. Following delivery of the Monitor’s Closing Certificate, the Applicants, by way of the Monitor, are hereby authorized and directed, subject to the creation of the Holdback and receipt by the Applicants (or the Monitor on behalf of the Applicants) of sufficient funds, to:
 - (a) pay to A&M the Transaction Fee, in an amount to be determined by A&M, the Applicants and the Monitor pursuant to the Advisor Agreement dated August 13,

2023 in full and final satisfaction of all amounts secured by the Transaction Fee Charge, and following payment of such amount, the Transaction Fee Charge shall be and is hereby terminated;

- (b) pay, in one or more payments, an amount necessary to satisfy all amounts secured by the Lender Priority Charge to CIBC;
- (c) pay, in one or more payments, an aggregate amount not to exceed \$4,000,000 on account of the amount by which any claim of a provincial or territorial tobacco tax authority (the "**Tobacco Tax Authority(s)**") claim against the Applicants for unpaid tobacco taxes as of the date of delivery of the Monitor's Closing Certificate exceeds the amount owing as of June 22, 2023 (the "**Incremental Post-Filing Tobacco Tax Exposure**") to such Tobacco Tax Authority. Notwithstanding the foregoing, should the aggregate Incremental Post-Filing Tobacco Tax Exposure exceed \$4,000,000, payments to each Tobacco Tax Authority with respect to such Incremental Post-Filing Tobacco Exposure shall be made on a pro rata basis;
- (d) pay, in one or more payments an amount necessary to satisfy all pre-filing obligations owing under the CIBC Credit Agreement (as defined in the Sixth Report), including for greater certainty, obligations in connection with the BCAP Loan (as defined in the Sixth Report); and

The foregoing distributions shall be made free and clear of all Claims, including for greater certainty any deemed trust claims. For greater certainty, any amounts distributed to CIBC by KSV Restructuring Inc. in its capacity of Receiver of 772921 Alberta Inc., Spruce It Up Land Corp. and Ridge Meadows Properties Ltd. shall be taken into account in calculating the amounts owed to CIBC in respect of the above distributions.

SEALING AND CONFIDENTIALITY

- 27. The Confidential Exhibit shall be sealed on the Court file, kept confidential, and not form part of the public record, notwithstanding Division 4 of Part 6 of the Alberta Rules of Court.
- 28. The Confidential Exhibit contains confidential and commercially sensitive information, which if made publicly available could be used to the detriment of the parties and these proceedings, and shall be sealed on the Court file, not form part of the public record, and not be available for public inspection until the Monitor files a certificate with this Court confirming the conclusion of these proceedings, or further order by this Court.

29. The Clerk of the Court shall file the Confidential Exhibit in a sealed envelope attached to a notice that sets out the style of cause of these proceedings and states that:

THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS FILED IN THE COURT OF KING'S BENCH FILE NO.: 2301 - 08305. THE CONFIDENTIAL MATERIALS ARE SEALED PURSUANT TO THE SEALING ORDER GRANTED BY THE HONOURABLE JUSTICE BURNS ON NOVEMBER 17, 2023, AND ARE NOT TO BE PLACED ON THE PUBLIC RECORD OR MADE PUBLICALLY ACCESSIBLE, UNTIL THE FILING OF A CERTIFICATE SIGNIFYING THE CONCLUSION OF THESE PROCEEDINGS, OR FURTHER ORDER OF THE COURT.

30. Any person, entity or party affected by the sealing of the Confidential Exhibit may apply to have the Sealing Order vacated, substituted, modified or varied, with such application to be brought on at least seven days' notice to the Companies and any other interested party.

MISCELLANEOUS MATTERS

31. Notwithstanding:

- (a) the pendency of these proceedings and any declaration of insolvency made herein;
- (b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the BIA, in respect of the Applicants, and any bankruptcy order issued pursuant to any such applications;
- (c) any assignment in bankruptcy made in respect of any of the Applicants; and
- (d) the provisions of any federal or provincial statute:

the vesting of the Purchased Assets in the Purchaser (or its nominee) pursuant to this Order and the interim distribution (set out at paragraphs 24 and 25) shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicants and shall not be void or voidable by creditors of the Applicants, nor shall it constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

32. The Applicants, the Monitor, the Purchaser (or its nominee) and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.
33. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Applicants, the Monitor and their agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such order and to provide such assistance to the Monitor, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Monitor and its agents in carrying out the terms of this Order.
34. Service of this Order shall be deemed good and sufficient by:
- (a) Serving the same on:
 - (i) the persons listed on the service list created in these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order;
 - (iv) the Purchaser or the Purchaser's solicitors; and
 - (b) Posting a copy of this Order on the Monitor's website at: <https://www.ksvadvisory.com/experience/case/wallace-and-carey>
- and service on any other person is hereby dispensed with.
35. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.



Justice of the Court of King's Bench of Alberta

APPENDIX C

[ATTACHED]

TRANSITION SERVICES AGREEMENT

THIS TRANSITION SERVICES AGREEMENT (this “TSA”) is made effective as of the 21st day of November, 2023 (the “Effective Date”),

AMONG:

WALLACE & CAREY INC. (“W&C”) AND CAREY
MANAGEMENT INC. (“CMI”)

(collectively, the “Debtors”)

- and -

7-ELEVEN CANADA, INC.

(the “Purchaser”)

- and -

KSV RESTRUCTURING INC., in its capacity as CCAA Monitor of
the Debtors and not in its personal or corporate capacity

(“KSV”)

BACKGROUND:

- A. On June 22, 2023, upon application by the Debtors, the Court of the King’s Bench of Alberta (the “Court”) granted an initial order (the “Initial Order”) in respect of the Debtors under the *Companies Creditors’ Arrangement Act* (Canada) (“CCAA”, and the proceedings thereunder being the “CCAA Proceedings”);
- B. KSV is the monitor (the “Monitor”) of the Debtors in the CCAA Proceedings, and on November 17, 2023 was appointed by the Court as receiver (the “Receiver”) in respect of, *inter alia*, the real properties and associated personal property and assets of 772921 Alberta Inc. (“7 72921”), in particular the real properties known municipally as 1230 Industrial Road, Kelowna, British Columbia and 5415 and 5445 8th Street N.E., Calgary, Alberta (together, the “Acquired Properties”);
- C. The Debtors and the Purchaser are parties to an asset purchase agreement dated as of November 7, 2023 (the “APA”) pursuant to which the Purchaser has agreed to purchase (or take an assignment of), and the Debtors have agreed to sell or assign certain assets currently used in connection with the business (the “Business”) of the Debtors (the “Purchased Assets”), subject to Court approval, which Purchased Assets include the leases (the “Assumed Leases”) of the Debtor’s warehouse premises known municipally as (i) 7350 Wilson Avenue, Delta, British Columbia and (ii) 14430 - 14434 157 Avenue, Edmonton, Alberta, and 772921’s warehouse premises known municipally as (iii) 5225 8th Street N.E., Calgary, Alberta and (iv) Unit 5B, 4386 Boban Drive, Nanaimo, British Columbia (together, the “Assumed Lease Premises”);
- D. The Purchaser and the Receiver are parties to an agreement of purchase and sale dated as of November 7, 2023 (the “Warehouse APS”) pursuant to which the Purchaser has agreed to purchase, and the Receiver has agreed to sell the Acquired Properties, subject to Court approval;

- E. The Debtors shall continue to own and shall preserve its ownership (including any real or personal property leasehold interests, as the case may be) of all assets utilized by the Debtors in respect of the Debtor's services provided to the Purchaser prior to the Effective Date, and to be provided to the Purchaser or its designee in accordance with this TSA following the Effective Date, that are not Purchased Assets, including, without limitation, the leases (the "**Option WH Leases**") of premises located at (i) 2226 South Service Road, Oakville, Ontario (the "**Oakville Warehouse**"), (ii) 603 Park Street, Regina, Saskatchewan, (iii) Units 1-6 Bentall Street, Winnipeg, Manitoba, and (iv) 8-3703 Millar Avenue, Saskatoon, Saskatchewan (the "**Leased Option Premises**");
- F. In order to enable the Debtors to continue providing the Purchaser with the ongoing services as set out in **Schedule A** hereto (the "**Ongoing Services**") and the transition services as set out in **Schedule B** hereto (the "**Transition Services**", and together with the Ongoing Services, the "**Services**") in accordance with this TSA, following the Effective Date, the Debtors shall continue to employ a certain level of warehouse, logistics, administrative, and managerial employees of the Debtors as may be adjusted from time to time during the Term in accordance with this TSA (the "**Transition Employees**");
- G. The Purchaser requires the Debtors to maintain and preserve (i) certain contracts required for the operation of the Debtors' Business which are not part of the Purchased Assets (the "**Transition Contracts**", as set out in **Schedule C** hereto), as may be adjusted from time to time during the Term in accordance with this TSA, and (ii) the equipment leases and vehicle leases included in the Optional Purchased Assets (the "**Option Equipment Leases**", as set out in **Schedule D** hereto, and together with the Option WH Leases, the "**Optional Purchased Assets**"), as may be adjusted from time to time during the Term in accordance with this TSA;
- H. The Purchaser requires the Debtors to maintain and preserve certain licences and permits required for the operation of the Debtors' Business which are not part of the Purchased Assets (the "**Transition Permits**", as set out in **Schedule E** hereto), as may be adjusted from time to time during the Term in accordance with this TSA;
- I. The APA and the Warehouse APS were both approved by Orders of the Court dated November 17, 2023) (the "**APA AVO**" and the "**Warehouse APS AVO**" respectively); and
- J. The entry into this TSA was approved pursuant to the APA AVO and is a closing condition under the APA and the Warehouse APS.

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Provision of the Services.** Subject to and strictly in accordance with the terms of this TSA and the APA AVO, the Debtors shall provide the Services to the Purchaser using the Purchased Assets and the Optional Purchased Assets.
2. **Occupation.** The Debtors shall remain in occupation of each of the Acquired Properties, the Assumed Lease Premises, and Leased Option Premises (together, the "**Premises**" and each, a "**Premise**") during the period (the "**Occupation Period**") from 12:01 a.m. (prevailing Calgary, Alberta time) on November 19, 2023 (the "**Effective Time**") until the earlier of (i) not less than 10 days following receipt of notice of termination from the Purchaser in respect of the Services being performed at a specified Premise (other than a Leased Option Premise), (ii) not less than 35 days following receipt of notice of termination from the Purchaser in respect of the Services being performed at a Leased Option Premise, or (iii) the date upon

which the Term of this TSA expires or is otherwise terminated in accordance with its terms and conditions (the “**Termination Date**”).

3. Services of Transition Employees.

- (a) The Debtors shall provide the Purchaser with the Services utilizing the Transition Employees during the period (the “**Services Period**”) from the Effective Date until the Termination Date. Except as provided in section 3(b) and section 21(b), during the Services Period, the Transition Employees shall remain employees of the Debtors. Except as provided in section 3(b), nothing in this TSA or the APA shall create a relationship of employer and employee between the Purchaser and any of the Transition Employees. During the Services Period, the Debtors shall perform all obligations and discharge all liabilities that may be imposed on them by applicable law as employers of the Transition Employees. The Debtors shall be responsible for the day to day supervision and management of the Transition Employees during the Services Period.
- (b) From time to time during the Services Period, the Purchaser may elect to offer employment to one or more Transition Employee(s) on such terms as the Purchaser may deem appropriate (each employee who accepts such offer being, a “**Hired Employee**”). A Hired Employee will thereafter be subject to control and direction from the Purchaser, and the Debtors will provide (i) all assistance reasonably requested by the Purchaser in facilitating the resignation of such Hired Employee(s) from the employ of the Debtors and their subsequent engagement by the Purchaser, and (ii) such Hired Employee(s) with continued access to the Premises and information in the same way as if they had remained employed by the Debtors for provision of the Services. For clarity, nothing in this TSA requires the Purchaser to hire any of the Transition Employees.

4. Access. The Debtors will allow all Purchaser personnel (including Hired Employees), the Monitor, any party appointed by Canadian Imperial Bank of Commerce, as agent for the secured lenders to the Debtor, and third parties designated by the Purchaser to access the Premises from time to time during the Services Period, including, without limitation, for the purpose of realizing upon any Excluded Assets that are not Optional Purchased Assets and to proceed with the wind down of the Debtors and their Affiliates, and will ensure that the Transition Employees cooperate with all reasonable requests made by such individuals.

