

District of Manitoba
Division of No. 01 - Winnipeg
Court No. BK 16-01-04227
Estate No. 21-2200217

REPORT OF TRUSTEE PURSUANT TO SECTION 50(10)

IN THE MATTER OF THE PROPOSAL OF
SCHROEDER FREIGHT INC.
OF THE CITY OF WINNIPEG, IN THE PROVINCE OF MANITOBA

The purpose of this report is to provide the Official Receiver and other interested parties with a status report of material events since March 1, 2017 when Schroeder Freight Inc. (the "**Debtor**") filed a Proposal (the "**Proposal**") pursuant to Part III Division I of the *Bankruptcy and Insolvency Act* ("**BIA**"). The Debtor had previously filed a Notice of Intention to Make a Proposal ("**NOI**") on December 16, 2016, and on January 13, 2017 obtained Court approval for an extension of the initial 30 day stay period to March 1, 2017.

1. **Material Adverse Change:** During the period following the filing of the NOI, and followed by the filing of the Proposal, the Debtor has been successful in managing its cashflow requirements within the financing terms established with its operating lender. All cash-flow projections filed by the Debtor were prepared on the assumption that these financing terms would be available both during the Proposal acceptance process, and subsequent to the acceptance of the Proposal by the creditors and the Court. However, following the filing of the Proposal and supporting extended cash-flow projections, the Debtor was notified by its operating lender that the existing lending arrangements would not be continued on a long-term basis and that a new lender(s) should be sought by the Debtor forthwith to replace all of the existing lender's secured indebtedness. Negotiations between the Debtor and the lender subsequent to the lender's notification have been unsuccessful in arriving at mutually agreeable terms to both parties. As a result, the Debtor has confirmed to the Trustee on March 20, 2017 that it will be unable to meet the terms of its Proposal.
2. **Effect on Creditor Meeting:** From the Trustee's perspective, the timing of these developments is cumbersome given they occurred subsequent to the distribution of the Proposal documents to the creditors on March 2-3, 2017 but prior to the creditor meeting scheduled for March 21, 2017. As a result of these developments, and given that the Debtor has not filed an assignment into bankruptcy, the Trustee's intention at the creditor meeting will be for a motion that the creditor meeting be adjourned sine die. This report has been posted on the Trustee's website.

Dated at Winnipeg, Manitoba, this 20th day of March, 2017.

MNP Ltd.
Licensed Insolvency Trustee in the Proposal of
Schroeder Freight Inc. and not in its personal capacity.

Per: 
Senior Vice President