Deloitte.

STRICTLY PRIVATE AND CONFIDENTIAL

Re: In the Matter of the Receivership of Velocity Asset and Credit Corporation and 926749 Ontario Ltd. o/a Clonsilla Leasing

This letter is delivered to you as a Phase 1 Bidder (as defined in the Sale Process Order). Thank you for your interest in the potential acquisition in some or all of the assets (the "**Transaction**") of Velocity Asset and Credit Corporation ("**Velocity**") and 926749 Ontario Ltd. o/a Clonsilla Leasing ("**Clonsilla**" and, collectively with Velocity, the "**Debtors**"). This letter includes information on the timing and procedures to be followed in your evaluation of the Transaction.

On December 8, 2023, Deloitte Restructuring Inc. (the "**Receiver**"), was appointed as receiver and manager, without security, of the assets, undertakings and properties (collectively, the "**Property**") of Velocity and Clonsilla pursuant to an order of the Honourable Justice Conway of the Ontario Superior Court of Justice (Commercial List) (the "**Court**").

Pursuant to an order of the Court dated May 3, 2024 (the "**Sale Process Order**"), the Court approved a sale process (the "**Sale Process**") for soliciting proposals for the Transaction, and authorized and directed the Receiver to conduct the Sale Process.

Please review the Sale Process Order attached here and the Sale Process attached at Schedule A to the Sale Process Order for detailed information on the Sale Process. This letter is delivered to you in accordance with the information you have provided to the Receiver in accordance with the Sale Process Order and the terms of the non-disclosure agreement you have signed in connection with the Sale Process (the "**Confidentiality Agreement**").

Phase 1

Pursuant to the terms of the Sale Process Order, and as amended by the Receiver pursuant to section 12 of the Sale Process, the Receiver requests that:

- All interested parties submit a written, non-binding letter of intent ("**LOI**") by no later than **5:00PM EST on Tuesday, August 20, 2024.**
- Please email your LOI to Jorden Sleeth and Jaylon Alleyne at jsleeth@deloitte.ca and jalleyne@deloitte.ca.
- If there is any additional information necessary to complete your preliminary evaluation, please let the Receiver know so that we can consider the request as soon as possible.
- At a minimum, your LOI must include **the information set out in paragraph 18**

<u>of the Sale Process.</u>

- The Sale Process timeline and dates noted in this Process Letter over-ride those in the Sale Process Order.

Following the submission of the LOI, the Receiver will evaluate your LOI in consultation with Peoples Trust Company ("**Peoples**"). The Receiver may contact you to discuss the terms of your LOI for the purpose of clarifying the terms of such an offer in any respect.

<u>Phase 2</u>

If your LOI is acceptable, you may be invited to participate in Phase 2 of the Sale Process. All final and binding Bids (as defined in the Sale Process) in Phase 2 are due at **5:00 PM EST on Thursday, October 3, 2024.**

At a minimum, your Bid must include **<u>the information set out in paragraph 23 of the Sale Process</u>**.

The provisions for selecting a Successful Bid (as defined in the Sale Process) and negotiating any definitive documentation regarding the Transaction and obtaining Court approval for same, are set out in the Sale Process Order. The submission of an LOI or Bid does not constitute a definitive agreement between the potential bidder and the Debtors.

The Receiver and their representatives and agents do not have any obligations to prospective purchasers or investors other than those set out in the Sale Process Order.

None of the Debtors' subsidiaries, affiliates or associated entities, shareholders, management, employees, customers or suppliers may be contacted directly. We would like to remind you that the existence, content and distribution of this letter and any other information provided in connection with the Transaction is subject to the terms of the Confidentiality Agreement and the Sale Process Order.

Your LOI and Bid submission should be directed to the following individuals:

Jorden Sleeth **Senior Vice President** jsleeth@deloitte.ca	**Martin Lin** **Vice President** muslin@deloitte.ca	**Jaylon Alleyne** **Analyst** jalleyne@deloitte.ca

The Sale Process may be amended in accordance with the terms of the Sale Process Order. In addition, the Receiver reserves the right to amend any information which has been made available to prospective purchasers and investors at any time either by the revision of the existing materials or by the addition of new materials.

