

COURT FILE NUMBER 2401-01778  
 COURT COURT OF KING'S BENCH OF ALBERTA  
 JUDICIAL CENTRE CALGARY  
 PROCEEDING IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, AS AMENDED



C20559  
 Feb 14, 2024  
 COM

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF COLLISION KINGS GROUP INC., CMD HOLDINGS INC., EAST LAKE COLLISION LTD., MAYLAND HEIGHTS COLLISION LTD., SUNRIDGE COLLISION LTD., ARROW AUTO BODY LTD., CMD GLASS LTD., ROYAL VISTA COLLISION LTD., STATHKO INVESTMENTS LTD., 2199931 ALBERTA LTD., COLLISION KINGS 3 LTD., NICK'S REPAIR SERVICE LTD., 10026923 MANITOBA LTD. and BUNZY'S AUTO BODY LTD.

APPLICANTS COLLISION KINGS GROUP INC., CMD HOLDINGS INC., EAST LAKE COLLISION LTD., MAYLAND HEIGHTS COLLISION LTD., SUNRIDGE COLLISION LTD., ARROW AUTO BODY LTD., CMD GLASS LTD., ROYAL VISTA COLLISION LTD., STATHKO INVESTMENTS LTD., 2199931 ALBERTA LTD., COLLISION KINGS 3 LTD., NICK'S REPAIR SERVICE LTD., 10026923 MANITOBA LTD. and BUNZY'S AUTO BODY LTD.

DOCUMENT **APPLICATION**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT **MLT AIKINS LLP**  
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 Attention: JJ Burnell  
 File No.: 0137640.00022

**NOTICE TO RESPONDENTS:**

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the applications are heard as shown below:

**Comeback Hearing:**

Date: February 14, 2024  
Time: 3:00 p.m.  
Where: Edmonton Courts Centre – VIA WEBEX  
Before: The Honourable Justice M.J. Lema

Go to the end of this document to see what you can do and when you must do it.

**REMEDY CLAIMED OR SOUGHT:**

1. On February 14, 2024, the Collision Kings Group Inc. (“**CKGI**”), CMD Holdings Inc. (“**CMD Holdings**”), East Lake Collision Ltd. (“**East Lake**”), Mayland Heights Collision Ltd. (“**Mayland Heights**”), Sunridge Collision Ltd. (“**Sunridge**”), Arrow Auto Body Ltd. (“**Arrow**”), CMD Glass Ltd. (“**CMD Glass**”), Royal Vista Collision Ltd. (“**Royal Vista**”), Stathko Investments Ltd. (“**Stathko Investments**”), 2199931 Alberta Ltd. (“**219 Alberta**”), Collision Kings 3 Ltd. (“**CK3L**”), Nick’s Repair Service Ltd. (“**Nick’s Repair**”), 10026923 Manitoba Ltd. (“**100 Manitoba**”) and Bunzy’s Auto Body Ltd. (“**Bunzy’s**”) (collectively, the “**Applicants**” or the “**Collision Kings Group**”) will seek, under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36 (the “**CCAA**”), the following relief (the “**Comeback Hearing**”):
  - (a) an Amended and Restated Initial Order (the “**ARIO**”) substantially in the form attached in **Schedule “A”** hereto providing for the following relief:
    - (i) extending the initial stay period of not more than ten days (10) days pursuant to the CCAA to March 29, 2024;
    - (ii) increasing the interim financing charge (the “**Interim Lender’s Charge**”) in favour of The Toronto-Dominion Bank (the “**Interim Lender**”) to the principal sum of \$1,125,000.00, plus interest, costs and expenses as set out in the interim financing term sheet (the “**Interim Financing Term Sheet**”);
    - (iii) granting a fourth-ranking charge against the Applicants’ Property for a retention and incentive plan (“**RIP**”) charge (the “**RIP Charge**”) up to the amount of \$425,000.00 for individuals identified as critical management personnel of the Applicants in order to retain and incentivize those parties to ensure the success of the CCAA Proceedings;

- (iv) declaring certain essential suppliers to be critical suppliers in accordance with section 11.4 of the CCAA; and
- (v) declaring that the Applicants and their collective former employees are individuals to whom the *Wage Earner Protection Program Act* (Canada), SC 2005, c 47, s 1 (“**WEPPA**”) applies and that the Applicants and their collective former employees meet the criteria prescribed by section 3.2 of the Wage Earner Protection Program Regulations; and
- (b) a Sale Approval and Vesting Order (the “**SAVO**”) substantially in the form attached in **Schedule “B”** hereto approving the stalking horse asset purchase agreement (the “**Stalking Horse Bid**”) and authorizing the Applicants to enter into and close the transaction contemplated therein, in the event that the Stalking Horse Bid is selected as the Successful Bidder (as defined in the SISP); and
- (c) such further and other relief as this Honourable Court may deem just.

### **The Initial Order Application**

2. On February 7, 2024, the Applicants sought an Initial Order (the “**Initial Order Application**”) under the CCAA, for, among other relief, the following:
  - (a) staying, for an initial period of not more than ten (10) days, all proceedings, rights and remedies against or in respect of the Applicants or their Business or Property (as defined in the Initial Order Application), or the Monitor (as defined below), except as otherwise set forth in the Initial Order enclosed as Schedule “A” to the Initial Order Application or otherwise permitted by law;
  - (b) appointing FTI Consulting Canada Inc. as the monitor (the “**Monitor**”) of the Applicants in these proceedings;
  - (c) approving the Interim Financing Term Sheet;
  - (d) granting the following charges on the Property of the Applicants:
    - (i) an administration charge (the “**Administration Charge**”) not exceeding an aggregate amount of \$500,000.00 as security for the professional fees and

disbursements of the Monitor, counsel for the Monitor and counsel for the Applicants, both before and after the approval of the Initial Order;

- (ii) the Interim Lender's Charge in the principal sum of \$600,000.00, plus interest, costs and expenses in favour of the Interim Lender pursuant to the Interim Financing Term Sheet; and
  - (iii) a directors and officers charge (the "**Directors' Charge**") up to the aggregate amount of \$400,000.00 as security for the liabilities to which the Applicants' directors and officers may be exposed after the commencement of these CCAA proceedings, except to the extent any obligation was incurred as a result of any director or officer's gross negligence or wilful misconduct;
- (e) approving the proposed form of Sale Investment and Solicitation Process enclosed as Schedule "A" to the Initial Order Application (the "**SISP**");
  - (f) approving the proposed form of the Stalking Horse Bid between Lift Auto Group Operation Corporation, as purchaser ("**Lift**") and between CMD Holdings Inc., East Lake Collision Ltd., Sunridge Collision Ltd., 2199931 Alberta Ltd., Collision Kings 3 Ltd., Arrow Auto Body Ltd., Stathko Investments Ltd., Nick's Repair Service Ltd., 10026923 Manitoba Ltd. and Bunzy's Auto Body Ltd., as vendors; and
  - (g) sealing the Confidential Affidavit of Shane Daerden, sworn on January 30, 2024 (the "**Confidential Affidavit**") until further order of this Court; and

## **GROUND FOR MAKING THIS APPLICATION:**

### **Background and Parties**

3. The operating entities of the Collision Kings Group is comprised of a group of 10 collision repair shops and two autobody mechanic shops operating primarily out of Alberta, with locations in Saskatchewan and Manitoba.
4. CKGI is the parent company of CMD Holdings, 219 Alberta, CK3L, Nick's Repair, 100 Manitoba and Bunzy's, which operate out of the following locations:

- (a) 219 Alberta operates two collision repair shops: one in Lloydminster, Alberta and one in Lloydminster, Saskatchewan;
  - (b) CK3L operates a collision repair shop in Grande Prairie, Alberta;
  - (c) Nick's Repair operates a collision repair shop in Neepawa, Manitoba. 100 Manitoba owns the premises on which Nick's Repair operates; and
  - (d) Bunzy's operates a collision repair shop in Winnipeg, Manitoba (collectively, Nick's Repair, 100 Manitoba and Bunzy's are referred to herein as the "**Manitoba Locations**").
5. CMD Holdings is an Alberta corporation and the parent company of the following entities operating in Calgary, Alberta: East Lake, Mayland Heights, Sunridge, Arrow, Royal Vista, CMD Glass and Stathko Investments (collectively, the "**Calgary Locations**"; together with CK3L and 219 Alberta's Lloydminster, AB operation, the "**Alberta Locations**").
  6. All of the Calgary Locations except Royal Vista and Mayland Heights operate collision repair shops; Royal Vista and Mayland operate an autobody mechanic shop.
  7. All entities within the Collision Kings Group except the Manitoba Locations operate under franchise agreements with CARSTAR Canada Partnership, LP.
  8. The various locations are funded through separate loans with different lenders and further operate independent, location-specific bank accounts. However, CKGI manages all entities within the Collision Kings Group, including their finances.
  9. In September 2020, CKGI acquired the Calgary Locations pursuant to a transaction whereby 2270683 Alberta Ltd. ("**227 Alberta**"), which came to own all of the Calgary Locations at the time, amalgamated with CMD Holdings and CKGI acquired all issued and outstanding shares of CMD Holdings (the "**Calgary Acquisition**").
  10. Due to pandemic-era restrictions that significantly reduced commuter volumes, there were lower numbers of collisions and as a result, reduced intake at the collision repair shops.
  11. In addition, there were significant disruptions to the global supply chain in the post-COVID era, exacerbated in part due to shipping blockages in the Suez and Panama canal in 2021 and 2023, respectively, a port strike at most of British Columbia's marine terminals in July

2023 and an auto workers strike in the United States in September 2023. It became difficult to source the necessary parts required to complete a repair, doubling the turnaround time to repair and release a vehicle from approximately 12 business days to 24 business days.

12. Delays in turnaround time increased labour costs, carrying costs and accommodation costs such as rental fees. It also reduced the amount of work in progress invoices that could be billed within a month by more than half, which significantly reduced profit margins.
13. As a result of reduced intake and lower margins, the Calgary Locations were never able to achieve the projected gross revenues and profit necessary to service the increased debt load that followed the Calgary Acquisition.
14. The Applicants were required to take on more debt in an attempt to meet their liabilities as they become due. Around the fall of 2021, 219, East Lake, Mayland and Sunridge approached their primary secured lender, The Toronto-Dominion Bank ("**TD Bank**"), to discuss accessing additional capital to fund their businesses. Ultimately, these parties applied for HASCAP loans, as guaranteed by the Business Development Bank of Canada, which were eventually processed and granted in the spring of 2022.
15. However, the additional injection of borrowings was not enough to service the debt in combination with low revenues. The Collision Kings Group was moved into TD Bank's special loans group shortly thereafter.

### **Loan and Security Agreements**

16. TD Bank is the Applicants' primary secured creditor, and holds secured loans with CMD Holdings, East Lake, Mayland Heights, Sunridge, CK3L, 219 Alberta and 227 Alberta (collectively, the "**TD Borrowers**"). 227 Alberta amalgamated with CMD Holdings in September 2020 as part of the Calgary Acquisition.
17. Arrow, CMD Glass, Royal Vista, Stathko Investments and CKGI (collectively, and in such capacity, the "**TD Guarantors**", and together with the TD Borrowers, the "**TD Loan Parties**") all provided various guarantees for the TD Borrowers. The TD Borrowers have further granted cross-guarantees of each other's debt obligations to TD Bank.
18. All of the TD Loan Parties have provided general security agreements in favour of TD Bank.

