

COURT FILE NUMBER 2501 01350  
COURT COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY

Clerk's Stamp

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  
PEAVEY INDUSTRIES GENERAL  
PARTNER LIMITED, TSC STORES  
GP INC., GUYS FREIGHTWAYS  
LTD., and PEAVEY INDUSTRIES  
LIMITED

**DOCUMENT**

**APPLICATION**

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

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File No. 0284679.0002

**NOTICE TO THE RESPONDENTS**

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

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

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

Date: March 19, 2025  
Time: 3:00 PM (MT)  
Where: Via Webex (<https://albertacourts.webex.com/meet/virtual.courtroom60>)  
Before Whom: The Honourable Justice C.M. Jones (Commercial Duty List)

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

**Purpose of Application:**

1. The Applicant, 1903P Loan Agent, LLC (the “**Agent**”), as administrative agent for 1903 Partners, LLC (the “**Lenders**”), is the largest secured creditor of Peavey Industries LP (“**Peavey**”). At the time of filing these proceedings, Peavey was indebted to the Agent in the approximate amount \$85,569,782.41 (the “**Pre-Filing Obligations**”) relating to a credit agreement dated December 20, 2024 (the “**1903 Credit Agreement**”) among the Lenders, the Agent, Peavey (as borrower), and Peavey Industries General Partner Limited (“**Peavey GP**”), TSC Stores GP Inc. (“**TSC GP**”), and Guys Freightways Ltd. (“**Guys**”) (as guarantors).
2. Peavey defaulted in its obligations under the 1903 Credit Agreement. On January 25, 2025, Peavey and its related entities Peavey GP, TSC GP, Guys, Peavey Industries Limited (“**Peavey Industries**”) and Peavey Industries Mutual Fund Trust (“**MFT**”) (collectively, the **Peavey Group**) were granted protection under the *Companies’ Creditors Arrangement Act*, RSC 1985, c. C-36 (“**CCAA**”) pursuant to an Initial Order (the “**Initial Order**”) of the Court of King’s Bench of Alberta (Commercial List) (the “**Court**”). This protection was extended to April 30, 2025 pursuant to an Amended and Restated Initial Order dated February 6, 2025 (the “**ARIO**”).
3. In accordance with the terms of the Initial Order and ARIO, the Court authorized the Peavey Group to obtain interim financing (the “**Interim Financing**”) from the Agent under the existing 1903 Credit Agreement to fund restructuring efforts and ongoing operations. In return for advancing the Interim Financing, the Court, among other things, authorized the Agent to sweep receipts and deposits made to certain blocked bank accounts of the Peavey Group and apply those funds against the Pre-Filing Obligations owing under the 1903 Credit Agreement. Paragraph 35 of the ARIO provides that the Agent may sweep the Peavey Group’s bank accounts and apply the cash sweeps against the Pre-Filing Obligations up to the maximum aggregate amount of \$66,414,413.41, subject to further Order of the Court.
4. After applying the \$66,414,413.41, the balance of the Pre-Filing Obligations owing to the Agent is approximately \$19,155,369. The Agent requires the Court’s authorization to apply any further cash sweeps to the balance of the Pre-Filing Obligations, being \$19,155,369,

up to the maximum aggregate amount of \$85,569,782.41, plus legal fees, costs and expenses as provided for under the 1903 Credit Agreement.

**Remedy claimed or sought:**

5. The Agent seeks the following relief:
  - (a) an Order substantially in the form attached as **Schedule “A”** amending paragraph 35 of the ARIO to authorize the Agent to apply cash sweeps to the maximum aggregate amount of \$85,569,782.41, plus legal fees, costs and expenses as provided for under the 1903 Credit Agreement; and
  - (b) such further or other relief as counsel for the Agent may advise and this Honourable Court deems appropriate.
6. Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the 1903 Credit Agreement.

