

District of Ontario
Division No. 09 – Toronto
Court No. 31-3038619
Estate No. 31-3038619

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C 1985, C.B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF BRR LOGISTICS LIMITED

THIRD REPORT OF BDO CANADA LIMITED IN ITS CAPACITY AS TRUSTEE
UNDER THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
BRR LOGISTICS LIMITED
April 9, 2024

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INTRODUCTION

1. On January 31, 2024 (the “**NOI Filing Date**”), BRR Logistics Limited (“**BRR**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to Part III, Division I of the *Bankruptcy and Insolvency Act*, R.S.C 1985, C. B-3, as amended (the “**BIA**”). BDO Canada Limited (“**BDO**”) consented to act as the trustee under the proposal proceedings (the “**Proposal Trustee**”).
2. Notice of the NOI filing, as prescribed by the BIA, was sent to all known creditors by the Proposal Trustee on February 6, 2024 (the “**Notice to Creditors**”), along with a copy of the Certificate of Filing a Notice of Intention to Make a Proposal (the “**NOI Certificate**”).
3. The Proposal Trustee has made the NOI Certificate, the Notice to Creditors, the first report of the Proposal Trustee dated February 23, 2024 (the “**First Report**”), and the second report of the Proposal Trustee dated March 21, 2024 (the “**Second Report**”) available on its website at www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/brr (the “**Proposal Trustee’s Website**”). The Proposal Trustee will continue to post documents pertaining to the proposal proceedings on the Proposal Trustee’s Website.

PURPOSE

4. The purpose of this third report (the “**Third Report**”) is to provide information in respect of the following:
 - (a) the business activities of the Company since the filing of the First Report, including an update on the Liquidation Plan;
 - (b) the activities of the Proposal Trustee since the First Report;
 - (c) the status of the Company’s dispute (the “**Walmart Dispute**”) with Wal-Mart Canada Corp. (“**Walmart**”);
 - (d) the details of the fees and disbursements of the Proposal Trustee and its legal counsel;and

- (e) the Proposal Trustee’s recommendations related to the Company’s motion, returnable on April 15, 2024, for an Order, among other things:
- (i) approving the Company’s retention of Platinum Asset Services Inc. and Platinum Truck and Auto (collectively, “**Platinum**”) to liquidate certain of BRR’s Equipment (as defined below) and vesting title to the Equipment in the name of Platinum;
 - (ii) sealing the confidential supplement to the Third Report dated April 9, 2024 (the “**Confidential Supplement**”) until the conclusion of these NOI proceedings and the discharge of the Proposal Trustee, or further order of the Court;
 - (iii) for the purposes of subsections 5(1)(b)(iv) and 5(5) of the *Wage Earner Protection Program Act* (Canada), S.C. 2005, c. 47, s. 1 (the “**WEPPA**”), declaring that the Company meets the criteria prescribed by the *Wage Earner Protection Program Regulations*, SOR/2008-222 (the “**WEPP Regulations**”), and that the Company’s former employees whose employment was terminated during the prescribed eligibility period associated with the Company’s filing of the NOI on January 31, 2024 under the BIA are eligible, subject to section 9 of the WEPPA, to receive payments in accordance with the WEPPA following the termination of their employment;
 - (iv) authorizing and directing the Proposal Trustee to carry out its prescribed duties under the WEPPA and WEPP Regulations;
 - (v) approving the Second Report and Third Report and the activities and conduct of the Proposal Trustee detailed herein;
 - (vi) approving the fees and disbursements of the Proposal Trustee, as set out in the Fee Affidavit of Brent Warga sworn April 8, 2024 (the “**BDO Fee Affidavit**”) and the Proposal Trustee’s legal counsel, Aird & Berlis LLP (“**A&B**”), as set out in the Fee Affidavit of Ian Aversa sworn April 5, 2024 (the “**A&B Fee Affidavit**”); and

- (vii) extending the time within which the Proposal Trustee may file a proposal on behalf of the Company up to and including May 30, 2024.

TERMS OF REFERENCE

5. In preparing this Third Report, the Proposal Trustee has relied upon unaudited interim financial information, the Company's books and records, the Affidavit of Michael Wakefield sworn February 23, 2024 (the "**First Wakefield Affidavit**"), the Affidavit of Mr. Wakefield sworn March 21, 2024 (the "**Second Wakefield Affidavit**"), and the Affidavit of Mr. Wakefield sworn April 9, 2024 (the "**Third Wakefield Affidavit**"), and collectively with the First Wakefield Affidavit and the Second Wakefield Affidavit, the "**Wakefield Affidavits**"), and discussions with management ("**Management**") and other employees of the Company, and their financial and legal advisors.
6. The financial information of the Company has not been audited, reviewed, or otherwise verified by the Proposal Trustee as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles. The reader is cautioned that this Third Report may not disclose all significant matters about the Company. Additionally, none of the Proposal Trustee's procedures were intended to detect defalcations or other irregularities. If the Proposal Trustee were to perform additional procedures or to undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have come to the Proposal Trustee's attention. Accordingly, the Proposal Trustee does not express an opinion or any other form of assurance on the financial or other information presented herein. The Proposal Trustee may refine or alter its observations as further information is obtained or brought to its attention after the date of this Third Report.
7. Certain of the information referred to in this Third Report consists of financial forecasts and/or projections prepared by Management. Although the Proposal Trustee has reviewed the assumptions underlying the projections for reasonableness, an examination or review of financial forecasts and projections and procedures as outlined by the Chartered Professional Accountants of Canada has not been performed. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions

that are not ascertainable, actual results may vary from those forecasts and/or projections and the variations could be significant.

8. The Proposal Trustee assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this Third Report. Any use that any party makes of this Third Report, or any reliance on or decisions to be made based on it, is the responsibility of such party.
9. Unless otherwise stated, all monetary amounts contained in this Third Report are expressed in Canadian dollars.
10. Capitalized terms not otherwise defined in this Third Report are as defined in the Wakefield Affidavits, the February 24, 2024 Order (as defined below), and the Proposal Trustee's reports previously filed in these proceedings.

ACTIVITIES OF THE COMPANY SINCE THE FILING OF THE FIRST REPORT

11. Since the filing of the First Report, the Company has:
 - (a) continued to collect its outstanding accounts and remit payments to Sallyport Commercial Finance ULC (“**SPCF**”) in accordance with the SPCF Agreement (as defined in the First Report);
 - (b) continued to liquidate its inventories and equipment in accordance with the Liquidation Plan;
 - (c) vacated the Head Office Premises, the Warehouse Premises, and the Call Centre Premises (all as defined in the First Report);
 - (d) held various discussions and meetings with the Proposal Trustee related to the Walmart Dispute, the Liquidation Plan, creditor matters, and the NOI proceedings generally;
 - (e) attended the February 27, 2024, March 20, 2024, and March 26, 2024 hearings; and
 - (f) prepared a revised cash flow forecast (the “**Extension Forecast**”) and reviewed same with the Proposal Trustee.

12. As at the date of this Third Report, Management has advised that the remaining assets of the Company (the “**Residual Assets**”), and the estimated book value of same, are as follows:
 - (a) Cash on hand – \$147,672;
 - (b) Accounts receivable – \$3,323,044;
 - (c) Inventory – \$514,417; and
 - (d) Capital assets – \$664,020 (excluding assets under capital lease (\$969,668) and leaseholds improvements (\$132,137)).
13. Management further advised that since the NOI Filing Date, the Company has incurred approximately \$253,000 in post-NOI filing liabilities (the “**Post-Filing Arrears**”), of which approximately \$135,000 relate to professional fees, and that BRR expects to pay all Post-Filing Arrears prior to April 19, 2024 with support from SPCF. Management further advised that since the NOI Filing Date, all statutory remittances (i.e. employee source deductions, GST, and HST) have been made in the ordinary course.

ACTIVITIES OF THE PROPOSAL TRUSTEE SINCE FILING THE FIRST REPORT

14. Since the filing of the First Report, the Proposal Trustee’s activities have included the following:
 - (a) holding various discussions with Management and participating in discussions with the Company, the Company’s legal counsel, Miller Thomson LLP (“**Miller Thomson**”), and the Proposal Trustee’s legal counsel, A&B, in respect of the Walmart Dispute and the 3PL (as defined below) warehouse inventory;
 - (b) monitoring the Company’s business and financial affairs, including monitoring of the actual cash flows versus the Revised Forecast (as defined in the First Report) for the period of February 26, 2024 to March 29, 2024, in accordance with subsection 50.4(7) of the BIA;
 - (c) posting documents pertaining to the NOI proceedings on the Proposal Trustee’s

Website;

- (d) responding to creditor inquiries;
- (e) assisting the Company with the preparation of the Extension Forecast for the period of April 1, 2024 to June 7, 2024;
- (f) attending the February 27, 2024 and March 26, 2024 hearings; and
- (g) preparing the Second Report, this Third Report, and the Confidential Supplement.

LIQUIDATION PLAN UPDATE

Accounts Receivable

15. As detailed in the Wakefield Affidavits, BRR had two primary revenue streams:
- (a) the purchase and supply of frozen food products to retail customers across Canada (“**Buy-Sell**”); and
 - (b) third-party logistics (“**3PL**”) involving distribution, storage, and warehousing services for deep frozen products.
16. As at the date of this Third Report, the Company’s records detail that the Buy-Sell accounts receivable are comprised of thirty-nine (39) accounts, with an aggregate balance of approximately \$2,593,000. Approximately 99% of the outstanding balance of Buy-Sell accounts receivable is owing from eight (8) customers as summarized in the table below:

Count	Customer	Balance	%
1	Wal-Mart ⁽¹⁾	1,323,726	51.1%
2	Pattison Food Group	450,310	17.4%
3	George Wakefield Foods	309,369	11.9%
4	7-Eleven	120,060	4.6%
5	Pratts Limited	118,922	4.6%
6	Loblaws	116,540	4.5%
7	Sobeys	67,342	2.6%
8	The Grocery Outlet	58,572	2.3%
31	Accounts < \$6,000	27,893	1.1%
	Total	2,592,735	100%

Notes:

(1) Excludes amounts owing from Wal-Mar for 3PL services of approximately \$387,226.

17. As detailed in the Second Report, as the Company was exiting the Warehouse Premises on March 31, 2024, the Company had to address the third-party inventory being stored at the Warehouse Premises and the unpaid fees owing to BRR on account of same. Accordingly, on March 21, 2024, Miller Thomson sent a formal Demand Notice and a Notice of Intention to Sell Articles pursuant to s. 15 of the *Repair and Storage Liens Act (Ontario)* (the “**RSLA**”) (collectively the “**Customer Notices**”) to thirteen (13) 3PL customers with balances owing to BRR and whose inventory the Company was in possession. The table below summarizes the payments made to either BRR or SPCF subsequent to sending the Creditor Notices:

Customer	Pallets	Cases	Balance Owing	Payments	Outstanding	Status
Don's Bakery of Barrie Ltd.	110	2,359	\$ 74,073	\$ -	\$ 74,073	Inventory moved to Congebec Inc. (Winnipeg). Settlement discussions ongoing and value of inventory is approximately \$65,000.
Electric Juice Factory Inc.	3	75	7,007	-	7,007	Inventory moved to Congebec Inc. (Winnipeg). It is expected inventory will have to be sold and value of inventory is approximately \$4,500.
Beyond Better Foods, LLC	283	33,845	97,263	-	97,263	Settlement discussions ongoing and approximately \$100,000 in inventory has been set aside by the customer at the former Warehouse Premises until the matter is resolved.
Gelda Foods	374	16,096	90,399	-	90,399	Settlement discussions ongoing and \$90,000 has been put into trust pending final resolution.
Goodness Me! Natural Food	9	937	359	359	-	Paid to SPCF.
Heset Brands Inc. (Halo Top Canada)	111	20,715	25,309	-	25,309	Awaiting funds in trust to be released as trust conditions have been satisfied.
Kawartha Dairy	2,286	235,741	152,187	152,187	-	Paid to SPCF.
One World Foods Inc.	117	5,717	19,920	19,306	-	\$19,306 paid to BRR with the balance not being pursued.
RCL Foods	225	30,381	8,584	-	8,584	Customer account was current. Expect payment in the ordinary course.
Rubicon Food Products Ltd.	409	36,614	57,803	57,803	-	Paid to SPCF.
Sicilian Ice Cream Co. Ltd.	20	983	25,934	25,934	-	Paid to SPCF.
Neale's Sweet N Nice Foods Inc.	22	508	13,362	-	13,362	Inventory moved to Congebec Inc. (Winnipeg). Customer is claiming offsets and has threatened litigation.
Yupic.ca Inc.	27	2,122	287	-	287	Customer account was current. Expect payment in the ordinary course.
Total	3,996	386,093	\$ 572,487	\$ 255,588	\$ 316,284	

18. As at the date of this Third Report, the Company’s records detail that the 3PL accounts receivable are comprised of fourteen (14) accounts, with an aggregate balance of approximately \$730,000 (inclusive of approximately \$387,000 owing from Walmart).
19. The Company is continuing to collect on the outstanding Buy-Sell and 3PL accounts and is working with these parties or their legal representatives, as applicable, to resolve any disputes.

Inventory

20. As detailed in the First Report, as at the NOI Filing Date BRR had inventory on hand of

approximately \$848,000. Since the granting of the February 27, 2024 Order, attached hereto as **Appendix “A”**, which authorized BRR to sell assets outside of the ordinary course of operations (without the necessity for further approval of the Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000), the Company has completed the following sales:

Count	Customer	Sale Price	Cost	Variance	Payment	Payment Date
1	The Grocery Outlet	1,215	34,691	(33,476)	1,215	08-Mar-24
2	George Wakefield Foods	71,689	68,787	2,901	35,000	27-Mar-24
3	George Wakefield Foods	74,984	118,102	(43,118)	-	
4	The Grocery Outlet	7,488	22,239	(14,751)	7,488	15-Mar-24
5	Denninger	964	-	964	964	18-Mar-24
6	UR Denninger	650	-	650	650	18-Mar-24
7	Pratts Limited	55,745	64,133	(8,388)	-	
8	Pratts Limited	8,736	25,946	(17,210)	-	
Total		221,469	333,898	(112,428)	45,316	
Opening Inventory			848,315			
Less: Sales			(333,898)			
Residual Inventory			514,417			

21. Given the perishable nature of certain inventory, and the limited interest expressed by BRR’s existing customers, the Company was prepared to liquidate certain of the inventory below cost.
22. The Trustee also notes that the Sale Transaction for all the remaining Schawn’s Inventory, as defined and detailed in the First Report, failed to close.
23. As the Company exited the Warehouse Premises on March 31, 2024, the residual inventory valued at approximately \$514,417 was moved by the Company to a cold storage facility in Winnipeg where Management will continue efforts to realize on same.

Equipment

24. As detailed in the First Report, as at the NOI Filing Date BRR had property and equipment on hand with an approximate net book value of \$1,765,825 (inclusive of equipment under capital lease (approximately \$969,668) and leasehold improvements (approximately \$132,137)). The Company returned the majority of the equipment under capital lease to the respective lessors as there was no realizable equity. Since the granting of the February 27, 2024 Order, of the residual saleable equipment with a net book value of approximately

\$664,020, the Company has completed the following sales (with two (2) nominal sales pre-dating the February 27, 2024 Order):

	Net Book Value	Sale Proceeds	Payment Date
Office furniture	\$ 742	\$ 3,000	16-Feb-24 & 19-Feb-24
Freezer	-	2,500	22-Feb-24
2017 Volkswagen	8,425	11,300	21-Mar-24
2017 Volkswagen	5,786	7,345	21-Mar-24
Stretch wrap	-	6,950	28-Mar-24
Total	\$ 14,953	\$ 31,095	
Opening Net Book Value	\$ 664,020		
Less: Sales	(14,953)		
Residual Net Book Value	\$ 649,067		

25. As detailed in the First Report, BRR compiled detailed listings of its vehicles and machinery/equipment and attempted to solicit interest from potential purchasers in their existing network of dealers, owner operators, and customers. Concurrently, on March 7, 2024, at the request of BRR, the Proposal Trustee sent e-mail correspondence (the “**Auction Correspondence**”) to a number of auctioneers requesting liquidation proposals for the Company’s trailer and reefer fleet located in and around Brampton, Ontario. Proposals were requested to include the following:

- (a) fee and commission structure;
- (b) estimated appraised/realizable value by unit;
- (c) net minimum guarantees; and
- (d) marketing plan and estimated time to close.

The Auction Correspondence is attached hereto as **Appendix “B”**.

26. The Auction Correspondence also advised of the following:

- (a) outright purchase offers on an “as is, where is” basis would be considered by the Company;
- (b) any proposal should be sent directly via email to Mr. Wakefield (President and CEO

of BRR); and

- (c) the submission deadline was 12:00 p.m. on March 15, 2024.
27. Based on the submissions received (further detailed in the Confidential Supplement), the Company is proposing to move forward with Platinum to liquidate the trailers, reefers, and residual material handling equipment (collectively the “**Equipment**”) in accordance with the Platinum NMG Scenario (as defined in the Confidential Supplement). However, as further advised by Management, liens have been registered against certain of the Equipment. As such, in order to enable Platinum to sell the Equipment, the Company is seeking a sale approval and vesting order, vesting BRR’s right, title, and interest in and to the Equipment in Platinum, free and clear of any and all security interests, liens, and other encumbrances.
 28. For the purposes of determining the nature and priority of any claims, the net proceeds from the sale of the Equipment shall stand in the place and stead of the Equipment, and any all claims and encumbrances shall attach to the net proceeds from the sale of the Equipment with the same priority as they had with respect to the Equipment immediately prior to the sale, as if the Equipment had not been sold and remained in the possession or control of the Company.
 29. Based on the auction proposals received, the Proposal Trustee is supportive of BRR’s retention of Platinum, and the relief being sought by the Company.
 30. Further, given the limited interest expressed in the Company’s other residual assets, on March 31, 2024, upon exiting the Warehouse Premises, all of the material handling equipment was moved to a Platinum controlled location in anticipation of moving forward with the Platinum NMG Scenario.
 31. Management has advised that it remains committed to working closely with the Proposal Trustee, who will continue to monitor the Liquidation Plan and will report on same in a subsequent report to the Court.

SALLYPORT COMMERCIAL FINANCE ULC

32. In accordance with paragraph 14 of the February 27, 2024 Order, the Company has continued to make distributions to SPCF from the sales of inventory and collections of accounts receivable, and SPCF has continued to collect its purchased receivables directly from BRR’s customers.
33. Since the filing of the NOI, the outstanding balance owing to SPCF has been reduced by approximately \$1,575,219:

Outstanding Balance as at January 31, 2024		\$ (2,410,864)
Receipts		1,620,361
Collection of pre-filing 3PL and Buy Sell A/R	1,341,425	
Collection of post-filing 3PL and Buy Sell A/R	278,936	
Disbursements		(45,142)
Fees / Charges	(45,142)	
Outstanding Balance as at March 31, 2024		\$ (835,645)

WALMART DISPUTE

34. As detailed in the First Report, attached hereto as **Appendix “C”** (excluding Appendices), the Company believes that the aggregate balance owing by Walmart is approximately \$1.8 million (the **“Walmart Receivable”**). Walmart believes that the Walmart Receivable should be reduced by at least \$490,000 to account for, what Walmart claims are, previous overpayments made by Walmart (the **“Alleged Overpayments”**).
35. On February 23, 2024, the Company was advised that Walmart had retained Blakes, Cassels & Graydon LLP (**“Blakes”**) in connection with the Walmart Dispute. Miller Thomson subsequently engaged with Blakes in an attempt to facilitate an out-of-court resolution.
36. As further detailed in the Case Conference Brief of BRR dated March 19, 2024, various correspondence and records were exchanged between BRR and Walmart between February 26, 2024 and March 14, 2024. However, given the unsatisfactory response from Walmart, and the fact that the Walmart Receivable formed (and continues to form) a significant component of the Company’s projected cash flows, the Company sought to schedule a motion for an expedited adjudication of the Walmart Dispute.

