



NO. S-248100
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

BETWEEN:

ROYAL BANK OF CANADA

PETITIONER

AND:

SPERLING GP LTD.
SPERLING LIMITED PARTNERSHIP
1112849 B.C. LTD.

RESPONDENTS

NOTICE OF APPLICATION

Name of applicant: Royal Bank of Canada (the "Applicant" or the "Petitioner")

To:

TAKE NOTICE that an application will be made by the Applicant to the presiding judge or Associate Judge at the courthouse at 800 Smithe Street, Vancouver, BC V6Z 2E1 British Columbia, on 5/Dec/2024 at 10:00 a.m. for the orders set out in Part 1 below.

The Applicant estimates that the application will take two (2) hours.

- ☐ This matter is within the jurisdiction of an associate judge.
- ☒ This matter is not within the jurisdiction of an associate judge.

Part 1: ORDERS SOUGHT

1. An Order (the "ARIO") substantially in the form attached hereto as **Schedule "A"**, which, among other things, amends and restates the relief under the order made November 28, 2024 (the "Initial Order"), including by increasing the Debtors' borrowing limit from \$1,500,000 to \$16,843,000 under the Commitment Letter (as defined in the Initial Order); increasing the Administration Charge (as defined in

the Initial Order) from \$200,000 to \$500,000; and extending the Stay Period (as defined in the Initial Order) from December 4, 2024 to May 30, 2025.

2. An Order (the “**SISP Order**”) substantially in the form attached hereto as **Schedule “B”** approving a sales and investor solicitation process in respect of the Respondents’ property, assets, and undertaking (the “**SISP**”).
3. Such further relief as this Honourable Court may permit.

Part 2: FACTUAL BASIS

Background and Initial Order

1. Capitalized terms not otherwise defined herein shall have the meanings set forth in the First Affidavit of Cameron Bailey, sworn as of November 22, 2024 (the “**First Bailey Affidavit**”).
2. On November 28, 2024 the Honourable Justice Masuhara granted the Initial Order pursuant to the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36, as amended (“**CCAA**”) and Deloitte Restructuring Inc. was appointed as Monitor of the Respondents with certain enhanced powers (in such capacity, the “**Monitor**”).
3. In addition to the appointment of the Monitor, the Initial Order, among other things:
 - (a) authorized the Debtors to borrow under a credit facility from the Interim Lender, to a maximum amount of \$1,500,000;
 - (b) authorized a stay of proceedings until December 5, 2024 (as defined in the Initial Order, the “**Stay Period**”);
 - (c) granted an administration charge of \$200,000 (as defined in the Initial Order, “the **Administration Charge**”);
 - (d) granted a charge in respect of the security interest, mortgages, charges, and encumbrances held by the Petitioner, on behalf of the Lenders, as security for the Debtors’ obligations to the Lenders pursuant to the Credit Agreement; and
 - (e) granted a charge over funds advanced by the Interim Lender (as defined in the Initial Order, the “**Interim Lender’s Charge**”).

Interim Financing

4. The Petitioner seeks to increase the Debtors’ borrowing limit under their interim financing facility with the Interim Lender, which will also result in an increase in the

Interim Lender's Charge, to allow for additional interim financing to be advanced in these proceedings.

5. The cash flow forecast, which is attached to the proposed interim financing term sheet (the "**Proposed Term Sheet**") attached as Exhibit A to the second affidavit of Chelsea Denton, sworn November 25, 2024, shows that the Debtors will require additional availability under the interim financing facility. The Petitioner submits that the proposed increase in the Debtors' borrowing limit under the interim financing facility and the corresponding increase in the Interim Lender's Charge in the ARIO is limited to the amount required to permit the Monitor to continue facilitating these proceedings and meet the obligations of the Debtors during the Stay Period.
6. The Monitor will also prepare a cash flow forecast, which will be included in the First Report of the Monitor, to be filed.

Administration Charge

7. The Petitioner seeks to increase the Administration Charge from \$200,000 to \$500,000 to secure the professional fees and disbursements to be incurred in connection with these proceedings.
8. The Monitor, its counsel, and counsel for the Petitioner are essential to the restructuring efforts contemplated in these proceedings and their assistance is critical to conducting the SISP.
9. The amount of the Administration Charge has been determined with reference to the extended Stay Period sought in the ARIO.
10. The Petitioner believes that the Administration Charge and the increase in the amount of the Administration Charge are fair and reasonable in the circumstances.

SISP and Stay Period

11. As set out in the First Bailey Affidavit, the SISP was created to allow for a flexible process to be carried out by the Monitor, who will be able to pursue various types of transactions with the objective of maximizing recovery for the Lenders.
12. The SISP will be administered by the Monitor, pursuant to its enhanced powers granted under the ARIO, and in accordance with the terms of the SISP Order, if granted.
13. The key milestones for the SISP are:

Event	Target Dates
Pre-Marketing Stage commences	December 6, 2024
Marketing Stage commences	January 13, 2025
Phase 1 Non-Binding Bid Deadline	March 3, 2025
Phase 2 Binding Bid Deadline (or Auction Date)	March 24, 2025
Court Approval of Designation of Successful Bid (subject to Court availability)	March 31, 2025
Outside Closing Date	May 23, 2025

14. The Petitioner seeks the extension of the Stay Period to permit the parties to undertake the SISF.

Part 3: LEGAL BASIS

Increase in Interim Financing

15. Section 11.2 of the CCAA gives the Court jurisdiction to authorize interim financings in restructurings under the CCAA, and to make orders for interim financing charges.

Lydian International Limited (Re), 2020 ONSC 4006, at para. 66

16. In deciding whether to make such an interim financing order, the CCAA requires that the Court consider, among others, the following factors:
- (a) the period during which the company is expected to be subject to proceedings under the CCAA;
 - (b) how the company's business and financial affairs are to be managed during the proceedings;
 - (c) whether the company's management has the confidence of its major creditors;
 - (d) whether the loan would enhance the prospects of a viable compromise or arrangement being made in respect of the company;

- (e) the nature and value of the company's property;
- (f) whether any creditor would be materially prejudiced as a result of the security or charge; and
- (g) the monitor's report, if any.

CCAA, section 11.2

17. The Petitioner submits that these factors support making the orders in the ARIO in connection with the interim financing. The interim financing will enable the Debtors and the Monitor to carry out the SISF, fund marketing of the Real Property and assist in preserving the value of the Real Property. The Lenders also support the interim financing and are satisfied it is necessary in the circumstances.

Increase in Administration Charge

18. Section 11.52 of the CCAA provides the court with express statutory jurisdiction to grant charges, provided notice is given to secured creditors who are likely to be affected by such charges. The Administration Charge satisfies the well-accepted factors originally established by Pepall J. (as she then was) in *Canwest Publishing*.

CCAA, section 11.52

***Canwest Publishing Inc.*, 2010 ONSC 222 at para. 54**

19. The requested increase in the Administration Charge is fair and reasonable considering the size and complexity of the Debtors and their business. The Debtors' senior secured creditor, the Petitioner and Lenders, support the increase in the Administration Charge. The Petitioner will provide notice of the comeback hearing to all other secured creditors who may be impacted by the Administration Charge.

Extension of the Stay Period

20. The Initial Order provides for a stay of proceedings up to and including December 5, 2024.
21. Section 11.02(2) of the CCAA provides that the Petitioner may apply for an extension of the Stay Period.
22. The Court shall not make the order unless, as set out in the CCAA, section 11.02(3):

- (a) the applicant satisfies the court that circumstances exist that make the order appropriate; and
- (b) in the case of an order under subsection (2), the applicant also satisfies the court that the applicant has acted, and is acting, in good faith with due diligence.

CCAA, section 11.02(3)

23. “Applicant” is not a defined term in the CCAA. “Applicant” in section 11.02(3)(b), on an application for a stay extension brought by a creditor has been held to mean the original debtor company.

***Envision Engineering & Contracting Inc. (Re)*, 2011 ONSC 631 at para. 21**

24. In granting a stay extension order in CCAA proceedings where a monitor has enhanced powers, courts have also considered the conduct of the monitor.

Endorsement of Steele J., *Balboa Inc. (Re)* (July 31, 2024), Toronto CV-24-00713245-00CL (Ont. Sup. Ct. [Commercial List])

25. When considering whether to extend a stay of proceedings pursuant to the CCAA, courts must be satisfied that the applicant has shown that it has at least a “kernel of a plan”.

***North American Tungsten Corporation Ltd. (Re) (“Tungsten”)*, 2015 BCSC 1376 at para. 26, citing *Azure Dynamics Corporation (Re)*, 2012 BCSC 781**

26. Further, when CCAA proceedings are in their early stages, courts may give deference when considering extensions of a stay.

***Tungsten* at para. 28, citing *Pacific Shores Resort & Spa Ltd. (Re)*, 2011 BCSC 1775**

27. The Monitor is acting in good faith and with due diligence in exercising its powers granted under the Initial Order, including developing and commencing the SISF.
28. Accordingly, the Petitioner seeks an extension of the Stay Period to May 30, 2024, to allow for the implementation of the SISF with the view of recovering the indebtedness owed to the Lenders.