5. Optional Purchased Assets.

- (a) During the Term, the Debtors shall remain party to or retain their ownership, and provide the Purchaser with the operational benefit, of the Optional Purchased Assets, including, without limitation, the Option WH Leases.
- (b) The Debtors hereby grant the Purchaser an exclusive and irrevocable option to acquire any or all of the Optional Purchased Assets on terms to be agreed upon between the Purchaser and the Monitor, each acting reasonably, and subject to approval of the Court if required (the “**Option**”). The Option in respect of all of the Optional Purchased Assets *other than the Oakville Warehouse lease* will be available for exercise by the Purchaser, in the Purchaser’s sole discretion, during the entirety of the Term. The Option in respect of the Oakville Warehouse lease will be available for exercise by the Purchaser, in the Purchaser’s sole discretion, until the later of four (4) months after the Effective Date or such date that the Monitor decides to market the Oakville Warehouse lease, unless otherwise agreed by the Purchaser and Monitor, acting reasonably, in writing.

- (c) The Purchaser may exercise the Option (from time to time during the Term) by providing the Debtors with 10 days' written notice detailing which Optional Purchased Asset(s) the Purchaser would like to purchase (the "**Option Notice**"). Upon receipt of such Option Notice, and upon the Purchaser reaching agreement with the Monitor on the purchase price in respect of the Optional Purchased Asset(s), the Debtors agree to sell (subject to the approval of the Court if required) the corresponding Optional Purchased Asset(s) to the Purchaser on an "as is, where is" basis, free and clear of all claims and encumbrances, and to otherwise cooperate with the Purchaser in effecting such purchase and transfer of title. The purchase price for Optional Purchased Assets shall be limited to CAD\$1.00 for all Option Equipment Leases and Option WH Leases (with the sole exception of the Oakville Warehouse lease which may have a purchase price in excess of CAD\$1.00¹).
- (d) If the Purchaser exercises its Option in respect of the Oakville Warehouse lease, the Monitor and the Debtors will use commercially reasonable efforts to obtain a lease assignment order in respect of same upon the Purchaser's request.
- (e) From time to time during the Services Period, if the Purchaser determines that it will not be exercising the Option in respect of a particular Optional Purchased Asset, the Purchaser may, in the Purchaser's sole discretion, provide the Debtors and the Monitor with 35 days' prior written notice (an "**Exclusion Notice**") detailing which Optional Purchased Asset(s) the Purchaser would like to exclude from the Option, and the Purchaser's responsibility for funding any costs of the Debtor's obligations in respect of such Excluded Asset pursuant to section 10 of this TSA shall cease upon the effective date of the Exclusion Notice.
- (f) Any Optional Purchased Assets remaining in the Debtor's possession and control on the Termination Date shall thereupon be deemed to be Excluded Assets.

6. **Provision of Transition Contracts.** The Debtors shall remain party to the Transition Contracts during the period (the "**Contract Period**") from the Effective Time until the earlier of: (i) expiration of the Transition Contract in accordance with its terms, unless arrangements reasonably satisfactory to the Debtors and the Purchaser are made to extend or renew such Transition Contract; (ii) 35 days following receipt of notice of termination from the Purchaser in respect of the Services which are reliant on a Transition Contract; (iii) the assignment of a Transition Contract to the Purchaser by the Debtors; or (iv) the Termination Date.

7. **Provision of Transition Permits.** The Debtors shall remain party to the Transition Permits during the period (the "**Permit Period**") from the Effective Time until the earlier of: (i) expiration of the Transition Permit in accordance with its terms, unless arrangements reasonably satisfactory to the Debtors and the Purchaser are made to extend or renew such Transition Permit; (ii) 35 days following receipt of notice of termination from the Purchaser in respect of the Services which are reliant on a Transition Permit; (ii) the assignment of the Transition Permit to the Purchaser by the Debtors; or (iii) the Termination Date.

8. **Licence.** The Purchaser hereby grants the Debtors a limited, revocable, non-exclusive, non-transferable, non-sublicensable, non-assignable licence to use any information technology systems that were included in the Purchased Assets during the Services Period, provided that the Debtors may only use such systems to the extent such use is necessary to provide the Purchaser with the Services or to realize

¹ The purchase price for the Oakville Warehouse lease shall be calculated as of the date that the Oakville Warehouse lease is assigned to Purchaser. It will be determined by taking 50% of the present value of the difference between the payments set out in the Oakville lease and market rent, as determined by Colliers International, using a discount rate equal to CIBC's prime rate as of the Effective Date.

upon the Excluded Assets and proceed with the wind down of the Debtors and their Affiliates. The foregoing licence is also granted to any receiver of the Debtors, or the Monitor, if so appointed to realize upon the Excluded Assets.

9. Trademarks.

- (a) The Purchased Assets included certain trademarks that the Debtors used in association with their Business, as set out in more detail in the APA (the “**Trademarks**”). The Purchaser hereby grants the Debtors a limited, non-exclusive, non-transferable and non-sublicensable right and licence, during the Services Period, to use the Trademarks for the sole purpose of performing the Services or to realize upon the Excluded Assets and proceed with the wind down of the Debtors and their Affiliates, all in accordance with this section 9. The Debtors shall not use the Trademarks in any way not expressly permitted by this TSA or by the Purchaser in writing. The foregoing licence is also granted to any receiver of the Debtors, or the Monitor, if so appointed to realize upon the Excluded Assets.
- (b) The Debtors shall: (i) use, reproduce and display the Trademarks in a manner consistent with the operation of their Business immediately before the Effective Date, and in accordance with the policies, specifications, regulations and standards authorized or stipulated by the Purchaser from time to time relating to the form and manner in which the Trademarks are to be used; (ii) upon written notice from the Purchaser, immediately modify or discontinue any use of any of the Trademarks that the Purchaser determines might adversely affect the Purchaser’s rights or interests in the Trademarks, except as necessary to realize upon the Excluded Assets and proceed with the wind down of the Debtors and their Affiliates; (iii) not use, display or reproduce or apply to register any of the Trademarks, or any trademarks, domain names, business names, corporate names, words, designs, characters, symbols or other identifiers that are identical to or confusing with or derived from or based on any of the Trademarks, except as expressly authorized by the Purchaser in writing; (iv) not oppose or otherwise challenge the validity of any of the Trademarks or the Purchaser’s interest in any of the Trademarks; and (v) cooperate with the Purchaser for the purpose of protecting, preserving and enhancing the Trademarks and the Purchaser’s interest in the Trademarks as the Purchaser may reasonably request from time to time, at the cost of the Purchaser.
- (c) Except as may be authorized by this TSA or by the Purchaser, the Debtors shall not directly or indirectly through any number of intermediaries: (i) use, reproduce, display or take the benefit of any of the Trademarks; (ii) do anything or omit to do anything, that might impair, jeopardize, violate, infringe, dilute, depreciate, prejudice, derogate from, tarnish or disparage the Trademarks, the goodwill associated with the Trademarks, or the Purchaser’s interest in the Trademarks; (iii) use any of the Trademarks, or any trademarks, domain names, business names, corporate names, words, designs, characters, symbols or other identifiers that, in whole or in part, reproduce or resemble any of the Trademarks, or is confusing with any of the Trademarks, or is derived from or based on any of the Trademarks, in a manner that defames, slanders, libels, criticizes, or ridicules the Purchaser or any of Purchaser’s business, products, services or activities; or (iv) assist, permit, or encourage any other person or entity to do any of the foregoing.
- (d) The Debtors acknowledge and agree that: (i) the Purchaser will have no liability to any of the Debtors for anyone who may claim prior use of any of the Trademarks; (ii) as between the Purchaser and the Debtors, the Purchaser exclusively owns the Trademarks and all goodwill associated with or appurtenant to the Trademarks; and (iii) all the benefit and

goodwill associated with the Debtors' use of the Trademarks will at all times enure entirely to the Purchaser.

- (e) The Debtors shall permit and assist the Purchaser and its designees to observe and inspect the Debtors' activities relating to the Trademarks in order to confirm compliance with this TSA. This will include permitting and assisting the Purchaser or its designees to enter premises where the Debtors exercises any of their rights under this TSA.
- (f) This trademark licence commences on the Effective Date and will automatically terminate when the Services Period ends, except as necessary to realize upon the Excluded Assets and proceed with the wind down of the Debtors and their Affiliates. When this trademark licence ends, the Debtors will immediately stop using and reproducing the Trademarks, except as necessary to realize upon the Excluded Assets and proceed with the wind down of the Debtors and their Affiliates.

10. Purchaser's Funding Obligations.

- (a) The Purchaser's funding under this TSA will be based on a not less than six week rolling budget (the "**Budget**") to be prepared (or updated) by the Debtors, in consultation with the Monitor, by 5:00 pm (Central Time) on Tuesday of each week during the Term for the period commencing the subsequent Monday. The Budget will be approved by the Purchaser in its sole discretion. The initial Budget ("**Initial Budget**") shall be prepared by the Debtors, in consultation with the Monitor and the Purchaser, not less than ten (10) days prior to the Effective Date, for approval by the Purchaser in its sole discretion (a Purchaser-approved Budget or Initial Budget, an "**Approved Budget**").
- (b) Notwithstanding anything in this TSA to the contrary, the parties acknowledge that all weeks in the then-current Approved Budget, with the sole exception of the first two weeks in the corresponding Approved Budget period, remain subject to ongoing review and adjustment by the Purchaser as may be necessary to reflect changes in circumstances. The Purchaser will endeavour in good faith to provide reasonable advance notice of a change in circumstance requiring a material adjustment to an Approved Budget.
- (c) Budgeted costs and expenses ("**Approved Budget Expenses**") shall include all costs and expenses reasonably incurred by the Debtors to provide the Transition Services, consistent with the Approved Budget, including (but not limited to): (i) (a) costs directly related to the Leased Option Premises during the Occupation Period, including, without limitation, rents, utility charges (including phone bills), maintenance costs, and property taxes payable by the Debtors under the Option WH Leases, and (b) all utility charges (including phone bills) and maintenance costs, associated with the Debtors' occupation of the Assumed Lease Premises and the Acquired Properties, to the extent payable under the Assumed Leases or in respect of the Acquired Properties (collectively, the "**Premises Costs**")²; (ii) all amounts owing by the Debtors under Option Equipment Leases until the effective date of a corresponding Option Notice or Exclusion Notice; (iii) the costs incurred by the Debtors in relation to the Debtors' employment of the Transition Employees (which costs shall not include any unpaid or banked overtime pay accrued before the Effective Date, unpaid vacation pay or other vacation-related entitlements accrued before the Effective Date, retention, or other bonuses, severance or termination pay at the end of the Services

² It is presumed Purchaser will pay rents and property taxes related to Assumed Lease Premises, as well as property taxes related to the Acquired Properties, directly (and not through Debtor).

Period for any Transition Employee) and the provisions of the Services during the Services Period in accordance with existing employment contracts (“**Services Costs**”); (iv) costs related to the Transition Contracts during the Contract Period in accordance with the terms thereof (the “**Contract Costs**”); (v) all applicable goods and services, harmonized sales, value added, sales, use, transfer and other similar taxes (collectively, “**Sales Taxes**”) in relation to the Premises Costs, Services Costs, Contract Costs, and other amounts payable by the Debtors in connection with the provision of the Services under this TSA; (vi) professional fees and disbursements of the Monitor and its counsel (other than in respect of Excluded Assets) incurred during the Term, and an amount not exceeding: (x) \$7,500 per week, on a non-cumulative basis, for the first eight (8) weeks following the Effective Date, and (y) \$4,000 per week on a non-cumulative basis thereafter, unless otherwise agreed to by the Purchaser, in respect of the fees and disbursement of any lawyers or other professional advisor to the Debtors relating to the Services and this TSA or otherwise in connection with the CCAA Proceedings; and (vii) any such amounts that the Purchaser chooses to fund, in its sole discretion. The Debtors shall be responsible for all other professional fees and out-of-pocket disbursements, costs and expenses incurred by the Debtors from and after the Effective Date, including costs incurred solely for the sale of Excluded Assets, unless otherwise agreed to by the Purchaser.