37. On March 20, 2024, a case conference was held to schedule a motion in relation to the Walmart Dispute. At the case conference, Walmart advised the Court that Walmart agreed to release an initial amount of \$425,000 (the “**Initial Payment**”) in respect of the amounts acknowledged to be owing to BRR, and also agreed to pay whatever amounts are determined to be owing to BRR upon final reconciliation. In the interim, while BRR and Walmart continued to work towards a resolution, the motion for adjudication of the Walmart Dispute was scheduled for a half day on May 14, 2024 (the “**Adjudication Hearing**”), as further detailed in the Endorsement of Justice Kimmel dated March 20, 2024 (the “**March 20, 2024 Endorsement**”), attached hereto as **Appendix “D”**.
38. On April 3, 2024, Miller Thomson was advised by Blakes that the Initial Payment was not properly released on March 20, 2024, as previously indicated by Walmart. Blakes advised that Walmart was to release the payment on April 3, 2024, and that they would provide proof of payment to BRR.
39. On April 8, 2024, the Company advised the Proposal Trustee that the Walmart online portal reflected that a cheque dated April 8, 2024 was issued to BRR in the amount of \$394,295 (the “**Walmart Payment**”). As at the date of this Third Report, BRR confirmed receipt of the Walmart Payment and has transferred same to SPCF, although the Company is uncertain why the amount differs from the Initial Payment that was previously agreed to be remitted by Walmart. Further, the Proposal Trustee has not been made aware of any progress towards the settlement of the Walmart Dispute.
40. The Proposal Trustee is continuing to monitor the Walmart Dispute, and should the Adjudication Hearing proceed, the Proposal Trustee will determine if a further report is necessary to assist the Court, and will serve same no later than May 7, 2024 as provided for in the March 20, 2024 Endorsement.

WAGE EARNER PROTECTION PROGRAM

41. As detailed in the First Report, on or about February 5, 2024, BRR terminated thirty-one (31) of its forty-six (46) employees, and on March 29, 2024, the Company terminated twelve (12) additional employees, leaving three (3) employees to assist with the Liquidation Plan.

Given the terminations, the Company and the Proposal Trustee are of the view that the winddown of the Company qualifies the terminated employees of the Company to participate in a filing under the WEPPA, and the Proposal Trustee is also of the view that the prescribed criteria for the application of the WEPPA are met in the circumstances.

42. At the February 27, 2024 hearing, the Company sought a declaration from the Court that the WEPPA should apply in the circumstances as, in accordance with s. 5(1) of the WEPPA, an individual is eligible to receive a payment under the program if:
 - (a) the individual’s employment ended for a reason prescribed by regulation (i.e. the individual resigned or retired, the individual’s employment has terminated, or the term of the individual’s employment has expired);
 - (b) the former employer is the subject of proceedings under Division I of Part III of the BIA, and a court determines under s. 5(5) that the criteria prescribed by regulation are met (i.e. that the former employer is the former employer all of whose employees in Canada have been terminated other than any retained to winddown its business operations); and
 - (c) the individual is owed eligible wages by the former employer.
43. As detailed in the Endorsement of Justice Conway dated February 27, 2024 (the “**February 27, 2024 Endorsement**”), attached hereto as **Appendix “E”**, the Court was not satisfied that it ought to exercise its discretion under s. 5(5) of the WEPPA or s. 3.2 of the WEPPA Regulations to supplement the views of the Company and the Proposal Trustee, and declined to provide the requested declaration.
44. On February 28, 2024, the Proposal Trustee wrote to Service Canada requesting that a WEPPA file be opened for the former BRR employees, and provided a copy of the following:
 - (a) the Company’s Motion record filed February 23, 2024;
 - (b) the First Report; and

- (c) the February 27, 2024 Endorsement.
45. On February 29, 2024, Service Canada advised “*Unfortunately in order to make this a WEPP eligible event there must be a signed court order stating the estate meets the criteria prescribed by section 5(5) of the Wage Earner Protection Program Act (Canada), S.C. 2005, c. 47, s.1 (the “WEPPA”) and section 3.2 of the Wage Earner Protection Program Regulations, SOR/2008-222 (the “WEPP Regulations”).* The Proposal Trustee’s correspondence with Service Canada is attached hereto as **Appendix “F”**.
46. Accordingly, given Service Canada’s insistence on a declaration from the Court, the Company is again seeking an order that confirms that the former employees of BRR are individuals to whom the WEPPA applies, and the Proposal Trustee supports the relief sought.
47. In accordance with s. 2(1) of the WEPPA, the period of time in which *eligible wages* (as defined therein) will be determined will be the period beginning on the day that is six (6) months before the day on which the NOI was filed by the Company (i.e. January 31, 2024) and ending on the day on which the Court makes a determination under s. 5(5) of the WEPPA (i.e. April 15, 2024).
48. The Proposal Trustee also recommends that it be authorized to carry out its prescribed duties in accordance with s. 21 of the WEPPA, and will work with the Company to ensure the employees eligible for relief are notified of their entitlement and are provided with the requisite information to pursue a claim with Service Canada.

CASH FLOW FORECAST AND LIQUIDITY

49. The Company’s cash receipts and disbursements for the period February 19, 2024 to March 29, 2024 are attached hereto as **Appendix "G"** (as compared with the Revised Forecast attached as Appendix D to the First Report) and are summarized below:

BRR LOGISTICS LIMITED
Forecast to Actual Results
For the 6-Week Period Ending March 29, 2024

Week Ending	Forecast Weeks 4 to 9 Total	Actual Weeks 4 to 9 Total	Variance Weeks 4 to 9 Total
Receipts			
Accounts Receivable	100,000	61,138	(38,862)
Transfers to Sallyport Commercial Finance ULC	-	(82,167)	(82,167)
Equipment Sales	251,000	29,095	(221,906)
GST/PST/HST Refunds	17,757	43,075	25,318
Inventory Sales	-	45,316	45,316
Warehouse Rent	-	1,109	1,109
Total Receipts	368,757	97,565	(271,192)
Disbursements			
Contractors (Drivers)	21,000	24,025	3,025
Fuel	35,000	38,294	3,294
GST/PST/HST Remittances	14,000	25,276	11,276
Leases			
Vehicles	2,628	-	(2,628)
Equipment	26,512	11,690	(14,822)
Insurance	12,688	25,377	12,688
Interest	-	10,471	10,471
Office and Administration	71,100	5,238	(65,862)
Payroll (including source deductions)	245,026	247,067	2,041
Rent			
Unit #2-107 Walker Drive (Brampton)	305,497	305,497	-
745 Intermodal Drive (Brampton)	9,023	9,026	3
Repairs and Maintenance	-	20,200	20,200
Travel	6,500	8,064	1,564
Union Remittances	449	-	(449)
Utilities	65,504	12,903	(52,601)
Contingency	30,000	347	(29,653)
Total Disbursements	844,928	743,476	(101,452)
Cash from Operations	(476,171)	(645,911)	(169,740)
Restructuring Costs			
Interim / Financing Fees	-	-	-
Company Legal Fees	25,000	-	(25,000)
Trustee Fees	50,000	29,012	(20,989)
Trustee's Legal Fees	30,000	-	(30,000)
Total Restructuring Costs	105,000	29,012	(75,989)
Net Cash Inflow/(Outflow)	(581,171)	(674,922)	(93,751)
Opening Bank Position	822,549	822,549	
Net Cash Inflow / (Outflow)	(581,171)	(674,922)	
Closing Bank Position	241,378	147,627	

50. The Proposal Trustee has conducted a review of the Company's actual cash flows compared to the Revised Forecast and notes that compared with the Revised Forecast, the Company experienced an unfavorable variance of approximately \$94,000 in respect of the net cash outflows, primarily attributable to the following:

- (a) \$(271,000) unfavourable cash receipt variance compared to the Revised Forecast primarily due to the following:

- (i) BRR continuing to transfer all accounts receivable collections to SPCF, and BRR not receiving any funding from SPCF to continue with the Liquidation Plan (approximately \$121,000);
 - (ii) equipment and inventory sales not materializing as forecast (approximately \$176,000); and
 - (iii) offset by HST refunds, which were recorded on a net basis in the forecast (approximately \$25,000);
- (b) \$177,000 favourable cash disbursement variance compared to the Revised Forecast primarily due to the following:
- (i) reductions in lease costs as equipment was returned to the lessors earlier than forecast (approximately \$17,000);
 - (ii) reductions of certain office and administration and utility costs as operations were being wound down, along with the timing of certain disbursements (approximately \$118,000);
 - (iii) timing of professional fee payments (approximately \$76,000);
 - (iv) not having to draw on the contingency reserve (approximately \$30,000); and
 - (v) offset by increases in contractor driver, fuel, insurance, interest, and repairs and maintenance costs (approximately \$64,000).

51. As noted above, BRR has post NOI-filing arrears that remain unpaid to various parties that approximate \$253,000, which have been included in the Extension Forecast, attached here to as **Appendix “H”**, and summarized below:

BRR LOGISTICS LIMITED
10-WEEK CASH FLOW FORECAST

	Forecast Weeks 10 to 22 Total
Receipts	
Accounts Receivable	1,695,311
Transfers to Sallyport Commercial Finance ULC	(762,414)
Equipment Sales	100,000
GST/PST/HST Refunds	28,000
Inventory Sales	100,000
Warehouse Rent	100,000
Total Receipts	1,260,897
Disbursements	
Contractors (Drivers)	7,080
GST/PST/HST Remittances	10,911
Insurance	18,574
Interest	12,000
Office and Administration	38,185
Payroll (including source deductions)	185,618
Rent	9,026
Union Remittances	2,540
Utilities	32,305
Contingency	25,000
Total Disbursements	341,239
Cash from Operations	919,658
Restructuring Costs	
Company Legal Fees	102,660
Trustee Fees	112,000
Trustee's Legal Fees	80,282
Total Restructuring Costs	294,941
Net Cash Inflow/(Outflow)	624,716
Opening Bank Position	147,627
Net Cash Inflow / (Outflow)	624,716
Closing Bank Position	772,343

52. The Proposal Trustee has assisted the Company in preparing the Extension Forecast, which contemplates the Court granting the Company an extension during which time the Company will continue to move forward with the Liquidation Plan.
53. The Extension Forecast includes the assumptions as set out in the notes and assumptions appended thereto (the “**Notes and Assumptions**”). The Proposal Trustee’s comments on the Extension Forecast are as follows:
- (a) from April 1, 2024 to June 7, 2024, the Company is expected to have gross receipts of approximately \$1,261,000 and disbursements of approximately \$636,000, representing a net cash inflow of approximately \$625,000;
 - (b) the Company is expected to generate cash sufficient to fund ongoing operations during

the Extension Period, with temporary support from SPCF in Week 11 and/or Week 12, when SPCF will allow the Company to utilize approximately \$250,000 of accounts receivable collections for ongoing operations and to pay the Post-Filing Arrears;

- (c) the Proposal Trustee's review of the Extension Forecast consisted of inquiries, analytical procedures, and discussions related to information supplied to the Proposal Trustee by Management. Since the Notes and Assumptions need not be supported, the Proposal Trustee's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Extension Forecast. The Proposal Trustee has also reviewed the support provided by Management for the Notes and Assumptions, and the preparation and presentation of the Extension Forecast; and
- (d) based on the Proposal Trustee's review, nothing has come to its attention that causes it to believe that, in all material respects:
 - (i) the Notes and Assumptions are not consistent with the purpose of the Extension Forecast;
 - (ii) as at the date of this Third Report, the Notes and Assumptions developed by Management are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Extension Forecast, given the Notes and Assumptions; or
 - (iii) the Extension Forecast does not reflect the Notes and Assumptions.

54. Since the Extension Forecast is based on assumptions regarding future events, actual results will vary from the information presented, even if the events described in the Notes and Assumptions occur, and the variations may be material. Accordingly, the Proposal Trustee expresses no assurance as to whether the Extension Forecast will be achieved. The Proposal Trustee expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this Third Report, or relied upon by the Proposal Trustee in its preparation.

FEES AND DISBURSEMENTS OF PROPOSAL TRUSTEE AND LEGAL COUNSEL

55. Pursuant to paragraph 8 of the February 27, 2024 Order, the Proposal Trustee and its legal counsel shall pass their accounts from time to time.
56. The Company is seeking the approval of the fees and disbursements of the Proposal Trustee and its legal counsel, A&B.
57. As set out in the BDO Fee Affidavit, attached hereto as **Appendix “I”**, for the period of January 26, 2024 to April 3, 2024, BDO, in its capacity as Proposal Trustee, has incurred fees of \$81,060 and disbursements of \$20, plus GST of \$4,054, for a total of \$85,134.
58. The fees charged by the Proposal Trustee are based on the amount of professional time required at hourly billing rates, which vary depending upon the experience level and location of the professionals involved. The average hourly rate charged by the Proposal Trustee in these proceedings for invoices issued to date is \$503 per hour. The rates charged by the Proposal Trustee are the normal rates and charges for engagements of this nature, and are comparable to the rates charged for the provision of services by other professional firms providing specialized financial advisory and restructuring services.
59. The Proposal Trustee is of the view that its fees and disbursements are fair and reasonable in the circumstances and have been duly rendered in response to the required and necessary duties of the Proposal Trustee in accordance with the provisions of the February 27, 2024 Order and in furtherance of these NOI proceedings.
60. As set out in the A&B Fee Affidavit, attached hereto as **Appendix “J”**, for the period of January 31, 2024 to April 3, 2024, A&B, in its capacity as legal counsel to the Proposal Trustee, has incurred fees of \$43,084 and disbursements of \$1,432.68, plus HST of \$5,765.85, for a total of \$50,281.53.
61. The fees charged by A&B are at its usual rates and are consistent with rates charged by comparable firms in the market for work of this nature. The Proposal Trustee has reviewed the invoices rendered by its legal counsel and finds them reasonable and validly incurred in

accordance with the provisions of the February 27, 2024 Order and in furtherance of these NOI proceedings.

EXTENSION OF TIME TO FILE PROPOSAL

62. As a result of the foregoing, the Proposal Trustee is of the view that providing additional time for the Company to complete the Liquidation Plan and determine if a proposal is viable will maximize realizations and exceed the recoveries that could be expected in a bankruptcy scenario.
63. Accordingly, the Company is seeking an extension of time within which the Proposal Trustee may file a proposal on behalf of the Company, extending the time from April 15, 2024 to May 30, 2024 (the “**Extension Period**”).
64. The Proposal Trustee is of the opinion that the Company’s request for an extension of time to make a proposal is reasonable given the following:
 - (a) the Company has acted, and is acting, in good faith and with due diligence;
 - (b) the Extension Period will provide BRR additional time to complete the Liquidation Plan, which provides an opportunity for the Company to be able to make a proposal to its creditors;
 - (c) to date, no creditors have been materially prejudiced by the stay of proceedings currently in place, and creditors will not suffer any additional losses as compared to the situation at the NOI Filing Date; and
 - (d) the Proposal Trustee has not identified, and is not aware of, any creditor that would be materially prejudiced if the extension being requested is granted.

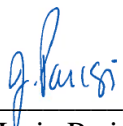
RECOMMENDATIONS REGARDING RELIEF SOUGHT

65. As a result of the foregoing, the Proposal Trustee respectfully supports the following relief being sought by the Company:
 - (a) approving the sale of the Equipment to Platinum and vesting title to the Equipment in

- the name of Platinum;
- (b) sealing of the Confidential Supplement;
 - (c) declaring that the Company meets the criteria prescribed by the WEPP Regulations, and the Company's former employees whose employment was terminated during the prescribed eligibility period associated with the Company's filing of the NOI on January 31, 2024 under the BIA are eligible, subject to section 9 of the WEPPA, to receive payments in accordance with the WEPPA following the termination of their employment;
 - (d) authorizing and directing the Proposal Trustee to carry out the prescribed duties under the WEPPA;
 - (e) approving the Second Report and the Third Report and the activities and conduct of the Proposal Trustee detailed herein;
 - (f) approving the fees and disbursements of the Proposal Trustee and the Proposal Trustee's legal counsel, as set out in the BDO Fee Affidavit and the A&B Fee Affidavit, respectively; and
 - (g) extending the time within which the Proposal Trustee may file a proposal on behalf of the Company to May 30, 2024.

All of which is respectfully submitted at Toronto, Ontario, this 9th day of April, 2024.

BDO CANADA LIMITED, solely in its capacity as the Proposal Trustee of BRR Logistics Limited and not in its personal capacity.



Per: Josie Parisi, CPA, CA, CBV, CIRP, LIT
Senior Vice-President

Appendix A – Order of Justice Conway dated February 27, 2024

District of: Ontario
Division No.: 09-Toronto
Court No.: 31-3038619
Estate No.: 31-3038619

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE)
JUSTICE CONWAY)
TUESDAY, THE 27TH
DAY OF FEBRUARY, 2024

B E T W E E N:

(Court Seal)

IN THE MATTER OF NOTICE OF INTENTION TO MAKE
A PROPOSAL OF
BRR LOGISTICS LIMITED

ORDER

THIS MOTION, made by BRR Logistics Limited (the “**Company**”), pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) was heard this day by video conference at 330 University Avenue, Toronto, Ontario in accordance with the Guidelines to Determine Mode of Proceeding in Civil.

ON READING the Notice of Motion, the Affidavit of Michael Wakefield sworn February 23, 2024 and the exhibits thereto (the “**Wakefield Affidavit**”), and the First Report of BDO Canada Limited (“**BDO**”) dated February 23, 2024 (the “**First Report**”), in its capacity as proposal trustee of the Company (in such capacity, the “**Proposal Trustee**”), and on being advised that the secured creditors who are likely affected by the charge created herein were given notice, and on hearing the submissions of counsel for the Company and counsel for the Proposal Trustee, and

those other parties present, no one else appearing although duly served as appears from the Affidavit of Service of Shallon Garrafa, filed,

SERVICE AND INTERPRETATION

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

2. **THIS COURT ORDERS** that capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Wakefield Affidavit or the First Report, as applicable.

EXTENSION OF THE PROPOSAL PERIOD

3. **THIS COURT ORDERS** that, pursuant to subsection 50.4(9) of the BIA, the time for filing a proposal with the Official Receiver in the proceedings of the Company, including the stay of proceedings, is extended up to and including April 15, 2024.

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Company shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof (the "**Property**"). The Company is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or

employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the Company shall be entitled to continue to utilize any cash management system currently in place or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank or financial institution providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Company of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any individual, firm, corporation, governmental body or agency or any other entities (all of the foregoing, collectively being "**Persons**", and individually, a "**Person**") other than the Company, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, solely in its capacity as provider of the Cash Management System only, an unaffected creditor under any proposal filed by the Company with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System on or after the date of this Order.

6. **THIS COURT ORDERS** that the Company shall be entitled, but not required, to pay the following expenses, whether incurred prior to, on or after the date of this Order:

- (a) all outstanding and future wages, salaries, employee benefits (including, without limitation, employee medical, dental, vision, insurance and similar benefit plans or

arrangements), vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing practices, compensation policies and arrangements of the Company;

- (b) the fees and disbursements of any Assistants retained or employed by the Company in respect of these proceedings, at their standard rates and charges; and
- (c) amounts owing for goods or services actually provided to the Company prior to the date of this Order by third parties if, in the opinion of the Company, such third party is critical to the Company's business and ongoing operations of the Company, provided that such payments shall: (i) be consistent with the cash flow forecast appended to the First Report, (ii) not exceed an aggregate amount of \$100,000, and (iii) be approved in advance by the Proposal Trustee or by further Order of the Court.

PROFESSIONAL FEES

7. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee and counsel to the Company shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Company as part of the costs of these proceedings. The Company is hereby authorized and directed to pay the accounts of the Proposal Trustee, counsel for the Proposal Trustee and counsel for the Company on a bi-weekly basis.

8. **THIS COURT ORDERS** that the Proposal Trustee and its legal counsel shall pass their accounts from time to time and, for this purpose, the accounts of the Proposal Trustee and its legal

counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

ADMINISTRATION CHARGE

9. **THIS COURT ORDERS** that the Proposal Trustee, counsel to the Proposal Trustee, and the Company's counsel 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 \$250,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Company's counsel, the Proposal Trustee and its counsel both before and after the making of this Order in respect of these proceedings.

10. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge shall not be required, and that the Administration Charge shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Administration Charge coming into existence, notwithstanding any such failure to file, register, record or perfect.

11. **THIS COURT ORDERS** that the Administration Charge shall constitute a charge on the Property and shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, except any validly perfected security interest in favour of equipment lessors.

12. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Proposal Trustee under the BIA or as an officer of this Court, the Proposal Trustee shall incur no

liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded to the Proposal Trustee under the BIA or any applicable legislation.

