

COURT FILE NUMBER

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COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANT

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS
AMENDED



AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF PEAVEY INDUSTRIES
GENERAL PARTNER LIMITED, TSC STORES GP
INC., GUYS FREIGHTWAYS LTD., and PEAVEY
INDUSTRIES LIMITED

DOCUMENT

THIRD REPORT OF FTI CONSULTING CANADA
INC., IN ITS CAPACITY AS MONITOR OF PEAVEY
INDUSTRIES GENERAL PARTNER LIMITED, TSC
STORES GP INC., GUYS FREIGHTWAYS LTD., and
PEAVEY INDUSTRIES LIMITED

March 26, 2025

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THIRD REPORT OF THE MONITOR

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INTRODUCTION

1. Peavey Industries General Partner Limited (“**Peavey GP**”), TSC Stores GP Inc. (“**TSC GP**”), Guys Freightways Ltd. (“**Guys**”), and Peavey Industries Limited (“**Peavey Industries**”) (collectively, the “**Applicants**”) applied to the Court of King’s Bench of Alberta (the “**Court**”) for an initial order (the “**Initial Order**”) to commence proceedings (the “**CCAA Proceedings**”) under the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the “**CCAA**”) to, among other things, obtain a stay of proceedings (the “**Stay of Proceedings**”) to allow the Applicants an opportunity to restructure their business and affairs. The Initial Order was granted by Order of Justice Feasby on January 27, 2025. FTI Consulting Canada Inc. (“**FTI**” or the “**Monitor**”) was appointed Monitor of the Applicants as well as in respect of Peavey Industries LP (“**Peavey LP**”) and Peavey Industries Mutual Fund Trust (“**MFT**”) (collectively, Peavey LP, MFT and the Applicants are referred to as the “**Peavey Group**”).

2. The Initial Order granted, among other things, the following relief:
 - a. granted the Stay of Proceedings up to and including February 6, 2025;

 - b. authorized the Applicants to continue performance of a store closing consulting agreement (“**SC Agreement**”) between Peavey LP and Gordon Brothers Canada ULC (“**GBC**”) dated December 20, 2024, and continued performance thereunder;

 - c. authorized the Applicants to continue performance of a master service agreement for consignment of memo merchandise between Peavey LP, as consignee and GBC, as consignor, dated December 20, 2024, (“**Consignment Agreement**”) and continued performance thereunder;

 - d. authorized the Applicants to continue performance of an agreement for services (the “**RE Consulting Agreement**”) between Peavey LP and GBC, as consultant,

for the provision of real estate consulting services, and continued performance thereunder;

- e. authorized (but did not obligate) the Peavey Group to pay any critical supplier for inventory delivered prior to the date of the Initial Order, provided such payment is supported by the Agent and the Monitor;
 - f. authorized the Peavey Group to continue to use the Cash Management Accounts (as defined below); and
 - g. granted certain Court-ordered charges sought by the Applicants including an administration charge (“**Administration Charge**”), interim lender’s charge (“**Interim Lender’s Charge**”) and a directors and officers charge (“**D&O Charge**”) (collectively, the “**Charges**”).
3. On February 6, 2025, the Court of King’s Bench of Alberta granted the following additional orders:
- a. an amended and restated Initial Order (the “**ARIO**”) which provided for:
 - i. an extension of the stay of proceedings until April 30, 2025;
 - ii. increases to the amounts of the Administration Charge, the Interim Lender’s Charge, and the D&O Charge;
 - iii. approval of a Key Employee Retention Plan (“**KERP**”) and Key Employee Incentive Plan (“**KEIP**”) to facilitate retention and incentivize key employees to remain in their employment during the CCAA Proceeding, and approval of a corresponding fourth-ranking charge on the Property (“**KERP/KEIP Charge**”); and

- iv. a declaration that pursuant to section 5(5) of the Wage Earner Protection Program Act, S.C. 2005, c. 47, s.1 (“**WEPPA**”) that the Peavey Group meet the criteria established by section 3.2 of the Wage Earner Protection Program Regulations, SOR/2008-222 (the “**WEPP Regulations**”) as of the date of the granting of the Stay Extension and WEPPA Order; and
 - b. a restricted Court access order with respect to the KERP and KEIP.
- 4. On March 7, 2025, the Monitor prepared and provided our Second Report to the Court with respect to the Lenders Application, providing among other things, the Monitor’s calculations with respect to the fees under the 1903 Credit Agreement (the “**Fees**”).
- 5. On March 19, 2025, the Court of King’s Bench of Alberta granted an order (the “**Fee Order**”) amending paragraph 35 of the ARIO to authorize the Lenders to apply cash sweeps to the maximum aggregate amount of \$85,516,297 (Pre-Filing Indebtedness plus Fees as calculated under the 1903 Credit Agreement), plus legal fees, costs and expenses as provided for under the 1903 Credit Agreement.
- 6. The report (“**Report**” or the “**Third Report**”) is being delivered in connection with the application currently scheduled to be heard on April 2, 2025, where Peavey is seeking:
 - a. an approval and vesting Order (“**Approval and Vesting Order**”) from the Court, granting the following relief, among others:
 - i. approval of the stalking horse sale and investment solicitation process conducted by the Peavey Group and the Monitor in relation to the intellectual property (“**IP**”) rights associated with the Tractor Supply Company (“**TSC**”) brand (the “**TSC IP**” and the “**Stalking Horse TSC IP Sales Process**”); and

- ii. approval of the sale agreement (the “**Sale Agreement**”) for the TSC IP as between Peavey LP and TSC (the “**Stalking Horse Bidder**”), a copy of which is attached as Appendix “**D**”; and
- b. an Order (the “**Real Estate Amending Agreement Order**”) approving an amendment to the RE Consulting Agreement.

PURPOSE

- 7. The purpose of this Third Report is to provide the Court and the Applicants’ stakeholders with information and the Monitor’s comments with respect to the following:
 - a. a summary of the Monitor’s activities since the First Report;
 - b. the Monitor’s final review of the security held by the Lenders securing obligations owing under the 1903 Credit Agreement; and
 - c. an update on the Applicants’ efforts with respect to:
 - i. the store-closing liquidation (“**Inventory Liquidation**”);
 - ii. the process undertaken by the Applicants with the assistance of GBC as advisor (the “**Advisor**”) to seek offers for the assignment, purchase or termination of the various leases at 84 locations (excludes six locations owned by related parties) (the “**GBC Process**”);
 - iii. an update on the Applicants’ efforts to sell various furniture, store fixtures and equipment;
 - iv. the launch of the sale process with respect to various intangible assets owned by the Applicants (the “**IP Sales Process**”); and

- v. the Stalking Horse TSC IP Sales Process;
- d. the cash flow variance results for the seven-week period ended March 15, 2025;
- e. an overview of Peavey Group’s revised cash flow statement (the “**Second Revised Cash Flow Statement**”) for the eleven week period-ending May 31, 2025 (the “**Forecast Period**”) as well as the key assumptions on which the Second Cash Flow Statement is based on; and
- f. the Monitor’s conclusions and recommendations.

TERMS OF REFERENCE

- 8. Capitalized terms used but not defined herein are given the meaning ascribed to them in the Second Anderson Affidavit and the ARIO.
- 9. In preparing this Report, the Monitor has relied upon certain information (the “**Information**”) including the Peavey Group’s unaudited financial information, books and records and discussions with Peavey Group senior management (“**Management**”).
- 10. Except as described in this Report, the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the *Chartered Professional Accountants of Canada Handbook*.
- 11. The Monitor has not examined or reviewed financial forecasts and projections referred to in this report in a manner that would comply with the procedures described in the *Chartered Professional Accountants of Canada Handbook*.

12. Future oriented financial information reported to be relied on in preparing this Report is based on Management's assumptions regarding future events. Actual results may vary from forecast and such variations may be material.
13. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

ACTIVITIES OF THE MONITOR

14. The Monitor's activities since the date of the First Report have included the following:
 - a. ongoing discussions with Management and the Peavey Group's legal counsel, Norton Rose Fulbright LLP, regarding the Applicants' business and financial affairs;
 - b. updating a website (the "**Monitor's Website**") at the following URL: <http://cfcanada.fticonsulting.com/Peavey/> where the Monitor has and will continue to post all court materials related to these CCAA Proceedings. The Monitor's website includes contact information where secured creditors, unsecured creditors, employees and other stakeholders can reach the Monitor to ask any questions they may have;
 - c. consulting with Management of the Peavey Group and GBC in respect of the Company's ongoing liquidation process, supporting management with respect planning for significant employee terminations resulting from the Peavey Group's store closures and assisting in the process to realize or disclaim on the 92 store locations;
 - d. launching, in consultation with the Peavey Group and GBC, the IP Sales Process and the Stalking Horse TSC IP Sales Process;

- e. assisting Management with termination letters and coordinating communications and notices to former employees with respect to the WEPPA;
- f. attending to numerous telephone and email inquiries from the Applicants' creditors, suppliers and stakeholders; and
- g. preparing this Report.

STORE CLOSURE SALES

INVENTORY LIQUIDATION

15. As described in the Anderson Affidavit, filed January 27, 2025 in support of the Initial Order (the "**First Anderson Affidavit**"), the Peavey Group had commenced store closure sales at all 92 retail locations across Canada prior to the commencement of these CCAA Proceedings. The Peavey Group entered into the SC Consulting Agreement with GBC to assist with the store closure sales.
16. The SC Consulting Agreement was previously approved by this Honourable Court. Since the First Report, the Inventory Liquidation has continued by GBC under the SC Consulting Agreement with the assistance of the Peavey Group's Management and the Monitor.
17. The recoveries from the Inventory Liquidation have exceeded the initial net sales and gross margin projections. The base discount from standard retail pricing was set at 10% at the onset of the Inventory Liquidation, and to date, discounts from standard retail pricing have ranged between 15% and 60%, being adjusted based on remaining inventory composition. Certain inventory categories have not been discounted.
18. The Inventory Liquidation to date has generated net sales and gross margin that have exceeded GBC's initial projections by approximately 6% and 5%, respectively. Compared to the same dates from the prior year, net sales have increased by approximately 123%.

19. GBC is overseeing the Inventory Liquidation process with the assistance of Management. Sales and discounts are reviewed daily on a store-by-store basis with pricing/discounts adjusted by SKU and by product category as recommended by GBC based on their experience and analysis. GBC, in accordance with the SC Consulting Agreement, purchased augmentation inventory to supplement stores during the Inventory Liquidation. Under the augmentation services of the SC Consulting Agreement, GBC arranges for the purchase and delivery of such inventories and the Peavey Group receives a flat commission of 5% on the selling price.
20. As a result of the better than forecast sales efforts, the Inventory Liquidation is expected to be completed within the next 30 days, with approximately 60 locations being completed by end of March. As of the date of this Third Report, lease disclaimer notices have been issued for 88 locations (including three distribution centres). Lease disclaimers have not been issued for the four remaining retail locations that have potential sale/assignment offers.

GBC PROCESS (REAL ESTATE)

21. Prior to the CCAA filing, GBC had entered into an agreement with certain of the Applicants whereby GBC was to provide certain real estate consulting services (the “**Original Agreement**”). These services set out in the Original Agreement were to provide the Applicants’ with assistance to exit unneeded or undesirable locations or to negotiate the termination of such leases.
22. After the CCAA filing, the Original Agreement was amended (the “**Amended Agreement**”) such that GBC would earn a commission of 5% of the cash amount received by the Applicants for:
 - a. any assignment or sale of the Applicants’ leases relating to 84 properties (comprising all leased locations excluding those owned by related parties); and

- b. any termination or buy out fee paid by a landlord.
23. The Original Agreement was amended given the change in legal position after the CCAA filing of the various leases (i.e. ability to disclaim leases under the ARIO).
24. On about February 11, 2025, GBC (as Advisor) launched the GBC process under the Amended Agreement (the “**GBC Process**”) to engage with the various landlords on buyout options and with interested parties for the potential acquisition or assignment of the various leases.
25. The GBC Process is summarized below:
- a. the Advisor launched the GBC Process by contacting each landlord and reaching out to approximately 60 additional parties to determine any interest in buying out the leases;
 - b. a teaser (“**Teaser**”) was distributed on or around February 11, 2025. The Teaser and procedures for the GBC Process (“**GBC Process Procedures**”) were shared with the service list and posted to the Monitor’s website on February 15, 2025; and
 - c. the virtual data room (“**VDR**”), which included lease details and leases by location, was opened by the Advisor on February 11, 2025.
26. Pursuant to the GBC Process Procedures, a binding offer bid deadline was set for “as soon as practical, but no later than February 24, 2025.” (the “**Bid Deadline**”).
27. The Bid Deadline was determined taking into consideration the estimated completion date of the Inventory Liquidation with the estimate that many of the stores would be exited by the end of March 2025. Accordingly, many lease disclaimers had to be issued by end of February to avoid significant, additional rental costs. The Monitor notes that the total rent

expense of the 92 locations (including the three distribution centres) is approximately \$3.0 million per month.