19. Royal Bank of Canada (“**RBC**”) holds a secured loan for 100 Manitoba (the “**RBC Loan**”), as secured by a general security agreement and real property mortgage from 100 Manitoba. The RBC Loan is further secured by guarantees from [REDACTED] [REDACTED] Shane Daerden, [REDACTED], Nick’s Repair and CKGI, as well as by postponements and assignments of claim from Gail White and Garth White.
20. Access Credit Union (“**ACU**”) holds a secured loan for Bunzy’s (the “**ACU Loan**”), as secured by a general security agreement and real property mortgage from Bunzy’s. The ACU Loan is further secured by corporate guarantees from [REDACTED] [REDACTED] and CKGI, up to the maximum amount of \$598,000; personal guarantees from Shane Daerden, [REDACTED] and [REDACTED], up to the maximum amount of \$598,000; and an assignment and postponement of shareholder loans.
21. Don Golden Autobody holds a promissory note from CK3L in the principal amount of \$320,000, as secured by a general security agreement from CK3L and an unlimited personal guarantee granted by Shane Daerden.
22. Christos Stathonikos Family Trust, Matthew Stathonikos Family Trust, David Stretz Family Trust, Domna Investments Inc., 1427916 Alberta Inc. and 1427913 Alberta Inc. (collectively, the “**Stathonikos Vendors**”) hold a promissory note from 227 Alberta (now CMD Holdings) in the principal amount of \$500,000 (the “**Stathonikos Promissory Note**”), as secured against all of 227 Alberta’s present and after acquired personal property.
23. Axalta Coating Systems Canada Company (“**Axalta**”) holds several Incentive Agreements and Master Incentive Agreements with various of the Applicants. In support of its agreements with Axalta, 227 Alberta granted Axalta a general security agreement.
24. Gail White and Garth White hold promissory notes from 100 Manitoba in the collective principal of \$250,000, or \$127,500 each (the “**White Promissory Notes**”). The White Promissory Notes are secured by a vendor take back mortgage against property owned by 100 Manitoba.

### **Other Liabilities**

25. As at January 29, 2024, the estimated total value of the Collision Kings Group's assets is \$7,205,553, consisting of cash, account receivables, work in progress, prepaid expenses/deposits, and fair market value of equipment, buildings and vehicles.
26. As at January 29, 2024, 2024, the estimated total value of the Collision Kings Group's liabilities is approximately \$27,235,740, consisting of accounts payable, accrued liabilities and secured loans.
27. The Applicants' unsecured liabilities include, among others, \$7,557,012 in outstanding accounts payable; \$3,750,000 to Axalta and Rondex, jointly; \$230,772 to just Axalta; \$400,112.01 in outstanding franchise fees to Carstar; and \$150,851 in outstanding equipment lease payments.
28. To date, the Applicants have been sent nine civil claims seeking judgment in the aggregate amount of \$396,848.55, and four demand letters demanding payment of the aggregate amount of \$513,392.94.
29. As of January 29, 2024, the Applicants collectively owe \$17,745.84 in outstanding provincial sales tax in Manitoba and approximately \$266,391 in outstanding federal GST.
30. All of the Applicants are current on their commercial lease payments.
31. From late 2022 through 2023, many of the Applicants' vendors would only supply parts and materials on a cash-on-delivery basis, while other vendors cut off the Applicants entirely. The Applicants have received numerous demands and civil actions respecting unpaid trade creditors and their revenue streams are simply insufficient to pay all of their outstanding liabilities on top of servicing their debt with secured lenders.

### **Demands and Current Forbearance**

32. On October 27, 2023, the Stathonikos Vendors issued a demand to 227 Alberta (now CMD Holdings) pursuant to the Stathonikos Promissory Note (the "**Stathonikos Demand**"). The demand alleges that 227 Alberta failed to pay the third instalment of \$166,666.66 plus accrued interest by September 18, 2023, and as a result, the entire principal balance of \$500,000 is due and owing. The Stathonikos Vendors are stayed



under a Priority Agreement with TD Bank that requires the Stathonikos Vendors to provide 120 days' notice prior to taking enforcement steps.

33. The Stathonikos Vendors also provided the Stathonikos Demand to TD Bank. Shortly thereafter, on November 8, 2023, TD Bank demanded on its loans by issuing demands and Notices of Intention to Enforce Security.
34. On December 22, 2023, the TD Loan Parties and TD Bank entered into a forbearance agreement, as amended on January 11, 2024 and again on January 26, 2023 (collectively, the "**Forbearance Agreement**"). Pursuant to the Forbearance Agreement, TD Bank provided the TD Loan Parties with limited additional liquidity on the condition that the TD Loan Parties source an Indication of Interest and eventually a Letter of Interest for the purchase of all or substantially all of the TD Loan Parties' assets, among other conditions.
35. After entering into the Forbearance Agreement with TD Bank, the Applicants executed an Indication of Interest with Lift (the "**Lift IOI**"), and later into a Letter of Interest with Lift (the "**Lift LOI**"). A large portion of the terms of the Lift LOI have been negotiated into the Stalking Horse Bid to be considered in conjunction with the SISP.
36. As early as 2021, the Applicants have been working closely with TD Bank to access additional capital, negotiate reduced commercial lease rates or rental pauses with commercial landlords, negotiate payment plans with critical suppliers, and explore options for strategic financing and recapitalization.

### **Necessity of CCAA Relief**

37. The Applicants are currently in the midst of a liquidity crisis, primarily due to the dramatic reduction in revenues following the pandemic-era restrictions and ensuing disruptions to the global supply chain. The Applicants need to restructure their affairs, including by compromising their mounting unsecured trade debt and chronically underfunded secured debt in order to continue their operations as a going concern.
38. The Applicants require the stability of the stay of proceedings and access to interim financing to run the SISP in order to maximize value for their stakeholders and/or obtain additional investment in a restructured entity.

39. At the Initial Application on February 7, 2024, the Applicants will request this Honourable Court's approval of the Initial Order providing for:
  - (a) a stay of proceedings, approving the Interim Financing Term Sheet, the Administration Charge, the Interim Lender's Charge, the Directors' Charge;
  - (b) the approval the SISP and the form of Stalking Horse Bid; and
  - (c) the sealing of the Confidential Affidavit.
  
40. At the within Comeback Application on February 14, 2024, the Applicants are requesting this Honourable Court's approval of:
  - (a) the ARIO extending the stay of proceedings to March 29, 2024, increasing the Interim Lender's Charge, providing for the RIP Charge, declaring certain suppliers to be critical suppliers and declaring that WEPPA applies to the Applicants and their collective former employees; and
  - (b) the SAVO respecting the Stalking Horse Bid if the Stalking Horse Bid is the Successful Bid (as defined in the SISP) at the conclusion of the SISP.
  
41. TD Bank, who is the senior secured lender and interim financier, supports these Applications.
  
42. The Applicants further rely on:
  - (a) the grounds set out in the Affidavit of Shane Daerden, sworn on January 30, 2024 and the Confidential Supplemental Affidavit of Shane Daerden, sworn on January 30, 2024;
  - (b) the provisions of the CCAA and the equitable jurisdiction of this Court; and
  - (c) such further and other grounds as counsel for the Applicants may advise and this Honourable Court may permit.

**Material or evidence to be relied on:**

43. The Affidavit of Shane Daerden, sworn on January 30, 2024;

44. The Confidential Affidavit of Shane Daerden sworn on January 30, 2024;
45. The Pre-filing Report of the Proposed Monitor, FTI Consulting Canada Inc., to be filed;
46. The consent of FTI Consulting Canada Inc. to act as Monitor of the Applicants;
47. Such further and other materials as counsel for the Proposed Monitor or the Applicants may advise and this Honourable Court may permit.

**Applicable rules:**

48. Part 6, Division 1 of the *Alberta Rules of Court*, Alta Reg 124/2010.

**Applicable Acts and regulations:**

49. The *Companies' Creditors Arrangement Act*, RSC 1985, c C-36; and
50. Such further and other Acts or regulations as counsel may advise and this Honourable Court may permit.

**Any irregularity complained of or objection relied on:**

51. None.

**How the application is proposed to be heard or considered:**

52. By WebEx videoconference before the Honourable Justice M.J. Lema.

**WARNING**

If you do not come to Court either in person or by your lawyer, the Court may give the applicant what they want in your absence. You will be bound by any order that the Court makes. If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant a reasonable time before the application is to be heard or considered.

**SCHEDULE "A"**

**Amended and Restated Initial Order**

COURT FILE NUMBER 2401-01778  
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 A PLAN OF  
COMPROMISE OR ARRANGEMENT OF  
COLLISION KINGS GROUP INC., CMD  
HOLDINGS INC., EAST LAKE COLLISION LTD.,  
MAYLAND HEIGHTS COLLISION LTD.,  
SUNRIDGE COLLISION LTD., 2199931 ALBERTA  
LTD., COLLISION KINGS 3 LTD., ARROW AUTO  
BODY LTD., CMD GLASS LTD., ROYAL VISTA  
COLLISION LTD., STATHKO INVESTMENTS  
LTD., NICK'S REPAIR SERVICE LTD., 10026923  
MANITOBA LTD. and BUNZY'S AUTO BODY LTD.

APPLICANTS COLLISION KINGS GROUP INC., CMD  
HOLDINGS INC., EAST LAKE COLLISION LTD.,  
MAYLAND HEIGHTS COLLISION LTD.,  
SUNRIDGE COLLISION LTD., 2199931 ALBERTA  
LTD., COLLISION KINGS 3 LTD., ARROW AUTO  
BODY LTD., CMD GLASS LTD., ROYAL VISTA  
COLLISION LTD., STATHKO INVESTMENTS  
LTD., NICK'S REPAIR SERVICE LTD., 10026923  
MANITOBA LTD. and BUNZY'S AUTO BODY LTD.

DOCUMENT **CCAA AMENDED AND RESTATED INITIAL  
ORDER**

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF  
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DOCUMENT **MLT AIKINS LLP**  
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Fax No.: 204.957.0840  
Attention: JJ Burnell  
Email: jburnell@mltaikins.com  
File No.: 0137640.00022

**DATE ON WHICH ORDER WAS PRONOUNCED: FEBRUARY 14, 2024**

**LOCATION WHERE ORDER WAS PRONOUNCED: EDMONTON ALBERTA**

**NAME OF JUSTICE WHO MADE THIS ORDER: THE HONOURABLE JUSTICE LEMA**

**UPON** the application of Collision Kings Group Inc., CMD Holdings Inc., East Lake Collision Ltd., Mayland Heights Collision Ltd., Sunridge Collision Ltd., 2199931 Alberta Ltd., Collision Kings 3 Ltd., Arrow Auto Body Ltd., CMD Glass Ltd., Royal Vista Collision Ltd., Stathko Investments Ltd., Nick's Repair Service Ltd., 10026923 Manitoba Ltd. and Bunzy's Auto Body Ltd. (collectively the "**Applicants**"); **AND UPON** having read the Originating Application, the Affidavit of Shane Daerden sworn January 30, 2024 (the "**Daerden Affidavit**"), the Confidential Affidavit of Shane Daerden sworn January 30, 2024 (the "**Confidential Affidavit**"), and the Affidavit of Service of [REDACTED], filed; **AND UPON** reading the consent of FTI Consulting Canada Inc. ("**FTI**" or the "**Monitor**") to act as Monitor; **AND UPON** being advised that the secured creditors who are likely to be affected by the charges created herein have been provided notice of this application and either do not oppose; **AND UPON** hearing counsel for the Applicants, The Toronto-Dominion Bank, FTI, **AND UPON** reading the Pre-Filing Report of FTI dated February 5, 2024; **IT IS HEREBY ORDERED AND DECLARED THAT:**

#### **SERVICE**

1. The time for service of the notice of application for this order (the "**Order**") is hereby abridged and deemed good and sufficient and this application is properly returnable today.

#### **APPLICATION**

2. The Applicants are each companies to which the *Companies' Creditors Arrangement Act* of Canada (the "**CCAA**") apply.