APPROVAL OF LIQUIDATION PLAN

13. **THIS COURT ORDERS** that the Liquidation Plan, as described and defined in the First Report, be and is hereby approved, and the Company and the Proposal Trustee, as applicable, are hereby authorized to take such steps as are necessary to carry out the Liquidation Plan.

DISTRIBUTION TO SECURED CREDITOR

14. **THIS COURT ORDERS** that the Company is hereby authorized to make distributions to Sallyport Commercial Finance ULC (“**Sallyport**”) from the sales of inventory and collections of accounts receivable subsequent to January 31, 2024 up to the amount of the indebtedness owing to Sallyport, as detailed in the First Report.

SALES OUT OF ORDINARY COURSE

15. **THIS COURT ORDERS** that the Company is hereby authorized to complete sales of inventory and equipment outside of the ordinary course of business:

- (a) without the necessity for further Court approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000 in the aggregate; and

- (b) provided that all such transactions are approved by the Proposal Trustee.

APPROVAL OF PROPOSAL TRUSTEE REPORT AND ACTIVITIES

16. **THIS COURT ORDERS** that the First Report and the conduct and activities of the Proposal Trustee described therein are hereby approved, provided that only the Proposal Trustee, in its personal capacity and only with respect to its own personal liability shall be entitled to rely upon or utilize in any way such approval.

GENERAL

17. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in these proceedings, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial>) shall be valid and effective service. Subject to Rule 17.05 of the Rules of Civil Procedure (the “**Rules**”), this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules. Subject to Rule 3.01(d) of the Rules and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol and shall be accessible by selecting the Company’s name from the engagement list at the following URL ‘<<https://www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements>>’.

18. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Company and the Proposal Trustee are at liberty to serve

or distribute 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 facsimile transmission to the Company's creditors or other interested parties at their respective addresses as last shown on the records of the Company and that any such service or distribution by courier, personal delivery or facsimile 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.

19. **THIS COURT ORDERS** that the Proposal Trustee shall create, maintain and update as necessary a list of all Persons appearing in person or by counsel in these proceedings (the "**Service List**"). The Proposal Trustee shall post the Service List, as may be updated from time to time, on the case website as part of the public materials in relation to these proceedings. Notwithstanding the foregoing, the Proposal Trustee shall have no liability in respect of the accuracy of or the timeliness of making any changes to the Service List.

20. **THIS COURT ORDERS** that the Company and the Proposal Trustee and their respective counsel are at liberty to serve or distribute this Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Company's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).

21. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or the United States, to give effect to this Order and to assist the Company, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Company and the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist the Company and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

22. **THIS COURT ORDERS** that each of the Company or the Proposal Trustee shall be at liberty and are 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.

23. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order, and this Order is enforceable without the need for entry and filing.



(Signature of judge, officer or registrar)

IN THE MATTER OF NOTICE OF INTENTION TO MAKE
A PROPOSAL OF
BRR LOGISTICS LIMITED

District of: Ontario
Division No.: 09-Toronto
Court No.: 31-3038619
Estate No.: 31-3038619

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding Commenced at
Toronto

ORDER

MILLER THOMSON LLP

Scotia Plaza
40 King Street West, Suite 5800
P.O. Box 1011
Toronto ON M5H 3S1

Gregory Azeff (LSO#: 45324C)

gazeff@millerthomson.com
Tel: 416-595-2660

Monica Faheim (LSO#: 82213R)

mfaheim@millerthomson.com
Tel: 416.597.6087

Lawyers for BRR Logistics Limited

Appendix B – March 7, 2024 Auction Correspondence

Warga, Brent

From: Fritz, John
Sent: March 7, 2024 11:14 AM
Cc: Michael Wakefield
Subject: BRR Logistics Limited - Liquidation Proposals
Attachments: BRR Trailer Summary.pdf; BRR Reefer Summary.pdf

Good Morning,

On January 31, 2024, BRR Logistics Limited (“**BRR**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to Subsection 50.4(6) of the Bankruptcy and Insolvency Act. BDO Canada Limited consented to act as the NOI Trustee (the “**Trustee**”).

BRR is soliciting liquidation proposals (“**Proposals**”) to for BRR’s trailer and reefer fleet primarily located in and around Brampton, Ontario (the “**Fleet**”). Proposals are requested to include:

1. Fee and commission structure;
2. Estimated appraised/realizable value by unit;
3. Net minimum guarantees; and
4. Marketing plan and estimated time to close.

BRR is also considering outright purchase offers on an “as is, where is” basis, where value is assigned to each unit. Submissions should outline if any outright purchase offer is contingent on the Company accepting an offer on all of the units offered on.

The Company requests Proposals to be submitted via email to the President and CEO of BRR, Michael Wakefield (copied hereto), at mwakefield@brrlogistics.ca on or before **12:00 noon on March 15, 2024** (the “**Proposal Deadline**”). The Company shall be entitled to accept Proposals prior to the Proposal Deadline and may communicate with a party submitting a Proposal to seek clarification and/or negotiate further without the obligation to negotiate with any party submitting a Proposal or giving any party submitting a Proposal the opportunity to resubmit a Proposal. The Company is not obligated to accept any Proposal and the highest Proposal shall not necessarily be accepted. The Company reserves the right to reject any and all Proposals without explanation.

The Trustee and the Company make no representations as to the accuracy or completeness of the information presented. Parties submitting a proposal are to rely on their own investigations to determine the accuracy of same.

Should you have any questions regarding the foregoing, or if would like to schedule an appointment to view the Fleet, please contact Mr. Wakefield via email or telephone (204)295-4557.

Regards,

John R. Fritz, LIT
Vice-President
BDO Canada Limited
Direct: (204)282-9716
jfritz@bdo.ca

201 Portage Avenue, 26th Floor
Winnipeg, MB R3B 3K6
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www.bdo.ca

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BDO est fier d’être l’un des 100 meilleurs employeurs du Canada



BRR Logistics Limited
Trailer Summary
February 2024

Trailer Details											
Count	Unit #	Make	Length	Model	Year	Alm Rims	Tank	Tailgate	Bulkhead	VIN	Mileage
1	1201	Trailmobile Reefer 36'	36	X4-7500	2001	N	50	N	N	1PT01ANK419002263	N/A
2	8201	Durabody 36 ft Reefer	36	X4-7500	2008	Y	100	N	N	2D9A1V5A581007092	422,070
3	8202	Durabody 40 ft Reefer	36	X4-7500	2008	Y	100	Y	N	2D9A1V4A581007093	85,425
4	9201	GREAT DANE	53	X4-7500	2010	Y	50	N	Y	1GRAA0627AW702203	14,431
5	9202	GREAT DANE	53	X-2500A	2010	Y	100	N	Y	1GRAA0627AW702204	382,569
6	9203	GREAT DANE	53	X-2500A	2010	Y	100	N	Y	1GRAA0627AW702205	N/A
7	9204	DURABODY	36	X4-7500	2009	Y	100	Y	N	2D9A1V5A4A1007681	N/A
8	10201	DURABODY	40	X-2500A	2010	Y	50	Y	Y	2D9A1V4AXA1007931	328,000
9	10202	GREAT DANE	53	X4-7500	2010	Y	50	N	N	1GRAA0622BW701364	618,970
10	10203	GREAT DANE	53	X4-7500	2010	Y	100	N	Y	1GRAA0625BW701357	557,082
11	10204	GREAT DANE	53	X4-7500	2010	Y	50	N	Y	1GRAA0620BW701363	203,768
12	10205	GREAT DANE	53	X-2500A	2010	Y	50	N	N	1GRAA0627BW701358	91,045
13	10206	GREAT DANE	53	X-2500A	2010	Y	100	N	N	1GRAA0625BW701360	80,444
14	10207	GREAT DANE	53	X4-7500	2010	Y	50	N	Y	1GRAA0629BW701359	N/A
15	10208	GREAT DANE	53	X4-7500	2010	Y	50	N	N	1GRAA0627BW701361	620,883
16	10209	GREAT DANE	53	X-2500A	2010	Y	50	N	N	1GRAA0629BW701362	341,845
17	10210	DURABODY	33	X-2500A	2010	Y	50	Y	N	2D9A1V5A9A1007935	N/A
18	12201	Wabash	36	X-2500A	2013	Y	100	Y	Y	1JJV362B5DL769314	349,050
19	21242	UTILITY	48	2500APX	2002	N	100	N	Y	1UYVS248X2M846001	734,330
20	21243	UTILITY	48	2500APX	2002	N	100	N	N	1UYVS24812M846002	313,904
21	21244	UTILITY	48	X4-7500	2002	N	50	N	Y	1UYVS24832M846003	227,296
22	21245	UTILITY	48	X-2500A	2002	N	50	N	N	1UYVS24852M846004	525,434
23	21246	UTILITY	48	X4-7500	2002	N	100	N	Y	1UYVS24872M846005	245,443
24	21249	UTILITY	48	X4-7500	2002	N	100	Y	Y	1UYVS24822M846008	251,813
25	21250	UTILITY	48	X-2500A	2002	N	50	N	Y	1UYVS24842M846009	342,500
26	21255	UTILITY	48	X4-7500	2002	N	50	N	N	1UYVS24882M846014	305,649
27	21257	UTILITY	48	X-2500A	2002	N	100	N	N	1UYVS24812M846016	125,705
28	51262	GREAT DANE	53	7500APX	2006	Y	100	N	N	1GRAA06216W704343	313,582
29	51263	GREAT DANE	53	7500APX	2006	Y	100	N	N	1GRAA06206W704348	310,362
30	51264	GREAT DANE	53	X4-7500	2006	Y	50	N	N	1GRAA06256W704345	198,954
31	51266	GREAT DANE	53	7500 APX	2006	N/A	N/A	N/A	N/A	1GRAA06296W704347	N/A
32	51267	GREAT DANE	53	X4-7500	2006	Y	100	N	Y	1GRAA06216W704344	437,888
33	51268	GREAT DANE	53	7500APX	2006	Y	100	N	Y	1GRAA06226W704349	500,051

BRR Logistics Limited
Reefer Summary
Feb 2024

Reefer Details					
Count	Description	Reefer Serial	Trailer Unit #	Year in service	Run Hours
1	Reefer Sales Inv# 18683 -Carrier Model 7500APX Year 2019	TAP91608254	1201	2010	12,973
2	2018 Carrier Model 7500APX VINTAE91565197	TAE91565197	8201	2018	21,570
3	2016 Carrier 7500APX, VIN SAB91481540	SAB91481540	8202	2016	29,813
4	Carrier 7500APX - Lease	UAN91669410	9201	2021	12,129
5	Carrier 7500APX - Lease	UAR91674658	9202	2021	9,776
6	Carrier 2500A w/Stealth VIN MAM91147333	MAM91147333	9203	2009	53,787
7	Carrier 2500A w/Stealth VIN MAM91147331	TAN91602027	9204	2009	20,127
8	Carrier 7500APX - Lease	UAN91669440	10201	2021	7,930
9	Carrier 7500APX - Lease	UAN91668888	10202	2021	15,213
10	Carrier 7500APX - Lease	UAN91668568	10203	2021	13,249
11	Carrier 7500APX - Lease	UAN91668890	10204	2021	7,961
12	2500A w/stealth MAT91168144	NAT91168144	10206	2010	28,938
13	Carrier 7500APX - Lease	UAN91668898	10207	2021	14,130
14	Carrier 7500APX - Lease	UAN91668559	10208	2021	13,039
15	Carrier 7500APX - Lease	UAN91668567	10209	2021	12,198
16	Carrier 7500APX - Lease	UAN91668558	10210	2021	10,049
17	2500/A w/stealth PAA91307679	PAA91307679	12201	2012	47,159
18	2014 Carrier 2500 APX VIN # PAT91365024	PAT91365024	21242	2014	40,039
19	2014 Carrier 2500 APX VIN # PAT91365021	PAT91365021	21243	2014	43,628
20	Carrier 7500APX - Lease	UAN91669439	21244	2021	12,468
21	2500/A w/stealth New lift truck VIN #PAD91320081	PAD91320081	21245	2013	46,766
22	Reefer Sales Inv# 18683 -Carrier Model 7500APX Year 2020	TAZ91638407	21246	2020	16,318
23	Carrier 7500APX - Lease	UAN91668886	21249	2021	11,291
24	Carrier 7500APX - Lease	UAN91668563	21250	2021	
25	Carrier 7500APX - Lease	UAN91669134	21255	2021	11,036
26	2014 Carrier 2500 APX VIN # PAT91365038	PAT91365038	21257	2015	46,867
27	Reefer Sales - 2017 Carrier 7500APX - VIN#502031	SAH91502031	51262	2017	27,846
28	Reefer Sales - 2017 Carrier 7500APX - VIN#400245	SAH91501665	51263	2017	25,853
29	Carrier 7500APX - Lease	UAJ91659252	51264	2021	12,632
30	Reefer Sales - 2017 Carrier 7500APX - VIN#400190	SAH91501762	51266	2017	26,677
31	2014 Carrier 7500APX VIN #RAC91395675	RAC91395675	51267	2015	35,561
32	2014 Carrier 7500APX VIN #RAE91400462	RAE91400462	51268	2015	34,560

Appendix C – First Report of the Proposal Trustee, without Appendices

District of Ontario
Division No. 09 – Toronto
Court No. 31-3038619
Estate No. 31-3038619

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C 1985, C.B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF BRR LOGISTICS LIMITED

FIRST REPORT OF BDO CANADA LIMITED IN ITS CAPACITY AS TRUSTEE
UNDER THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
BRR LOGISTICS LIMITED
February 23, 2024

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INTRODUCTION

1. On January 31, 2024 (the “**NOI Filing Date**”), BRR Logistics Limited (“**BRR**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (the “**NOI**”) with the Office of the Superintendent of Bankruptcy (the “**OSB**”), pursuant to Part III, Division I of the *Bankruptcy and Insolvency Act*, R.S.C 1985, C. B-3, as amended (the “**BIA**”). BDO Canada Limited consented to act as the trustee under the proposal proceedings (the “**Proposal Trustee**”).
2. On February 1, 2024, the OSB issued a Certificate of Filing a Notice of Intention to Make a Proposal (the “**NOI Certificate**”).
3. Notice of the NOI filing, as prescribed by the BIA, was sent to all known creditors by the Proposal Trustee on February 6, 2024 (the “**Notice to Creditors**”). A copy of the NOI Certificate and the Notice to Creditors are attached hereto as **Appendix "A"** (with employee addresses redacted for reporting purposes).
4. The Proposal Trustee has made the NOI Certificate and the Notice to Creditors available on its website at www.bdo.ca/services/financial-advisory-services/business-restructuring-turnaround-services/current-engagements/brr (the “**Proposal Trustee’s Website**”). The Proposal Trustee will continue to post documents pertaining to the proposal proceedings on the Proposal Trustee’s Website.

PURPOSE

5. The purpose of this first report (the “**First Report**”) is to provide information pertaining to the initial activities of the Company and the Proposal Trustee since the filing of the NOI. More specifically, the First Report contains information in respect of the following:
 - (a) the business activities of the Company since the NOI Filing Date, including operations and restructuring efforts to date;
 - (b) the activities of the Proposal Trustee since the NOI Filing Date, including the completion of duties prescribed pursuant to the BIA;

- (c) the Proposal Trustee’s views on the Company’s ongoing dispute with Wal-Mart Canada Corp. (“**Walmart**”);
- (d) the Proposal Trustee’s recommendations related to the Company’s notice of motion to be heard on February 27, 2024, seeking the granting of an Order for, among other things:
 - (i) granting the Administration Charge (as defined below);
 - (ii) authorizing the Company to continue utilizing its Cash Management System (as defined below);
 - (iii) authorizing the Company to continue with its Liquidation Plan (as defined below);
 - (iv) approving the pending Sale Transaction (as defined below);
 - (v) fixing a date on which the parties shall attend before the Court (the “**Walmart Case Conference**”) for the purpose of setting a timetable for the adjudication of a dispute between the Company and Walmart in respect of the Walmart Receivable (as defined below), and directing Walmart to attend the Walmart Case Conference;
 - (vi) authorizing the Company to complete sales of inventory and Equipment (as defined below) outside of the ordinary course of operations without the necessity for further Court approval for any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000;
 - (vii) approving payments to Sallyport Commercial Finance ULC (“**SPCF**”) from the sale of inventory and collection of accounts receivable subsequent to the NOI Filing Date up to the aggregate of the SPCF Debt (as defined below) in accordance with the SPCF Security (as defined below);

- (viii) for the purposes of subsections 5(1)(b)(iv) and 5(5) of the *Wage Earner Protection Program Act* (Canada), S.C. 2005, c. 47, s. 1 (the “**WEPPA**”), declaring that the Company meets the criteria prescribed by the *Wage Earner Protection Program Regulations*, SOR/2008-222 (the “**WEPP Regulations**”), and that the Company’s former employees whose employment was terminated during the prescribed eligibility period associated with the Company’s filing of the NOI on January 31, 2024 under the BIA are eligible, subject to section 9 of the WEPPA, to receive payments in accordance with the WEPPA following the termination of their employment;
- (ix) authorizing and directing the Proposal Trustee to carry out its prescribed duties under the WEPPA;
- (x) extending the time within which the Proposal Trustee may file a proposal on behalf of the Company to April 15, 2024; and
- (xi) approving this First Report and the activities and conduct of the Proposal Trustee detailed herein.

TERMS OF REFERENCE

6. In preparing this First Report, the Proposal Trustee has relied upon unaudited interim financial information, the Company’s books and records, the Affidavit of Michael Wakefield (“**Mr. Wakefield**”) sworn on February 23, 2024 (the “**Wakefield Affidavit**”), and discussions with management (“**Management**”) and other employees of the Company, and their financial and legal advisors.
7. The financial information of the Company has not been audited, reviewed or otherwise verified by the Proposal Trustee as to its accuracy or completeness, nor has it necessarily been prepared in accordance with generally accepted accounting principles. The reader is cautioned that this First Report may not disclose all significant matters about the Company. Additionally, none of the Proposal Trustee’s procedures were intended to detect defalcations or other irregularities. If the Proposal Trustee were to perform additional procedures or to

undertake an audit examination of the financial statements in accordance with generally accepted auditing standards, additional matters may have come to the Proposal Trustee's attention. Accordingly, the Proposal Trustee does not express an opinion or any other form of assurance on the financial or other information presented herein. The Proposal Trustee may refine or alter its observations as further information is obtained or brought to its attention after the date of this First Report.

8. Certain of the information referred to in this First Report consists of financial forecasts and/or projections prepared by Management. Although the Proposal Trustee has reviewed the assumptions underlying the projections for reasonableness, an examination or review of financial forecasts and projections and procedures as outlined by the Chartered Professional Accountants of Canada has not been performed. Readers are cautioned that since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results may vary from those forecasts and/or projections and the variations could be significant.
9. The Proposal Trustee assumes no responsibility or liability for any loss or damage occasioned by any party as a result of the circulation, publication, reproduction, or use of this First Report. Any use that any party makes of this First Report, or any reliance on or decisions to be made based on it, is the responsibility of such party.
10. Unless otherwise stated, all monetary amounts contained in this First Report are expressed in Canadian dollars.

BACKGROUND

11. BRR is a corporation incorporated pursuant to the laws of the province of Ontario on September 9, 2017, and extra provincially registered in the province of Manitoba on March 21, 2018. Since its inception, BRR has specialized in the distribution, storage, and warehousing of frozen foods. In April 2020, BRR expanded operations from a warehouse with 3,400 pallet positions to the Warehouse Premises (as defined below) with 12,500 pallet positions.