28. While the Bid Deadline for the GBC Process was condensed, the parties interested in such leases were sophisticated and had participated in the previous investment and solicitation processes undertaken by Peavey pre-CCAA filing.
29. Results of the GBC Process are as follows:
 - a. of the parties contacted, 35 signed non-disclosure agreements (“NDA”) and 28 accessed the VDR;
 - b. two offers to buyout two leases were received by the Bid Deadline and have been executed; and
 - c. two interested parties submitted offers by the Bid Deadline to purchase a combination of four leases (with option to include additional locations). As of the date of this Report, the Advisor, in consultation with Peavey and the Monitor, are working to finalize these offers.
30. As of the date of this Report, as a result of the GBC Process:
 - a. three lease termination buy-outs / buy-back deals were completed with landlords (one was pre-filing) resulting in recoveries of approximately \$56,000; and
 - b. the sale of the leases for the four additional stores are still being negotiated.

LEASE DISCLAIMERS

31. As discussed above, the Inventory Liquidation is nearing completion and the GBC Process has been substantially completed in an attempt to extract value with respect to any of the leases; accordingly, the Applicants have commenced the process of disclaiming leases.
32. Accordingly, in consultation with the Monitor, Peavey sent out 88 lease disclaimers (including the three distribution centres) to landlords and disclaimers for the remaining two distribution centers are expected to be sent before the end of March.
33. To date, the Monitor is aware of several landlords who have advised of certain concerns with respect to the disclaimer notices. GBC and the Applicants are dealing with the specific landlords to answer any questions with respect to the disclaimers.
34. The Monitor understands that GBC and Peavey are currently on track to vacate all the premises by the end of the disclaimer period.

SALE OF FF&E

35. Under the SC Agreement, GBC is authorized to sell Peavey owned furnishings, trade fixtures, equipment, machinery, office supplies, racking, rolling stock, any vehicles or other modes of transportation, and other personal property (collectively, “**FF&E**”) in Peavey premises in accordance with that agreement’s terms.
36. With the Inventory Liquidation nearing completion, GBC, with the assistance of Peavey has commenced the process, with the assistance of Peavey, to liquidate the FF&E (the “**FF&E Process**”).
37. As noted in the First Report of the Monitor, certain of the FF&E may be subject to prior ranking secured claims (“**Financing Leases**”) by third-party lessors (“**FF&E Lenders**”) or subject to fixture claims from landlords. The Monitor further notes that section 13 of

the ARIO provides a mechanism whereby the Applicants are to give landlords seven days' notice before removing any fixtures from any of the leased premises.

38. In accordance with the ARIO, the Monitor notes that most landlords have been provided with notices in order to identify any items considered fixtures that should not be sold in the FF&E Process and walk-throughs have been ongoing. The landlord notice provisions are ongoing as at the date of this Report.

39. The Monitor has undertaken a review of the Financing Leases and notes that, in certain circumstances, the assets located in various store locations are not clearly defined so as to determine whether they are subject to the security of the FF&E Lenders or the Interim Lender (defined below). Given the time constraints with respect to exiting the various premises as a result of the upcoming completion of the Inventory Liquidation, the cost to carry such leases, and the lack of specificity of certainty of the Financing Leases of the FF&E Lenders, the following FF&E Process was proposed to and accepted by each of the FF&E Lenders who have security over FF&E (excluding serial numbered rolling stock and equipment, as discussed further below):
 - a. GBC is authorized to sell any FF&E in premises, excluding any goods that are subject to landlord claims (which are to be identified in the above noted landlord walk-throughs);
 - b. GBC shall earn a fee of 20% of the gross sale proceeds less any applicable taxes (“**FF&E Fee**”);
 - c. GBC shall make commercially reasonable efforts to track the proceeds of FF&E by item, to the extent possible. GBC shall report to the FF&E Lenders and the Monitor in respect of such sales and tracking upon the reasonable request of any FF&E Lender or the Monitor;

- d. proceeds of some or all sales of FF&E by GBC may initially be deposited into a Peavey bank account, which may then be transferred to 1903P Loan Agent, LLC (“**1903P**”), in its capacity as interim lender (the “**Interim Lender**”) and in accordance with the Interim Financing terms of the Initial Order, as amended and restated. Proceeds of some or all sales of FF&E by GBC may alternatively be deposited into a GBC bank account;
- e. FF&E Lenders shall be entitled to the proceeds of sales (“**FF&E Proceeds**”) of any FF&E against which it has a registered security interest, less the FF&E Fee and any amounts charged or collected in respect of any applicable sale taxes, up to the maximum amount of Peavey’s secured indebtedness to the FF&E Lender unless a determination by the Court is made that the FF&E Lender’s security interest against such FF&E is not valid, enforceable or in priority to any competing security interests. The FF&E Proceeds shall not be allocated any amounts under nor subject to the Interim Lender’s Charge or any other Charges;
- f. if the Court determines under section (e) that a security interest of the FF&E Lender against the FF&E is not valid, enforceable or in priority to any competing security interests other than the Charges, entitlement to the proceeds shall be determined accordingly;
- g. if a sale by GBC includes FF&E that is subject to a registered security interest of the FF&E Lender and other property that is not, the Parties shall negotiate in good faith to determine a fair allocation of the purchase price between the FF&E that is subject to a registered security interest of the FF&E Lender and the other property, to be informed by the purchaser’s allocation and in consultation with the Monitor. If no agreement is reached, any Party may apply to have the allocation determined by the Court;

- h. any proceeds to which the FF&E Lender is entitled under section (e) shall be paid at such time as the Parties may agree, acting reasonably and in consultation with the Monitor, or upon Order of the Court. Such payment to the FF&E Lender shall be:
 - i. by Peavey in respect of any proceeds paid to Peavey but not transferred to 1903P;
 - ii. by 1903P in respect of any proceeds paid to Peavey and then transferred to 1903P; and
 - iii. GBC in respect of any proceeds paid to GBC; and
 - i. GBC shall have the right to abandon any unsold FF&E without liability to the FF&E Lender. GBC shall make commercially reasonable efforts to provide seven days' notice to the Parties of abandonment of FF&E at any premises with FF&E that is subject to a registered security interest of the FF&E Lender.
40. The Monitor believes that the above terms are appropriate and provide for a commercially reasonable process to maximize value on the FF&E prior to the exiting of the various premises and will provide for the ability to address priority related issues at a later date.

SERIAL NUMBERED EQUIPMENT

41. The Peavey Group has certain serial numbered rolling stock and equipment (trucks, trailers and forklifts) ("**Serial Numbered Equipment**") that continue to be evaluated by the Applicants and GBC as to potential sale. Such items are being considered on a unit-by-unit basis and any realization process will be discussed with the lender who has specific security over such Serial Numbered Equipment.

42. It is the Monitor’s understanding that any such sale of Serial Numbered Equipment will be completed only if the value of such Serial Numbered Equipment exceeds any amounts owing under the secured financing (and assuming the security held by the equipment financier is valid and enforceable).

IP SALES PROCESS

43. Further to the Peavey Group’s restructuring efforts, the Peavey Group, under the supervision of the Monitor, has commenced a process to solicit offers from buyers with respect to certain intellectual property assets exclusively owned by the Peavey Group, including all Canadian trademark rights in and to Peavey Mart, Mainstreet Hardware and associated private label brands (collectively, the “**IP Property**”) (the “**IP Sales Process**”).
44. The procedures for the IP Sales Process are attached as Appendix “**B**” and have been posted to the Monitor’s website.
45. The following table sets out the key milestones under this IP Sales Process, subject to extension by the Peavey Group with approval of the Monitor pursuant to and in accordance with the procedures of the IP Sales Process:

Date	Milestone
February 26, 2025	Commencement of the Sale Process
March 14, 2025	Expression of interest (“ EOI ”) Bid Deadline
March 21, 2025	Selection of successful EOI Bids
March 28, 2025	Completion of Binding Purchase and Sale Agreement Bid
TBD ¹	Target for Court Approval and Closing Transaction

¹ Closing of a transaction(s) subject to Court approval

46. With respect to the IP Sales Process, the Monitor notes the following:
- a. in excess of 40 parties were contacted to solicit interest in the IP Sales Process. Notice of the IP Sales Process was also distributed to the service list and posted on the Monitor’s website;
 - b. Peavey Group and the Monitor consulted with GBC, its financial advisor, along with the GBC trademark group;
 - c. by the bid deadline, and in accordance with the procedures of the IP Sales Process, six offers to purchase all or select IP Property were received by the Monitor (the “**IP Offers**”);
 - d. five of the IP Offers were for select IP Property, including the Peavey Group’s private label brands and one offer that included all the IP Property; and
 - e. the Monitor, in consultation with the Interim Lender, reviewed the IP Offers and determined to move forward with one bid (the “**Successful IP Bidder**”) which considers all of the IP Property (the “**Successful IP Offer**”). The Monitor is working with the Successful IP Bidder to finalize the Successful IP Offer, and in parallel, advancing definitive documentation to close the Successful IP Offer expeditiously. Once finalized, the Monitor will be seeking approval of the Successful IP Offer from this Honourable Court.

STALKING HORSE TSC IP SALES PROCESS

47. In addition to the above IP Property, in advance of the launch of the IP Sales Process, the Applicants received a pre-emptive bid with respect to Peavey’s exclusive ownership in the Canadian rights to certain intellectual property assets of TSC (the “**TSC IP**”), including trademarks, tradenames and domains, among others. After further discussion between the

Monitor, the Applicants and the Interim Lender, the negotiations resulted in the stalking horse bid (the “**Stalking Horse Bid**”) and the Stalking Horse TSC IP Sales Process.

48. The procedures for the Stalking Horse TSC IP Sales Process are attached as Appendix “C”.
49. The details of the Stalking Horse Bid are summarized below:
 - a. on March 11, 2025, the Stalking Horse Bid was executed by Peavey LP, by its general partner, Peavey GP and TSC in the amount of USD \$4.0 million for all of the TSC IP; and
 - b. the Stalking Horse Bid includes Peavey LP’s rights and obligations under the certain settlement agreement made effective as of August 14, 2012 between TSC Stores LP (predecessor in interest to Peavey LP), TSC and Tractor Supply Co. of Texas LP. (the “**TSC Settlement Agreement**”).
50. The Stalking Horse TSC IP Sales Process ran separately but alongside the above noted IP Sales Process based on the following key milestones:

Date	Milestone
March 11, 2025	Commencement of the TSC IP Sales Process
March 24, 2025	Bid Deadline (2:00pm MST)
March 26, 2025	Auction (10:00am MT via Webex), if necessary
April 2, 2025 ²	Target for Court Approval and Closing Transaction

51. A summary of the Stalking Horse TSC IP Sales Process is as follows:
 - a. the key milestones under the Stalking Horse TSC IP Sales Process were subject to extension or modification by the Peavey Group with approval of the Monitor

² Closing of a transaction subject to Court approval

pursuant to and in accordance with the procedures of the Stalking Horse TSC IP Sales Process;

- b. any party wishing to make an offer for the TSC IP were required to submit an offer exceeding the Stalking Horse Bid by no less than USD \$350,000 (a “**Qualified Bid**”);
 - c. if any qualified bids other than the Stalking Horse Bid were received, the Monitor would have been required to conduct an auction on March 26, 2025 (the “**TSC Auction**”) to determine the highest or best bid (the “**Successful TSC IP Bid**”);
 - d. in the event that no Qualified Bids other than the Stalking Horse Bid were received, there would be no TSC Auction and the Stalking Horse Bid would be deemed to be the Successful TSC IP Bid; and
 - e. on April 2, 2025, the Peavey Group will seek approval of the Successful TSC IP Bid from this Honourable Court.
52. The Monitor confirms that there were no bids received by the March 24, 2025 bid deadline. Accordingly, the Stalking Horse Bid has been accepted as the Successful TSC IP Bid and no TSC Auction is required. The Peavey Group is now seeking approval from this Honourable Court of the Successful TSC IP Bid. The executed sale agreement for the Successful TSC IP Bid is attached as Appendix “**D**”.
53. The Monitor’s view is that the Stalking Horse Bid represents the highest and best offer for the TSC IP. Furthermore, the Stalking Horse Bid was marketed to logical buyers as set out above in the Stalking Horse TSC IP Process and no superior bid was received by the bid deadline. Lastly, the Monitor notes that the Interim Lender is supportive of the Stalking Horse Bid.

