



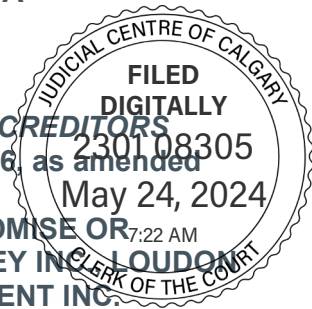
COURT FILE NUMBER      **2301 – 08305**

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**  
**2301 08305**  
**May 24, 2024**  
**AND IN THE MATTER OF THE COMPROMISE OR  
ARRANGEMENT OF WALLACE & CAREY INC. LOUDON**  
**BROS LIMITED and CAREY MANAGEMENT INC.**



DOCUMENT      **TENTH REPORT OF THE MONITOR  
MAY 23, 2024**

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**MONITOR**  
KSV Restructuring Inc.  
Suite 1165, 324 – 8<sup>th</sup> Avenue SW  
Calgary, Alberta  
T2P 2Z2

Attention:      Bobby Kofman / Jason Knight  
Telephone:      416.932.6228 / 587.287.2605  
Facsimile:      416.932.6266  
Email:      bkofman@ksvadvisory.com /  
                 jknight@ksvadvisory.com

**MONITOR’S COUNSEL**  
Cassels Brock & Blackwell LLP  
Bankers Hall West  
Suite 3810, 888 – 3<sup>rd</sup> Street SW  
Calgary, Alberta  
T2P 5C5

Attention:      Jeffrey Oliver / Jane Dietrich  
Telephone:      403.351.2921 / 416.860.5223  
Facsimile:      403.648.1151  
Email:      joliver@cassels.com /  
                 jdietrich@cassels.com

<b>Contents</b>	<b>Page</b>
1.0 Introduction .....	1
2.0 Applicants' Background .....	6
3.0 The Oakville Transactions .....	7
4.0 Post-Filing Tobacco Tax Exposure and TSA Charge.....	11
5.0 Cash Flow Forecast.....	13
6.0 Stay Extension .....	13
7.0 The Carey Affidavit.....	14
8.0 Excluded Asset Realizations .....	15
9.0 Monitor's Activities Since the Ninth Report .....	17
10.0 Conclusion .....	17

<b>Appendix</b>	<b>Tab</b>
Sixth Report of the Monitor, dated November 8, 2023 .....	A
Transaction Approval and Vesting Order, granted November 17, 2023 .....	B
Transition Services Agreement.....	C
Assignment Agreement .....	D
Equipment Purchase Agreement.....	E
Corporate Organizational Chart.....	F
Cash Flow Forecast and Management's Report thereon .....	G
Monitor's Report on the Cash Flow Forecast.....	H

## 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. (“**7-Eleven**”) 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 7-Eleven;
  - b) approved a transition services agreement (the “**TSA**”) among CMI, Wallace & Carey, the Monitor, and 7-Eleven, 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 warehouses<sup>1</sup>, 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 warehouses<sup>2</sup>, 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**”)<sup>3</sup> and Spruce It Up Land Corp. (“**SIU**”)<sup>4, 5</sup> 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 7-Eleven of the 772 Owned Real Property and the 772 Leased Real Property, respectively.
5. On January 30, 2024, the Monitor filed its eighth report to Court (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 (collectively, the “**Entitled Tobacco Tax Authorities**”) 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 – \$1,223,267; and

---

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

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

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

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

<sup>5</sup> The shares of Ridge Meadows and SIU are subject to the CCAA Charges (as defined in the Sixth Report). CMI owns 100% of Ridge Meadows and 84.57% of SIU.



- iii. Yukon – \$132,986 (collectively, the “**Recommended Distributions**”);
  - b) granting a Court-ordered charge in favour of 7-Eleven (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 its legal counsel, Cassels Brock & Blackwell LLP (“**Cassels**”) from November 1 to December 31, 2023.
6. On February 7, 2024, after discussions with representatives 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:
- a) provide the Monitor with support for their respective calculations of the Post-Filing Tobacco Tax Obligations; and
  - b) 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 the Monitor and Cassels.
7. On February 7, 2024, the Court granted a further order (the “**Scheduling Order**”) establishing a litigation schedule to hear a dispute between Wallace & Carey and Dakin News Systems Inc. (“**INS News**”). 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 it made specifically for INS News operators (totalling approximately \$140,000).
8. On February 23, 2024, upon an application by the Applicants, the Court granted an order, among other things, extending the stay of proceedings (the “**Stay**”) in these CCAA Proceedings (as defined below) to and including May 31, 2024.
9. Court materials filed in these proceedings are available on the Monitor’s case website at [www.ksvadvisory.com/experience/case/wallace-and-carey](http://www.ksvadvisory.com/experience/case/wallace-and-carey) (the “**Case Website**”).
10. KSV is filing this tenth 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**”);
- b) summarize the following proposed transactions with respect to the warehouse located at 2226 South Service Road, Oakville, Ontario (the “**Oakville Warehouse**”):
  - i. the assignment to 7-Eleven of the Oakville Lease (as defined in paragraph 3.02(a)) (the “**Oakville Lease**”) pursuant to an Assignment and Assumption of Lease Agreement, substantially in the form attached hereto as **Appendix “D”** (the “**Assignment Agreement**”), among DIR Properties (GP) Inc. (the “**Landlord**”), Wallace & Carey, CMI, and 7-Eleven (the “**Assignment Transaction**”); and
  - ii. the sale of the Purchased Assets (as defined in the APS) situated in the Oakville Warehouse pursuant to an Equipment Purchase Agreement, substantially in the form attached hereto as **Appendix “E”** (the “**APS**”), among Wallace & Carey and 7-Eleven (the “**Sale Transaction**”, and together with the Assignment Transaction, the “**Oakville Transactions**”);
- c) recommend that the Court issue:
  - i. an assignment, approval, and vesting order (the “**Assignment and AVO**”), among other things:
    - 1) approving the APS and the Sale Transaction;
    - 2) transferring and vesting all of Wallace & Carey’s right, title, and interest in and to the Purchased Assets in 7-Eleven, free and clear of all liens, charges, security interests, and encumbrances, following closing of the Sale Transaction;
    - 3) approving the Assignment Agreement and the Assignment Transaction; and

- 4) assigning and transferring the rights and obligations of Wallace & Carey in the Oakville Lease to 7-Eleven pursuant to section 11.3 of the CCAA and binding the Landlord to the assignment<sup>6</sup>; and
- ii. an order extending the stay of proceedings (the “**Stay**”) in these CCAA Proceedings from May 31, 2024, the date that the Stay presently expires, to and including November 29, 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.

---

<sup>6</sup> As of the date of this Report, CMI has requested that the Landlord release CMI as an Indemnifier of the Oakville Lease. The Monitor will update the Court on this issue on the return of the Application.

## 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 Wallace & Carey's 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 the TSA, 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 for funding substantially all post-Effective Closing Time costs of Wallace & Carey's operations.
5. Wallace & Carey presently has approximately 450 full-time employees. CMI has two employees, being Patrick Carey, the Chair, 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 of the Transaction, CIBC discontinued funding the Applicants' business and operations, and CIBC has no further obligation to fund the business and operations of the Applicants from and after that date.
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<sup>7</sup>.
9. All amounts owing to CWB were repaid through proceeds generated from the Transaction.

### 3.0 The Oakville Transactions

1. Pursuant to the TSA:
  - a) Wallace & Carey and CMI granted 7-Eleven an exclusive and irrevocable option to acquire any or all of the Optional Purchased Assets<sup>8</sup> on terms to be agreed between 7-Eleven and the Monitor, each acting reasonably, and subject to the Court's approval, if required (the "**Option**");
  - b) 7-Eleven was provided the right to exercise the Option by providing CMI and Wallace & Carey with 10 days' written notice detailing which Optional Purchased Asset(s) it would like to purchase (the "**Option Notice**"); and
  - c) upon receipt of the Option Notice, and upon 7-Eleven and the Monitor agreeing on a purchase price for certain of the Optional Purchased Asset(s), Wallace & Carey and CMI agreed to sell the corresponding Optional Purchased Asset(s) to 7-Eleven on an "as is, where is" basis, free and clear of all claims and encumbrances<sup>9</sup>.

---

<sup>7</sup> The letters of credit have since been redrawn by Wallace & Carey, with CIBC utilizing cash generated after the Effective Closing Time to secure the letters of credit.

<sup>8</sup> As defined in the TSA.

<sup>9</sup> Under the TSA, the purchase price for Optional Purchased Assets is limited to \$1 for all Option Equipment Leases and Option WH Leases (with the sole exception of the Oakville Warehouse lease which was subject to a formula for determining the purchase price).

2. In March 2024, 7-Eleven advised the Monitor that it intended to:
  - a) take an assignment of the Oakville Lease, being a lease dated May 1, 2001 between Wallace & Carey and HOOP Realty Inc., which was acquired by the Landlord, and subsequently amended pursuant to a lease amending agreement dated July 15, 2020 (the “**Oakville Lease**”); and
  - b) purchase the owned fixed assets located at the Oakville Warehouse (i.e., the Purchased Assets).

### 3.1 Valuation of Oakville Lease and Purchased Assets

1. Pursuant to paragraph 5(c) of the TSA,

*“[T]he 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.”*

2. On March 20, 2024, Colliers International (“**Colliers**”) provided the Monitor with a Memorandum/Broker Opinion of Value (the “**Opinion of Value**”) estimating the value of the remaining term of the Oakville Lease to be \$4,616,291. After applying a discount rate of 7.2% (being CIBC’s prime rate as of November 21, 2023), the net present value (“**NPV**”) of the Oakville Lease was determined to be \$3,626,181. Pursuant to the terms of the TSA, the value of the Oakville Lease is \$1,813,091 (\$3,626,181 x 50%).
3. As the TSA did not contain a formula or methodology to determine the purchase price of the Purchased Assets, the Monitor and 7-Eleven agreed to use the same methodology to value the Purchased Assets that was used to sell certain fixed assets to 7-Eleven pursuant to the Transaction. That methodology took the mid-point of the FLV and the OLV.
4. The forced liquidation value (“**FLV**”) and orderly liquidation value (“**OLV**”) of the Purchased Assets was provided by Infinity Asset Solutions Inc. in an appraisal dated April 15, 2024, as follows:
  - a) FLV – \$410,100;
  - b) OLV – \$611,150.

5. As such, the purchase price for the Purchased Assets is \$510,625, plus applicable taxes, if any.
6. Based on the foregoing, Wallace & Carey, the Monitor and 7-Eleven have agreed that the Oakville Lease and Purchased Assets would be assigned and purchased, respectively, for total consideration of \$2,323,716, calculated as follows:
  - a) Oakville Lease – \$1,813,092 (per the Opinion of Value) (the “**Lease Value**”); and
  - b) Purchased Assets – \$510,625 (mid-point of the OLV and FLV) (the “**Asset Value**”).

### 3.2 Assignment Transaction

1. A summary of the Assignment Transaction, as set out in the Assignment Agreement<sup>10</sup>, is as follows:
  - a) **Assignor:** Wallace & Carey (the “**Tenant**”<sup>11</sup>);
  - b) **Assignee:** 7-Eleven;
  - c) **Target Effective Date:** May 30, 2024, assuming the Court approves the transactions in this Report on the return of this Application and all issues with the Landlord are resolved by that date;
  - d) **Consideration for the Assignment:** the Assignee agrees to pay to the Monitor the amount determined by the methodology set out in the Opinion of Value, with the Oakville Lease consideration adjusted to the first day of the calendar month immediately following the Effective Date of the Oakville Lease assignment, by deducting an amount equal to 50% of the monthly NPV amounts set out in Opinion of Value for the preceding (i.e., unassigned) months, which totals \$1,813,092 (the “**Assignment Consideration**”);
  - e) **Assignee’s Covenants:** to keep, observe, and perform each of the covenants, obligations, and agreements on the part of Tenant contained in the Lease and pay all amounts payable under the Lease whether due and payable before, on, or after the Effective Date;

---

<sup>10</sup> As of the date of this Report, the Assignment Agreement has not been finalized, but material changes are not expected. The Monitor will provide the Court with a blackline of the final Assignment Agreement compared to the one appended to this Report on the return of this Application.

