

COURT FILE NUMBERS	B201-731795 B201-731797 B201-731799	CLERK'S STAMP:
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
MATTERS	IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL UNDER THE <i>BANKRUPTCY AND INSOLVENCY ACT</i> , R.S.C. 1985, c. B-3, AS AMENDED, OF INTERNATIONAL FITNESS HOLDINGS INC. INTERNATIONAL FITNESS HOLDINGS LP WORLD HEALTH NORTH LP	
APPLICANTS	INTERNATIONAL FITNESS HOLDINGS INC., INTERNATIONAL FITNESS HOLDINGS LP and WORLD HEALTH NORTH LP	
DOCUMENT	APPLICATION FOR SALE APPROVAL AND VESTING ORDER	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	STIKEMAN ELLIOTT LLP 4300 Bankers Hall West 888 – 3 rd Street S.W. T2P 5C5 Solicitor: Karen Fellowes, Q.C. / Elizabeth Pillon Phone Number: (403) 724-9469 / (416) 869-5623 Email: kfellowes@stikeman.com / lpillon@stikeman.com Fax Number: (403) 266-9034 File No.: 137923-1006 Counsel for the Applicants, International Fitness Holdings Inc., International Fitness Holdings LP and World Health North LP	

NOTICE TO THE RESPONDENTS

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the Court.

To do so, you must be in Court when the application is heard as shown below:

Date:	May 27, 2021
Time:	11:00 am
Where:	Edmonton, Alberta Via Webex
Before:	The Honourable Justice D.R. Mah

Go to the end of this document to see what you can do and when you must do it.

Remedy Sought:

1. The Applicants, International Fitness Holdings Inc., International Fitness Holdings LP, and World Health North LP (collectively, the "**Applicants**"), apply for the following Orders pursuant to *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**");

- (a) abridging the time for service of this Application and supporting materials to the time actually given and deeming service of the Application and supporting materials to be good and sufficient;
- (b) an Order substantially in the form attached hereto as **Schedule "A"**:
 - (i) extending the stay of proceedings, as ordered and defined in paragraph 3 of the Initial Order granted herein by this Honourable Court (the "**Court**") on May 5, 2021 (the "**Initial Order**"), for an additional period of thirty-three (33) days (i.e. until June 30, 2021);
 - (ii) approving and authorizing the transaction (the "Transaction") contemplated by the Asset Purchase Agreement dated April 23, 2021 (the "**Transaction**") between Ayrfit West Inc. Ayrfit Alberta Inc. and Ayrfit Edmonton Inc. (collectively, the "**Purchasers**") and the Applicants and Spa Lady (West) Inc. (as vendors), and as amended by Amending Agreement dated May 20, 2021 (collectively, the "**APA**"), a redacted copy of which is attached as Exhibit "**A**" to the Affidavit No. 3 of Peter Melnychuk ("**Melnychuk Affidavit No. 3**"), and an unredacted copy of which is attached as Exhibit "**B**" to the Melnychuk Affidavit No. 3 (the "**Confidential Exhibit**"); and
 - (iii) ordering that, upon delivery by the Proposal Trustee to the Purchaser of the certificate contemplated in the proposed form of Sale Approval and Vesting Order, all of Applicants' right, title and interest in and to the Purchased Assets shall vest in the Purchaser, free and clear of all Claims (as defined in the Sale Approval and Vesting Order);

A blackline of **Schedule "A"** against the Alberta Template Approval and Vesting Order is attached as **Schedule "B"**; and

- (c) an Order substantially in the form attached hereto as Schedule "**C**":
 - (i) granting a sealing with respect to:

- (ii) the Confidential Exhibit; and
- (iii) the First Confidential Supplemental Report (the “**Confidential Supplemental Report**”) to the second report of the proposal trustee, KPMG Inc. (the “**Proposal Trustee**”),

until three months after the closing of the Transaction contemplated in the APA; and

- (d) such further and other relief as this Honourable Court deems appropriate.

Grounds for making this Application:

I. Background

2. The Applicants are part of an enterprise which operated twenty-one (21) fitness centres in Edmonton and Calgary (the “**IFH Group**”). Since the onset of the COVID-19 pandemic in February and March 2020 and the various closures of its facilities mandated by provincial and municipal closures, the IFH Group’s ability to conduct its business and generate revenue have been considerably impacted.
3. In response to the significant strain on its business, the IFH Group implemented numerous strategies to mitigate its losses, all of which were aimed at positioning it to reopen once provincial health restrictions were eased. These efforts include, but are not limited to:
 - (a) renegotiating its leases and negotiating deferral arrangements with landlords of its facilities;
 - (b) reducing staff and streamlining its operations;
 - (c) accessing the Canada Emergency Wage Subsidy program (“CEWS”) and the Canada Emergency Commercial Rent Assistance Program; and
 - (d) engaged the services of MNP Ltd. (“**MNP**”) to lead a strategic process, including for the possible sale of the IFH Group’s assets. From this process, one potential viable transaction arose involving the Purchaser.
4. Despite these efforts, the IFH Group reported net losses on a consistent basis since February 2020, and the financial statements for the fiscal year ended December 31, 2020 show that the Applicants are insolvent.