**Grounds for making for this application:**

**A. Pre-Filing Strategic Process**

7. Peavey has faced liquidity issues since at least 2023. Since this time, Peavey has pursued a number of operational initiatives to respond to its declining revenue and poor financial performance, including reducing staff, closing redundant distribution centres and underperforming stores, deferring rent and consolidating inventory.
8. Despite these initiatives, Peavey defaulted on its obligations owing under an amended and restated credit agreement with the Royal Bank of Canada (“**RBC**”) dated December 18, 2020 (the “**RBC Credit Agreement**”). The RBC Credit Agreement was amended eleven times in response to the continued defaults, and most recently on November 27, 2024. The eleventh amendment to the RBC Credit Agreement required Peavey to find a new financing partner in order to pay out the RBC secured debt in full.
9. On July 31, 2023, the Peavey Group engaged FTI Capital Advisors (“**FTI CA**”) to seek out potential financing partners for the Peavey Group to payout the loans advanced by RBC under the RBC Credit Agreement. This strategic process was carried out between March and December 2024.

10. Gordon Brothers Group, LLC (“**GB**”) was approached by FTI CA in March 2024, and again in September 2024, to participate in the strategic process. In early November 2024, GB was advised by FTI CA that the lack of execution on an equity raise and/or sale and assignment of store leases had resulted in pressure from RBC for Peavey to find a new financing solution as soon as possible, or RBC advised it intended to move forward with liquidation through the appointment of a receiver-manager under the RBC Credit Agreement.
11. Thereafter, the parties worked collaboratively and on an accelerated basis to advance and execute a term sheet, and close the proposed refinancing transaction to payout RBC. On November 8, 2024, the Agent (as an affiliate of GB) and Peavey executed an indicative term sheet which set out a potential refinancing transaction between the parties.
12. On December 4, 2024, the Agent and Peavey executed a commitment letter (the “**Commitment Letter**”), which set out the final terms and conditions upon which the Agent and Lenders would extend credit to Peavey.
13. Due to the substantial financial risk associated with lending to a distressed borrower, such as in the case of Peavey, it was a key term of the Commitment Letter that the Agent and Lenders would be entitled to certain fees on closing, in addition to certain fees if the loan contemplated by the Commitment Letter was accelerated or terminated (whether voluntary or involuntary) prior to the final maturity date.

**B. 1903 Credit Agreement**

14. In mid November 2024, the Peavey Group and the Agent engaged counsel to paper the transaction described in the Commitment Letter. FTI CA was engaged in and integral to the process of preparing and negotiating the loan documentation.
15. On December 20, 2024, the Lenders, the Agent (as the Lenders’ administrative agent), Peavey (as borrower), and Peavey GP, TSC GP and Guy’s (as guarantors) entered into the 1903 Credit Agreement. As part of the transaction, the parties executed a Fee Letter dated December 20, 2024 (the “**Fee Letter**”), which included the following key terms:
  - (a) a closing fee (the “**Closing Fee**”) payable to the Agent fully earned on the effective date (i) \$2,100,000 for the 1903 Revolving Credit Facility, and (ii) \$450,000 for the Term Loan Facility;

- (b) an annual agency fee (the “**Agency Fee**”) payable to the Agent of 0.75% of the sum of Total Revolving Credit Commitment plus the principal amount of Loans funded under the Total Term Loan Commitments fully earned and payable in advance on the Effective Date and on each anniversary of the Effective Date occurring before the Termination Date;
  - (c) a collateral monitoring fee (the “**Collateral Monitoring Fee**”) of \$240,000 fully earned on the Effective Date and each anniversary date thereafter;
  - (d) prepayment fees (the “**Prepayment Fees**”) after the occurrence of a Prepayment Fee Event, which is earned and due and payable in full on the first date upon which the applicable Prepayment Fee Event occurs, and intended to be reasonable compensation and liquidated damages to compensate the Lenders in the event of a Prepayment Fee Event; and
  - (e) a preferred return fee (the “**Preferred Return Fee**”) payable to the Agent in the amount of \$5,000,000 in the event of a Liquidity Event.
16. The Fee Letter forms part of the Loan Documents associated with the 1903 Credit Agreement.
17. It was agreed between the Agent, the Lenders and Peavey that the Agent would defer collection of the Closing Fee, Agency Fee and Collateral Monitoring Fee to provide Peavey LP with additional much needed liquidity post-closing.