<sup>11</sup> Wallace & Carey is only defined as the Tenant for the purpose of this section of the Report.

- f) **Release of Indemnifier:** CMI has requested that the Landlord release it of any and all obligations arising from the Indemnity; and
- g) **Material Conditions:** none, other than Court approval.

### 3.3 Sale Transaction<sup>12</sup>

1. A summary of the Sale Transaction, as set out in the APS<sup>13</sup>, is as follows:

- a) **Seller:** Wallace & Carey;
- b) **Buyer:** 7-Eleven;
- c) **Purchase Price:** \$510,625, before any applicable taxes, if any;
- d) **Purchased Assets:** substantially all of Wallace & Carey's right, title, and interest in the assets listed in Schedule "B" of the APS;
- e) **Representation and Warranties:** consistent with the standard terms of an insolvency transaction, i.e. on an "as is, where is" basis with limited representations and warranties, and specifically without any representations or warranties as to title, fitness for purpose, merchantability, merchantable quality, quantity, condition, suitability, durability, assignability, or marketability thereof or any other matter or thing whatsoever, and all of the same are expressly excluded and disclaimed by Wallace & Carey and the Monitor and any rights pursuant to such statutes have been waived by 7-Eleven;
- f) **Target Closing Date:** June 1, 2024;
- g) **Outside Date:** June 14, 2024; and
- h) **Material Conditions:** none, other than Court approval.

---

<sup>12</sup> Unless otherwise defined in this Report, defined terms have the meanings provided to them in the APS.

<sup>13</sup> As with the Assignment Agreement, this agreement has not been finalized as of the date of this Report. Material changes are not expected and a blackline of the final agreement compared to the one appended to this Report will be provided to the Court on the return of this Application.



### **3.4 Approval of the Oakville Transactions**

1. The Monitor recommends the Court issue the proposed Assignment and AVO approving the Oakville Transactions for the following reasons:
  - a) the TSA and the transactions contemplated therein were negotiated in the context of the Transaction, which was subject to the Transaction Approval and Vesting Order. The basis for determining the values of the Purchased Assets and Oakville Lease, and each party's rights under the TSA regarding same, are the product of good faith negotiations in the context of the Transaction;
  - b) the factors contained in section 36(3) of the CCAA were satisfied as part of the issuance of the Transaction Approval and Vesting Order;
  - c) 7-Eleven has delivered the Option Notice pursuant to paragraph 5(c) of the TSA;
  - d) 7-Eleven and the Monitor have agreed to the terms of the Oakville Transactions;
  - e) the Lease Value was calculated by Colliers, as contemplated by the TSA and approved by the Court pursuant to the Transaction Approval and Vesting Order;
  - f) using the mid-point of the OLV and FLV to determine the Asset Value is the same methodology that was used to determine the value of fixed assets acquired by 7-Eleven in the Transaction and is reasonable in the circumstances; and
  - g) 7-Eleven's offer is unconditional, other than Court approval.

## **4.0 Post-Filing Tobacco Tax Exposure and TSA Charge**

### **4.1 Post-Filing Tobacco Tax Exposure**

1. As outlined above and in the Eighth Report, the Monitor prepared an analysis which determined that British Columbia, Alberta, and the Yukon (i.e., the Entitled Tobacco Tax Authorities) are entitled to the Recommended Distributions totaling \$3,313,081 in full satisfaction of the Post-Filing Tobacco Tax Obligations. The Monitor's calculation of the Recommended Distributions is provided in Section 3 of the Eighth Report.
2. Since the Court hearing on February 8, 2024, the Monitor has corresponded with representatives of British Columbia, Alberta, and the Yukon regarding the Recommended Distributions, including their respective portions of the Post-Filing Tobacco Tax Exposure.

3. On February 15, 2024, the Monitor attended a call with British Columbia and Alberta concerning the Recommended Distributions. Alberta communicated to the Monitor that it was not opposed to the Monitor's calculation of the Proposed Distributions; however, British Columbia requested more time to review the Monitor's calculations and provide a response to same.
4. On March 4, 2024, British Columbia advised the Monitor in an email that it objected to the Monitor's calculation of its Recommended Distributions. British Columbia's objection has resulted in delays in making the Recommended Distributions as the Monitor has attempted to provide British Columbia with additional information to address the concerns raised by British Columbia.
5. On May 13, 2024, the Monitor's counsel sent a letter to British Columbia which, among other things, included an analysis comparing the amount payable to British Columbia based on:
  - a) the Monitor's position, as provided in the Eighth Report; and
  - b) British Columbia's position.
6. On May 17, 2024, British Columbia sent an email to the Monitor and Cassels providing the following response: *"We are digesting the letter and will very likely have questions. However, we don't anticipate obtaining instructions in time for the next hearing."*
7. The Monitor is hopeful that the issues can be resolved consensually, following which it intends to seek an order permitting it to make the Recommended Distributions on such basis as the Monitor believes is equitable, appropriate, and consistent with the Orders issued in these CCAA Proceedings.

#### **4.2 TSA Charge**

1. As outlined in Section 4 of the Eighth Report, 7-Eleven requested that the Monitor seek approval of the TSA Charge. The TSA Charge is intended to address the hypothetical situation that the Applicants' business and operations are discontinued or wound-down for any reason, 7-Eleven has satisfied all of its obligations under the TSA, and that there is a surplus after such obligations have been satisfied. 7-Eleven is concerned that any surplus not be used to fund obligations other than those contemplated by the TSA, such as the Applicants' pre-filing obligations.

2. As described above, at the request of Alberta and British Columbia, the Monitor adjourned the granting of the TSA Charge. Once the Recommended Distributions matter is resolved, the Monitor will schedule a hearing for an order approving the TSA Charge.

## 5.0 Cash Flow Forecast

1. The Applicants prepared the cash flow forecast (the “**Cash Flow Forecast**”) for the period May 19 to November 30, 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. The Cash Flow Forecast reflects that the Applicants, with the financial support of 7-Eleven, are projected to have sufficient liquidity to continue to operate during the Forecast Period. Pursuant to the TSA, 7-Eleven 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. 7-Eleven is not obligated to fund any pre-filing obligations of the Applicants, and no funding is available from 7-Eleven or 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 as **Appendix “H”**.
4. To the Monitor’s knowledge, 7-Eleven has funded all of the Applicants’ operating costs in the ordinary course of business 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.

## 6.0 Stay Extension

1. The Stay currently expires on May 31, 2024. The Applicants are requesting an extension of the Stay until November 29, 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 carry out their obligations under the Transaction Approval Orders and the TSA;
- c) 7-Eleven would be 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 Wallace & Carey's business would also immediately disrupt 7-Eleven's business, as Wallace & Carey is its main logistics provider in Canada;
- d) the Stay will allow Wallace & Carey to realize on the Excluded Assets<sup>14</sup> including, but not limited to: (i) continuing its litigation with A&M Enterprise Ltd. ("**AME**"), the Freshslice Franchisees (as defined below), INS News, and other parties; (ii) collecting its remaining accounts receivable; (iii) collecting certain amounts owing from vendors as a result of transactions<sup>15</sup> between the Filing Date and the Effective Closing Time; and (iv) realizing on CMI's equity interests, to the extent realizable;
- 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 7-Eleven's funding obligations to Wallace & Carey pursuant to the TSA, 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.

## 7.0 The Carey Affidavit

1. Mr. Carey has sworn an affidavit concerning the May 29, 2024 application, dated May 21, 2024 (the "**Carey Affidavit**"). The Monitor has reviewed the Carey Affidavit, including paragraphs 58 to 60, and discussed same with the Applicants' counsel. The Monitor has advised the Applicants' counsel that it is opposed to removing CMI from the CCAA Proceedings.

---

<sup>14</sup> As defined in the Asset Purchase Agreement dated November 7, 2023 between the Applicants and 7-Eleven.

<sup>15</sup> See footnote 10.

## 8.0 Excluded Asset Realizations<sup>16</sup>

1. 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 (as discussed in this section), the Monitor projects that recoveries will be between \$8 million and \$10 million. This is consistent with the Monitor's most recent update on this issue, which was provided in the Monitor's ninth report to court dated February 15, 2024 (the "**Ninth Report**"). **While this is the Monitor's best estimate based on the information available to it at this time, this estimate is subject to change and such changes may be material.**
2. 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) the Oakville Transactions, which are discussed above;
  - b) collecting amounts owing from Wallace & Carey's vendors for prepayments and credits that resulted from transactions between the Filing Date and the Effective Closing Time<sup>17</sup>;
  - c) collecting accounts receivable owing to the Logistics Companies as of the Effective Closing Time;
  - d) working with Wallace & Carey to litigate with AME, Freshslice Holdings Ltd., and RF Franchising Inc. (collectively, "**Freshslice**"), which are jointly and severally liable to pay all outstanding accounts and invoices owing to Wallace & Carey on behalf of the Freshslice franchisees (the "**Freshslice Franchisees**") in the amount of \$413,443.38. This amount is net of disputed amounts that have already been collected from these parties in the amount of \$377,732. In addition, Wallace & Carey has successfully obtained cost awards against AME that remain unpaid. Wallace & Carey continues to attempt to collect on the cost awards;

---

<sup>16</sup> All capitalized terms not defined in this section have the meanings provided in the Transaction Approval and Vesting Order

<sup>17</sup> 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.

- e) litigating with INS News to attempt to collect \$753,619, consisting of: (i) accounts receivable totaling \$616,341; and (ii) certain inventory purchases made specifically for INS News totaling \$137,279. On May 18, 2024, the Court granted a judgment in favour of Wallace & Carey against INS News for \$616,341; however, enforcement of the same is stayed until INS News has an opportunity to advance an alleged counterclaim for an unascertained amount, which is to be heard on an expedited basis;
- f) selling inventory excluded from the Transaction; and
- g) taking preliminary steps to realize on certain equity interests in businesses owned by CMI.

## 8.1 Status of Recoveries

1. The Sixth Report summarizes the waterfall of distributions to the Applicants' creditors, which is the product of the Court-ordered charges created by the ARIO and the Ancillary Order<sup>18</sup>.
2. Each Court-ordered charge created by the waterfall has been fully satisfied (or cash has been set aside by the Monitor to fully satisfy the unpaid charges, including the \$4 million D&O Charge amount discussed in Section 4.1 above).
3. In addition to realization efforts described in Section 8 above, KSV, as Receiver of Ridge Meadows and SIU, expects to generate recoveries in respect of the following:
  - a) the sale of the SIU Property (the "**SIU Transaction**"), which is currently subject to an agreement of purchase and sale dated March 14, 2024 that was approved by the Court pursuant to a Sale Approval and Vesting Order dated May 15, 2024. The SIU Transaction is scheduled to close on May 27, 2024; and
  - b) the sale of the Ridge Meadows Property, which is currently listed for sale by KSV as Receiver.

---

<sup>18</sup> 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 SISP.

## 9.0 Monitor's Activities Since the Ninth Report

1. The Monitor's activities from the commencement of these proceedings to the date of the Ninth Report were summarized in the Previous Reports. In addition to the activities discussed above, the Monitor has, among other things:
  - 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, the Applicants' continued banking arrangements with CIBC, and the Applicants' future banking arrangements with The Bank of Nova Scotia;
  - b) monitored the Applicants' receipts and disbursements on a daily basis;
  - c) responded to inquiries from creditors and customers of the Logistics Companies concerning the CCAA Proceedings generally and the Transaction;
  - d) assisted the Applicants and 7-Eleven in preparing the Cash Flow Forecast;
  - e) drafted this Report; and
  - f) maintained the Case Website.