EMPLOYEE DOWNSIZING

54. As the Inventory Liquidation process continues and the various lease disclaimers are issued, the Applicants continue to take steps to reduce headcount.
55. Since the date of the Monitor's First Report to March 15, 2025, Peavey Group have released approximately 293 employees, and with the Inventory Liquidation coming to an end, anticipate the termination of approximately 863 additional employees over the next two weeks.

WEPPA

56. On the date of the Initial Order, the Applicants employed approximately 1,900 employees. As discussed above, the Peavey Group the Inventory Liquidation process is well underway at all of the Peavey locations. Since the commencement of the CCAA Proceedings, the Applicants have terminated 293 employees, with terminations continuing as the Inventory Liquidation comes to completion over the next 30 days.
57. Upon their termination, employees were provided with directions on how to obtain their record of employment from Service Canada and were made aware of the WEPPA.
58. Section 5(1) of the WEPPA provides that an individual is eligible to receive payment under that Act if, among other things, (i) the individual is owed eligible wages by a former employer; (ii) the former employer is subject to proceedings under the CCAA; and (iii) a court determines under subsection 5(5) that criteria prescribed by the WEPP Regulations are met.
59. Section 5(5) of WEPPA provides that, on application by any person, a court under the CCAA may determine that a former employee meets criteria prescribed by regulation. Section 3.2 of the WEPP Regulations provides that "for purposes of subsection 5(5) of the WEPPA, a court may determine whether the former employer is the former employer of

all of whose employees in Canada have been terminated other than any retained to wind down its business operations.”

60. Paragraph 48 of the ARIO contains a declaration pursuant to Section 5(5) of WEPPA that the Applicants and their collective former employees meet the criteria prescribed by the WEPP Regulations and are individuals to whom the WEPPA applies. Accordingly, the Monitor was authorized to administer WEPPA claims for terminated employees that meet the eligibility criteria outlined in WEPPA.
61. The Monitor worked extensively with the Applicants’ human resource and payroll departments to determine which terminated employees met the criteria to be eligible to make claims under WEPPA for unpaid wages, vacation, termination and severance pay.
62. For employees terminated on or before March 15, 2025, the Monitor has provided eligible employees with an instruction letter (the “**WEPP Instruction Letter**”) setting out the Applicants’ calculation of eligible wages owed under the WEPPA and instructions on how to submit their claim with the Monitor and with Service Canada.
63. The following summarizes the Monitor’s status of WEPP claims administered to date:
 - a. the Monitor sent 293 WEPP Instruction Letters to eligible employees;
 - b. 230 eligible employees have submitted a proof of claim (“**WEPP Proofs of Claim**”) to the Monitor in accordance with the WEPP Instruction Letter and in accordance with the requirements under the WEPPA; and
 - c. the Monitor reviewed all 230 WEPP Proofs of Claim received to date and has submitted all 230 WEPP Proofs of Claim to Service Canada for processing. The Monitor continues to review and process claims received from eligible employees.

CASH FLOW VARIANCE ANALYSIS

64. The Peavey Group, in consultation with the Monitor, prepared the revised cash flow statement for the CCAA Proceedings (the “**Revised Cash Flow Statement**”) which was appended to the First Report of the Monitor.
65. The Peavey Group’s actual cash flows as compared to those contained in the Revised Cash Flow Statement for the seven-week period of January 26, 2025 to March 15, 2025, are summarized below:

Cash Flow Variance Analysis Seven Week Period Ended March 15, 2025			Variance \$
	Actual	Forecast	
<i>(C\$000s)</i>			
Receipts			
Cash Receipts	92,292	92,625	(333)
Cash Sweep	(65,660)	(65,660)	-
Net Proceeds for Operations	\$ 26,632	\$ 26,965	\$ (333)
Disbursements			
<i>Operating Disbursements</i>			
Payroll & Benefits	(7,972)	(7,963)	(8)
Occupancy Expenses	(7,163)	(7,165)	2
Merchandise Fee	-	(2,072)	2,072
Other Liquidation Expenses	(3,693)	(3,113)	(580)
Sales Tax Payable	(3,126)	(4,656)	1,530
Other Operating Expenses	(4,807)	(5,358)	551
Professional Fees	(1,336)	(1,190)	(146)
Product Expenses	(798)	(1,050)	252
Freight and Duty	(1,020)	(760)	(259)
Interest Expenses	(1,271)	(1,325)	54
Contingency	728	(175)	903
Total Disbursements	\$ (30,458)	\$ (34,830)	\$ 4,371
Net Cash Flow	\$ (3,826)	\$ (7,864)	\$ 4,038
Cash			
Opening Cash	3,165	3,165	-
Net Cash Flow	(3,826)	(7,864)	4,038
Draw / (Repayment) of Post-Petition Debt	3,615	6,690	(3,075)
Ending Cash	\$ 2,954	\$ 1,991	\$ 963
Pre-Filing Secured Debt			
Opening Balance	65,660	65,660	-
Draw / (Repayments)	(65,660)	(65,660)	-
Ending Pre-Filing Secured Debt	\$ -	\$ -	\$ -
Post-Petition Debt			
Opening Balance	-	-	-
Draws / (Repayment)	3,615	6,690	3,075
Ending Post-Petition Debt	\$ 3,615	\$ 6,690	\$ 3,075

- a. receipts from the Inventory Liquidation are in line with the Revised Cash Flow Statement;

- b. the cash sweep of \$65.6 million has been swept and repaid to the principal pre-filing debt under the 1903 Credit Agreement in full;
 - c. the positive variance of approximately \$4.4 million for operating disbursements is primarily related to the following:
 - i. \$1.5 million of Merchandise Fees and Other Liquidation Expenses related to the Inventory Liquidation and is impacted by timing variances and expected to reverse in future weeks;
 - ii. \$1.5 million of sales tax that is expected to reverse in future weeks; and
 - iii. \$0.5 million of other operating expenses as the Peavey Group continues to reduce store, distribution center and head office related expenses throughout the Inventory Liquidation; and
 - d. post-filing secured debt draws are approximately \$3.1 million lower than forecast as operating disbursements were lower (as described above) than forecast and the Company, following the full repayment of the pre-filing debt, began to repay the post-filing secured debt starting week of March 8, 2024.
66. As at March 15, 2025, the Peavey Group had approximately \$3.6 million cash on hand, which is expected to be swept in future periods to repay (i) the Fees under the 1903 Credit Agreement totaling approximately \$19.1 million; and (ii) post-filing secured debt.

SECOND REVISED CASH FLOW STATEMENT

67. As described more fully in the First Anderson Affidavit, the Peavey Group has cash dominion obligations in favour of the Lenders which mandates that all proceeds from collateral are to be deposited into the Cash Management Accounts. For certain periods of

time and following certain events (including the occurrence and continuation of any events of default), all amounts in the Cash Management Accounts must be wired daily to accounts designated by the Agent. The operation of the Cash Management Accounts result in all sales proceeds being swept by the Agent who then re-advances cash on a weekly basis to cover the Peavey Group's expenditures.

68. The Peavey Group, with the assistance of the Monitor, has prepared a second revised cash flow statement ("**Second Revised Cash Flow Statement**") which sets out the liquidity requirements of the Peavey Group during the forecast period for the eleven-week period ending May 31, 2025 ("**Forecast Period**"). The Second Revised Cash Flow Statement is attached hereto as Appendix "A". The Second Revised Cash Flow Statement is summarized in the following table:

Cash Flow Statement For the eleven week period-ending May 31, 2025 (C\$000s)	January 26 to March 15 Actuals	March 16 to May 31 Forecast	Total
Receipts			
Cash Receipts	\$ 92,292	\$ 35,465	\$ 127,757
Cash Sweep	(65,660)	(19,102)	(84,762)
Net Proceeds for Operations	26,632	16,363	42,995
Disbursements			
<i>Operating Disbursements</i>			
Payroll & Benefits	(7,972)	(5,967)	(13,939)
Occupancy Expenses	(7,163)	(880)	(8,043)
Merchandise Fee	-	(1,201)	(1,201)
Other Liquidation Expenses	(3,693)	(1,764)	(5,457)
Sales Tax Payable	(3,126)	(8,264)	(11,391)
Other Operating Expenses	(4,807)	(1,493)	(6,300)
Professional Fees	(1,336)	(1,845)	(3,181)
Product Expenses	(798)	-	(798)
Freight and Duty	(1,020)	(111)	(1,130)
Interest Expenses	(1,271)	(490)	(1,761)
Contingency	728	(275)	453
Total Disbursements	(30,458)	(22,290)	(52,748)
Net Cash Flow	(3,826)	(5,926)	(9,753)
Cash			
Opening Cash	3,165	2,954	3,165
Net Cash Flow	(3,826)	(5,926)	(9,753)
Draw / (Repayment) of Post-Petition Debt	3,615	4,972	8,587
Ending Cash	\$ 2,954	\$ 2,000	\$ 2,000
Pre-Filing debt under 1903 Credit Agreement			
Opening Balance	\$ 65,660	\$ 19,102	\$ 84,762
Draw / (Repayments)	(65,660)	(19,102)	(84,762)
Ending Pre-Filing debt under 1903 Credit Agreement	\$ -	\$ -	\$ -
Post-Petition Debt under 1903 Credit Agreement			
Opening Balance	\$ -	\$ 3,615	\$ -
Draws / (Repayment)	3,615	4,972	8,587
Ending Post-Petition debt under 1903 Credit Agreement	\$ 3,615	\$ 8,587	\$ 8,587

69. The Monitor has the following comments on the Second Revised Cash Flow Statement:

- a. the Forecast Period ends on May 31, 2025, at which time, it is anticipated that the Inventory Liquidation and store closing process will be substantially completed;
- b. the Second Revised Cash Flow Statement has been amended to include the Fees payable to the Interim Lender as approved by the Fee Order due and owing under the 1903 Credit Agreement as pre-filing debt; and

- c. the Second Revised Cash Flow Statement includes forecast proceeds from the Inventory Liquidation, forecast proceeds from the Stalking Horse Bid for the TSC IP and related operating costs and professional fees. Given the uncertainty at this time, the Second Revised Cash Flow Statement does not include any potential recoveries on FF&E or other intangibles.

- 70. As set out in the Second Revised Cash Flow Statement, during the Forecast Period the Peavey Group estimates:
 - a. cash receipts of approximately \$35.5 million, including receipts generated from the Inventory Liquidation (\$28.3 million), Stalking Horse Bid (approximately \$5.2 million) and the return of a deposit from the Company's credit-card processing agent (\$2 million);
 - b. cash sweeps of \$19.1 million during the Forecast Period are applied to repay the Fees (as approved by Court Order); and
 - c. the Peavey Group forecasts to have a negative cash flow of approximately \$5.9 million primarily due to the Inventory Liquidation ending mid-way through the Forecast Period and approximately \$6.6 million of post-filing debt, net of \$2.0 million of cash, owing under the 1903 Credit Agreement that are secured by the proposed Interim Lender's Charge.