Approval of the SISP

29. Approvals of sale processes are common features of CCAA proceedings. In reviewing a proposed SISP, courts should consider, among others, the following factors:

- (a) the fairness, transparency and integrity of the proposed process;
- (b) the commercial efficacy of the proposed process in light of the specific circumstances; and
- (c) whether the sales process will optimize the chances, in the particular circumstances, of securing the best possible price for the assets up for sale.

***Walter Energy Canada Holdings, Inc. (Re)*, 2016 BCSC 107, at para. 20**

30. Courts have also considered the following factors when approving sales processes in CCAA proceedings:

- (a) whether a sale is warranted at the time;
- (b) whether the sale will benefit the “whole economic community”;
- (c) whether any creditors have a *bona fide* reason to object to the sale of a business; and
- (d) whether there is a viable alternative.

***Nortel Networks Corp. (Re)* (2009), 55 C.B.R. (5th) 229 at para. 49**

31. Section 36(3) of the CCAA sets out a list of non-exhaustive factors that a court is to consider when approving the sale of a debtor company’s assets outside the normal course of business. Although the Petitioner is not currently seeking approval of a specific transaction, the Petitioner submits that the factors set out in section 36(3) of the CCAA are relevant to the Court’s consideration of the proposed SISP. Those factors are:

- (a) whether the process leading to the proposed sale or disposition was reasonable in the circumstances;
- (b) whether the monitor approved the process leading to the proposed sale or disposition;

- (c) whether the monitor filed with the court a report stating that in their opinion the sale or disposition would be more beneficial to the creditors than a sale or disposition under a bankruptcy;
- (d) the extent to which the creditors were consulted;
- (e) the effects of the proposed sale or disposition on the creditors and other interested parties; and
- (f) whether the consideration to be received for the assets is reasonable and fair, taking into account their market value.

CCAA, s. 36(3)

32. The Petitioner and the Lenders were consulted on the development of the terms of the SISP. The Monitor will oversee the SISP and will report to the Court on developments in and the outcome of the SISP. The Petitioner respectfully submits that the SISP is reasonable in the circumstances.

Part 4: MATERIAL TO BE RELIED ON

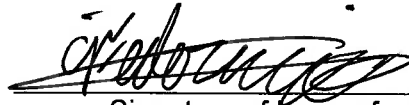
- 1. Petition to the Court, filed 22/Nov/2024;
- 2. Affidavit #1 of Cameron Bailey, sworn 22/Nov/2024;
- 3. Affidavit #2 of Cameron Bailey, sworn 22/Nov/2024;
- 4. Affidavit #1 of Chelsea Denton, sworn 22/Nov/2024;
- 5. Affidavit #2 of Chelsea Denton, sworn 25/Nov/2024;
- 6. First Report of the Monitor, to be filed; and
- 7. Such further and other materials as counsel may advise and the Court may allow.

TO THE PERSONS RECEIVING THIS NOTICE OF APPLICATION: If you wish to respond to this Notice of Application, you must, within 5 business days after service of this Notice of Application or, if this application is brought under Rule 9-7, within 8 business days of service of this Notice of Application,

- (a) file an Application Response in Form 33,
- (b) file the original of every affidavit, and of every other document, that
 - (i) you intend to refer to at the hearing of this application, and
 - (ii) has not already been filed in the proceeding, and
- (c) serve on the applicant 2 copies of the following, and on every other party of record one copy of the following:

- (i) a copy of the filed Application Response;
- (ii) a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not already been served on that person;
- (iii) if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).

Date: 29/NOV/2024



Signature of lawyer for filing party
Cassandra Federico

To be completed by the court only:	
Order made	
<input type="checkbox"/>	in the terms requested in paragraphs _____ of Part 1 of this Notice of Application
<input type="checkbox"/>	with the following variations and additional terms:
Date:	
Signature of <input type="checkbox"/> Judge <input type="checkbox"/> Associate Judge	

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

- ☐ discovery: comply with demand for documents
- ☐ discovery: production of additional documents
- ☐ other matters concerning document discovery
- ☐ extend oral discovery
- ☐ other matter concerning oral discovery
- ☐ amend pleadings
- ☒ add/change parties

- ☐ summary judgment
- ☐ summary trial
- ☐ service
- ☐ mediation
- ☐ adjournments
- ☐ proceedings at trial
- ☐ case plan orders: amend
- ☐ case plan orders: other
- ☐ experts
- ☐ none of the above

Schedule "A"

Amended and Restated Initial Order

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

BETWEEN:

ROYAL BANK OF CANADA

PETITIONER

AND:

SPERLING GP LTD.
SPERLING LIMITED PARTNERSHIP
1112849 B.C. LTD.

RESPONDENTS

ORDER MADE AFTER APPLICATION
AMENDED AND RESTATED INITIAL ORDER

)	THE HONOURABLE)
BEFORE)) 05/Dec/2024
)	JUSTICE MASUHARA)

THE APPLICATION of the Petitioner coming on for hearing at Vancouver, British Columbia, on the 5 day of December, 2024 (the "**Order Date**"); AND ON HEARING Jordan Schultz, counsel for the Petitioner and those other counsel listed on Schedule "A" hereto; AND UPON READING the material filed, including the First Affidavit of Cameron Bailey sworn November 22, 2024 (the "**Bailey Affidavit**"), the second affidavit of Chelsea Denton sworn November 25, 2024 (the "**Second Denton Affidavit**"), and the first report of the monitor, to be filed, and the consent of Deloitte Restructuring Inc. to act as Monitor; AND UPON BEING ADVISED that the secured creditors who are likely to be affected by the charges created herein were given notice; AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "**CCAA**"), the British Columbia Supreme Court Civil Rules and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

1. The time for service of the Petition and materials filed in support of the application for this Order (collectively, the "**Application**") is hereby abridged such that service of the Application is deemed to be timely and sufficient and the Application is properly returnable today.

JURISDICTION

2. The Respondents (otherwise referred to herein as the "**Debtors**") are companies to which the CCAA applies.

SUBSEQUENT HEARING DATE

3. The hearing of the Petitioner's application for an extension of the Stay Period (as defined in paragraph 16 of this Order) and for any ancillary relief shall be held at the Courthouse at 800 Smithe Street, Vancouver, British Columbia on May 30, 2025 or such other date as this Court may order.

PLAN OF ARRANGEMENT

4. The Debtors shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**"), under the direction of the Monitor in accordance with paragraph 25 of this Order.

POSSESSION OF PROPERTY AND OPERATIONS

5. Subject to this Order and any further Order of this Court, the Debtors shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"), and continue to carry on their business (the "**Business**") in the ordinary course and in a manner consistent with the preservation of the Business and the Property. The Debtors shall be authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively, "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants under the direction of the Monitor, as are deemed reasonably necessary or desirable in the ordinary course of business or for carrying out the terms of this Order.
6. The Debtors shall be entitled, but not required, to pay the following expenses which may have been incurred prior to the Order Date:
 - (a) all outstanding wages, salaries, employee and pension benefits (including long and short term disability payments), vacation pay and expenses (but excluding severance pay) payable before or after the Order Date, in each case incurred in the ordinary course of business and consistent with the relevant compensation policies and arrangements existing at the time incurred (collectively "**Wages**"); and

- (b) the fees and disbursements of any Assistants retained or employed by the Debtors which are related to the Debtors' restructuring, at their standard rates and charges.
- 7. Except as otherwise provided herein, the Debtors shall be entitled to pay all expenses reasonably incurred by the Debtors in carrying on the Business in the ordinary course following the Order Date, and in carrying out the provisions of this Order, which expenses shall include, without limitation:
 - (a) all expenses and capital expenditures reasonably incurred and which are necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services, provided that any capital expenditure exceeding \$5,000 shall be approved by the Monitor and the Petitioner;
 - (b) all obligations incurred by the Debtors after the Order Date, including without limitation, with respect to goods and services actually supplied to the Debtors following the Order Date (including those under purchase orders outstanding at the Order Date but excluding any interest on the Debtors' obligations incurred prior to the Order Date); and
 - (c) fees and disbursements of the kind referred to in paragraph 6(b) which may be incurred after the Order Date.
- 8. The Debtors are authorized to remit, in accordance with legal requirements, or pay:
 - (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from Wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes or any such claims which are to be paid pursuant to Section 6(3) of the CCAA;
 - (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Debtors in connection with the sale of goods and services by the Debtors, but only where such Sales Taxes accrue or are collected after the Order Date, or where such Sales Taxes accrued or were collected prior to the Order Date but not required to be remitted until on or after the Order Date; and
 - (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal property taxes, municipal business taxes or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors.
- 9. Until such time as a real property lease is disclaimed in accordance with the CCAA, the Debtors shall pay all amounts constituting rent or payable as rent under real property

leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable as rent to the landlord under the lease) based on the terms of existing lease arrangements or as otherwise may be negotiated between the Debtors and the landlord from time to time ("**Rent**"), for the period commencing from and including the Order Date, twice-monthly in equal payments on the first and fifteenth day of the month in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including Order Date shall also be paid.

10. Except as specifically permitted herein, the Debtors are hereby directed, until further Order of this Court:
 - (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Debtors to any of their creditors as of the Order Date except as authorized by this Order (including, without limitation, as authorized pursuant to paragraph 11 of this Order);
 - (b) to make no payments in respect of any financing leases which create security interests;
 - (c) to grant no security interests, trust, mortgages, liens, charges or encumbrances upon or in respect of any of its Property, nor become a guarantor or surety, nor otherwise become liable in any manner with respect to any other person or entity except as authorized by this Order;
 - (d) to not grant credit except in the ordinary course of the Business only to its customers for goods and services actually supplied to those customers, provided such customers agree that there is no right of set-off in respect of amounts owing for such goods and services against any debt owing by the Debtors to such customers as of the Order Date; and
 - (e) to not incur liabilities except in the ordinary course of Business.