## 10.0 Conclusion

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the relief sought by the Applicants at the May 29, 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  
SERVICE AND  
CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**MONITOR AND PROPOSED RECEIVER**

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

Attention: Bobby Kofman / David Sieradzki / Jason Knight  
Telephone: 416.932.6228 / 416.932.6030 / 587.287.2605  
Facsimile: 416.932.6266  
Email: bkofman@ksvadvisory.com /  
dsieradzki@ksvadvisory.com /  
jknight@ksvadvisory.com

**MONITOR'S AND PROPOSED RECEIVER'S COUNSEL**

Cassels Brock & Blackwell LLP  
Bankers Hall West  
Suite 3810, 3<sup>rd</sup> Street SW  
Calgary, Alberta  
T2P 5C5

Attention: Jeffrey Oliver / Jane Dietrich  
Telephone: 403.351.2921 / 416.860.5223  
Facsimile: 403.648.1151  
Email: joliver@cassels.com / jdietrich@cassels.com

<b>Contents</b>	<b>Page</b>
1.0 Introduction .....	1
2.0 Applicants' Background .....	5
3.0 SISP .....	11
4.0 The Transaction .....	15
5.0 Proposed Distributions .....	22
6.0 Tobacco Tax Recoveries .....	24
7.0 Sealing .....	25
8.0 Recommendation .....	26

## **Appendices**

<b>Appendix</b>	<b>Tab</b>
CMI's Corporate Chart .....	A
Amended and Restated Initial Order.....	B
Second Report of the Monitor .....	C
Second Report Supplement of the Monitor.....	D
Fourth Report of the Monitor.....	E
Fourth Report Supplement of the Monitor.....	F
A&M Report.....	G

<b>Confidential Appendix</b>	<b>Tab</b>
Summary of Bids.....	1

## 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 warehouses<sup>1</sup>, 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 warehouses<sup>2</sup>, 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**”) <sup>3</sup> and Spruce It Up Land Corp (“**SIU**”) <sup>4,5</sup> 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**”).)

---

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

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

<sup>3</sup> Having a municipal address of 255256 Range Road 25, NW Calgary, Alberta.

<sup>4</sup> Having a municipal address of 159 210 Avenue SW, Calgary, Alberta.

<sup>5</sup> 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 & Carey<sup>6</sup> 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;

---

<sup>6</sup> 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](http://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 Overview<sup>7</sup>

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.

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:

---

<sup>7</sup> 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 Transaction<sup>8</sup>

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)

---

<sup>8</sup> 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) <sup>9</sup>	Range	
Description	Low	High
<b>W&amp;C APA Transaction</b>		
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
<b>Total proceeds from W&amp;C APA Transaction</b>	<b>54,900</b>	<b>61,300</b>
<b>Receivership Transaction, net of CWB mortgage<sup>10</sup></b>	<b>3,100</b>	<b>3,100</b>
<b>Loudon real property</b>	<b>1,300</b>	<b>1,300</b>
<b>Other</b>	<b>400</b>	<b>1,400</b>
<b>Total gross realizations</b>	<b>59,700</b>	<b>67,100</b>

<sup>9</sup> All amounts in the table have been rounded.

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

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

## 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.

<sup>11</sup> 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.

<sup>12</sup> 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.

<sup>13</sup> 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.<sup>14</sup> 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.

---

<sup>14</sup> 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, 2023<sup>15</sup> 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 <sup>16</sup>	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)

<sup>15</sup> The last business day before closing.

<sup>16</sup> 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**

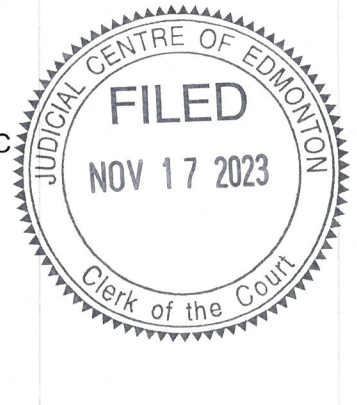
ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS DOCUMENT

MILLER THOMSON LLP  
3000, 700 – 9<sup>th</sup> Avenue S.W.  
Calgary, AB, Canada T2P 3V4

Telephone: 403.298.2418 / 403.298.2432  
Fax: 403.262.0007  
Email: jwreid@millerthomson.com /  
ptakhar@millerthomson.com

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 21<sup>st</sup> 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. (“**772921**”), in particular the real properties known municipally as 1230 Industrial Road, Kelowna, British Columbia and 5415 and 5445 8<sup>th</sup> 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 8<sup>th</sup> 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\$1.00<sup>1</sup>).
- (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

---

<sup>1</sup> 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**")<sup>2</sup>; (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

---

<sup>2</sup> 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]*

- 14 -

**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:



- 14 -

**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:  
  
EA738A1409164FD...

**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:

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

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

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

**SCHEDULE B**  
**TRANSITION SERVICES**

	<b>TRANSITION SERVICE CATEGORY</b>	<b>TRANSITION SERVICE DESCRIPTION</b>
1.	<b><i>Executive</i></b>	<ul style="list-style-type: none"><li>• 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.</li><li>• 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 "<b>Nominees</b>").</li><li>• Ensure that the Nominees are familiar and knowledgeable with the operations of the Business immediately prior to Closing.</li></ul>
2.	<b><i>Nominee Responsibilities</i></b>	<ul style="list-style-type: none"><li>• Provide general oversight and supervision of the Transition Services.</li><li>• Address any issue which could reasonably be expected to materially adversely affect the provision of the Transition Services.</li><li>• Act as an initial point of contact for issues and disagreements that may arise in connection with the TSA.</li></ul>
3.	<b><i>Financial</i></b>	<ul style="list-style-type: none"><li>• 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.</li><li>• Provide financial reporting, budgeting, and forecasting in the ordinary course and as requested by Purchaser from time to time.</li><li>• Attend calls with Purchaser weekly (or as reasonably requested by Purchaser) to provide updates on financial reporting, budgeting, and forecasting.</li></ul>
4.	<b><i>Sales Management</i></b>	<ul style="list-style-type: none"><li>• Facilitate transition of customer relationships to Purchaser.</li><li>• Work with Purchaser to manage the wind-down of non-strategic accounts that will not be part of the long-term business.</li></ul>
5.	<b><i>Purchasing</i></b>	<ul style="list-style-type: none"><li>• Facilitate transition of purchasing activities and vendor relationships to Purchaser.</li><li>• As promptly as practicable, wind down inventory of customers who are exiting the business.</li></ul>
6.	<b><i>Logistics and Customs</i></b>	<ul style="list-style-type: none"><li>• Facilitate transition of logistics and customs functions to Purchaser or a third party of Purchaser's choosing.</li><li>• Work with Purchaser to optimize rolling stock fleet as non-strategic customers exit the business.</li></ul>

	<b>TRANSITION SERVICE CATEGORY</b>	<b>TRANSITION SERVICE DESCRIPTION</b>
7.	<b><i>Information Technology / Data</i></b>	<ul style="list-style-type: none"><li>• 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.</li><li>• Maintain Purchaser's access to Debtor's information technology systems.</li><li>• Assist with data migration.</li></ul>
8.	<b><i>Health, Safety, and Environment (HSE) and Human Resources Management (HR)</i></b>	<ul style="list-style-type: none"><li>• 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.</li></ul>
9.	<b><i>Reporting</i></b>	<ul style="list-style-type: none"><li>• Attend calls with Purchaser every two weeks, or more frequently as may be requested by Purchaser, to provide updates on transition progress.</li></ul>
10.	<b><i>CCAA</i></b>	<ul style="list-style-type: none"><li>• Abide by all legal obligations of the Debtors pursuant to the CCAA.</li><li>• Work co-operatively with the Monitor in the exercise of its duties.</li></ul>



**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		
<b>Insurance Contracts</b>					
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. 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 Bentall 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.

Policy Number 5U0395553	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.)		
	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.)		
Policy Number 2026914	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.)		
	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.)	30-Apr-23	31-Dec-23 SOV79847464
Policy Number 2026914	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.)		
	Northbridge General Insurance Company	31-Oct-23	Coverage on all vehicles leased and owned by Wallace & Carey.
<u>General Additional Insured:</u>			
Canadian Imperial Bank of Commerce (as its interest may appear)			
Liftex Equipment Rentals Inc. (as its interest may appear)			
Costco Wholesale Canada Ltd. (with respect to Liability Coverage as per Form # S70195)			
Costco Wholesale Corporation and/or any subsidiary, proprietary company or corporation, partnership or joint venture (with respect 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	682304		3ALHC5DV9JDUJK7646	AB	LEASED	Paclease	260-1873	
CGY	2018	FREIGHTLINER	MM106042S	682906		3ALACXFD0JDUJK7648	AB	LEASED	Paclease		
CGY	2019	FREIGHTLINER	M2	840788		3ALHCYFE7KDKS29660	AB	LEASED		236332	
CGY	2019	FREIGHTLINER	Cascadia	839748		3AKJGBDV4KSKR0016	AB	LEASED	PENSKE	236331	
CGY	2019	FREIGHTLINER	MM106064S	840304		3ALHCYFE5KDKR3520	AB	WAIT LEASE/RENT	PENSKE	470785	
CGY	2019	FREIGHTLINER	MM106064S	839751		3ALHCYFE9KDKR3519	AB	LEASED	PENSKE	201929	
CGY	2019	FREIGHTLINER	MM106064S	840327		3ALHCYFE7KDKR3521	AB	LEASED	PENSKE	197780	
CGY	2019	FREIGHTLINER	MM106064S	840356		3ALHCYFE9KDKR3522	AB	LEASED	PENSKE	155284	
CGY	2018	FREIGHTLINER	MM106042S	682905		3ALACXFD9JDUJK7647	AB	LEASED	PENSKE	236334	
CGY	2020	CMCR	Continuous	48R905		5275R4822LL017261	AB	LEASED	PENSKE	236335	
CGY	2021	FREIGHTLINER	Cascadia	236332		3AKJHHR3MSP4966	AB	LEASED	PENSKE	236337	
CGY	2021	Commercial	Utility Trailer	236331		1UYVS248XM2352302	AB	LEASED	PENSKE	236338	
CGY	2023	INTERNATIONAL	MV607	470785		WAIT LEASE	AB	LEASED	PENSKE	236339	
CGY	2023	FREIGHTLINER	Cascadia 116	201929		3ALHHTDV9PDUD2221	AB	LEASED	PENSKE	236340	
CGY	2023	FREIGHTLINER	M2	197780		3ALACXFD8PDUD2545	AB	LEASED	PENSKE	236341	
CGY	2023	FREIGHTLINER	Cascadia	155284		3AKJHHR3PSNKR9737	AB	LEASED	PENSKE	236342	
EDM	2021	FREIGHTLINER	Cascadia	236334		3AKJHHR7MSP4968	AB	LEASED	PENSKE	292137	
EDM	2020	CMCR	Continuous	48R908		5275R4822LL017262	AB	LEASED	PENSKE	292138	
EDM	2021	FREIGHTLINER	Cascadia	236335		3AKJHHR9MSP4969	AB	LEASED	PENSKE	292141	
EDM	2021	FREIGHTLINER	M2	236337		3ALACXFD4MDMP4971	AB	LEASED	PENSKE	292139	
EDM	2021	FREIGHTLINER	M2	236338		3ALACXFD6MDMP4972	AB	LEASED	PENSKE	236345	
EDM	2021	FREIGHTLINER	M2	236339		3ALACXFD8MDMP4973	AB	LEASED	PENSKE	236330	
EDM	2021	FREIGHTLINER	M2	236340		3ALACXFDXMDMP4974	AB	LEASED	PENSKE	292143	
EDM	2021	FREIGHTLINER	M2	236341		3ALACXFD1MDMP4975	AB	LEASED	PENSKE	197781	
EDM	2021	FREIGHTLINER	M2	236342		3ALACXFD3MDMP4976	AB	LEASED	Penske	406809	
EDM	2021	FREIGHTLINER	Cascadia 116	292137		3ALHHTDV4MSMP6042	AB	LEASED	Penske	236336	
EDM	2021	FREIGHTLINER	Cascadia 116	292138		3ALHHTDV6MSMP6043	AB	LEASED	PENSKE	292140	
EDM	2021	FREIGHTLINER	Cascadia 116	292141		3ALHHTDV1MSMP6046	AB	LEASED	PENSKE	236344	
EDM	2021	FREIGHTLINER	Cascadia 116	292139		3ALHHTDV8MSMP6044	AB	LEASED	PENSKE		
EDM	2021	FREIGHTLINER	M2	236345		3ALACXFD9MDMP4979	AB	LEASED	PENSKE		
EDM	2021	48x13 Utility	Trailer w/Reefer	236330		1UYVS248M2352301	AB	LEASED	PENSKE		
EDM	2021	FREIGHTLINER	Cascadia 116	292143		3ALHHTDV6MSMP6048	AB	LEASED	PENSKE		
EDM	2023	FREIGHTLINER	Cascadia 116	197781		3ALHHTDV7PDUD2220	AB	LEASED	PENSKE		
KELOWNA	2019	FREIGHTLINER	Tractor Sleeper Cab	D 07		3AKJGLDR9KSKR0019	BC	LEASED	Ryder	682904	
KELOWNA	2019	FREIGHTLINER	Tandem	D 09		1FVHC5DV9KHKR3547	BC	LEASED	Ryder	682906	
KELOWNA	2018	FREIGHTLINER	Tractor Sleeper Cab	D 16		3AKJGLFG9KSKR3546	BC	LEASED	Ryder	839748	
KELOWNA	2022	FREIGHTLINER	CASCADIA	D 29		3AKJGED61GSGZ2628	BC	LEASED	Ryder	840304	
KELOWNA	2021	FREIGHTLINER	Tractor Sleeper Cab	D 33		3AKJHHR6MSMP4970	BC	LEASED	Ryder	839751	
KELOWNA	2016	KENWORTH	Tractor Day Cab	D 66		1XKYD49X5HJ989079	BC	LEASED	Ryder	840327	
KELOWNA	2019	FREIGHTLINER	Tractor Day Cab	D 77		3AKJGBDV4KSKX1725	BC	LEASED	Ryder	840356	
KELOWNA	2019	FREIGHTLINER	Tractor Day Cab	D 93		3AKJGEFG0KSKR3544	BC	LEASED	Ryder	682905	
KELOWNA	2016	KENWORTH	Tractor Day Cab	D 97		1XKYD49X7GJ983492	BC	LEASED	Ryder	839810	
KELOWNA	2016	TRAILER	53' Tri Temp	T 08		1GRAA0633GB705964	BC	LEASED	Ryder	841940	
KELOWNA	2015	TRAILER	38' Dual Temp	T 09		1GRAA7625GB705965	BC	LEASED	Ryder	841881	
KELOWNA	2017	TRAILER	48' Dual Temp	T 11		1UYVS2482J2328801	BC	LEASED	Ryder	867416	
KELOWNA	2017	TRAILER	40' Dual Temp	T 12		1UYVS2406J2328701	BC	LEASED	Ryder		
KELOWNA	2019	TRAILER	48' Dual Temp	RG05		527SR4823LL017222	BC	LEASED	Ryder		
KELOWNA	2019	TRAILER	48' Dual Temp	RG06		527SR4825LL017223	BC	LEASED	Ryder		
KELOWNA	2019	TRAILER	40' Dual Temp	RG19		527SR4022LL017224	BC	LEASED	Ryder		
KELOWNA	2019	TRAILER	53' Tri Temp	R684		527SR5331LL017225	BC	LEASED	Ryder		
KELOWNA	2019	TRAILER	53' Tri Temp	R685		527SR5333LL017226	BC	LEASED	RYDER		
KELOWNA	2019	TRAILER	53' Tri Temp	R686		527SR5335LL017227	BC	LEASED	RYDER		
KELOWNA	2019	TRAILER	53' Tri Temp	R687		527SR5337LL7228	BC	LEASED	RYDER		
KELOWNA	2018	UTILITY	TRAILER	T12		1UYVS2406J2328701	BC	LEASED	RYDER		
NANAIMO	2019	FREIGHTLINER	Freightliner	41067		3ALHCYFE3KDKR3533	BC	LEASED	RYDER		
NANAIMO	2019	FREIGHTLINER	Freightliner	40805		3ALHCYFEXDKR3531	BC	LEASED	RYDER		
NANAIMO	2021	FREIGHTLINER	Cascadia 116	292140		3ALHHTDVXMSMP6045	AB	LEASED	RYDER		
NANAIMO	2007	FREIGHTLINER	Freightliner	749		1FUJA6CK47PX42302	BC	LEASED	RYDER		
DELTA	2020	FREIGHTLINER	5 TON	169		RENTAL	BC	LEASED	RYDER		

