



ONTARIO SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

ENDORSEMENT

COURT FILE NO.: CV-24-00717340-00CL

DATE: November 24, 2025

NO. ON LIST: 2

TITLE OF PROCEEDING: In The Matter of PRIDE GROUP HOLDINGS INC *et al*

BEFORE: Justice Osborne

PARTICIPANT INFORMATION

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ENDORSEMENT OF JUSTICE OSBORNE:

- [1] The Applicants bringing motions in respect of two issues.
- [2] First, they seek a PGL Vehicle Proceeds Distribution Order:
- (a) approving an interim distribution of a portion of the net proceeds of the PGL Going Concern Transaction in accordance with the 32nd Report of the Monitor; and
 - (b) authorizing the Monitor to pay from the proceeds of the PGL Going Concern Transaction the 2025 PGL Direct Costs, provided that such authorization is not, and shall not be deemed to be, approval by this Court of the 2025 PGL Direct Costs which will be the subject of a future approval motion to this Court.
- [3] Second, they seek certain relief in respect of the sale of a property located at 1450 Meyerside Drive, Mississauga, Ontario and in particular:
- (a) an approval, vesting and distribution order in respect of the 1450 Meyerside Sale Agreement relating to that Property located in Mississauga, Ontario; and
 - (b) an order authorizing a distribution of the net proceeds of sale to the Royal Bank of Canada in its capacity as Administrative Agent for the syndicate of pre-filing lenders, the mortgagee on the Property.
- [4] Defined terms in this Endorsement have the meaning given to them in the motion materials and/or the 32nd and 33rd Reports of the Monitor, unless otherwise stated.
- [5] With respect to the PGL Vehicle Proceeds Distribution Order, no party opposes the distribution, but a number of Equipment Lenders and other parties objected to the allocation methodology with respect to the proposed distribution.

[6] No party opposed the relief sought in respect of 1450 Meyerside, and it was supported by the Administrative Agent and recommended by the Monitor and CRO.

1450 Meyerside Sale, Vesting and Distribution Order

[7] The 1450 Meyerside Vendor is an Applicant in these proceedings. The 1450 Meyerside Property was purchased in 2023 for \$17.95 million and was used by the Pride Entities as office space, with certain units in the premises being leased to third parties.

[8] Colliers was retained as an independent broker and publicly listed the 1450 Meyerside Property for sale in April, 2024. It was formally marketed for 17 months, during which time four offers were received. The 1450 Meyerside Purchaser is a party at arm's-length to, and unrelated to, the Pride Entities or any of the principals thereof. It submitted the second-highest offer, resulting in the 1450 Meyerside Sale Agreement. The highest offer, made in July, 2024, was well below the then listing price, and was not accepted for that reason. A subsequent 2025 proposal at a materially lower number was also rejected.

[9] The 1450 Meyerside Agreement was entered into on September 24, 2025. The purchase price is \$13,500,000. The transaction is on an "as is, where is" basis. The 1450 Meyerside Property is subject to a mortgage in favour of the Administrative Agent which has provided a payout statement reflecting that the total amount of the direct indebtedness outstanding in respect of the 1450 Meyerside Property as of October 30, 2025 was approximately \$19,371,885. Accordingly, the purchase and sale will result in a shortfall to the Administrative Agent. The Administrative Agent has consented to the transaction.

[10] Jurisdiction to approve the sale flows from section 36 of the CCAA, provided the factors set out in section 36(3) have been considered. Those overlap with the *Soundair Principles*. Having considered both, I am satisfied that the proposed order is appropriate. The property was marketed extensively and for a significant period of time by an experienced independent broker. The offer represents the highest and best achievable value in the circumstances, which include elevated vacancy rates and reduced demand for suburban office assets. The transaction is arm's-length, commercially reasonable, and supported by both the sole secured creditor with the economic interest in the outcome, the CRO, and the Monitor. No party has alleged any irregularity or unfairness in the process.

[11] For all of these reasons, that relief is granted.

PGL Vehicle Proceeds Distribution Order

[12] I previously approved the PGL Going Concern Transaction. My order was subsequently enforced by recognition order in the United States.

[13] In February, 2025, the Applicants proposed to make an interim distribution of a portion of the net proceeds in respect of vehicle sales. The PGL Vehicle Proceeds in the then-proposed PGL Interim Distribution Order allocated the PGL Vehicle Proceeds among the relevant sold Vehicles on the basis of the purchase price allocated to each Vehicle by the PGL Purchaser.

[14] Certain PGL Lenders opposed the proposed interim distribution, with the result that the Applicants sought (and I granted) an adjournment of the motion.