5. On April 23, 2021, the Applicants filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to subsection 50.4(1) of the BIA (the "**NOI Proceedings**") and appointed KPMG Inc. as the Proposal Trustee.
6. As a result of filing the NOI, all proceedings against the Applicants and their assets were automatically stayed for an initial period of thirty (30) days (i.e. until May 23, 2021) (the "**Stay Period**").
7. On May 5, 2021, this Court pronounced the Initial Order, which, *inter alia*, (i) extended the Stay Period for an additional period of (5) days (i.e. until May 28, 2021), and (ii) authorized the Applicants to obtain and borrow under a debtor-in-possession credit facility from First Canadian Cardio-Fitness Clinics Ltd. (the "**Lender**") in an amount of up to \$10,000,000.00 (the "**DIP Facility**").
8. Since the granting of the Initial Order, the Applicants have taken significant steps to advance the restructuring of its affairs leading to the execution of the APA on April 23, 2021 with the Purchaser, which are detailed in the Melnychuk Affidavit No. 3 and filed concurrently with this Application.

II. Approval of Sale and Vesting Order

9. It is a condition of the APA, *inter alia*, that an approval and vesting order in relation to the Transaction be granted by this Court.
10. The Applicants did not conduct a Court-supervised sales process for the Purchased Assets, as an extensive sales process was conducted prior to the NOI filing, and the Applicants did not have the financial resources or the time to run an additional process post-filing. The Applicants worked closely with MNP and with the Applicant's secured lenders over the course of many months and thoroughly canvassed the market in a commercially reasonable manner.
11. The Applicants did not obtain a formal valuation of their business, other than a liquidation analysis of the used fitness equipment in its facilities. Due to the special nature of the business, and especially due to the current conditions during the global pandemic and its particular effect on the fitness industry, it was impossible to obtain such a valuation. However, through the efforts of MNP and extensive negotiation, the price to be paid for the Purchased Assets represents best indication of the value of the underlying business, and the best offer available in the circumstances.
12. As a result of the Transaction, at least ten of the IFH Group's fitness facilities will remain open, which will result in the continued employment of certain of IFH Group's employees. Additionally, the IFH Group's members will retain their membership status with the Purchaser.

13. Furthermore, given that the Transaction is a going concern sale of certain of the Applicants' assets and business, it is a positive outcome for many of Applicants' stakeholders and other parties with which the Applicants have commercial relationships, including certain landlords, service providers, suppliers and vendors.
14. The secured lenders, who are owed in excess of \$72 million, and who will be suffering a significant shortfall on their secured debt, support the Transaction.

III. Extension of the Stay of Proceedings

15. Should this Court approve the Transaction and the approval and vesting order sought in this application, the Applicant will require a further extension of the Stay Period to June 30, 2021 in order to close the Transaction and a further order from this Court directing the distribution of the proceeds of the Transaction.
16. The Applicants have been and continue to work in good faith and with due diligence in these proceedings, it is in the best interests of the Applicants and all of its stakeholders that the Stay Period be extended, no creditors will be materially prejudiced by the requested extension of the Stay Period, and it is appropriate in the circumstances to extend the Stay Period.

IV. Cash Flow Projections

17. The Applicants' cash flow forecast projects that it will have sufficient cash to fund its projected operating costs until the week of June 30, 2021 to allow for closing of the Transaction and for the Applicants and the Proposal Trustee to attend to any post-closing matters, including applying for a further Assignment Order or Distribution Order, as required.
18. The DIP Facility as approved in the Initial Order contemplated a maturity date which aligned with the then outside closing date of the Transaction of May 31, 2021, and provided an initial tranche of up to \$2 million in funding available to the Applicants. On May 20, 2021, the Lender and Applicants entered into an amending agreement with respect to the DIP Facility, which contemplates and provides for a later outside closing date of June 30, 2021, and increased the amount available to the Applicants under the DIP Facility to \$3 million.