DELTA	2021	FREIGHTLINER	M2		236344	3ALACXF7MDMP4978	BC	LEASED	RYDER	
DELTA	2017	UTILITY	TRAILER		351	1UYVS3532H2033801	BC	LEASED	RYDER	
DELTA	2019	FREIGHTLINER	Freightliner		41774	3ALHCYFE7KDKL7632	BC	LEASED	RYDER	
DELTA	2021	FREIGHTLINER	Cascadia		236334	3AKJHHD87MSP4968	BC	LEASED	RYDER	
DELTA	2015	FREIGHTLINER	Freightliner		323527	1FUJGEG6FLGL7937	BC	LEASED	RYDER	
DELTA	2022	FREIGHTLINER	Freightliner		406809	3AKJHTDV7NSND4521	BC	LEASED	RYDER	
DELTA	2022	FREIGHTLINER	Freightliner		406810	3AKBCYFE7NDND4522	BC	LEASED	RYDER	
DELTA	2018	FREIGHTLINER	Freightliner		682610	3ALHCYFE4JDJK7634	BC	LEASED	RYDER	
DELTA	2018	FREIGHTLINER	Freightliner		682611	3ALHCYFE6JDJK7635	BC	LEASED	RYDER	
DELTA	2018	FREIGHTLINER	Freightliner		682909	3ALHC5DV2JDJK7651	BC	LEASED	RYDER	
DELTA	2018	FREIGHTLINER	Freightliner		682910	3ALHC5DV4JDJK7652	BC	LONG TERM Rental	RYDER	
DELTA	2018	FREIGHTLINER	Freightliner		682911	3ALACXF4JDJK7653	BC	LEASED	RYDER	
DELTA	2018	FREIGHTLINER	Freightliner		682912	3ALACXFD6JDJK7654	BC	LONG TERM Rental	RYDER	
DELTA	2018	FREIGHTLINER	Freightliner		682945	3ALHCYFE8JDJK7667	BC	LEASED	T Wizard - IT	
DELTA	2018	FREIGHTLINER	Freightliner		682946	3ALHCYFEXJDJK7668	BC	LEASED	T Wizard - IT	
DELTA	2018	FREIGHTLINER	Freightliner		682947	3ALHCYFE1JDJK7669	BC	LEASED	T Wizard - IT	
DELTA	2020	FREIGHTLINER	TANDEM		793087	RENTAL	BC	LEASED	T Wizard - IT	
DELTA	2019	FREIGHTLINER	Freightliner		839772	3ALHCYFE5KDKR0018	BC	LEASED	T Wizard - IT	
DELTA	2019	FREIGHTLINER	Freightliner		839817	3ALACXFDXKDKR0020	BC	LEASED	T Wizard - IT	
DELTA	2019	FREIGHTLINER	Freightliner		841070	3ALHCYFE5KDKR3534	BC	LEASED	T Wizard - IT	
DELTA	2018	UTILITY	TRAILER		53R25	1UYVS2404J2225101	BC	LEASED	T Wizard - IT	
DELTA	2023	FREIGHTLINER			468736		BC	Rented LT	TRAILER W.	48RG08
DELTA	2007	GREAT DANE	STORAGE TRAILER		STOR	1GRAA96257W703346	BC	LEASED	Trailer Wizards	48RG07

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 95 20414	1) 720-18-AC03953, 720-18-AC03954	LEASE	WALLACE & CAREY INC
					2) 2 x DEKA BATTERY MODEL 12D126173127-14, 12	2) 1603LH, 1602LH		
					3) 2 x DEKA CHARGERS MODEL Q4- 24/36-150-B	3) 2-10-0918-00335, 2-10-0918-00123		
19235	SASKATOON	1-Apr-19	1-Apr-24	ACTIVE	1) RAYMOND MODEL 7300 R35TT 95 20416, 1	1) 730-18-BC03955	LEASE	WALLACE & CAREY INC
19238	CALGARY	1-Apr-19	1-Apr-24	ACTIVE	2) DEKA BATTERY MODEL 18D12511694-14, 12REA	2) 1811H		WALLACE & CAREY INC
					1) 4 x RAYMOND MODEL 7300 R35TT 95 21616, 1	1) 730-19-AC04176, 730-19-AC04180, 730-19-AC04181, 730-19-AC04186	LEASE	
19652	OAKVILLE	1-Aug-19	1-Aug-24	ACTIVE	2) 4 x DEKA BATTERY MODEL 18-D125-2) 13	2) 2900LH, 2991LH, 2992LH, 2993LH		WALLACE & CAREY INC
					1) 2 x RAYMOND MODEL 7200 R35TT 91 20414	1) 720-19-AC04695, 720-19-AC04696	LEASE	
19653	CALGARY	1-Aug-19	1-Aug-24	ACTIVE	2) 2 x DEKA BATTERY MODEL 12-D125-2) 15-3613	2) 6883F1, 6884F1		WALLACE & CAREY INC
					3) 2 x DEKA CHARGERS MODEL Q4- 24/36-150-B	3) 2-10-0419-00027, 2-10-0419-00030	LEASE	
19654	OAKVILLE	1-Aug-19	1-Aug-24	ACTIVE	1) RAYMOND MODEL 7300 R35TT 91 20416, 1	1) 730-19-BC04679	LEASE	WALLACE & CAREY INC
					1) 2 x RAYMOND MODEL 8410 FRE80L 48 27	1) 841-19-49548, 841-19-4959	LEASE	
20105	DELTA	1-Nov-19	1-Nov-23	ACTIVE	2) 2 x DEKA BATTERY MODEL 12-D85- 13	2) 7556EI, 7557EI		WALLACE & CAREY INC
					3) 2 x DEKA CHARGERS MODEL Q4- 24/36-100-B	3) 2-10-0419-20887, 2-10-0419-20889	LEASE	
20111	CALGARY	1-Nov-19	1-Nov-24	ACTIVE	1) CARNEY BATTERY CHANGE 24V - 30 INCH	1) CR10044	LEASE	WALLACE & CAREY INC
					1) RAYMOND MODEL 8410 - FRE60L 46 27	1) 841-19-51117	LEASE	
20155	DELTA	1-Dec-19	1-Dec-23	ACTIVE	2) DEKA BATTERIES MODEL 12-D85- 13	2) 5094H1		WALLACE & CAREY INC
					1) ADVANCE SCRUBBER 36C ECOFLEX SC6000	1) 3510181700231	LEASE	
20160	CALGARY	1-Dec-19	1-Dec-23	ACTIVE	1) 4 x RAYMOND MODEL 8210 F45L 48 22	1) 821-19-40032, 821-19-40033, 821-19-40034, 821-19-40035	LEASE	WALLACE & CAREY INC
					2) 6 x ENERSYS BATTERIES MODEL 510164T-SGRY	2) RTJ00071247, RTJ00071248, RTJ00071249, RTJ00071250, RTJ00071283, RTJ00071285		
20261	DELTA	1-Dec-19	1-Dec-24	ACTIVE	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) 4890H1, 4890H1, 5101H1, 5101H1		
					3) 2 x DEKA CHARGER MODEL Q4- 24/36-150-B	3) 2-15-0819-22125, 2-15-0819-22126		