In submitting an LOI and/or Bid, a prospective purchaser acknowledges that, as set out in the Sale Process, it is relying solely on its own investigation and evaluation of the Property. The Receiver and its officers, directors, affiliates, advisors, agents and representatives expressly disclaim any and all liability for representations, warranties or statements contained in this letter or in any other written material furnished or information electronically or orally transmitted or made available to a prospective purchaser. The Receiver disclaims any obligation to provide updated information about the Debtors or the opportunity.

This letter, together with your LOI and/or Bid remain subject to the Confidentiality Agreement. Accordingly, the information contained herein and therein can only be disclosed and used pursuant to the terms and conditions of the Confidentiality Agreement.

As set out in the Sale Process Order, no prospective purchaser shall become entitled for any reason (including, without limitation, any modifications of these procedures) to be reimbursed for any costs or expenses incurred in connection with the possible sale of the Property or otherwise in reliance upon these procedures.

If you have any questions regarding the foregoing Sale Process and the submission of your LOI, please do not hesitate to contact the individuals noted above.

Yours very truly,

Deloitte Restructuring Inc.,
in its capacity as court-appointed receiver of Velocity Asset and Credit Corporation and 926749 Ontario Ltd. o/a Clonsilla Leasing, and not in its personal or corporate capacity

Court File No.: CV-23-00707330-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE	)	FRIDAY, THE 3rd
	)	
JUSTICE CONWAY	)	DAY OF MAY, 2024

ENLIGHTENED FUNDING CORPORATION

Applicant

- and -

VELOCITY ASSET AND CREDIT CORPORATION AND 926749 ONTARIO LTD. O/A CLONSILLA AUTO SALES AND LEASING

Respondents

IN THE MATTER OF AN APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*

ORDER
(Sale Process Approval)

THIS MOTION, made by Deloitte Restructuring Inc. in its capacity as the Court-appointed receiver (in such capacity, the "**Receiver**") without security, of all of the present and future assets, undertakings and real and personal property of Velocity Asset and Credit Corporation ("**Velocity**") and of 926749 Ontario Ltd. (together with Velocity, the "**Debtors**"), was heard this day via Zoom videoconference at 330 University Avenue, Toronto, Ontario.

ON READING the Third Report (including the appendices thereto) of the Receiver dated April 15, 2024 (the "**Third Report**"), and on hearing the submissions of counsel for the Receiver and such other counsel as were present, no one appearing for any other person on the Service List, as appears from the affidavit of service, sworn and filed,

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record of the Receiver is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that capitalized terms used in this Order and not otherwise defined herein shall have the meaning ascribed to them in the Sale Process attached at Schedule "A" hereto (the "**Sale Process**").

APPROVAL OF THE SALE PROCESS

3. **THIS COURT ORDERS** that the Sale Process and the procedures contemplated therein be and are hereby approved, subject to such non-material amendments as may be made by the Receiver.

4. **THIS COURT ORDERS** that the Receiver is authorized and directed to take such steps as it deems necessary or advisable to carry out and perform its obligations under the Sale Process, subject to prior approval of this Court being obtained before the completion of any transaction(s) under the Sale Process.

5. **THIS COURT ORDERS** that the Receiver is authorized to immediately commence the Sale Process to solicit interest in the opportunity for a sale of all or part of the Debtors' assets (the "**Property**").

6. **THIS COURT ORDERS** that the Receiver and its respective affiliates, partners, employees, representatives and agents 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 Sale Process, except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct of the Receiver, as determined by the Court.

7. **THIS COURT ORDERS** that in overseeing the Sale Process, the Receiver shall have all benefits and protections granted to it under any order of this Court in the within proceeding.