V. Sealing Order

19. The Confidential Exhibit will contain an unredacted copy of the APA. The APA will contain information of a highly sensitive commercial nature, namely the Purchase Price and personal information. The Confidential Supplemental Report will also contain highly sensitive commercial

information regarding the marketing process and efforts that MNP undertook prior to the Applicants' filing of the NOI (the "**Marketing Process**").

20. Publication of the Purchase Price and Marketing Process before the approval and closing of the Transaction could result in serious commercial damage to the Applicants as it could prejudice any future sales process, in the event that the Transaction does not close, to the detriment of the Applicants' stakeholders.
21. The sealing order being sought (sealing the Confidential Exhibit and Confidential Supplemental Report until three months after the closing of the Transaction contemplated by the APA) is the least restrictive and prejudicial alternative to prevent dissemination of commercially sensitive information regarding the Transaction and personal information contained therein.

Affidavits or other evidence to be used in support of this application:

22. The pleadings and materials filed in the within action;
23. The Affidavit No. 3 of Peter Melnychuk sworn the 21st day of May, 2021, filed;
24. The Second Report of the Proposal Trustee, to be filed; and
25. Such further and other evidence as counsel may advise and this Court may permit.

Applicable Acts and regulations:

26. Rules 1.2, 1.3, 3.2(2)(d), 3.8, 11.27 and 13.5 of the Alberta *Rules of Court*, Alta Reg 124/2010;
27. The *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended; and
28. Such further and other Acts and regulations as counsel may advise.

Any irregularity complained of or objection relied on:

29. None.

How the application is proposed to be heard or considered:

30. Via WebEx videoconference before the presiding Justice on the Commercial List.

WARNING

You are named as a respondent because you have made or are expected to make an adverse claim in respect of this originating application. If you do not come to Court either in person or by your

lawyer, the Court may make an order declaring you and all persons claiming under you to be barred from taking any further proceedings against the applicant(s) and against all persons claiming under the applicant(s). You will be bound by any order the Court makes, or another order might be given or other proceedings taken which the applicant(s) is/are entitled to make without any further notice to you. If you want to take part in the application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of this form. If you intend to give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is to be heard or considered.

SCHEDULE "A"

COURT FILE NUMBERS	B201-731795 B201-731797 B201-731799	CLERK'S STAMP:
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DATE ON WHICH ORDER WAS PRONOUNCED: May 27, 2021

NAME OF JUDGE WHO MADE THIS ORDER: The Hon. Justice D.R. Mah

LOCATION OF HEARING: Edmonton, Alberta via Webex

UPON THE APPLICATION of International Fitness Holdings Inc., International Fitness Holdings LP and World Health North LP (collectively, the "**Applicants**") for an order approving the sale transaction (the "**Transaction**") contemplated by an Asset Purchase Agreement (the "**APA**") between the Applicants and Spa Lady (West) Inc. (as vendors) and Ayrfit West Inc., Ayrfit Alberta Inc. and Ayrfit Edmonton Inc. (the "**Purchasers**") dated April 23, 2021, as amended on May 20, 2021 and vesting in the Purchasers the Applicants' right, title and interest in and to the assets described in the APA (the "**Purchased Assets**");

AND UPON HAVING READ the Initial Order dated May 5, 2021 (the "**Initial Order**"), the Second Report of the KPMG Inc. (the "**Proposal Trustee**") dated May 21, 2021 (the "**Second Report**"); the Confidential Supplement to the Second Report; the Application of the Applicants, the Affidavit No. 3 of Peter Melnychuk affirmed on May 21, 2021, and the Affidavit of Service of Laureen Lamour, affirmed on May __, 2021; **AND UPON HEARING** submissions by counsel for the Applicants, the Proposal Trustee and any other counsel or other interest parties present; and no one appearing for any other person on the service list, although properly served as it appears from the Affidavit of Service, filed;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.

EXTENSION OF STAY PERIOD

2. The Stay Period, as ordered and defined in paragraph 3 of the Initial Order, is hereby extended until and including June 30, 2021.

APPROVAL OF TRANSACTION

3. The Transaction and APA are commercially reasonable and in the best interest of the Applicants and its stakeholders. The Transaction is hereby approved and execution of the APA by the Applicants is hereby authorized and approved, with such minor amendments as the Applicants may deem necessary. The Applicants are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for completion of the Transaction and conveyance of the Purchased Assets to the Purchasers.