- 71. The Second Revised Cash Flow Statement is based on the following key assumptions:
 - a. all cash receipts are based on GBC's expectations on the proceeds from the sale of inventory over the Forecast Period. Receipts include the collection of applicable sales taxes;

- b. payroll & benefits are based on recent payroll amounts and future forecast amounts owing under the KERP;
- c. occupancy expenses are based on future payments required to operate during the term of the SC Consulting Agreement at the Peavey Group's stores, distribution centres and offices and takes into consideration that approximately 60 stores will be closed by the end of March and that substantially all lease disclaimers will have been issued. The forecast assumes per-diem occupancy is paid for certain of the stores, distribution centers and offices that will remain open into April;
- d. the merchandise fee represents GBC's fee of 2.5% of gross proceeds, net only of sales taxes, of merchandise sold during the term of SC Consulting Agreement;
- e. other liquidation expenses include estimated other fees paid to GBC during the sale timeline pursuant to the SC Consulting Agreement;
- f. sales tax payable represents the remittances of sales tax collected through the sale of the Peavey Group's inventory net of input tax credits;
- g. other operating expenses includes general and administrative expenses including IT costs, utilities and maintenance, equipment rentals, capital leases and other costs necessary for operation during the Forecast Period;
- h. professional fees are the estimated legal and professional fees associated with the CCAA proceedings;
- i. product expenses represent potential amounts paid to vendors for inventory delivered prior and after the date of the Initial Order. These payments are subject to the support of the Agent and the Monitor, however, no product expenses are expected in the forecast period;

- j. freight and duty reflect the payment to freight vendors for transporting product from warehouses to stores during the Forecast Period;
 - k. interest expenses includes interest payable pursuant to the 1903 Credit Agreement;
 - l. post-filing liquidity needs are based on funding requirements throughout the Forecast Period;
 - m. the Peavey Group maintains a minimum of \$2.0 million in cash on hand. All post-filing liquidity needs consider this minimum cash balance;
 - n. in accordance with the 1903 Credit Agreement, cash is swept during the forecast period to repay the Fees owed to the Interim Lender; and
 - o. post-petition debt is based on the funding required through the Forecast Period. The detailed weekly Second Revised Cash Flow Statement at Appendix “A” demonstrates the week over week post-filing funding requirements.
72. With continued access to the 1903 Credit Agreement, the Applicants will have approximately \$6.5 million of post-filing secured debt outstanding at the end of the forecast period, net of \$2.0 million of cash.

INTERIM FINANCING

73. As part of the First Report, the Monitor’s Counsel conducted an independent review of:
- a. the security held by the Lender under the 1903 Credit Agreement relating to the grant of security over the goods located at the stores which security is comprised of a Pledge and Security agreement dated December 20, 2024 among Peavey LP, Peavey GP, Guys, TSC Stores and the Agent (the “**Pledge and Security Agreement**”); and

- b. the Master Service Agreement for the Consignment of Memo Merchandise dated December 20, 2024 between Peavey LP, as consignee, and GBC (the “**Consignment Agreement**”).

- 74. In connection with collateral located within the provinces of British Columbia, Alberta and Ontario, under both the Pledge and Security Agreement and the Consignment Agreement, the Monitor’s Counsel issued an opinion that both security agreements create a valid security interest in favour of the Agent on behalf of the Lender in the collateral described therein and the security interests in the collateral and proceeds derived therefrom that are capable of perfection through the registration of a financing statement under the applicable Personal Property Security Act, and have been so perfected.

- 75. Since the date of the First Report, in connection with the collateral located within the provinces of Manitoba, Saskatchewan and Nova Scotia, under both the Pledge and Security Agreement and the Consignment Agreement, the Monitor’s Counsel issued an opinion that both security agreements create a valid security interest in favour of the Agent on behalf of the Lender in the collateral described therein and the security interests in the collateral and proceeds derived therefrom that are capable of perfection through the registration of a financing statement under the applicable Personal Property Security Act, and have been so perfected.

- 76. Since the Fee Order was granted, the Interim Lender has agreed to the following:
 - a. the Administration Charge, D&O Charge and KERP/KEIP Charge will rank ahead of the Interim Lender’s Charge; and

 - b. the calculation of the KEIP threshold excludes the Fees in its calculation.

77. The Monitor notes that it will continue discussions with the Interim Lender to ensure these charges are adequately secured (by cash or otherwise) as the Inventory Liquidation is completed.

CONCLUSIONS

78. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the following:
- a. the Approval and Vesting Order to approve the Asset Purchase Agreement of the Stalking Horse Bid; and
 - b. the Real Estate Amending Agreement Order approving an amendment to the RE Consulting Agreement.

All of which is respectfully submitted this 26th day of March 2025.

FTI Consulting Canada Inc., in its capacity as
the Monitor of the Applicants
and not in its personal or corporate capacity



Deryck Helkaa, CA, CPA, CIRP, LIT
Senior Managing Director
FTI Consulting Canada Inc.



Dustin Olver, CA, CPA, CIRP, LIT
Senior Managing Director
FTI Consulting Canada Inc.

Appendix “A”

The Second Revised Cash Flow Statement

Peavey Group

Consolidated Cash Flow Forecast
For the 11 week period ending May 31, 2025

(C\$/000)	Note	Cash Flow Statement For the 11 week period ending May 31, 2025											11 Weeks Total	
		1 22-Mar	2 29-Mar	3 5-Apr	4 12-Apr	5 19-Apr	6 26-Apr	7 3-May	8 10-May	9 17-May	10 24-May	11 31-May		
Receipts														
	1	11,560	7,589	4,009	3,560	1,440	7,308	-	-	-	-	-	-	35,465
	2	(11,560)	(7,542)	-	-	-	-	-	-	-	-	-	-	(19,102)
		\$ -	\$ 47	\$ 4,009	\$ 3,560	\$ 1,440	\$ 7,308	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,363
Net Proceeds for Operations														
Disbursements														
<i>Operating Disbursements</i>														
	3	(780)	(1,033)	(570)	(750)	(227)	(1,632)	(896)	(53)	-	(26)	-	-	(5,967)
	4	-	-	(880)	-	-	-	-	-	-	-	-	-	(880)
	5	(316)	(289)	(190)	(100)	(89)	(36)	(181)	-	-	-	-	-	(1,201)
	6	(395)	(395)	(301)	(254)	(178)	(178)	(3,582)	-	-	-	-	-	(1,764)
	7	-	(4,353)	-	-	-	-	-	-	-	-	-	-	(329)
	8	(254)	(176)	(1,051)	(9)	(3)	-	-	-	-	-	-	-	(8,264)
	9	(80)	(505)	(25)	(100)	(180)	(100)	(175)	(100)	(80)	(155)	-	-	(1,493)
	10	-	-	-	-	-	-	-	-	-	-	-	-	(1,845)
	11	-	(111)	-	-	-	-	-	-	-	-	-	-	(111)
	12	-	-	(490)	-	-	-	-	-	-	-	-	-	(490)
	13	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(275)
		\$ (1,849)	\$ (6,887)	\$ (3,532)	\$ (1,239)	\$ (765)	\$ (1,971)	\$ (4,859)	\$ (178)	\$ (105)	\$ (206)	\$ (206)	\$ (699)	\$ (22,290)
		\$ (1,849)	\$ (6,840)	\$ 477	\$ 2,321	\$ 676	\$ 5,337	\$ (4,859)	\$ (178)	\$ (105)	\$ (206)	\$ (206)	\$ (699)	\$ (5,926)
Net Cash Flow														
Cash														
		2,954	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,954
		(1,849)	(6,840)	477	2,321	676	5,337	(4,859)	(178)	(105)	206	206	(699)	(5,926)
	14	895	6,840	(477)	(2,321)	(676)	(5,337)	4,859	178	105	206	206	699	4,972
	15	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Pre-Filing debt under 1903 Credit Agreement														
		19,102	7,542	-	-	-	-	-	-	-	-	-	-	19,102
	2	(11,560)	(7,542)	-	-	-	-	-	-	-	-	-	-	(19,102)
		\$ 7,542	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Post-Petition Debt under 1903 Credit Agreement														
		3,615	4,510	11,350	10,873	8,552	7,877	2,540	7,399	7,577	7,682	7,682	7,889	3,615
	14	895	6,840	(477)	(2,321)	(676)	(5,337)	4,859	178	105	206	206	699	4,972
	16	\$ 4,510	\$ 11,350	\$ 10,873	\$ 8,552	\$ 7,877	\$ 7,399	\$ 7,577	\$ 7,682	\$ 7,577	\$ 7,682	\$ 7,682	\$ 7,889	\$ 8,587
		\$ 4,510	\$ 11,350	\$ 10,873	\$ 8,552	\$ 7,877	\$ 7,399	\$ 7,577	\$ 7,682	\$ 7,577	\$ 7,682	\$ 7,682	\$ 7,889	\$ 8,587

Peavey Group
Karen Dillon, CFO

Notes to the Consolidated Cash Flow Forecast:

Management of Peavey Industries General Partner Ltd. and its subsidiaries (the "**Peavey Group**") has prepared this Projected Consolidated Cash Flow Statement solely for the purposes of determining the liquidity requirements of the Peavey Group during the period of March 16, 2025 to May 31, 2025 (the "**Forecast Period**").

This Projected Cash Flow Statement is based on probable and hypothetical assumptions detailed in Notes 1-16. Consequently, actual results will likely vary from actual performance and such variances may be material.

- 1 Cash Receipts are based on GBC's expectations on the proceeds from the sale of inventory over the 11-week period. Receipts include the collection of applicable Sales Taxes.
- 2 The Forecast assumes in accordance with the 1903 Credit Agreement, cash is swept until the pre-filing secured debt obligations of GBC, inclusive of applicable fees, is repaid. The pre-filing secured debt and applicable fees is forecast to be fully repaid in Week 2.
- 3 Payroll & Benefits are based on recent payroll amounts and future forecast amounts.
- 4 Occupancy Expenses are based on current rent obligations and future payments required to operate during the term of the SC Consulting Agreement at the Peavey Group's stores, warehouses and offices.
- 5 Merchandise Fee represents GBC's fee of 2.5% of Gross Proceeds, net only of sales taxes, of merchandise sold during the term of SC Consulting Agreement.
- 6 Other Liquidation Expenses include estimated other fees paid to GBC during the sale timeline pursuant to the SC Consulting Agreement.
- 7 Sales Tax Payable represents the remittances of sales tax collected through the sale of the Peavey Group's inventory.
- 8 Other Operating Expenses includes general and administrative expenses including IT costs, utilities and maintenance, equipment rentals, capital leases and other costs necessary for operation during the Forecast Period.
- 9 Professional Fees are the estimated legal and professional fees associated with the CCAA proceedings.
- 10 Product Expenses represent potential amounts paid to vendors for inventory delivered prior to the date of the Initial Order. These payments are subject to the support of the Agent and the Monitor. The Peavey Group does not anticipate any Product Expenses during the cash flow period.
- 11 Freight and Duty reflects the payment to freight vendors for transporting product from warehouses to stores during the Forecast Period.
- 12 Interest Expenses includes interest payable pursuant to the 1903 Credit Agreement.
- 13 Contingency is an estimate for unexpected costs that may arise during the Forecast Period.
- 14 Draws / (Repayments) represent the post filing liquidity needs based on funding requirements throughout the Forecast Period.
- 15 The Forecast assumes Peavey Group maintains a minimum of \$2.0 million in cash on hand until the pre-filing secured debt obligations of GBC is repaid. All post filing liquidity needs consider this minimum cash balance.
- 16 Post-Petition Debt financing is based on funding requirements throughout the Forecast Period.

Appendix “B”

IP Sales Process Procedures

Procedures for the Sale and Investment Solicitation Process

(Intellectual Property)

1. On January 27, 2025, Peavey Industries General Partner Limited ("**Peavey GP**"), TSC Stores GP Inc. ("**TSC GP**"), Guys Freightways Ltd. ("**Guys**"), and Peavey Industries Limited ("**Peavey Industries**") sought and obtained an initial order, as amended and restated from time to time, (the "**Initial Order**") from the Court of the King's Bench of Alberta (the "**Court**") under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended (the "**CCAA**"). The Initial Order also extended the benefits of the Initial Order to Peavey Industries LP ("**Peavey**") and Peavey Industries Mutual Fund Trust ("**MFT**") (Peavey and MFT, collectively with Peavey GP, TSC GP, Guys, and Peavey Industries, the "**Peavey Group**"). Further documents with respect to the CCAA Proceedings are available on the Monitor's website at <http://cfcanada.fticonsulting.com/Peavey/>
2. The Initial Order, among other things:
 - (a) Stayed all proceedings against the Peavey Group and their assets; and
 - (b) Appointed FTI Consulting Canada Inc. as the Monitor of the Peavey Group (in such capacity, the "**Monitor**").
3. Further to Peavey Group's restructuring efforts, Peavey Group will, under the supervision of the Monitor, conduct a process to solicit offers from buyers with respect to certain intellectual property assets exclusively owned by the Peavey Group, including all Canadian trademark rights in and to Peavey Mart, Mainstreet Hardware and associated private label brands, both as set out in **Schedule "B"** hereto and otherwise (collectively the "**Property**") (the "**Sale Process**").
4. Set forth below are the procedures (the "**Procedures**") to be followed with respect to the Sale Process to be undertaken to seek one or more Successful Bid(s) (as defined below), and if there are one or more Successful Bid(s), to complete the transaction(s) contemplated by the Successful Bid(s). The Procedures will be posted to the Monitor's website.