FINANCIAL ARRANGEMENTS

11. Notwithstanding any other provision in this Order, those financial institutions (collectively, the "**Lenders**") from time to time party to the amended and restated credit agreement dated February 14, 2024 (the "**Credit Agreement**") between, among others, Sperling LP, as borrower, the Petitioner, as the administrative agent, syndication agent and lead arranger, and the Lenders, as lenders, shall be entitled to collect interest, fees and costs pursuant to the Credit Agreement, and the Debtors shall pay the same, subject to such amendments as are agreed between the Petitioner and the Debtors.

RESTRUCTURING

12. Subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), the Debtors, under the direction of the Monitor, shall have the right to:
- (a) permanently or temporarily cease, downsize or shut down all or any part of their Business or operations and commence marketing efforts in respect of any of their redundant or non-material assets;
 - (b) terminate the employment of such of its employees or temporarily lay off such of their employees as the Debtors deems appropriate; and
 - (c) pursue all avenues of refinancing for the Business or Property, in whole or part;
- all of the foregoing to permit the Debtors to proceed with an orderly restructuring of the Business (the "**Restructuring**").
13. The Debtors shall provide each of the relevant landlords with notice of the Debtors intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Debtors entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors who claim a security interest in the fixtures, such landlord and the Debtors, or by further Order of this Court upon application by the Debtors, the landlord or the applicable secured creditors on at least two (2) clear days' notice to the other parties. If the Debtors disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any dispute concerning such fixtures (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Debtors' claim to the fixtures in dispute.
14. If a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then: (a) during the period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours on giving the Debtors and the Monitor 24 hours' prior written notice; and (b) at the effective time of the disclaimer, the landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims the landlord may have against the Debtors, or any other rights the landlord might have, in respect of such lease or leased premises and the landlord shall be entitled to notify the Debtors of the basis on which it is taking possession and gain possession of and re-lease such leased premises to any third party or parties on such terms as the landlord considers advisable, provided that nothing herein shall relieve the landlord of its obligation to mitigate any damages claimed in connection therewith.

15. Pursuant to Section 7(3)(c) of the *Personal Information Protection and Electronics Documents Act*, S.C. 2000, c. 5 and Section 18(1)(o) of the *Personal Information Protection Act*, S.B.C. 2003, c. 63, and any regulations promulgated under authority of either Act, as applicable (the “**Relevant Enactment**”), the Debtors, in the course of these proceedings, are permitted to, and hereby shall, disclose personal information of identifiable individuals in their possession or control to stakeholders, their advisors, prospective investors, financiers, buyers or strategic partners (collectively, “**Third Parties**”), but only to the extent desirable or required to negotiate and complete the Restructuring or to prepare and implement the Plan or transactions for that purpose; provided that the Third Parties to whom such personal information is disclosed enter into confidentiality agreements with the Debtors binding them in the same manner and to the same extent with respect to the collection, use and disclosure of that information as if they were an organization as defined under the Relevant Enactment, and limiting the use of such information to the extent desirable or required to negotiate or complete the Restructuring or to prepare and implement the Plan or transactions for that purpose, and attorning to the jurisdiction of this Court for the purposes of that agreement. Upon the completion of the use of personal information for the limited purposes set out herein, the Third Parties shall return the personal information to the Debtors or destroy it. If the Third Parties acquire personal information as part of the Restructuring or the preparation and implementation of the Plan or transactions in furtherance thereof, such Third Parties may, subject to this paragraph and any Relevant Enactment, continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the Debtors.

STAY OF PROCEEDINGS, RIGHTS AND REMEDIES

16. Until and including May 30, 2025, or such later date as this Court may order (the “**Stay Period**”), no action, suit or proceeding in any court or tribunal (each, a “**Proceeding**”) against or in respect of the Debtors or the Monitor, or affecting the Business or the Property, shall be commenced or continued except with the written consent of the Debtors and the Monitor or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Debtors or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court, including, but not limited to, the arbitration that Create Burnaby Investment Ltd. commenced against Sperling GP Ltd. and Peterson Investment Holdings Inc. on June 26, 2024 (the “**Create Arbitration**”), and the arbitration that Sperling GP Ltd. and Peterson Investment Holdings Inc. commenced against Create Burnaby Investment Ltd. on July 3, 2024 (the “**Peterson Arbitration**”).
17. During the Stay Period, all rights and remedies of any individual, firm, corporation, partnership, trust, joint venture, association, organization, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Debtors or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Debtors and the Monitor or leave of this Court.

18. For greater certainty, the running of any time periods or deadlines, as contemplated in the Arbitration Act, S.B.C. 2020, c. 2, in respect of the Create Arbitration or the Peterson Arbitration are hereby suspended pending further Order of this Court.
19. Nothing in this Order, including paragraphs 16 and 17, shall: (i) empower the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a mortgage, charge or security interest (subject to the provisions of Section 39 of the CCAA relating to the priority of statutory Crown securities); or (iv) prevent the registration or filing of a lien or claim for lien or the commencement of a Proceeding to protect lien or other rights that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such lien, claim for lien or Proceeding except for service of the initiating documentation on the Debtors.

NO INTERFERENCE WITH RIGHTS

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

CONTINUATION OF SERVICES

21. During the Stay Period, all Persons having oral or written agreements with the Debtors or mandates under an enactment for the supply of goods and/or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, services, utility or other services to the Business or the Debtors, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, or terminating the supply of such goods or services as may be required by the Debtors, and that the Debtors shall be entitled to the continued use of their current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Order Date are paid by the Debtors in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Debtors and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

22. Notwithstanding any provision in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the Order Date, nor shall any Person be under any obligation to advance or re-advance any monies or otherwise extend any credit to the Debtors on or after the Order Date. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

23. During the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against the directors or officers of the Debtors with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Debtors whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Debtors, if one is filed, is sanctioned by this Court or is refused by the creditors of the Debtors or this Court. Nothing in this Order, including in this paragraph, shall prevent the commencement of a Proceeding to preserve any claim against a director or officer of the Debtors that might otherwise be barred or extinguished by the effluxion of time, provided that no further step shall be taken in respect of such Proceeding except for service of the initiating documentation on the applicable director or officer.

APPOINTMENT OF MONITOR

24. Deloitte Restructuring Inc. is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Debtors with the powers and obligations set out in the CCAA or set forth herein, and that the Debtors and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Debtors pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.
25. The Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:
- (a) monitor and control the Debtors' receipts and disbursements and implement such measures and controls as the Monitor deems reasonably necessary to ensure the appropriate monitoring and controls of the Debtors' expenses and disbursements;
 - (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
 - (c) assist the Debtors in their dissemination, to the Interim Lender (as hereinafter defined) and its counsel on a weekly basis of financial and other information as agreed to between the Debtors and the Interim Lender which may be used in these proceedings including reporting on a basis to be agreed with the Interim Lender;
 - (d) prepare the Debtors' cash flow statements and reporting required by the Interim Lender, which information shall be delivered to the Interim Lender and its counsel on a periodic basis, but not less than weekly, or as otherwise agreed to by the Interim Lender;

- (e) advise the Debtors in their development of the Plan and any amendments to the Plan;
 - (f) assist the Debtors with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
 - (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Debtors, to the extent that is necessary to adequately assess the Debtors' business and financial affairs or to perform its duties arising under this Order;
 - (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
 - (i) perform such other duties as are required by this Order or by this Court from time to time.
26. In addition to the foregoing powers, the Monitor is hereby empowered and authorized, but not obliged, to act at once in respect of the Property and the Business and, without in any way limiting the generality of the foregoing, the Monitor is hereby expressly empowered and authorized to do any of the following where the Monitor, in its sole discretion, considers it necessary or desirable:
- (a) manage, operate and take all actions in the name of and on behalf of the Debtors to carry on the Business, including the powers to enter into any agreements, incur any obligations in the ordinary course, cease to carry on all or any part of the Business, or cease to perform any contracts of the Debtors;
 - (b) execute, assign, issue and endorse documents of whatever nature in respect of any of the Property and the Business, whether in the Monitor's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
 - (c) execute the Definitive Documents (as hereinafter defined) in the name and on behalf of the Debtors;
 - (d) engage, retain, or terminate or cause the Debtors to engage, retain or terminate, the services of any officer, employee, consultant, agent, representative, advisor, or other persons or entities, as the Monitor deems necessary or appropriate to assist with the exercise of its powers and duties or those of the Debtors;
 - (e) disclaim, in accordance with the CCAA, any contracts of the Debtors;
 - (f) take any and all steps in order to direct or cause the Debtors to exercise their rights pursuant to this Order or any other Order granted in these CCAA proceedings;
 - (g) cause the Debtors to perform such functions or duties as the Monitor considers necessary or desirable in order to facilitate or assist the Debtors in dealing with the Property and the Business;