25392 DELTA	1-Apr-2023	1-Apr-2026 ACTIVE	1) 5 x RAYMOND MODEL 8210 F45L 48 27 1) 821-23-0062660, 821-23-0062661, 821-23-0062662, 821-23-0062663, 821-23-0062664	LEASE	WALLACE & CAREY INC
25444 CALGARY	1-May-2023	1-May-2025 ACTIVE	2) 5 x ENERSYS BATTERIES MODEL 510164T-SGRY 2) RWE00386231, RWE00386230, RWE00386229, RWE00386228, RWE00386269 1) RAYMOND MODEL 8410 FRE80L 48 27 1) 841-13-145-09	LEASE	WALLACE & CAREY INC
25505 CALGARY	1-May-2023	1-May-2028 ACTIVE	2) STRIKER BATTERY MODEL 12S-85- 13 1) RAYMOND MODEL 7300 DR30TT 20716.1 1) 841-13-145-09	LEASE	WALLACE & CAREY INC
25506 CALGARY	1-May-2023	1-May-2028 ACTIVE	2) STRIKER BATTERY MODEL 18-D125-2) 13-6d44 1) 4 x RAYMOND MODEL 7300 R35TT 95 21616.1 1) 730-23-AC0010180, 730-23-AC0010182, 730-23-AC0010183, 730-23-AC0010186	LEASE	WALLACE & CAREY INC
25521 KELOWNA	1-May-2023	1-May-2026 ACTIVE	2) 4 x DEKA BATTERY MODEL 18-D125-2) 13-6D44 1) 3 x RAYMOND MODEL 8210 F45L 48 27 1) 821-21-0064697, 821-21-0064698, 821-21-0064699	LEASE	WALLACE & CAREY INC
25551 WINNIPEG	1-Jun-2023	1-Jun-2026 ACTIVE	2) 3 x ENERSYS BATTERY MODEL 510164T-SGRY 2) RWI00425682, RWI00425665, RWI00425664	LEASE	WALLACE & CAREY INC
25580 OAKVILLE	1-Jun-2023	1-Jun-2026 ACTIVE	1) DEKA BATTERY MODEL 12-D125-15-1) 3670 1) DEKA BATTERY MODEL 12-D125-15-1) 1440EM, 1441EM, 3670	LEASE	WALLACE & CAREY INC
25700 WINNIPEG	1-Jun-2023	1-Jun-2026 ACTIVE	1) ENERSYS BATTERY MODEL 510164T-SGRY 1) NOT ANNEXED TO LEASE	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]**

**ASSIGNMENT OF LEASE, ASSIGNEE'S COVENANT, LANDLORD CONSENT AND RELEASE OF INDEMNITY**

THIS AGREEMENT made as of the \*\* day of \*\*\*, 20\*\*,

B E T W E E N:

**DIR PROPERTIES (GP) INC.**

(hereinafter called "**Landlord**")

- and -

**WALLACE & CAREY INC.**

(hereinafter called "**Tenant**" or "**Assignor**")

- and -

**CAREY MANAGEMENT INC.**

(hereinafter called "**Indemnifier**")

-and-

**7-ELEVEN CANADA, INC.**

(hereinafter called "**Assignee**")

**WHEREAS:**

- A. Pursuant to a whole building lease made as of May 1, 2001, as same has been assigned, amended, extended, restated, renewed or supplemented from time to time, including but not limited to those documents listed in Schedule "A" attached hereto (collectively, the "**Lease**"), HOOP Realty Inc. (the "**Original Landlord**") leased to Wallace & Carey (Ontario) Inc. ("**W&C Ontario**") certain warehouse premises at 2226 South Service Road, in the City of Oakville, in the Province of Ontario (the "**Oakville Warehouse**") and surrounding lands as more particularly described in the Lease (the "**Premises**").
- B. The Indemnifier entered into an indemnity agreement in favour of the Original Landlord (as defined below) dated May 1, 2001, as same has been assigned, amended, restated, renewed or supplemented from time to time (collectively, the "**Indemnity**").
- C. By Agreement made as of November 15, 2010 among the Original Landlord, W&C Ontario, W&C and the Indemnifier, *inter alia* the Landlord consented to, and W&C Ontario did assign the Lease to W&C and W&C assumed W&C Ontario's obligations under the lease.
- D. By Lease Amending Agreement dated September 22, 2017.
- E. By Lease Amending Agreement dated July 15, 2020, the term of the Lease was extended from December 31, 2020 to December 31, 2030 (the "**Term**").
- F. W&C and the Indemnifier together with Loudon Brothers Limited (collectively, the "**W&C Entities**") were granted protection by the Alberta Court of King's Bench (the "**Court**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"), and KSV Restructuring Inc. ("**KSV**") was appointed as the monitor of the W&C Entities (in such capacity, the "**Monitor**"), pursuant to an Order of the Court dated June 22, 2023, as amended

and restated on June 30, 2023, and as may be further amended, restated and/or amended and restated from time to time (collectively, the “**Initial Order**”). Pursuant to the terms of the Initial Order, the W&C Entities have the benefit of a stay of proceedings and certain other protections and benefits provided by the Initial Order and the CCAA; and

- G. The Assignor and the Assignee are entering into: (i) this Agreement (together with the Landlord and the Identifier) to provide for the assignment and assumption of the Lease by the Assignor to the Assignee in accordance with and subject to the terms and conditions contained herein, effective as of May 30, 2024 (the “**Effective Date**”); and (ii) an Asset Purchase Agreement in respect of the sale of the trade fixtures, furniture and equipment owned by the Tenant located at the Premises (the “**Purchased Assets**”) to the Assignee on the Effective Date (the “**APA**”);

**NOW THEREFORE** this agreement witnesses that in consideration of the covenants and agreements herein contained (the receipt and sufficiency of which is hereby acknowledged) the parties hereto agree as follows:

1. **Interpretation:** The recitals are true in fact and in substance. Except as otherwise expressly provided in this Agreement the terms used herein shall have the meanings attributed to them in the Lease. Terms defined herein, including in the recitals, will be incorporated by reference into the Lease unless there is something in the subject matter or context inconsistent therewith.
2. **Conditional on Assignment Order and satisfaction of Interim Period Payments:** This Agreement is conditional on: (i) the payment in full of all Cure Costs and Interim Period Payments by W&C and confirmed in writing by the Landlord on or before the Effective Date; and (ii) the receipt of an order from the Court, in form an substance acceptable to the Assignee, assigning the Lease to the Assignee pursuant to Section 11.3 of the CCAA, approving the sale of the Purchased Assets to the Assignee and vesting the Purchased Assets in the Assignee (the “**Assignment, Approval and Vesting Order**”), prior to June 14, 2024, failing which this Agreement will be terminated and the Assignment Consideration (as hereinafter defined) will be returned by the Monitor to the Assignee. The Assignee shall use commercially reasonable efforts to assist the Assignor in obtaining the Assignment, Approval and Vesting Order, including preparing materials required to be submitted to the Court and served on the Landlord and other parties in respect of the Assignment Order.
3. **Assignment:** Effective as of the Effective Date, Tenant hereby sells, assigns and transfers to Assignee and Assignee hereby accepts all the right, title and interest of Tenant in and to the Lease and the Premises, together with the unexpired residue of the term of the Lease, and any right of extension thereof, and all rights, benefits and advantages whatsoever to be derived therefrom from and after the date hereof, including benefit of all powers, covenants and provisos

contained in the Lease, to hold and receive the same unto Assignee, its successors and assigns (the "*Assignment*").

4. **Consideration for the Assignment:** In consideration for the assignment of the Lease, the Assignee agrees to pay to the Monitor, in trust and to be held in escrow, or as the Monitor may otherwise direct in writing, not less than three (3) business days prior to the Court hearing for the Assignment, Approval and Vesting Order (the "**Consideration Date**"), the amount determined by the methodology set out in the Colliers International March 20, 2024 Broker Opinion of Value (the "**Colliers Opinion**"), with the Lease consideration adjusted to the first day of the calendar month immediately following the Effective Date of the Lease assignment, by deducting an amount equal to 50% of the monthly NPV amounts set out in the chart comprising the final page of the Colliers Opinion for the preceding (ie: unassigned) months (the "**Assignment Consideration**").
5. **Performance of Covenants by Assignee:** Assignee hereby assumes the Lease and covenants to pay the rent and observe and perform all the obligations of the Tenant under the Lease from and after the Effective Date to the same extent as if originally named as the tenant in the Lease. The Assignee hereby agrees to indemnify and hold harmless the Tenant from any claim, demand, account, suit, action, liability and costs whatsoever made or brought against the Tenant as a result of the non-performance or breach by the Assignee of any of the obligations of the Assignee under the Lease occurring on or after the Effective Date.
6. **Cure Costs:** The Landlord hereby represents and certifies in favour of the Tenant and the Assignee that Tenant is current on all rents to and including May 30, 2024, and any other sums owing under the Lease, and that there are no outstanding lease arrears, taxes, costs or monetary obligations and liabilities which may be necessary to cure any monetary defaults under the Lease (collectively, the "**Cure Costs**") owing or outstanding as of the date of the execution of this Agreement by the Landlord. The Tenant hereby covenants with the Assignee, to: (i) pay all amounts due under the Lease between the date hereof and the Effective Date ("**Interim Period Payments**"); and (ii) indemnify and save the Assignee harmless, from any and all Claims, resulting from the Assignee's failure to pay or satisfy any Cure Costs owing as of the Effective Date, whether disclosed by the Landlord or otherwise.
7. **Utilities:** The Assignee shall not assume, and as of the Effective Date, the Assignor shall terminate, any contracts or agreements entered into by or on behalf of the Assignor for the supply of any utilities including, without limitation, electricity, gas, water, fuel, telephone service, internet services, security and surveillance services or otherwise (collectively, "**Utilities**", and each, a "**Utility**") at the Premises. From and after the Effective Date, any and all charges and other related fees payable for Utilities for the Premises pursuant to any invoice or statement issued on or after the Effective Date and relating solely to a time period commencing on or after the Effective Date, shall be the sole responsibility of the Assignee. On the Effective Date or as soon



as practicable thereafter, the Assignee shall set up all required Utility accounts for the Premises in its own name. The Assignor shall not be responsible for payment of any utilities following the Effective Date. Assignor will not disconnect Utility services until the Assignee completes the transfer of Utilities services into its name. Within 45 days following the Effective Date, the parties agree to adjust as of the Effective Date for any Utilities paid by the Assignor in respect of any period following the Effective Date that the Assignee will have the benefit of.

8. **Assignee's Covenants:** The Assignee covenants to and in favour of the Landlord:
  - (a) to keep, observe and perform each of the covenants, obligations and agreements on the part of Tenant contained in the Lease and shall pay all amounts payable by Tenant under the Lease (hereinafter referred to as "**rent**") due and payable after the Effective Date; and
  - (b) Landlord's consent does not eliminate the requirement for Landlord's consent to any future assignment, sublease or other transfer, which must be completed in compliance with the terms of the Lease.
9. **Landlord's Consent:** Landlord hereby consents to the Assignment, reserving nevertheless all of its rights and remedies pursuant to the Lease against the Assignee as if the Assignee was the tenant named in the Lease.
10. **Landlord's Acknowledgment:** Landlord in executing this consent to the Assignment does not hereby acknowledge or approve of any of the terms of the Assignment or any other agreement between Tenant and the Assignee except for the assignment of the Lease.
11. **Release of Indemnity:** Indemnifier hereby acknowledges this Agreement and the other parties hereto acknowledge that the Indemnifier is a beneficiary hereof. For clarity, the Landlord, Tenant and Assignee understand upon execution of this Agreement, the Indemnifier is released from any and all of its obligations and liabilities arising and pursuant to the Indemnity.
12. **Further Assurances:** Each of the parties hereto shall promptly do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and shall use best efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.
13. **Enurement:** This Agreement shall enure to the benefit of and be binding upon the parties hereto and, as permitted herein, their respective heirs, administrators, personal representatives, executors, successors and permitted assigns, respectively. The covenants in sections 4 and 5 will enure to the benefit of the Landlord and its successors and assigns and shall be binding upon the Tenant and Assignee and its and their successors and permitted assigns.

14. **Status of Manager:** Tenant acknowledges that Dream Industrial Management LP ("***DIMLP***") has executed this Agreement solely in its duly authorized, representative capacity as Agent for Landlord and that DIMLP shall have no personal liability under the provisions of this Agreement. Subject to the foregoing, DIMLP shall represent and act for and on behalf of Landlord for all purposes of this Agreement.
15. **Governing Law:** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
16. **Forum:** Each party to this Agreement submits to the exclusive jurisdiction of the Court in any action, application, reference or other proceeding arising out of or related to this Agreement and agrees that all claims in respect of any such actions, application, reference or other proceeding shall be heard and determined in the CCAA proceedings before the Court until the termination of such proceedings and, thereafter, pursuant to and in accordance with the Lease.
17. **Execution and Delivery.** This Agreement may be signed in any number of counterparts and such counterparts may be delivered by electronic-mail or other electronic means. Such counterparts, taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

**LANDLORD**

**DIR PROPERTIES (GP) INC., by its Manager,  
DREAM INDUSTRIAL MANAGEMENT LP, per  
DREAM INDUSTRIAL MANAGEMENT (GP) INC.,  
its general partner**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

I have authority to bind the limited partnership and the general partner, on behalf of DIR Properties (GP) Inc.