REGULATORY COMPLIANCE

8. **THIS COURT ORDERS** that the Receiver, and its counsel, be and is hereby authorized but not obligated, to serve or distribute this Order, any other materials, orders, communication, correspondence or other information as may be necessary or desirable in connection with the Sale Process to any Person or interested party that the Receiver consider appropriate. For greater certainty, any such distribution, communication or correspondence shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

9. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended, the Receiver is hereby authorized and permitted to disclose and transfer to each potential bidder (collectively, the "**Potential Bidders**") and to their advisors, if requested by such Potential Bidders, personal information of identifiable individuals, including, without limitation, all human resources and payroll information in the Debtors' records pertaining to its past and current employees, but only to the extent desirable or required to negotiate or attempt to complete a sale of the Property ("**Sale**"). Each Potential 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 of a Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The Successful Bidder(s) shall maintain and protect the privacy of such information and, upon closing of the transaction contemplated in the Successful Bid(s), shall be entitled to use the personal information provided to it that is related to the Property acquired pursuant to the Sale in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

GENERAL

10. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

11. **THIS COURT ORDERS** that the Receiver 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.

12. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Trustee and its agents as may be necessary or desirable to give effect to this Order or to assist the Trustee and its agents in carrying out the terms of this Order.

13. **THIS COURT ORDERS** that this Order is effective as of 12:01 a.m. Toronto Time on the date of this Order and is enforceable without the need for entry and filing.

Conway J.

SCHEDULE “A”

Sale Process

VELOCITY ASSET AND CREDIT CORPORATION and

926749 ONTARIO LTD. O/A CLONSILLA AUTO SALES AND LEASING

Introduction

1. On October 13, 2023 Enlightened Funding Corporation ("**Enlightened**") made an application (the "**Application**") to the Ontario Superior Court of Justice (Commercial List) (the "**Court**") for an order appointing Deloitte Restructuring Inc. ("**Deloitte**") as receiver of the property, assets, and undertakings of Velocity Asset and Credit Corporation ("**Velocity**") and certain property of 926749 Ontario Ltd. o/a Clonsilla Auto Sales and Leasing (the "Dealer" and, together with Velocity, the "**Debtors**"), including all of the Leases, Leased Vehicles, Rights, Collections and the Dealer Blocked Account (each as defined in a dealer security agreement entered into between Enlightened and 926749 Ontario Ltd.) and all products or proceeds thereof (the "**Dealer Property**").

2. The Application was adjourned to October 26, 2023, to provide the Debtors with an opportunity to respond to the Application.

3. On October 26, 2023 (the "**Date of Appointment**"), pursuant to an order of the Court (the "**Receivership Order**"), Deloitte was appointed as receiver (the "**Receiver**") of the property, assets, and undertakings of Velocity and of the Dealer Property.

4. On December 8, 2023, pursuant to an order (the "**A&R Receivership Order**") of the Court, Deloitte was appointed over all the property, assets, and undertakings of Velocity and of the Dealer (together, the "**Property**").

5. On May 3, 2023, pursuant to an order (the "**Sale Process Order**") of the Court, the Receiver was, among other things, authorized to conduct a sale process (the "**Sale Process**") in respect of the assets of the Debtors.

Opportunity

6. The Sale Process is intended to solicit interest in opportunities for a sale of all or part of the Debtors' assets (the "**Opportunity**"). The Opportunity may include one or more sales of all or substantially all of the Debtors' assets (the "**Property**") (each, a "**Transaction**").

7. This document (the "**Sale Process Procedure**") describes the Sale Process, including the manner in which individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures, governmental organizations or other entities (each, a "**Person**") may gain access to, or continue to have access to, due diligence materials concerning the Debtors and the Property, how bids will be submitted to and dealt with by the Receiver and how Court approval will be obtained in respect of a Transaction.

8. The Sale Process contemplates a two-stage process that involves the submission by interested parties to first a letter of interest by the Phase 1 Bid Deadline followed by binding offers by the Phase 2 Bid Deadline (as defined below).