- (h) apply for permits, licenses, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Monitor, in the name of the applicable Debtors;
- (i) meet with and direct management of the Debtors with respect to any of the foregoing including, without limitation, operational and restructuring matters;
- (j) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have;
- (k) take steps for the preservation and protection of the Business and the Property;
- (l) market the Property and Business or any part thereof, including soliciting and responding to offers in respect of the Property and the Business or any part thereof and negotiating the terms of any proposed sale as the Monitor in its discretion deems appropriate;
- (m) cause the Debtors to administer the Property and Business as the Monitor considers necessary or desirable for the purposes of completing any Transaction under the sale and investment solicitation process to be approved by the Court;
- (n) subject to the requirement for Court approval and other requirements set forth in section 36 of the CCAA, to complete one or more transactions for the sale of the Business, Property or any part thereof, and apply to the Court for any vesting orders or other orders necessary to convey the sold property and any order required to allocate or distribute the proceeds therefrom;
- (o) conduct, supervise and direct the continuation or commencement of any process or effort to recover Property or other assets belonging or owing to the Debtors;
- (p) engage, deal, communicate, negotiation, agree and settle with any creditor or other stakeholder of the Debtors in the name of and on behalf of the Debtors;
- (q) negotiate and develop a restructuring transaction, including the Plan, for and on behalf of any one or more Debtors, and to seek approval of this Court in respect of any such restructuring transaction, including disseminating the Plan to creditors of the Debtors and convening a meeting of the Debtors' creditors to consider and vote on the Plan;
- (r) initiate, prosecute, defend, settle and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Business. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding. Notwithstanding any other term of this Order, the Monitor shall not take any steps in the Create Arbitration or the Peterson Arbitration without further Order of this Court;
- (s) receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;

- (t) cause the Debtors to perform such other functions or duties as the Monitor considers necessary or desirable in order to facilitate or assist the Debtors in dealing with the Property, operations, restructuring, wind-down, liquidation, distribution of proceeds, and any other related activities;
- (u) apply to this Court for any orders necessary or advisable to carry out its powers and obligations under this Order or any other Order granted by this Court including for advice and directions with respect to any matter; and
- (v) take any steps reasonably incidental to the exercise by the Monitor of these powers or the performance of any statutory obligations,

and in each case where the Monitor takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons, including the Debtors and their past or present directors and officers, and without interference from any other Person.

27. The Monitor shall be authorized and empowered, but not required, to operate and control, on behalf of the Debtors, all of the Debtors' existing accounts at any financial institution (each an "**Account**", and collectively, the "**Accounts**") in such manner as the Monitor, in its sole discretion, deems necessary or appropriate, including, without limitation, to:
 - (a) exercise control over the funds credited to or deposited in the Accounts;
 - (b) effect any disbursement from the Accounts permitted by this Order or any other order granted in these proceedings;
 - (c) give instructions from time to time with respect to the Accounts and the funds credited to or deposited therein, including to transfer the funds credited to or deposited in such Accounts to such other account or accounts as the Monitor may direct; and
 - (d) add or remove persons having signing authority with respect to any Account or to direct the closing of any Account.
28. Except as expressly set out in this Order, the Monitor shall not take possession of the Property and shall not, by fulfilling its obligations hereunder, or by inadvertence in relation to the due exercise of powers or performance of duties under this Order, be deemed to have taken or maintained possession or control of the Property, or any part thereof.
29. Subject to the employees' right to terminate their employment, all employees of the Debtors shall remain the employees of the Debtors until such time as the Debtors, under the direction of the Monitor, may terminate the employment of such employees. The Monitor shall not be liable for any employee-related liabilities of the Debtors, including any successor employer liabilities as referred to in Section 14.06(1.2) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"), other than amounts the Monitor may specifically agree in writing to pay. The Monitor shall not be liable for any employee-related liabilities, including wages, severance pay, termination pay, vacation pay, and pension or benefit

amounts relating to any employees that the Monitor may hire in accordance with the terms and conditions of such employment by the Monitor.

30. Nothing herein contained shall require or allow the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Fisheries Act*, the *British Columbia Environmental Management Act*, the *British Columbia Fish Protection Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. For greater certainty, the Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless the Monitor is actually in possession.
31. The Debtors and their directors, officers, employees and agents, accountants, auditors and all other Persons having notice of this Order shall cooperate with the Monitor in discharging its duty.
32. The Monitor shall provide any creditor of the Debtors and the Interim Lender with information provided by the Debtors in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Debtors is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Debtors may agree.
33. In addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the rights and protections afforded the Monitor by the CCAA or any applicable legislation.

ADMINISTRATION CHARGE

34. The Monitor, counsel to the Monitor, and counsel to the Petitioner shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Debtors as part of the cost of these proceedings. The Debtors are hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor and counsel to the Petitioner on a periodic basis.

35. The Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the British Columbia Supreme Court who may determine the manner in which such accounts are to be passed, including by hearing the matter on a summary basis or referring the matter to a Registrar of this Court.
36. The Monitor, counsel to the Monitor, and counsel to the Petitioner shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$500,000, as security for their respective fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order which are related to the Debtors' restructuring. The Administration Charge shall have the priority set out in paragraphs 42 and 44 hereof.

INTERIM FINANCING

37. The Debtors are hereby authorized and empowered to obtain and borrow under a credit facility from Peterson Investment Group Inc. (the "**Interim Lender**") in order to finance the continuation of the Business and preservation of the Property, provided that borrowings under such credit facility shall not exceed \$16,843,000 unless permitted by further Order of this Court.
38. Such credit facility shall be on the terms and subject to the conditions set forth in the proposed commitment letter between the Debtors and the Interim Lender, attached as Exhibit "A" to the Second Denton Affidavit (the "**Commitment Letter**"), to be finalized and executed by the Monitor for and on behalf of the Debtors in accordance with the terms of this Order.
39. The Monitor, on behalf of the Debtors, is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Commitment Letter or as may be reasonably required by the Interim Lender pursuant to the terms thereof, and the Monitor, on behalf of the Debtors, is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the Interim Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.
40. The Interim Lender shall be entitled to the benefit of and is hereby granted a charge (the "**Interim Lender's Charge**") on the Property. The Interim Lender's Charge shall not secure an obligation that exists before this Order is made. The Interim Lender's Charge shall have the priority set out in paragraphs 42 and 44 hereof.
41. Notwithstanding any other provision of this Order:

- (a) the Interim Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Interim Lender's Charge or any of the Definitive Documents;
 - (b) upon the occurrence of an event of default under any of the Definitive Documents or the Interim Lender's Charge, the Interim Lender, with the consent of the Petitioner and upon 4 days' notice to the Monitor, may exercise any and all of its rights and remedies against the Debtors or the Property under or pursuant to the Commitment Letter, Definitive Documents and the Interim Lender's Charge, including without limitation, to cease making advances to the Debtors and set off and/or consolidate any amounts owing by the Interim Lender to the Debtors against the obligations of the Debtors to the Interim Lender under the Commitment Letter, the Definitive Documents or the Interim Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Debtors and for the appointment of a trustee in bankruptcy of the Debtors; and
 - (c) the foregoing rights and remedies of the Interim Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Debtors or the Property.
42. Each of the Lenders and the Interim Lender, in such capacity, shall be treated as unaffected in any plan of arrangement or compromise filed by or in respect of the Debtors under the CCAA, or any proposal filed by or in respect of the Debtors under the BIA, with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

43. The priorities of the Administration Charge, the Lender Charge (as defined below), and the Interim Lender's Charge, as among them, shall be as follows:
- First – Administration Charge (to the maximum amount of \$500,000);
 - Second – the security interests, mortgages, charges and encumbrances held by the Petitioner as security for the Debtors' obligations to the Petitioner and the Lenders pursuant to the Credit Agreement (the "**Lender Charge**"); and
 - Third – Interim Lender's Charge.
44. Any security documentation evidencing, or the filing, registration or perfection of, the Administration Charge and the Interim Lender's Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be effective as against the Property and shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered or perfected subsequent to the Charges coming into existence, notwithstanding any failure to file, register or perfect any such Charges.

45. Each of the Charges shall constitute a mortgage, security interest, assignment by way of security and charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, mortgages, charges and encumbrances and claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**"), in favour of any Person, save and except (i) those claims contemplated by section 11.8(8) of the CCAA; and (ii) those Encumbrances specifically identified in paragraph 42 hereof.
46. Except as otherwise expressly provided herein, or as may be approved by this Court, the Debtors shall not grant or suffer to exist any Encumbrances over any Property that rank in priority to, or *pari passu* with the Charges or the Lender Charge, unless the Debtors obtain the prior written consent of the Monitor, the Interim Lender, Petitioner on behalf of the Lenders, and the beneficiaries of the Administration Charge.
47. The Administration Charge, the Commitment Letter, the Definitive Documents and the Interim Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the Interim Lender shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Debtors; and notwithstanding any provision to the contrary in any Agreement:
- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the Debtors of any Agreement to which it is a party;
 - (b) none of the Charges shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Debtors' entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
 - (c) the payments made by the Debtors pursuant to this Order (including without limitation pursuant to paragraph 11 hereof), the Commitment Letter or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

48. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Debtors' interest in such real property leases.