#### **PLAN OF ARRANGEMENT**

3. The Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan or plans of compromise or arrangement (the "**Plan**").

#### **POSSESSION OF PROPERTY AND OPERATIONS**

4. The Applicants shall:
  - (a) remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**");

- (b) subject to further order of this Court, continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property;
  - (c) be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by it, with liberty to retain such further Assistants as each deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order; and
  - (d) be entitled to continue to utilize the central cash management system currently in place as described in the Daerden Affidavit or replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.
5. To the extent permitted by law, the Applicants shall be entitled but not required to make the following advances or payments of the following expenses, incurred prior to or after this Order:
- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; and

- (b) the reasonable fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges, including for periods prior to the date of this Order.
- 6. Except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
  - (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
  - (b) payment for goods or services actually supplied to the Applicants following the date of this Order.
- 7. The Applicants shall remit, in accordance with legal requirements, or pay:
  - (a) any statutory deemed trust amounts in favour of the Crown in Right of Canada or of any Province thereof or any other taxation authority that are required to be deducted from employees' wages, including, without limitation, amounts in respect of:
    - (i) employment insurance,
    - (ii) Canada Pension Plan,
    - (iii) Quebec Pension Plan, and
    - (iv) income taxes,but only where such statutory deemed trust amounts arise after the date of this Order, or are not required to be remitted until after the date of this Order, unless otherwise ordered by the Court;
  - (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or



collected prior to the date of this Order but not required to be remitted until on or after the date of this Order; and

- (c) any amount payable to the Crown in Right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and that are attributable to or in respect of the carrying on of the Business by the Applicants.
8. Until such time as a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants may pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated by the Applicants from time to time for the period commencing from and including the date of this Order ("**Rent**"), but shall not pay any rent in arrears.
9. Except as specifically permitted in this Order, the Applicants are hereby directed, until further order of this Court:
- (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of its creditors as of the date of this Order;
  - (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and
  - (c) not to grant credit or incur liabilities except in the ordinary course of the Business.

## **RESTRUCTURING**

10. The Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined in paragraph 33), have the right to:
- (a) permanently or temporarily cease, downsize or shut down any portion of their businesses or operations and to dispose of redundant or non-material assets not exceeding \$250,000.00 in any one transaction or \$1,000,000.00 in the aggregate, provided that any sale that is either (i) in excess of the above thresholds, or (ii) in

favour of a person related to the Applicants (within the meaning of section 36(5) of the CCAA), shall require authorization by this Court in accordance with section 36 of the CCAA;

- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate on such terms as may be agreed upon between the Applicants and such employee, or failing such agreement, to deal with the consequences thereof in the Plan;
- (c) disclaim or resiliate, in whole or in part, with the prior consent of the Monitor (as defined below) or further Order of the Court, their arrangements or agreements of any nature whatsoever with whomsoever, whether oral or written, as the Applicants deems appropriate, in accordance with section 32 of the CCAA; and
- (d) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business (the “**Restructuring**”).

11. The Applicants shall provide each of the relevant landlords with notice of the respective Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal. If the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further order of this Court upon application by the Applicant on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicant disclaims or resiliates the lease governing such leased premises in accordance with section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute other than Rent payable for the notice period provided for in section 32(5) of the CCAA, and the disclaimer or resiliation of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

12. If a notice of disclaimer or resiliation is delivered pursuant to section 32 of the CCAA, then:
- (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the respective Applicant and the Monitor 24 hours' prior written notice; and
  - (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises and such landlord shall be entitled to notify the Applicant of the basis on which it is taking possession and to gain possession of and re-lease such leased premises to any third party or parties on such terms as such landlord considers advisable, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

#### **NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY**

13. Until and including March 29, 2024, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, except with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants, or any of them, or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

14. During the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”), whether judicial or extra-judicial, statutory or non-statutory against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended and shall not be commenced, proceeded with or continued except with leave of this Court, provided that nothing in this Order shall:

- (a) empower the Applicants to carry on any business that the Applicants are not lawfully entitled to carry on;
  - (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by section 11.1 of the CCAA;
  - (c) prevent the filing of any registration to preserve or perfect a security interest;
  - (d) prevent the registration of a claim for lien; or
  - (e) exempt the Applicants from compliance with statutory or regulatory provisions relating to health, safety or the environment.
15. Nothing in this Order shall prevent any party from taking an action against the Applicants where such an action must be taken in order to comply with statutory time limitations in order to preserve their rights at law, provided that no further steps shall be taken by such party except in accordance with the other provisions of this Order, and notice in writing of such action be given to the Monitor at the first available opportunity.

#### **NO INTERFERENCE WITH RIGHTS**

16. During the Stay Period, no person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court.

#### **CONTINUATION OF SERVICES**

17. During the Stay Period, all persons having:
- (a) statutory or regulatory mandates for the supply of goods and/or services; or
  - (b) oral or written agreements or arrangements with the Applicants, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Applicants
- are hereby restrained until further order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicants or exercising any other remedy provided under such

agreements or arrangements. The Applicants shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the usual prices or charges for all such goods or services received after the date of this Order are paid by the Applicants in accordance with the payment practices of the Applicants, or such other practices as may be agreed upon by the supplier or service provider and each of the Applicants and the Monitor, or as may be ordered by this Court.

#### **NON-DEROGATION OF RIGHTS**

18. Nothing in this Order has the effect of prohibiting a person from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any person, other than the Interim Lender where applicable, be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicants.

#### **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

19. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA and paragraph 15 of this Order, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date of this Order and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicants or this Court.

#### **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

20. The Applicants shall indemnify its directors and officers against obligations and liabilities that they may incur as directors and or officers of the Applicants after the commencement of the within proceedings except to the extent that, with respect to any officer or director, the obligation was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

21. The directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the “**Directors' Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$400,000.00, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 39 and 41 herein.
22. Notwithstanding any language in any applicable insurance policy to the contrary:
  - (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and
  - (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 20 of this Order.

#### **APPOINTMENT OF MONITOR**

23. FTI is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the Property, Business, and financial affairs and the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.
24. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
  - (a) monitor the Applicants' receipts and disbursements, Business and dealings with the Property;
  - (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein and immediately

report to the Court if in the opinion of the Monitor there is a material adverse change in the financial circumstances of the Applicants;

- (c) assist the Applicants, to the extent required by the Applicants, in its dissemination to the Interim Lender and its counsel on a weekly basis of financial and other information as agreed to between the Applicants and the Interim Lender which may be used in these proceedings, including reporting on a basis as reasonably required by the Interim Lender;
- (d) advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the Interim Lender, which information shall be reviewed with the Monitor and delivered to the Interim Lender and its counsel on a periodic basis, but not less than weekly, or as otherwise agreed to by the Interim Lender;
- (e) advise the Applicants in their development of the Plan and any amendments to the Plan;
- (f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form and other financial documents of the Applicants to the extent that is necessary to adequately assess the Property, Business, and financial affairs of the Applicants or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order;
- (i) hold funds in trust or in escrow, to the extent required, to facilitate settlements between the Applicants and any other Person; and
- (j) perform such other duties as are required by this Order or by this Court from time to time.

25. The Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintain

possession or control of the Business or Property, or any part thereof. Nothing in this Order shall require the Monitor to occupy or to take control, care, charge, possession or management of any of the Property that might be environmentally contaminated, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal or waste or other contamination, provided however that this Order does not exempt the Monitor from any duty to report or make disclosure imposed by applicable environmental legislation or regulation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order be deemed to be in possession of any of the Property within the meaning of any federal or provincial environmental legislation.

26. The Monitor shall provide any creditor of the Applicants and the Interim Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.
27. In addition to the rights and protections afforded the Monitor under the CCAA or as an Officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.
28. The Monitor, counsel to the Monitor, and counsel to the Applicants shall be paid their reasonable fees and disbursements (including any pre-filing fees and disbursements related to these CCAA proceedings), in each case at their standard rates and charges, by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicants on a bi-weekly basis.
29. The Monitor and its legal counsel shall pass their accounts from time to time.



30. The Monitor, counsel to the Monitor, if any, and the Applicants' counsel, as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$500,000.00, as security for their professional fees and disbursements incurred at the normal rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 39 and 41 hereof.

### **INTERIM FINANCING**

31. The Applicants are hereby authorized and empowered to obtain and borrow under a credit facility from The Toronto-Dominion Bank (the "**Interim Lender**") in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed the principal sum of \$1,125,000.00 plus interest, costs and expenses as set out in the Interim Financing Term Sheet, dated January 31, 2024 (the "**Interim Financing Sheet**") unless permitted by further order of this Court.
32. Such credit facility shall be on the terms and subject to the conditions set forth in the Interim Financing Term Sheet, filed.
33. The Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs, and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Interim Financing Term Sheet or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities, and obligations to the Interim Lender under and pursuant to the Interim Financing Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.
34. The Interim Lender shall be entitled to the benefits of and is hereby granted a charge (the "**Interim Lender's Charge**") on the Property to secure all obligations under the Interim Financing Term Sheet and the Definitive Documents incurred on or after the date of this Order which charge shall not exceed the aggregate amount advanced on or after the date

of this Order under the Interim Financing Term Sheet and/or the Definitive Documents. The Interim Lender's Charge shall not secure any obligation existing before this the date this Order is made. The Interim Lender's Charge shall have the priority set out in paragraphs 39 and 41 hereof.

35. Notwithstanding any other provision of this Order:
- (a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Lender's Charge or any of the Definitive Documents;
  - (b) upon the occurrence of an event of default under the Interim Financing Term Sheet and/or the Definitive Documents or the Interim Lender's Charge, the Interim Lender, upon 4 business days' notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Interim Financing Term Sheet, Definitive Documents, and the Interim Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the Interim Lender to the Applicants against the obligations of the Applicants to the Interim Lender under the Interim Financing Term Sheet, the Definitive Documents or the Interim Lender's Charge, to make demand, accelerate payment, and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and
  - (c) the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.
36. The Interim Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the Interim Financing Term Sheet and/or the Definitive Documents.

## RETENTION AND INCENTIVE PLAN

37. The retention and incentive plan (“**RIP**”) as described in paragraphs 208-214 to the Daerden Affidavit is hereby approved and the Vendors are authorized to make the payments contemplated thereunder in accordance with the terms and conditions of the RIP.
38. The persons referred to in the RIP (the “**Critical Personnel**”) shall be entitled to, and are hereby granted, a charge (the “**RIP Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$425,000.00, as security for payments under the RIP. The RIP Charge shall have the priority set out in paragraphs 39 and 41 hereof.

## VALIDITY AND PRIORITY OF CHARGES

39. The priorities of the Directors' Charge, the Administration Charge, the Interim Lender's Charge and the RIP Charge, as among them, shall be as follows:  
  
First – Administration Charge (to the maximum amount of \$500,000.00);  
  
Second – Interim Lender's Charge (the maximum amount of \$1,125,000.00 plus accrued and unpaid interest, costs and expenses);  
  
Third – Directors' Charge (to the maximum amount of \$400,000.00); and  
  
Fourth – RIP Charge (to a maximum amount of \$425,000.00).
40. The filing, registration or perfection of the Directors' Charge, the Administration Charge, the Interim Lender's Charge or the RIP Charge (collectively, the “**Charges**”) shall not be required, and the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.
41. Each of the Directors' Charge, the Administration Charge, the Interim Lender's Charge and the RIP Charge (all as constituted and defined herein) shall constitute a charge on the Property and subject always to section 34(11) of the CCAA, such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person.