- (d) To the extent that the Debtors do not generate sufficient revenue from sales of inventory acquired after the Effective Date to the Purchaser or the provision of Services to the Purchaser after the Effective Date, the Purchaser shall be responsible to fund the Debtors by deposit to the bank account to be designated by the Monitor prior to the Effective Date (the “**Funding Account**”) such shortfall amounts set out in the Budget (“**Approved Budget Shortfalls**”), no later than the Friday of a given week for the subsequent work week during the Term or as otherwise agreed among the Purchaser, the Debtors, and the Monitor. In no event shall the Debtors have any obligation to fund the fees and/or costs of any Transition Services from the proceeds of sale of Excluded Assets or otherwise, except as otherwise set forth herein. In no event shall the Monitor have any funding obligations under this Agreement.

11. **Withholding Obligations.** If any Applicable Law requires the deduction or withholding of any Tax from any payment to the Debtors, then Purchaser shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law, and, with the exception of any amounts required by Applicable Law to be deducted or withheld in relation to Employees, the amount payable to the Debtors shall be increased as necessary for such amount deducted or withheld to the relevant Governmental Entity so that after such deduction or withholding has been made, the Debtors receive an amount equal to the amount it would have received had no such deduction or withholding been made.

12. **Initial Budget Funding.** On or before the Effective Date, the Purchaser shall fund the Funding Account with the amount reflected in the Approved Initial Budget.

13. **Revenue.**

- (a) Subject to Section 13(b), all revenue generated by the Debtors during the Term, regardless of the source of such revenue, will be solely for the Purchaser’s account. For greater certainty, in the event that an Approved Budget reflects a material surplus of revenue, the Purchaser may require that the Debtors refund to the Purchaser the amount of any prior advances made to the Funding Account from time to time. On the Termination Date, all

net revenue amounts remaining in the possession of the Debtors arising from and after the Effective Date shall be remitted to the Purchaser.

- (b) All revenue generated from any Excluded Assets for which the Debtors paid prior to the Effective Time, including any inventory that was paid for by the Debtors prior to the Effective Time which was not Designated Inventory or SEC A/R, shall be solely for the Debtors' account to be distributed to the Debtors' creditors in accordance with their respective priorities. For the avoidance of doubt, this section shall only apply to Excluded Assets for which the Debtors paid prior to the Effective Time, and all revenue generated from any assets of the Debtors which are paid for after the Effective Time shall be for the account of the Purchaser.

14. Winding-Down of Non-Purchaser Operations. The Debtors and the Monitor shall use their best commercial efforts to wind-down all business activities of the Debtors involving customers other than the Purchaser within the 60 day period following the Effective Date, subject to any extensions as may be consented to by the Purchaser in its sole discretion, on a customer specific basis.

15. Limitation of Liability. In no event will the Purchaser, its Affiliates, and its designee(s), and each of its and their respective employees, officers, directors, contractors, representatives, and agents (the "**Purchaser Released Parties**"), be liable to the Debtors for any direct, consequential, indirect, incidental, exemplary, special, or punitive damages whatsoever, whether arising out of breach of contract, tort (including negligence), or any other theory of liability, or otherwise (the "**Claims or Damages**"), regardless of whether such Claims or Damages were foreseeable and whether or not the Purchaser Released Parties were advised of the possibility of such Claims or Damages, other than the payment obligations of the Purchaser under this TSA, provided that the foregoing limitation of liability will not be applicable to the extent any such Claims or Damages are caused by or contributed to by the negligence, fraud, or willful misconduct of the Purchaser's, or the Purchaser's Affiliates', officers or directors. In no event will the Debtor, the Monitor, their Affiliates, and their designee(s), and each of their respective employees, officers, directors, contractors, representatives, and agents (the "**Debtor and Monitor Released Parties**"), be liable to the Purchaser for any Claims or Damages, regardless of whether such Claims or Damages were foreseeable and whether or not the Debtor and Monitor Released Parties were advised of the possibility of such Claims or Damages, provided that the foregoing limitation of liability will not be applicable to the extent any such Claims or Damages are caused by or contributed to by the negligence, fraud, or willful misconduct of the Debtors', or the Debtors' Affiliates', officers or directors.

16. Representations. The Debtors shall perform the Services: (a) in accordance with all Applicable Laws and regulatory requirements; and (b) in a good, workman-like manner and in accordance with a reasonable standard of effort, care, prudence, skill and quality. Other than the foregoing, the Debtors make no representations or warranties hereunder with respect to any Services.

17. Insurance. The Debtors shall maintain comprehensive general liability insurance coverage and such other insurance coverage as is typically maintained by the Debtors, including, without limitation, with respect to the Leased Option Premises during the Occupation Period and such insurance costs shall be a Lease Cost. The Debtors will ensure that all of the Debtors' insurance policies include the Purchaser and all of the Purchaser's Affiliates as additional named insureds during the Term, and the Purchaser shall be responsible for the pro-rata cost of such insurance from and after the Effective Time.

18. Term; Termination.

- (a) The term (the "**Term**") of this TSA will commence on the Effective Date and will terminate:

- (i) in respect of the Business conducted, and Services provided, by the Debtors east of Alberta (the “**Eastern Business**”), on the date that is nine months following the Effective Date; and
- (ii) in respect of Business conducted, and Services provided, by the Debtors in and west of Alberta (the “**Western Business**”), on the date that is 15 months following the Effective Date;

provided that the Purchaser shall have the right to elect to extend the Term for each of the Eastern Business and the Western Business two (2) times by 90 days each time, provided that such election notice is provided to the Debtors and the Monitor in writing at least 35 days (or such lesser number of days as may be agreed to by the Monitor) prior to the expiry of the then-current Term.

- (b) The Purchaser may terminate this TSA or suspend performance of its obligations hereunder upon notice to the Debtors if the Debtors materially breach this TSA and fail to cure such breach within five Business Days after the Purchaser provides the Debtors and the Monitor with notice of such breach. Upon termination by the Purchaser under this section 18(b) or section 23, the Debtors will undertake to wind down the remaining business as expeditiously as reasonably possible and the Purchaser remains liable for its funding obligations hereunder during such wind down.
- (c) The Debtors, with prior written consent of the Monitor, may terminate this TSA or suspend performance of their obligations hereunder upon notice to the Purchaser if the Purchaser materially breaches this TSA and fails to cure such breach within five Business Days after the Debtors provide the Purchaser with notice of such breach.
- (d) Notwithstanding the termination of this TSA in accordance with this section 18, sections 10, 11, 12 and 15 hereof shall survive such termination.

19. **Disclaimer of Leases.** Subject to the terms hereof, the Debtors shall not surrender possession of or disclaim, or otherwise terminate any interest the Debtors may have in, any of the Option WH Leases or Option Equipment Leases with effect prior to 35 days before the Termination Date even if such Optional Purchased Assets are subject to an Exclusion Notice, unless otherwise agreed by the Purchaser.

20. **Disclaimer of Contracts.** Subject to the terms hereof, the Debtors shall not surrender possession or disclaim, or otherwise terminate any interest the Debtors may have in, any of the Transition Contracts prior to the termination of the Contract Period with respect to such Transition Contract without the prior written consent of the Purchaser, provided however that the Purchaser acknowledges and agrees that the Debtors shall be entitled, in their sole discretion and without further notice to or consent of the Purchaser, to disclaim, or otherwise terminate any interest they may have in, any Transition Contract following the termination of the Contract Period in respect of such Transition Contract and may deliver a notice of disclaimer up to 30 days prior to the termination of the Contract Period in respect of such Transition Contract.

21. **General Limitations.**

- (a) Nothing contained in this TSA shall require the Debtors to provide (or cause the provision of) any services: (i) that would constitute the provision of any legal, financial, accounting or tax advice or regulated activity; (ii) that are in support of any business or operations other than the Business as conducted immediately prior to the date hereof; (iii) at a level of

quantity or volume in excess of the levels provided by the Debtors to the Business immediately prior to the date hereof; (iv) that exceed the scope of the services provided by the Debtors to the Business immediately prior to the date hereof; or (v) for the benefit of any Person other than the Purchaser, its Affiliates, or its designee(s).

- (b) In addition to the limitations in section 21(a), in no event shall the Debtors be: (i) obligated to provide (or cause the provision of) any Services if the provision of such Services violate any law, order (including the Initial Order or any related orders), contract (including any Transition Contract), licence or permit to which the Debtors are subject; (ii) obligated to provide any Services that, in the Debtors' reasonable determination after consultation with the Monitor, will create deficiencies in the Debtors' controls over financial information or adversely affect the maintenance of the Debtors' financial books and records; (iii) obligated to hire any additional employees to perform the Services unless the Purchaser agrees to bear all related costs and expenses thereof that the Debtors are unable to pay; (iv) obligated to hire replacements for Transition Employees who resign, retire, or are terminated; (v) obligated to maintain the employment of any specific Transition Employee who tenders their resignation, enter into retention agreements with Transition Employees, or otherwise provide any incentive beyond payment of regular salary and benefits; (vi) prevented from determining, in its sole discretion, the individual Transition Employees who will provide Services; (vii) obligated to purchase, lease or license any additional equipment or software or licences for provision of the Services; (viii) obligated to create or supply any documentation or information not currently existing or reasonably available (subject to any requirements or obligations hereunder to provide any documentation or information); or (ix) obligated to enter into new or additional contracts with third parties or change the scope of current contracts (including the Transition Contracts) with third parties or take any actions that would result in the breach of any contracts of the Debtors with third parties. The Debtors shall use commercially reasonable efforts to notify the Purchaser as promptly as practicable if the Debtors are unable to provide the Services due to circumstances arising under this section 21(b).
- (c) The Debtors shall not destroy or remove the books and records of the Business from their usual and ordinary location, and shall continue to maintain such books and records for a period of 7 years. The Purchaser and the Debtors shall make any books and records of the Business in their possession available to each other as required for the delivery of Services under this TSA.
- (d) In connection with the receipt and use of the Services and as applicable, Purchaser shall, and shall cause its Affiliates and representatives to, comply with the Debtors' then-current work processes, policies and procedures of which Purchaser has been made aware, and Purchaser acknowledges that the Debtors' ability to provide the Services is dependent on such compliance by the Purchaser and its Affiliates and representatives.

22. Indemnity.

- (a) The Purchaser shall indemnify, hold harmless, and defend the Monitor, its affiliates, and their designee(s), and each of their respective employees, officers, directors, contractors, representatives, and agents (the "**Monitor Indemnified Parties**") and, Debtors' directors, officers, and Transition Employees (the "**Debtor Indemnified Parties**") against any and all third party claims against any of the Monitor Indemnified Parties and Debtor Indemnified Parties to the extent directly arising out of or related to:

- (i) material breach or non-fulfilment of any provision of this TSA by the Purchaser or its Affiliates, representatives or agents, including the Hired Employees (collectively, “**Purchaser Personnel**”);
- (ii) any gross negligence, wilful misconduct or more culpable act or omission of the Purchaser or Purchaser Personnel (including reckless misconduct) in connection with the performance of its obligations under this TSA;
- (iii) any bodily injury, death of any person, or damage to real or tangible personal property caused by the gross negligence, wilful misconduct or more culpable acts or omissions of Purchaser or Purchaser Personnel (including any reckless misconduct); or
- (iv) any failure by Purchaser or Purchaser Personnel to comply with any material applicable federal, provincial, or territorial laws, regulations or codes in the performance of its obligations under this TSA;

(collectively, “**Indemnifiable Claims**”)

provided that the foregoing indemnification obligations will not be applicable to the extent any such Indemnifiable Claims are caused by or contributed to by a Debtor Indemnified Party.

- (b) The Purchaser shall indemnify, hold harmless, and defend the Debtors’ directors and officers (the “**Debtors’ D&Os**”) against any third party claims brought against the Debtors’ D&Os in their personal capacity, but solely to the extent that such claims: (i) strictly relate to statutory liabilities arising after the Effective Date; and (b) are a direct result of any such Debtors’ D&Os acting as directors or officers of the Debtors during the Term. The foregoing indemnification obligations will not be applicable to the extent any indemnifiable claims arise due to fraud or gross negligence on the part of the Debtor’s D&Os. In addition, the Purchaser will have no indemnification obligations for any claims pertaining to the period prior to the Effective Date, regardless of when such claims are brought against the Debtors’ D&Os.