12. BRR employs approximately 46 staff, inclusive of Management and 20 unionized workers, and operates from leased premises as follows:
 - (a) Head Office – 179 McDermot Avenue, Suite 302, Winnipeg, Manitoba (the “**Head Office Premises**”);
 - (b) Warehouse – 107 Walker Drive, Unit 2, Brampton, Ontario (the “**Warehouse Premises**”); and
 - (c) Call Centre – 55 Fleming Drive, Unit 25, Cambridge, Ontario (the “**Call Centre Premises**”).
13. Background details regarding the Company’s current financial situation are included in the Wakefield Affidavit. As described therein, the Company’s current financial difficulties resulted primarily from the loss of key distributor contracts (i.e. Unilever, Schwan’s Company, and Walmart), a reduction in business post-Covid as customers began to repatriate their logistical needs in-house, and the establishment of a direct competitor business by BRR’s former director of operations and one of its former customers.
14. Based on the Proposal Trustee’s review of the Company’s externally-reviewed financial statements for the years ended December 31, 2021 and 2022, the Company’s financial performance deteriorated during this period, with annual revenue declining from approximately \$31.1 million in 2021 (resulting in approximately \$1.0 million in income from operations) to approximately \$20.8 million in 2022 (resulting in an approximate loss of \$2.6 million from operations). Further, the December 31, 2022 financial statements contained a going concern note, suggesting that a material uncertainty existed that cast significant doubt on the Company’s ability to continue as a going concern.
15. Based on the Company’s internally prepared financial statements for the eleven (11) months ended November 25, 2023, the Company’s revenues approximated \$17.6 million (resulting in an approximate loss of \$1.4 million from operations).
16. Given the material decline in financial performance and the growing debt position of the Company (as detailed below), Management made the decision to file an NOI in an attempt

to facilitate an orderly, Company-led liquidation of BRR’s remaining assets (the “**Liquidation Plan**”). The Company’s intention is to maximize realizations for all interested stakeholders and, if recoveries from the Liquidation Plan are sufficient to fully satisfy the obligations owing to BRR’s secured creditors, file a proposal to the Company’s unsecured creditors.

Assets:

17. The following table summarizes the net book value of BRR’s assets as at November 25, 2023, the date of the most recently prepared internal financial statements of the Company:

BRR LOGISTICS LIMITED	
As at November 25, 2023	
Summary of Assets	
Current	
Cash	141,958
Accounts Receivable	6,307,031
Inventory	2,141,794
Prepays	35,129
	8,625,912
Non-Current	
Property and Equipment	1,765,830
Deposits	312,414
Due From Related Party	24,628
Goodwill and Trademark	2,767,386
	4,870,258
Total Assets	13,496,170

18. As at the NOI Filing Date, BRR had cash on hand of approximately \$1.3 million resulting from advances made by SPCF under the SPCF Agreement (as defined below). In consultation with SPCF, SPCF agreed to allow the Company to utilize the cash on hand to assist with the Liquidation Plan.
19. The Company’s accounts receivable balance was approximately \$5.5 million as at the NOI Filing Date. Of this balance, approximately \$2.8 million was previously sold to SPCF, and approximately \$200,000 may be subject to set-off claims from vendors (i.e. contra accounts payable). Management advised that the Company will continue efforts to collect the residual balance of approximately \$2.5 million over the Extension Period (as defined below).
20. As further detailed in the Wakefield Affidavit, one of the accounts sold to SPCF was the

Walmart account. As at the date of this First Report, there is a dispute between the Company and Walmart in respect of the quantum of the amount owing by Walmart to the Company, further detailed below.

21. The Company's inventory is comprised of a variety of frozen foods, primarily located at the Warehouse Premises. As at the NOI Filing Date, the Company's inventory approximated \$800,000. Shortly after the NOI Filing Date, the Company entered into a proposed Sale Transaction (as defined below) for approximately 60% of the inventory. BRR intends to continue to actively market and liquidate the residual inventory (the "**Residual Inventory**") in accordance with the Liquidation Plan.
22. The net book value of BRR's property, plant, and equipment (collectively the "**Equipment**") can be further segmented as follows:
 - (a) automotive equipment (trailers, reefers, automobiles, forklifts) – \$1.4 million;
 - (b) machinery (freezers, tools, pumps) – \$200,000;
 - (c) computer and office – \$100,000; and
 - (d) leasehold improvements – \$100,000.
23. The Company intends to liquidate the Equipment over the next two months by leveraging their business relationships. Management believes that this approach will maximize recoveries as compared to an auction process. As further detailed below, the Company is seeking the approval of the Court to liquidate its Equipment outside of the ordinary course of operations in accordance with the Liquidation Plan.
24. As at the NOI Filing Date, BRR had approximately \$312,000 in prepaid rental deposits in respect of the three (3) leased locations. The Company anticipates that the landlords will apply the deposits against the final month's rent, and any refund(s) will be negligible.

Liabilities:

25. The following table summarizes the liabilities of the Company as at November 25, 2023:

BRR LOGISTICS LIMITED

As at November 25, 2023

Summary of Liabilities

Current	
Bank Indebtedness	3,166,996
Accounts Payable and Accrued Liabilities	8,788,884
Due to Related Parties	250,000
Current Portion of Long Term Debt	297,763
Current Portion of Bank Debt	497,571
	<hr/>
	13,001,214
Non-Current	
Long Term	171,613
Bank Debt	1,010,509
Promissory Note	240,000
Future Income Taxes	184,200
	<hr/>
	1,606,322
Total Liabilities	14,607,536

26. As at the NOI Filing Date, the Company's balance sheet showed that creditors were owed approximately \$14.8 million—an approximate \$400,000 increase from the total liabilities disclosed as at November 25, 2023 (excluding future income taxes). A complete list of creditors with claims in excess of \$250 was included with the Notice to Creditors, which is attached hereto as Appendix "A".
27. Management advised that the Company's secured creditors are as follows:

Secured Creditor	Amount	Security
Sallyport Commercial Finance ULC	2,392,002	General Security Agreement
BDC Capital Inc.	1,290,610	General Security Agreement
Michael Wakefield	240,000	General Security Agreement
Judy Wakefield	70,000	General Security Agreement
Back 40 Realty Co. Ltd.	180,000	General Security Agreement
G.N. Johnstone Equipment Ltd.	11,736	Serialized Goods
Reefer Sales & Service	47,862	Serialized Goods
Rush Truck Leasing	6,270	Serialized Goods
Ryder Truck Rental Canada Ltd.	22,235	Serialized Goods
Thistle Truck & Trailer Services ltd.	96,266	Serialized Goods
Total	4,356,980	

28. With the exception of amounts owing to SPCF (the "**SPCF Debt**") and the SPCF Security (as defined below), the Proposal Trustee has not yet reviewed any of the other security registrations, nor reached any opinion as to the validity, enforceability, and priority of the interest of those parties in the property and assets of BRR.
29. As at the NOI Filing Date, Management advised that the Company was current with payroll

source deduction remittances to Canada Revenue Agency and that the Company has remained current with remittances thereafter.

ACTIVITIES OF THE COMPANY SINCE FILING OF THE NOI

30. Since the NOI Filing Date, the Company has provided the Proposal Trustee with access to its books and records and other financial documents so as to enable the Proposal Trustee to adequately assess the Company's financial affairs as required by the BIA.
31. Since the NOI Filing Date, Management has assisted with the following:
 - (a) prepared cash flow forecasts and reviewed same with the Proposal Trustee;
 - (b) corresponded with creditors and various stakeholders;
 - (c) held various discussions and meetings with the Company's legal counsel, Miller Thomson LLP ("**Miller Thomson**"), and the Proposal Trustee to discuss the Liquidation Plan;
 - (d) reduced staff by way of employee terminations; and
 - (e) continued with the collection of accounts receivable and actively marketed the inventory and Equipment of the Company.

ACTIVITIES OF THE PROPOSAL TRUSTEE SINCE FILING OF THE NOI

32. Since the NOI Filing Date, the Proposal Trustee's activities have included the following:
 - (a) reviewed various financial information of the Company in order to assess its financial position and the necessity for the NOI filing;
 - (b) held various discussions with Management and participated in discussions with the Company and Miller Thomson;
 - (c) assisted the Company in preparing and filing the NOI with the OSB and fulfilled the Proposal Trustee's notice requirements to creditors pursuant to s. 50.4(6) of the BIA;

- (d) established the Proposal Trustee’s Website and posted documents pertaining to the proposal proceedings;
- (e) responded to creditor inquiries;
- (f) assisted the Company with the preparation of the initial twenty-two (22) week cash flow forecast (the “**Initial Forecast**”) and addressed its filing requirements pursuant to s. 50.4(2) of the BIA;
- (g) monitored the Company’s business and financial affairs, including monitoring of the actual cash flows versus the Initial Forecast, in accordance with s. 50.4(7) of the BIA;
- (h) assisted the Company with the preparation of a revised cash flow forecast for the period February 19, 2024 to June 28, 2024 (the “**Revised Forecast**”);
- (i) advised the Company with respect to the requirements for the sale of assets outside of the ordinary course of business during the period following the NOI Filing Date; and
- (j) prepared this First Report.

SALLYPORT COMMERCIAL FINANCE ULC

- 33. On August 10, 2023, BRR entered into a Bulk Account Sale and Purchase Agreement with SPCF (the “**SPCF Agreement**”). The SPCF Agreement provided for SPCF to purchase eligible accounts receivable of BRR and immediately fund 85% of the value of the purchased accounts (less certain factoring fees, discounts, and allowances). BRR granted SPCF a general security interest in all personal property, assets, and undertakings of the Company (the “**SPCF GSA**”), and BDC Capital Inc. agreed to subordinate its first ranking security position in favour of the SPCF GSA.
- 34. The Proposal Trustee understands that SPCF is supportive of BRR’s orderly Liquidation Plan, provided that all sale proceeds for inventory sold subsequent to the NOI Filing Date, which inventory is covered by the SPCF GSA, are immediately paid to SPCF until the entire SPCF Debt is retired.

35. The Proposal Trustee's independent legal counsel, Aird & Berlis LLP, has reviewed the SPCF GSA and has provided an opinion to the Proposal Trustee that the security of SPCF (the "**SPCF Security**"), subject to the usual assumptions and qualifications in opinions of this nature, is valid and enforceable and would rank in priority to the interest of a trustee in bankruptcy in the assets, properties and undertakings of BRR.
36. Accordingly, the Proposal Trustee is supportive of BRR's request to pay down SPCF on an expedited basis from any proceeds collected from accounts receivable and inventory sales subsequent to the NOI Filing Date.

DISPUTE REGARDING WALMART RECEIVABLE

37. As detailed in the Wakefield Affidavit, Walmart was previously a large customer of the Company.
38. The Company believes that the aggregate balance owing by Walmart is approximately \$1.8 million (the "**Walmart Receivable**"). Walmart disputes the quantum of the Walmart Receivable, and claims that the discount on pre-approved prices that Walmart paid for the Company's supply of frozen food products, which was agreed to by the Company on or about November 2023, should be applied on a retroactive basis to all of Walmart's orders for the last six (6) months. Accordingly, Walmart believes that the Walmart Receivable should be reduced by approximately \$490,000 to account for, what Walmart claims are, previous overpayments made by Walmart (the "**Alleged Overpayments**").
39. As discussed in the Wakefield Affidavit, Walmart has refused to pay the Walmart Receivable on account of the Alleged Overpayments. The Proposal Trustee understands that SPCF is aware of the position being taken by Walmart.
40. The Proposal Trustee also understands that the Company is seeking to adjudicate the dispute with Walmart to determine whether: (i) the stay of proceedings should be lifted to permit Walmart to assert a claim of set-off in response to the Company's demand for payment of the Walmart Receivable; and (ii) whether Walmart should be permitted to invoke the defence of set-off.

41. The Company is seeking to compel Walmart to attend a case conference before the Court, at which time the parties shall seek advice and directions and the Court may endorse a timetable for the delivery of the parties' respective materials, the conduct of cross-examinations, and the hearing of the motion on the merits.
42. The Proposal Trustee is reviewing, and will continue to review and consider, the respective materials delivered by the parties. If determined necessary, the Proposal Trustee will file its own materials with the Court, ahead of the hearing of the motion, with a view to providing assistance to the Court if and when called to do so.

SALE OF ASSETS

43. On February 14, 2024, BRR brought to the attention of the Proposal Trustee a proposed sale transaction (the "**Sale Transaction**") for approximately 60% (worth approximately \$500,000) of the Company's inventory. The Sale Transaction involved all remaining inventory (the "**Schwan's Inventory**") BRR had acquired from Schwan's Company ("**Schwan's**"), which was to be sold to Schwan's new distributor, DOT Foods Canada. The aggregate value of the Sale Transaction approximated \$516,000 for inventory with a cost value to BRR of approximately \$508,000 (excluding transportation costs of approximately \$74,000).
44. Given the perishable nature of the Schwan's Inventory, with much of it set to expire in March 2024, or shortly thereafter, on February 15, 2024, BRR formally requested the consent of the Proposal Trustee for the Company to complete the Sale Transaction.
45. The Proposal Trustee acknowledges s. 65.13 of the BIA in respect of the restrictions on the disposition of assets by a debtor company subsequent to the filing of an NOI. In accordance with s. 65.13(1), an insolvent person in respect of whom a notice of intention is filed under s. 50.4 or a proposal is filed under s. 62(1) may not sell or otherwise dispose of assets outside of the ordinary course of business unless authorized to do so by a court. Further, in accordance with s. 65.13(4) of the BIA, in deciding whether to grant the authorization, the court is to consider, among other things:

- (a) whether the process leading to the proposed sale or disposition was reasonable in the circumstances;
 - (b) whether the trustee approved the process leading to the proposed sale or disposition;
 - (c) whether the trustee 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.
46. Taking into consideration the above, the Proposal Trustee considered the request of BRR and concluded that the Sale Transaction should proceed in advance of the February 27, 2024 hearing given the following:
- (a) the Schwan's Inventory was perishable and much of it was set to expire in March 2024, or very shortly thereafter;
 - (b) as frozen products approach their "best-before" date, salability and value continue to diminish;
 - (c) the proceeds realized from the Schwan's Inventory exceeded BRR's cost (excluding transportation costs); and
 - (d) the proceeds from the Sale Transaction are being held by BRR in place of the Schwan's Inventory, and are subject to the same security interests.
47. The Proposal Trustee is of the view that the consideration to be received for the Schwan's Inventory is reasonable and fair in the circumstances, and the Proposal Trustee is supportive

of the Company's request for authorization to attempt to finalize the Sale Transaction.

48. Given the Company's Liquidation Plan, and taking into consideration the intention of BRR to maximize value for all stakeholders, BRR is requesting Court approval to sell its residual inventory and Equipment outside of the ordinary course of operations on the following basis:
 - (a) without the necessity for further approval of this Court in respect of any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000;
 - (b) with the consent of the Proposal Trustee; and
 - (c) with the Proposal Trustee reporting on all sale transactions in a subsequent Court report.
49. The Proposal Trustee is supportive of the relief being sought as it will allow for the timely liquidation of the Company's residual assets over the Extension Period, and will limit the costs associated with preparing for and attending multiple Court appearances to seek approval of future sale transactions.

REAL PROPERTY LEASES

50. Immediately after the NOI Filing Date, the Proposal Trustee was advised by Management that BRR contacted the landlords for the Head Office Premise, the Warehouse Premise, and the Call Centre Premise—being 4348037 Manitoba Inc., KS Ice Ontario Inc., and Skyline Commercial Management Inc. ("**Skyline**"), respectively—to advise of the Liquidation Plan. BRR advised the Proposal Trustee that all three landlords were supportive of working with BRR to facilitate smooth exits from the leased locations.
51. On February 12, 2024, the Proposal Trustee received correspondence from Skyline advising that they would require a formal disclaimer of the lease in accordance with the BIA, and that the previous communications that BRR had had with the property manager were insufficient. Accordingly, on February 15, 2024, the Company issued a formal disclaimer notice to Skyline in accordance with Rule 95 of the BIA.

52. The Proposal Trustee acknowledges s. 65.2(2) of the BIA, which provides that within fifteen days after being given notice of the disclaimer or rescission of a lease under s. 65.2(1), the lessor may apply to court for a declaration that s. 65.2(1) does not apply in respect of that lease. As at the date of this First Report, the Proposal Trustee has not been made aware of any such declaration being sought by Skyline.

WAGE EARNER PROTECTION PROGRAM

53. On or about February 5, 2024, BRR terminated 31 of the 46 employees, and the remaining employees were retained to assist with the Liquidation Plan.
54. In accordance with s. 5(1) of the WEPPA, an individual is eligible to receive a payment under the program if:
- (a) the individual's employment ended for a reason prescribed by regulation (i.e. the individual resigned or retired, the individual's employment has terminated, or the term of the individual's employment has expired);
 - (b) the former employer is the subject of proceedings under Division I Part III of the BIA, and a court determines under s. 5(5) that the criteria prescribed by regulation are met (i.e. that the former employer is the former employer of all of whose employees in Canada have been terminated other than any retained to wind down its business operations); and
 - (c) the individual is owed eligible wages by the former employer.
55. The Company and the Proposal Trustee are of the view that the wind down of the Company qualifies the terminated employees of the Company to participate in the WEPP filing (the "**WEPPA Filing**"). The Proposal Trustee is also of the view that the prescribed criteria for the application of the WEPPA are met in the circumstances. As a filing under the WEPPA is at the discretion of the Court in a proposal proceeding, the Proposal Trustee is recommending that an order be made that the criteria prescribed by the WEPPA and the WEPP Regulations have been met. In accordance with s. 2(1) of the WEPPA, the period of time in which *eligible wages* (as defined therein) will be determined will be as follows:

- (a) the period beginning on the day that is six (6) months before the day on which the NOI was filed by the Company (i.e. January 31, 2024) and ending on the day on which the Court makes a determination under s. 5(5) of the WEPPA (i.e. February 27, 2024).
56. The Company is seeking an order that confirms that the former employees of BRR are individuals whom the WEPPA applies, and the Proposal Trustee supports the relief sought. The Proposal Trustee is recommending that it be authorized to carry out its prescribed duties in accordance with s. 21 of the WEPPA, and will work with the Company to ensure the employees eligible for relief are notified of their entitlement and are provided with the requisite information to pursue a claim with Service Canada (who administers the WEPPA program).

CASH FLOW FORECAST

57. The Proposal Trustee assisted the Company with preparing and filing the Initial Forecast, which was filed with the OSB on February 9, 2024, along with the corresponding statutory reporting. The Initial Forecast is attached hereto as **Appendix "B"**.
58. The Company's cash receipts and disbursements for the period January 29, 2024 to February 16, 2024 are attached hereto as **Appendix "C"** with a comparison to the Initial Forecast. The Proposal Trustee has conducted a review of the Company's actual cash flows compared to the Initial Forecast and notes that compared with the Initial Forecast, the Company experienced a favorable variance of approximately \$142,000 in respect of the net cash outflows, primarily attributable to the following:
- (a) \$(97,000) unfavourable cash receipt variance compared to the forecast primarily due to the following:
 - (i) inventory sales not materializing as forecast (approximately \$45,000);
 - (ii) SPCF continuing to collect ongoing monthly warehousing rents and applying same against the SPCF Debt under the SPCF GSA which were forecast to be collected directly by BRR (approximately \$62,000); and

- (iii) offset by collections of accounts receivable by BRR and not yet remitted to SPCF under the SPFC GSA (approximately \$10,000);
- (b) \$239,000 favourable cash disbursement variance compared to the forecast primarily due to the following:
 - (i) a reduction in the use of contract drivers as the movement of inventory was not as expected and was completed with BRR employees (approximately \$51,000);
 - (ii) timing of fuel, insurance, utilities, and certain office and administration payments (approximately \$133,000);
 - (iii) timing of BRR paying vacation pay owed to terminated employees (approximately \$66,000);
 - (iv) timing of professional fee payments (approximately \$26,000); and
 - (v) offset by payroll costs exceeding the forecast (approximately \$24,000), interest charges debited by BDC Capital not included in the forecast (approximately \$11,000), and the aggregate of other miscellaneous variances from the forecast (\$2,000).
- 59. The Proposal Trustee has also assisted the Company in preparing the Revised Forecast, which is attached hereto as **Appendix "D"**. The Revised Forecast contemplates the Court granting the Company an extension during which time the Company will continue to collect accounts receivable, liquidate the Residual Inventory, and sell the Equipment.
- 60. The Revised Forecast includes the assumptions as set out in the notes and assumptions appended thereto (the “**Notes and Assumptions**”). The Proposal Trustee’s comments on the Revised Forecast are as follows:
 - (a) for the period February 19, 2024 to June 28, 2024, the Company is expected to have gross receipts of approximately \$1.9 million and disbursements of approximately \$1.4 million, representing a net cash inflow of approximately \$500,000;

- (b) the Company is expected to generate cash sufficient to fund ongoing operations during the Extension Period;
- (c) the Proposal Trustee's review of the Revised Forecast consisted of inquiries, analytical procedures, and discussions related to information supplied to the Proposal Trustee by Management. Since the Notes and Assumptions need not be supported, the Proposal Trustee's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Revised Forecast. The Proposal Trustee has also reviewed the support provided by Management for the Notes and Assumptions, and the preparation and presentation of the Revised Forecast; and
- (d) Based on the Proposal Trustee's review, nothing has come to its attention that causes it to believe that, in all material respects:
 - (i) the Notes and Assumptions are not consistent with the purpose of the Revised Forecast;
 - (ii) as at the date of this First Report, the Notes and Assumptions developed by Management are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Revised Forecast, given the Notes and Assumptions; or
 - (iii) the Revised Forecast does not reflect the Notes and Assumptions.