42. Except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Directors' Charge, the Administration Charge, the Interim Lender's Charge or the RIP Charge, unless the Applicants also obtains the prior written consent of the Monitor, the Interim Lender, and the beneficiaries of the Directors' Charge and the Administration Charge, or further order of this Court.
43. The Directors' Charge, the Administration Charge, the Interim Financing Term Sheet, the Definitive Documents, the Interim Lender's Charge and the RIP Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the Interim Lender thereunder shall not otherwise be limited or impaired in any way by:
- (a) the pendency of these proceedings and the declarations of insolvency made in this Order;
  - (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications;
  - (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA;
  - (d) the provisions of any federal or provincial statutes; or
  - (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") that binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:
    - (i) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of any documents in respect thereof, including the Interim Financing Term Sheet or the Definitive Documents, shall create or be deemed to constitute a new breach by the Applicants of any Agreement to which it is a party;
    - (ii) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the creation of the Charges, the Applicants entering into the Interim Financing

Term Sheet, or the execution, delivery or performance of the Definitive Documents; and

- (iii) the payments made by the Applicants pursuant to this Order, including the Interim Financing Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct or other challengeable or voidable transactions under any applicable law.

## **ALLOCATION**

- 44. Any interested Person may apply to this Court on notice to any other party likely to be affected for an order to allocate the Administration Charge, the Interim Lender's Charge, and the Directors' Charge amongst the various assets comprising the Property.

## **SALES AND INVESTMENT SOLICITATION PROCESS**

- 45. The sale and investment solicitation process (the “SISP”) attached as Schedule “A” hereto and the form of the Stalking Horse Bid between the Vendors (as defined therein) and Lift Auto Group Operating Corporation dated January 31, 2024 and attached to the Daerden Affidavit at Exhibit “72” (redacted) / the Confidential Affidavit at Exhibit “22” (unredacted) are reasonable and are hereby ratified and approved. The Applicants and the Monitor are empowered and authorized to: (a) implement the SISP, and do all things reasonably necessary to conduct and give full effect to the sale process, and carry out the obligations thereunder including but not limited to, taking any additional steps or executing additional documents as may be necessary or desirable in order to carry out and complete the SISP subject to prior to approval of this Court being obtained before the completion of any transaction(s) resulting from the SISP; and (b) execute the Stalking Horse Bid.
- 46. The Break Fee (as defined in the APA) is hereby approved and the Vendors are authorized and directed to pay the Break Fee as required and in the manner prescribed by the APA.
- 47. Following the Bid Deadline or at the conclusion of the Auction, as applicable, the Monitor is authorized to:
  - (a) execute and file with the Court the Monitor's Certificate substantially in the form attached to the Approval and Vesting Order pronounced by this Honourable Court

February 14, 2024 as Schedule "A" (the "**Monitor's Bid Selection Certificate**") certifying that the Stalking Horse Bidder either was or was not the Successful Bidder in the SISP; and

- (b) serve the Monitor's Bid Selection Certificate on the service list maintained for these proceedings and on all Qualified Bidders.

### **CRITICAL SUPPLIERS**

- 48. Axalta Coating Systems, LLC and any of its affiliates shall be declared to be a critical supplier in accordance with section 11.4 of the CCAA.

### **SEALING**

- 49. The Clerk of the Court is hereby directed to seal Exhibits "1" and "2" to the Confidential Affidavit on the Court file until the earlier of:

- (a) An Order of this Court directs that Exhibits "1" and "2" be filed in this Action;
- (b) The Monitor files a Monitor's Certificate in respect of the closing of the Transaction;  
or
- (c) The discharge of the Monitor by this Honourable Court.

- 50. The Clerk of the Court is hereby directed to seal Exhibits "3" to "21" to the Confidential Affidavit on the Court file until the earlier of:

- (a) An Order of this Court directs that Exhibits "3" and "21" be filed in this Action;
- (b) The Monitor files a Monitor's Certificate in respect of the closing of the Transaction;
- (c) February 14, 2024; or
- (d) The discharge of the Monitor by this Honourable Court.

51. The Clerk of the Court is hereby directed to seal Exhibit "22" to the Confidential Affidavit on the Court file until the earlier of:
- (a) An Order of this Court directs that Exhibit "22" be filed in this Action; or
  - (b) The consent of the employees listed in therein.

#### **WAGE EARNER PROTECTION PROGRAM ACT**

52. Pursuant to section 5(5) of the *Wage Earner Protection Program Act (Canada)*, SC 2005, c 47, s 1 ("**WEPPA**"), the Applicants and their collective former employees meet the criteria prescribed by section 3.2 of the *Wage Earner Protection Program Regulations*, SOR/2008-222 and are individuals to whom the WEPPA applies as of the date of this Order.

#### **SERVICE AND NOTICE**

52. The Monitor shall (i) without delay, publish in the National Post a notice containing the information prescribed under the CCAA; (ii) within five (5) days after the date of this Order (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1,000 and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with section 23(1)(a) of the CCAA and the regulations made thereunder.
53. The Applicants and the Monitor be at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile or electronic transmission to the Applicants' creditors or other interested parties at their respective addresses as last shown on the records of the Applicants and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing. Subject to Rules 11.25 and 11.26 this Order shall constitute an order for substituted service pursuant to Rule 11.28 of the Rules of Court. This Court further orders that a Case Website shall be established in with the following URL <http://cfcanada.fticonsulting.com/collisionkings>.

## GENERAL

54. The Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.
55. Notwithstanding Rule 6.11 of the *Alberta Rules of Court*, unless otherwise ordered by this Court, the Monitor will report to the Court from time to time, which reporting is not required to be in affidavit form and shall be considered by this Court as evidence. The Monitor's reports shall be filed by the Court Clerk notwithstanding that they do not include an original signature.
56. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager or a trustee in bankruptcy of the Applicants, the Business or the Property.
57. This Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any foreign jurisdiction, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitors, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitors and their respective agents in carrying out the terms of this Order.
58. Each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and that the Monitor is authorized and empowered to act as a representative in respect of the within proceeding for the purpose of having these proceedings recognized in a jurisdiction outside Canada.
59. Any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



60. This Order and all of its provisions are effective as of 12:01 a.m. Mountain Standard Time on the date of this Order.

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Justice of the Court of King's Bench of Alberta

## Schedule "A"

### SALE AND INVESTMENT SOLICITATION PROCESS

#### COLLISION KINGS GROUP INC. ET AL

#### INTRODUCTION

1. On February 7, 2024, the Honourable Justice Neilson in Alberta Court of King's Bench (the "**Court**") Action No. \_\_\_\_\_ (the "**CCAA Proceedings**") granted an order (the "**Initial Order**"), among other things:
  - (a) appointing FTI Consulting Canada Inc. ("**FTI**") as monitor (the "**Monitor**") of Collision Kings Group Inc., CMD Holdings Inc., East Lake Collision Ltd., Mayland Heights Collision Ltd., Sunridge Collision Ltd., 2199931 Alberta Ltd., Collision Kings 3 Ltd., Arrow Auto Body Ltd., CMD Glass Ltd., Royal Vista Collision Ltd., Stathko Investments Ltd., Nick's Repair Service Ltd., 10026923 Manitoba Ltd. and Bunzy's Auto Body Ltd. (the "**CKG Group**" or the "**Debtors**");
  - (b) approving an interim financing agreement with the Toronto-Dominion Bank (the "**Interim Lender**") providing for financing to the Debtors up to a maximum principal amount of \$1,1,25,000, as well as granting a charge over all of the Debtors' present and future assets, property and undertakings of every nature and kind whatsoever, and wherever situate including all proceeds thereof;
  - (c) approving the transaction contemplated in the stalking horse asset purchase agreement (the "**Stalking Horse Bid**") between certain of the Debtors and the Lift Auto Group Operating Corporation (the "**Stalking Horse Bidder**"); and
  - (d) authorizing the Monitor, with the assistance of the Debtors, to conduct a sale and investment solicitation process (the "**SISP**") as further described herein to allow the Debtors to pursue all avenues of sale of their assets or investment in their business, in whole or in part, subject to prior approval of the Court before any material sale or investment.
2. The Debtors intend to provide all qualified interested parties with an opportunity to participate in the SISP.
3. This document (the "**SISP Procedure**") outlines the SISP, which is comprised of one phase and, if required, an auction.
4. All dollar amounts expressed herein, unless otherwise noted, are in Canadian currency. Unless otherwise indicated herein, any event that occurs on a day that is not a business day in the Province of Alberta (each, a "**Business Day**") shall be deemed to occur on the next Business Day. All references to time shall be to the current time in Calgary, Alberta. Capitalized terms not otherwise defined in this SISP Procedure shall have the meanings set forth in the materials filed by the Debtors in support of the SISP Procedure or the reports of the Monitor.

#### OPPORTUNITY

5. The SISP is intended to solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Debtors' assets and business operations (the "**Opportunity**"). The Opportunity may include one or more of a restructuring, recapitalization or other form or reorganization of the business and affairs of the Debtors as a going concern, or a sale of all, substantially all, or one or

more components of the Debtors' assets (the "**Property**") and business operations (the "**Business**") as a going concern or otherwise.

6. Any sale of the Property or investment in the Business will be on an "as is, where is" basis and without surviving representations or warranties of any kind, nature, or description by the Monitor, the Debtors, or any of their respective agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Debtors in and to the Property to be acquired will be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options, and interests therein and thereon pursuant to Court orders, to the extent that the Court deems it appropriate to grant such relief and except as otherwise provided in the definitive agreement and such Court orders.

## TIMELINE

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

Milestone	Deadline
Debtors to create list of Known Potential Bidders	February 7, 2024
Monitor to prepare and have available for Potential Bidders the Data Room	February 7, 2024
Monitor to distribute Teaser Letters and NDAs to Known Potential Bidders	February 10, 2024
Bid Deadline	March 8, 2024
Auction (if required)	March 13, 2024
Transaction Approval Application Hearing (if required)	March 18-22, 2024
Closing Date Deadline (other than the Stalking Horse Bid)	March 29, 2024

The dates set out in the SISP may be extended by the Monitor with the consent and approval of the Debtors.

## SOLICITATION OF INTEREST: NOTICE OF THE SISP

8. As soon as reasonably practicable, but in any event by no later than February 7, 2024:
- (a) the Debtors, in consultation with the Monitor, will prepare a list of Potential Bidders (as defined herein), including:
    - (i) parties that have approached the Debtors or the Monitor indicating an interest in the Opportunity; and
    - (ii) local and international strategic and financial parties who the Debtors, in consultation with the Monitor, believe may be interested in purchasing all or part of the Business and Property or investing in the Debtors pursuant to the SISP,
 (collectively, "**Known Potential Bidders**");
  - (b) the Monitor will arrange for a notice of the SISP (and such other relevant information

which the Monitor, in consultation with the Debtors, considers appropriate) (the "**Notice**") to be published in the National Post, Insolvency Insider and any other industry publication, website, newspaper or journal as the Debtors, in consultation with the Monitor, consider appropriate, if any;

- (c) the Debtors will issue a press release with Canada Newswire setting out the information contained in the Notice and such other relevant information which the Debtors, in consultation with the Monitor, consider appropriate designating dissemination in Canada; and
  - (d) the Debtors, in consultation with the Monitor, will prepare:
    - (i) a process summary (the "**Teaser Letter**") describing the Opportunity, outlining the process under the SISP and inviting recipients of the Teaser Letter to express their interest pursuant to the SISP; and
    - (ii) a non-disclosure agreement in form and substance satisfactory to the Debtors and the Monitor, and their respective counsel (an "**NDA**").
9. The Monitor shall send the Teaser Letter and NDA to each Known Potential Bidder by no later than February 10, 2024 and to any other party who requests a copy of the Teaser Letter and NDA or who is identified to the Debtors or the Monitor as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

#### ***Qualified Bidders***

10. Any party who wishes to participate in the SISP (each, a "**Potential Bidder**") other than the Stalking Horse Bidder, must deliver to the Monitor:
- (a) an executed NDA which shall inure to the benefit of any purchaser of the Business or Property, or any portion thereof;
  - (b) a letter setting forth the Potential Bidder's (i) identity, (ii) contact information and (iii) full disclosure of its direct and indirect principals; and
  - (c) a form of financial disclosure and credit quality support or enhancement that allows the Debtors and the Monitor to make a reasonable determination as to the Potential Bidder's financial and other capabilities to consummate: (i) the acquisition of all, substantially all or a portion of the Property (each, a "**Sale Proposal**") or (ii) an investment in, restructuring, reorganization or refinancing of the Business or the Debtors (each, an "**Investment Proposal**"), as applicable.
11. If the Debtors and the Monitor, determine that a Potential Bidder has:
- (a) delivered the documents contemplated in paragraph 10 above; and
  - (b) the financial capability based on the availability of financing, experience and other considerations, to be able to consummate a sale or investment pursuant to the SISP,

then such Potential Bidder will be deemed to be a "**Qualified Bidder**". For greater certainty, (i) provided the Stalking Horse Bid is approved by the Court, the Stalking Horse Bidder shall be

deemed to be a Qualified Bidder; and (ii) no Potential Bidder (other than the Stalking Horse Bidder) shall be deemed to be a Qualified Bidder without the approval of the Monitor.