**C. Default of the 1903 Credit Agreement**

18. On January 15, 2025, Peavey defaulted on certain financial covenants under the 1903 Credit Agreement. On the same day, the Agent, on behalf of the Lenders, delivered to Peavey a notice of default and reservation of rights letter with respect to its rights and remedies under the 1903 Credit Agreement.
19. On January 16, 2025, the Agent, on behalf of the Lenders, served demand letters and notices of intention to enforce security pursuant to s. 244 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3. The Agent demanded \$66,414,413.41, plus fees, costs, charges, disbursements and expenses as expressly provided for in the 1903 Credit Agreement and Fee Letter.

20. On January 25, 2025, the Agent, on behalf of the Lenders, issued a capital fee letter (the “**Capital Fee Letter**”) which set out the fees that had been triggered in respect of the Prepayment Fee Events and Liquidation Events (as defined in the Fee Letter). The fees claimed in the Capital Fee Letter total \$19,155,369, and are calculated in accordance with the Fee Letter and 1903 Credit Agreement.

**D. CCAA Proceedings**

21. On January 27, 2025, the Peavey Group was granted protection under the CCAA pursuant to an Initial Court of the Court, which was extended to April 30, 2025 pursuant to an ARIO dated February 6, 2025. FTI Consulting Canada Inc. (the “**Monitor**”) was appointed as monitor of the Peavey Group.
22. In accordance with the terms of the Initial Order and ARIO, the Court authorized the Peavey Group to obtain interim financing (the “**Interim Financing**”) from the Agent through continued advances under the existing 1903 Credit Agreement to fund restructuring efforts and ongoing operations. In return for advancing the Interim Financing, the Court, among other things, authorized the Agent to sweep receipts and deposits made to the Peavey Group’s bank accounts and apply those funds against pre-filing indebtedness owing under the 1903 Credit Agreement.
23. The ARIO permits the Agent to sweep the Peavey Group’s bank accounts up to the maximum aggregate amount of \$66,414,413.41 (the “**Initial Authorized Amount**”), subject to further order of the Court.
24. As of the commencement of the CCAA proceedings, the Peavey Group was indebted to the Agent for the Pre-Filing Obligations totalling approximately \$85,569,782.41, which consists of the following amounts:
  - (a) \$66,414,413.41 owed pursuant to the 1903 Credit Agreement;
  - (b) \$19,155,369.00 for fees set forth in the Capital Fees Letter and as provided for by the Fee Letter and 1903 Credit Agreement; and
  - (c) fees, default interest, costs and expenses.

25. The balance of the Pre-Filing Obligations owing to the Agent is approximately \$19,155,369, plus legal fees, costs and expenses as provided for under the 1903 Credit Agreement.
26. The Agent seeks to amend the ARIO to permit it to apply cash sweeps against the balance of the Pre-Filing Obligations owing from Peavey Group.
27. The Agent pleads and relies upon the provisions of the CCAA and the inherent and equitable jurisdiction of this Court to grant the relief sought herein.
28. Such further and other grounds as counsel may advise and this Court may permit.

**Affidavit or other evidence to be used in support of this application:**

29. The pleadings and proceedings in the within action;
30. Affidavit of Kyle Shonak, sworn March 7, 2025;
31. Second Report of the Monitor, filed to be filed;
32. Brief of Law, to be filed; and
33. Such further and other materials as counsel may advise and this Honourable Court may Permit.

**Applicable Acts and regulations:**

34. *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36.
35. *Judicature Act*, RSA 2000, c. J-2.
36. *Rules of Court*, Alta Reg 124/2010.
37. Such further and other acts and regulations as counsel may advise and this Honourable Court may permit.