SERVICE AND NOTICE

49. The Monitor shall (i) without delay, publish in either The Vancouver Sun or The Province a notice containing the information prescribed under the CCAA, (ii) within five days after Order Date, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Debtors of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.
50. The Debtors and the Monitor are at liberty to serve this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or electronic transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or notice by courier, personal delivery or electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.
51. Any Person that wishes to be served with any application and other materials in these proceedings must deliver to the Monitor by way of ordinary mail, courier, personal delivery or electronic transmission a request to be added to a service list (the "**Service List**") to be maintained by the Monitor. The Monitor shall post and maintain an up to date form of the Service List on its website at: www.insolvencies.deloitte.ca/en-ca/sperling.
52. Any party to these proceedings may serve any court materials in these proceedings by emailing a PDF or other electronic copy of such materials to counsels' email addresses as recorded on the Service List from time to time, and the Monitor shall post a copy of all prescribed materials on its website at: www.insolvencies.deloitte.ca/en-ca/sperling.
53. Notwithstanding paragraphs 49 and 51 of this Order, service of the Petition, the Notice of Hearing of Petition, any affidavits filed in support of the Petition and this Order shall be made on the Federal and British Columbia Crowns in accordance with the *Crown Liability and Proceedings Act*, R.S.C. 1985, c. C-50, and regulations thereto, in respect of the Federal Crown, and the *Crown Proceeding Act*, R.S.B.C. 1996, c. 89, in respect of the British Columbia Crown.

GENERAL

54. The Petitioner or the Monitor may from time to time apply to this Court for directions in the discharge of its powers and duties hereunder.

55. Nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Debtors, the Business or the Property.
56. THIS COURT REQUESTS the aid and recognition of other Canadian and foreign Courts, tribunal, regulatory or administrative bodies, including any Court or administrative tribunal of any federal or State Court or administrative body in the United States of America, to act in aid of and to be complementary to this Court in carrying out the terms of this Order where required. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Petitioner and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Debtors and the Monitor and their respective agents in carrying out the terms of this Order.
57. Each of the Debtors and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order and the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including acting as a foreign representative of the Debtors to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330, as amended.
58. The Debtors may under the direction of the Monitor (subject to the provisions of the CCAA and the BIA) at any time file a voluntary assignment in bankruptcy or a proposal pursuant to the commercial reorganization provisions of the BIA if and when the Petitioner determines that such a filing is appropriate.
59. The Debtors, under the direction of the Monitor, are hereby at liberty to apply for such further interim or interlocutory relief as it deems advisable within the time limited for Persons to file and serve Responses to the Petition.
60. Leave is hereby granted to hear any application in these proceedings on two (2) clear days' notice after delivery to all parties on the Service List of such Notice of Application and all affidavits in support, subject to the Court in its discretion further abridging or extending the time for service.
61. Any interested party (including the Debtors and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to all parties on the Service List and to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.
62. Endorsement of this Order by counsel appearing on this application is hereby dispensed with.

63. This Order and all of its provisions are effective as of 12:01 a.m. local Vancouver time on the Order Date.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of

☐ Party ☒ Lawyer for the Petitioner

Jordan Schultz

BY THE COURT

REGISTRAR

SCHEDULE "A"

NAME	APPEARING FOR

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

BETWEEN:

ROYAL BANK OF CANADA

PETITIONER

AND:

SPERLING GP LTD.
SPERLING LIMITED PARTNERSHIP
1112849 B.C. LTD.

RESPONDENTS

ORDER MADE AFTER APPLICATION

DENTONS CANADA LLP
BARRISTERS & SOLICITORS
250 Howe Street, 20th Floor
Vancouver, British Columbia V6C 3R8
Attn: Jordan Schultz
File No. 506954-794

Agent: West Coast Title Search

Schedule "B"

SISP Order

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

BETWEEN:

ROYAL BANK OF CANADA

PETITIONER

AND:

SPERLING GP LTD.
SPERLING LIMITED PARTNERSHIP
1112849 B.C. LTD.

RESPONDENTS

ORDER MADE AFTER APPLICATION

(Stalking Horse and SISP Approval Order)

BEFORE THE HONOURABLE)
JUSTICE MASUHARA) December 5, 2024
)

THE APPLICATION of the Petitioner coming on for hearing at Vancouver, British Columbia, on the 5th day of December, 2024; AND ON HEARING Jordan Schultz, counsel for the Petitioner and those other counsel listed on **Schedule "A"** hereto; AND UPON READING the material filed, including the First Report of Deloitte Restructuring Inc., in its capacity as the Court-appointed monitor (in such capacity, the "**Monitor**") of Sperling GP Ltd., Sperling Limited Partnership, and 1112849 B.C. Ltd. (collectively, the "**Sperling Group**") dated [REDACTED] (the "**First Report**"); AND pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985 c. C-36 as amended (the "**CCAA**"), the British Columbia Supreme Court Civil Rules and the inherent jurisdiction of this Honourable Court;

THIS COURT ORDERS AND DECLARES THAT:

SERVICE AND DEFINITIONS

1. The time for service of the Notice of Application dated November 29, 2024 herein be and is hereby abridged such that the Notice of Application is properly returnable today and service thereof on any interested party is hereby dispensed with.

2. Capitalized terms used in this Order that are not otherwise defined have meanings provided in the First Report, the Amended and Restated Initial Order granted by this Court on or about the date hereof (the "**ARIO**"), or the sale and investment solicitation process (the "**SISP**") attached hereto as **Schedule "B"**.

APPROVAL OF SISP

3. The SISP be and is hereby approved and the Monitor be and is hereby authorized and directed to carry out the SISP in accordance with its terms.

4. The Monitor, the SISP Agent and their respective affiliates, partners, directors, employees, advisors, lawyers, representatives and agents, as applicable, shall have no liability with respect to any and all losses, claims, damages or liabilities, of any nature or kind, to any Person in connection with or as a result of the SISP, except to the extent such losses, claims, damages or liabilities result from the gross negligence of wilful misconduct of the Monitor or the SISP Agent in performing their obligations under the SISP as determined by this Court.

5. Notwithstanding anything contained in this Order or in the SISP, the Monitor and the SISP Agent shall not take possession of the Business or the Property or be deemed to take possession of the Business or Property, including pursuant to any provision of the Environmental Legislation.

6. In addition to any other protections afforded under any Order of this Court, no action, suit or proceeding shall be commenced against the SISP Agent or its affiliates, partners, directors, employees, advisors, lawyers, representatives and agents, as applicable, in connection with the

SISP Agent's mandate under the SISF, its conduct as the SISF Agent, or the carrying out of the provisions of any order of this Court, except with the written consent of the Sperling Group and the Monitor or prior leave of this Court.

STALKING HORSE AGREEMENT

7. The bid made by Peterson Investment Holdings Inc. (the "**Stalking Horse Bidder**") pursuant to the Binding Stalking Horse Proposal Term Sheet dated as of [●], 2024 (the "**Stalking Horse Agreement**") in the form as included in Appendix "[●]" to the First Report is hereby approved as the Stalking Horse Bid, provided that nothing herein approves the transactions contemplated in the Stalking Horse Agreement, and the approval of such transactions shall be considered by the Court on a subsequent motion made to the Court following completion of the sale process pursuant to the terms of the SISF if the Stalking Horse Bidder is declared the Successful Bidder.

8. The Sperling Group's obligation to pay the Expense Reimbursement and Break Fee pursuant to section 5 of the Stalking Horse Agreement is hereby approved.

9. The Stalking Horse Bidder shall be entitled to the benefit of and is hereby granted a charge on the Property (the "**Stalking Horse Charge**"), which charge shall not exceed the aggregate amount of [●], as security for the Break Fee and the Expense Reimbursement. The Stalking Horse Charge shall rank in priority behind all other Charges.

PIPEDA

10. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, clause 18(1)(o) of the *Personal Information Protection Act* (British Columbia) and any other equivalent legislation, the Monitor, the SISF Agent, the Sperling Group, and their respective advisors are hereby authorized and permitted to disclose and transfer to each Phase 2 Qualified Bidder personal information of identifiable individuals, but only to the extent desirable or required to negotiate or attempt to complete a transaction pursuant to the SISF (a "**Transaction**"). Each Phase 2 Qualified Bidder to whom such personal information is disclosed

shall maintain and protect the privacy of such information and limit the use of such information to its evaluation for the purpose of effecting a Transaction, and if it does not complete a Transaction, shall return all such information to the Monitor, the SISP Agent or the Sperling Group, as applicable, or in the alternative destroy all such information and provide confirmation of its destruction if requested by the Monitor or the Sperling Group. The Successful Bidder(s) shall maintain and protect the privacy of such information and, upon closing of the Transaction(s) contemplated in the Successful Bid(s), shall be entitled to use the personal information provided to it that is related to the Business and/or Property acquired pursuant to the SISP in a manner that is in all material respects identical to the prior use of such information by the Sperling Group, and shall return all other personal information to the Monitor, the SISP Agent or the Sperling Group, as applicable, or ensure that all other personal information is destroyed and provide confirmation of its destruction if requested by the Monitor, the SISP Agent or the Sperling Group, as applicable.

GENERAL

11. Endorsement of this Order by counsel appearing on this application other than the counsel for the Petitioner is hereby dispensed with.