12. At any time during the SISP, the Monitor may, in its reasonable business judgment and after consultation with the Debtors, eliminate a Qualified Bidder (other than the Stalking Horse Bidder) from the SISP, in which case such bidder will be eliminated from the SISP, will no longer be a Qualified Bidder for the purposes of this SISP, and shall have no further recourse as against the Debtors or the Monitor.

### *Due Diligence*

13. The Monitor, with the assistance of the Debtors, shall prepare a data room with additional information considered relevant to the Opportunity, including (a) a form of purchase agreement; and (b) an estimate of the total Purchase Price set out in the Stalking Horse Bid. The Debtors, the Monitor and their respective advisors make no representation or warranty whatsoever as to the information (including as to the accuracy or completeness of such information) made available pursuant to the SISP, including in the data room, except to the extent expressly contemplated in any definitive sale or investment agreement with a successful bidder ultimately executed and delivered by the Debtors.
14. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and Business in connection with their participation in the SISP and any transaction they enter into with the Debtors.
15. The Monitor, in consultation with the Debtors, shall, in its reasonable business judgment and subject to competitive and other business considerations, afford each Qualified Bidder such access to due diligence material and information relating to the Property and Business as they or the Monitor deem appropriate. Due diligence access may include management presentations, access to electronic data rooms, on-site inspections, and other matters which a Qualified Bidder may reasonably request and as to which the Debtors, in their reasonable business judgment and after consulting with the Monitor, may agree.
16. The Monitor shall designate a representative to coordinate all reasonable requests for additional information and due diligence access from Qualified Bidders and the manner in which such requests must be communicated. Neither the Debtors nor the Monitor shall be obligated to furnish any information relating to the Property or Business to any person other than to Qualified Bidders. Furthermore, and for the avoidance of doubt, selected due diligence materials may be withheld from certain Qualified Bidders if the Debtors, in consultation with and with the approval of the Monitor, determine such information to represent proprietary or sensitive competitive information.

## **PHASE 1: BINDING BIDS**

### *Formal Binding Bids*

17. Qualified Bidders that wish to make a formal offer to purchase or make an investment in the Debtors or their Property or Business shall submit a binding offer (a "**Binding Bid**") that complies with all of the following requirements to the Monitor at the address specified in Schedule "1" hereto (including by e-mail), so as to be received by them not later than 5:00 pm on March 8, 2024 or on such date and time as may be modified by the Monitor (the "**Bid Deadline**"):
  -

- (a) the bid (either individually or in combination with other bids that make up one bid) is an offer to purchase or make an investment in some or all of the Debtors or their Property or Business and is consistent with any necessary terms and conditions established by the Debtors and the Monitor and communicated to Qualified Bidders;
- (b) the bid includes a letter stating that the Qualified Bidder's offer is irrevocable until the selection of the Successful Bidder (as defined herein), provided that if such Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;
- (c) the bid includes duly authorized and executed transaction agreements, substantially in the form provided in the data room, including the purchase price, investment amount and any other key economic terms expressed in Canadian dollars (the "**Purchase Price**"), together with all exhibits and schedules thereto;
- (d) the bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, that will allow the Debtors and the Monitor to make a determination as to the Qualified Bidder's financial and other capabilities to consummate the proposed transaction;
- (e) the bid is not conditioned on (i) the outcome of unperformed due diligence by the Qualified Bidder, apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or sensitive competitive information which was withheld from the Qualified Bidder, or (ii) obtaining financing, but may be conditioned upon the Debtors receiving the required approvals or amendments relating to the licences required to operate the Business, if necessary;
- (f) the bid (other than the Stalking Horse Bid) does not include a request for or entitlement to any break fee, expense reimbursement or other similar type payment if the bid is not selected as the Successful Bid (as defined herein);
- (g) the bid fully discloses the identity of each entity that will be entering into the transaction or the financing, or that is participating or benefiting from such bid;
- (h) for a Sale Proposal, the bid includes payment of a non-refundable deposit in the form of a wire transfer to a trust account specified by the Monitor (a "**Deposit**") in an amount not less than 20% of the Purchase Price by the Bid Deadline;
- (i) for an Investment Proposal, the bid includes payment of a Deposit in the amount of not less than 20% of the total new investment contemplated in the bid by the Bid Deadline;
- (j) the bid includes acknowledgements and representations of the Qualified Bidder that the Qualified Bidder:
  - (i) has had an opportunity to conduct any and all due diligence regarding the Property, the Business and the Debtors prior to making its offer (apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or sensitive competitive information which were withheld from the Qualified Bidder);

- (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its bid; and
- (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Business, the Property, or the Debtors or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Debtors;
- (k) the bid and Deposit are received by the Bid Deadline;
- (l) the bid contemplates closing the transaction set out therein no later than March 29, 2024.

### *Assessment of Binding Bids*

18. Following the Bid Deadline, the Monitor, together with the Debtors and Interim Lender, will assess the Binding Bids received, following which they will designate the most competitive bids that comply with the foregoing requirements to be "**Qualified Bids**". No Binding Bids received (other than the Stalking Horse Bid) shall be deemed to be Qualified Bids without the approval of the Monitor. Only Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s). For certainty, provided the Stalking Horse Bid is approved by the Court, the Stalking Horse Bid is deemed to be a Qualified Bid.
19. If at the Bid Deadline, at least one Qualified Bid other than the Stalking Horse Bid has been received, the Monitor, in consultation with the Debtors and Interim Lender, will evaluate Qualified Bids based upon several factors including, without limitation:
- (a) the Purchase Price and the net value provided by such bid;
  - (b) the identity, circumstances and ability of the Qualified Bidder to successfully complete such transactions;
  - (c) the proposed transaction documents;
  - (d) factors affecting the speed, certainty and value of the transaction;
  - (e) the assets included or excluded from the bid;
  - (f) any related restructuring costs; and
  - (g) the likelihood and timing of consummating such transaction.

The Debtors may, with the approval of the Monitor and Interim Lender, choose to aggregate separate Binding Bids from unaffiliated Qualified Bidders to create one Qualified Bid if such aggregated Qualified Bid would constitute a superior offer.

### *Selection of Successful Bid*

20. For certainty, if at the Bid Deadline, no Qualified Bids have been received that improve upon the terms and conditions of the Stalking Horse Bid, as determined by the Monitor in consultation with the Debtors and Interim Lender, the Stalking Horse Bid will be declared the highest or otherwise best bid (the "**Successful Bid**", and, as applicable, the Qualified Bidder making such Successful

Bid, the "**Successful Bidder**") and will close in accordance with the terms of the Successful Bid and any applicable Court orders.

21. If the Monitor, in consultation with the Debtors and Interim Lender, determines, in its reasonable discretion, that:
- (a) one or more Qualified Bids have been received for Property not contemplated in the Stalking Horse Bid, the Monitor may designate the applicable Qualified Bids as the respective Successful Bids for the applicable Property (as well as any applicable Back-up Bids).
  - (b) one or more Qualified Bids have been received for some or all of the Property contemplated in the Stalking Horse Bid, the Monitor may either:
    - (i) designate one or more Qualified Bids as Successful Bids and one or more of the other Qualified Bids as Back-up Bids; or
    - (ii) provide all parties that have made Qualified Bids, including the Stalking Horse Bidder, the opportunity to make further bids through the auction process set out below (the "**Auction**").

## AUCTION

### *Auction Process*

22. In the event of an Auction, the Monitor shall conduct the Auction commencing at 10:00 a.m. on March 13, 2024 at the offices of the Monitor's legal counsel, Cassels, Brock & Blackwell LLP, Suite 3810, Bankers Hall West, 888 3 St SW, Calgary, AB T2P 5C5, or such other location as shall be timely communicated to all entities entitled to attend at the Auction, which Auction may be adjourned by the Monitor.
23. The Auction shall run in accordance with the following procedures, which shall be adjusted accordingly in the event of any adjournment of the Auction by the Monitor:
- (a) prior to 5:00 p.m. on March 11, 2024, the Monitor will provide unredacted copies of the Qualified Bid(s) which the Monitor believes is/are (individually or in the aggregate) the highest or otherwise best Qualified Bid(s) (the "**Starting Bid**") to all Qualified Bidders that have made a Qualified Bid;
  - (b) prior to 5:00 p.m. on March 12, 2024, each Qualified Bidder that has made a Qualified Bid must inform the Monitor by email whether it intends to participate in the Auction (the parties who so inform the Monitor that they intend to participate are hereinafter referred to as the "**Auction Bidders**");
  - (c) prior to the Auction, the Monitor shall develop a financial comparison model (the "**Comparison Model**") which will be used to compare the Starting Bid and all Subsequent Bids (as defined below) submitted during the Auction, if applicable;
  - (d) during the morning of March 13, 2024, the Monitor shall make itself available to meet with each of the Auction Bidders to review the procedures for the Auction, the mechanics of the Comparison Model, and the manner by which Subsequent Bids will be evaluated



during the Auction, and the Auction shall be held immediately thereafter;

- (e) only representatives of the Auction Bidders, the Monitor, and such other persons as permitted by the Monitor (and the advisors to each of the foregoing entities) are entitled to attend the Auction in person (and the Monitor shall have the discretion to allow such persons to attend by teleconference);
- (f) the Monitor shall arrange to have a court reporter attend the Auction;
- (g) at the commencement of the Auction, each Auction Bidder shall be required to confirm that it has not engaged in any collusion with any other Auction Bidder with respect to the bidding or any sale;
- (h) only the Auction Bidders will be entitled to make a Subsequent Bid (as defined below) at the Auction; provided, however, that in the event that any Qualified Bidder elects not to attend and/or participate in the Auction, such Qualified Bidder's Qualified Bid, shall nevertheless remain fully enforceable against such Qualified Bidder if it is selected as the Winning Bid (as defined below) or Back-up Bid;
- (i) all Subsequent Bids presented during the Auction shall be made and received in one room and on an open basis. All Auction Bidders will be entitled to be present for all Subsequent Bids at the Auction with the understanding that the true identity of each Auction Bidder at the Auction will be fully disclosed to all other Auction Bidders and that all material terms of each Subsequent Bid will be fully disclosed to all other Auction Bidders throughout the entire Auction;
- (j) all Auction Bidders must have at least one individual present at the Auction with authority to bind such Auction Bidder;
- (k) the Monitor may employ and announce at the Auction such additional procedural rules that are reasonable under the circumstances (including but not limited to, the amount of time allotted to make a Subsequent Bid, requirements to bid in each round, and the ability of multiple Auction Bidders to combine to present a single bid) for conducting the Auction, provided that such rules are (i) not inconsistent with these SISP Procedures, general practice in insolvency proceedings, or the Initial Order and (ii) disclosed to each Auction Bidder at the Auction;
- (l) bidding at the Auction will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round at least one subsequent bid is submitted by an Auction Bidder (each, a "**Subsequent Bid**") that the Monitor, utilizing the Comparison Model, determines is:
  - (i) for the first round, a higher or otherwise better offer than the Starting Bid;
  - (ii) for subsequent rounds, a higher or otherwise better offer than the Leading Bid (as defined below),

in each case by at least the minimum incremental overbid of at least \$200,000. After the first round of bidding and between each subsequent round of bidding, the Monitor shall announce the bid (including the value and material terms thereof) that it believes to be the highest or otherwise best offer (in each round, the "**Leading Bid**"). A round

of bidding will conclude after each Auction Bidder has had the opportunity to submit a Subsequent Bid with full knowledge of the Leading Bid;