**TENANT:**

**WALLACE & CAREY INC.**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
I/We have authority to bind the Corporation.

**ASSIGNEE:**

**7-ELEVEN CANADA, INC.**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
I/We have authority to bind the Corporation.

**INDEMNIFIER:**

**CAREY MANAGEMENT INC.**

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Per: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
I/We have authority to bind the Corporation.

**SCHEDULE "A"**

1. Whole Building Lease made as of May 1, 2001, between Original Landlord and W&C Ontario;
2. First Extension Agreement dated as of April 27, 2006;
3. Agreement made as of November 15, 2010 among the Original Landlord, W&C Ontario, W&C and the Indemnifier;
4. Lease Amending Agreement dated as of September 22, 2017;
5. Lease Amending Agreement dated as of July 15, 2020 between DIR Properties GP Inc. as successor to the Original Landlord and the Vendor.

# **APPENDIX E**

**[ATTACHED]**

## EQUIPMENT PURCHASE AGREEMENT

This Equipment Purchase Agreement (the "**Agreement**") is entered into on May [●], 2024 (the "**Effective Date**")

BETWEEN:

**WALLACE & CAREY INC.**  
("Seller")

-and-

**7-ELEVEN CANADA, INC., or its nominee**  
("Buyer")

### BACKGROUND:

- A. Pursuant to a whole building lease made as of May 1, 2001, as same has been assigned, amended, extended, restated, renewed or supplemented from time to time, including but not limited to those documents listed in Schedule "●" attached hereto (collectively, the "**Lease**"), HOOP Realty Inc. (the "**Original Landlord**") leased to Wallace & Carey (Ontario) Inc. ("**W&C Ontario**") certain warehouse premises at 2226 South Service Road, in the City of Oakville, in the Province of Ontario (the "**Oakville Warehouse**") and surrounding lands as more particularly described in the Lease (the "**Premises**").
- B. By Agreement made as of November 15, 2010 W&C Ontario assigned the Lease to the Seller and the Seller assumed W&C Ontario's obligations under the Lease. By agreement dated [●] the Original Landlord assigned its right title and interest in the Lease to DIR Properties (GP) Inc. (the "**Landlord**").
- C. Pursuant to the Order of the Honourable Justice G.A. Campbell of the Alberta Court of King's Bench (the "**Court**") issued June 22, 2023 (as may be amended or amended and restated from time to time, the "**Initial Order**"), the Seller (among others) was granted relief in proceedings commenced by the Seller (among others) (the "**CCAA Proceedings**") pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.C-36, as amended (the "**CCAA**"), and KSV Restructuring Inc. was appointed as the Monitor of the CCAA debtors, including the Seller (in such capacity, the "**Monitor**").
- D. Pursuant to the Order of the Honourable Justice M.E. Burns of the Court issued on June 30, 2023, the Initial Order was amended and restated (the "**Amended and Restated Initial Order**").
- E. Pursuant to paragraph 12 of the Amended and Restated Initial Order, the Seller is authorized to dispose of assets exceeding \$500,000 with the approval of the Court.
- F. The Seller and Buyer (among others) are entering into: (i) an Assignment of Lease, Purchaser's Covenant and Landlord Consent Agreement (the "**Lease Assignment Agreement**") to provide for the assignment and assumption of the Lease by the Seller to the Buyer, effective as of [●]; and (ii) this Agreement in respect of the sale of the Purchased Assets (as hereinafter defined).
- G. The Seller intends to bring an application in the Court on [May 29, 2024] seeking, among other things: (i) the approval of this Agreement; (ii) the vesting of the Purchased Assets (as defined below) in and to the Buyer; and (iii) the approval of the Lease Assignment Agreement.
- H. The Buyer wishes to purchase and assume, and the Seller wishes to sell and assign, all of its right, title and interest in and to the Purchased Assets (as herein defined) subject to the terms and conditions set forth herein and subject to approval of the Court.

**NOW THEREFORE** in consideration of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged by each of

the Seller and the Buyer (hereinafter collectively referred to as the "**Parties**", each of which is a "**Party**"), the Parties agree as follows:

1. **Definitions.**

- (a) **"Agreement"** has the meaning ascribed to that term in the Recitals;
- (b) **"Amended and Restated Initial Order"** has the meaning ascribed to that term in the Recitals;
- (c) **"Approval and Vesting Order"** means an order by the Court, in form and substance satisfactory to the Seller and Buyer, acting reasonably, among other things, approving and authorizing this Agreement and the transaction hereunder and vesting title to the Purchased Assets in the Buyer or its permitted designee on Closing, free and clear of all encumbrances (other than any permitted encumbrances provided for in the Approval and Vesting Order);
- (d) **"Buyer"** has the meaning ascribed to that term in the Recitals;
- (e) **"CCAA"** has the meaning ascribed to that term in the Recitals;
- (f) **"CCAA Proceedings"** has the meaning ascribed to that term in the Recitals;
- (g) **"Closing"** means the closing and consummation of the transaction contemplated by this Agreement;
- (h) **"Closing Date"** means [●] days from the date the Approval and Vesting Order (as herein defined) is granted, unless otherwise agreed by the Parties hereto;
- (i) **"Court"** has the meaning ascribed to that term in the Recitals;
- (j) **"Effective Date"** has the meaning ascribed to that term in the Recitals;
- (k) **"ETA"** has the meaning ascribed to that term in Section 5;
- (l) **"FF&E"** means all tools, signs, furniture, machinery, equipment, personal or moveable property, chattels, furnishings and fixtures including shelves, video cameras and equipment, security systems, inventory control systems, computer systems and servers and related appurtenances, telecommunications systems and related appurtenances, electric light fixtures, elevating devices and equipment, and which are now used or intended to be used, or which were previously used, in connection with the Seller's occupation and operation of the Premises.
- (m) **"Initial Order"** has the meaning ascribed to that term in the Recitals;
- (n) **"Landlord"** has the meaning ascribed to that term in the Recitals;
- (o) **"Lease"** has the meaning ascribed to that term in the Recitals;
- (p) **"Lease Assignment Order"** means an order of the Court, in form and substance satisfactory to the Seller and the Buyer, acting reasonably, approving the Lease Assignment Agreement;
- (q) **"Monitor"** has the meaning ascribed to that term in the Recitals;
- (r) **"Oakville Warehouse"** has the meaning ascribed to that term in the Recitals;

- (s) **"Original Landlord"** has the meaning ascribed to that term in the Recitals;
- (t) **"Outside Date"** means [June 14], 2024;
- (u) **"Parties"** has the meaning ascribed to that term in the Recitals;
- (v) **"Premises"** has the meaning ascribed to that term in the Recitals;
- (w) **"Purchase Price"** has the meaning ascribed to that term in Section 4;
- (x) **"Purchased Assets"** means all of the Seller's right, title and interest, both at law and at equity, in and to all personal property, FF&E and Trade Fixtures owned by the Seller and located in or on the Premises as at the Closing Date, including without limitation, those assets listed in Schedule "●" hereto;
- (y) **"Seller"** has the meaning ascribed to that term in the Recitals;
- (z) **"Trade Fixtures"** means the fixtures, racks, shelves, mezzanines, counters, rollers, equipment, and other improvements in each case which were installed by or on behalf of the Seller or any predecessor occupant in or on the Premises, in each case to the extent owned by the Seller or any predecessor occupant and which are now used or intended to be used, or which were previously used, in connection with the Seller's occupation and operation of the Premises, and regardless of whether the same were constructed, installed or attached in any manner whatsoever to the floors, walls or ceilings of the Premises, including, without limitation the items that do not constitute FF&E; and
- (aa) **"W&C Ontario"** has the meaning ascribed to that term in the Recitals.

2. **Purchase and Sale of Purchased Assets.** On Closing, subject to the terms and conditions of this Agreement, the Seller hereby agrees to sell, assign, transfer, convey, and set over to the Buyer all of the Seller's right, title, estate and interest, if any, in and to the Purchased Assets, and the Buyer agrees to purchase and accept the Purchased Assets from the Seller on an as is where is basis.

3. **Transfer of Purchased Assets and Assumption of Liabilities.** Provided Closing occurs and subject to the terms and condition of this Agreement, possession, risk, legal and beneficial ownership of the Purchased Assets shall transfer from the Seller to the Buyer on the Closing Date.

4. **Purchase Price.** The consideration payable by the Buyer to the Seller for the Purchased Assets shall be the sum of \$510,625 (the **"Purchase Price"**), exclusive of GST and HST. The Purchase Price shall be payable by the Buyer to the Monitor (on behalf of the Seller) on the Closing Date by wire transfer in immediately available funds to an account designated by the Monitor.

5. **Transfer Taxes.** The Purchase Price does not include GST/HST and the Buyer shall be liable for and shall pay all GST/HST pertaining to the Buyer's purchase of the Purchased Assets. The Buyer shall pay to the Monitor, on behalf of the Seller, by electronic wire transfer on the Closing Date all GST/HST payable in respect of the transaction hereunder in accordance with the *Excise Tax Act* (Canada) and the regulations made thereunder (the **"ETA"**). Notwithstanding the foregoing, if the Buyer is registered under the ETA, then provided that the Buyer delivers on the Effective Date: (i) an officer's certificate of the Buyer confirming that the Buyer is buying the Purchased Assets for its own account and not on behalf of any other Person; and (ii) an undertaking and indemnity under which the Buyer covenants to remit all exigible GST/HST and to indemnify the Seller and the Monitor against any damages (including any interest or penalties imposed by a governmental authority) by reason of the failure of the Buyer so to do, the Seller will not collect GST/HST from the Buyer and the Buyer will file returns and remit any GST/HST exigible when and to the extent required by the ETA.



6. **As Is, Where Is.**

(a) The Purchased Assets will be delivered to Buyer *in situ*, on an "as is where basis", and the Seller shall have no obligation to move or otherwise deliver any Purchased Assets to the Buyer.

(b) The Buyer acknowledges and agrees that it is purchasing the Purchased Assets on an "as is, where is" basis and on the basis that the Buyer has conducted, to its satisfaction, an independent inspection, investigation and verification of the Purchased Assets (including a review of title, validity, currency and completeness) and all other relevant matters. The Buyer also acknowledges and agrees that it has determined to proceed with the transaction contemplated herein and will accept the Purchased Assets in their then current state, condition, location, and amounts on execution of this Agreement. All written and oral information provided by the Seller, the Monitor and their representatives to the Buyer in connection with the Purchased Assets has been provided for the convenience of the Buyer only and neither the Seller, the Monitor nor their representatives have made or are making any representation or warranty, express or implied, statutory or otherwise, as to the accuracy or completeness of any such information. Any information regarding or describing the Purchased Assets in this Agreement is for identification purposes and the convenience of the Buyer only and neither the Seller nor the Monitor are making any representation or warranty, express or implied, statutory or otherwise, as to the accuracy or completeness of any such information.

(c) No representation, warranty or condition whether statutory (including under any Canadian or international equivalent statute which may be applicable to the subject matter pursuant to the provisions of this Agreement, including but not limited to the United Nations Convention on Contracts for the International Sale of Goods), or express or implied, oral or written, legal, equitable, conventional, collateral, arising by custom or usage of trade, or otherwise is or will be given by the Seller, the Monitor or their representatives, including, without limitation, as to title, outstanding liens or encumbrances, description, fitness for purpose, merchantability, merchantable quality, quantity, condition (including physical and environmental condition), suitability, durability, assignability, or marketability thereof or any other matter or thing whatsoever, and all of the same are expressly excluded and disclaimed by the Seller and the Monitor and any rights pursuant to such statutes have been waived by the Buyer. The Buyer acknowledges and agrees that it has relied entirely and solely on its own investigations as to the matters set out above and in determining to purchase the Purchased Assets pursuant to this Agreement.