VESTING OF PROPERTY

4. Upon delivery of a closing certificate from the Proposal Trustee to the Purchasers substantially in the form set out in **Schedule "A"** hereto (the "**Closing Certificate**"), all of the Applicants' right, title and interest in and to the Purchased Assets listed in **Schedule "B"** hereto shall vest absolutely in the name of Ayrfit Alberta Inc., a wholly owned subsidiary of Ayrfit West Inc., and (ii) the Purchased Assets listed in **Schedule "C"** hereto shall vest absolutely in the name of Ayrfit Edmonton Inc., a wholly owned subsidiary of Ayrfit West Inc., free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests,

assignments, actions, judgments, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, "**Claims**") including, without limiting the generality of the foregoing:

- (a) any encumbrances or charges created by the Initial Order; and
- (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**");

and for greater certainty, this Court orders that all Claims, including Encumbrances other than Permitted Encumbrances as set out in **Schedule "D"** hereto (the "**Permitted Encumbrances**"), affecting or relating to the Purchased Assets are hereby expunged, discharged and terminated as against the Purchased Assets.

5. Upon delivery of the Closing Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, "**Governmental Authorities**") are hereby authorized, requested and directed to accept delivery of such Closing Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to convey to the Purchasers clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing:

- (a) the Registrar of the Alberta Personal Property Registry (the "**PPR Registrar**") shall and is hereby directed to forthwith cancel and discharge any registrations at the Alberta Personal Property Registry (whether made before or after the date of this Order) claiming security interests (other than Permitted Encumbrances) in the estate or interest of the Applicants in any of the Purchased Assets which are of a kind prescribed by applicable regulations as serial-number goods; and
- (b) the Canadian Intellectual Property Office shall and is hereby directed to forthwith: (i) transfer any trademarks in any of the IP Assets listed in **Schedule "E"** to this Order and as described in Section 1.1(oo) of the APA standing in the name of the Applicants to the Purchasers, and (ii) amend the Canadian trademark register to reflect the foregoing transfers.

6. In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this

Order and the APA. Presentment of this Order and the Closing Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but excluding Permitted Encumbrances.

7. No authorization, approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the due execution, delivery and performance by the Proposal Trustee of the APA.
8. For the purposes of determining the nature and priority of Claims, net proceeds from sale of the Purchased Assets (to be held in an interest bearing trust account by the Proposal Trustee) shall stand in the place and stead of the Purchased Assets from and after delivery of the Closing Certificate and all Claims including Encumbrances (but excluding Permitted Encumbrances) shall not attach to, encumber or otherwise form a charge, security interest, lien, or other Claim against the Purchased Assets and may be asserted against the net proceeds from sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. No distributions of net proceeds from sale of the Purchased Assets shall be made other than in accordance with further orders of this Court.
9. Except as expressly provided for in the APA or by section 5 of the Alberta *Employment Standards Code*, the Purchasers shall not, by completion of the Transaction, have liability of any kind whatsoever in respect of any Claims against the Applicants.
10. Upon completion of the Transaction, the Applicants and all persons who claim by, through or under the Applicants in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the Purchasers.
11. The Purchasers shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for their own use and benefit without any interference of or by the Applicants, or any person claiming by, through or against the Applicants.

12. The Purchasers shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against the Applicants, other than as described in the APA.
13. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against the Applicants or the Proposal Trustee.
14. The Proposal Trustee is directed to file with the Court a copy of the Closing Certificate forthwith after delivery thereof to the Purchasers.
15. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada) and section 20(e) of the Alberta *Personal Information Protection Act*, the Applicants is authorized and permitted to disclose and transfer to the Purchasers all human resources and payroll information in the Applicants' records pertaining to the Applicants' past and current employees. The Purchasers shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to them in a manner which is in all material respects identical to the prior use (of such information) to which the Applicants was entitled.

MISCELLANEOUS MATTERS

16. The Applicants are authorized and empowered, in respect of the Purchased Assets, to execute and deliver:
 - (a) such additional, related and ancillary documents and assurances governing or giving effect to the conveyance of the Purchased Assets which, in the Applicants' discretion, are reasonably necessary or advisable to conclude the Transaction contemplated in or in furtherance of the transfer of the Purchased Assets and/or this Order; and
 - (b) any and all instruments and documents in respect of the Purchased Assets as may be deemed necessary by the Applicants.
17. Notwithstanding:
 - (a) the pendency of these proceedings and any declaration of insolvency made herein;
 - (b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the "**BIA**"), in respect of the Applicants, and any bankruptcy order issued pursuant to any such applications;
 - (c) any assignment in bankruptcy made in respect of the Applicants; and

(d) the provisions of any federal or provincial statute:

the vesting of the Purchased Assets in the Purchasers pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicants and shall not be void or voidable by creditors of the Applicants, nor shall it constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

18. The Applicants, Proposal Trustee, Purchasers and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.

19. This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Applicants, 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 order and to provide such assistance to the Applicants and to the Proposal Trustee, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants, the Proposal Trustee, and their respective agents in carrying out the terms of this Order.