23. **Force Majeure.** If the Debtors or any third-party provider of the Debtors is wholly or partially prevented from, or delayed or restricted in, providing one or more Services, or one or more Services are interrupted or suspended, by reason of events beyond the Debtors’ or third party providers’ reasonable control (including failure by Purchaser or its Affiliates or representatives to comply with the terms and conditions of this TSA, failure by any third party to comply with the terms and conditions of any contract with the Debtors or its Affiliates (including any Transition Contract), acts of God, acts of nature, acts, decrees or orders of governmental, regulatory or military authorities, fire, explosion, lack of utilities, accident, embargoes, disruption or delay in transportation, epidemics, pandemics, war, acts of terrorism, infrastructure failure, IT systems or software failure, nuclear disaster, labour strikes, work stoppages or slowdowns, changes in law (or changes in the interpretation or enforcement thereof) or legal or regulatory actions, including restraining orders and injunctions, civil unrest and/or riots or disruption of internet access (including access disruptions as a result of any virus, worm, Trojan horse, etc.), or any other type of similar event), the Debtors shall: (i) give notice of suspension of Services as soon as reasonably practicable to the Purchaser stating the date and extent of such suspension and its cause; (ii) not be obligated to deliver, or cause to be delivered, the affected Services during such period provided it remains in strict compliance with this section 23; and (iii) resume the performance of their obligations as soon as reasonably practicable after the removal of the cause, provided that following receipt by the Purchaser of a notice pursuant to (i),

Purchaser shall have the right in its sole discretion to immediately terminate this TSA, provided the Purchaser pays all amounts owing to the date of termination.

24. **Services.** Subject to the terms hereof, the Debtors may terminate the employment of any Transition Employees prior to termination of the applicable Services Period for each Transition Employee, provided that the Services obligations hereunder continue to be met by the Debtors and the then-current Approved Budget is complied with. The Purchaser acknowledges and agrees that the Debtors shall be entitled, in their sole discretion and without further notice to or consent of the Purchaser, to terminate the employment of any Transition Employees following the termination of the Services Period for such Transition Employee.

25. **No Assignment of Lease.** The Debtors and the Purchaser each hereby acknowledge and agree that nothing in this TSA is intended to, or shall be construed to, create a lease, sublease or assignment of lease in favour of the Purchaser or otherwise impose on the Purchaser any obligations as a lessee, sublessee or assignee of any of the Leased Option Premises.

26. **Independent Contractors; No Employer Relationship.** The relationship between the Debtors, on the one hand, and the Purchaser, on the other hand, is that of independent contractors, not partners or joint venturers. The Debtors and the Purchaser each hereby acknowledge and agree that nothing in this TSA is intended to, or shall be construed to, create or deem the Purchaser to be the employer of the Transition Employees. For greater certainty, except as provided expressly herein with regards to Hired Employees, nothing in this TSA shall deem or cause the Purchaser to become the employer of the Transition Employees and nothing herein modifies in any way the protections provided to the Debtors pursuant to the Order. For the avoidance of doubt, the Transition Employees will at all times remain under the control or direction of the Debtors and will not be, nor deemed to be, under the common control or direction of the Purchaser, nor will such Transition Employees have any entitlement to receive payment of compensation or severance from the Purchaser or otherwise participate in, or accrue or receive benefits in respect of, any retirement, employee benefit or incentive plan sponsored or maintained by the Purchaser or its Affiliates.

27. **Confidential Information.** Each party hereto shall, in its performance of this TSA, be bound by the confidentiality provisions set out in the APA.

28. **Access.** If either party has access (either on-site or remotely) to any of the computer systems and/or information stores of the other party in connection with the Services to be provided under this TSA, it shall limit such access solely to the use of such systems and information stores as required to so perform or receive the Services and shall not access or attempt to access any computer systems, information stores, files, software or services other than those required to perform or receive the Services. Each party shall limit such access to those of its personnel with a bona fide need to have such access and who have agreed to maintain the confidentiality of the other party's Confidential Information. Each party shall, and shall cause its personnel to, follow all applicable security rules and procedures communicated to it for restricting access to any computer systems and information stores of the other party to which it is provided access.

29. **Security.** The Debtors shall perform the Services using at least the same level of security practices and procedures as used in the provision of analogous or similar services by the Debtors in the twelve (12) months prior to Closing, but in any event, no less than commercially reasonable security measures. The Debtors shall promptly notify the Purchaser of any known security breaches potentially giving unauthorized third parties access to the Purchaser's data.

30. **Interpretation.** Capitalized terms used but not defined in this TSA have the meanings ascribed to such terms in the APA.

31. **Designee(s).** From time to time, upon providing the Debtors with prior written notice, the Purchaser may require that any or all Services, as well as any or all rights granted to the Purchaser hereunder, be provided to, or exercised by, one or more designee(s) of the Purchaser.

32. **Successors and Assigns.** This TSA shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.

33. **Governing Law.** This TSA shall be governed by, construed and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

34. **Further Assurances.** Each of the parties will, from time to time, execute and deliver all such further documents, and instruments and do all acts and things as any other party may reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this TSA.

35. **Counterparts.** This TSA may be executed by the parties in counterparts and may be executed and delivered by facsimile or other electronic means and all such counterparts and facsimiles (or other electronic deliveries) shall together constitute one and the same agreement.

36. **Amendment.** This TSA may be amended or supplemented only by a written agreement signed by each party.

37. **Assignment.** This TSA may be assigned by the Debtors only with the prior written consent of the Purchaser, which consent may be unreasonably withheld. The TSA may be assigned by the Purchaser only with the prior written consent of the Debtors and the Monitor, which consent may not be unreasonably withheld.

38. **Severability.** If any provision of this TSA is determined by an arbitrator or any court of competent jurisdiction to be illegal, invalid or unenforceable, that provision will be severed from this TSA and the remaining provisions shall continue in full force and effect.

39. **Entire Agreement.** This TSA, together with the APA, and all exhibits and schedules hereto and thereto, contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written, with respect to such matters.

[Signature page follows]

IN WITNESS WHEREOF the parties have duly executed this TSA as of the Effective Date.

WALLACE & CAREY INC.

DocuSigned by:
By: Pat Carey
4D2ADDC865CC484
Name: Patrick Carey
Title: Chief Executive Officer

CAREY MANAGEMENT INC.

DocuSigned by:
By: Pat Carey
4D2ADDC865CC484
Name: Patrick Carey
Title: President

7-ELEVEN CANADA, INC.

By: _____
Name: David Seltzer
Title: Treasurer

KSV RESTRUCTURING INC., in its capacity as CCAA Monitor of the Debtors and not in its personal or corporate capacity

By: _____
Name:
Title:

IN WITNESS WHEREOF the parties have duly executed this TSA as of the Effective Date.

WALLACE & CAREY INC.

By: _____
Name: Patrick Carey
Title: Chief Executive Officer

CAREY MANAGEMENT INC.

By: _____
Name: Patrick Carey
Title: President

7-ELEVEN CANADA, INC.

By: _____
Name: David Seltzer
Title: Treasurer

DocuSigned by:
EA758A1409164FD...

**KSV RESTRUCTURING INC., in its capacity as
CCAA Monitor of the Debtors and not in its personal
or corporate capacity**

By: _____
Name:
Title:

IN WITNESS WHEREOF the parties have duly executed this TSA as of the Effective Date.

WALLACE & CAREY INC.

By: _____
Name: Patrick Carey
Title: Chief Executive Officer


CAREY MANAGEMENT INC.

By: _____
Name: Patrick Carey
Title: President

7-ELEVEN CANADA, INC.

By: _____
Name: David Seltzer
Title: Treasurer

**KSV RESTRUCTURING INC., in its capacity as
CCAA Monitor of the Debtors and not in its personal
or corporate capacity**

By:  _____
Name: Bobby Kofman
Title: President and Managing Director

IN WITNESS WHEREOF the parties have duly executed this TSA as of the Effective Date.

WALLACE & CAREY INC.

By: _____
Name: Patrick Carey
Title: Chief Executive Officer


CAREY MANAGEMENT INC.

By: _____
Name: Patrick Carey
Title: President

7-ELEVEN CANADA, INC.

By: _____
Name: David Seltzer
Title: Treasurer

**KSV RESTRUCTURING INC., in its capacity as
CCAA Monitor of the Debtors and not in its personal
or corporate capacity**

By:  _____
Name: Bobby Kofman
Title: President and Managing Director

SCHEDULE A
ONGOING SERVICES

All services currently provided by Debtor to Purchaser under existing contracts between the parties, as may have been amended and/or implemented over time, including, without limitation, (a) the Combined Distribution Center Service Agreement dated March 1, 2007, as amended, between W&C and Purchaser and (b) the Service Agreement dated February 6, 2006, as amended, between W&C and Purchaser (collectively, the “**Existing Contracts**”), which services shall include, without limitation, the following:

	ONGOING SERVICE CATEGORY	ONGOING SERVICE DESCRIPTION
1.	<i>Executive</i>	<ul style="list-style-type: none"> • Consult with Purchaser on matters related to the business of the Debtor as needed and as requested by Purchaser. • Oversee and maintain the financial operations of the business of the Debtor in a manner consistent with operations prior to Closing. • Ensure the accuracy and integrity of related internal controls.
2.	<i>Financial</i>	<ul style="list-style-type: none"> • Seek to re-establish traditional 30 day or longer credit terms with suppliers. • Provide timely and accurate input of invoices and expense claims to facilitate the disbursement of payments to suppliers, tax authorities, and Transition Employees. • Maintain accurate records and reports and provide information to Purchaser as needed. • Collect and remit taxes timely, including, without limitation, relating to tobacco taxes. • Prepare and file tax returns as and when required
3.	<i>Sales Management</i>	<ul style="list-style-type: none"> • Perform sales management duties during the Services Period in a manner consistent with periods prior to Closing, unless otherwise directed by Purchaser. • Work with Purchaser to maintain strategic and appropriate levels of product inventory.
4.	<i>Purchasing</i>	<ul style="list-style-type: none"> • Continue making inventory purchases in the ordinary course. • Execute purchasing strategy as directed by Purchaser. • Consult with Purchaser on matters related to purchasing. • Procure inventory and consumed goods and service for the business of the Debtor in a timely and cost-effective manner under the guidance of the Purchaser. • Ensure adequate levels of inventory in all inventory locations to satisfy market demand under the guidance of Purchaser, including to meet minimum fill rates consistent with the Existing Contracts. • Coordinate with logistics and customs to ensure expedient and cost-effective transportation of goods.

	ONGOING SERVICE CATEGORY	ONGOING SERVICE DESCRIPTION
		<ul style="list-style-type: none"> • Obtain warranties and other QA/QC information from suppliers as required. • Retain a document repository to maintain records of all contracts entered into by Debtor with various suppliers. • Identify contracts coming up for renewal. • Maintain current product pricing unless otherwise directed by Purchaser. • Optimize inventory levels to minimize spoilage in the warehouses.
5.	<i>Logistics and Customs</i>	<ul style="list-style-type: none"> • Execute logistics and customs activities as directed by Purchaser. • Ensure products are shipped and imported accurately in a timely and cost-effective manner in full compliance with Applicable Laws. • Coordinate with suppliers and freight companies to ensure a smooth delivery process for private brand and national products. • Proactively monitor and trace shipments with freight companies to mitigate issues. • Review and resolve any issues related to freight and logistics issues. • Ensure cost effective modes of transport are selected. • Coordinate with Purchaser to establish freight synergies with Purchaser's existing business. • Ensure efficient, timely and lawful movement of goods across international boundaries by maintaining excellent communications and relationships with customs brokers and government agencies. • Ensure all customs and excise guidelines are followed to mitigate compliance risk. • Re-establish processes to return Purchaser's business to fill-rates and timelines consistent with the Existing Contracts. • Provide fleet management services in the ordinary course and as requested by Purchaser from time to time.
6.	<i>Information Technology</i>	<ul style="list-style-type: none"> • Operate all information technology systems and services in a manner consistent with periods prior to Closing, unless otherwise directed by Purchaser.
7.	<i>Employment</i>	<ul style="list-style-type: none"> • Transition Employees are to perform their duties during the Services Period in a manner consistent with periods prior to Closing. • Retain only those Transition Employees necessary to efficiently service the Purchaser's business, in consultation with Purchaser. • Reduce the size of the Debtor's workforce as existing customers leave the Debtor's business.