7. **Closing.**

(a) Closing shall take place on the Closing Date, by the exchange of deliverables (in counterparts or otherwise) by electronic transmission in PDF format.

(b) At or before Closing, the Seller, shall deliver or cause to be delivered to the Buyer the following:

- (i) a true copy of the Approval and Vesting Order, as issued and entered by the Court;
- (ii) a general conveyance, duly executed by the Seller; and
- (iii) such other agreements, documents and instruments as may be reasonably required by the Buyer to complete the transaction under this Agreement, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

(c) At or before Closing, the Buyer shall deliver or cause to be delivered to the Seller the following:

- (i) payment of the Purchase Price;
- (ii) payment of all GST payable on Closing or an officer's certificate and indemnity as contemplated in Section 5; and
- (iii) such other agreements, documents and instruments as may be reasonably required by the Buyer to complete the transaction under this Agreement, all of which shall be in form and substance satisfactory to the Parties, acting reasonably.

**8. Conditions Precedent.**

(a) The obligations of the Parties to complete the transaction under this Agreement is subject to the following joint conditions be satisfied, fulfilled or performed on or prior to the Closing Date. The following conditions are for the mutual benefit of the Parties. If any condition set out in Section 8(a) is not satisfied, performed or mutually waived on or prior to the Outside Date, any Party may elect on written notice to the other Party to terminate this Agreement.

- (i) The Court shall have issued and entered the Approval and Vesting Order, which Approval and Vesting Order shall not have been stayed, set aside, or vacated and no application, motion or other proceeding shall have been commenced seeking the same, in each case which has not been fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, each acting reasonably.
- (ii) The Court shall have issued and entered the Lease Assignment Order, which Lease Assignment Order shall not have been stayed, set aside, or vacated and no application, motion or other proceeding shall have been commenced seeking the same, in each case which has not been fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, each acting reasonably.
- (iii) No applicable law and no judgment, injunction, order or decree shall have been issued by a governmental authority or otherwise in effect that restrains or prohibits the completion of the transaction under this Agreement.
- (iv) No motion, action or proceedings shall be pending by or before a governmental authority to restrain or prohibit the completion of the transaction contemplated by this Agreement.

(b) The obligations of the Buyer to complete the transaction under this Agreement is subject to the following conditions be satisfied, fulfilled or performed on or prior to the Closing Date. The following conditions are for the exclusive benefit of the Buyer. If any condition set out in Section 8(b) is not satisfied, performed or waived by the Buyer on or prior to the Outside Date, the Buyer may elect on written notice to the other Party to terminate this Agreement.

- (i) The Seller shall have executed and delivered or caused to have been executed and delivered to the Buyer all the documents and payments contemplated in Section 7(b).
- (ii) The Buyer shall have received from the Seller customary closing deliverables with respect to the transaction contemplated under this Agreement.

(c) The obligations of the Seller to complete the transaction under this Agreement is subject to the following conditions be satisfied, fulfilled or performed on or prior to the Closing Date. The following conditions are for the exclusive benefit of the Seller. If any condition set out in Section 8(c) is not satisfied, performed or waived by the Seller on or prior to Outside Date, the Seller may elect on written notice to the other Party to terminate this Agreement.

- (i) The Buyer shall have executed and delivered or caused to have been executed and delivered to the Seller all the documents and payments contemplated in Section 7(c).
- (ii) The Buyer shall have performed in all material respects all covenants, obligations and agreements contained in this Agreement required to be performed by the Buyer on or before the Closing.

9. **Monitor's Certificate.** The Parties acknowledge and agree that the Monitor shall be entitled to deliver to the Buyer, and file with the Court, the executed Monitor's Certificate without independent investigation, upon receiving written confirmation from both Parties (or the applicable Party's counsel) that all conditions of Closing in favour of such Party have been satisfied or waived, and the Monitor shall have no liability to the Parties in connection therewith. The Parties further acknowledge and agree that upon written confirmation from both Parties that all conditions of Closing in favour of such Party have been satisfied or waived, the Monitor may deliver the executed Monitor's Certificate to the Buyer's counsel in escrow, with the sole condition of its release from escrow being the Monitor's written confirmation that all such funds have been received, the Monitor's Certificate will be released from escrow to the Buyer, and the Closing shall be deemed to have occurred.

10. **Grounds for Termination.** This Agreement may be terminated on or prior to the Closing Date:

- (a) by the mutual written agreement of the Seller (with the consent of the Monitor) and the Buyer;
- (b) by the Seller (with the consent of the Monitor) or the Buyer upon written notice to the other Party if: (i) the Closing has not occurred on or prior to the Outside Date; or (ii) the Approval and Vesting Order is not obtained on or before the Outside Date (subject to availability of the Court); provided in each case that the failure to close or obtain such order, as applicable, by such deadline is not caused by a breach of this Agreement by the Party proposing to terminate the Agreement.

11. **Effect of Termination.** If this Agreement is terminated pursuant to Section 9, all further obligations of the Parties under this Agreement will terminate and no Party will have any liability or further obligations hereunder.

12. **Notice.** Any notice or other communication under this Agreement shall be in writing and may be delivered by read-receipted email, addressed:

- (a) In the case of the Buyer, as follows:

7-Eleven Canada, Inc.  
13450 102 Avenue, Suite 2400  
Surrey, British Columbia V3T 5X3

Attention: General Manager of Canada

with a copy to:

7-Eleven Canada, Inc.  
3200 Hackberry Road  
Irving, Texas  
75063 USA

Attention: Legal Department

and with a copy to:

DLA Piper (Canada) LLP  
Suite 1000, Livingston Place West  
250 2nd St SW  
Calgary, Alberta, T2P 0C1, Canada

Attention: Edmond Lamek / Carole J. Hunter  
Email: edmond.lamek@ca.dlapiper.com / carole.hunter@dlapiper.com

(b) In the case of the Seller, as follows:

5445 8th St NE  
Calgary, AB T2K 5R9 Canada

Attention: Pat Carey  
Email: careyp@careymgmt.com

with a copy to:

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

Attention: James Reid / Sam Massie  
Email: jwreid@millერთhompson.com / smassie@millერთhompson.com

(c) In each case, with a further copy to the Monitor, as follows:

KSV Restructuring Inc.  
220 Bay Street, 13th Floor, PO Box 20,  
Toronto, Ontario, M5J 2W4

Attention: Bobby Kofman / Jason Knight  
Email: bkofman@ksvadvisory.com / jknight@ksvadvisory.com

with a copy to:

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

Attention: Jeffrey Oliver / Jane Dietrich  
Email: joliver@cassels.com / jdietrich@cassels.com

Any such notice or other communication, if transmitted by email before 5:00 p.m. (Calgary time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted

by email after 5:00 p.m. (Calgary time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission. In the case of a communication by email or other electronic means, if an autoreply is received indicating that the email is no longer monitored or in use, delivery must be followed by the dispatch of a copy of such communication pursuant to one of the other methods described above; provided however that any communication originally delivered by electronic means shall be deemed to have been given on the date stipulated above for electronic delivery.

Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party. A Person may change its address for service by notice given in accordance with the foregoing and any subsequent communication must be sent to such Person at its changed address.

13. **Monitor's Capacity.** In addition to all of the protections granted to the Monitor under the CCAA or any order of the Court in this CCAA Proceedings, the Seller and the Buyer acknowledge and agree that the Monitor, acting in its capacity as Monitor of the Seller and not in its personal capacity, will have no liability, in its personal capacity or otherwise, in connection with this Agreement or the transaction contemplated herein whatsoever as Monitor.

14. **Benefit of Agreement.** This Agreement shall enure to the benefit of and be binding upon the Parties hereto and, as applicable, their respective successors and permitted assigns.

15. **Further Assurances.** Each of the Parties shall, at the request and expense of the requesting Party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances, transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

16. **Time.** Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Parties.

17. **Entire Agreement.** This Agreement and the attached Schedules hereto constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements. This Agreement may not be amended or modified in any respect except by written instrument executed by the Seller and the Buyer.

18. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

19. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which when so executed shall be deemed an original, and such counterparts together shall constitute one and the same instrument. This Agreement may be executed and delivered electronically, including by way of DocuSign, PDF or .TIFF format.

[SIGNATURE PAGE FOLLOWS]

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**WALLACE & CAREY INC.**

By\_\_\_\_\_

Name:

Title:

**7-ELEVEN CANADA INC.**

By\_\_\_\_\_

Name:

Title:

**SCHEDULE "●"**  
**LEASE PARTICULARS**

1. Whole Building Lease made as of May 1, 2001, between Original Landlord and W&C Ontario.
2. First Extension Agreement dated as of April 27, 2006.
3. Agreement made as of November 15, 2010 among the Original Landlord, W&C Ontario, Seller and the Indemnifier.
4. Lease Amending Agreement dated as of September 22, 2017.
5. Lease Amending Agreement dated as of July 15, 2020 between DIR Properties GP Inc. as successor to the Original Landlord and the Seller.

**SCHEDULE "●"**  
**ASSETS**



## OWNED EQUIPMENT

ITEM #	QTY	DESCRIPTION
1	1	2014 <b>RAYMOND</b> ET-R30TT ELECTRIC POWERED REACH TRUCK, 3,000 LBS CAPACITY, 201" LIFT, S/N ET-14-FF21382 (Unit #6)
2	1	2016 <b>RAYMOND</b> 8410 ELECTRIC POWERED END RIDER PALLET TRUCK, S/N 841-16-32012 (Unit#W1)
3	1	2017 <b>RAYMOND</b> 8210 ELECTRIC POWERED PALLET JACK, S/N 821-17-21274, (NOTE: PARTS ONLY)
4	1	2018 <b>RAYMOND</b> 8210 ELECTRIC POWERED PALLET JACK, S/N 821-18-28511 (Unit# S5)
5	1	2017 <b>RAYMOND</b> 8210 ELECTRIC POWERED PALLET JACK, S/N 821-17-21268
6	1	2017 <b>RAYMOND</b> 8210 ELECTRIC POWERED PALLET JACK, S/N 821-17-21081
7	1	2017 <b>RAYMOND</b> 8210 ELECTRIC POWERED PALLET JACK, S/N 821-17-21276
8	1	2022 <b>RAYMOND</b> 8210 ELECTRIC POWERED PALLET JACK, S/N 821-22-58944
9	1	2018 <b>RAYMOND</b> 8210 ELECTRIC POWERED PALLET JACK, S/N 821-18-28474 (UNIT# S3)
10	1	2018 <b>RAYMOND</b> 8210 ELECTRIC POWERED PALLET JACK, S/N 821-18-28508 (NOTE: PARTS ONLY) (Unit# S7)
11	1	2018 <b>RAYMOND</b> 8210 ELECTRIC POWERED PALLET JACK, S/N 821-18-28510 (Unit# S2)
12	1	2022 <b>RAYMOND</b> 8210 ELECTRIC POWERED PALLET JACK, S/N 821-22-58907
13	1	2017 <b>RAYMOND</b> 8210 ELECTRIC POWERED PALLET JACK, S/N 821-17-21106 (NOTE: FOR PARTS ONLY)
14	1	2022 <b>RAYMOND</b> 8210 ELECTRIC POWERED PALLET JACK, S/N 821-22-58906
15	1	2022 <b>RAYMOND</b> 8210 ELECTRIC POWERED PALLET JACK, S/N 821-22-58943
16	2	FORKLIFT BATTERIES (1) NO GOOD, S/N GFT2767
17	1	1998 <b>RAYMOND</b> EASI-OPC30TT ORDER PICKER, 24 VOLTS, 3,000 LBS CAPACITY, 204" LIFT HEIGHT, S/N EASI-98-BD21633 (Unit OP1)