12. This Order and all of its provisions are effective as of 12:01 a.m. local Vancouver time on the date hereof.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of Jordan Schultz,
Lawyer for the Petitioner

BY THE COURT

REGISTRAR

Schedule "A"**List of Counsel****[To be updated]**

Name of Counsel	Party Represented

Schedule "B"**SISP**

Schedule "B"

SALE AND INVESTMENT SOLICITATION PROCESS

INTRODUCTION¹

Pursuant to a petition brought by the Royal Bank of Canada (the "**Agent**"), as agent on behalf of a group of Lenders², the Supreme Court of British Columbia (the "**Court**") granted certain relief by way of an order dated November 28, 2024 (as may be amended from time to time, the "**Initial Order**") under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C – 36 (the "**CCAA**"), including (i) declaring that Sperling Limited Partnership, 1112849 B.C. Ltd. and Sperling GP Ltd. (collectively, the "**Sperling Group**") are companies to which the CCAA applies; (ii) approving a stay of proceedings in favour of the Sperling Group; (iii) appointing Deloitte Restructuring Inc. as monitor (in such capacity, the "**Monitor**") of the Sperling Group in these CCAA proceedings pursuant to the Initial Order with certain enhanced powers; and (iv) authorizing the Sperling Group to access an interim financing facility to be provided by Peterson Investment Group Inc. (the "**Interim Lender**") pursuant to the terms of a commitment letter (the "**Commitment Letter**").

On December 5, 2024, the Court granted an order (the "**Stalking Horse and SISP Approval Order**"), that, among other things, (i) approved the sale and investment solicitation procedures set out herein (the "**SISP**") with regard to the Business and the Property of the Sperling Group; (ii) authorized the Monitor to implement the SISP; (iii) approved and accepted (solely for the purposes of conducting the SISP) the Binding Stalking Horse Proposal Term Sheet dated [●] (the "**Stalking Horse Agreement**") pursuant to which, Peterson Investment Holdings Inc., as plan sponsor (in such capacity, the "**Stalking Horse Bidder**"), agreed to sponsor a restructuring transaction by way of an investment in the Sperling Group to be implemented by way of a plan of arrangement pursuant to the CCAA, such agreement to serve as the stalking horse bid herein (the "**Stalking Horse Bid**"); and (iv) authorized the payment of the Expense Reimbursement and Break Fee (each as defined in the Stalking Horse Agreement) pursuant to the terms of the Stalking Horse Agreement and granted related charges over the Property.

The Monitor anticipates engaging the services of a commercial real estate agent (the "**SISP Agent**") to assist with the marketing and offering for sale of the Property and execution of the SISP.

In accordance with the Stalking Horse and SISP Approval Order, the Monitor, with the assistance of the SISP Agent, intends to conduct this SISP in consultation with the Agent, on behalf of the Lenders, and the Interim Lender. The SISP is intended to solicit interest in a sale of, or investment in, the Property and/or the Business of the Sperling Group.

Pursuant to the SISP, all qualified interested parties will be provided with an opportunity to participate in the SISP.

¹ Capitalized terms used herein that are not otherwise defined have meanings provided in the First Report of the Monitor or the Amended and Restated Initial Order granted by this Court on December 5, 2024.

² "**Lenders**" means all or any of Royal Bank of Canada, the Bank of Nova Scotia, the Toronto-Dominion Bank and Bank of Montreal, or such other lenders as may from time to time be party to the credit agreement dated February 14, 2024 (the "**Credit Agreement**"), between, among others, Sperling Limited Partner by its general partner Sperling GP Ltd., as borrower, and the Agent, as the administrative agent, syndication agent and lead arranger (as it may be amended, restated, supplemented or replaced from time to time).

OPPORTUNITY AND SISP SUMMARY

1. The SISP is intended to solicit interest in, and opportunities for, a sale of, or investment in, all or part of the Sperling Group's Business and Property (the "**Opportunity**").
2. In order to maximize the number of participants that may have an interest in the Opportunity, the SISP will provide for the solicitation of interest for:
 - (a) the sale of the Property. Interested parties may submit proposals to acquire all or part of the Property of the Sperling Group (a "**Sale Proposal**"); and
 - (b) the investment in the Business of the Sperling Group on a going concern basis. Such proposals may take the form of an investment in or proposals to restructure, reorganize or refinance the Business (an "**Investment Proposal**").
3. Except to the extent otherwise set forth in a definitive sale or investment agreement with a successful bidder, any Sale Proposal or any Investment Proposal will be on an "*as is, where is*" basis and without surviving representations or warranties of any kind, nature, or description by the Sperling Group, the Monitor, the SISP Agent, the Agent, the Lenders or the Interim Lender or any of their affiliates, agents, advisors or estates, and, in the event of a sale, all of the right, title and interest of the Sperling 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 therein and thereon pursuant to Court orders, except as otherwise provided in such Court orders. The Sperling Group, the Monitor, the SISP Agent, the Agent, the Lenders or the Interim Lender or any of their agents, representatives or estates are not responsible for, and will have no liability with respect to, any information obtained by any interested parties in connection with the SISP.
4. As described more fully in this SISP, the major stages in the SISP will be comprised of the following:
 - (a) Pre-Marketing: preparation of all marketing material, assembly of all relevant due diligence material, establishment of an electronic data room and preparation of potential buyer/investor lists;
 - (b) Marketing: advertising, contacting potential buyers/investors, responding to requests for information and disseminating marketing material to potential buyers and investors; and
 - (c) Offer Submission and Evaluation: solicitation, receipt of, evaluation and negotiation of offers from potential buyers and investors, as described below.
5. The offer submission and evaluation stage of the SISP will be comprised of a two Phase offering process: "**Phase 1**" being the submission of non-binding asset purchase, share purchase, or investment agreements ("**Agreements**") from qualified bidders, and "**Phase 2**" being the submission of a binding offer from those parties that submitted non-binding Agreements and have been invited by the Monitor, with the consent of the Lenders

and in consultation with the SISP Agent, to participate in Phase 2 (defined below as Phase 1 Qualified Bidders).

TIMELINE

6. The following table sets out the target dates under the SISP:

Target Dates	Target Dates
Pre-Marketing Stage commences	December 6, 2024
Marketing Stage commences	January 13, 2025
Phase 1 Non-Binding Bid Deadline	March 3, 2025
Phase 2 Binding Bid Deadline (or Auction Date)	March 24, 2025
Court Approval of Designation of Successful Bid (subject to Court availability)	March 31, 2025
Outside Closing Date	May 23, 2025

7. The target dates set forth above may be adjusted by the Monitor with the consent of the Lenders, after consultation with the SISP Agent, or by further Order of the Court.

PRE-MARKETING STAGE

8. As soon as reasonably practicable, but in any event beginning no later than December 6, 2024:
- (a) The Monitor will solicit and consider marketing proposals from potential SISP Agents for the marketing of the Property and negotiate, accept or reject any of such proposals with the consent of the Lenders. For clarity, with the consent of the Lenders, the Monitor may reject all such proposals and choose to market the Property directly;
 - (b) the Monitor and/or the SISP Agent (if any) will prepare: (i) a marketing brochure (the "**Marketing Brochure**") describing the Opportunity, outlining the process under the SISP and inviting recipients of the Marketing Brochure to express their interest pursuant to the SISP; and (ii) a non-disclosure agreement in form and substance satisfactory to the Monitor and its counsel (an "**NDA**"). The NDA will specifically stipulate that the Monitor makes no representation or warranty as to the accuracy or completeness of the information contained in the Marketing Brochure, the Data Room (as defined below), or otherwise made available pursuant to the SISP or otherwise, except to the extent expressly contemplated in any definitive sale or investment agreement with a Successful Bidder (as defined below) ultimately executed and delivered by the Monitor;

- (c) the Monitor and SISP Agent will gather and review all required due diligence material to be provided to interested parties and, with the assistance of the SISP Agent, shall establish a secure, electronic data room (the "**Data Room**"), which will be maintained and administered by the Monitor or the SISP Agent (if any) during the SISP;
- (d) the Monitor will provide a draft form of investment term sheet in substantially the same form as the Stalking Horse Agreement (the "**Investment Term Sheet Form**") which shall form the basis for any Investment Proposal;
- (e) the Monitor will also provide a draft form of purchase and sale agreement and/or subscription agreement (the "**PSA Form**") which shall form the basis for any Sale Proposal; and
- (f) the Monitor and/or the SISP Agent (if any) will prepare a list of potential bidders, including: (i) parties that have approached the Sperling Group, the Monitor or the SISP Agent (if any) indicating an interest in the Opportunity; and (ii) local, national and international strategic and financial parties who the Monitor and the SISP Agent (if any) believe may be interested in purchasing all or part of the Business and Property or investing in the Sperling Group pursuant to the SISP (collectively, "**Known Potential Bidders**").