	ONGOING SERVICE CATEGORY	ONGOING SERVICE DESCRIPTION
8.	<i>Health, Safety, and Environment (HSE) and Human Resources Management (HR)</i>	<ul style="list-style-type: none">• Perform duties during the Services Period in a manner consistent with periods prior to Closing, unless otherwise directed by Purchaser.• Maintain all health and safety certifications consistent with periods prior to Closing.• Manage Debtor’s Human Resources requirements, inclusive of payroll and benefits.

SCHEDULE B
TRANSITION SERVICES

	TRANSITION SERVICE CATEGORY	TRANSITION SERVICE DESCRIPTION
1.	<i>Executive</i>	<ul style="list-style-type: none">• Assist in transition of business operations to Purchaser's systems and personnel, as well as to any third party systems and personnel upon request by Purchaser.• Without limiting the obligation for Debtor to provide Purchaser with as many resources as Purchaser reasonably requires in connection with the Transition Services, appoint 3 Debtor nominees who will remain actively involved in the delivery and receipt of the Transition Services during the Term (the "Nominees").• Ensure that the Nominees are familiar and knowledgeable with the operations of the Business immediately prior to Closing.
2.	<i>Nominee Responsibilities</i>	<ul style="list-style-type: none">• Provide general oversight and supervision of the Transition Services.• Address any issue which could reasonably be expected to materially adversely affect the provision of the Transition Services.• Act as an initial point of contact for issues and disagreements that may arise in connection with the TSA.
3.	<i>Financial</i>	<ul style="list-style-type: none">• Obtain Purchaser's approval, in Purchaser's sole discretion, to a six-week rolling budget to be prepared by the Debtors in consultation with the Monitor.• Provide financial reporting, budgeting, and forecasting in the ordinary course and as requested by Purchaser from time to time.• Attend calls with Purchaser weekly (or as reasonably requested by Purchaser) to provide updates on financial reporting, budgeting, and forecasting.
4.	<i>Sales Management</i>	<ul style="list-style-type: none">• Facilitate transition of customer relationships to Purchaser.• Work with Purchaser to manage the wind-down of non-strategic accounts that will not be part of the long-term business.
5.	<i>Purchasing</i>	<ul style="list-style-type: none">• Facilitate transition of purchasing activities and vendor relationships to Purchaser.• As promptly as practicable, wind down inventory of customers who are exiting the business.
6.	<i>Logistics and Customs</i>	<ul style="list-style-type: none">• Facilitate transition of logistics and customs functions to Purchaser or a third party of Purchaser's choosing.• Work with Purchaser to optimize rolling stock fleet as non-strategic customers exit the business.

	TRANSITION SERVICE CATEGORY	TRANSITION SERVICE DESCRIPTION
7.	<i>Information Technology / Data</i>	<ul style="list-style-type: none">• Assist Purchaser with integrating any of Debtor's information technology systems and source code into Purchaser's environment, including by providing all records, reports, documentation, and information that a reasonably skilled programmer would require to complete such integration and maintain such systems going forward without assistance from Debtor.• Maintain Purchaser's access to Debtor's information technology systems.• Assist with data migration.
8.	<i>Health, Safety, and Environment (HSE) and Human Resources Management (HR)</i>	<ul style="list-style-type: none">• If applicable, provide all assistance reasonably requested by the Purchaser in facilitating the resignation of any Hired Employees from the employ of the Debtors and their subsequent engagement by the Purchaser. For clarity, nothing in this TSA requires the Purchaser to hire any of the Transition Employees.
9.	<i>Reporting</i>	<ul style="list-style-type: none">• Attend calls with Purchaser every two weeks, or more frequently as may be requested by Purchaser, to provide updates on transition progress.
10.	<i>CCAA</i>	<ul style="list-style-type: none">• Abide by all legal obligations of the Debtors pursuant to the CCAA.• Work co-operatively with the Monitor in the exercise of its duties.

SCHEDULE C
TRANSITION CONTRACTS

Contract	External Parties	Category	Effective Date	End Date	Notes
Strategic Alliance Distributorship Agreement	Complete Distribution Services Ltd.	Distribution	31-Aug-21	31-Aug-24	
Service Agreement	JTI-Macdonald Corp.	Distribution	1-Oct-22	Until terminated	
Strategic Alliance Distributorship Agreement	OH Armstrong Ltd.	Distribution	22-Jun-22	22-Jun-25	Terminated 15-Sep-23
Distribution Agreement	Rothmans, Benson & Hedges Inc.	Distribution	25-Apr-22	31-Dec-23	
Product Supply Agreement	Itwal Limited	Supply	1-Jan-86	Until terminated	
Delivery Services Agreement	Imperial Tobacco Company Limited	Distribution	Jan-22	31-Dec-25	
Repair and Maintenance Agreement	Ryder Truck Rental, Ltd.	Operational Services Agreement	5-Apr-18		
Insurance Contracts					
Policy Number and Type of Insurance	Insurer	Additional Insureds	Effective Date	End Date	Notes
Policy Number SOV79847464 related to Unit #120 & 130, 7350 Wilson Avenue, Delta, BC	Sovereign General Insurance Company	Tariff Developments Inc. (solely to the Commercial General Liability arising out the operations of Wallace & Carey)	30-Apr-23	31-Dec-23	Commercial general liability for business of Wallace & Carey.
Policy Number SOV79847464 related to 14430-14494 157 Ave NW, Edmonton, AB	Sovereign General Insurance Company	Skyline Commercial Real Estate Holdings Inc. and Skyline Commercial Management Inc. (solely to the Commercial General Liability arising out of the operations of Wallace & Carey)	30-Apr-23	31-Dec-23	Commercial general liability for business of Wallace & Carey.
Policy Number SOV79847464 related to 617 Park St. Regina, SK	Sovereign General Insurance Company		30-Apr-23	31-Dec-23	Commercial general liability for business of Wallace & Carey.
Policy Number SOV79847464 related to 1- 6, 20 Bental St. Winnipeg, MB	Sovereign General Insurance Company		30-Apr-23	31-Dec-23	Commercial general liability for business of Wallace & Carey.
Policy Number SOV79847464 related to 2226 South Service Rd W, Oakville ON	Sovereign General Insurance Company		30-Apr-23	31-Dec-23	Commercial general liability for business of Wallace & Carey.
Policy Number SOV79847464 related to 8, 3703 Millar Ave, Saskatoon, SK	Sovereign General Insurance Company		30-Apr-23	31-Dec-23	Commercial general liability for business of Wallace & Carey.
Policy Number SOV79847464 related to 14430 - 14494 157 Ave NW, Edmonton, AB	Sovereign General Insurance Company		30-Apr-23	31-Dec-23	Commercial general liability for business of Wallace & Carey.
Policy Number SOV79847464 related to 5225 8 St NE, Calgary, AB	Sovereign General Insurance Company		30-Apr-23	31-Dec-23	Commercial general liability for business of Wallace & Carey.
Policy Number SOV79847464 related to 58, 4386 Boban Dr, Nanaimo, BC	Sovereign General Insurance Company		30-Apr-23	31-Dec-23	Commercial general liability for business of Wallace & Carey.
Policy Number SOV79847464 related to 1230 Industrial Rd, West Kelowna, BC	Sovereign General Insurance Company		30-Apr-23	31-Dec-23	Commercial general liability for business of Wallace & Carey.
Policy Number SOV79847464 related to 5445 8th St NE, Calgary, AB	Sovereign General Insurance Company		30-Apr-23	31-Dec-23	Commercial general liability for business of Wallace & Carey.
Policy Number 10000011453	Travelers Insurance		30-Apr-23	30-Apr-24	Theft, funds transfer fraud, computer crime coverage for Wallace & Carey Inc.
Policy number EB79847464	Travelers Insurance		30-Apr-23	31-Dec-23	Equipment breakdown coverage for Wallace & Carey Inc.
Policy Number 2000309P	Aviva Insurance Company		30-Apr-23	31-Dec-23	Property insurance for business of Wallace & Carey.

<p>Canadian Western Bank (solely with respect to its interest in 1230 Industrial Road, Kelowna, BC and 5445 - 8th Street NE, Calgary, AB, and liability of arising from Wallace & Carey occupation of that property.)</p>			
<p>Noort Investments (solely with respect to its interest as landlord in Unit 5B, 4386 Boban Drive, Nanaimo BC, and liability of arising from Wallace & Carey occupation of that property.)</p>			
<p>Willow Holdings (solely with respect to its interest as landlord in 5228 - 8th Street NE, Calgary, AB, and liability of arising from Wallace & Carey occupation of those properties.)</p>			
<p>Penske Truck Leasing Canada (solely with respect to long term leased and short term rented trucks w/o trailers, by written contract with Wallace and Carey, and liability of arising from Wallace & Carey operation of the vehicles.)</p>	<p>Intact Insurance Company</p>	<p>30-Apr-23</p>	<p>Umbrella liability coverage for business of Wallace & Carey over and above General Liability Policy #: 31-Dec-23 SOV79847464</p>
<p>Penske Truck Leasing Canada (solely with respect to long term leased and short term rented trucks w/o trailers, by written contract with Wallace and Carey, and liability of arising from Wallace & Carey operation of the vehicles.)</p>	<p>Northbridge General Insurance Company</p>	<p>31-Oct-23</p>	<p>Coverage on all vehicles leased and owned by Wallace & Carey.</p>

General Additional Insured:
Canadian Imperial Bank of Commerce (as its interest may appear)
Liftex Equipment Rentals Inc. (as its interest may appear)
Costco Wholesale Canada Ltd. (with respective to Liability Coverage as per Form # S70195)
Costco Wholesale Corporation and/or any subsidiary, proprietary company or corporation, partnership or joint venture (with respective to Liability Coverage as per Form # S70195)

SCHEDULE D
OPTION EQUIPMENT LEASES

Lease and Identifier	Category	Issuer	Effective Date	Notes
Vehicle Lease Service Agreement	Equipment Lease	Penske Truck Leasing Canada Inc.	5-Mar-20	
Truck Lease and Service Agreement	Equipment Lease	Ryder Truck Rental, Ltd.	14-Mar-84	
Master Lease Agreement	Equipment Lease	G.N. Johnston Equipment Co. Ltd.	1-Dec-18	