Defined Terms

5. All capitalized terms used but not otherwise defined herein shall have the meanings given to them in the Initial Order. In addition, capitalized terms used but not otherwise defined in these Procedures shall have the following meanings:

"**Administrative Agent**" means 1903P Loan Agent LLC, being the administrative agent for the lenders under a certain credit facility with Peavey dated December 20, 2024; and

"**Business Day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the City of Calgary, Alberta, Canada.

"**Related Party**" means any party that would be (a) a "Related Person" as defined in section 4(2) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, or (b) a party that by virtue of any person's

service as a director, officer or employee of any Peavey Group members has received or has access to non-public material information about the Peavey Group.

Solicitation Process and Timeline

6. The Sale Process is intended to solicit interest in, and opportunities for acquisitions or assignments of Property (the “**Opportunity**”).

7. The Peavey Group and/or the Monitor shall provide prospective bidders with access to due diligence materials concerning the Property. Successful bids will be approved by the Monitor and approved by the Court, if required.

8. The following table sets out the key milestones under this Sale Process, subject to extension by the Peavey Group with approval of the Monitor pursuant to and in accordance with these Procedures:

Milestone	Deadline
Commencement of Sale Process	February 26, 2025
Expression of Interest (“ EOI ”) Bid Deadline	March 14, 2025
Selection of Successful EOI Bids	March 21, 2025
Completion of Binding Purchase and Sale Agreement (“ PSA ”) Bid	March 28, 2025
Target for Court Approval and Closing Transaction	TBD

Solicitation of Interest: Notice of Sale Process

9. As soon as reasonably practicable:

- (a) The Peavey Group, in consultation with the Monitor, will prepare a list of Potential Bidders, including parties that have advised Peavey Group and the Monitor, indicating an interest in the Opportunity (collectively, the “**Known Potential Bidders**”) and other parties who through the Peavey Group or the Monitor reasonably believe has such interest; and
- (b) The Monitor will prepare a process summary (the “**Teaser Letter**”) describing the Opportunity, outlining the procedures under the Sale Process and inviting recipients of the Teaser Letter to express their interest.

10. The Monitor will post information respecting the Opportunity on its website maintained for the CCAA Proceedings and provide notice of same to the service list.

11. In order to participate in the Sale Process, each person (a “**Potential Bidder**”) who expresses an interest in the Property shall receive access to the Teaser Letter and this Sale Process.

Sales Process

12. All Potential Bidders who express interest and who act in accordance with these Procedures shall be deemed to be a qualified bidder (a “**Qualified Bidder**”) and will be promptly notified of such classification by the Peavey Group.

13. As noted, each Potential Bidder shall be provided with access to the Teaser Letter and this Sale Process, together with such further information as the Peavey Group may deem appropriate, in consultation with the Monitor. The Peavey Group shall allow each Potential Bidder such further access to confirmatory due diligence materials as the Peavey Group deems appropriate, in consultation with the Monitor. In such a case, the Peavey Group may require the Potential Bidder to execute a non-disclosure agreement in form and substance satisfactory to the Peavey Group, the Monitor and the Administrative Agent, and their respective counsel (an “**NDA**”). Neither the Peavey Group nor the Monitor make any representations or warranties as to the accuracy or completeness of any information furnished pursuant to these Procedures including, without limitation, the information contained in the Teaser Letter and any information provided pursuant to this paragraph.

14. A Potential Bidder that wishes to make an offer to purchase Property shall provide the Peavey Group with a non-binding EOI bid (an “**EOI Bid**”) at the address specified in **Schedule “A”** hereto so as to be received by each of them no later than 5:00 pm (Mountain Time) on March 14, 2025, or such other date or time as may be agreed to by the Peavey Group, in consultation with the Monitor (the “**EOI Bid Deadline**”). Such EOI Bid shall be a “**Qualified Offer**” only if it complies with all of the following:

- (a) it describes the terms and conditions of the proposed transaction, including identification of: (i) the Property proposed to be acquired; (ii) the liabilities of Peavey Group proposed to be assumed; (iii) the purchase price for the Property proposed to be acquired expressed in Canadian dollars (the “**Purchase Price**”); (iv) the effective date of the proposed transaction; and (v) the structure and financing of the proposed transaction;
- (b) it clearly identifies the form of consideration being proposed to satisfy the Purchase Price and estimated value of the consideration in Canadian dollars. The Peavey Group’s preference is for cash consideration;
- (c) if contemplating the purchase of any Property that is subject to a registered security interest, it clearly identifies the portion of the Purchase Price that is allocable to such Property;
- (d) it includes written evidence of a non-binding commitment for all required financing, or other evidence of the financial ability of such Qualified Bidder (including, for greater certainty, such Qualified Bidder’s designated purchaser(s), if any) to consummate the



proposed transaction, that will allow the Peavey Group to make a reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the transaction contemplated by its bid;

- (e) it includes an acknowledgement and representation that the Qualified Bidder: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents, information and/or the Property to be acquired and liabilities to be assumed in making its bid; (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Property to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly provided in the EOI Bid; and (iii) the transaction will be completed on an "as is, where is" basis;
- (f) it does not include any request for or entitlement to any break or termination fee, expense reimbursement or similar type of payment;
- (g) it contains such other information as may reasonably be requested by the Peavey Group; and
- (h) it is received by the EOI Bid Deadline.

15. Subject to paragraph 20 herein, the Peavey Group, in consultation with the Monitor and the Administrative Agent, will assess the EOI Bids received by the EOI Bid Deadline, and, on or before March 21, 2025, will determine which of such bids constitute qualified offers ("**Qualified Offers**"). The Peavey Group may, in consultation with the Monitor and the Administrative Agent, waive compliance with any one or more of the requirements specified herein and deem such non-compliant bids to be Qualified Offers. The Peavey Group may, where it considers appropriate in its discretion, continue negotiations with one or more Qualified Bidders to agree on terms of the Successful Bid(s).

16. The Peavey Group may, in consultation with the Monitor, and the Administrative Agent, reject any EOI Bid if it determines that such bid does not constitute a Qualified Offer, is otherwise inadequate or insufficient, or is otherwise contrary to the best interests of the Peavey Group, or any of its creditors or other stakeholders.

17. Qualified Bidders ("**PSA Qualified Bidders**") that wish to make a binding sale proposal shall submit to the Peavey Group at the address specified in Schedule "A" hereto a binding offer in the form of a purchase and sale agreement that it is prepared to execute ("**PSA Bid**"). Such PSA Bids must:

- (a) comply with the requirements for EOI Bids set out in Sections 14(a), 14(b), 14(c), 14(e), 14(f), and 14(g) herein;
- (b) include written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction, including the timetable for obtaining financing;
- (c) not be conditional on the outcome of unperformed due diligence by the PSA Qualified Bidder;

- (d) include confirmation that all corporate approvals of the PSA Qualified Bidder have been obtained prior to submission of the PSA Bid;
- (e) identify any material conditions in favour of the buyer to be resolved prior to closing the transaction;
- (f) contemplate Court approval of a sale approval and vesting order (“**SAVO**”); and
- (g) be received by the PSA Bid Deadline

18. The Peavey Group, in consultation with the Monitor, and the Administrative Agent, shall select the winning bid or bids (collectively, the “**Successful Bid**”, and the corresponding bidder(s), collectively, the “**Successful Bidder**”), and promptly notify the Successful Bidder.

19. The Peavey Group will notify PSA Qualified Bidders if not selected as a Successful Bidder.

Related Parties

20. A Related Party may become a Qualified Bidder or PSA Qualified Bidder where it meets the requirements of Sections 14 and 17, as applicable, subject to the following:

- (a) The determination of whether any party is a Related Party shall be undertaken only by the Monitor, in consultation with the Administrative Agent.
- (b) The evaluation of such a Related Party’s EOI Bid and, as applicable, PSA Bid, and determination of whether such Related Party is a Qualified Bidder and, as applicable, Successful Bidder, shall be undertaken only by the Monitor, in consultation with the Administrative Agent.
- (c) Any Related Party that is a Qualified Bidder and, as applicable, PSA Qualified Bidder, shall have no access to information about other EOI Bids or PSA Bids received in accordance with these Procedures.

Court Approval and Closing a Transaction

21. The Peavey Group will promptly apply to the Court for a SAVO with respect to the Successful Bid(s). The SAVO application will be held on a date to be scheduled by the Peavey Group and confirmed by the Court upon application by the Peavey Group. The SAVO application may be adjourned or rescheduled by the Peavey Group without further notice, by an announcement of the adjourned date at the SAVO application or in a notice to the Peavey Group’s service list prior to the SAVO application.

22. As soon as practicable after the SAVO is received, the Peavey Group will work with the Successful Bidder(s) to close a transaction in respect of the Successful Bids.

“As Is, Where Is”

23. Any sale of the Property will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature, or description by the Peavey Group or the Monitor, or any of their respective affiliates, advisors, agents or representatives, except to the extent otherwise provided under a Definitive Agreement with a Successful Bidder executed and delivered by the Peavey Group. Neither the Peavey Group nor the Monitor, nor any of their respective affiliates, advisors, agents or representatives make any representation or warranty as to the accuracy or completeness of any information furnished pursuant to these Procedures,

including, without limitation, information contained in the Teaser Letter, except to the extent otherwise provided under a Definitive Agreement with a Successful Bidder executed and delivered by Peavey Group.

Supervision of the Sale Process

24. The Peavey Group will participate in the Sale Process in the matter set out in this Sale Process and shall make decisions in consultation with the Monitor and, where applicable, the Administrative Agent.

25. The Peavey Group, in consultation with the Monitor, shall have the right to modify the Sale Process and deadlines set out herein if it believes, in its judgment and discretion, that such modification will enhance or better achieve the objectives of the Sale Process. Such modifications may include the consideration and acceptance of pre-emptive bids on the Property.

Free Of Any and All Claims and Interests

26. In the event of a sale of Property, to the extent permitted by law and the Court, all of the rights, title and interests of Peavey Group 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 on or against the Property (collectively, the “**Claims and Interests**”). Such Claims and Interests shall attach only to the net proceeds of the sale of such Property (without prejudice to any claims or causes of action regarding the priority, validity or enforceability thereof), except to the extent otherwise set forth in a Definitive Agreement with a Successful Bidder and as permitted by applicable law.

No Obligation to Conclude a Transaction

27. Peavey Group has no obligation to agree to conclude a sale or investment arising out of this Sales Process, and it reserves the right and unfettered discretion to reject any offer or other proposal made in connection with this Sales Process. In addition, at any time during this Sales Process, the Peavey Group, in consultation with the Monitor, may determine to amend, modify or terminate these Procedures in whole or in part in respect of all or a part of the Property, and shall provide notice of such a decision to all Qualified Bidders, as applicable.

Further Orders

28. At any time during this Sales Process, Peavey Group or the Monitor may apply to the Court for advice and directions with respect to the discharge of the Peavey Group’s powers and duties hereunder.

Schedule "A": Contact Information

Contact information for the Peavey Group is as follows:

The Peavey Group

7740 40 Ave
Red Deer AB T4P

Attn: Karen Dilon

karen.dilon@peaveyindustries.com

403.346.8991 x 1127

Contact information for the Monitor is as follows:

FTI Consulting Canada Inc.

520 5th Ave SW, Suite 1610
Calgary, AB T2P 3R7

Attn: Patrick Kennedy

patrick.kennedy@fticonsulting.com

416.649.800

Schedule “B”: Description of Property

IP Assets for Sale

Logos and Designs:



Other IP Assets: Names and Domains

- Peavey Mart
- www.peaveymart.com
- Down to Earth Retail
- Powered by Peavey
- Your Rural Lifestyle Store
- Hardware and a Whole Lot More
- The Incredible Country Hardware Store
- Rolling Acres (animal feed)
- Harvest Goodness
- Harvest Grade
- Harvest Gear
- OXGEAR
- Villager Hardware
- Country Depot
- Hard Working Canadians
- Get A Good Deal More
- Country Pro
- STÄRKMANN
- HomespACE

Appendix “C”

Stalking Horse TSC IP Sales Process

**Procedures for the Sale and Investment Solicitation Process
for the Peavey Industries LP (“Peavey LP”) Interests in Certain
TSC related Intellectual Property**

Peavey LP and certain of its affiliates (collectively the “Peavey Group”) obtained creditor protection pursuant to an Initial Order dated January 27, 2025 (“Initial Order”) as amended and restated by an Amending Order pronounced February 6, 2025 (the “ARIO”) under the *Companies’ Creditors Arrangement Act* (“CCAA”). Under the Initial Order, the Court of King’s Bench of Alberta (the “Court”) appointed FTI Consulting Canada Inc. as Monitor of the Peavey Group (the “Monitor”).