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

10. In the Sale Process, (i) "**Business Day**" means any day (other than Saturday or Sunday) that banks are open for business in Toronto, Ontario. If any deadline date referred to in the Sale Process falls on a day that is not a Business Day, then such date shall be extended until the next Business Day; and (ii) the words "include", "includes" and "including" shall be deemed to be followed by the phrase, "without limitation".

Timeline

11. The following table sets out the key milestones under the Sale Process:

Milestone	Timeline	Targeted Deadline
Commencement date	**Immediately following the approval of the Sale Process**	**May 3, 2024**
Preparation of Sale Process materials (i.e., Teaser, Investment Memorandum, Buyer list, Notices for trade publication, NDA, populate EDR)	**10 days**	**May 13, 2024**
Phase 1 Bid Deadline	**45 days**	**June 27, 2024**
Assessment of Phase 1 Bids	**5 days**	**July 2, 2024**
Phase 2 Bid Deadline	**40 days**	**August 12, 2024**
Auction Date (if applicable)	**1 day**	**August 13, 2024**
Finalize Transaction agreement	**7 days**	**August 19, 2024**
Sale Approval Motion (as defined below) in Court	**As soon as reasonably practicable**	**August 30, 2024 (outside date)**
Closing of the Transaction	**As soon as reasonably practicable**	**September 6, 2024 (outside date)**

12. The dates set out in the Sale Process may be extended by either: (i) further order of the Court; or (ii) the Receiver.

Solicitation of Interest: Notice of the Sale Process

13. As soon as reasonably practicable:

    a. the Receiver will prepare a list of potential bidders, including (i) parties that operate in a similar industry, and (ii) local and international strategic and financial parties who the Receiver believes may be interested in a Transaction pursuant to the Sale Process (collectively, "**Known Potential Bidders**");

    b. the Receiver will arrange for a notice of the Sale Process (and such other relevant information which the Receiver considers appropriate) (the "**Notice**") to be published in Insolvency Insider, the Receiver's website, and any other newspaper or journal or industry website as the Receiver considers appropriate, if any; and

    c. the Receiver will prepare: (i) a process summary (the "**Teaser Letter**") describing the Opportunity, outlining the process under the Sale Process and inviting recipients of the Teaser Letter to express their interest pursuant to the Sale Process; and (ii) a non-disclosure agreement (an "**NDA**").

14. The Receiver will send the Teaser Letter and NDA to each Known Potential Bidder and to any other Person who requests a copy of the Teaser Letter and NDA or who is identified to the Receiver as a potential bidder as soon as reasonably practicable after such request or identification, as applicable.

Potential Bidders and Due Diligence Materials

15. Any party who wishes to participate in the Sale Process (a "**Potential Bidder**"), must provide to the Receiver an NDA executed by it, and which shall inure to the benefit of any purchaser of the Property, or any portion thereof, and 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.

16. The Receiver shall, in its reasonable business judgment and subject to competitive and other business considerations, afford each Potential Bidder who has signed and delivered an NDA to the Receiver and provided information as to their financial ability, in the Receiver's sole discretion, to close a transaction, such access to due diligence material and information relating to the Property as the Receiver deems appropriate. Due diligence shall include access to an electronic data room ("**EDR**") containing information about the Debtors and the Opportunity, and may also include management presentations, on-site inspections, and other matters which a Potential Bidder may reasonably request and as to which the Receiver may agree. The Receiver will designate a representative to coordinate all reasonable requests for additional information and due diligence access from Potential Bidders and the manner in which such requests must be communicated. The Receiver will not be obligated to furnish any information relating to the Property to any person other than to Potential Bidders. The Receiver is not responsible for, and will bear no liability with respect to, any information obtained by any party in connection with the Sale Process, the Opportunity or the Property.

17. Potential Bidders must rely solely on their own independent review, investigation and/or inspection of all information and of the Property in connection with their participation in the Sale Process and any Transaction they enter into.