Branch	Year	Make	Model	W & C	Vehicle #	Vehicle Identification #	Location	Status	Lease Company	Lease #/ Unit #	Active
CGY	2018	FREIGHTLINER	MM112064S	682904	682904	3ALHC5DV9JDK7646	AB	LEASED	Paclasee	260-1873	
CGY	2018	FREIGHTLINER	MM106042S	682906	682906	3ALACXFD0JDK7648	AB	LEASED	Paclasee		
CGY	2019	FREIGHTLINER	M2	840788	840788	3ALHCYFE7KDKS2660	AB	LEASED	PENSKKE	236332	
CGY	2019	FREIGHTLINER	Cascadia	839748	839748	3AKJGBDV4KSKR0016	AB	LEASED	PENSKKE	236331	
CGY	2019	FREIGHTLINER	MM106064S	840304	840304	3ALHCYFE5KDKR3520	AB	WAIT LEASE/RENT	PENSKKE	470785	
CGY	2019	FREIGHTLINER	MM106064S	839751	839751	3ALHCYFE9KDKR3519	AB	LEASED	PENSKKE	201929	
CGY	2019	FREIGHTLINER	MM106064S	840327	840327	3ALHCYFE7KDKR3521	AB	LEASED	PENSKKE	197780	
CGY	2019	FREIGHTLINER	MM106064S	840356	840356	3ALHCYFE9KDKR3522	AB	LEASED	PENSKKE	155284	
CGY	2018	FREIGHTLINER	MM106042S	682905	682905	3ALACXFD9JDK7647	AB	LEASED	PENSKKE	236334	
CGY	2020	CIMCR	Continuous	48R007	48R007	5275R4822LL017261	AB	LEASED	PENSKKE	236335	
CGY	2021	FREIGHTLINER	Cascadia	236332	236332	3AKJHHR3MSMP4966	AB	LEASED	PENSKKE	236337	
CGY	2021	Commercial	Utility Trailer	236331	236331	1UYV5248XM2352302	AB	LEASED	PENSKKE	236338	
CGY	2023	INTERNATIONAL	MV607	470785	470785	WAIT LEASE	AB	LEASED	PENSKKE	236339	
CGY	2023	FREIGHTLINER	Cascadia 116	201929	201929	3ALHHTDV9PDU02221	AB	LEASED	PENSKKE	236340	
CGY	2023	FREIGHTLINER	M2	197780	197780	3ALACXFD8PDU02545	AB	LEASED	PENSKKE	236341	
CGY	2023	FREIGHTLINER	Cascadia	155284	155284	3AKJHHR3PSN9737	AB	LEASED	PENSKKE	236342	
EDM	2021	FREIGHTLINER	Cascadia	236334	236334	3AKJHHR7MSP4968	AB	LEASED	PENSKKE	292137	
EDM	2020	CIMCR	Continuous	48R008	48R008	5275R4822LL017262	AB	LEASED	PENSKKE	292138	
EDM	2021	FREIGHTLINER	Cascadia	236335	236335	3AKJHHR3MSMP4969	AB	LEASED	PENSKKE	292141	
EDM	2021	FREIGHTLINER	M2	236337	236337	3ALACXFD4MIMP4971	AB	LEASED	PENSKKE	292139	
EDM	2021	FREIGHTLINER	M2	236338	236338	3ALACXFD6MIMP4972	AB	LEASED	PENSKKE	236345	
EDM	2021	FREIGHTLINER	M2	236339	236339	3ALACXFD8MIMP4973	AB	LEASED	PENSKKE	236330	
EDM	2021	FREIGHTLINER	M2	236340	236340	3ALACXFDXMDMP4974	AB	LEASED	PENSKKE	292143	
EDM	2021	FREIGHTLINER	M2	236341	236341	3ALACXFD1MIMP4975	AB	LEASED	PENSKKE	197781	
EDM	2021	FREIGHTLINER	M2	236342	236342	3ALACXFD3MIMP4976	AB	LEASED	PENSKKE	406809	
EDM	2021	FREIGHTLINER	Cascadia 116	292137	292137	3ALHHTDV4MSMP6042	AB	LEASED	Penske	236336	
EDM	2021	FREIGHTLINER	Cascadia 116	292138	292138	3ALHHTDV6MSMP6043	AB	LEASED	PENSKKE	292140	
EDM	2021	FREIGHTLINER	Cascadia 116	292141	292141	3ALHHTDV1MSMP6046	AB	LEASED	PENSKKE	236344	
EDM	2021	FREIGHTLINER	Cascadia 116	292139	292139	3ALHHTDV8MSMP6044	AB	LEASED	PENSKKE		
EDM	2021	FREIGHTLINER	M2	236345	236345	3ALACXFD9MIMP4979	AB	LEASED	PENSKKE		
EDM	2021	48x13 Utility	Trailer w/Reefer	236340	236340	1UYV5248M2352301	AB	LEASED	PENSKKE		
EDM	2021	FREIGHTLINER	Cascadia 116	292143	292143	3ALHHTDV5MSMP6048	AB	LEASED	PENSKKE		
EDM	2023	FREIGHTLINER	Cascadia 116	197781	197781	3ALHHTDV7PDU02220	AB	LEASED	Ryder	682904	
KELOWNA	2019	FREIGHTLINER	Tractor Sleeper Cab	D 07	D 07	3AKJGLDR9KSKR0019	BC	LEASED	Ryder	682906	
KELOWNA	2019	FREIGHTLINER	Tandem	D 09	D 09	1FVHC5DV9KHKR3547	BC	LEASED	Ryder	840788	
KELOWNA	2018	FREIGHTLINER	Tractor Sleeper Cab	D 16	D 16	3AKJGLFG9KSKR3546	BC	LEASED	Ryder	839748	
KELOWNA	2022	FREIGHTLINER	CASCADIA	D 29	D 29	3AKJGED61GSGZ2628	BC	LEASED	Ryder	840304	
KELOWNA	2021	FREIGHTLINER	Tractor Sleeper Cab	D 33	D 33	3AKJHHR5MSMP4970	BC	LEASED	Ryder	839751	
KELOWNA	2016	KENWORTH	Tractor Day Cab	D 66	D 66	1XKYD49X5HJ989079	BC	LEASED	Ryder	840327	
KELOWNA	2019	FREIGHTLINER	Tractor Day Cab	D 77	D 77	3AKJGBDV4KSKX1725	BC	LEASED	Ryder	840356	
KELOWNA	2019	FREIGHTLINER	Tractor Day Cab	D 93	D 93	3AKJGEF60KSKR3544	BC	LEASED	Ryder	682905	
KELOWNA	2016	KENWORTH	Tractor Day Cab	D 97	D 97	1XKYD49X7GJ983492	BC	LEASED	Ryder	839810	
KELOWNA	2016	TRAILER	53' Tri Temp	T 08	T 08	1GRAA0633GB705864	BC	LEASED	Ryder	841940	
KELOWNA	2015	TRAILER	38' Dual Temp	T 09	T 09	1GRAA7625GB705865	BC	LEASED	Ryder	841881	
KELOWNA	2017	TRAILER	48' Dual Temp	T 11	T 11	1UYV52482J232801	BC	LEASED	Ryder	867416	
KELOWNA	2019	TRAILER	40' Dual Temp	T 12	T 12	1UYV52406J232801	BC	LEASED	Ryder		
KELOWNA	2019	TRAILER	48' Dual Temp	RG05	RG05	527SR4823LL017222	BC	LEASED	Ryder		
KELOWNA	2019	TRAILER	40' Dual Temp	RG06	RG06	527SR4825LL017223	BC	LEASED	Ryder		
KELOWNA	2019	TRAILER	48' Dual Temp	RG19	RG19	527SR4022LL017224	BC	LEASED	Ryder		
KELOWNA	2019	TRAILER	53' Tri Temp	R684	R684	527SR5331LL017225	BC	LEASED	Ryder		
KELOWNA	2019	TRAILER	53' Tri Temp	R685	R685	527SR5333LL017226	BC	LEASED	RYDER		
KELOWNA	2019	TRAILER	53' Tri Temp	R686	R686	527SR5335LL017227	BC	LEASED	RYDER		
KELOWNA	2019	TRAILER	53' Tri Temp	R687	R687	527SR5337LL7228	BC	LEASED	RYDER		
KELOWNA	2018	UTILITY	TRAILER	T12	T12	1UYV52406J232801	BC	LEASED	RYDER		
NANAIMO	2019	FREIGHTLINER	Freightliner	41067	41067	3ALHCYFE3KDKR3533	BC	LEASED	RYDER		
NANAIMO	2019	FREIGHTLINER	Freightliner	40805	40805	3ALHCYFEKDKR3531	BC	LEASED	RYDER		
NANAIMO	2021	FREIGHTLINER	Cascadia 116	292140	292140	3ALHHTDVXMSMP6045	AB	LEASED	RYDER		
NANAIMO	2007	FREIGHTLINER	Freightliner	749	749	1FUJAGCK47PX42302	BC	LEASED	RYDER		
DELTA	2020	FREIGHTLINER	5 TON	169	169	RENTAL	BC	LEASED	RYDER		

LEASE NUMBER	LOCATION	CONTRACT START	CONTRACT EXP.	STATUS	UNIT DESCRIPTION	SERIAL NUMBERS	CONTRACT SUBTYPE	CUSTOMER NAME
18892	OAKVILLE	1-Feb-19	1-Feb-24	ACTIVE	1) 4 x RAYMOND MODEL 7300 R35TT 96 20414	1) 720-18-AC03853, 720-18-AC03954	LEASE	WALLACE & CAREY INC
19235	SASKATOON	1-Apr-19	1-Apr-24	ACTIVE	2) 2 x DEKA BATTERY MODEL 12D126173127-14.12 3) 2 x DEKA CHARGERS MODEL Q4- 24/36-150-B 1) RAYMOND MODEL 7300 R35TT 95 20416.1	2) 1603LH, 1602LH 3) 2-10-0918-00335, 2-10-0918-00123 1) 730-18-BC03855	LEASE	WALLACE & CAREY INC
19238	CALGARY	1-Apr-19	1-Apr-24	ACTIVE	2) DEKA BATTERY MODEL 18D12511694-14.12REA 1) 4 x RAYMOND MODEL 7300 R35TT 95 21616.1	2) 1811HI 1) 730-19-AC04176, 730-19-AC04180, 730-19-AC04181, 730-19-AC04186	LEASE	WALLACE & CAREY INC
19652	OAKVILLE	1-Aug-19	1-Aug-24	ACTIVE	2) 4 x DEKA BATTERY MODEL 18-D125 13 1) 2 x RAYMOND MODEL 7200 R35TT 91 20414	2) 2990LH, 2891LH, 2992LH, 2993LH 1) 720-19-AC04695, 720-19-AC04696	LEASE	WALLACE & CAREY INC
19653	CALGARY	1-Aug-19	1-Aug-24	ACTIVE	2) 2 x DEKA BATTERY MODEL 12-D125 15-3613	2) 6883FI, 6884FI	LEASE	WALLACE & CAREY INC
19654	OAKVILLE	1-Aug-19	1-Aug-24	ACTIVE	3) 2 x DEKA CHARGERS MODEL Q4- 24/36-150-B 1) RAYMOND MODEL 7300 R35TT 91 20416.1 1) 2 x RAYMOND MODEL 8410 FRE60L 48 27	3) 2-10-0419-00027, 2-10-0419-00030 1) 730-19-BC04679 1) 841-19-49548, 841-19-4959	LEASE	WALLACE & CAREY INC
20105	DELTA	1-Nov-19	1-Nov-23	ACTIVE	2) 2 x DEKA BATTERY MODEL 12-D85 13	2) 7556EI, 7557EI	LEASE	WALLACE & CAREY INC
20111	CALGARY	1-Nov-19	1-Nov-24	ACTIVE	3) 2 x DEKA CHARGERS MODEL Q4- 24/36-100-B 1) CARNEY BATTERY CHANGE 24V - 30 INCH 1) RAYMOND MODEL 8410 - FRE60L 46 27	3) 2-10-0419-20887, 2-10-0419-20889 1) CR10044 1) 841-19-51117	LEASE	WALLACE & CAREY INC
20155	DELTA	1-Dec-19	1-Dec-23	ACTIVE	2) DEKA BATTERIES MODEL 12-D85 13	2) 5094HI	LEASE	WALLACE & CAREY INC
20160	CALGARY	1-Dec-19	1-Dec-23	ACTIVE	1) ADVANCE SCRUBBER 36C ECOFLEX SC6000 1) 4 x RAYMOND MODEL 8210 F45L 48 22	1) 3510181700231 1) 821-19-40032, 821-19-40033, 821-19-40034, 821-19-40035	LEASE	WALLACE & CAREY INC
20261	DELTA	1-Dec-19	1-Dec-24	ACTIVE	2) 6 x ENERSYS BATTERIES MODEL 510164T-SGRY RTJ00071247, RTJ00071248, RTJ00071249, RTJ00071250, RTJ00071283, RTJ00071285	2) RTJ00071247, RTJ00071248, RTJ00071249, RTJ00071250, RTJ00071283, RTJ00071285	LEASE	WALLACE & CAREY INC
					1) 2 x RAYMOND MODEL 8410 FRE60L 48 27	1) 841-19-51607, 841-19-51634	LEASE	WALLACE & CAREY INC
					2) 4 x DEKA BATTERIES MODEL 12- D85-13-3019	2) 4890HI, 4890HI, 5101HI, 5101HI	LEASE	WALLACE & CAREY INC
					3) 2 x DEKA CHARGER MODEL Q4- 24/36-150-B	3) 2-15-0819-22125, 2-15-0819-22126	LEASE	WALLACE & CAREY INC