Since the Revised Forecast is based on assumptions regarding future events, actual results will vary from the information presented, even if the events described in the Notes and Assumptions occur, and the variations may be material. Accordingly, the Proposal Trustee expresses no assurance as to whether the Revised Forecast will be achieved. The Proposal Trustee expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this First Report, or relied upon by the Proposal Trustee in its preparation.

LIQUIDATION PLAN

61. As detailed in the Wakefield Affidavit, BRR is attempting to liquidate the remaining assets of the Company in an orderly manner with a view to maximizing recoveries for its secured lenders and filing a proposal to its unsecured creditors. Accordingly, BRR is proposing to follow the undernoted Liquidation Plan to realize on the remaining assets:
- (a) Accounts receivable – BRR will continue to work with SPCF to collect the outstanding accounts in order to reduce the SPCF Debt;
 - (b) Residual Inventory – BRR will approach existing customers in order to sell the Residual Inventory, much of which is perishable in nature; and
 - (c) Equipment – BRR is in the process of compiling detailed listings of vehicles and machinery/equipment which Management intends to provide to potentially interested parties in their existing network of dealers, owner operators, and customers. Management is also planning to provide the Equipment lists to a select group of auctioneers and will request auction proposals for same.
62. Management is committed to working closely with the Proposal Trustee, who will monitor the Liquidation Plan and will report on same in a subsequent report to the Court.

CASH MANAGEMENT SYSTEM

63. BRR operates a centralized cash management system (the “**Cash Management System**”) from the Head Office Premises. The Company maintains an operating account at Royal Bank of Canada (“**RBC**”), utilizes an RBC Visa Credit Card, and maintains a blocked Toronto-Dominion Bank account (the “**TD Blocked Account**”) for receipts collected under the SPCF Agreement.
64. BRR intends to continue using the RBC operating account, RBC Visa Credit Card, and the TD Blocked Account so as not to disrupt the flow of receipts from customers and payments to vendors and SPCF. Management has undertaken to stop all pre-authorized automatic disbursements from the RBC operating account.

65. The Company is seeking the approval of the Court to continue with the Cash Management System, and the Proposal Trustee has no objection with same.

ADMINISTRATION CHARGE

66. As security for the professional fees and disbursements of the Proposal Trustee, counsel to the Proposal Trustee, and counsel to the Company (collectively, the “**Administrative Professionals**”), the Company is seeking a first ranking charge in the amount of \$250,000 on all of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, of the Company, including all proceeds thereof (collectively, the “**Property**”).
67. The Proposal Trustee makes the following observations regarding the Administration Charge for consideration by the Court:
- (a) the Administrative Professionals have played, and will continue to play, a critical role in the Company’s Liquidation Plan;
 - (b) the Administration Charge is essential to ensure that the Administrative Professionals, who are seized with advancing this process within the anticipated timeline for completion of these proposal proceedings, have security for the fees they have incurred and will incur;
 - (c) no creditors will be unduly prejudiced by the quantum of the Administrative Charge;
 - (d) the quantum of the Administration Charge is fair and reasonable in the circumstances; and
 - (e) all of the secured creditors who are likely to be affected by the Administration Charge have been served with the Company’s notice of motion filed on February 23, 2024, as required by s. 64.2(1) of the BIA.

EXTENSION OF TIME TO FILE PROPOSAL

68. As a result of the foregoing, the Proposal Trustee is of the view that the Liquidation Plan is

anticipated to maximize realizations and exceed the recoveries that could be expected in a bankruptcy scenario.

69. In order to allow the Company sufficient time to complete the Liquidation Plan and formulate a viable proposal, the Company is seeking an extension of time within which the Proposal Trustee may file a proposal on behalf of the Company, extending the time from March 1, 2024 to April 15, 2024 (the “**Extension Period**”).
70. The Proposal Trustee is of the opinion that the Company’s request for an extension of time to make a proposal is reasonable given the following:
 - (a) the Company has acted, and is acting, in good faith and with due diligence;
 - (b) the Extension Period will provide BRR additional time to complete the Liquidation Plan, which provides an opportunity for the Company to be able to make a proposal to its creditors;
 - (c) to date, no creditors have been materially prejudiced by the stay of proceedings currently in place, and creditors will not suffer any additional losses as compared to the situation at the NOI Filing Date; and
 - (d) the Proposal Trustee has not identified, and is not aware of, any creditor that would be materially prejudiced if the extension being requested is granted.

RECOMMENDATIONS REGARDING RELIEF SOUGHT

71. As a result of the foregoing, the Proposal Trustee respectfully supports the following relief being sought by the Company:
 - (a) granting the Administration Charge;
 - (b) authorizing the Company to continue with its Cash Management System;
 - (c) authorizing the Company to continue with its Liquidation Plan;
 - (d) approving the Sale Transaction;

- (e) fixing a date on which the parties shall attend the Walmart Case Conference and directing Walmart to attend;
- (f) authorizing the Company to complete sales of inventory and Equipment outside of the ordinary course of operations without the necessity for Court approval for any transaction not exceeding \$100,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000;
- (g) approving of payments to SPCF from the sale of inventory and collection of accounts receivable up to the aggregate of the SPCF Debt in accordance with the SPCF Security;
- (h) declaring that the Company meets the criteria prescribed by the WEPP Regulations, and the Company's former employees whose employment was terminated during the prescribed eligibility period associated with the Company's filing of the NOI on January 31, 2024 under the BIA are eligible, subject to section 9 of the WEPPA, to receive payments in accordance with the WEPPA following the termination of their employment;
- (i) authorizing and directing the Proposal Trustee to carry out the prescribed duties under the WEPPA;
- (j) extending the time within which the Proposal Trustee may file a proposal on behalf of the Company to April 15, 2024; and
- (k) approving this First Report and the activities and conduct of the Proposal Trustee detailed herein.

All of which is respectfully submitted at Toronto, Ontario, this 23rd day of February, 2024.

BDO CANADA LIMITED, solely in its
capacity as the Proposal Trustee of BRR
Logistics Limited and not in its personal capacity.



Per: Josie Parisi, CPA, CA, CBV, CIRP, LIT
Senior Vice-President

Appendix D – Endorsement of Justice Kimmel dated March 20, 2024



ONTARIO SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

COUNSEL SLIP/ENDORSEMENT

COURT FILE NO.: BK-24-03038619-0031 DATE: 20 March 2024

NO. ON LIST: 1

TITLE OF PROCEEDING: IN THE MATTER OF THE PROPOSAL OF BRR LOGISTICS LIMITED

BEFORE JUSTICE: KIMMEL

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party, Crown:

Name of Person Appearing	Name of Party	Contact Info
FAHEIM, MONICA AZEFF, GREGORY	BRR LOGISTICS LIMITED	mfaheim@millerthomson.com gazeff@millerthomson.com

For Defendant, Respondent, Responding Party, Defence:

Name of Person Appearing	Name of Party	Contact Info

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
PHOENIX, GRAHAM	SALLYPORT COMMERCIAL FINANCE	gphoenix@LN.law
LICI, MATILDA	BDO CANADA LIMITED	mlici@airdberlis.com
MCINTYRE, CAITLIN	WALMART CANADA CORP	caitlin.mcintyre@blakes.com

ENDORSEMENT OF JUSTICE KIMMEL:

1. BRR Logistics Limited ("BRR" or the "Company") seeks to schedule the following two motions:

- a. a motion for an expedited adjudication of a dispute with Wal-Mart Canada Corp. ("Walmart") in respect of a claimed receivable owing by Walmart to the Company and Walmart's claim that it overpaid prior invoices (the "Walmart Motion"); and
- b. a motion for advice and directions in respect of certain goods of customers/suppliers being held by the Company (the "Inventory Motion").

The Inventory Motion

2. The Company must vacate its current warehouse premises by March 31, 2024. This has created some urgency, at least for an initial appearance and preliminary order and directions.
3. The Company is consulting with the Proposal Trustee and considering its options regarding the storage and warehousing services that it provides to its customers, many of whom are also suppliers. The Company has compiled a list of affected customers/suppliers.
4. There are potential set-off issues as between the Company and some of these customers/suppliers. This situation is further complicated by the fact that the Company's accounts receivable has been purchased by its senior secured creditor, Sallyport Commercial Finance ULC ("Sallyport").
5. On the Inventory Motion, the Company will be seeking advice and directions from the Court regarding the continued storage (at another location) and/or disposition of the inventory. Due to its urgency, an initial return date has been scheduled for the Inventory Motion on March 26, 2024 for 90 minutes. The following timetable shall be adhered to in respect of this first return date for the Inventory Motion:
 - a. The Company shall serve its motion materials, together with a copy of this endorsement, on all interested stakeholders and its general service list by the close of business on March 21, 2024.
 - b. The Proposal Trustee shall serve its report in respect of this Inventory Motion by the close of business on March 22, 2024.
 - c. Any stakeholder who intends to participate and take a position on this motion shall advise the Company of such intention and provide a brief outline of its position by 2 p.m. on March 25, 2024.
 - d. The Company shall deliver a factum or Aide Memoire by the close of business on March 25, 2024.
 - e. All material for the March 25, 2024 first return of the Inventory Motion shall have been served, filed and uploaded into CaseLines by no later than 6 p.m. on March 25, 2024.

The Walmart Motion

6. The Company first sought to schedule the Walmart Motion on February 27, 2024 when appearing before Conway J. on the initial order in this matter. At that time, the Company was aware of, and disclosed to the court, that there appeared to be a disagreement with Walmart both in terms of the accounting for outstanding accounts receivable arising prior to the January 31, 2024 Filing Date and in respect of an overpayment that Walmart claimed to have made on earlier invoices and was seeking to set off. The parties have been exchanging information since then, and Walmart has agreed to pay today an initial amount of \$425,000 in respect of amounts acknowledged to be owing.
7. Walmart says it will pay whatever is owing upon a final reconciliation, but the parties are not confident today that they will be able to reach agreement on that amount having regard to the current differences of opinion. While they continue to work towards an agreement, the Company and Sallyport asked that the motion be scheduled with a timetable that builds in time for continued negotiations on the front end.
8. The Walmart Motion has been scheduled for a half day on May 14, 2024. The parties shall adhere to the following timetable for pre-hearing steps:
 - a. The Company shall provide its response to outstanding information requests from Walmart by March 27, 2024.

- b. If no resolution can be reached, the Company shall serve its motion record for the Walmart Motion by April 12, 2024.
 - c. Walmart's responding motion record shall be served by April 19, 2024.
 - d. The Proposal Trustee's report, if any, shall be served by no later than May 7, 2024.
 - e. The parties shall agree upon a timetable for all other remaining pre-hearing steps such that all materials, including a reply factum if deemed appropriate by the Company, shall have been served, filed and uploaded into CaseLines by no later than 2:30 on May 13, 2024.
9. This endorsement and the orders and directions contained in it shall have the immediate effect of a court order without the necessity of a formal order being taken out.

A handwritten signature in cursive script that reads "Kimmel J.".

KIMMEL J.

Appendix E – Endorsement of Justice Conway dated February 27, 2024



SUPERIOR COURT OF JUSTICE

COUNSEL/ENDORSEMENT SLIP

COURT FILE NO.: BK-24-03038619-0031

DATE: February 27, 2024

NO. ON LIST: 3

TITLE OF PROCEEDING: BRR LOGISTICS LIMITED et al

BEFORE: JUSTICE CONWAY

PARTICIPANT INFORMATION

For Plaintiff, Applicant, Moving Party:

Name of Person Appearing	Name of Party	Contact Info
	Counsel for BRR Logistics Limited	
Monica Faheim		mfaheim@millerthomson.com
Gregory Azeff		gazeff@millerthomson.com

For Defendant, Respondent, Responding Party:

Name of Person Appearing	Name of Party	Contact Info
Ian Aversa	Counsel for the Proposal Trustee	iaversa@airdberlis.com
Matilda Lici		mlici@airdberlis.com

For Other, Self-Represented:

Name of Person Appearing	Name of Party	Contact Info
Caitlin McIntyre	Counsel for Wal-Mart Canada Corp.	caitlin.mcintyre@blakes.com
Brent Warga	Proposal Trustee	bwarga@bdo.ca
John R. Fritz		jfritz@bdo.ca

ENDORSEMENT OF JUSTICE CONWAY:

- [1] All defined terms used in this Endorsement shall, unless otherwise defined, have the meanings ascribed to them in the Factum of BRR Logistics Limited dated February 26, 2024.
- [2] The Company filed an NOI on February 1, 2024. This is an orderly wind-down of the Company, supported by its senior secured creditor Sallyport. On this motion, the Company seeks various relief including an extension of time to file a proposal to April 15, 2024, an Administration Charge of \$250,000 to cover professional fees, authorization to carry out the Liquidation Plan, authorization to complete sales of inventory and equipment outside the ordinary course of business (subject to specified dollar limitations and the consent of the Proposal Trustee), authorization to make distributions to Sallyport, and approval of the Proposal Trustee's First Report.
- [3] The motion is unopposed. The Proposal Trustee, in the First Report, recommends the relief sought. I am satisfied that the relief should be granted, with one exception set out below.
- [4] The extension to April 15, 2024 is granted. The Company is acting in good faith and with due diligence. The Company will have sufficient cash flow for the extension period. The Company intends to use this period to implement the Liquidation Plan with a view to presenting a proposal to its unsecured creditors.
- [5] The Administration Charge is acceptable and is authorized under s. 64.2 of the BIA.
- [6] The Liquidation Plan is approved given that the Company is unable to sustain going concern operations. The ability to sell inventory and equipment (\$100,000 per transaction, \$500,000 in the aggregate), with the consent of the Proposal Trustee, is acceptable and authorized under s. 65.13(4) of the BIA.
- [7] The distribution to Sallyport, after consultation with the Proposal Trustee to minimize the impact on cash flow, is approved. The First Report is approved.
- [8] The Company seeks a declaration that WEPPA applies with respect to the 31 employees whose employment was terminated following the commencement of the NOI proceedings. Section 5(5) of WEPPA states that the court "may" in proceedings under the BIA, determine that a former employer meets the criteria prescribed by the WEPPA Regulations. Section 3.2 of those Regulations states that "for purposes of subsection 5(5) of the Act, a court may determine whether the former employer is the former employer all of whose employees in Canada have been terminated other than any retained to wind down its business operations".

- [9] I declined to give the requested declaration. As set out in the First Report, both the Company and the Proposal Trustee are of the view that the wind down of the Company qualifies the terminated employees to participate in the WEPP filing. The Proposal Trustee adds that it is of the view that the application of WEPPA is met in the circumstances. There is no reason set out in the materials why a declaration from this court is required to supplement the views of the Company and the Proposal Trustee. Nor is there any basis for the court to exercise its discretion under ss. 5(5) and 3(2) to make these determinations. Counsel has now removed this section from the draft order.
- [10] Order to go as signed by me and attached to this Endorsement. This order is effective from today's date and is enforceable without the need for entry and filing.

Conway J.

Appendix F – Correspondence with Service Canada

Warga, Brent

From: Matte, Julie J [NC] <julie.l.matte@servicecanada.gc.ca>
Sent: February 29, 2024 10:50 AM
To: Fritz, John
Cc: Warga, Brent; NC-NSO-NOS-GD
Subject: [EXT] RE: BRR Logistics Limited - WEPPA Application

You don't often get email from julie.l.matte@servicecanada.gc.ca. [Learn why this is important](#)

Good morning John

I sent up your inquiry to our labour partners and received the following response:

The Wage Earner Protection Act requires that under a NOI within the BIA:
WEPP Act 5(1) (iv) the former employer is the subject of proceedings under Division I of Part III of the *Bankruptcy and Insolvency Act* or under the *Companies' Creditors Arrangement Act* and a court determines under subsection (5) that the criteria prescribed by regulation are met;

WEPP is not applicable as per the above, without the determination. There is no latitude here, if WEPP is to apply, the court makes the determination that the criteria are met as prescribes by the regs.

Unfortunately in order to make this a WEPP eligible event there must be a signed court order stating that the estate meets the criteria prescribed by section 5(5) of the Wage Earner Protection Program Act (Canada), S.C. 2005, c. 47, s.1 ("the WEPPA") and section 3.2 of the Wage Earner Protection Program Regulations, SOR/2008-222 (the "WEPPA Regulations").

I hope this helps. Should you have any additional questions, do not hesitate to contact me.

Thanks

Julie Matte
(She – Elle)

Senior Program Advisor, Benefits and Integrated Services Branch
Wage Earner Protection Program (WEPP)
Service Canada / Government of Canada
julie.l.matte@servicecanada.gc.ca / Tel: 613-330-9405

Conseillère principale en matière de programmes, Direction générale des prestations et services intégrés
Programme de protection des salariés (PPS)
Service Canada / Gouvernement du Canada
julie.l.matte@servicecanada.gc.ca / Tél: 613-330-9405

From: Fritz, John <jfritz@bdo.ca>
Sent: Wednesday, February 28, 2024 12:47 AM
To: Matte, Julie J [NC] <julie.l.matte@servicecanada.gc.ca>
Cc: Warga, Brent <bwarga@bdo.ca>
Subject: BRR Logistics Limited - WEPPA Application

Julie,

BDO Canada Limited acts in the capacity as proposal trustee (the “Trustee”) in the Notice of Intention to make a Proposal of BRR Logistics Limited (the “Company”).

Please find copies of the Company’s motion materials and the Trustee’s First Report as filed with the Court in advance of the February 27, 2024 Court hearing seeking, amongst other relief, a declaration that the Company meets the criteria prescribed by the Wage Earner Protection Program Regulations and that the Company’s former employees are eligible, subject to s. 9 of the *Wage Earner Protection Program Act* (“WEPPA”), to receive payments in accordance with the WEPPA following termination of their employment.

The Trustee draws your attention to the following (with references to the WEPPA provisions):

1. Motion Record:
 - a. Paras. 26 – 28 of the Notice of Motion (at p. 17);
 - b. Sub-para. 2(g) of the Affidavit of Michael Wakefield (at p. 27);
 - c. Paras. 15 and 16 of the Draft Order (at p. 114); and
2. First Report of the Proposal Trustee paras. 53 – 56.

At the February 27, 2024 hearing, Justice Conway declined to grant the requested declaration for reasons including (and further articulated in the attached February 27, 2024 Endorsement) the following:

1. The permissive, rather than prescriptive, wording contained in the *Wage Earner Protection Program Regulations* (i.e. “...a court may determine...” vs. “...a court must determine...”);
2. That the Company and the Trustee are of the view that the wind down of the Company qualifies the terminated employees to participate in the WEPPA filing;
3. That the Trustee is of the view that the application of WEPPA is met in the circumstances; and
4. Given the forgoing, there was no reason identified why a declaration from the Court was required.

In addition to the Endorsement, please find a copy of the issued February 27, 2024 Order attached which, in addition to the Endorsement, will be posted to the Trustee’s website for the proceedings available at: [List of current engagements | BDO Canada](#) in due course.

At your earliest convenience, the Trustee requests confirmation that Service Canada’s position aligns with that of the Trustee and of the Court (i.e. that the application of WEPPA is met in the circumstances and that a declaration from the Court is not required). Subject to this confirmation, the Trustee will proceed to carry out its prescribed duties in accordance with s. 21 of the WEPPA.