With the assistance of the Monitor, the Peavey Group have been marketing certain Peavey Group intellectual property and is now conducting a “stalking horse” sale and investment solicitation process (the “SH SISP”) for the TSC Purchased Assets (as defined below).

Tractor Supply Company (“TSC” or the “Stalking Horse Bidder”) has made an offer (the “Stalking Horse Offer”) to acquire certain registered trademarks, common law (unregistered) trademarks and trade names and domain name registrations all as identified in Schedules A, B and C to the March 11, 2025 Stalking Horse Offer attached to these bid procedures (the “Peavey TSC IP”) as well as Peavey LP’s rights and obligations under that certain settlement agreement made effective as of August 14, 2012 between Peavey LP (as successor in interest to TSC Stores L.P.), TSC and Tractor Supply Co. of Texas LP (the “Settlement Agreement” and collectively with the Peavey TSC IP, the “TSC Purchased Assets”).

Peavey LP (as successor to TSC Stores LP) has accepted the Stalking Horse Offer, subject to the bidding procedures set out herein (“Stalking Horse SISP Bid Procedures”).

You have received copy of the Stalking Horse Offer and these Stalking Horse SISP Bid Procedures as you have expressed an interest in the TSC Purchased Assets. The sale of the TSC Purchased Assets is on an “as-is, where-is” basis.

Any interested party may make a bid on the TSC Purchased Assets by forwarding an unconditional bid, using the Stalking Horse Offer in its entirety, with no additions or deletions, or using the Asset Purchase Agreement which will then be made available in the context of the SH SISP, in its entirety with no additions or deletions, save and except for the Consideration provided for thereunder, to the Monitor in the sum of \$4,350,000 USD or higher, with a \$100,000 USD deposit by the bid deadline of 2:00 p.m. Calgary time on Monday, March 24, 2025 to become a “Qualified Bidder”.

If Peavey LP and the Monitor identify 1 or more Qualified Bidders, the Monitor will conduct an auction at the Calgary offices of Norton Rose Fulbright Canada LLP and virtually by video conference at 10:00 a.m. Calgary time on Wednesday, March 26, 2025 pursuant to the following “Auction Procedures”:

- (a) Only the Stalking Horse Bidder (which will automatically qualify to participate in the auction) and any Qualified Bidders may attend and participate in the auction in person or virtually;
- (b) The highest Qualified Bidder offer shall be the opening bid;
- (c) Any and all bid shall use the Asset Purchase Agreement provided for by Peavey and the Monitor as part of the SH SISP, in its entirety, with no additions or deletions, save and except for the Consideration provided for thereunder;
- (d) Subsequent bidding will continue in minimum increments of \$100,000 USD within 20 minutes of the competing highest bid;

- (e) By participating in the auction, each Qualified Bidder confirms that it has not engaged in any discussions or any other collusive behaviour with respect to the submissions of any bid and understands that such behaviour will result in their bid being disqualified;
- (f) The Monitor, in conjunction with Peavey LP, will determine the conclusion of the bidding and will declare the successful bidder; and
- (g) The Monitor, with the consent of the Stalking Horse Bidder, reserves the right to modify and amend these bidding procedures on notice to the Stalking Horse Bidder and any Qualified Bidders.

If there are no Qualified Bidders, Peavey LP shall apply to the Court as soon as reasonably possible for a hearing with respect to the issuance of an approval and vesting order (the "Approval and Vesting Order"), approving the transactions contemplated by the Stalking Horse Offer, including the vesting in, and to, the Stalking Horse Bidder of the TSC Purchased Assets, free and clear of and from any and all encumbrances, which hearing shall take place by no later than April 2, 2025, subject to the Court's availability.

If the successful bidder is a party other than the Stalking Horse Bidder, Peavey LP shall apply to the Court to have the transaction contemplated in their offer approved, which offer shall include the \$250,000 USD Stalking Horse Fee payable to the Stalking Horse Bidder, which hearing shall take place within the same deadline provided for in the previous paragraph.

Appendix “D”

Sale Agreement

ASSET PURCHASE AGREEMENT

This **ASSET PURCHASE AGREEMENT** (this “**Agreement**”) dated effective as of March, 24 2025 (the “**Effective Date**”) between Peavey Industries LP, a limited partnership governed by the laws of the Province of Alberta (the “**Seller**”) and Tractor Supply Company, a company governed by the laws of the State of Delaware (the “**Purchaser**” and collectively with the Seller, the “**Parties**”).

WHEREAS the Seller is the owner of the Purchased Assets (as defined below);

WHEREAS the Seller and certain of its affiliates obtained creditor protection under the *Companies’ Creditors Arrangement Act*, R.S.C., 1985, c. C-36 pursuant to an initial order (the “**Initial Order**”) of the Court of King’s Bench of Alberta (the “**Court**”);

WHEREAS under the Initial Order, the Court appointed FTI Consulting Canada Inc. as Monitor of the Seller;

WHEREAS following receipt of the Initial Order, the Purchaser agreed to act as a “stalking horse” pursuant to the terms of a stalking horse sale and investment solicitation process for the Purchased Assets (the “**SH SISP**”);

WHEREAS the Purchaser was selected as the successful bidder pursuant to the SH SISP;

AND WHEREAS an Approval and Vesting Order (as defined below) will be sought by the Seller and issued by the Court as soon as practicable following the Effective Date;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each Party, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Defined Terms

Unless otherwise defined herein, in this Agreement (including, without limitation, the preamble and recitals hereof) all terms with initial capital letters shall have the following meanings:

- (a) “**Acquired Rights**” means any and all claims and causes of action with respect to the Purchased IP, whether accruing before, on, or after the Closing Time, including all rights to and claims for damages, restitution, and injunctive and other legal and equitable relief for past, present, and future infringement, dilution, misappropriation, violation, misuse, breach, or default, with the right but no obligation to sue for such legal and equitable relief and to collect, or otherwise recover, any such damages;
- (b) “**Approval and Vesting Order**” means an order by the Court, in form and substance satisfactory to the Seller and Purchaser, acting reasonably, among

other things, approving and authorizing the Transaction and vesting the Purchased Assets in, and to, the Purchaser, free and clear of any and all encumbrances;

- (c) **“Closing”** means the closing and consummation of the Transaction;
- (d) **“Closing Date”** means such date as the Purchaser and the Seller may agree in writing, which shall be as soon as practicable, and in any event no later than three (3) business days following satisfaction (or waiver by the Party entitled to waive such condition) of all conditions set forth in Section Article 6 (other than those that by their nature are not able to be satisfied prior to Closing);
- (e) **“Closing Time”** means 3:00 P.M. (Calgary time) on the Closing Date or such other time on the Closing Date as the Parties agree in writing that the Closing Time shall take place;
- (f) **“Domain Names”** means the domain name registrations identified Schedule C;
- (g) **“Marks”** means (i) all registered trademarks identified in Schedule A (the **“Registered Marks”**) (ii) all unregistered trademarks identified in Schedule B (the **“Unregistered Marks”** and collectively with the Registered Marks, the **“Scheduled Marks”**); and (iii) any other trademarks, favicons, designs, symbols, devices or other indicia or source-identifiers that comprise or include the Scheduled Marks;
- (h) **“Outside Date”** means April 9, 2025;
- (i) **“Purchased IP”** means (i) the Domain Names; (ii) the Marks and all goodwill associated with the Marks; and (iii) all copyright in and to the Marks, including those Scheduled Marks featuring a design element as identified in Schedule A and Schedule B;
- (j) **“Settlement Agreement”** means that certain settlement agreement made effective as of August 14, 2012 between the Seller (as successor in interest to TSC Stores L.P.), the Purchaser and Tractor Supply Co. of Texas LP; and
- (k) **“Transaction”** means the transactions contemplated by this Agreement, including the purchase and sale of the Purchased Assets.

ARTICLE 2 SALE OF PURCHASED ASSETS

2.1 Sale, Assignment and Transfer

Subject to the terms of this Agreement, and in accordance with the Approval and Vesting Order, effective as of the Closing Time, the Seller hereby irrevocably sells, assigns and transfers unto the Purchaser, and the Purchaser hereby purchases and acquires, all the Seller's right, title and interest in and to the following (collectively, the **“Purchased Assets”**):

- (a) the Purchased IP, including all registrations, applications, or reservations in or related to such Purchased IP;

- (b) the Acquired Rights; and
- (c) the Settlement Agreement.

2.2 Consideration

In consideration of the assignment and transfer of the Purchased Assets, the Purchaser shall pay US \$4,000,000 to the Seller on the Closing Date (the "**Purchase Price**"). The Purchase Price shall be paid to Norton Rose Fulbright Canada LLP in trust as counsel to the Seller.

2.3 Sales Tax

The consideration to be paid by the Purchaser is exclusive of any tax payable under Part IX of the *Excise Tax Act* (Canada), including any "goods and services tax" ("**GST**") or "harmonized sales tax" ("**HST**"). Based on representations made by the Purchaser in Section 3.3(d), the Parties have determined that the Seller is not required to collect any amount of GST or HST in respect of the sale, assignment and transfer of the Purchased Assets to the Purchaser. In the event it is subsequently determined that Seller was required to collect any amount of GST or HST in respect of the Purchased Assets, the Purchaser shall, on receipt of an invoice, promptly pay such amount to the Seller, together with any accrued interest and penalties that arise in respect thereof.

2.4 Assumption of Settlement Agreement

Subject to the terms and conditions of this Agreement, the Purchaser hereby agrees to assume, pay, discharge, perform and fulfil, from and following the Closing Date, all obligations of the Seller under the Settlement Agreement.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Seller

The Seller represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on such representations and warranties in connection with its purchase of the Purchased Assets:

- (a) The Seller is validly existing under the laws of the Province of Alberta and has the capacity to own or lease its property including the Purchased Assets and to enter into this Agreement and the Trademark Assignment (as defined below) and to perform its obligations hereunder and thereunder.
- (b) The execution and delivery of, and the performance by the Seller of its obligations under, this Agreement and the Trademark Assignment, has been duly authorized by the Seller and constitutes a legal, valid and binding obligation of the Seller enforceable against the Seller by the Purchaser in accordance with its terms subject to obtaining the Approval and Vesting Order.

3.2 As is Where is

The Purchaser acknowledges, agrees and confirms that, at the Closing Time, the Purchased Assets shall be sold and delivered to the Purchaser on an “as is, where is” basis, subject only to the representations and warranties contained herein. Other than those representations and warranties contained herein, no representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition or quality or in respect of any other matter or thing whatsoever.

3.3 Representations and Warranties of the Purchaser

The Purchaser represents and warrants to the Seller as follows and acknowledges that the Seller is relying on such representations and warranties in connection with its sale of the Purchased Assets:

- (a) The Purchaser is validly existing under the Laws of the State of Delaware and has the capacity to enter into this Agreement and the Trademark Assignment and to perform its obligations hereunder and thereunder.
- (b) The execution and delivery of, and the performance by the Purchaser of its obligations under, this Agreement and the Trademark Assignment, has been duly authorized by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser by the Seller in accordance with its terms, subject only to any limitation under applicable laws relating to (i) bankruptcy, winding up, insolvency, arrangement, fraudulent preference and conveyance assignment and preference and other laws affecting the rights of creditors generally, and (ii) the discretion that a court may exercise in the granting of equitable remedies, including specific performance and injunctions.
- (c) No broker, agent or other intermediary is entitled to any fee, commission or other remuneration in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Purchaser.
- (d) The Purchaser is not registered under Subdivision d of Division V of Part IX of the *Excise Tax Act* (Canada) in respect of GST or HST and does not carry on any business in Canada for purposes of the *Excise Tax Act* (Canada).

ARTICLE 4 COVENANTS

4.1 Use of the Marks

- (a) The Purchaser hereby covenants and agrees that it shall make genuine commercial use, in accordance with the *Trademarks Act*, R.S.C., 1985, c.T-13, of the Marks within three (3) years from the Closing Date (such date of actual use being the “**Date of Assumed Use**”) and it shall not discontinue such use of the Marks for a period of three (3) years from the Date of Assumed Use.
- (b) In the event that the Purchaser breaches the covenant set forth in Section 4.1 (a), the Purchaser’s rights in and to the Marks shall automatically vest with the owner

of the analogous trademark portfolio in the U.S., its or their successors and assigns; and Tractor Supply Company and Tractor Supply Co. of Texas LP, and their respective successors and assigns (collectively, the “**Tractor Supply Group**”), shall be permanently and irrevocably relieved of any and all undertakings, duties and obligations under the Settlement Agreement.