- (m) to the extent not previously provided (which shall be determined by the Monitor), an Auction Bidder submitting a Subsequent Bid must submit, at the Monitor's discretion, as part of its Subsequent Bid, written evidence (in the form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Monitor), demonstrating such Auction Bidder's ability to close the transaction proposed by the Subsequent Bid;
  - (n) the Monitor reserves the right, in its reasonable business judgment, to make one or more adjournments in the Auction of not more than 24 hours each, to among other things (i) facilitate discussions between the Monitor and the Auction Bidders; (ii) allow the individual Auction Bidders to consider how they wish to proceed; (iii) consider and determine the current highest and best offer at any given time in the Auction; and (iv) give Auction Bidders the opportunity to provide the Monitor with such additional evidence as the Monitor, in its reasonable business judgment, may require that that Auction Bidder has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed transaction at the prevailing overbid amount;
  - (o) if, in any round of bidding, no new Subsequent Bid is made, the Auction shall be closed;
  - (p) the Auction shall be closed within 2 Business Days of the start of the Auction unless otherwise extended by the Monitor; and
  - (q) no bids (from Qualified Bidders or otherwise) shall be considered after the conclusion of the Auction.
24. At the end of the Auction, the Monitor shall select the winning bid (the "**Winning Bid**"). Once a definitive agreement has been negotiated and settled in respect of the Winning Bid as selected by the Monitor (the "**Selected Superior Offer**") in accordance with the provisions hereof, the Selected Superior Offer shall be the "**Successful Bid**" hereunder and the person(s) who made the Selected Superior Offer shall be the "**Successful Bidder**" hereunder.
25. Notwithstanding the foregoing, the Monitor may designate one or more Qualified Bids (whether made in the Auction or not) as a "**Back-up Bid**" and the person(s) who made the Back-up Bid shall be a "**Back-up Bidder**" hereunder. A Back-up Bid shall remain enforceable against the Back-up Bidder until either the transaction contemplated by the initial applicable Successful Bid closes (in which case the Back-up Bid shall be deemed to terminate and the Back-up Bidder shall receive its Deposit back) or the transaction contemplated by the initial Successful Bid does not close, in which case the Monitor may deem the best Back-up Bid to be the Successful Bid for the purposes of the SISP Procedures.

### ***Transaction Approval Application Hearing***

26. If the Successful Bid is the Stalking Horse Bid, the Stalking Horse Bidder and Debtors will use best efforts to close the transaction by no later than March 15, 2024.

27. If the Stalking Horse Bid is not the Successful Bid, or if the Stalking Horse Bid is a Successful Bid and there is another Successful Bid for separate Property, the Debtors will bring an application to approve the transaction with the other Successful Bidder (the "**Transaction Approval Application**") as soon as reasonably practicable after finalization of the transaction agreement(s).
28. All the Qualified Bids other than the Successful Bid and Back-up Bids, if any, shall be deemed to be rejected on and as of the date of the closing of the transaction contemplated by the Successful Bid if the Stalking Horse Bid or Court approval of the Successful Bid if not the Stalking Horse Bid.

### ***Confidentiality and Access to Information***

29. All discussions regarding a Sale Proposal, Investment Proposal, Binding Bid or Qualified Bid shall be directed through the Monitor. Under no circumstances should the management or employees of the Debtors be contacted directly without the prior consent of the Monitor. Any such unauthorized contact or communication may result in exclusion of the interested party from the SISP Procedures.
30. Participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally available to all current participants relating to the number or identity of Potential Bidders, Qualified Bidders, Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Debtors, the Monitor and such other bidders or Potential Bidders in connection with the SISP, except to the extent the Debtors, with the approval of the Monitor and Interim Lender and consent of the applicable participants, are seeking to combine separate bids from Qualified Bidders, in which case they shall use reasonable efforts to protect the confidentiality of such party's confidential information.
31. The Monitor may consult with any other parties with a material interest in the CCAA Proceedings (including the Interim Lender) regarding the status of and material information and developments relating to the SISP to the extent considered appropriate by the Monitor (taking into account, among other things, whether any particular party is a Potential Bidder, Qualified Bidder or other participant or prospective participant in the SISP or involved in a bid), provided that such parties shall have entered into confidentiality arrangements satisfactory to the Debtors and the Monitor.

### ***Deposits***

32. All Deposits shall be retained by the Monitor in a non-interest-bearing trust account located at a financial institution in Canada selected by the Monitor. The Monitor may waive the requirement of a Deposit if it believes sufficient security or certainty has been provided by a Qualified Bidder, including by way of a credit bid.
33. If there is a Qualified Bid that constitutes a Successful Bid, the Deposit paid by the Successful Bidder shall be applied to the consideration to be paid upon closing of the transaction constituting the Successful Bid.
34. The Deposit(s) from all Qualified Bidders submitting Qualified Bids that do not constitute a Successful Bid or a Back-up Bid shall be returned to such Qualified Bidder within five (5) Business Days of the date that the Debtors select a Successful Bid and Back-up Bid, if applicable.
35. If the Qualified Bidder making a Qualified Bid is selected as the Successful Bid and breaches or defaults on its obligation to close the transaction in respect of its Successful Bid, it shall forfeit its Deposit to the Monitor for and on behalf of the Debtors; provided however that the forfeit of such

Deposit shall be in addition to, and not in lieu of, any other rights in law or equity that the Debtors have in respect of such breach or default.

36. If the Debtors are unable to complete the Successful Bid as a result of their own actions and not as a result of steps or conditions contained in the Successful Bid (or the actions of the Successful Bidder) then the Deposit shall be returned to the Successful Bidder.

***Supervision of the SISP***

37. The Monitor shall oversee the conduct of the SISP in all respects. Without limitation to that supervisory role, the Monitor shall participate in the SISP in the manner set out in this SISP Procedure, the Initial Order, and any other order of the Court, and is entitled to receive all information in relation to the SISP. For the avoidance of doubt, the completion of any Sale Proposal or Investment Proposal shall be subject to the approval of the Court and the requirement of approval of the Court may not be waived.
38. The Monitor, in consultation with the Debtors and Interim Lender, may waive compliance with any one or more of the requirements of this SISP, including, for greater certainty, waiving strict compliance with any one or more of the requirements specified above and deem a non-compliant bid to be a Qualified Bid.
39. This SISP does not, and shall not be interpreted to, create any contractual or other legal relationship between the Debtors or the Monitor and any Potential Bidder, any Qualified Bidder or any other party, other than as specifically set forth in a definitive agreement that may be entered into with the Debtors.
40. Without limiting the preceding paragraph, the Monitor shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Qualified Bidder, the Successful Bidder, any Back-up Bidder, the Debtors, or any other creditor or other stakeholder of the Debtors, for any act or omission related to the process contemplated by this SISP Procedure, except to the extent such act or omission is the result from gross negligence or willful misconduct of the Monitor. By submitting a bid, each Potential Bidder, Qualified Bidder, Successful Bidder and Back-up Bidder shall be deemed to have agreed that it has no claim against the Monitor for any reason whatsoever, except to the extent that such claim is the result of gross negligence or willful misconduct of the Monitor.
41. Participants in the SISP are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Binding Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a transaction.
42. Subject to the terms of the Initial Order, the Monitor, in consultation with the Debtors and Interim Lender, shall have the right to modify the SISP if, in its reasonable business judgment, such modification will enhance the process or better achieve the objectives of the SISP; provided that the service list in the CCAA Proceedings shall be advised of any substantive modification to the procedures set forth herein.
43. In order to discharge its duties in connection with the SISP the Monitor may engage professional or business advisors or agents as the Monitor deems fit in its sole discretion.

***Further Orders***

44. At any time during the SISP, the Monitor or the Debtors may apply to the Court for advice and directions with respect to the discharge of their powers and duties hereunder, if any.

## Schedule "1"

### To the Monitor:

#### **FTI Consulting Canada Inc., the Monitor**

Attention: Dustin Olver / Robert Kleebaum  
Email: dustin.olver@fticonsulting.com/ robert.kleebaum@fticonsulting.com

With a copy to:

#### **Cassels, Brock & Blackwell LLP, legal counsel to the Monitor**

Attention: Jeffrey Oliver/Danielle Marechal  
Email: joliver@cassels.com/dmarechal@cassels.com

### To the Debtors:

#### **Collision Kings Group Inc. et al, the Debtors**

Attention: Shane Daerden  
Email: shane@collisionkings.ca

#### **MLT Aikins LLP, legal counsel to the Debtors**

Attention: JJ Burnell  
Email: jburnell@mltaikins.com

**SCHEDULE "B"**

**Sale Approval and Vesting Order – the Lift Group**

COURT FILE NUMBER 2401-01778  
COURT COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY

Clerk's stamp

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

AND IN THE MATTER OF A PLAN OF  
COMPROMISE OR ARRANGEMENT OF  
COLLISION KINGS GROUP INC., CMD  
HOLDINGS INC., EAST LAKE COLLISION LTD.,  
MAYLAND HEIGHTS COLLISION LTD.,  
SUNRIDGE COLLISION LTD., 2199931 ALBERTA  
LTD., COLLISION KINGS 3 LTD., ARROW AUTO  
BODY LTD., CMD GLASS LTD., ROYAL VISTA  
COLLISION LTD., STATHKO INVESTMENTS  
LTD., NICK'S REPAIR SERVICE LTD., 10026923  
MANITOBA LTD. and BUNZY'S AUTO BODY LTD.

APPLICANTS

COLLISION KINGS GROUP INC., CMD  
HOLDINGS INC., EAST LAKE COLLISION LTD.,  
MAYLAND HEIGHTS COLLISION LTD.,  
SUNRIDGE COLLISION LTD., 2199931 ALBERTA  
LTD., COLLISION KINGS 3 LTD., ARROW AUTO  
BODY LTD., CMD GLASS LTD., ROYAL VISTA  
COLLISION LTD., STATHKO INVESTMENTS  
LTD., NICK'S REPAIR SERVICE LTD., 10026923  
MANITOBA LTD. and BUNZY'S AUTO BODY LTD.