Regards,

John R. Fritz, LIT
Vice-President
BDO Canada Limited
Direct: (204)282-9716
jfritz@bdo.ca

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Appendix G – Forecast to Actual Results for the Period February 19, 2024 to March 29, 2024

BRR LOGISTICS LIMITED
Forecast to Actual Results
For the 6-Week Period Ending March 29, 2024

Week Ending	Notes	Forecast	Actual	Variance	Forecast	Actual	Variance	Forecast	Actual	Variance	Forecast	Actual	Variance
		Week 4 23-Feb	Week 4 23-Feb	Week 4 23-Feb	Week 5 01-Mar	Week 5 01-Mar	Week 5 01-Mar	Week 6 08-Mar	Week 6 08-Mar	Week 6 08-Mar	Week 7 15-Mar	Week 7 15-Mar	Week 7 15-Mar
Receipts													
Accounts Receivable	1	-	39,490	39,490	-	1,470	1,470	-	541	541	-	-	-
Transfers to Sallyport Commercial Finance ULC		-	(9,114)	(9,114)	-	(39,490)	(39,490)	-	(2,875)	(2,875)	-	(1,756)	(1,756)
Equipment Sales	2	1,000	3,500	2,500	-	-	-	-	-	-	-	-	-
GST/PST/HST Refunds	3	17,757	43,075	25,318	-	-	-	-	-	-	-	-	-
Inventory Sales	4	-	-	-	-	-	-	-	1,215	1,215	-	7,488	7,488
Warehouse Rent	5	-	-	-	-	-	-	-	-	-	-	744	744
Total Receipts		18,757	76,951	58,194	-	(38,020)	(38,020)	-	(1,119)	(1,119)	-	6,477	6,477
Disbursements													
Contractors (Drivers)	6	3,500	3,456	(44)	3,500	5,392	1,892	3,500	-	(3,500)	3,500	4,972	1,472
Fuel	7	10,000	-	(10,000)	5,000	25,201	20,201	5,000	-	(5,000)	5,000	-	(5,000)
GST/PST/HST Remittances	8	-	-	-	-	25,276	25,276	-	-	-	-	-	-
Leases	9	-	-	-	-	-	-	-	-	-	2,628	-	(2,628)
Vehicles		-	-	-	-	-	-	-	-	-	-	-	-
Equipment		1,076	-	(1,076)	25,436	9,769	(15,668)	-	1,921	1,921	-	-	-
Insurance	10	-	-	-	12,688	12,688	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-	10,471	10,471
Office and Administration	11	11,850	396	(11,455)	11,850	1,453	(10,397)	11,850	660	(11,191)	11,850	989	(10,861)
Payroll (including source deductions)	12	125,556	115,954	(9,602)	-	12,204	12,204	59,735	53,229	(6,506)	-	10,322	10,322
Rent	13	-	-	-	-	-	-	-	-	-	-	-	-
Unit #2-107 Walker Drive (Brampton)		-	-	-	-	305,497	305,497	305,497	-	(305,497)	-	-	-
745 Intermodal Drive (Brampton)		-	-	-	9,023	-	(9,023)	-	9,026	9,026	-	-	-
Repairs and Maintenance		-	-	-	-	8,039	8,039	-	347	347	-	3,130	3,130
Travel	14	1,500	-	(1,500)	1,000	2,594	1,594	1,500	-	(1,500)	1,000	-	(1,000)
Union Remittances	15	150	-	(150)	-	-	-	150	-	(150)	-	-	-
Utilities	16	9,946	791	(9,155)	8,271	5,788	(2,482)	6,564	1,480	(5,084)	22,508	901	(21,607)
Contingency	17	5,000	-	(5,000)	5,000	-	(5,000)	5,000	-	(5,000)	5,000	347	(4,653)
Total Disbursements		168,577	120,596	(47,981)	81,768	413,901	332,132	398,796	66,663	(332,133)	51,486	31,132	(20,354)
Cash from Operations		(149,820)	(43,645)	106,175	(81,768)	(451,921)	(370,152)	(398,796)	(67,781)	331,014	(51,486)	(24,655)	26,830
Restructuring Costs													
Interim / Financing Fees	18	-	-	-	-	-	-	-	-	-	-	-	-
Company Legal Fees	19	-	-	-	25,000	-	(25,000)	-	-	-	-	-	-
Trustee Fees	20	-	-	-	25,000	-	(25,000)	-	29,012	29,012	-	-	-
Trustee's Legal Fees	20	-	-	-	30,000	-	(30,000)	-	-	-	-	-	-
Total Restructuring Costs		-	-	-	80,000	-	(80,000)	-	29,012	29,012	-	-	-
Net Cash Inflow/(Outflow)		(149,820)	(43,645)	106,175	(161,768)	(451,921)	(290,152)	(398,796)	(96,793)	302,003	(51,486)	(24,655)	26,830
Opening Bank Position	21	822,549	822,549		672,729	778,904		510,961	326,983		112,165	230,190	
Net Cash Inflow / (Outflow)		(149,820)	(43,645)		(161,768)	(451,921)		(398,796)	(96,793)		(51,486)	(24,655)	
Closing Bank Position		672,729	778,904		510,961	326,983		112,165	230,190		60,679	205,535	

BRR LOGISTICS LIMITED
Forecast to Actual Results
For the 6-Week Period Ending March 29, 2024

Week Ending	Notes	Forecast	Actual	Variance	Forecast	Actual	Variance	Forecast	Actual	Variance
		Week 8 22-Mar	Week 8 22-Mar	Week 8 22-Mar	Week 9 29-Mar	Week 9 29-Mar	Week 9 29-Mar	Weeks 4 to 9 Total	Week 4 to 9 Total	Week 4 to 9 Total
Receipts										
Accounts Receivable	1	100,000	18,723	(81,277)	-	914	914	100,000	61,138	(38,862)
Transfers to Sallyport Commercial Finance ULC		-	(8,232)		-	(20,701)		-	(82,167)	(82,167)
Equipment Sales	2	-	18,645	18,645	250,000	6,950	(243,051)	251,000	29,095	(221,906)
GST/PST/HST Refunds	3	-	-	-	-	-	-	17,757	43,075	25,318
Inventory Sales	4	-	1,613	1,613	-	35,000	35,000	-	45,316	45,316
Warehouse Rent	5	-	365	365	-	-	-	-	1,109	1,109
Total Receipts		100,000	31,114	(60,654)	250,000	22,163	(207,136)	368,757	97,565	(271,192)
Disbursements										
Contractors (Drivers)	6	3,500	3,586	86	3,500	6,619	3,119	21,000	24,025	3,025
Fuel	7	5,000	-	(5,000)	5,000	13,093	8,093	35,000	38,294	3,294
GST/PST/HST Remittances	8	-	-	-	14,000	-	(14,000)	14,000	25,276	11,276
Leases	9	-	-	-	-	-	-	-	-	-
Vehicles		-	-	-	-	-	-	2,628	-	(2,628)
Equipment		-	-	-	-	-	-	26,512	11,690	(14,822)
Insurance	10	-	-	-	-	12,688	12,688	12,688	25,377	12,688
Interest		-	-	-	-	-	-	-	10,471	10,471
Office and Administration	11	11,850	57	(11,794)	11,850	1,685	(10,165)	71,100	5,238	(65,862)
Payroll (including source deductions)	12	59,735	54,012	(5,724)	-	1,346	1,346	245,026	247,067	2,041
Rent	13	-	-	-	-	-	-	-	-	-
Unit #2-107 Walker Drive (Brampton)		-	-	-	-	-	-	305,497	305,497	-
745 Intermodal Drive (Brampton)		-	-	-	-	-	-	9,023	9,026	3
Repairs and Maintenance		-	350	350	-	8,335	8,335	-	20,200	20,200
Travel	14	1,500	-	(1,500)	-	5,470	5,470	6,500	8,064	1,564
Union Remittances	15	150	-	(150)	-	-	-	449	-	(449)
Utilities	16	9,946	1,373	(8,573)	8,271	2,571	(5,700)	65,504	12,903	(52,601)
Contingency	17	5,000	-	(5,000)	5,000	-	(5,000)	30,000	347	(29,653)
Total Disbursements		96,680	59,376	(37,654)	47,621	51,808	(4,148)	844,928	743,476	(101,452)
Cash from Operations		3,320	(28,263)	(23,000)	202,379	(29,645)	(202,988)	(476,171)	(645,911)	(169,740)
Restructuring Costs										
Interim / Financing Fees	18	-	-	-	-	-	-	-	-	-
Company Legal Fees	19	-	-	-	-	-	-	25,000	-	(25,000)
Trustee Fees	20	25,000	-	(25,000)	-	-	-	50,000	29,012	(20,989)
Trustee's Legal Fees	20	-	-	-	-	-	-	30,000	-	(30,000)
Total Restructuring Costs		25,000	-	(25,000)	-	-	-	105,000	29,012	(75,989)
Net Cash Inflow/(Outflow)		(21,680)	(28,263)	2,000	202,379	(29,645)	(202,988)	(581,171)	(674,922)	(93,751)
Opening Bank Position	21	60,679	205,535		38,999	177,272		822,549	822,549	
Net Cash Inflow / (Outflow)		(21,680)	(28,263)		202,379	(29,645)		(581,171)	(674,922)	
Closing Bank Position		38,999	177,272		241,378	147,627		241,378	147,627	

NOTES AND ASSUMPTIONS

Purpose and Disclaimer

The Cash Flow Forecast contemplates an orderly winddown of operations in order to maximize recoveries for all stakeholders. In preparing the Cash Flow Forecast, Management has relied on unaudited internal financial information and has not attempted to verify the accuracy or completeness of such information. The Cash Flow Forecast includes the assumptions detailed below with respect to the requirements and impact of a Notice of Intention to Make a Proposal (BIA) filing. Since the Cash Flow Forecast is based on assumptions about future events that are not ascertainable, the actual results achieved may vary, even if the assumptions materialize, and such variations may be material. There is no representation, warranty, or other assurance that any of the estimates or forecasts will be realized.

- (1) BRR will continue to collect accounts receivable in the ordinary course, subsequent to Sally Port Commercial Finance ULC recovering amounts owed from the purchased accounts.
- (2) Estimated realizations based on the value equipment (\$400K) assessed by an independent financing company for trailers/reefers, plus an estimate for residual assets (\$100K).
- (3) Expected refunds for the months of Jan and Feb 2024.
- (4) Inventory sales have been estimated based on "short sell" discounts and expected collections within no more than 14-day terms (ideally sold on COD basis).
- (5) Estimated warehousing collections from existing customers.
- (6) One owner operator will be used to make warehouse deliveries and attend to pick ups.
- (7) Estimated fuel for owned / leased vehicles to assist with the orderly winddown.
- (8) Estimated HST remittance for the month of Feb 2024.
- (9) Forecast lease payments to assist with the orderly liquidation of inventory. Two (2) leased forklifts and three (3) rental forklifts will be required with any leased vehicles not necessary being returned.
- (10) Ongoing insurance costs for the winddown period.
- (11) Estimated administrative expenses, inclusive of professional fees for final T2 tax preparation.
- (12) Assume operations wound down by March 30, 2024, and residual finance function wound up six (6) weeks thereafter. Larger payroll expense in Week 4 and Week 10 as a result of vacation payouts for terminated employees.
- (13) Rental costs associated with occupancy during the winddown period.
- (14) Travel costs for Michael Wakefield to/from Ontario to facilitate the orderly winddown.
- (15) Ongoing union remittances.
- (16) Estimated utility costs during the winddown period.
- (17) Contingency for unforeseen expenditures.
- (18) It is not anticipated that any interim financing will be required.
- (19) Estimated legal fees.
- (20) Estimated professional fees associated with an NOI / proposal filing (and/or bankruptcy proceeding).
- (21) Opening bank balance as at February 19, 2024.

Appendix H – Cash Flow Forecast for the Period April 1, 2024 to June 7, 2024

BRR LOGISTICS LIMITED
10-WEEK CASH FLOW FORECAST

Week Ending	Notes	Forecast Week 10 05-Apr	Forecast Week 11 12-Apr	Forecast Week 12 19-Apr	Forecast Week 13 26-Apr	Forecast Week 14 03-May	Forecast Week 15 10-May	Forecast Week 16 17-May	Forecast Week 17 24-May	Forecast Week 18 31-May	Forecast Week 19 07-Jun	Forecast Weeks 10 to 19 Total
Receipts												
Accounts Receivable	1	300,000	420,000	150,000	150,000	150,000	150,000	150,000	150,000	75,311	-	1,695,311
Transfers to SPCF	2	(300,000)	(170,000)	(200,000)	(92,414)	-	-	-	-	-	-	(762,414)
Equipment Sales	3	-	-	-	-	-	100,000	-	-	-	-	100,000
GST/PSST/HST Refunds	4	-	-	-	-	28,000	-	-	-	-	-	28,000
Inventory Sales	5	-	-	-	50,000	50,000	-	-	-	-	-	100,000
Warehouse Rent	6	-	-	50,000	50,000	-	-	-	-	-	-	100,000
Total Receipts		-	250,000	-	157,586	228,000	250,000	150,000	150,000	75,311	-	1,260,897
Disbursements												
Contractors (Drivers)	7	1,300	5,780	-	-	-	-	-	-	-	-	7,080
GST/PSST/HST Remittances	8	-	10,911	-	-	-	-	-	-	-	-	10,911
Insurance	9	12,688	5,886	-	-	-	-	-	-	-	-	18,574
Interest	10	-	-	12,000	-	-	-	-	-	-	-	12,000
Office and Administration	11	-	22,285	2,650	2,650	2,650	2,650	2,650	2,650	-	-	38,185
Payroll (including source deductions)	12	59,735	6,765	62,605	-	20,105	-	22,605	-	13,803	-	185,618
Rent (745 Intermodal Drive (Brampton))	13	-	9,026	-	-	-	-	-	-	-	-	9,026
Union Remittances	14	-	2,540	-	-	-	-	-	-	-	-	2,540
Utilities	15	-	28,060	4,246	-	-	-	-	-	-	-	32,305
Contingency	16	5,000	-	5,000	-	5,000	-	5,000	-	5,000	-	25,000
Total Disbursements		78,723	91,253	86,501	2,650	27,755	2,650	30,255	2,650	18,803	-	341,239
Cash from Operations		(78,723)	158,747	(86,501)	154,936	200,245	247,350	119,745	147,350	56,508	-	919,658
Restructuring Costs												
Company Legal Fees	17	-	52,660	-	-	30,000	-	-	20,000	-	-	102,660
Trustee Fees	18	-	32,000	-	-	25,000	-	-	15,000	40,000	-	112,000
Trustee's Legal Fees	18	-	50,282	-	-	20,000	-	-	10,000	-	-	80,282
Total Restructuring Costs		-	134,941	-	-	75,000	-	-	45,000	40,000	-	294,941
Net Cash Inflow/(Outflow)		(78,723)	23,806	(86,501)	154,936	125,245	247,350	119,745	102,350	16,508	-	624,716
Opening Bank Position	19	147,627	68,904	92,709	6,209	161,145	286,390	533,740	653,485	755,835	772,343	147,627
Net Cash Inflow / (Outflow)		(78,723)	23,806	(86,501)	154,936	125,245	247,350	119,745	102,350	16,508	-	624,716
Closing Bank Position		68,904	92,709	6,209	161,145	286,390	533,740	653,485	755,835	772,343	772,343	772,343



Michael Wakefield, President and CEO
BRR Logistics Limited

This Cash Flow Forecast of BRR Logistics Limited was prepared in accordance with the provisions of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the Licensed Insolvency Trustee's Report on the Cash Flow Forecast.

April 9, 2024

BDO CANADA LIMITED

In its capacity as Licensed Insolvency Trustee under the Notice of Intention to Make a Proposal of BRR Logistics Limited and not in its personal capacity.



Josie Parisi, CPA, CA, CBV, CIRP, LIT
Senior Vice-President

NOTES AND ASSUMPTIONS

Purpose and Disclaimer

The Cash Flow Forecast contemplates an orderly winddown of operations in order to maximize recoveries for all stakeholders. In preparing the Cash Flow Forecast, Management has relied on unaudited internal financial information and has not attempted to verify the accuracy or completeness of such information. The Cash Flow Forecast includes the assumptions detailed below with respect to the requirements and impact of a Notice of Intention to Make a Proposal (BIA) filing. Since the Cash Flow Forecast is based on assumptions about future events that are not ascertainable, the actual results achieved may vary, even if the assumptions materialize, and such variations may be material. There is no representation, warranty, or other assurance that any of the estimates or forecasts will be realized.

- (1) BRR will continue to collect accounts receivable in the ordinary course (with an estimated book value of \$2.9 million), subsequent to Sally Port Commercial Finance ULC ("SPCF") recovering amounts owed from the purchased accounts.
- (2) Expected transfers from BRR and/or direct payments to SPCF from customers on account of accounts receivable collections and inventory sales.
- (3) Estimated realizations based on the net book value of equipment (approximately \$649K) after considering various lien registrations and liquidation costs.
- (4) Expected refund for the month of April 2024.
- (5) Expected realizations from the inventory moved to Winnipeg and stored at Congebec Inc. cold storage (approximately \$500,000 at cost).
- (6) Estimated warehousing collections from the residual warehouse customers with outstanding balances (approximately \$450,000).
- (7) Final costs owing to contractors for transport of inventory.
- (8) Estimated HST remittance for the month of March 2024.
- (9) Ongoing insurance costs for the winddown period.
- (10) Ongoing interest being paid to BDC by way of automatic debit.
- (11) Estimated administrative expenses, inclusive of professional fees for final T2 tax preparation.
- (12) Costs associated with the residual finance function and final vacation payouts to employees who assisted with the orderly winddown.
- (13) Rental costs associated with storage of the trailers/reefers pending the liquidation sale.
- (14) Ongoing union remittances.
- (15) Estimated utility costs accrued during the winddown period.
- (16) Contingency for unforeseen expenditures.
- (17) Estimated legal fees.
- (18) Estimated professional fees associated with an NOI / proposal filing (and/or bankruptcy proceeding).
- (19) Opening bank balance as at April 1, 2024.

Appendix I – Fee Affidavit of Brent Warga sworn April 8, 2024

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, C. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF BRR LOGISTICS LIMITED**

AFFIDAVIT OF BRENT WARGA
(sworn April 8, 2024)

I, Brent Warga, of the City of Winnipeg, in the Province of Manitoba, **MAKE OATH
AND SAY AS FOLLOWS:**

1. I am a Senior Vice-President at BDO Canada Limited (“**BDO**”) and, as such, I have knowledge of the matters to which I hereinafter depose.
2. On January 31, 2024 (the “**NOI Filing Date**”), BRR Logistics Limited (“**BRR**” or the “**Company**”) filed a Notice of Intention to Make a Proposal (the “**NOI**”) with the Office of the Superintendent of Bankruptcy (the “**OSB**”), pursuant to Part III, Division I of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, C. B-3, as amended (the “**BIA**”). BDO consented to act as the trustee under the proposal proceedings (the “**Proposal Trustee**”).
3. BDO has prepared statements of account in connection with its mandate as the Proposal Trustee, which details its services rendered and disbursements incurred, namely:
 - (a) an account dated February 13, 2024 in the amount of \$24,144.75, in respect of the period from January 26, 2024 to February 10, 2024;
 - (b) an account dated March 5, 2024 in the amount of \$29,011.50, in respect of the period from February 12, 2024 to March 1, 2024; and

(c) an account dated April 5, 2024 in the amount of \$31,977.75, in respect of the period from March 2, 2024 to April 3, 2024.

(collectively, the “**Statements of Account**”). Attached hereto and marked as **Exhibit “A”** to this Affidavit are copies of the Statements of Account. The average hourly rate of BDO is \$503.

4. Attached hereto and marked as **Exhibit “B”** to this Affidavit is a chart detailing the timekeepers who have worked on this matter.
5. This Affidavit is made in support of a motion to, *inter alia*, approve the fees and disbursements detailed in the attached Statements of Account of the Proposal Trustee, and for no improper purpose whatsoever.

SWORN before me at the City of)
Winnipeg in the Province of Manitoba,)
this 8th day of April, 2024.)
)
)
)
)
)
)
_____)
Commissioner for taking affidavits)


_____)
Brent Warga

Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF BRENT WARGA

Sworn before me

this 8th day of April, 2024



Commissioner for taking Affidavits, etc.



Tel: 204 956 7200
www.bdo.ca

BDO Canada Limited
201 Portage Ave, 26th Floor
Winnipeg, MB R3B 3K6

Strictly Private & Confidential

BRR Logistics Limited
302-179 McDermot Avenue
Winnipeg, MB R3B 0S1

Attention: Michael Wakefield, President and CEO

Date	Invoice
February 13, 2024	CINV2722630 CUS0080681

RE: BRR Logistics Limited - Proposal

TO OUR FEE FOR PROFESSIONAL SERVICES for the work performed in accordance with the Notice of Intention to File a Proposal in the above noted matter.