Phase 1: Non-Binding LOI

18. Potential Bidders that wish to submit a bid to purchase the Property (a "**Phase 1 Bidder**") shall submit a non-binding letter of intent (an "**LOI**") that complies with all of the following requirements to the Receiver's counsel at the address specified in Schedule "1" hereto (including by e-mail), so as to be received by them not later than **5:00 PM (EST)** on **June 27, 2024** (the "**Phase 1 Bid Deadline**") or as may be modified in the Bid process letter that may be circulated by the Receiver to Potential Bidders (each LOI that meets the requirements set out below, a "**Qualified Phase 1 Bid**"):

    a. the LOI must be duly executed by all required parties;

    b. the LOI must be received by the Phase 1 Bid Deadline;

    c. the LOI identifies the Phase 1 Bidder and representatives thereof who are authorized to appear and act on behalf of the Phase 1 Bidder for all purposes regarding the contemplated transaction;

    d. the LOI clearly indicates that the Phase 1 Bidder is seeking to acquire all or substantially all of the Property;

    e. the LOI contains such other information as may be reasonably requested by the Receiver;

    f. the LOI identifies the following:

        i. the proposed purchase price in Canadian dollars and a description of any non-cash consideration, including details of any liabilities to be assumed by the Phase 1 Bidder and key 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 of the Phase 1 Bidder and the expected structure and financing of the transaction;

        iv. a description of the conditions and approvals required to complete the closing of the transaction;

        v. a description of those liabilities and obligations (including operating liabilities) which the Phase 1 Bidder intends to assume and which such liabilities and obligations it does not intend to assume; and

vi. any other terms or conditions of the LOI that the Phase 1 Bidder believes are material to the transaction.

19. The Receiver may waive strict compliance with any one or more of the requirements above.

Evaluation of Competing Phase 1 Bids

20. The Receiver, in consultation with Peoples Trust Company ("**Peoples**") may, following the receipt of any LOI, seek clarification with respect to any of the terms or conditions of such LOI prior to determining if the LOI should be considered a Phase 1 Qualified Bid or a Phase 1 Satisfactory Bid (as defined below).

21. Following the Phase 1 Bid Deadline, the Receiver, in consultation with Peoples, will determine the LOIs that are selected as the most favourable Phase 1 Qualified Bids, which will then be deemed "**Phase 1 Satisfactory Bids**".

22. Phase 1 Bidders whose LOIs are selected as Phase 1 Satisfactory Bidders will be determined as being Phase 2 Qualified Bidders. The Receiver will notify each Phase 1 Bidder in writing as to whether it was determined to be a Phase 2 Qualified Bidder no later than five (5) business days following the Phase 1 Bid Deadline, or at such later time as the Receiver, in consultation with Peoples, deems appropriate, acting reasonably.

Phase 2: Formal Binding Offers

23. Phase 2 Qualified Bidders that wish to make a formal offer to purchase the Property shall submit a binding offer (a "**Bid**") that complies with all of the following requirements to the Receiver's counsel at the address specified in Schedule "1" hereto (including by e-mail), so as to be received by them not later than **5:00 PM (EST)** on **August 12, 2024** or as may be modified in the Bid process letter that may be circulated by the Receiver to Phase 2 Qualified Bidders (the "**Phase 2 Bid Deadline**"):

    a. the Bid must be a binding offer to acquire all, substantially all or a portion of the Property (a "**Sale Proposal**");

    b. the Bid (either individually or in combination with other bids that make up one bid) is an offer to purchase the Property and is consistent with any necessary terms and conditions established by the Receiver and communicated to Bidders;

    c. the Bid includes 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 includes duly authorized and executed transaction agreements, which provide:

        i. the purchase price (the "**Purchase Price**") for the Sale Proposal;

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 description of the conditions and approvals required to complete the closing of the transaction;

iv. a description of those liabilities and obligations (including operating liabilities) which the Phase 2 Qualified Bidder intends to assume and which such liabilities and obligations it does not intend to assume;

v. any other terms or conditions of the Bid that the Bid Phase 2 Qualified Bidder der believes are material to the transaction; and

vi. any and all exhibits and schedules thereto;

e. the Bid is accompanied by a deposit (the "**Deposit**") in the form of a wire transfer (to a trust account specified by the Receiver), in an amount equal to ten percent (10%) of the Purchase Price, to be held and dealt with in accordance with this Sale Process;