DOCUMENT

**APPROVAL AND VESTING ORDER  
(Lift Group Transaction)**

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**MLT AIKINS LLP**  
Barristers and Solicitors  
360 Main St. 30<sup>th</sup> Floor  
Winnipeg, MB R3C 4G1  
Telephone: 204.957.4663  
Fax No.: 204.957.0840  
Attention: JJ Burnell  
Email: jburnell@mltaikins.com  
File No.: 0137640.00022

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**DATE ON WHICH ORDER WAS PRONOUNCED: FEBRUARY 14, 2024**

**LOCATION WHERE ORDER WAS PRONOUNCED: EDMONTON ALBERTA**

**NAME OF JUSTICE WHO MADE THIS ORDER: THE HONOURABLE JUSTICE M.J. LEMA**

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**UPON THE APPLICATION** by Collision Kings Group Inc., CMD Holdings Inc., East Lake Collision Ltd., Mayland Heights Collision Ltd., Sunridge Collision Ltd., 2199931 Alberta Ltd., Collision Kings 3 Ltd., Arrow Auto Body Ltd., CMD Glass Ltd., Royal Vista Collision Ltd., Stathko Investments Ltd., Nick’s Repair Service Ltd., 10026923 Manitoba Ltd. and Bunzy’s Auto Body Ltd. (collectively the “**Applicants**”) for an order (this “**Order**”), among other things, approving the sale transaction and assignment of contracts (the “**Transaction**”) contemplated by the Asset Purchase Agreement (the “**APA**”) between CMD Holdings Inc., East Lake Collision Ltd., Sunridge Collision Ltd., 2199931 Alberta Ltd., Collision Kings 3 Ltd., Arrow Auto Body Ltd., Stathko Investments Ltd., Nick’s Repair Service Ltd., 10026923 Manitoba Ltd. and Bunzy’s Auto Body Ltd. (the “**Vendors**”) and Lift Auto Group Operating Corporation (“**Lift**” or the “**Purchaser**”) dated January 31, 2024 and appended to the Affidavit of Shane Daerden sworn January 30, 2024 (the “**Daerden Affidavit**”), and vesting in the Purchaser the Vendors’ right, title and interest in and to the assets (the “**Purchased Assets**”) and the assignment of the Assigned Contracts (as defined in the APA) to the Purchaser;

**AND UPON HAVING READ** the Application, the Initial Order (the “**Initial Order**”) granted by Justice Neilson in the within proceedings on February 7, 2024, the Amended and Restated Initial Order (the “**ARIO**”) granted by Justice Lema in the within proceedings on February 14, 2024, the Daerden Affidavit, the Confidential Affidavit of Shane Daerden sworn January 30, 2024 (the “**Confidential Affidavit**”), the Pre-filing Report of the Court-appointed Monitor FTI Consulting Canada Inc. (“**FTI**” or the “**Monitor**”) dated February 5, 2024 and the Affidavit of Service; **AND UPON HEARING** the submissions of counsel for the Applicants, The Toronto-Dominion Bank, FTI, and the Purchaser, no one appearing for any other person on the service list, although properly served as appears from the Affidavit of Service, filed;

**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.

## APPROVAL OF TRANSACTION

2. The Transaction is hereby approved and execution of the APA by the Vendors is hereby authorized and approved, , including with any amendments resulting from the Purchaser's participation in the Auction (as defined in the Sales and Investment Solicitation Process attached as Schedule "A" to the Initial Order (the "**SISP**") as the Vendors and the Monitor may deem necessary. The Vendors and the Monitor 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 and the assignment of the Assigned Contracts (as defined in the APA) to the Purchaser (the "**Assigned Contracts**"), pursuant to the APA in its original form or as amended as a result of the Auction.

## VESTING OF PROPERTY

3. Notwithstanding any other provision of this Order: (i) this Order shall only be effective and come into force upon the filing of a certificate by the Monitor (the "**Monitor's Bid Selection Certificate**") substantially in the form attached as Schedule "A"; and (ii) this Order may be set aside by this Honourable Court on further application by the Applicants if the APA is not determined to be the Successful Bid the SISP and the Monitor's Bid Selection Certificate is not filed by the Monitor.
4. Upon delivery of a Monitor's certificate to the Purchaser substantially in the form set out in Schedule "B" hereto (the "**Monitor's Closing Certificate**") all of the Vendors' right, title and interest in and to the Purchased Assets shall vest absolutely in the name of the Purchaser, and all of the rights and obligations of the Vendors under and to the Assigned Contracts, shall be assigned, conveyed and transferred to, and assumed by, the Purchaser pursuant to section 11.3 of the CCAA 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, judgments, 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 encumbrances or charges created by the ARIO;
- (b) any charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta), *The Personal Property Security Act* (Manitoba), *The Personal Property Security Act, 1993* (Saskatchewan) or any other personal property registry system;
- (c) any liens or claims of lien under *The Builders' Lien Act* (Manitoba); and
- (d) those Claims listed in **Schedule "E"** 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 "F"** (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 the registration in the Winnipeg Land Titles Office ("**WLTO**") of a Transmission in the form prescribed by *The Real Property Act* (Manitoba) (the "**RPA**") duly executed by the Purchaser, and accompanied by a certified true copy of this Order, title to the real property identified in **Schedule "C"** hereto (the "**Bunzy's Real Property**") shall vest in the Purchaser subject to all instruments registered on title at that time, other than those described in Schedule "D", and the District Registrar of Manitoba is hereby directed to issue title accordingly.
6. Upon delivery of the Monitor's Closing Certificate and the registration in the Neepawa Land Titles Office ("**NLTO**") of a Transmission in the form prescribed by RPA duly executed by the Purchaser, and accompanied by a certified true copy of this Order, title to the real property identified in **Schedule "D"** hereto (the "**Nicks' Real Property**") shall vest in the Purchaser subject to all instruments registered on title at that time, other than those described in Schedule "D", and the District Registrar of Manitoba is hereby directed to issue title accordingly.
7. 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, but subject to paragraphs 4 and 5 above

(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 clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing the Registrars of the Alberta, Manitoba and Saskatchewan Personal Property Registries (the “**PPR Registrars**”) shall each and is hereby directed to forthwith cancel and discharge any registrations at the respective 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 Vendors in any of the Purchased Assets which are of a kind prescribed by applicable regulations as serial-number goods.

8. 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 APA. 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.
9. 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 Vendors of the APA.
10. This Order shall be accepted by the District Registrar of Manitoba notwithstanding that the appeal period in respect of this Order has not elapsed, which appeal period is expressly waived.
11. 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, provided however the Monitor may apply any part of such net proceeds to repay any amounts the Monitor has borrowed for which it has issued a Monitor's Certificate pursuant to the ARIO.

12. Except as expressly provided for in the APA or by sections 5 of the *Alberta Employment Standards Code* and *The Employment Standards Code* (Manitoba) and section 2-10 of *The Saskatchewan Employment Act* the Purchaser shall not, by completion of the Transaction, have liability of any kind whatsoever in respect of any Claims against the Vendors.
13. Upon completion of the Transaction, the Vendors and all persons who claim by, through or under the Vendors 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.
14. The Purchaser 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 Vendors, or any person claiming by, through or against the Vendors.
15. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against the Vendors.

16. The Monitor is directed to file with the Court a copy of the Monitor's Closing Certificate forthwith after delivery thereof to the Purchaser.
17. 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 Vendors are authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Vendors' records pertaining to the Vendors' past and current employees. The Purchaser 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 Vendors was entitled.

#### **ASSIGNMENT OF ASSIGNED CONTRACTS**

18. The assignment of the Assigned Contracts is declared valid and binding upon all of the counterparties to the Assigned Contracts notwithstanding any restriction, condition or prohibition contained in any such Assigned Contract relating to the assignment thereof, including any provision requiring the consent of any party to the assignment.
19. 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 CCAA;
  - (b) the insolvency of the Applicants; or
  - (c) any failure by the Applicants to perform a non-monetary obligation under any 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 APA) under the Assigned Contracts other than in respect of items (a) – (b) above.

#### **CURE COSTS**

20. All monetary defaults in relation to the Assigned Contracts existing prior to the Closing Date, if any, other than those arising by reason only of the insolvency of the Applicants,

the commencement of these CCAA proceedings or the failure to perform a non-monetary obligation under any Assigned Contract, shall be paid by the responsible party to the applicable counterparty on the Closing Date (or to the Monitor in trust on Closing for distribution to the applicable counterparty as soon as practicable thereafter) in accordance with the terms of the APA.

### **MISCELLANEOUS MATTERS**

21. 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 *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the “**BIA**”), in respect of the Vendors, and any bankruptcy order issued pursuant to any such applications;
- (c) any assignment in bankruptcy made in respect of the Vendors; and
- (d) the provisions of any federal or provincial statute:

the vesting of the Purchased Assets and the Assigned Contracts in the Purchaser pursuant to this Order 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.

- 22. The Monitor, the Applicants, the Purchaser 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.
- 23. 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 and the Monitor and its 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 Applicants and the Monitor and its agents in carrying out the terms of this Order.

24. 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:  
<http://cfcanada.fticonsulting.com/collisionkings>

and service on any other person is hereby dispensed with.

25. 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.

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Justice of the Court of King's Bench of Alberta



**Schedule "A"**

**Form of Monitor's Bid Selection Certificate**

COURT FILE NUMBER 2401-01778  
COURT COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY

Clerk's stamp

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

AND IN THE MATTER OF A PLAN OF  
COMPROMISE OR ARRANGEMENT OF  
COLLISION KINGS GROUP INC., CMD  
HOLDINGS INC., EAST LAKE COLLISION LTD.,  
MAYLAND HEIGHTS COLLISION LTD.,  
SUNRIDGE COLLISION LTD., 2199931 ALBERTA  
LTD., COLLISION KINGS 3 LTD., ARROW AUTO  
BODY LTD., CMD GLASS LTD., ROYAL VISTA  
COLLISION LTD., STATHKO INVESTMENTS  
LTD., NICK'S REPAIR SERVICE LTD., 10026923  
MANITOBA LTD. and BUNZY'S AUTO BODY LTD.

APPLICANTS

COLLISION KINGS GROUP INC., CMD  
HOLDINGS INC., EAST LAKE COLLISION LTD.,  
MAYLAND HEIGHTS COLLISION LTD.,  
SUNRIDGE COLLISION LTD., 2199931 ALBERTA  
LTD., COLLISION KINGS 3 LTD., ARROW AUTO  
BODY LTD., CMD GLASS LTD., ROYAL VISTA  
COLLISION LTD., STATHKO INVESTMENTS  
LTD., NICK'S REPAIR SERVICE LTD., 10026923  
MANITOBA LTD. and BUNZY'S AUTO BODY LTD.

DOCUMENT

**MONITOR'S BID SELECTION CERTIFICATE  
(Lift Group Transaction)**

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**CASSELS BROCK & BLACKWELL LLP**  
Barristers and Solicitors  
Suite 3810, Bankers Hall West, 888 3<sup>rd</sup> Street SW  
Calgary, AB T2P 5C5  
Telephone: 403.351.2921 / 403.351.2922  
Attention: Jeffrey Oliver / Danielle Marechal  
Email: joliver@cassels.com /  
dmarechal@cassels.com  
File No.: 55118-4

## RECITALS

- A. Pursuant to an Order of the Honourable Justice Neilson of the Court of King's Bench of Alberta, Judicial District of Edmonton (the "**Court**") dated February 7, 2024, as amended and restated by the Order of the Honourable Justice Lema dated February 14, 2024, FTI Consulting Canada Inc. was appointed as the Monitor (the "**Monitor**") of the undertakings, property and assets of (the "**Applicants**").
- B. Pursuant to an Order of the Court dated February 14, 2024 (the "**SAVO**"), the Court approved the asset purchase agreement made as of January 31, 2024 (the "**APA**") between the between CMD Holdings Inc., East Lake Collision Ltd., Sunridge Collision Ltd., 2199931 Alberta Ltd., Collision Kings 3 Ltd., Arrow Auto Body Ltd., Stathko Investments Ltd., Nick's Repair Service Ltd., 10026923 Manitoba Ltd. and Bunzy's Auto Body Ltd. (the "**Vendors**") and Lift Auto Group Operating Corporation ("**Lift**" or the "**Purchaser**") and provided for the vesting in the Purchaser of the Vendors' right, title and interest in and to the Purchased Assets, and the assignment of the Assigned Contracts which vesting and assignment is to be effective with respect to the Purchased Assets and the Assigned Contracts upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price (as defined in the APA) for the Purchased Assets; (ii) that the conditions to Closing as set out in section \*\*\* of the APA have been satisfied or waived by the Vendors and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Monitor.
- C. Unless otherwise indicated herein, capitalized terms have the meanings set out in the SAVO.