Our Fee	\$	22,995.00
GST/HST (5%) 101518124RT0001		1,149.75
TOTAL	\$	24,144.75

Summary of Time Charges:

	Hours	Rate	Amount
B. Warga, Partner	23.7	550.00	13,035.00
J. Fritz, Sr. Manager	18.4	450.00	8,280.00
T. Montesano, Sr. Associate	1.7	300.00	510.00
J. Hue, Sr. Associate	3.9	300.00	1,170.00
Total	47.7		\$ 22,995.00



Date	Staff	Comments	Hours
26-Jan-24	B. Warga	Call with BRR re: cash flows and strategy.	1.0
26-Jan-24	J. Fritz	Cash flow discussion with management.	0.9
28-Jan-24	B. Warga	Review of cash flows; correspondence with BRR.	1.2
28-Jan-24	J. Fritz	Cash flow review; required information correspondence.	1.2
29-Jan-24	B. Warga	Call with BRR re: cash flows and next steps; review of e-mail correspondence from BRR.	1.7
29-Jan-24	J. Fritz	Call with Company re: cash flow and assumptions review and NOI matters; filing information correspondence.	1.1
30-Jan-24	B. Warga	Call with BRR and Taylor McCaffrey re: cash flows and strategy; call and e-mail correspondence with BRR re: Sallyport and BDC Capital.	1.6
30-Jan-24	J. Fritz	Call with management; pre-filing matters.	1.1
31-Jan-24	B. Warga	Calls with BRR; call with BRR and Sallyport; call with BDC Capital; call with Aird & Berlis; NOI filing.	3.8
31-Jan-24	J. Hue	Various calls with J. Fritz; prepare the NOI; Proposal Consent, EIS and directors resolution preparation; reformat creditor and employee schedules and upload in Ascend.	3.9
31-Jan-24	J. Fritz	Management correspondence; NOI filing coordination.	3.4
31-Jan-24	T. Montesano	Correspond with J. Fritz re: e-filing NOI documents with the OSB.	0.4
1-Feb-24	B. Warga	Call with J. Fritz re: filing; review of various e-mail correspondence re: file matters.	1.4
1-Feb-24	J. Fritz	Statutory filing matters; management correspondence and information review/requests.	2.7
1-Feb-24	T. Montesano	Call with J. Bal from the OSB office re: rejection of NOI filing; call with J. Fritz to discuss same; re-submit NOI documents to the OSB.	0.7
2-Feb-24	B. Warga	Call with BRR re: creditors and process.	1.6
2-Feb-24	J. Fritz	Preparation for and call with management; website and notice preparation.	2.9
5-Feb-24	B. Warga	Updates to cash flows; creditor mailing; various e-mail correspondence with BRR re: file matters (landlords, union, etc.)	3.2
5-Feb-24	J. Fritz	Statutory notice; website update.	0.9
5-Feb-24	T. Montesano	Correspond with J. Fritz re: amending Form 33 Notice of Intention; upload amended Form 33 to OSB.	0.3
6-Feb-24	B. Warga	Call with BRR re: file matters; updates to forms and letters re: cash flows and management reps; e-mail correspondence to/from BRR re: creditor matters.	2.7



Date	Staff	Comments	Hours
6-Feb-24	J. Fritz	Call with management; creditor enquiry.	1.3
7-Feb-24	B. Warga	Call with Miller Thomson re: proceeding; various e-mail correspondence to/from BRR re: proceeding matters.	1.2
7-Feb-24	J. Fritz	Creditor enquiries; website updates.	0.7
8-Feb-24	B. Warga	Correspondence with BRR re: statutory filings and SPCF; updates to cash flows and statutory reporting.	1.6
8-Feb-24	J. Fritz	Statutory notice matters; website update; creditor correspondence.	1.6
9-Feb-24	B. Warga	Call with SPCF; call with BRR; finalization of cash flows for filing.	2.0
9-Feb-24	J. Fritz	Interested parties and creditor correspondence; correspondence with management.	0.5
9-Feb-24	T. Montesano	Upload Form 29, 30 and Cashflow to the OSB.	0.3
10-Feb-24	B. Warga	Updates to forecast to actual results.	0.7
10-Feb-24	J. Fritz	Creditor enquiry.	0.1



Tel: 204 956 7200
www.bdo.ca

BDO Canada Limited
201 Portage Ave, 26th Floor
Winnipeg, MB R3B 3K6

Strictly Private & Confidential

BRR Logistics Limited
302-179 McDermot Avenue
Winnipeg, MB R3B 0S1

Attention: Michael Wakefield, President and CEO

Date	Invoice
March 5, 2024	CINV2754185 CUS0080681

RE: BRR Logistics Limited - Proposal Proceedings

TO OUR FEE FOR PROFESSIONAL SERVICES for the work performed in accordance with the Notice of Intention to File a Proposal in the above noted matter.

Our Fee	\$	27,630.00
GST/HST (5%) 101518124RT0001		1,381.50
TOTAL	\$	29,011.50

Summary of Time Charges:

	Hours	Rate	Amount
B. Warga, Partner	30.7	550.00	16,885.00
J. Parisi, Partner	1.7	550.00	935.00
J. Fritz, Sr. Manager	21.6	450.00	9,720.00
T. Montesano, Sr. Associate	0.3	300.00	90.00
Total	54.3		\$ 27,630.00

BANK WIRE TRANSFER/EFT PAYMENTS: Payment can be made online in Canadian funds. Please ensure you email your online payment confirmations including invoice #, amount paid and payment date) to EFTPayments@bdo.ca

The banking information for BDO Canada Limited is as follows for Canadian Funds

CIBC Main Branch
Commerce Court
199 Bay Street
Toronto, ON M5L 1G9
Account Name: BDO Canada Limited

Bank: Canadian Imperial Bank of Commerce
Bank Institution #: 010
Transit #: 00002
Account #: 91-26910
Swift Reference #: CIBCCATT

Date	Staff	Comments	Hours
12-Feb-24	B. Warga	Call with Miller Thomson and Aird & Berlis; drafting of First Report; updates to forecast to actual results; various e-mail correspondence to/from BRR.	2.9
12-Feb-24	J. Fritz	Creditor enquiries; correspondence with Management; information request correspondence; call and correspondence with counsel.	1.4
13-Feb-24	B. Warga	Review of e-mail correspondence to/from BRR re: creditor matters; drafting of First Report.	1.1
13-Feb-24	J. Fritz	Creditor correspondence; correspondence with Management re: customer matters.	0.8
14-Feb-24	B. Warga	Drafting of First Report; e-mail correspondence with BRR re: sale transaction and information requests.; call with Aird & Berlis re: sale transaction.	2.3
14-Feb-24	J. Fritz	Creditor correspondence; counsel correspondence.	0.3
15-Feb-24	B. Warga	Drafting of First Report; call with Aird & Berlis re: sale; various correspondence with BRR re: file matters and information requests.	5.4
15-Feb-24	J. Fritz	Creditor enquiries.	0.4
15-Feb-24	T. Montesano	Run a corporate search for J. Fritz.	0.1
16-Feb-24	B. Warga	Drafting of Frist Report; correspondence with BRR re: operational matters.	2.6
16-Feb-24	J. Fritz	Interested party correspondence; Management correspondence.	0.3
18-Feb-24	J. Fritz	Court reporting.	2.4
19-Feb-24	B. Warga	Updates to forecast to actual results; updates to First Report; e-mail correspondence to A&B re: report; email correspondence to BRR re: cash flows.	1.2
20-Feb-24	B. Warga	Updates to forecast to actual results; e-mail correspondence with BRR re: reporting and file matters.	1.6
21-Feb-24	B. Warga	Call with BRR re: file matters (court hearing, cash flows, Sallyport, etc.); updates to first report; correspondence to/from counsel re: reporting.	2.4
21-Feb-24	J. Fritz	Correspondence with Management re: liquidation plan, Court hearing, and operational matters; correspondence with counsel; Court reporting.	2.2
22-Feb-24	B. Warga	Call with BRR re: cash flows; updates to cash flows; updates to First Report; call with counsel; review of affidavit.	3.1
22-Feb-24	J. Fritz	Correspondence with Management; correspondence with counsel; Court reporting.	2.3
22-Feb-24	J. Parisi	QAR Court report and provide comments.	1.3



Date	Staff	Comments	Hours
23-Feb-24	B. Warga	Call with counsel and Miller Thomson; review of draft order and affidavit; finalization of First Report; various correspondence with BRR and counsel.	3.8
23-Feb-24	J. Fritz	Finalization of Court materials; correspondence with Counsel.	2.9
23-Feb-24	J. Parisi	Review revised report and provide comments.	0.4
26-Feb-24	B. Warga	Weekly forecast to actual reporting; call with A&B and Miller Thomson re: Walmart; review of various e-mail correspondence re: file matters.	1.5
26-Feb-24	J. Fritz	Correspondence with Management re: sale, creditor, and interested party items; creditor/interested party enquiries; correspondence with Counsel.	2.4
27-Feb-24	B. Warga	BRR Court hearing; call with BRR re: file matters and asset sales process; e-mail correspondence to/from BRR re: file matters.	1.2
27-Feb-24	J. Fritz	Correspondence with Management re: liquidation plan, creditor matters; website update; Service Canada correspondence re: WEPPA; creditor correspondence.	3.3
27-Feb-24	T. Montesano	Upload Court Order and Endorsement re: request for an extension to OSB.	0.2
28-Feb-24	B. Warga	Review of correspondence from BRR re: disclaimer; review of lease details prepared by J. Fritz; correspondence to/from BRR re: asset sales.	1.3
28-Feb-24	J. Fritz	Creditor enquiries; correspondence with Management and document review re: sales process, secured creditor disclaimer; CRA correspondence re: trust examination coordination.	2.2
29-Feb-24	J. Fritz	Company correspondence re: inventory, CRA, and information requests; creditor correspondence.	0.7
1-Mar-24	B. Warga	Correspondence to/from BRR re: file matters.	0.3



Tel: 204 956 7200
www.bdo.ca

BDO Canada Limited
201 Portage Ave, 26th Floor
Winnipeg, MB R3B 3K6

Strictly Private & Confidential

BRR Logistics Limited
302-179 McDermot Avenue
Winnipeg, MB R3B 0S1

Attention: Michael Wakefield, President and CEO

Date	Invoice
April 5, 2024	CINV2811125 CUS0080681

RE: BRR Logistics Limited - Proposal Proceedings

TO OUR FEE FOR PROFESSIONAL SERVICES for the work performed in accordance with the Notice of Intention to File a Proposal in the above noted matter.

Our Fee	\$ 30,435.00
Disbursement: PPSA search	20.00
Subtotal	<u>30,455.00</u>
GST/HST (5%) 10151812RT0001	1,522.75
TOTAL	<u><u>\$ 31,977.75</u></u>

Summary of Time Charges:

	Hours	Rate	Amount
B. Warga, Partner	38.0	550.00	20,900.00
J. Parisi, Partner	0.4	550.00	220.00
J. Fritz, Sr. Manager	20.7	450.00	9,315.00
Total	<u>59.1</u>		<u><u>\$ 30,435.00</u></u>

BANK WIRE TRANSFER/EFT PAYMENTS: Payment can be made online in Canadian funds. Please ensure you email your online payment confirmations including invoice #, amount paid and payment date) to FTPayments@bdo.ca

The banking information for BDO Canada Limited is as follows for Canadian Funds

CIBC Main Branch
Commerce Court
199 Bay Street
Toronto, ON M5L 1G9
Account Name: BDO Canada Limited

Bank: Canadian Imperial Bank of Commerce
Bank Institution #: 010
Transit #: 00002
Account #: 91-26910
Swift Reference #: CIBCCATT



Date	Staff	Comments	Hours
4-Mar-24	B. Warga	E-mail correspondence to/from BRR re: bank details and file matters; review of draft correspondence re: equipment/auctioneer proposal process.	0.8
4-Mar-24	J. Fritz	Employee, creditor, and customer enquiries; sales process draft correspondence and compilation of liquidators list.	2.3
5-Mar-24	B. Warga	Updates to forecast to actual reporting; e-mail correspondence with BRR re: bank details/Sallyport account.	1.4
5-Mar-24	J. Fritz	Creditor enquiries; correspondence with counsel.	0.7
6-Mar-24	B. Warga	Review of various e-mail correspondence to/from BRR and legal counsel re: file matters.	0.4
7-Mar-24	J. Fritz	Interested party correspondence re: fleet equipment; correspondence with counsel.	0.7
11-Mar-24	B. Warga	Updates to forecast to actual reporting; e-mail correspondence to/from BRR re: file matters.	1.3
11-Mar-24	J. Fritz	Correspondence with Management re: interested parties; correspondence with CRA.	0.4
13-Mar-24	J. Fritz	Interested party correspondence.	0.1
14-Mar-24	B. Warga	Correspondence to/from BRR; review of Walmart correspondence.	0.7
14-Mar-24	J. Fritz	Interested party enquiry; Walmart correspondence review.	0.3
15-Mar-24	J. Fritz	Correspondence with Management re: CRA; interested parties proposal correspondence.	0.4
18-Mar-24	B. Warga	Updates to forecast to actual results; e-mail correspondence with BRR; call with BRR re: file matters.	2.8
18-Mar-24	J. Fritz	Correspondence and call with Management re: liquidation, customer, and CRA matters.	1.4
19-Mar-24	B. Warga	Correspondence to/from BRR re: landlord matters; review of correspondence re: leased forklifts; drafting of Second Report; review of Walmart and BRR case conference materials.	1.7
19-Mar-24	J. Fritz	Case conference materials review and posting; secured creditor correspondence with Management.	0.9
20-Mar-24	B. Warga	Call with counsel(s) re: third party inventory; call with A&B re: reporting; review draft demand notices to warehouse customers; drafting of Second Report; various correspondence to/from BRR re: file matters.	3.2
20-Mar-24	J. Fritz	Correspondence with Management re: receivable accounts, collections, and lien rights; reporting; call with counsel; creditor enquiries; website update.	2.3



Date	Staff	Comments	Hours
21-Mar-24	B. Warga	Review of Wakefield affidavit; correspondence to/from A&B re: same and file matters; finalization of Second Report; call with interested stakeholder re: Walmart website disclosure.	2.6
21-Mar-24	J. Fritz	Secured and unsecured creditor correspondence; 3PL customer notice correspondence; website maintenance.	2.1
21-Mar-24	J. Parisi	Review second report.	0.4
22-Mar-24	B. Warga	Calls with BRR re: 3PL customers; various correspondence to/from BRR re: file matters; review of draft Order; correspondence to/from counsel to BRR.	2.2
22-Mar-24	J. Fritz	3PL customer correspondence; PPSA registrant correspondence; website maintenance.	0.7
25-Mar-24	B. Warga	Updates to forecast to actual reporting; correspondence to/from BRR re: inventory and file matters.	1.1
25-Mar-24	J. Fritz	Creditor and Management correspondence; correspondence with counsel; website maintenance.	0.7
26-Mar-24	B. Warga	Court attendance; call with BRR re: inventory, equipment, A/R, and cash flow matters; review of various e-mail correspondence to/from 3PL customers.	2.9
26-Mar-24	J. Fritz	Court case conference attendance; call with Management; creditor enquiries; website update.	1.9
27-Mar-24	B. Warga	Various correspondence to/from BRR re: inventory sales; comparison of cost to net sale proceeds; review of correspondence to Walmart; review of correspondence from Sallyport.	2.6
27-Mar-24	J. Fritz	Call with Management and interested party; Management correspondence; review and summary of auction proposals circulated by Management.	2.1
29-Mar-24	B. Warga	E-mail correspondence to/from BRR re: leased assets and Sallyport.	0.3
1-Apr-24	B. Warga	Updates to forecast to actual reporting; drafting of Third Report; various e-mail correspondence to/from BRR re: information requests.	3.4
1-Apr-24	J. Fritz	Correspondence to Company re: asset sales, offers received, and sale approach.	0.5
2-Apr-24	B. Warga	Drafting of Third Report; various e-mail correspondence to/from BRR re: information requests; call with BRR re: file matters.	4.4
2-Apr-24	J. Fritz	Update call with Management, correspondence; union enquiry.	1.3
3-Apr-24	B. Warga	Call with A&B and Miller Thomson re: file matters and Court hearing; call with Sallyport and BRR; drafting of Third and Confidential Reports; various correspondence to/from BRR re: outstanding information requests.	6.2
3-Apr-24	J. Fritz	Call with counsel to the Company re: pending Court application; call with Company and primary secured lender; reporting matters.	1.9

Attached is Exhibit “B”

Referred to in the

AFFIDAVIT OF BRENT WARGA

Sworn before me

this 8th day of April, 2024



Commissioner for taking Affidavits, etc.

STATEMENT OF RESPONSIBLE INDIVIDUALS

BDO Canada Limited's professional fees herein are made with respect to the following individuals:

Timekeeper	Title	Hrly Rate	Total Time	Value
B. Warga	Partner	550	92.4	\$50,820.00
J. Parisi	Partner	550	2.1	\$1,155.00
J. Fritz	Senior Manager	450	60.7	\$27,315.00
T. Montesano	Senior Associate	300	2.0	\$600.00
J. Hue	Senior Associate	300	3.9	\$1,170.00

Standard hourly rates listed. However, in certain circumstances adjustments to the account were made.

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, C. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF BRR LOGISTICS LIMITED**

Court File No. 31-3038619

Estate File No. 31-3038619

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

AFFIDAVIT OF BRENT WARGA
(Sworn April 8, 2024)

AIRD & BERLIS LLP

Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Ian Aversa (LSO # 55449N)

Tel: (416) 865-3082

Email: iaversa@airdberlis.com

Matilda Lici (LSO # 79621D)

Tel: (416) 865-3428

Email: mlici@airdberlis.com

*Lawyers for BDO Canada Limited., in its capacity as
Proposal Trustee of BRR Logistics Limited*

Appendix J – Fee Affidavit of Ian Aversa sworn April 5, 2024

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, C. B-3, AS AMENDED

AND IN THE MATTER OF THE NOTICE OF INTENTION TO
MAKE A PROPOSAL OF BRR LOGISTICS LIMITED

AFFIDAVIT OF IAN AVERSA
(sworn April 5, 2024)

I, Ian Aversa, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a lawyer at Aird & Berlis LLP and, as such, I have knowledge of the matters to which I hereinafter depose.
2. Aird & Berlis LLP (“**A&B**”) has acted, and continues to act, as counsel for BDO Canada Limited, in its capacity as Proposal Trustee of BRR Logistics Limited (in such capacity, the “**Proposal Trustee**”).
3. A&B has prepared statements of account in connection with its mandate as counsel to the Proposal Trustee, which details its services rendered and disbursements incurred, namely:
 - (a) an account dated March 13, 2024 in the amount of \$33,750.79, in respect of the period from January 31, 2024 to February 29, 2024,
 - (b) an account dated April 5, 2024 in the amount of \$16,530.74, in respect of the period from March 1, 2024 to April 3, 2024,

(collectively, the “**Statements of Account**”). Attached hereto and marked as **Exhibit “A”** to this Affidavit are copies of the Statements of Account. The average hourly rate of A&B is \$642.09.

4. Attached hereto and marked as **Exhibit “B”** to this Affidavit is a chart detailing the lawyers, law clerks and articling students who have worked on this matter.

5. This Affidavit is made in support of a motion to, *inter alia*, approve the fees and disbursements detailed in the attached Statements of Account of A&B, and for no improper purpose whatsoever.

SWORN remotely by Ian Aversa, stated as)
being in the City of Toronto, in the)
Province of Ontario, before me on April 5,)
2024 in accordance with O. Reg. 431/20,)
Administering Oath or Declaration)
Remotely.)
)
)

Commissioner for taking affidavits

IAN AVERSA

Attached is Exhibit "A"

Referred to in the

AFFIDAVIT OF IAN AVERSA

Sworn before me

this 5th day of April, 2024

A handwritten signature in blue ink, appearing to read "Uthia", is written above a horizontal line.

Commissioner for taking Affidavits, etc.



Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, Ontario M5J 2T9 Canada

T 416 863 1500
F 416 863 1515
airdberlis.com

BDO Canada Limited
805-25 Main Street West
Hamilton, ON
L8P 1H1 Canada

March 13, 2024

Attention: Peter Crawley

Invoice No: 1376557

Re: Proposal proceedings re BRR Logistics Limited

Client No: 013137
Matter No: 316558

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ending February 29, 2024

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
IEA	31/01/24	850.00	0.30	255.00	Telephone call and emails with B. Warga and M. Lici re background and next steps re NOI filing
ML	31/01/24	495.00	0.70	346.50	Call with I. Aversa re mandate; Call with BDO and I. Aversa
IEA	08/02/24	850.00	0.40	340.00	Telephone call with G. Azeff; Emails with counsel and client re update and next steps; Emails re court hearing
IEA	12/02/24	850.00	1.00	850.00	Telephone call and emails with client, company counsel and M. Lici re update re proposal proceedings and next steps re same; Engaged with reviewing and revising draft letter to Walmart; Emails re document delivery
ML	12/02/24	495.00	0.70	346.50	Call with Miller Thomson, BDO and I. Aversa re next steps; Call with I. Aversa and revise letter; Email to MT re revised letter
CH	14/02/24	350.00	1.00	350.00	Research sale of assets under s. 65.13 of the BIA for I. Aversa and M. Lici
IEA	14/02/24	850.00	1.00	850.00	Emails with Miller Thompson re hearing date; Emails with client and M. Lici re proposed sale of assets by debtor; Telephone call with G. Azeff; Discussions and instructions to M. Lici
ML	14/02/24	495.00	2.10	1,039.50	Call with I. Aversa and instructions to student re research; Review research email and further research re sale without court approval in the ordinary course of business; Call with I. Aversa and reporting email to client re same; Call with I. Aversa and client re sale of inventory; Email to Miller Thomson re sale transaction

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
IEA	15/02/24	850.00	1.50	1,275.00	Telephone call and emails with Miller Thompson, client and M. Lici re proposed sale of inventory and next steps re same; Emails re the hearing; Emails with A&B team re security review; Engaged with reviewing Walmart services agreement and emails re same
ML	15/02/24	495.00	0.30	148.50	Call with I. Aversa and email to client re letter from MT; Call with I. Aversa and email to MT re draft letter; Instructions re security review
SRM	15/02/24	485.00	0.60	291.00	Review email; Brief review of security; Order due diligence searches
IEA	16/02/24	850.00	0.50	425.00	Emails with A&B team re security review; Emails with Miller Thomson re sale; Instructions to M. Lici
SRM	16/02/24	485.00	1.90	921.50	Review security; Review searches; Prepare draft security review; prepare high-level search summary
IEA	19/02/24	850.00	0.10	85.00	Emails with client re draft report
IEA	20/02/24	850.00	0.50	425.00	Emails with client, Miller Thomson and M. Lici re draft report and draft court materials; Instructions re same; Emails re proposed sale
ML	20/02/24	495.00	3.10	1,534.50	Review and revise first report of proposal trustee and email to I. Aversa re same
IEA	21/02/24	850.00	2.00	1,700.00	Engaged with reviewing and revising the draft report of the Proposal Trustee; Instructions to M. Lici regarding same; Emails with client and M. Lici regarding same; Engaged with reviewing and revising the security opinion and emails with client regarding same
ML	21/02/24	495.00	2.50	1,237.50	Review and revise report and email to clients re same; Review and revise opinion letter and email to I. Aversa re same; Review and revise report to incorporate BDO additions and email to I. Aversa re same; Call with I. Aversa re next steps; Finalize opinion letter and email to clients re same; Email to Miller Thomson re draft report
CH	22/02/24	350.00	1.00	350.00	Prepare Service List for M. Lici
IEA	22/02/24	850.00	2.50	2,125.00	Emails with A&B team re PPSA searches; Emails with client re draft report; Engaged with reviewing the draft affidavit and providing comments; Emails and discussions regarding same; Telephone call with client

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
ML	22/02/24	495.00	2.70	1,336.50	Calls and emails with I. Aversa and draft email to client re security opinion; Call with I. Aversa and email to all parties re affidavit; Review and revise affidavit and email to I. Aversa re same; Email to clients re revised affidavit; Email to Miller Thomson re revised affidavit; Incorporate new additions to draft report; Instructions re drafting service list and review PPSA; Call with I. Aversa re Walmart issue
SRM	22/02/24	485.00	0.20	97.00	Review certified PPSA searches and report on same
IEA	23/02/24	850.00	6.00	5,100.00	Telephone call with counsel, client and M. Lici re draft court materials and next steps re court materials and upcoming hearing; Engaged with reviewing and revising draft materials; Instructions to M. Lici regarding same; Several telephone calls and emails re finalizing court materials and service and filing of same
ML	23/02/24	495.00	7.20	3,564.00	Call with Miller Thomson and BDO re motion materials; Call with I. Aversa re motion materials; Email re WEPPA, and review of precedents of WEPPA orders; Emails to Miller Thomson re service list matters; Email to M. Faheim re case conference language for draft order; Emails with I. Aversa and S. Morris re corporate profiles and service list; Review and revise service list; Review and revise affidavit and discussion with I. Aversa re same; Revise affidavit re admin charge and email to BDO re same; Review and revise draft order; Review and revise proposal trustee's report and email to I. Aversa re same; Revise service list; Review changes to trustee's report and service email re same
IEA	24/02/24	850.00	0.20	170.00	Discussions with M. Lici re service and filing of court materials
ML	24/02/24	495.00	0.20	99.00	Upload Report to CaseLines and instructions re service and filing
IEA	26/02/24	850.00	1.60	1,360.00	Engaged with reviewing the draft factum and providing comments; Discussions with M. Lici re same; Emails with client re website; Telephone call with MT, client and M. Lici re hearing; Engaged with reviewing correspondence from Walmart; Engaged with reviewing and revising response to Walmart; Emails re same; Emails re potential sale; Emails re service list

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
ML	26/02/24	495.00	1.70	841.50	Review and revise service letter; Review and revise factum and email to I. Aversa re same; Review affidavit of service and instructions re filing and service; Instructions re filing and Caselines; Call with Miller Thomson and BDO re WEPPA; Revise Factum; Email to client re revised service list
PLW	26/02/24	280.00	0.40	112.00	Submitted First Report of Monitor for filing online with the court
PLW	26/02/24	280.00	0.20	56.00	Emails with D. Jin, M. Lici and Bankruptcy Court regarding filing of First Report of Monitor online with the court
IEA	27/02/24	850.00	1.10	935.00	Engaged with preparing for court; Attend court; Emails with MT and M. Lici re revised draft order; Telephone call with M. Faheim (MT); Engaged with revising the order and endorsement and emails re same; Emails with clients re WEPPA
ML	27/02/24	495.00	0.30	148.50	Attend hearing before Justice Conway
IEA	29/02/24	850.00	0.20	170.00	Emails with client and MT re Service Canada and WEPPA matters
TOTAL:			45.70	\$28,885.00	

Name	Hours	Rate	Value
Aversa, Ian E (IEA)	18.90	\$850.00	\$16,065.00
Horsten, Calvin (CH)	2.00	\$350.00	\$700.00
Lici, Matilda (ML)	21.50	\$495.00	\$10,642.50
Morris, Shannon R (SRM)	2.70	\$485.00	\$1,309.50
Williams, Patrick L. (PLW)	0.60	\$280.00	\$168.00

OUR FEE \$28,885.00
 HST @ 13% 3,755.05

DISBURSEMENTS

Non-Taxable Disbursements

Due Diligence-Gov Fee 77.00
 Search Under P.P.S.A. 86.00

Total Non-Taxable Disbursements \$163.00

Taxable Disbursements

Binding and Tabs 5.00
 Courier/Delivery 346.71
 Due Diligence 113.50

Photocopies/Scanning	310.00
Service Provider Fee	63.50

Total Taxable Disbursements	\$838.71
HST @ 13%	109.03

AMOUNT DUE

\$33,750.79 CAD

THIS IS OUR INVOICE HEREIN
AIRD & BERLIS LLP



Ian E Aversa

E.&O.E.

Payment by EFT / Wire Transfer:

Beneficiary Bank:	Beneficiary:	Aird & Berlis LLP
TD Canada Trust	Bank No.:	004
TD Centre	Transit No.:	10202
55 King Street West	Account:	5221521
Toronto, ON M5K 1A2	Swift Code:	TDOMCATTOR

Payment by Cheque:

Payable To:
Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, ON M5J 2T9

Bill.Com Payment Network ID: c114483219512158

Email notification for EFT and WIRE payments: accounting@airdberlis.com

*** Aird & Berlis LLP does not accept interac/email transfers ***

Payment is due on receipt.

Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 6% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

* For legal services provided to clients residing in British Columbia, Quebec, Manitoba and Saskatchewan, clients are advised to self-assess provincial sales tax on fees and disbursements charged.



Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, Ontario M5J 2T9 Canada

T 416 863 1500
F 416 863 1515
airdberlis.com

BDO Canada Limited
805-25 Main Street West
Hamilton, ON
L8P 1H1 Canada

March 13, 2024

Attention: Peter Crawley

Invoice No: 1376557

Re: Proposal proceedings re BRR Logistics Limited

Client No: 013137
Matter No: 316558

REMITTANCE SLIP

Total Fees	\$28,885.00
Total Non-Taxable Disbursements	163.00
Total Taxable Disbursements	838.71
Total Taxes	3,864.08

AMOUNT DUE

\$33,750.79 CAD

Payment by EFT / Wire Transfer:

Beneficiary Bank:	Beneficiary:	Aird & Berlis LLP
TD Canada Trust	Bank No.:	004
TD Centre	Transit No.:	10202
55 King Street West	Account:	5221521
Toronto, ON M5K 1A2	Swift Code:	TDOMCATTOR

Payment by Cheque:

Payable To:
Aird & Berlis LLP
Brookfield Place, Suite 1800
181 Bay Street
Toronto, ON M5J 2T9

Bill.Com Payment Network ID: c114483219512158

Email notification for EFT and WIRE payments: accounting@airdberlis.com

*** Aird & Berlis LLP does not accept interac/email transfers ***

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Please quote our Matter No. and the invoice number(s) to ensure correct allocation of payment.

IN ACCORDANCE WITH THE SOLICITORS ACT, ONTARIO, INTEREST WILL BE CHARGED AT THE RATE OF 6% PER ANNUM ON UNPAID AMOUNTS CALCULATED FROM A DATE THAT IS ONE MONTH AFTER THIS INVOICE IS DELIVERED.

GST / HST Registration # 12184 6539 RT0001

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Aird & Berlis LLP
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181 Bay Street
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T 416 863 1500
F 416 863 1515
airdberlis.com

BDO Canada Limited
805-25 Main Street West
Hamilton, ON
L8P 1H1 Canada

April 5, 2024

Attention: Peter Crawley

Invoice No: 1379833

Re: Proposal proceedings re BRR Logistics Limited

Client No: 013137
Matter No: 316558

FOR PROFESSIONAL SERVICES RENDERED on your behalf throughout the period ending April 3, 2024

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
IEA	05/03/24	850.00	0.20	170.00	Emails and discussions with M. Lici re Keg Brands inventory
ML	05/03/24	495.00	0.20	99.00	Call with J. Fritz re Keg customer grievance re inventory
IEA	06/03/24	850.00	0.20	170.00	Emails and discussions re Keg Brands inventory; Instructions to M. Lici re same; Emails re same
ML	06/03/24	495.00	0.20	99.00	Call with I. Aversa and email to MT re Keg Brands inventory issue
IEA	07/03/24	850.00	0.10	85.00	Emails with MT and client re Walmart
IEA	12/03/24	850.00	0.20	170.00	Emails with Miller Thomson and M. Lici re customer inventory
IEA	13/03/24	850.00	0.40	340.00	Emails with Miller Thomson and M. Lici re customer inventory; Telephone call re same
ML	13/03/24	495.00	0.20	99.00	Call with MT re inventory matter and pursuing warehouse lien remedies
IEA	14/03/24	850.00	0.40	340.00	Engaged with reviewing correspondence between Walmart and the company and emails with client and M. Lici re same
IEA	15/03/24	850.00	0.40	340.00	Emails with counsel and court office re case conference; Emails with client re same; Telephone call with G. Azeff
IEA	16/03/24	850.00	0.10	85.00	Emails with MT and Blakes re case conference
IEA	18/03/24	850.00	0.30	255.00	Emails with counsel and M. Lici re 9:30 hearing; Engaged with reviewing case conference brief and emails re same

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
ML	18/03/24	495.00	0.30	148.50	Review and revise scheduling brief and email to I. Aversa re same
IEA	19/03/24	850.00	1.00	850.00	Emails re case conference and case conference brief; Engaged with reviewing case conference brief from Walmart; Emails with client and M. Lici
ML	19/03/24	495.00	1.20	594.00	Email to MT re proposed edits to scheduling brief; Call with I. Aversa re case conference; Review briefs and prepare for case conference
IEA	20/03/24	850.00	2.00	1,700.00	Telephone call and emails with counsel, client and M. Lici re the case conference and next steps re inventory concerns; Engaged with reviewing endorsement; Telephone call with client; Emails re RSLA matters; Engaged with reviewing draft correspondence re same; Engaged with reviewing draft report
ML	20/03/24	495.00	4.30	2,128.50	Prepare for and attend case conference; Call with I. Aversa re hearing; Reporting email to client re hearing and diarize relevant dates; Call with all parties re inventory issue; Internal discussion with J. Yantzi re nuances of statutory lien rights and email to I. Aversa re same; Call with clients re inventory motion; Review and revise notice letter and email to all parties re same; Call with I. Aversa re notice letters; Call with MT re retention vs. notice of sale
IEA	21/03/24	850.00	1.20	1,020.00	Engaged with reviewing and revising draft affidavit; Engaged with reviewing and revising draft court report; Emails regarding same; Telephone call with G. Azeff and M. Faheim; Instructions to M. Lici; Emails with Court Office
ML	21/03/24	495.00	1.90	940.50	Review and revise Company's affidavit and email to I. Aversa re same; Email to MT and clients re revised Affidavit; Review and revise proposal trustee's report and email to I. Aversa re same; Review BDO edits to report, call with I. Aversa and email to BDO re revised report; Email to MT re proposal trustee's report; Call with I. Aversa re report, finalize same and attend to service; Emails re Don's Bakery and instructions re service
IEA	22/03/24	850.00	0.60	510.00	Telephone call with L. Corne and G. Azeff; Engaged with reviewing draft order from L. Corne, counsel for Halo Top Canada; Telephone call and emails with client, counsel and M. Lici regarding same
ML	22/03/24	495.00	0.30	148.50	Review and revise AOS and service letter and instructions re service by courier

MEMBER	DATE	RATE	HOURS	VALUE	DESCRIPTION
PLW	22/03/24	280.00	0.40	112.00	Submitted Second Report of Trustee for filing online with the court
IEA	25/03/24	850.00	1.00	850.00	Emails with counsel, client and M. Lici re court materials and tomorrow's hearing; Discussions and instructions to M. Lici regarding same; Emails with client and M. Lici regarding same; Engaged with reviewing revised order from L. Corne and emails with client re same; Engaged with reviewing the Aide Memoire of BRR; Engaged with reviewing affidavit from Davies and emails re same
ML	25/03/24	495.00	0.70	346.50	Instructions re filing on Caselines; Review Halo Top order and email to I. Aversa re same; Review materials and prepare for court
IEA	26/03/24	850.00	0.40	340.00	Emails with counsel, client and M. Lici re the hearing and next steps; Engaged with reviewing the order and endorsement and discussions with M. Lici re same
ML	26/03/24	495.00	0.60	297.00	Prepare for and attend court and report to I. Aversa re same; Email to I. Aversa re amendment to Halo Top order
IEA	27/03/24	850.00	0.30	255.00	Engaged with reviewing correspondence from Miller Thomson to Walmart and emails and discussions regarding same
IEA	28/03/24	850.00	0.30	255.00	Emails with Miller Thomson, client and M. Lici re upcoming hearing date and related matters; Instructions to M. Lici re same
IEA	01/04/24	850.00	0.20	170.00	Emails with counsel and client re hearing date and next steps re court materials
IEA	02/04/24	850.00	0.40	340.00	Emails with court office and counsel re hearing dates; Emails with client and M. Lici re hearing and preparation of court report; Emails re possible liquidators
ML	02/04/24	495.00	0.10	49.50	Email to MT re setting up call to discuss
IEA	03/04/24	850.00	0.70	595.00	Telephone call and emails with client, Miller Thomson and M. Lici re update and next steps re hearing and court materials re same; Discussions and instructions to M. Lici re same; Emails and update re Walmart dispute; Emails re fee approval
ML	03/04/24	495.00	0.60	297.00	Set up and attend all-party call with I. Aversa, BDO and MT re next steps
TOTAL:			21.40	\$14,199.00	

Name	Hours	Rate	Value
Aversa, Ian E (IEA)	10.40	\$850.00	\$8,840.00
Lici, Matilda (ML)	10.60	\$495.00	\$5,247.00
Williams, Patrick L. (PLW)	0.40	\$280.00	\$112.00

OUR FEE \$14,199.00
HST @ 13% 1,845.87

DISBURSEMENTS

Taxable Disbursements

Courier/Delivery	371.47
Photocopies/Scanning	58.50

Total Taxable Disbursements \$429.97
HST @ 13% 55.90

AMOUNT DUE \$16,530.74 CAD

THIS IS OUR INVOICE HEREIN
AIRD & BERLIS LLP



Ian E Aversa

E.&O.E.

Payment by EFT / Wire Transfer:

Beneficiary Bank:	Beneficiary:	Aird & Berlis LLP
TD Canada Trust	Bank No.:	004
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Toronto, ON M5K 1A2	Swift Code:	TDOMCATTOR

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Hamilton, ON
L8P 1H1 Canada

April 5, 2024

Attention: Peter Crawley

Invoice No: 1379833

Re: Proposal proceedings re BRR Logistics Limited

Client No: 013137
Matter No: 316558

REMITTANCE SLIP

Total Fees	\$14,199.00
Total Taxable Disbursements	429.97
Total Taxes	1,901.77

AMOUNT DUE

\$16,530.74 CAD

Payment by EFT / Wire Transfer:

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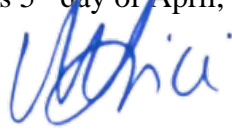
Attached is Exhibit "B"

Referred to in the

AFFIDAVIT OF IAN AVERSA

Sworn before me

this 5th day of April, 2024

A handwritten signature in blue ink, appearing to read "Uthia", is written over a horizontal line.

Commissioner for taking Affidavits, etc.

STATEMENT OF RESPONSIBLE INDIVIDUALS

Aird & Berlis LLP's professional fees herein are made with respect to the following individuals:

Lawyer	Call to Bar	Hrly Rate	Total Time	Value
Aversa, I. E.	2008	\$850.00 (2024)	29.30	\$24,905.00
Lici, M.	2020	\$495.00 (2024)	32.10	\$15,889.50
Clerk/Student	Call to Bar	Hrly Rate	Total Time	Value
Morris, S. R.	N/A	\$485.00 (2024)	2.70	\$1,309.50
Horsten, C.	N/A	\$350.00 (2024)	2.00	\$700.00
Williams, P.	N/A	\$280.00 (2024)	1.00	\$280.00

Standard hourly rates listed. However, in certain circumstances adjustments to the account were made.

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, C. B-3, AS AMENDED**

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
OF BRR LOGISTICS LIMITED**

District of Ontario
Division No. 09 – Toronto
Court File No. 31-3038619
Estate File No. 31-3038619

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto

FEE AFFIDAVIT OF IAN AVERSA
(Sworn April 5, 2024)

AIRD & BERLIS LLP

Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Ian Aversa (LSO # 55449N)

Tel: (416) 865-3082

Email: iaversa@airdberlis.com

Matilda Lici (LSO # 79621D)

Tel: (416) 865-3428

Email: mlici@airdberlis.com

*Lawyers for BDO Canada Limited., in its capacity as
Proposal Trustee of BRR Logistics Limited*

**IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C 1985, C.B-3, AS AMENDED**

District of Ontario
Division No. 09 – Toronto
Court No. 31-3038619
Estate No. 31-3038619

**AND IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
PROPOSAL OF BRR LOGISTICS LIMITED**

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceeding commenced at Toronto

**THIRD REPORT OF BDO CANADA
LIMITED**
April 9, 2024

AIRD & BERLIS LLP

Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

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Tel: (416) 865-3082

Email: iaversa@airdberlis.com

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Tel: (416) 865-3428

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as Proposal Trustee of BRR Logistics Limited