18	1	ELECTRIC POWERED FORKLIFT BATTERY CHARGER TUGGER
19	1	2015 <b>RAYMOND</b> ET-R30TT ELECTRIC POWERED REACH TRUCK, 3,000 LBS CAPACITY, 204" LIFT HEIGHT, S/N ET-15-FF21828 (Unit R8)
20	1	2014 <b>RAYMOND</b> ET-R30TT ELECTRIC POWERED REACH TRUCK, 3,000 LBS CAPACITY, 201" LIFT HEIGHT, S/N ET-14-FF21383 (Unit 7)
21	1	2015 <b>RAYMOND</b> ET-R30TT ELECTRIC POWERED REACH TRUCK, 3,000 LBS CAPACITY, 204" LIFT HEIGHT, S/N ET-15-FF21829 (Unit R9)
22	1	2017 <b>RAYMOND</b> 8410 ELECTRIC POWERED END RIDER PALLET TRUCK, S/N 841-17-39358
23	1	<b>CROWN</b> PE4500 SERIES ELECTRIC POWERED END RIDER PALLET TRUCK, 6,000 LBS CAPACITY, S/N 10040631
24	1	<b>GNB</b> MODEL SCR 100-12-600S12 BATTERY CHARGER, S/N 03F0067S
25	1	<b>GNB</b> MODEL SCR 100-12-600S12 BATTERY CHARGER, S/N 03D0055S
26	1	<b>ACT</b> MODEL Q4-24/36-150-600 QUANTUM BATTERY CHARGER
27	1	SPARE FORKLIFT BATTERY
28	1	SPARE FORKLIFT BATTERY
29	1	SPARE FORKLIFT BATTERY
30	1	SPARE FORKLIFT BATTERY
31	6	FORKLIFT ROLLER TOP BATTERY TRANSFER CONVEYOR
32	550	42" WIDE AND VARIOUS HEIGHTS 6' TO 16' HIGH PALLET RACKING UPRIGHTS
33	2,288	PALLET RACKING CROSSBEAMS CONSISTING OF VARIOUS LENGTHS, FROM 8' TO 12' LONG AND 3" TO 6" DEEP
34	651	42" X 42" WIRE MESH FOR PALLET RACKING
35	Lot	<b>ENGINEERED PRODUCTS:</b> (16) SECTIONS OF THREE DEEP PUSH BACK PALLET RACKING, 8' LONG CROSSBEAMS 12'5" DEEP
36	Lot	<b>ENGINEERED PRODUCTS:</b> (23) SECTIONS OF TWO DEEP PUSH BACK PALLET RACKING, 8' LONG CROSSBEAMS 6'5" DEEP

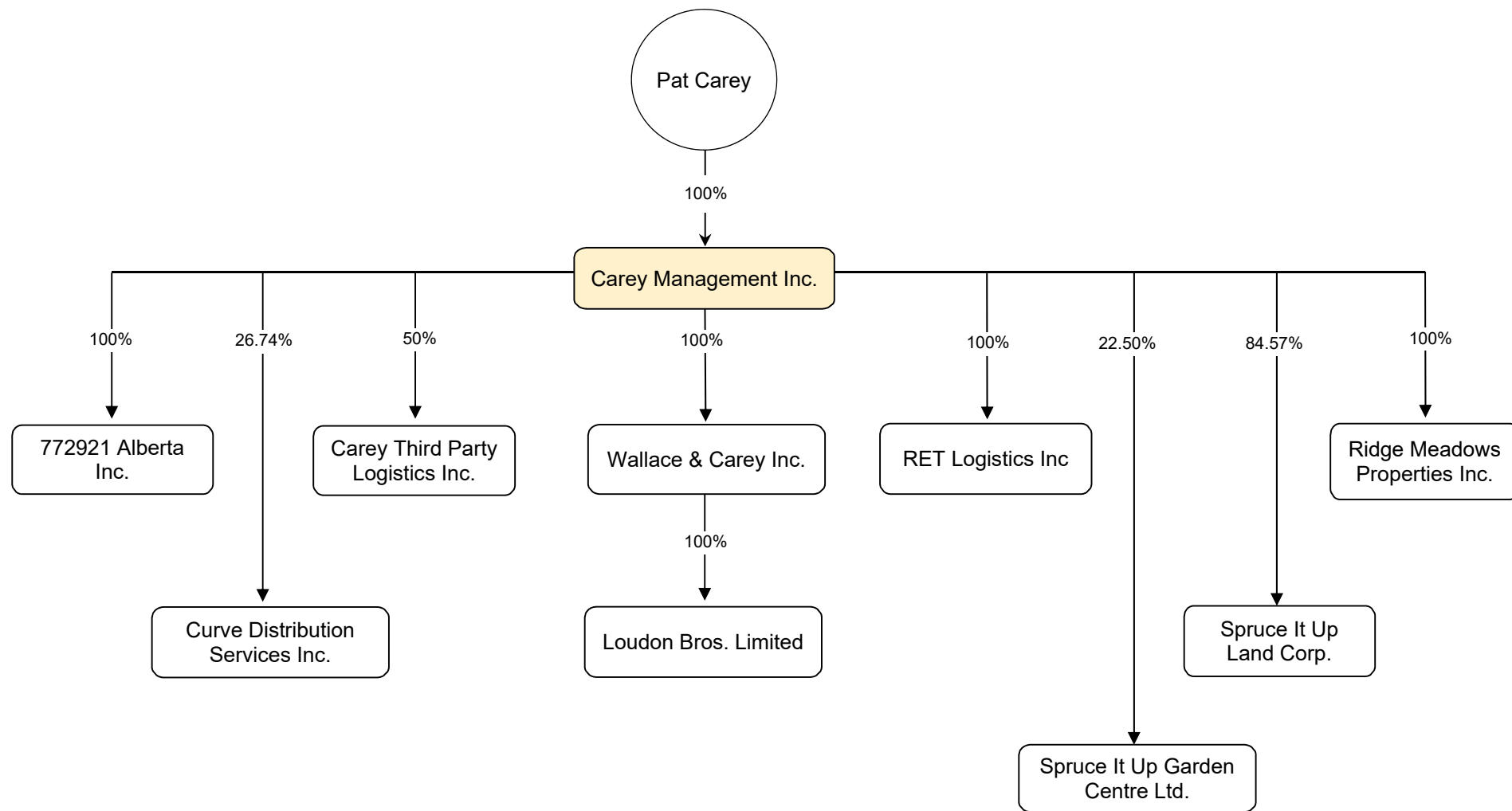
37	1	<b>MEZZANINE SYSTEM:</b> CONSISTING OF: (2) STAIRWAYS, (18) SECTIONS OF ROLL-IN FEED LIVE POWER CONVEYORS, 102" LONG UPPER GRATED FLOORING, (3) <b>DFI</b> SYSTEMS 22" X 90' LONG ROLLER TOP CONVEYORS, (3) 20" X 70' LONG BELT CONVEYORS, ASSORTED 22" ROLLER TOP CURVING INCLINE CONVEYOR 500' LONG, (2) <b>PSP</b> STRAPPING MACHINES, (1) <b>AKEBONO</b> 415 STRAPPING MACHINE, SHORT BELT FEED CONVEYORS, (8) SECTIONS ROLL-IN FEED CONVEYORS, POWER CONTROL PANEL, (3) 60' LONG ROLLER TOP CONVEYORS, (2) 16" X 120' LONG ROLLER TOP CONVEYORS, (1) LIVE, INCLINE VARIOUS LENGTHS BELT CONVEYORS, LIGHTING, (4) TRAY ROLL-IN FEED SYSTEM, 105" LONG MEZZANINE SYSTEM, (2) STAIRWAYS, (13) SECTIONS OF ROLL-IN FEED TRAYS, 100' LONG ROLLER TOP CONVEYORS, ASSORTED PALLETS RACKS, (22) SECTIONS METAL LIGHT SHELVING, 100' LONG ROLLER TOP CONVEYOR PLUS ASSORTED RELATED SUPPORT EQUIPMENT
38	1	<b>COOLER UNIT:</b> 12' TO 20' HIGH , 50' WIDE X 200' LONG DRIVE-IN COOLER C/W (4) TRENTON COOLING UNITS, TNR ROLL-UP DOORS, LIGHTS ETC.
39	1	<b>FREEZER UNIT:</b> 20' HIGH X 40' WIDE X 105' LONG DRIVE-IN FREEZER C/W DOORS, LIGHTS, ROOF MOUNTED CHILLER UNIT, ETC.
40	5	PLASTIC SHIPPING BINS
41	7	BLUE PLASTIC BINS ON CASTORS
42	3	METAL TRAY CART WITH STEP ON CASTORS
43	2	RED & BLUE METAL TWO TRAY CART ON CASTORS
44	30	5,000 LBS CAPACITY PALLET JACKS
45	16	FLOOR TYPE ELECTRIC FANS
46	Lot	ASSORTED ELECTRIC TOOLS
47	9	GREY THREE SHELF CART ON CASTORS
48	1,000	GREY & BLUE TOTE BINS
49	5	<b>ZEBRA</b> ZT230 LABEL PRINTERS
50	1	<b>DVAIR</b> HDI 5HP AIR COMPRESSOR
51	2	PORTABLE STAND-UP DESK C/W MONITOR
52	5	ASSORTED TV'S
53	2	VACUUM CLEANERS
54	Lot	GREY SIX WHEELER METAL CART

55	Lot	(36) DOOR EMPLOYEE LOCKERS
56	1	<b>CAMPBELL HAUSFELD</b> 8 GALLON PORTABLE AIR COMPRESOR C/W WHEELS, 150 PSI
57	15	<b>MAGLINER</b> TWO WHEEL HAND DOLLIES
58	5	ALUMINIUM DOCK PLATES
59	1	FOUR WHEELED DOLLY
60	4	2021 <b>EDGE</b> ELECTRIC POWERED LIFT ONLY PALLET JACKS
61	1	2021 <b>FEATHERLITE</b> MODEL 6912 STEP LADDER, 12' HIGH CAPACITY
62	1	2013 <b>LANTECH</b> S300 SEMI AUTOMATIC STRADDLE STRETCH WRAPPING MACHINE, 1 PHASE, 120 VOLT, S/N SM004048
63	1	<b>FEATHERLITE</b> 6' HIGH STEP LADDER
64	1	<b>SONARD</b> 415 AUTOMATIC STRAPPING MACHINE
65	45	<b>ZEBRA</b> MODEL KYP-WT6X WRIST MOUNT INVENTORY CONTROLLER
66	20	<b>MOTOROLA</b> WRIST MOUNTED INVENTORY CONTROLLER
67	111	<b>UNEX</b> SPAN-TRACK 12" X 88" ROLLER TOP CONVEYOR
68	400	30" X 42" PLASTIC PALLETS
69	2	NINE-DOOR EMPLOYEE LOCKERS
70	4	SHIPPING TRUCK SECURE BARS
71	5	BLUE 6' HIGH PLASTIC SHIPPING TOTES
72	LOT	<b>MAIN OFFICE CONTENT CONSISTING OF:</b> DESKS, CHAIRS, FILING CABINETS, PRINTERS, COPIERS, STORAGE CABINETS, <b>PHILIPS</b> DEFILLBRATOR, CONTENTS OF CAFETERIA, EMPLOYEE'S LOCKERS, RECEPTION DESK, TUB CHAIRS, COMPUTERS, BOARDROOM TABLE, <b>LOFT</b> TV, <b>YEALINK</b> SYSTEM, <b>SAMSUNG</b> TV, SOUND BARS, ETC.



# **APPENDIX F**

**[ATTACHED]**



# **APPENDIX G**

**[ATTACHED]**



Wallace & Carey Inc., Loudon Bros Limited and Carey Management Inc.  
**Projected Weekly Cash Flow Statement (Consolidated)**  
 May 19, 2024 to November 30, 2024  
 (Unaudited; \$CAD Thousands)

	Note	May 25	Jun 01	Jun 08	Jun 15	Jun 22	Jun 29	Jul 06	Jul 13	Jul 20	Jul 27	Aug 03	Aug 10	Aug 17	Aug 24	Aug 31	Sep 07	Sep 14	Sep 21	Sep 28	Oct 05	Oct 12	Oct 19	Oct 26	Nov 02	Nov 09	Nov 16	Nov 23	Nov 30	Total	
Week ending																															

### **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 May 19 to November 30, 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 22<sup>nd</sup> day of May, 2024 for the period May 19 to November 30, 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 22<sup>nd</sup> day of May, 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 22<sup>nd</sup> day of May, 2024, consisting of a weekly projected cash flow statement for the period May 19 to November 30, 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 22<sup>nd</sup> day of May, 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**