### **THE MONITOR CERTIFIES** the following:

1. The APA was not the Successful Bid as defined in the SISP or, in the alternative, the APA is the Successful Bid and, as a result, the Vendors intend to proceed to complete the Transaction contemplated by the APA; and

2. This Certificate was delivered by the Monitor at **[Time]** on **[Date]**.

**FTI Consulting Canada Inc., in its capacity as Monitor of the undertakings, property and assets of [Vendors], and not in its personal capacity.**

**Per:** \_\_\_\_\_

**Name:**

**Title:**

**Schedule "B"**

**Form of Monitor's Closing Certificate**

COURT FILE NUMBER 2401-01778  
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

Clerk's stamp

AND IN THE MATTER OF A PLAN OF  
COMPROMISE OR ARRANGEMENT OF  
COLLISION KINGS GROUP INC., CMD  
HOLDINGS INC., EAST LAKE COLLISION LTD.,  
MAYLAND HEIGHTS COLLISION LTD.,  
SUNRIDGE COLLISION LTD., 2199931 ALBERTA  
LTD., COLLISION KINGS 3 LTD., ARROW AUTO  
BODY LTD., CMD GLASS LTD., ROYAL VISTA  
COLLISION LTD., STATHKO INVESTMENTS  
LTD., NICK'S REPAIR SERVICE LTD., 10026923  
MANITOBA LTD. and BUNZY'S AUTO BODY LTD.

APPLICANTS

COLLISION KINGS GROUP INC., CMD  
HOLDINGS INC., EAST LAKE COLLISION LTD.,  
MAYLAND HEIGHTS COLLISION LTD.,  
SUNRIDGE COLLISION LTD., 2199931 ALBERTA  
LTD., COLLISION KINGS 3 LTD., ARROW AUTO  
BODY LTD., CMD GLASS LTD., ROYAL VISTA  
COLLISION LTD., STATHKO INVESTMENTS  
LTD., NICK'S REPAIR SERVICE LTD., 10026923  
MANITOBA LTD. and BUNZY'S AUTO BODY LTD.

DOCUMENT

**MONITOR'S CLOSING CERTIFICATE  
(Lift Group Transaction)**

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**CASSELS BROCK & BLACKWELL LLP**  
Barristers and Solicitors  
Suite 3810, Bankers Hall West, 888 3<sup>rd</sup> Street SW  
Calgary, AB T2P 5C5  
Telephone: 403.351.2921 / 403.351.2922  
Attention: Jeffrey Oliver / Danielle Marechal  
Email: joliver@cassels.com /  
dmarechal@cassels.com  
File No.: 55118-4

## RECITALS

- A. Pursuant to an Order of the Honourable Justice Neilson of the Court of King's Bench of Alberta, Judicial District of Edmonton (the "**Court**") dated February 7, 2024, as amended and restated by the Order of the Honourable Justice Lema dated February 14, 2024, FTI Consulting Canada Inc. was appointed as the Monitor (the "**Monitor**") of the undertakings, property and assets of (the "**Applicants**").
- B. Pursuant to an Order of the Court dated February 14, 2024 (the "**SAVO**"), the Court approved the asset purchase agreement made as of January 31, 2024 (the "**APA**") between the between CMD Holdings Inc., East Lake Collision Ltd., Sunridge Collision Ltd., 2199931 Alberta Ltd., Collision Kings 3 Ltd., Arrow Auto Body Ltd., Stathko Investments Ltd., Nick's Repair Service Ltd., 10026923 Manitoba Ltd. and Bunzy's Auto Body Ltd. (the "**Vendors**") and Lift Auto Group Operating Corporation ("**Lift**" or the "**Purchaser**") and provided for the vesting in the Purchaser of the Vendors' right, title and interest in and to the Purchased Assets, and the assignment of the Assigned Contracts which vesting and assignment is to be effective with respect to the Purchased Assets and the Assigned Contracts upon the delivery by the Monitor to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price (as defined in the APA) for the Purchased Assets; (ii) that the conditions to Closing as set out in section \*\*\* of the APA have been satisfied or waived by the Vendors and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Monitor.
- C. Unless otherwise indicated herein, capitalized terms have the meanings set out in the SAVO.

### **THE MONITOR CERTIFIES** the following:

3. The Purchaser has paid and the Monitor has received the Purchase Price for the Purchased Assets and the Assigned Contracts payable on the Closing Date pursuant to the APA;
4. The applicable parties have paid and the Monitor has received any Cure Costs in respect of the Assigned Contracts pursuant to the APA;
5. The conditions to Closing as set out in section \*\*\* of the APA have been satisfied or waived by the Monitor and the Purchaser; and

6. The Transaction has been completed to the satisfaction of the Monitor.
7. This Certificate was delivered by the Monitor at **[Time]** on **[Date]**.

**FTI Consulting Canada Inc., in its capacity as Monitor of the undertakings, property and assets of [Vendors], and not in its personal capacity.**

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

**Schedule "C"**  
**Bunzy's Real Property**

**Title No. 1409033/1**

**REGISTERED OWNERS, TENANCY AND LAND DESCRIPTION**

BUNZY'S AUTO BODY LTD.

IS REGISTERED OWNER SUBJECT TO SUCH ENTRIES RECORDED HEREON IN THE FOLLOWING DESCRIBED LAND:

SP LOT 19 PLAN 32688 WLTO IN RL 35 PARISH OF ST JOHN

**Schedule "D"**  
**Nick's Real Property**

**Title No. 2985050/5**

**REGISTERED OWNERS, TENANCY AND LAND DESCRIPTION**

10026923 MANITOBA LTD.

IS REGISTERED OWNER SUBJECT TO SUCH ENTRIES RECORDED HEREON IN THE FOLLOWING DESCRIBED LAND:

PARCEL ONE:

PARCEL "B" PLAN 5203 NLTO EXC: AN UNDIVIDED ONE-HALF INTEREST IN ALL MINES & MINERALS IN TRANSFER 95792 NLTO IN SW 1/4 32-14-15 WPM

PARCEL TWO:

PARCEL "B" PLAN 5203 NLTO SUBJECT TO SPECIAL RESERVATIONS AS TO MINES MINERALS AND OTHER MATTERS AS PARTICULARLY DEFINED IN THE ORIGINAL GRANT FROM THE CROWN IN SE 1/4 32-14-15 WPM

**Title No. 2985051/5**

**REGISTERED OWNERS, TENANCY AND LAND DESCRIPTION**

10026923 MANITOBA LTD.

IS REGISTERED OWNER SUBJECT TO SUCH ENTRIES RECORDED HEREON IN THE FOLLOWING DESCRIBED LAND:

LOT 2 PLAN 52644 NLTO EXC: AN UNDIVIDED ONE-HALF INTEREST IN ALL MINES AND MINERALS IN TRANSFER 95792 NLTO IN SW 1/4 32-14-15 WPM



**Schedule "E"**  
**Claims**

Title No: 1409033/1 (Manitoba) BUNZY'S AUTO BODY LTD. SP LOT 19 PLAN 32688 WLTO IN RL 35 PARISH OF ST JOHN			
<b>Instrument Type</b>	<b>Registration Number</b>	<b>Registration Date</b>	<b>Registrant</b>
Mortgage	4982387/1	2018-07-31	Crosstown Civic Credit Union
Personal Property Security Notice	4994171/1	2018-09-04	Crosstown Civic Credit Union

Title No: 2985050/5 (Manitoba) 10026923 MANITOBA LTD. PARCEL ONE: PARCEL "B" PLAN 5203 NLTO EXC: AN UNDIVIDED ONE-HALF INTEREST IN ALL MINES & MINERALS IN TRANSFER 95792 NLTO IN SW 1/4 32-14-15 WPM PARCEL TWO: PARCEL "B" PLAN 5203 NLTO SUBJECT TO SPECIAL RESERVATIONS AS TO MINES MINERALS AND OTHER MATTERS AS PARTICULARLY DEFINED IN THE ORIGINAL GRANT FROM THE CROWN IN SE 1/4 32-14-15 WPM			
<b>Instrument Type</b>	<b>Registration Number</b>	<b>Registration Date</b>	<b>Registrant</b>
Mortgage	1135535/5	2018-12-04	Royal Bank of Canada
Mortgage	1135536/5	2018-12-04	William Garth White & Gail Ann White

Title No: 2985051/5 (Manitoba)

10026923 MANITOBA LTD.

LOT 2 PLAN 52644 NLTO

EXC: AN UNDIVIDED ONE-HALF INTEREST IN ALL MINES AND MINERALS IN  
TRANSFER 95792 NLTO

IN SW 1/4 32-14-15 WPM

<b>Instrument Type</b>	<b>Registration Number</b>	<b>Registration Date</b>	<b>Registrant</b>
Mortgage	1135535/5	2018-12-04	Royal Bank of Canada
Mortgage	1135536/5	2018-12-04	William Garth White & Gail Ann White

## Schedule "F"

### Permitted Encumbrances

- (a) the reservations, limitations, exceptions, provisos and conditions, if any, expressed in any original grants from the Crown, including, without limitation, the reservation of any mines and minerals in the Crown or in any other Person and any implied conditions set out in *The Law of Property Act* (Manitoba) as amended, replaced or restated from time to time or any other similar Applicable Law;
- (b) encumbrances given as security to a public utility or any Governmental Authority when required in the ordinary course of business;
- (c) all rights reserved to or vested in any Governmental Authority pursuant to Applicable Law to control or regulate the Purchased Assets in any manner, including any unregistered, undetermined or inchoate liens, levies or claims in favour of the Crown, any province or municipality or any other Governmental Authority;
- (d) rights of expropriation, access or use or any similar right conferred or reserved by any Applicable Law;
- (e) applicable municipal by-laws, development agreements, subdivision agreements, site plan agreements, servicing agreements, cost sharing reciprocal agreements and building and zoning restrictions and other similar agreements; and
- (f) any easements, servitudes, rights-of-way, licences, agreements, restrictions that run with the land (including, without limitation, easements, rights-of-way and agreements for railways, sewers, drains, gas and water mains or electric light and power or telephone, telecommunications or cable conduits, poles, wires and cables);

The following Alberta registrations:

- Nil.

The following Manitoba registrations:

- Caveat 1094591/5 registered in favour of the Manitoba Hydro-Electric Board on the property civically described as 149 MB-16 W, Neepawa, Manitoba and legally described as LOT 2 PLAN 52644 NLTO EXC: AN UNDIVIDED ONE-HALF INTEREST IN ALL MINES AND MINERALS IN TRANSFER 95792 NLTO IN SW 1/4 32-14-15 WPM.
- Caveat 1028093/5 registered in favour of MTS Communications Inc. on the property civically described as 149 MB-16 W, Neepawa, Manitoba and legally described as LOT 2 PLAN 52644 NLTO EXC: AN UNDIVIDED ONE-HALF INTEREST IN ALL MINES AND MINERALS IN TRANSFER 95792 NLTO IN SW 1/4 32-14-15 WPM

The following Saskatchewan registration:

- Nil.