20303 DELTA	1-Jan-20	1-Jan-25 ACTIVE	1) 5 x RAYMOND MODEL 7500 R35TT 11025016.2 2) 10 x DEKA BATTERIES MODEL 18-D125-13-6C79 3) 2 x DEKA CHARGER MODEL Q4-24/36-150-B 1) RAYMOND MODEL 415 C35TT 88 20316.5 2) DEKA BATTERIES MODEL 18-D125-13-6C79 3) DEKA CHARGER MODEL Q4-24/36-150-B 1) RAYMOND MODEL 530 OPC-30TT 107240 2) DEKA BATTERIES MODEL 12D125133008-13 3) DEKA CHARGER MODEL Q4-24/36-150-B 1) RAYMOND MODEL 7300 R36TT 10725216.1 2) GNB BATTERY MODEL M2701812513B 3) GNB CHARGER MODEL XPS-18-750 20509.1-1-01	1) 750-19-AC76071, 750-19-AC76072, 750-19-AC76073, 750-19-AC76074, 750-19-AC76075 2) 5768HI, 5769HI, 5770HI, 5773HI, 5774HI, 5775HI, 5778HI, 5779HI, 5780HI, 5781HI 3) 7-15-0919-22608, 2-15-0819-22138, 2-15-0819-22142, 2-15-0819-22146, 2-15-0819-22281 1) 415-19-66043 2) 4130HI 3) 2-15-0819-22148 1) 530-20-01933 2) 1476JI 3) 7-15-0919-22678 1) 730-20-AC06946 2) GKZ2018 3) 20509.1-1-01	LEASE LEASE LEASE LEASE	WALLACE & CAREY INC
20337 DELTA	1-Jan-20	1-Jan-25 ACTIVE	1) RAYMOND MODEL 415 C35TT 88 20316.5 2) DEKA BATTERIES MODEL 18-D125-13-6C79 3) DEKA CHARGER MODEL Q4-24/36-150-B 1) RAYMOND MODEL 530 OPC-30TT 107240 2) DEKA BATTERIES MODEL 12D125133008-13 3) DEKA CHARGER MODEL Q4-24/36-150-B 1) RAYMOND MODEL 7300 R36TT 10725216.1 2) GNB BATTERY MODEL M2701812513B 3) GNB CHARGER MODEL XPS-18-750 20509.1-1-01	1) 750-19-AC76071, 750-19-AC76072, 750-19-AC76073, 750-19-AC76074, 750-19-AC76075 2) 5768HI, 5769HI, 5770HI, 5773HI, 5774HI, 5775HI, 5778HI, 5779HI, 5780HI, 5781HI 3) 7-15-0919-22608, 2-15-0819-22138, 2-15-0819-22142, 2-15-0819-22146, 2-15-0819-22281 1) 415-19-66043 2) 4130HI 3) 2-15-0819-22148 1) 530-20-01933 2) 1476JI 3) 7-15-0919-22678 1) 730-20-AC06946 2) GKZ2018 3) 20509.1-1-01	LEASE LEASE LEASE LEASE	WALLACE & CAREY INC
21358 DELTA	1-Aug-2020	1-Aug-2025 ACTIVE	1) RAYMOND MODEL 7300 R36TT 10725216.1 2) GNB BATTERY MODEL M2701812513B 3) GNB CHARGER MODEL XPS-18-750 20509.1-1-01	1) 730-20-AC06946 2) GKZ2018 3) 20509.1-1-01	LEASE	WALLACE & CAREY INC
22559 THUNDER BAY	1-Feb-2021	1-Feb-2026 ACTIVE	1) RAYMOND MODEL 7300 R36TT 10725216.1 2) GNB BATTERY MODEL M2701812513B 3) GNB CHARGER MODEL XPS-18-750 20509.1-1-01	1) 730-20-AC06946 2) GKZ2018 3) 20509.1-1-01	LEASE	WALLACE & CAREY INC
23844 CALGARY	1-Jan-2022	1-Jan-2025 ACTIVE	1) 2 x RAYMOND MODEL 8210 F45L 48 27 3) GNB CHARGER MODEL XPS-18-750 20509.1-1-01	1) 821-21-53950, 821-21-53951 3) 20509.1-1-01	LEASE	WALLACE & CAREY INC
23988 THUNDER BAY	1-Feb-2022	1-Feb-2025 ACTIVE	1) 2 x ENERSYS BATTERY MODEL 5101641-SGRY 2) 2 x ENERSYS BATTERY MODEL 5101641-SGRY 1) 2 x RAYMOND MODEL 8210 F45L 48 27 2) 2 x ENERSYS BATTERY MODEL 5101641-SGRY 1) 3 x DEKA BATTERIES MODEL 16-D125-13-6D44 1) 2 x DEKA BATTERIES MODEL 12-D85-13-3019 1) RAYMOND MODEL 6410 FRE60L 48 27	2) CVK80034016, CVK80034017 2) CVK80034011, CVK60034012 1) 2638HL, 1644HL, 3587HL 1) 2143L, 2142L, 2141L, 2140L, 2139L, 2138L 2) 1397HL, 1394HL, 1393HL, 1398HL 1) 841-12-11307	LEASE LEASE LEASE LEASE LEASE	WALLACE & CAREY INC
24734 EDMONTON	1-Oct-2022	1-Oct-2025 ACTIVE	1) 3 x DEKA BATTERIES MODEL 16-D125-13-6D44 1) 2 x DEKA BATTERIES MODEL 12-D85-13-3019 1) RAYMOND MODEL 6410 FRE60L 48 27	1) 2638HL, 1644HL, 3587HL 1) 2143L, 2142L, 2141L, 2140L, 2139L, 2138L 2) 1397HL, 1394HL, 1393HL, 1398HL 1) 841-12-11307	LEASE LEASE LEASE	WALLACE & CAREY INC
24835 DELTA	11-Nov-2022	11-Nov-2025 ACTIVE	1) 2 x DEKA BATTERIES MODEL 12-D85-13-3019 1) RAYMOND MODEL 6410 FRE60L 48 27	2) 1397HL, 1394HL, 1393HL, 1398HL 1) 841-12-11307	LEASE	WALLACE & CAREY INC
24887 CALGARY	1-Dec-2022	1-Dec-2024 ACTIVE	1) RAYMOND MODEL 6410 FRE60L 48 27 2) NEW BATTERY 1) RAYMOND MODEL EZACT R40TT 95 211 2) RENEWED BATTERY	1) 841-12-11307 2) 82924005 1) EZ-15-DF53175 2) RSK129638	LEASE LEASE LEASE	WALLACE & CAREY INC
25042 CALGARY	1-Jan-2023	1-Jan-2028 ACTIVE	1) RAYMOND MODEL EZACT R40TT 95 211 2) RENEWED BATTERY	1) EZ-15-DF53175 2) RSK129638	LEASE LEASE	WALLACE & CAREY INC

25392 DELTA	1-Apr-2023	1-Apr-2026 ACTIVE	1) 5 x RAYMOND MODEL 8210 F45L 48 27 1) 821-23-0062860, 821-23-0062861, 821-23-0062862, 821-23-0062863, 821-23-0062864 2) 5 x ENERSYS BATTERIES MODEL 5101641-SGRY 2) RWE00386231, RWE00386230, RWE00386229, RWE00386228, RWE00386269 1) RAYMOND MODEL 8410 FRE80L 48 27 1) 841-13-145-09 2) STRIKER BATTERY MODEL 12S-85- 2) 91792M6 13 1) RAYMOND MODEL 7300 DR30TT 95 20716.1 1) 841-13-145-09 2) STRIKER BATTERY MODEL 18-D125-2) 2168IL 13-6444 1) 4 x RAYMOND MODEL 7300 R35TT 95 21616.1 1) 730-23-AC0010182, 730-23-AC0010183, 730-23-AC0010186 2) 4 x DEKA BATTERY MODEL 13-6D44 1) 18-D125-2) 2908IL, 2910IL, 2915IL, 2916IL 1) 3 x RAYMOND MODEL 8210 F45L 48 27 1) 821-21-0064697, 821-21-0064698, 821-21-0064699 2) 3 x ENERSYS BATTERY MODEL 5101641-SGRY 2) RWI00425882, RWI00425666, RWI00425664	LEASE	WALLACE & CAREY INC
25444 CALGARY	1-May-2023	1-May-2025 ACTIVE	1) DEKA BATTERY MODEL 12-D125-15-1) 1509DM 3670 1) DEKA BATTERY MODEL 12-D125-15-1) 1440EM, 1441EM 3670 1) ENERSYS BATTERY MODEL 5101641-SGRY 1) NOT ANNEXED TO LEASE	LEASE	WALLACE & CAREY INC
25505 CALGARY	1-May-2023	1-May-2028 ACTIVE		LEASE	WALLACE & CAREY INC
25506 CALGARY	1-May-2023	1-May-2028 ACTIVE		LEASE	WALLACE & CAREY INC
25521 KELOWNA	1-May-2023	1-May-2026 ACTIVE		LEASE	WALLACE & CAREY INC
25551 WINNIPEG	1-Jun-2023	1-Jun-2026 ACTIVE		LEASE	WALLACE & CAREY INC
25580 OAKVILLE	1-Jun-2023	1-Jun-2028 ACTIVE		LEASE	WALLACE & CAREY INC
25700 WINNIPEG	1-Jun-2023	1-Jun-2026 ACTIVE		LEASE	WALLACE & CAREY INC

¹ Note this lease is not countersigned nor is Schedule A present. Information is that it is active from approximately these dates.

SCHEDULE E
TRANSITION PERMITS

Permit/License Name	Category	Issuer	Date of Issue	Notes
Wholesale Dealer Permit (Under the Tobacco Tax Act)	Tobacco License	British Columbia Ministry of Finance	15-Nov-21	
Province of Alberta Tobacco License	Tobacco License	Alberta Treasury Board and Finance	16-Sep-14	Revoked Sept 29, 2023
Province of Alberta Tobacco License	Tobacco License	Alberta Revenue	31-Jul-04	Revoked Sept 29, 2023
License to Import Tobacco	Tobacco License	Saskatchewan Finance	31-Aug-99	
Manitoba Tobacco/Fuel Tax License	Tobacco License	Government of Manitoba	5-Dec-07	
Wholesaler's Permit (Issued pursuant to the Tobacco Tax Act)	Tobacco License	Ontario Ministry of Finance	13-Dec-22	For Oakville location
Wholesaler's Permit (Issued pursuant to the Tobacco Tax Act)	Tobacco License	Ontario Ministry of Finance	13-Dec-22	For Calgary location
Wholesale Dealers Permit	Tobacco License	Government of Northwest Territories	6-Nov-17	
Wholesale Dealers Permit	Tobacco License	Government of Nunavut	31-Aug-99	
Tobacco Wholesale Dealer's Permit	Tobacco License	Yukon Finance	9-Sep-09	
Tobacco Wholesale Vendor	Tobacco License	New Brunswick Finance and Treasury Board	28-Sep-16	
Wholesale Vendor's Permit	Tobacco License	Service Nova Scotia and Internal Services	1-Apr-23	
Wholesale Vendor's Permit	Tobacco License	Province of Prince Edward Island	7-Jun-17	
Notice of the Issue of a Permit	Tobacco License	Revenu Quebec	16-Jan-18	
Single-use Retail Bag Distributor Registration	Single-use Retail Bags	Government of Northwest Territories	1-Feb-22	
International Fuel Tax Agreement	IFTA	Tax and Revenue Administration Alberta	16-Dec-22	
Provincial Sales Tax Letter of Registration	PST Tax Permit	British Columbia Ministry of Finance	16-Jan-13	
Vendor License	Vendor License	Sasatchewan Revenue and Financial Services	N/A	
Medical Device Establishment License	Medical Device Establishment License	Health Canada	1-Sep-23	

APPENDIX D

[ATTACHED]

CERTIFIED *E. Wheaton*
by the Court Clerk as a true copy of the
document digitally filed on Feb 8, 2024

COURT FILE NUMBER 2301 - 08305

COURT COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

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

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

APPLICANTS WALLACE & CAREY INC, LOUDON BROS
LIMITED, and CAREY MANAGEMENT INC.