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 Receiver to make a determination as to the Phase 2 Qualified Bidder's financial and other capabilities to consummate the proposed transaction;

g. the Bid is not conditioned on (i) the outcome of unperformed due diligence by the Phase 2 Qualified Bidder, or (ii) obtaining financing. Any conditions and approvals required to complete the Sale Proposal will be included in the transaction documents;

h. the Bid fully discloses the identity of each entity that will be entering into the transaction or the financing, or that is otherwise participating or benefiting from such bid;

i. the Bid includes acknowledgements and representations of the Phase 2 Qualified Bidder that the Phase 2 Qualified Bidder:

i. is completing the Transaction on an "as is, where is" basis;

ii. has had an opportunity to conduct any and all due diligence regarding the Property and the Debtors prior to making its Bid;

iii. has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Property in making its Bid; and

iv. did not rely upon any written or oral statements, representations, warranties, or guarantees whatsoever, whether express, implied, statutory or otherwise, regarding the Property or the Debtors or the completeness of any information provided in connection therewith, except as expressly stated in the definitive transaction agreement(s);

j. the Bid is received by the Phase 2 Bid Deadline; and

k. the Bid contemplates closing the Transaction set out therein immediately following the granting of an order by the Court approving the same.

24. Following the Bid Deadline, the Receiver will assess the Bids received. The Receiver, in consultation with People's Trust Company, will designate the most competitive bids that comply with the foregoing requirements to be "**Phase 2 Qualified Bids**". No Bids received shall be deemed not to be Phase 2 Qualified Bids without the approval of the Receiver. Only Phase 2 Qualified Bidders whose bids have been designated as Phase 2 Qualified Bids are eligible to become the Successful Bidder(s).

25. The Receiver, in consultation with People's Trust Company, 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. The Receiver will be under no obligation to negotiate identical terms with, or extend identical terms to, each Bidder.

26. The Receiver shall notify each Bidder in writing as to whether its Bid constituted a Phase 2 Qualified Bid within two (2) business days of the Phase 2 Bid Deadline, or at such later time as the Receiver deems appropriate.

27. The Receiver may aggregate separate Bids from unaffiliated Bidders to create one Phase 2 Qualified Bid.

Evaluation of Competing Bids

28. A Phase 2 Qualified Bid will be evaluated based upon several factors including, without limitation: (i) the Purchase Price and the net value provided by such bid, (ii) the identity, circumstances and ability of the Bidder to successfully complete such Transaction(s), (iii) the proposed Transaction documents, (iv) the assets included or excluded from the bid, (v) any related restructuring costs, (vi) the likelihood and timing of consummating such Transaction, each as determined by the Receiver and (vii) any other factor deemed relevant by the Receiver.

29. The Receiver reserves the right to negotiate with any bidder with respect to their Phase 2 Qualified Bid if the Receiver determines such negotiations to be in the best interest of the Sale Process.

Auction

30. If the Receiver receives at least two Phase 2 Qualified Bids and determines, in consultation with Peoples, that they are competitive, the Receiver may proceed to conduct and administer an Auction in accordance with the terms of this Sale Process (the "**Auction**"). Instructions to participate in the Auction, which will take place via video conferencing, or in person, as

determined by the Receiver, and will be provided to Qualified Parties (as defined below) not less than 48 hours prior to the Auction.

31. Only parties that provided a Phase 2 Qualified Bid by the Phase 2 Bid Deadline, as confirmed by the Receiver (collectively, the "**Qualified Parties**"), shall be eligible to participate in any Auction. No later than 5:00 p.m. (EST) on the day prior to any Auction, each Qualified Party must inform the Receiver whether it intends to participate in the Auction. The Receiver will promptly thereafter inform in writing each Qualified Party who has expressed its intent to participate in the Auction of the identity of all other Qualified Parties that have indicated their intent to participate in the Auction.