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

38. None.

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

39. On the Commercial List, via Webex before the Honourable Justice Jones.

**WARNING**

You are named as a respondent because you have made or are expected to make an adverse claim in respect of this originating application. If you do not come to Court either in person or by your lawyer, the Court may make an order declaring you and all persons claiming under you to be barred from taking any further proceedings against the applicant(s) and against all persons claiming under the applicant(s). You will be bound by any order the Court makes, or another order might be given or other proceedings taken which the applicant(s) is/are entitled to make without any further notice to you. If you want to take part in the application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of this form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.



**SCHEDULE "A"**

**Proposed form of Order**

COURT FILE NUMBER 2501 01350

COURT COURT OF KING'S BENCH OF ALBERTA

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Clerk's Stamp

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 PEAVEY INDUSTRIES GENERAL PARTNER LIMITED, TSC STORES GP INC., GUYS FREIGHTWAYS LTD., and PEAVEY INDUSTRIES LIMITED

DOCUMENT **ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

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File No. 0284679.0002

DATE ON WHICH ORDER WAS PRONOUNCED: March 19, 2025  
NAME OF JUSTICE WHO MADE THIS ORDER: The Honourable Justice C.M. Jones  
LOCATION OF HEARING: Calgary Courts Centre

**UPON** the application of 1903 P Loan Agent, LLC (the "**Agent**");

**AND UPON** having read the application of the Agent and the Affidavit of Kyle Shonak sworn March 7, 2025, and the Affidavit of Service of Marica Ceko sworn March [●], 2025;

**AND UPON** reading the Second Report of the Monitor, FTI Consulting Inc. (the "**Monitor**"), dated March [●], 2025;

**AND UPON** reviewing the Initial Order granted under the *Companies Creditors Arrangement Act*, RSC 1985, c C-36 (“**CCAA**”) by the Honourable Justice Feasby on January 27, 2025, and the Amended and Restated Initial Order granted under the CCAA by the Honourable Justice Johnston on February 6, 2025 (the “**ARIO**”);

**AND UPON** hearing from counsel for the Agent, counsel to Peavey Industries LP, Peavey Industries General Partner Limited, TSC Stores GP Inc., Guys Freightways Ltd., Peavey Industries Limited and Peavey Industries Mutual Fund Trust (collectively, the “**Peavey Group**”), counsel to the Monitor, and from any other party that may be present;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**SERVICE**

1. The time for service of the application materials is deemed good and sufficient, and this application is properly returnable today.

**AMENDMENT TO THE ARIO**

2. Paragraph 35 of the ARIO shall be amended as follows:

35. Notwithstanding any existing or ongoing defaults by the Peavey Group under the 1903 Credit Agreement, the Peavey Group is authorized and directed to continue to use the 1903 Revolving Loan Facility under the Cash Management System that is granted by 1903P Loan Agent, LLC, as lender and agent (the **Agent**) pursuant to the 1903 Credit Agreement, as defined and described in Anderson Affidavit #1, for the purposes of interim financing. For greater certainty, (i) the Peavey Group is authorized and directed, despite existing and ongoing defaults under the 1903 Credit Agreement, to borrow, repay and re-borrow such amounts from time to time as the Peavey Group may consider necessary or desirable under the 1903 Credit Agreement, subject to the terms and conditions of the 1903 Credit Agreement and this Order; and (ii) for so long as the Peavey Group remains authorized and directed to borrow, repay and re-borrow under the 1903 Credit Agreement in accordance with (i), 1903P Loan Agent, LLC, in its capacity as interim lender (the **Interim Lender**) is authorized to apply receipts and deposits made to the Peavey Group’s bank accounts, whether directly or through blocked accounts, against pre-filing indebtedness owing under the 1903P Credit

Agreement up to the maximum aggregate amount of \$85,569,782.41 plus legal fees, costs and expenses as provided for under the 1903P Credit Agreement.

3. Other than the aforementioned amendment, the ARIO as pronounced shall remain in full force and effect.

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Justice of the Court of King's Bench of Alberta