MARKETING STAGE

- 9. The Monitor or the SISP Agent (if any) will arrange for a notice of the SISP (and such other relevant information as the Monitor considers appropriate) (the "**Notice**") to be published in the Western Investor, and any other newspaper or journals as the Monitor considers appropriate, if any.
- 10. The Monitor or the SISP Agent (if any) will send the Marketing Brochure and NDA to all Known Potential Bidders and to any other party who responds to the Notice or otherwise requests such documents as soon as reasonably practicable after such request or identification, as applicable.
- 11. The Monitor or the SISP Agent (if any) will grant access to the Data Room to those parties who have executed and delivered the NDA to the Monitor or the SISP Agent (if any).
- 12. Requests for information and access will be directed to a designated representative of the Monitor or the SISP Agent (if any). Without limiting the terms of the NDA, all printed information shall remain the property of the Monitor or the Sperling Group, as the case may be and, if requested by the Monitor or the SISP Agent, shall be returned without further copies being made and/or destroyed with an acknowledgement that all such material has either been returned and/or destroyed and no electronic information has been retained.
- 13. Any party who expresses a wish to participate in the SISP (a "**Potential Bidder**") must, prior to being granted access to the Data Room, provide to the Monitor (i) an NDA executed by it, and which shall inure to the benefit of any ultimate Successful Bidder, and (ii) a letter setting forth the identity of the Potential Bidder, the contact information for

such Potential Bidder and full disclosure of the direct and indirect principals of the Potential Bidder.

14. If it is determined by the Monitor in the Monitor's reasonable business judgment that a Potential Bidder has delivered the documents and provided the requisite information contemplated in paragraph 13 above then such Potential Bidder will be deemed to be a **"Phase 1 Qualified Bidder"**.

OFFER SUBMISSION AND EVALUATION STAGE

Phase 1: Non-Binding Agreement

Submission Phase

15. At any time prior to the Phase 1 Bid Deadline, the Monitor, in its reasonable business judgment, may eliminate a Phase 1 Qualified Bidder from the SISP, in which case such bidder will no longer be a Phase 1 Qualified Bidder for the purposes of the SISP.
16. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property and the Business in connection with their participation in the SISP and any transaction they enter into with the Monitor.
17. Phase 1 Qualified Bidders who advise the Monitor or the SISP Agent (if any) that they wish to submit an offer will be provided with a copy of the Investment Term Sheet Form, the PSA Form, and the Stalking Horse Bid.
18. A Phase 1 Qualified Bidder who wishes to pursue the Opportunity further must deliver an Agreement to the Monitor at the addresses specified at Schedule "A" hereto, with a copy to the SISP Agent (if any), so as to be received by not later than 5:00 PM (Vancouver time) on or before **March 3, 2025**, or such later date as the Monitor may determine with the consent of the Lenders (the **"Phase 1 Bid Deadline"**). If the Phase 1 Bid Deadline is extended by the Monitor, it shall provide notice of such extension and the revised Phase 1 Bid Deadline to each Phase 1 Qualified Bidder.
19. An Agreement submitted in accordance with the above paragraph will be considered a qualified Agreement (a **"Qualified Agreement"**) only if:
 - (a) it is submitted on or before the relevant Phase 1 Bid Deadline by a Phase 1 Qualified Bidder;
 - (b) the bid must be superior to the Stalking Horse Bid and provide for aggregate consideration, payable in cash in full on closing in an amount equal to or greater than (i) all outstanding obligations owing to the Lenders under the Credit Agreement; (ii) all outstanding obligations owing to the Interim Lender under the Commitment Letter; (iii) any obligations in priority to amounts owing under the Credit Agreement or the Commitment Letter, including any Charges; (iv) the amount of [\$•] to fund any professional fees incurred in connection with the wind-up of the CCAA Proceedings and any further proceedings or wind-up costs; and (v)

the Expense Reimbursement and Break Fee (each as defined in the Stalking Horse Agreement);

- (c) in the case of a Sale Proposal, it identifies or contains the following:
 - (i) the purchase price, in Canadian dollars, including details of any liabilities to be assumed by the Phase 1 Qualified Bidder and any assumptions supporting the valuation;
 - (ii) a description of the Property that is expected to be subject to the transaction and any of the Property expected to be excluded;
 - (iii) a specific indication of the financial capability, together with evidence of such capability, of the Phase 1 Qualified Bidder and the expected structure and financing of the transaction;
 - (iv) a description of the conditions and approvals required for a final and binding offer;
 - (v) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer; and
 - (vi) any other terms or conditions of the Sale Proposal that the Phase 1 Qualified Bidder believes are material to the transaction;
- (d) in the case of an Investment Proposal, it identifies or contains the following:
 - (i) a description of how the Phase 1 Qualified Bidder proposes to structure the proposed investment in the Business;
 - (ii) the aggregate amount of the equity and/or debt investment to be made in the Business or in the Sperling Group in Canadian dollars;
 - (iii) the underlying assumptions regarding the pro forma capital structure;
 - (iv) a specific indication of the sources of capital for the Phase 1 Qualified Bidder and the structure and financing of the transaction;
 - (v) a description of the conditions and approvals required for a final and binding offer;
 - (vi) an outline of any additional due diligence required to be conducted in order to submit a final and binding offer;
 - (vii) all conditions to closing that the Phase 1 Qualified Bidder may wish to impose; and
 - (viii) any other terms or conditions of the Investment Proposal that the Phase 1 Qualified Bidder believes are material to the transaction; and

- (e) in the case of either a Sale Proposal or an Investment Proposal, it contains such other information as reasonably requested by the Monitor from time to time.
- 20. The Monitor, with the consent of the Lenders, may waive compliance with any one or more of the requirements specified above and deem such non-compliant bids to be a Qualified Agreement. For the avoidance of doubt, the completion of any Sale Proposal or Investment Proposal shall be subject to the approval of the Court and the requirement of approval of the Court may not be waived.
- 21. Following the Phase 1 Bid Deadline, the Monitor shall provide copies of all Qualified Agreements to the Agent and the Lenders.
- 22. The Stalking Horse Agreement is deemed to be a Qualified Agreement and the Stalking Horse Bidder is deemed to be a Phase 1 Qualified Bidder.
- 23. In the event that no bid other than the Stalking Horse Bid is submitted by the Phase 1 Bid Deadline, with the consent of the Lenders, the Monitor shall bring an application seeking a determination from the Court that the Stalking Horse Bid be designated as the Successful Bid.

Preliminary Assessment of Phase 1 Bids and Subsequent Process

- 24. If any Qualified Agreements are submitted by the Phase 1 Bid Deadline, the Monitor will assess the Qualified Agreements. If it is determined by the Monitor that a Phase 1 Qualified Bidder that has submitted a Qualified Agreement (i) has a *bona fide* interest in completing a Sale Proposal or Investment Proposal (as the case may be); and (ii) has the financial capability (based on availability of financing, experience and other considerations) to consummate such a transaction based on the financial information provided, then such Phase 1 Qualified Bidder will be deemed a "**Phase 2 Qualified Bidder**", provided that the Monitor may, in its reasonable business judgment and with the consent of the Lenders, limit the number of Phase 2 Qualified Bidders (and thereby eliminate some Phase 1 Qualified Bidders from the process). Only Phase 2 Qualified Bidders shall be permitted to proceed to Phase 2 of the SISP.
- 25. As part of the assessment of Qualified Agreements and the determination of the process subsequent thereto, the Monitor, with the consent of the Lenders, shall determine the process and timing to be followed in pursuing Qualified Agreements based on such factors and circumstances as they consider appropriate in the circumstances including, but not limited to: (i) whether any of the Qualified Agreements are likely to provide greater value than the Stalking Horse Bid; (ii) the number of Qualified Agreements received; (iii) the extent to which the Qualified Agreements involve Investment Proposals or Sales Proposals; (iv) the scope of the Property or the Business to which any Qualified Agreements may relate; and (v) whether to proceed by way of sealed bid or auction with respect to the Property, all provided that in the event that, prior to the determination of the manner of proceeding to Phase 2 of the SISP, the Monitor has received at least one proposal that it determines likely to provide for consideration of greater value than would be provided in the Stalking Horse Bid.

26. Upon the determination by the Monitor of the manner in which to proceed to Phase 2 of the SISP, and provided that the SISP is not discontinued, the Monitor will prepare a bid process letter for Phase 2 (the "**Bid Process Letter**"), which will be sent to all Phase 2 Qualified Bidders who are invited to participate in Phase 2.
27. Notwithstanding the process and deadlines outlined above with respect to Phase 1 of the SISP and the process to supplement Phase 2 by way of the Bid Process Letter, if the Monitor does not receive any Qualified Agreements in Phase 1 that it believes are likely to result in a transaction yielding greater value than the consideration provided in the Stalking Horse Bid, the Monitor shall have no obligation to proceed to Phase 2 and, with the consent of the Lenders, may instead bring an application seeking a determination from the Court that the Stalking Horse Bid be designated as the Successful Bid.

Due Diligence

28. The Monitor, in its reasonable business judgment and subject to competitive and other business considerations, and with the consent of the Lenders, shall afford each Phase 2 Qualified Bidder such access to due diligence materials through the Data Room and information relating to the Property and the Business as it deems appropriate. Due diligence access may further include management presentations, on-site inspections, and other matters which a Phase 2 Qualified Bidder may reasonably request and to which the Monitor, in its reasonable business judgment, may agree. The Monitor will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Phase 2 Qualified Bidders and the manner in which such requests must be communicated. Neither the Monitor nor the Sperling Group will be obligated to furnish any information relating to the Property or the Business to any person. Further and for the avoidance of doubt, selected due diligence materials may be withheld from certain Phase 2 Qualified Bidders if the Monitor determines such information to represent proprietary or sensitive competitive information.

Phase 2: Formal Offers and Selection of Successful Bidder

29. Paragraphs 30 to 43 below and the conduct of Phase 2 bidding are subject to paragraphs 24 to 27, above, and any adjustments made to Phase 2 in accordance with the Bid Process Letter and any further Court order regarding the SISP.