Auction Procedure

32. If the Receiver is to conduct an Auction, the Auction shall be governed by the following procedures:

    a. **Participation at the Auction.** Only the Qualified Parties, the Receiver and each of their respective advisors will be entitled to attend the Auction, and only the Qualified Parties will be entitled to make any subsequent Overbids (as defined below) at the Auction. The Receiver shall provide all Qualified Bidders with the details of the lead bid by 5:00 PM (EST) no later than five (5) days after the Bid Deadline. Each Qualified Bidder must inform the Receiver whether it intends to participate in the Auction no later than 5:00 PM (EST) on the Business Day prior to the Auction;

    b. **No Collusion.** Each Qualified Party participating at the Auction shall be required to confirm on the record at the Auction that: (i) it has not engaged in any collusion with respect to the Auction and the bid process; and (ii) its bid is a good-faith *bona fide* offer and it intends to consummate the proposed transaction if selected as the Successful Bid;

    c. **Minimum Overbid.** The Auction shall begin with the Qualified Bid that represents the highest or otherwise best Qualified Bid as determined by the Receiver, in consultation with Peoples (the "**Initial Bid**"), and any bid made at the Auction by a Qualified Party subsequent to the Receiver's announcement of the Initial Bid (each, an "**Overbid**"), must proceed in minimum additional cash increments of $100,000;

    d. **Bidding Disclosure.** The Auction shall be conducted such that all bids will be made and received in one group video-conference or otherwise, on an open basis, and all Qualified Parties will be entitled to be present for all bidding with the understanding that the true identity of each Qualified Party will be fully disclosed to all other Qualified Parties and that all material terms of each subsequent bid will be fully disclosed to all other Qualified Parties throughout the entire Auction; provided, however, that the Receiver, in its discretion, may establish separate video conference rooms to permit interim discussions between the Receiver and individual Qualified Parties with the understanding that all formal bids will be delivered in one group video conference, on an open basis;

e. **Bidding Conclusion.** The Auction shall continue in one or more rounds and will conclude after each participating Qualified Party has had the opportunity to submit one or more additional bids with full knowledge and written confirmation of the then-existing highest bid(s);

f. **No Post-Auction Bids.** No bids will be considered for any purpose after the Auction has concluded; and

g. **Auction Procedures.** The Receiver shall be at liberty to set additional procedural rules at the Auction as it sees fit.

Selection of Successful Bid

33. If the Receiver elects to conduct an Auction, before the conclusion of the Auction, the Receiver will:

    a. review and evaluate each Qualified Bid, considering the factors set out in paragraph 28 and any other factor that the Receiver may reasonably deem relevant, provided that each Qualified Bid may be negotiated among the Receiver and the Qualified Bidder, and may be amended, modified or varied to improve such Qualified Bid as a result of such negotiations; and

    b. identify the highest or otherwise best bid received at the Auction (the "**Successful Bid**" and the Qualified Party making such bid, the "**Successful Party**").

34. The Receiver reserves the right to select a Successful Bid without the requirement to perform an Auction if, in the Receiver's opinion, an Auction will not lead to a better bid as part of the Sale Process.

35. The Successful Party shall complete and execute all agreements, contracts, instruments or other documents evidencing and containing the terms and conditions upon which the Successful Bid was made within one business day of the Successful Bid being selected as such, unless extended by the Receiver, subject to the milestones set forth in paragraph 11.

Sale Approval Motion Hearing

36. At the hearing of the motion to approve any transaction with a Successful Party (the "**Sale Approval Motion**"), the Receiver shall seek, among other things, approval from the Court to consummate any Successful Bid. All the Qualified Bids other than the Successful Bid, if any, shall be deemed to be rejected by the Receiver on and as of the date of approval of the Successful Bid by the Court.