DOCUMENT **ORDER**

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

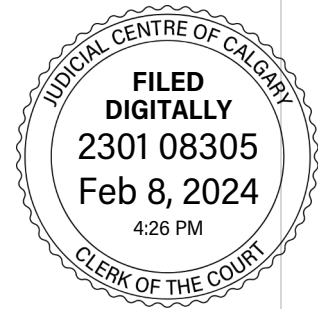
Cassels Brock & Blackwell LLP
Suite 3810, Bankers Hall West
888 3 Street SW
Calgary, AB T2P 5C5

Telephone: 403.351.2921/416.860.5223
Facsimile: 403.648.1151
Email: joliver@cassels.com / jdietrich@cassels.com

Attention: Jeffrey Oliver/Jane Dietrich

File No.: 54670-3

Clerk's Stamp



DATE ON WHICH ORDER WAS PRONOUNCED: February 7, 2024

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice B.B. Johnston

UPON THE APPLICATION of KSV Restructuring Inc., in its capacity as the Court-appointed Monitor (in such capacity, the "**Monitor**") of Wallace & Carey Inc. ("**W&C**"), Loudon Bros Limited, and Carey Management Inc. (collectively, the "**Companies**") for an Order (among other things) approving the professional fees and disbursements of the Monitor and its counsel, approving the Monitor's activities, authorizing the Recommended Distribution (as defined in the Eighth Report of the Monitor, dated January 29, 2024 (the "**Eighth Report**")) and granting the TSA Charge (as defined below); **AND UPON** having reviewed the Amended and Restated Initial Order of this Court pronounced June 30, 2023 (the "**ARIO**"); the Transaction Approval and Vesting Order pronounced on November 17, 2023 (the "**Transaction Approval and Vesting Order**"); the Eighth Report; the Fee Affidavit of Jane Dietrich, sworn January 29,

2024 (the “**Dietrich Fee Affidavit**”); the Second Fee Affidavit of Robert Kofman, sworn January 29, 2024 (the “**Kofman Fee Affidavit**”); and the Affidavit of Service of Angeline Gagnon, sworn February 7, 2024; **AND UPON** hearing counsel for the Monitor and any other interested parties appearing at the within application; **AND UPON** being satisfied that it is appropriate to do so;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Eighth Report.

SERVICE

2. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and time for service of this application is abridged to that actually given.

MONITOR’S ACTIVITIES AND PROFESSIONAL FEES

3. The Monitor’s actions, conduct and as disclosed in the Eighth Report are hereby ratified and approved.
4. The Monitor's accounts for fees and disbursements, as set out in the Eighth Report and the Kofman Fee Affidavit, are hereby approved without the necessity of a formal passing of its accounts.
5. The accounts of the Monitor's legal counsel, Cassels Brock & Blackwell LLP, for its fees and disbursements, as set out in the Eighth Report and the Dietrich Fee Affidavit, are hereby approved without the necessity of a formal assessment of its accounts.

SERVICE OF ORDER

6. Service of this Order shall be deemed good and sufficient by:
 - (a) serving the same on:
 - i. the persons listed on the service list created in these proceedings;
 - ii. any other person served with notice of the application for this Order;
 - iii. any other parties attending or represented at the application for this Order; and
 - (b) posting a copy of this Order on the Monitor's website established in connection with these proceedings, for no less than six months from the date of this Order; and service on any

other person is hereby dispensed with.

7. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier.

BB Johnston

Justice of the Court of King's Bench of Alberta

APPENDIX E

[ATTACHED]

CERTIFIED *E. Wheaton*
by the Court Clerk as a true copy of the
document digitally filed on Feb 8, 2024

Clerk's Stamp:

COURT FILE NUMBER: 2301-08305
COURT COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, RSC 1985, c C-36, as amended
230108305
Feb 8, 2024

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

APPLICANTS WALLACE & CAREY INC, LOUDON BROS LIMITED, and
CAREY MANAGEMENT INC.

DOCUMENT **SCHEDULING ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
MILLER THOMSON LLP
Barristers and Solicitors
525 - 8 Ave SW, 43rd Floor
Calgary, AB T2P 1G1

Attention: James W. Reid / Pavin Takhar

Telephone: 403.298.2418 / 403.298.2432

Fax: 403.262.0007

Email: jwreid@millerthomson.com /
ptakhar@millerthomson.com

File No.: 0221652.0006

DATE ON WHICH ORDER WAS PRONOUNCED: February 7, 2024

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary

NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice B.B. Johnston

UPON THE APPLICATION of Wallace & Carey Inc. ("**Wallace & Carey**") to establish a litigation schedule for the hearing of a dispute between Wallace & Carey and Dakin News Systems Inc. ("**INS News**" and together with Wallace & Carey, collectively, the "**Parties**") for payment of certain alleged accounts receivable owing by INS News to Wallace & Carey (the "**Application**");

Wallace & Carey BBJ

AND UPON hearing that the Parties have agreed to the following litigation schedule and that the

terms are acceptable to KSV Restructuring Inc., in its capacity as Court-appointed monitor of, among others, the Applicant (the "**Monitor**");

And upon hearing INS was properly served with this Application but failed to attend:

IT IS HEREBY ORDERED AND DECLARED THAT:

1. The following litigation schedule shall apply:
 - a. Wallace & Carey shall file and serve the Application, any evidence, and any brief of law that it intends to rely on at the hearing of the Application on or before March 18, 2024;
 - b. Questioning, if any, of Wallace & Carey witness(es) shall take place on or before March 22, 2024;
 - c. INS News shall provide any evidence, and any brief of law that it intends to rely on at the hearing of the Application on or before March 25, 2024;
 - d. Questioning, if any, of INS News' witness(es) shall take place on or before March 29, 2024;
 - e. The Monitor shall file and serve its report with respect to the Application, if any, on or before April 4, 2024;
 - f. Response materials of the Parties, if any, shall be filed and served on or before April 8, 2024; and
 - g. The Application shall be heard on April 16, 2024, commencing at 2:00 p.m.
2. The litigation schedule set out in paragraph 1 above may be mutually amended or modified by the Parties in writing, with the concurrence of the Monitor, without any further order of the Court.

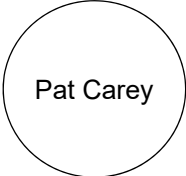
3. There shall be no costs for this appearance.

BB Johnston

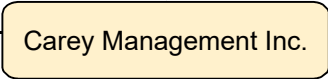
Justice of the Court of King's Bench of Alberta

APPENDIX F

[ATTACHED]



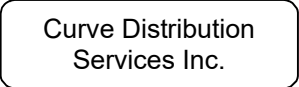
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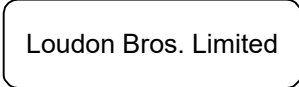
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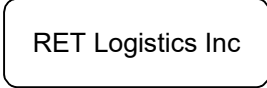
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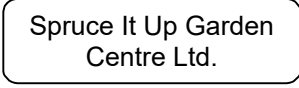
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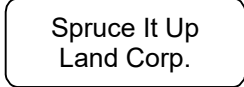
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APPENDIX G

[ATTACHED]

Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc.

Projected Weekly Cash Flow Statement (Consolidated)

February 11, 2024 to June 1, 2024

(Unaudited; \$CAD Thousands)

	Note	Week ending															Total	
		17-Feb-24	24-Feb-24	02-Mar-24	09-Mar-24	16-Mar-24	23-Mar-24	30-Mar-24	06-Apr-24	13-Apr-24	20-Apr-24	27-Apr-24	04-May-24	11-May-24	18-May-24	25-May-24	01-Jun-24	
RECEIPTS																		
Collections from sales	2	8,753	8,635	8,635	8,954	8,748	8,743	9,466	9,221	9,548	10,246	9,909	10,103	11,365	11,060	11,068	10,881	155,333
Total Receipts		8,753	8,635	8,635	8,954	8,748	8,743	9,466	9,221	9,548	10,246	9,909	10,103	11,365	11,060	11,068	10,881	155,333
DISBURSEMENTS																		
Inventory purchases	3	(7,098)	(7,721)	(7,487)	(7,343)	(7,000)	(7,000)	(7,000)	(8,500)	(8,500)	(8,500)	(8,500)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(139,649)
Remittance of tobacco sales tax		(615)	(4,134)	(315)	-	(731)	(5,117)	(439)	-	(617)	-	(4,320)	(370)	(480)	-	(5,600)	(480)	(23,218)
GST collected /(paid)		-	(262)	-	-	-	(300)	-	-	-	-	(300)	-	-	-	(300)	-	(1,162)
Operating Disbursements	5	(593)	(1,868)	(590)	(1,435)	(590)	(1,715)	(425)	(1,600)	(735)	(1,570)	(735)	(1,290)	(735)	(1,290)	(1,015)	(1,125)	(17,312)
Total Operating Disbursements		(8,306)	(13,986)	(8,392)	(8,778)	(8,321)	(14,132)	(7,864)	(10,100)	(9,852)	(10,070)	(13,855)	(12,661)	(12,215)	(12,290)	(17,915)	(12,605)	(181,341)
Other Disbursements (Income)																		
Professional fees	4	-	-	-	(75)	-	-	-	-	(50)	-	-	-	-	(50)	-	-	(175)
Funding from 7-Eleven		-	-	-	-	3,000	-	-	-	-	7,000	-	-	10,000	-	-	-	20,000
Total Other Disbursements		-	-	-	(75)	3,000	-	-	-	(50)	7,000	-	-	10,000	(50)	-	-	19,825
Total Disbursements		(8,306)	(13,986)	(8,392)	(8,853)	(5,321)	(14,132)	(7,864)	(10,100)	(9,902)	(3,070)	(13,855)	(12,661)	(2,215)	(12,340)	(17,915)	(12,605)	(161,516)
Net Cash Flow		447	(5,351)	242	101	3,427	(5,389)	1,602	(879)	(354)	7,176	(3,946)	(2,558)	9,150	(1,280)	(6,847)	(1,724)	(6,183)
Opening Cash		7,708	8,155	2,804	3,046	3,148	6,574	1,186	2,788	1,908	1,554	8,730	4,784	2,226	11,376	10,096	3,249	7,708
Net cash flow		447	(5,351)	242	101	3,427	(5,389)	1,602	(879)	(354)	7,176	(3,946)	(2,558)	9,150	(1,280)	(6,847)	(1,724)	(6,183)
Ending Cash		8,155	2,804	3,046	3,148	6,574	1,186	2,788	1,908	1,554	8,730	4,784	2,226	11,376	10,096	3,249	1,525	1,525

Purpose and General Assumptions

1. The purpose of the projection is to present a cash flow forecast of Carey Management Inc. ("CMI"), Wallace & Carey Inc. ("Wallace & Carey"), and Loudon Bros Limited ("Loudon Bros", together with CMI and Wallace & Carey, the "Applicants") from February 11 to June 1, 2024 (the "Period") in connection with the Transition Services Agreement dated November 20, 2023 (the "TSA").

The cash flow projection has been prepared based on hypothetical and most probable assumptions provided by the Applicants, with input from 7-Eleven Canada, Inc.

Hypothetical

2. Represents collections of inventory sold in the ordinary course and the collection of taxes, including tobacco taxes.
3. Represents inventory purchases for sale by the Logistics Companies in the ordinary course of business.
4. Forecasted payment of the fees of the Monitor, its counsel and the Companies' counsel in connection with the TSA.

Most Probable

5. Includes wages and benefits, rent, utilities, warehouse and delivery, and administrative expenses.

COURT OF KING'S BENCH OF ALBERTA

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 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.**

MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)

The management of Wallace & Carey Inc. ("Wallace & Carey"), Loudon Bros Limited ("Loudon Bros"), and Carey Management Inc. ("CMI" together with Wallace & Carey and Loudon Bros, the "Applicants") have developed the assumptions and prepared the attached statement of projected cash flow as of the 14th day February, 2024 for the period February 11 to June 1, 2024 (the "Cash Flow"). All such assumptions are disclosed in the notes to the Cash Flow.

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Applicants and provide a reasonable basis for the Cash Flow.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Calgary, Alberta this 14th day of February, 2024.

WALLACE & CAREY INC., LOUDON BROS LIMITED, AND CAREY MANAGEMENT INC.



Per: Leslie Byle
Vice President, Finance

APPENDIX H

[ATTACHED]

COURT OF KING'S BENCH OF ALBERTA

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 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.**

MONITOR'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)

The attached statement of projected cash-flow of 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"), as of the 14th day of February, 2024, consisting of a weekly projected cash flow statement for the period February 11 to June 1, 2024 (the "Cash Flow") has been prepared by the management of the Applicants for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Cash Flow.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by the management and employees of the Applicants. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow;
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Applicants or do not provide a reasonable basis for the Cash Flow, given the hypothetical assumptions; or
- c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.

The Cash Flow has been prepared solely for the purpose described in Note 1 of the Cash Flow and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, Ontario this 14th day of February, 2024.

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.
IN ITS CAPACITY AS PROPOSED CCAA MONITOR OF
WALLACE & CAREY INC., LOUDON BROS LIMITED, AND CAREY MANAGEMENT INC.
AND NOT IN ITS PERSONAL CAPACITY**