Formal Binding Offers

30. Phase 2 Qualified Bidders that wish to make a formal offer to purchase or make an investment in the Sperling Group or its Property and Business shall submit to the Monitor or the SISP Agent (if any) a binding offer at the addresses specified in the Bid Process Letter, so as to be received by not later than 5:00 PM (Vancouver Time) on **March 24, 2025**, or such later date as the Monitor may determine with the consent of the Lenders, and in consultation with the Interim Lender (the "**Phase 2 Bid Deadline**"). If the Phase 2 Bid Deadline is extended by the Monitor, it shall provide notice of such extension and the

revised Phase 2 Bid Deadline to each Phase 2 Qualified Bidder. The binding offer shall comply with all of the following requirements:

- (a) the bid shall comply with all of the requirements set forth in respect of Phase 1 Qualified Agreements;
- (b) the bid (either individually or in combination with other bids that make up one bid) is an offer to purchase or make an investment in some or all of the Property or the Business on terms and conditions reasonably acceptable to the Monitor;
- (c) unless otherwise agreed, the bid shall be set forth in a duly authorized and executed transaction agreement in the Investment Term Sheet Form or the PSA Form and shall include a letter stating that the Phase 2 Qualified Bidder's offer is irrevocable until the selection of the Successful Bidder (as defined below), provided that if such Phase 2 Qualified Bidder is selected as the Successful Bidder, its offer shall remain irrevocable until the closing of the transaction with the Successful Bidder;
- (d) the bid shall set forth the purchase price, investment amount and any other key economic terms expressed in Canadian dollars (the "**Purchase Price**"), together with all exhibits and schedules thereto, and the name or names of the ultimately beneficial owner(s) of the Phase 2 Qualified Bidder including their respective percentage interests;
- (e) to the extent that a bid is conditional upon new or amended agreements being entered into with other parties, the Qualified Phase 2 Bidder shall provide the proposed terms of such amended or new agreements and identify how such agreements may differ from existing agreements to which the Sperling Group may be a party. A Phase 2 Qualified Bidder's willingness to proceed without such conditions and, where such conditions are included in the bid, the likelihood of satisfying such conditions, shall be an important factor in evaluating the bid;
- (f) the bid includes written evidence of a firm, irrevocable commitment for financing or other evidence of ability to consummate the proposed transaction that will allow the Monitor to make a determination as to the Phase 2 Qualified Bidder's financial and other capabilities to consummate the proposed transaction;
- (g) the bid should not be conditioned on the outcome of unperformed due diligence by the Phase 2 Qualified Bidder, apart from, to the extent applicable, to the disclosure of due diligence materials that represent proprietary or sensitive competitive information which was withheld in Phase 2 from the Phase 2 Qualified Bidder;
- (h) for a Sale Proposal or an Investment Proposal, the bid includes a commitment by the Phase 2 Qualified Bidder to provide a deposit in the amount of not less than 10% of the Purchase Price or investment contemplated in the bid upon the Phase 2 Qualified Bidder being selected as the Successful Bidder, which shall be paid to the Monitor in trust (the "**Deposit**"). The Deposit shall be submitted upon the Phase 2 Qualified Bidder being selected as the Successful Bidder. The Successful Bidder's Deposit shall be applied as against the Purchase Price;

- (i) the bid includes acknowledgments and representations of the Phase 2 Qualified Bidder that: (i) it has had an opportunity to conduct any and all due diligence regarding the Property, the Business and the Sperling Group prior to making its offer (apart from, to the extent applicable, the disclosure of due diligence materials that represent proprietary or sensitive competitive information which were withheld in Phase 2 from the Phase 2 Qualified Bidder); (ii) it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its bid; and (iii) it did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever made by the Monitor or any of its employees, representatives, agents or advisors, whether express, implied, statutory or otherwise, regarding the Business, the Property, or the Sperling Group or the accuracy or completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s) signed by the Monitor;
 - (j) all required corporate approvals of the Phase 2 Qualified Bidder have been obtained prior to the submission of the bid;
 - (k) the bid shall identify any material conditions in favour of the purchaser to be resolved prior to closing the transaction;
 - (l) the bid is received by the relevant Phase 2 Bid Deadline; and
 - (m) the bid contemplates a schedule for closing the transaction set out therein which is on or before **May 23, 2025**, which date may be extended by the Monitor with the consent of the Lenders and following consultation with the Interim Lender (the "**Outside Closing Date**").
31. Following the Phase 2 Bid Deadline, the Monitor and the Lenders, and in consultation with the SISP Agent, will assess the Phase 2 bids received. The Monitor, with the consent of the Lenders, will designate the most competitive bids that comply with the foregoing requirements to be "**Qualified Bids**". Only Phase 2 Qualified Bidders whose bids have been designated as Qualified Bids are eligible to become the Successful Bidder(s). For avoidance of doubt, the Stalking Horse Bid shall constitute a Qualified Bid, and the Stalking Horse Bidder shall constitute a Phase 2 Qualified Bidder.
 32. The Monitor, with the consent of the Lenders, and in consultation with the Interim Lender may waive strict compliance with any one or more of the requirements specified above and deem such non-compliant bids to be a Phase 2 Qualified Bid.
 33. If no Qualified Bid (other than the Stalking Horse Bid) has been received by the Monitor by the Phase 2 Bid Deadline, then, with the consent of the Lenders, the Monitor shall forthwith bring an application to seek approval from the Court to designate the Stalking Horse Bid as the Successful Bid.
 34. The Monitor shall notify each Phase 2 Qualified Bidder in writing as to whether its bid constitutes a Phase 2 Qualified Bid within three (3) business days of the Phase 2 Bid

Deadline, or at such later time as determined by the Monitor, with the consent of the Lenders and in consultation with the Interim Lender.

35. The Monitor, with the consent of the Lenders, may terminate, at any time, further participation in the Phase 2 Bid Process by any interested party, or to modify procedures as deemed appropriate or necessary, or terminate the process.
36. The Monitor, with the consent of the Lenders and in consultation with the Interim Lender, may aggregate separate bids from unaffiliated Phase 2 Qualified Bidders to create one or more "Qualified Bid".

Evaluation of Competing Bids

37. A Qualified Bid will be evaluated based upon several factors, including, without limitation, items such as the Purchase Price and the net value and form of consideration to be paid provided by such bid, the identity, circumstances and ability of the Phase 2 Qualified Bidder to successfully complete such transactions, including, any conditions attached to the bid and the expected feasibility of conditions, the proposed transaction documents, factors affecting the speed, certainty and value of the transaction, the assets included or excluded from the bid, any related restructuring costs, and the likelihood and timing of consummating such transactions, and the ability of the bidder to finance and ultimately consummate the proposed transaction within the timeline established by the Monitor, each as determined by the Monitor, with the consent of the Lenders.

Selection of Successful Bid

38. The Monitor, with the consent of the Lenders: (a) will review and evaluate each Phase 2 Qualified Bid and the applicable Phase 2 Qualified Bidder, and such Phase 2 Qualified Bid may be amended, modified or varied as a result of such negotiations, and (b) will identify the highest or otherwise best bid (the "**Successful Bid**"), and the Phase 2 Qualified Bidder making such Successful Bid (the "**Successful Bidder**") for the Property or the Business in whole or part. The determination of any Successful Bid by the Monitor shall be subject to approval by the Court.
39. The Monitor shall have no obligation to identify a Successful Bid, and reserves the right to reject any or all Phase 2 Qualified Bids.
40. The Monitor, with the consent of the Lenders and in consultation with the Interim Lender, may bring one of the Phase 2 Qualified Bids to Court for approval, or may conduct an auction among two or more of the Phase 2 Qualified Bidders and bring the highest auction bid to Court for approval.

Successful Bid Application Hearing

41. At the hearing of the motion to approve the designation of a Successful Bid (the "**Successful Bid Application**") the Monitor shall seek, among other things, approval from the Court to designate a Qualified Bid as the Successful Bid. All the Phase 2

Qualified Bids other than the Successful Bid, if any, shall be deemed rejected by the Monitor on and as of the date of approval of the Successful Bid by the Court.

Plan Process

42. If the Successful Bid proposes to be consummated pursuant to a Plan of Arrangement pursuant to the CCAA (the "**Plan**"), the Monitor shall seek approval of the orders necessary to consummate the Plan forthwith after the hearing of the Successful Bid Application. For avoidance of doubt, the Monitor shall not be required to consummate the Successful Bid through a Plan, and nothing herein shall prejudice any alternative pursuant to which the Monitor may seek Court approval of the consummation of the transaction contemplated by the Successful Bid.

Confidentiality and Access to Information

43. Participants and prospective participants in the SISP shall not be permitted to receive any information that is not made generally available to all participants relating to the number or identity of Potential Bidders, Phase 1 Qualified Bidders, Agreements, Phase 2 Qualified Bidders, Phase 2 Qualified Bids, the details of any bids submitted or the details of any confidential discussions or correspondence between the Monitor and the Sperling Group and such other bidders or Potential Bidders in connection with the SISP. The Monitor may, however, with the consent of the applicable participants, disclose such information to other bidders for the purpose of seeking to combine separate bids from Phase 1 Qualified Bidders or Phase 2 Qualified Bidders.

Schedule "A"

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