Confidentiality and Access to Information

37. All discussions regarding a Bid should be directed through the Receiver. Under no circumstances should the former management of the Debtors be contacted directly without the prior consent of the Receiver. Any such unauthorized contact or communication could result in the exclusion of the interested party from the Sale Process.

38. Participants and prospective participants in the Sale Process 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, Bidders, Qualified Bids, the details of any Bids submitted or the details of any confidential discussions or correspondence between the Receiver and such other bidders or Potential Bidders in connection with the Sale Process, except to the extent the Receiver, with the consent of the applicable participants, seeks to combine separate bids from Qualified Bidders.

Supervision of the Sale Process

39. The Receiver shall oversee and conduct the Sale Process, in all respects, and, without limitation to that supervisory role, the Receiver will participate in the Sale Process in the manner set out in this Sale Process Procedure and the Sale Process Order and any other orders of the Court, and is entitled to receive all information in relation to the Sale Process.

40. This Sale Process does not, and will not be interpreted to create any contractual or other legal relationship between the Receiver and any Potential Bidder, any Qualified Bidder or any other Person, other than as specifically set forth in a definitive agreement that may be entered into with the Receiver.

41. Without limiting the preceding paragraph, the Receiver shall not have any liability whatsoever to any person or party, including without limitation any Potential Bidder, Bidder, the Successful Bidder, the Debtors, or any other creditor or other stakeholder of the Debtors, for any act or omission related to the process contemplated by this Sale Process Procedure, except to the extent such act or omission is the result from gross negligence or willful misconduct of the Receiver. By submitting a bid, each Bidder, or Successful Bidder shall be deemed to have agreed that it has no claim against the Receiver for any reason whatsoever, except to the extent that such claim is the result of gross negligence or willful misconduct of the Receiver.

42. Participants in the Sale Process are responsible for all costs, expenses and liabilities incurred by them in connection with the submission of any Bid, due diligence activities, and any further negotiations or other actions whether or not they lead to the consummation of a Transaction.

43. The Receiver shall have the right to modify the Sale Process Procedure (including, without limitation, pursuant to the Bid process letter) if, in its reasonable business judgment, such modification will enhance the process or better achieve the objectives of the Sale Process; provided that the Service List in these proceedings shall be advised of any substantive modification to the procedures set forth herein.

Deposits

44. All Deposits received pursuant to this Sale Process shall be held in trust by the Receiver. The Receiver shall hold Deposits paid by each of the Bidders in accordance with the terms outlined in this Sale Process. In the event that a Deposit is paid pursuant to this Sale Process and the Receiver elects not to negotiate and settle the terms and conditions of a definitive agreement with the Person that paid such Deposit, the Receiver shall return the Deposit to that Person. In the event that the Successful Bidder defaults in the payment or performance of any obligations owed to the Receiver pursuant to any Final Agreement, the Deposit paid by the Successful Bidder, as applicable, shall be forfeited as liquidated damages and not as a penalty.

Schedule "1"

Address of Receiver

<u>To the Receiver</u>:

Deloitte Restructuring Inc.
8 Adelaide Street West, Suite 200
Toronto, ON, Canada, M5H 0A9

Attention: Jorden Sleeth and Richard Williams

Email:
jsleeth@deloitte.ca
richwilliams@deloitte.ca

with a copy to:

Thornton Grout Finnigan LLP
Suite 3200, 100 Wellington Street West
P.O. Box 329, Toronto-Dominion Centre
Toronto, Ontario M5K 1K7

Attention: Rebecca Kennedy

Email: rkennedy@tgf.ca

IN THE MATTER OF AN APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, C. B-3, AS AMENDED; AND SECTION 101 OF THE *COURTS OF JUSTICE ACT*

ENLIGHTENED FUNDING CORPORATION	and	**VELOCITY ASSET AND CREDIT CORPORATION AND 926749 ONTARIO LTD.**
Applicant		Respondents

Court File No.: CV-23-00707330-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced in Toronto

ORDER
(Sale Process Approval)

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