[15] The Applicants and the Monitor then attempted to come to an agreement with the PGL lenders on the proposed distribution. The PGL lenders supported the distribution, but submitted that the distribution methodology should be based on a liquidation analysis prepared by Hilco.

[16] Hilco had prepared a liquidation analysis in respect of the potential liquidation of the vehicles ultimately sold in the PGL Going Concern Transaction.

- [17] The Monitor then prepared a detailed comparison on a VIN by VIN basis of the two competing allocation methodologies: the first prepared by the Purchaser and the second prepared by Hilco.
- [18] The Monitor takes the position that the allocation of the PGL Vehicle Proceeds is an inter-creditor issue and has encouraged the PGL Lenders to reach a settlement. The Monitor's analysis, and its responses to queries received, are set out largely in the 28th and 32nd Reports.
- [19] Today, the Applicants seek a form of PGL Vehicle Proceeds Distribution Order that provides for a distribution based on the Purchaser Allocation. It is largely the same as the allocation contemplated in the order proposed in February, 2025.
- [20] The 32nd Report provides significant detail on the proposed distribution to each PGL Lender, based on both the Purchaser Allocation and the Hilco Allocation.
- [21] Certain Equipment Lenders support the Purchaser Allocation and certain Equipment Lenders support the Hilco Allocation.
- [22] The principal difference between the two competing Allocations, and the one that drives the positions taken by parties today, is that the Purchaser Allocation generally ascribes higher values to trucks, and lower values to trailers, while the Hilco Allocation generally ascribes higher values to trailers and lower values to trucks.
- [23] Those Equipment Lenders who financed more trucks than trailers naturally favour the Purchaser Allocation since they would receive the greater proportionate distribution, while those Equipment Lenders who financed more trailers than trucks favour the Hilco Allocation.
- [24] The issue is inherently one of fact. It is also one of imprecision. A determination requires me to select one Allocation methodology as being the most fair and equitable in the particular circumstances of this case.
- [25] I observe at the outset that the Applicants, while submitting that the Purchaser Allocation should be used, acknowledge that they have no vested interest and that, as noted above, this is principally an inter-creditor issue.
- [26] Moreover, the Monitor, which supports the position of the Applicants and recommends that the Purchaser Allocation be applied, also acknowledges that this is principally an inter-creditor issue.
- [27] As set out in the 32nd Report, the Monitor continues to recommend that the Purchase Price be allocated based on the Purchaser Allocation "principally because that is the allocation provided for in the PGL Sale Agreement. In other words, this allocation reflects market value attributed to each Vehicle by a purchaser in a sale process, not an appraisal or estimate of value." (para. 59).
- [28] However, the Monitor also expressly acknowledges that the Hilco Allocation is an alternative distribution that is "rational and defensible" (para. 70). The Monitor further states that it is "of the view that Hilco was independent and impartial in providing the Hilco Appraisal Report" (para. 27).
- [29] I accept the initial attraction of applying the Purchaser Allocation on the basis that it reflects a "real world" or actual market transaction; i.e., not simply an estimate of what a willing purchaser might pay and how that purchaser would allocate the overall purchase price, but rather a factual example of what a willing purchaser in fact did pay. Moreover, the purchaser here is an entity controlled by the principals of the Applicants, whom, the Applicants suggest I should infer, know the fleet, the vehicles and the relative value of each vehicle probably better than anyone else.
- [30] The challenge with this, however, is that there is no evidence whatsoever in the record about why, how or according to what methodology the purchaser arrived at the Purchaser Allocation. The purchaser may have any number of reasons why it chose to allocate relatively higher values to trucks as opposed to trailers, or vice

versa. There is no basis in the evidence for me to determine what that methodology was, let alone whether it is reasonable, fair and whether it ought to be applied as the best proxy (with or without adjustment - and I equally have no basis to determine what that might be) for an allocation between and among creditors.

[31] It may be that the purchaser, for its intended operations, anticipates that it needs more trucks than trailers, or vice versa. Perhaps it intends to keep trucks longer and sell trailers sooner, or vice versa. There is no evidence on the point.

[32] I also note that the PGL Sale Agreement provided that individual Vehicles could be excluded from the transaction prior to closing, with a corresponding reduction to the Purchase Price, in certain circumstances. The Monitor reports that the rationale for that adjustment mechanism was to address any Vehicles that were intended to be purchased assets and covered by the Agreement, but which could not be delivered on closing as a result of destruction, significant damage or an inability to locate the vehicle. This reinforces my observation in this regard that there is an absence of potentially relevant evidence about how the Purchaser Allocation was arrived at by the purchaser.