4.2 Third Party Beneficiaries

The Parties agree that the Tractor Supply Group is intended to be third party beneficiaries of Sections 2.1 and 4.1(b) only. As such, the Tractor Supply Group shall have the right to enforce the terms and provisions of Sections 2.1 and 4.1(b) as if they were parties to this Agreement. The rights conferred to the Tractor Supply Group under Sections 2.1 and 4.1(b) are in addition to, and not in lieu of, any other rights or remedies that may be available to them under applicable law.

4.3 Motion for Approval and Vesting Order

As soon as practicable after the Effective Date of this Agreement the Seller shall serve and file with the Court a motion for the issuance of the Approval and Vesting Order, seeking relief that will, inter alia, approve this Agreement and the Transaction, grant the releases contemplated thereby and any other ancillary relief necessary to allow the Seller and the Monitor to fully effect to the Transaction. The Seller shall use commercially reasonable efforts to seek the issuance and entry of the Approval and Vesting Order on or before April 4, 2025, subject to the Court’s availability and the Purchaser shall cooperate with the Seller in its efforts to obtain the issuance and entry of the Approval and Vesting Order.

ARTICLE 5 CLOSING ARRANGEMENTS

5.1 Seller Closing Deliveries

At or before the Closing Time, the Seller shall deliver or cause to be delivered to the Purchaser, each in a form and substance satisfactory to the Purchaser, acting reasonably:

- (a) a true copy of the Approval and Vesting Order, as issued and entered by the Court; and
- (b) a confirmatory assignment in the form of Schedule D (the “**Trademark Assignment**”), duly executed by the Seller, confirming the transfer of all of the Seller’s right, title, and interest in and to the Registered Marks to the Purchaser in accordance with the terms of this Agreement, for filing with the Canadian Intellectual Property Office as necessary to register or record the Purchaser as the assignee and owner of the Registered Marks, in accordance with applicable law.

5.2 Purchaser Closing Deliveries

At or before the Closing Time, the Purchaser shall deliver or cause to be delivered to the Seller (or Norton Rose Fulbright Canada LLP on behalf of the Seller), each in a form and substance satisfactory to the Seller, acting reasonably:

- (a) the Purchase Price; and
- (b) the Trademark Assignment duly executed by the Purchaser.

ARTICLE 6 CONDITIONS OF CLOSING

6.1 Condition Precedent in Favour of the Purchaser

The obligation of the Purchaser to complete the Transaction is subject to the delivery of all documents and actions referred to in Section 5.1 on or prior to the Closing Date.

6.2 Condition Precedent in Favour of the Seller

The obligation of the Seller to complete the Transaction is subject to the delivery of all documents and actions referred to in Section 5.2 on or prior to the Closing Date.

6.3 Conditions Precedent in favour of the Parties

The obligation of the Parties to complete the Transaction is subject to the following joint conditions being satisfied, fulfilled or performed on or prior to the Closing Date:

- (a) Approval and Vesting Order. The Court shall have issued and entered the Approval and Vesting Order, which Approval and Vesting Order shall not have been stayed, set aside, or vacated and no application, motion or other proceeding shall have been commenced seeking the same, in each case which has not been fully dismissed, withdrawn or otherwise resolved in a manner satisfactory to the Parties, each acting reasonably.
- (b) Monitor's Certificate. The Monitor shall have provided an executed certificate of the Monitor substantially in the form attached to the Approval and Vesting Order (the "**Monitor's Certificate**") confirming that all other conditions to Closing have either been satisfied or waived by both the Purchaser and the Seller.

The foregoing conditions are for the mutual benefit of the Parties. If any condition set out in Section 6.1 is not satisfied, performed or mutually waived by the Parties, any Party may elect on written notice to the other Party to terminate this Agreement.

ARTICLE 7 TRANSFER OF ASSETS

7.1 Further Assurances

- (a) Without limiting Section 2.4, the Seller will promptly upon the reasonable request of the Purchaser assist the Purchaser, at the Purchaser's expense, in taking or causing to be taken all reasonable actions, steps and proceedings, and executing all documents or instruments, as the Purchaser may reasonably require in order to vest absolute legal and beneficial ownership of the Purchased Assets in the Purchaser or to perfect the Purchaser's title thereto under applicable law to procure for the Purchaser (or its nominees, assignees and successors) the exclusive, unfettered right to use and exploit the Purchased Assets as contemplated in this Agreement.
- (b) Promptly following the Closing Date and in any event, no longer than seven (7) days following the Closing Date, the Seller will take all such actions as may be reasonably required to transfer ownership and registration of the Domain Names to the Purchaser and provide evidence of the same to the Purchaser. Without limiting the generality of the foregoing, no longer than seven (7) days following the Closing Date, the Seller shall deliver (i) the account information (which shall include user names, logins and passwords, as applicable) and (ii) the authorization codes to transfer the Domain Names to the Purchaser and shall approve any transfer requests. The Seller shall also take all steps and measures reasonably required to maintain the Domain Names and to ensure their transfer to the Purchaser as provided for herein.

ARTICLE 8 TERMINATION

8.1 Termination

Subject to Section 8.2, this Agreement may be terminated by notice in writing given at or prior to the Closing Time:

- (a) by the Purchaser if any of the conditions set forth in Sections 6.1 or 6.3 have not been satisfied or waived on or prior to the Outside Date, or it becomes reasonably apparent that any such conditions will not be satisfied on or prior to the Outside Date (other than as a result of the failure by the Purchaser to perform any of its material obligations under this Agreement), and the Purchaser has not waived such condition in writing on or prior to the Outside Date; or
- (b) by the Seller if any of the conditions set forth in Sections 6.2 or 6.3 have not been satisfied or waived on or prior to the Outside Date, or it becomes reasonably apparent that any such conditions will not be satisfied on or prior to the Outside Date (other than as a result of the failure by the Seller to perform any of its material obligations under this Agreement), and the Seller has not waived such condition in writing on or prior to the Outside Date; or
- (c) by mutual written agreement of the Purchaser and the Sellers, at any time.

8.2 Effect of Exercise of Termination Rights

If this Agreement is terminated in accordance with Section 8.1, the Parties will be discharged from any further obligations under this Agreement, except that each Party's respective obligations under Section 9.8 (Governing Law) will survive the termination of this Agreement and will continue indefinitely.

ARTICLE 9 GENERAL PROVISIONS

9.1 Notice

Any notice or other communication required to be given pursuant to this Agreement shall be in writing and delivered by a recognized overnight courier, express delivery service or by email to the following addresses (or to such other address as a party specifies to the other by written notice), and shall be deemed given when deposited with such courier or delivery service for overnight delivery or when received by the recipient's email server:

If to the Purchaser:

Tractor Supply Company
5401 Virginia Way,
Brentwood, TN, 37027, United States

Attention:

Noni Ellison, Senior Vice President, General Counsel and Corporate Secretary
Brandon Jacobson, VP, Strategy and Development
Rob Mills, Executive Vice President, Chief Technology, Digital and Corporate
Strategy Officer

Email: nellison@tractorsupply.com / bjacobson@tractorsupply.com /
rmills@tractorsupply.com

With a copy to:

Davies Ward Phillips & Vineberg LLP
1501 McGill College Avenue
25th Floor
Montréal, Québec
H3A 3N9

Attention: Denis Ferland / Jordan Altman
E-mail: dferland@dwpv.com / jaltman@dwpv.com

If to the Seller:

Karen Dilon

E-mail: Karen.Dilon@peaveyindustries.com

With a copy:

Norton Rose Fulbright Canada LLP
400 3rd Avenue SW,
Suite 3700
Calgary, AB T2P 4H2

Attention: Howard A. Gorman, KC
E-mail: howard.gorman@nortonrosefulbright.com

9.2 Severability

If any provision of this Agreement is held invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of this Agreement are not affected or impaired in any way and the Parties agree to negotiate in good faith to replace such invalid, illegal and unenforceable provision with a valid, legal and enforceable provision that achieves, to the greatest lawful extent under this Agreement, the economic, business and other purposes of such invalid, illegal or unenforceable provision.

9.3 Headings

The captions, titles and heading included in this Agreement are for convenience only, and do not affect the construction or interpretation of this Agreement. When a reference is made in this Agreement to a section or schedule, such reference will be to a section of, or a schedule to, this Agreement unless otherwise indicated.

9.4 Amendments and Waivers

This Agreement may not be amended, supplemented or otherwise modified except by a written document executed by or on behalf of each of the Parties. No waiver of any provision of this Agreement shall constitute a waiver of any other provision, nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.

9.5 Entire Agreement

This Agreement constitutes the final agreement between the Parties and is the complete and exclusive statement of the Parties' agreement on the matters contained herein. All other prior and contemporaneous negotiations and agreements between the Parties with respect to the matters contained herein and therein are superseded by this Agreement.

9.6 Assignment

No Party may assign any of its rights, benefits, duties or obligations under this Agreement, except with the prior written consent of the other Party. Notwithstanding the foregoing, the Purchaser may assign all of its rights, benefits, duties and obligations under this Agreement, without the consent of the Seller, to any of its affiliates.

9.7 Successors and Assigns

This Agreement shall enure to the benefit of and shall be binding on and enforceable by and against the Parties and their respective successors or other legal representatives, and their respective transferees to the extent permitted under Section 9.6.

9.8 Governing Law

This Agreement shall be governed by, construed and interpreted in accordance with the laws of the Province of Alberta, Canada and the federal laws of Canada applicable therein without giving effect to any choice or conflict of law provision or rule that would cause the application of laws of any other jurisdiction. Any and all disputes arising out of or related to this Agreement will be adjudicated exclusively in the provincial or federal courts located in Calgary.

9.9 Counterparts

The Parties may execute this Agreement in multiple counterparts, each of which constitutes an original as against the Party that signed it, and both of which together constitute one agreement. The signatures of both Parties need not appear on the same counterpart. The delivery of signed counterparts by email transmission that includes a copy of the sending Party's signature is as effective as signing and delivering the counterpart in person.

(The remainder of this page is intentionally left blank; signature pages follow)

IN WITNESS WHEREOF the Parties hereto have executed this Agreement effective as of the day and year first above written.

TRACTOR SUPPLY COMPANY

Signed by:
by 
CECDAD4E90D048A...
Name: Hal Lawton
Duly authorized for the purposes hereof
as he so declares

[Signature Page to the Asset Purchase Agreement]

**Peavey Industries General Partner
Limited in its capacity as General
Partner of PEAVEY INDUSTRIES LP**

by  _____

Name: Karen Dillon

Duly authorized for the purposes hereof
as he so declares

[Signature Page to the Asset Purchase Agreement]

**SCHEDULE A
REGISTERED TRADEMARKS**

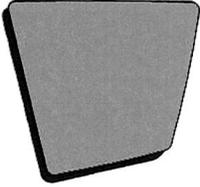
Trademark	Application No.	Registration No.	Goods and Services	Registration Date	Renewal Deadline
TSC VILLAGER	1120115	TMA608117	operating retail outlets specializing in the sale of farm supplies, hardware, lawn and gardening equipment, fertilizers and lawn and garden and farm chemicals, paint, building supplies, work clothing and footwear and automobile parts and accessories	04/20/2004	04/20/2034
TSC STORES	1341965	TMA836919	automotive batteries; tool boxes, tape measures, screwdrivers, hand tools and rain gauges; pet food, tool aprons, work gloves, recycling bins, pocket knives and cowboy hats; operating retail outlets specializing in the sale of farm supplies, hardware, lawn and gardening equipment, fertilizers and lawn and garden and farm chemicals, paint, building supplies, work	11/22/2012	11/22/2027

Trademark	Application No.	Registration No.	Goods and Services	Registration Date	Renewal Deadline
			clothing, footwear, agricultural tools and equipment, and automotive and agricultural equipment parts, fittings and accessories		
	0638668	TMA373477	operating retail outlets specializing in the sale of farm supplies, hardware, lawn and gardening equipment, fertilizers and lawn and garden and farm chemicals, paint, building supplies, work clothing and footwear and automobile parts and accessories	09/14/1990	09/14/2030
	1341975	TMA836918	automotive batteries; tool boxes, tape measures, screwdrivers, hand tools and rain gauges; pet food, tool aprons, work gloves, recycling bins, pocket knives and cowboy hats; operating retail outlets specializing in the sale of farm	11/22/2012	11/22/2027

Trademark	Application No.	Registration No.	Goods and Services	Registration Date	Renewal Deadline
			supplies, hardware, lawn and gardening equipment, fertilizers and lawn and garden and farm chemicals, paint, building supplies, work clothing, footwear, agricultural tools and equipment, and automotive and agricultural equipment parts, fittings and accessories		
	1119100	TMA607763	operating retail outlets specializing in the sale of farm supplies, hardware, lawn and gardening equipment, fertilizers and lawn and garden and farm chemicals, paint, building supplies, work clothing and footwear and automobile parts and accessories	04/15/2004	04/15/2034

**SCHEDULE B
UNREGISTERED TRADEMARKS**

Common Law Trademarks



TSC

Trade Names

TSC Stores

TSC Villager

TSC Country

SCHEDULE C
DOMAIN NAME REGISTRATIONS

mytscstore.ca

tscstores.com

**SCHEDULE D
TRADEMARK ASSIGNMENT AGREEMENT**

CONFIRMATORY TRADEMARK ASSIGNMENT AGREEMENT (CANADA)

This Confirmatory Trademark Assignment Agreement (“**Trademark Assignment**”) dated effective as of March 24, 2025 (the “**Effective Date**”) between Peavey Industries LP, a limited partnership governed by the laws of the Province of Alberta (the “**Seller**”) and Tractor Supply Company, a company governed by the laws of the State of Delaware (the “**Purchaser**” and collectively with the Seller, the “**Parties**”), the purchaser of certain trademarks of the Seller pursuant to that certain asset purchase agreement dated effective as of the Effective Date between the Purchaser and the Seller (the “**Asset Purchase Agreement**”).