[33] Moreover, the purchaser supposedly applied individual discounts on Vehicles with damage requiring \$15,000 or more in repairs. But there is no evidence in the record regarding those discounts, which Vehicles they applied to, or the damage assessed as having a value of at least \$15,000. Further still, and as set out in the record of RBC, the Purchaser Allocation reflects discrepancies in value for seemingly identical vehicles the only distinguishing feature of which is the identity of the corresponding PGL Lender. There is no basis in the record to explain those value differentials.

[34] On the other hand, the Hilco Allocation is based on the Hilco Appraisal Report. Hilco was and is independent, and has no self-interest in any particular allocation. In June, 2024, during the PGL Sale Process, the Monitor and the CRO formed the view (as reported by the Monitor), that it would be prudent to assess the process to wind down the PGL Entities and their operations in an orderly manner in the event that a going concern solution did not proceed.

[35] The Monitor, in consultation with the CRO, contacted Hilco to request that it prepare a wind-down plan, in large part because Hilco has significant expertise in such wind-downs, and also had previously conducted diligence on the Pride Group specifically. The CRO and Monitor subsequently worked with Hilco to prepare a revised wind-down proposal for the PGL Entities, which contemplated the turnover of trucks and trailers instead of the monetization of those assets.

[36] The result was the Hilco Appraisal Report dated June 27, 2024 setting out an estimated liquidation value for each Vehicle. The information Hilco received from the Monitor is set out in the Reports. I accept the submission of the Applicants and the Monitor (supported by certain Equipment Lenders) that Hilco estimated the value of each Vehicle based solely on the information provided, combined with its own expertise in monetizing such assets. Hilco conducted no physical inspections and its appraisal is described as a “desktop Appraisal.

[37] Having considered the issue, in my view, and particularly given the acknowledgement from the Monitor that Hilco was independent and impartial, and further that the Hilco Allocation is rational and defensible, it is to be preferred in the particular circumstances of this case over the Purchaser Allocation. While I recognize that, as part of the Hilco Allocation, there were no physical inspections of the vehicles, there is an objective analysis as to the value of the Vehicles provided by an “impartial and independent” party retained by two Court officers, resulting in what is admitted and acknowledged to be a “rational and defensible” estimate of value.

[38] Hilco’s relevant experience and industry expertise is set out in the materials and indeed was recognized by the Monitor and CRO in the first place when Hilco was retained. It maintains a dedicated specialty group

focused on transportation-related mandates, works with a wide range of clients in the transportation and logistics sector and its related engagements include liquidations of trucks and trailers and the acquisition and continued operation of truck/trailer sales and leasing businesses.

- [39] On balance, the Hilco Allocation is more objective and more transparent than is the Purchaser Allocation. While it may not be perfect, it is to be preferred in the circumstances of this case where there is no evidence that it is erroneous, unreasonable or inaccurate. What is critical in this proceeding (which has already been lengthy and acrimonious) is to make the allocation and complete the distributions as soon as possible.
- [40] I draw additional comfort that the estimated values reflected in the Hilco Allocation are not wildly divorced from the market, as reflected in the Purchaser Allocation in any event, since the total Vehicle Purchase Price under the PGL Sale Agreement was \$42,109,977, while the “Hilco Low” scenario estimated a forced liquidation value of the Vehicles at an only slightly lower aggregate amount: \$40,467,000.
- [41] This Court, and other Canadian courts, routinely allocate an aggregate purchase price for a group of assets or businesses (often with the advice and recommendation of their Court officers - monitors or receivers) differently than does a purchaser. In my view, the Hilco Allocation should be applied here.
- [42] Orders to go in accordance with these reasons. There being no objection to the 1450 Meyerside relief, I have approved the form of draft order which has immediate effect.
- [43] The Applicants also sought approval and authorization to pay from the proceeds of the PGL Going Concern Transaction the 2025 PGL Direct Costs, or to reimburse from the proceeds any Pride Entity that has already funded any part thereof, in an aggregate amount not to exceed \$933,328, provided that such authorization was not and is not deemed to be approval of the 2025 PGL Direct Costs which will be subject to future approval requests. There was no opposition to that relief and I am satisfied that such is appropriate. I have also approved that form of order which has immediate effect.
- [44] Given my disposition with respect to the distribution in the application of the Hilco Allocation, I would ask the Monitor to submit directly to me a revised form of order which I will sign. Upon signing, it also will have immediate effect without the necessity of issuing and entering.



Date: Nov 24, 2025

Peter J. Osborne