WHEREAS under the terms of the Asset Purchase Agreement, the Seller has conveyed, transferred, and assigned to the Purchaser certain trademarks of the Seller and has agreed to execute and deliver this Trademark Assignment, for filing with the Office of the Registrar of Trademarks, Canadian Intellectual Property Office (“**CIPO**”).

NOW THEREFORE, the Parties agree as follows:

1. Assignment

In consideration for the execution of the Asset Purchase Agreement, the payment of the consideration stipulated in the Asset Purchase Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Seller hereby confirms that it has irrevocably conveyed, transferred, and assigned to the Purchaser, as of the Closing Date, and the Purchaser has accepted, all of the Seller’s right, title, and interest in and to the following:

- (a) the trademark registrations set forth on Exhibit A hereto and all issuances, extensions, and renewals thereof (the “**Assigned Trademarks**”), together with the goodwill associated with the Assigned Trademarks; and
- (b) any and all claims and causes of action with respect to the Assigned Trademarks, whether accruing before, on, or after the date hereof, including all rights to and claims for damages, restitution, and injunctive and other legal and equitable relief for past, present, and future infringement, dilution, misappropriation, violation, misuse, breach, or default, with the right but no obligation to sue for such legal and equitable relief and to collect, or otherwise recover, any such damages.

2. Registering and Further Actions

The Seller hereby authorizes CIPO and any other governmental officials to record and register this Trademark Assignment upon request by the Purchaser or its agents. The Seller shall, at the Purchaser's expense, take such reasonable steps and actions following the date hereof, and provide such cooperation and assistance to the Purchaser and its successors, assigns, and legal representatives, including the execution and delivery of any affidavits, declarations, oaths, exhibits, assignments, powers of attorney, files, registrations, or other documents, as may be necessary to effect, evidence, or perfect the assignment of the Assigned Trademarks to the Purchaser, or any assignee or successor thereto.

3. Terms of the Asset Purchase Agreement

The terms of the Asset Purchase Agreement relating to the Assigned Trademarks are incorporated herein by this reference. The Parties hereto acknowledge and agree that the representations, warranties, covenants, and agreements contained in the Asset Purchase Agreement shall not be superseded hereby but shall remain in full force and effect to the full extent provided therein. In the event of any conflict or inconsistency between the terms of the Asset Purchase Agreement and the terms hereof, the terms of the Asset Purchase Agreement shall govern.

4. Successors and Assigns

This Trademark Assignment shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

5. Governing Law

This Agreement shall be governed by, construed and interpreted in accordance with the laws of the Province of Alberta, Canada and the federal laws of Canada applicable therein without giving effect to any choice or conflict of law provision or rule that would cause the application of laws of any other jurisdiction. Any and all disputes arising out of or related to this Agreement will be adjudicated exclusively in the provincial or federal courts located in Calgary.

6. Counterparts

The Parties may execute this Agreement in multiple counterparts, each of which constitutes an original as against the Party that signed it, and both of which together constitute one agreement. The signatures of both Parties need not appear on the same counterpart. The delivery of signed counterparts by email transmission that includes a copy of the sending Party's signature is as effective as signing and delivering the counterpart in person.

(The remainder of this page is intentionally left blank; signature page follows.)

IN WITNESS WHEREOF the Parties hereto have executed this Trademark Assignment effective as of the day and year first above written.

TRACTOR SUPPLY COMPANY

Signed by:
by 
CECDAD4E00D048A...
Name: Hal Lawton
Duly authorized for the purposes hereof
as he so declares

[Signature Page – Confirmatory Trademark Assignment]

**Peavey Industries General Partner
Limited in its capacity as General
Partner of PEAVEY INDUSTRIES LP**

by  _____

Name: Karen Dilon

Duly authorized for the purposes hereof
as he so declares

[Signature Page – Confirmatory Trademark Assignment]

**EXHIBIT A
ASSIGNED TRADEMARKS**

Canadian Marks of Record:

Trademark	Application No.	Registration No.	Goods and Services	Registration Date	Renewal Deadline
TSC VILLAGER	1120115	TMA608117	operating retail outlets specializing in the sale of farm supplies, hardware, lawn and gardening equipment, fertilizers and lawn and garden and farm chemicals, paint, building supplies, work clothing and footwear and automobile parts and accessories	04/20/2004	04/20/2034
TSC STORES	1341965	TMA836919	automotive batteries; tool boxes, tape measures, screwdrivers, hand tools and rain gauges; pet food, tool aprons, work gloves, recycling bins, pocket knives and cowboy hats; operating retail outlets specializing in the sale of farm supplies, hardware, lawn and gardening equipment, fertilizers and lawn and garden and farm chemicals, paint, building	11/22/2012	11/22/2027

Trademark	Application No.	Registration No.	Goods and Services	Registration Date	Renewal Deadline
			supplies, work clothing, footwear, agricultural tools and equipment, and automotive and agricultural equipment parts, fittings and accessories		
	0638668	TMA373477	operating retail outlets specializing in the sale of farm supplies, hardware, lawn and gardening equipment, fertilizers and lawn and garden and farm chemicals, paint, building supplies, work clothing and footwear and automobile parts and accessories	09/14/1990	09/14/2030
	1341975	TMA836918	automotive batteries; tool boxes, tape measures, screwdrivers, hand tools and rain gauges; pet food, tool aprons, work gloves, recycling bins, pocket knives and cowboy hats; operating retail outlets specializing	11/22/2012	11/22/2027

Trademark	Application No.	Registration No.	Goods and Services	Registration Date	Renewal Deadline
			in the sale of farm supplies, hardware, lawn and gardening equipment, fertilizers and lawn and garden and farm chemicals, paint, building supplies, work clothing, footwear, agricultural tools and equipment, and automotive and agricultural equipment parts, fittings and accessories		
	1119100	TMA607763	operating retail outlets specializing in the sale of farm supplies, hardware, lawn and gardening equipment, fertilizers and lawn and garden and farm chemicals, paint, building supplies, work clothing and footwear and automobile parts and accessories	04/15/2004	04/15/2034

Appendix “E”

Amended RE Consulting Agreement

AMENDING AGREEMENT

THIS AMENDING AGREEMENT (the "Amendment") is made as of Feb 18, 2025.

BETWEEN:

GORDON BROTHERS CANADA ULC ("Advisor")

- and -

PEAVEY INDUSTRIES LP, by its general partner, PEAVEY INDUSTRIES GENERAL PARTNER LIMITED ("Company")

WHEREAS:

- A. The Advisor and the Company have entered into an Agreement for Services dated as of December 20, 2024 (the "Original Agreement") pursuant to which the Company retained the Advisor to provide certain real estate consulting services described therein.
- B. On January 27, 2025, the Company (among other related parties) sought and obtained an initial order under the Companies' Creditors Arrangement Act, RSC 1985, c C-36 ("CCAA") from the Court of King's Bench of Alberta (the "Court"), which was amended and restated on February 6, 2025 (as amended and restated, the "ARIO"). The Company, under the supervision of the Court-appointed monitor under such order and with the assistance of the Advisor are launching a sale and investment solicitation process with respect to leased store locations, various distribution centres, and/or furniture, fixtures and equipment (the "SISP").
- C. The Advisor and the Company now wish to amend the Original Agreement on the terms and conditions set out herein.

NOW THEREFORE, in consideration of the facts set forth in the Recitals above, the mutual covenants and conditions below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Interpretation.** Capitalized terms used but not defined herein shall have the meanings given to them in the Original Agreement, unless otherwise required by the context hereof.
2. **Suspension of Original Agreement.** From the Effective Date and unless and until the Parties otherwise agree in writing, the performance of Services, the payment of Compensation, the Binding Arbitration Provision, and all terms governing same under the Original Agreement shall be suspended, and the terms and conditions of this Amendment shall govern the engagement between Advisor and Company (the "Suspension"). For certainty, during the Suspension, all other terms of the Original Agreement as amended herein shall continue to apply.
3. **Effective Date.** This Amendment shall be effective from the date first written above (the "Effective Date"), even if Court approval of this Amendment is obtained subsequent to the Effective Date.
4. **Amendment.** During the period of Suspension, the Original Agreement is hereby amended as follows:
 - (a) Section 2 of Schedule "C" of the Original Agreement is deleted in its entirety replaced with the following:
 - "2. **Services Fees.** In connection with any Services, Advisor shall earn:

- (a) **Assignments.** Upon the execution by Company of any agreement for an assignment or sale of any Property (as defined in the SISP but excluding a Termination pursuant to Section 2(b) hereof) with any Potential User (each, a "Disposition Agreement"), Company shall pay Advisor a fee equal to five percent (5%) of the cash amounts received by Company under the Disposition Agreement; provided that a Disposition Agreement shall not be entered into and shall not be effective after a disclaimer notice has been issued by the Company for the Property.
- (b) **Lease Terminations.** For each fully executed and effective Lease termination or buyout agreement with a landlord (each a "Termination"), Company shall pay Advisor a fee equal to five percent (5%) of the fees payable in cash by the landlord to the Company in consideration of such Termination; provided that a Termination shall not be entered into and shall not be effective after the Deadline to Submit Binding Offers (as defined in the SISP).
- (c) **Fee Structure.** Notwithstanding anything to the contrary in this Agreement, the fees payable pursuant to Sections 2(a) and 2(b) shall be payable solely based on a percentage of the cash amounts paid to the Company under the Disposition Agreement or Termination, as applicable, and for greater certainty shall not include any amounts of cost savings on rent, percentage rent, maintenance charges, insurance premiums, taxes or otherwise."
- (d) **Payment.** All fees earned for Disposition Services Fees in Sections 2(a) and 2(b) shall be payable within thirty (30) days of Company's receipt of a reasonably detailed invoice therefore."
5. **Ratification of the Original Agreement, as Amended.** Except as expressly provided in this Amendment, all of the terms, conditions and other provisions of the Original Agreement shall remain unchanged. The Original Agreement, as amended by this Amendment, is hereby ratified and affirmed and remains in full force and effect.
6. **Further Amendments.** The parties hereto agree to make reasonable efforts to further amend the ARIO to approve the matters contemplated in this Amendment.
7. **Governing Law.** This Amendment shall be governed by and construed in accordance with the laws of the Province of Alberta.
8. **Counterparts.** This Amendment may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which shall constitute one document. The persons signing this Agreement on behalf of the Company and the Advisor represent that they have the authority to enter into this Agreement and can bind the Company and the Advisor.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the Effective Date.

GORDON BROTHERS CANADA ULC

Per: DocuSigned by:
Richard P Edwards
SOB7868881C3900
Name: Richard P. Edwards
Title: Vice President

**PEAVEY INDUSTRIES LP, by its general partner,
PEAVEY INDUSTRIES GENERAL PARTNER
LIMITED**

Per: *Doug Anderson*
Name: Doug Anderson
Title: President