20. Service of this Order shall be deemed good and sufficient by:

(a) serving the same on:

- (i) the persons listed on the service list created in these proceedings;
- (ii) any other person served with notice of the application for this Order;
- (iii) any other parties attending or represented at the application for this Order;
- (iv) the Purchasers or the Purchasers' solicitors; and

(b) posting a copy of this Order on the Proposal Trustee's website at:
<https://home.kpmg/ca/en/home/services/advisory/deal-advisory/creditorlinks/international-fitness.html>

and service on any other person is hereby dispensed with.

21. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

Justice of the Court of Queen's Bench of Alberta

SCHEDULE "A"

Form of Proposal Trustee's Certificate

COURT FILE NUMBERS	B201 731795 B201 731797 B201 731799	CLERK'S STAMP:
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	CALGARY	
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DOCUMENT	PROPOSAL TRUSTEE'S CERTIFICATE	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	STIKEMAN ELLIOTT LLP 4300 Bankers Hall West 888 – 3 rd Street S.W. T2P 5C5 Solicitor: Karen Fellowes, Q.C. / Elizabeth Pillon Phone Number: (403) 724-9469 / (416) 869-5623 Email: kfellowes@stikeman.com / lpillon@stikeman.com Fax Number: (403) 266-9034 File No.: 137923-1006 Counsel for the Applicants, International Fitness Holdings Inc., International Fitness Holdings LP and World Health North LP	

RECITALS

- A. Pursuant to an Order of the Honourable Madam Justice Ho of the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "**Court**") dated May 5, 2021, KPMG was appointed as the Proposal Trustee (the "**Proposal Trustee**") of International Fitness Holdings LP, International Fitness Holdings Inc., International Fitness Holdings LP and World Health North LP (collectively, the "**Applicants**").

- B. Pursuant to an Order of the Court dated [●], the Court approved the asset purchase agreement made as of April 23, 2021, as amended on May 20, 2021 (the “**APA**”) between the Applicants and Ayrfit West Inc., Ayrfit Alberta Inc. and Ayrfit Edmonton Inc. (the “**Purchasers**”) and provided for the vesting in the Purchasers of the Applicants’ right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Proposal Trustee to the Purchasers of a certificate confirming (i) the payment by the Purchasers of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in the APA have been satisfied or waived by the Applicants and the Purchasers; and (iii) the Transaction has been completed to the satisfaction of the Proposal Trustee.
- C. Unless otherwise indicated herein, capitalized terms have the meanings set out in the APA.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The Purchasers have paid or has otherwise satisfied in full the Purchase Price for the Purchased Assets in accordance with the APA;
2. The conditions to Closing as set out in the APA have been satisfied or waived by the Applicants and the Purchasers;
3. The Transaction has been completed to the satisfaction of the Proposal Trustee; and
4. This Certificate was delivered by the Proposal Trustee at [Time] on [Date].

**KPMG Inc., in its capacity as the
Proposal Trustee of the Applicants,
and not in its personal capacity.**

Per: _____

Name: [●]

Title: [●]

SCHEDULE “B”

Purchased Assets - Ayrfit Alberta Inc.

All capitalized terms not otherwise defined herein, Schedule and Section references shall bear the meanings given them in the asset purchase agreement (the “**APA**”) between the Applicants and Purchaser dated April 23, 2021, as amended.

All of the Vendors’ right, title and interest in and to all of the Vendors’ property and assets (other than the Excluded Assets), whether real or personal, tangible or intangible, of every kind and description and wheresoever situate including the following (other than those assets described below that specifically relate to World Health North LP as listed in Schedule “C” attached to this Order):

1. Assumed Leases and the rights under the Leases at all of the Required Locations including all leasehold improvements and fixtures owned by a Vendor forming part of the leased real property thereunder;
2. Personal Property, including all equipment listed in Schedule 2.1(b) to the APA (other than equipment that specifically relates to World Health North LP situate at fitness facilities referred to as Mayfield, Glenora, Gateway, Kensington, St. Alberta Trail, Clareview and Edmonton City Centre);
3. Inventories;
4. Accounts Receivable;
5. IP Assets, including the IP Assets listed in Schedule “E” to this Order;
6. Books and Records (except in the case of those required by Applicable Law to be retained by a Vendor, copies thereof);
7. All goodwill, together with the exclusive right of the Purchaser to represent itself as carrying on the Business;
8. All rights to deposits and prepaid expenses, including related claims for refunds and rights of set-off that are not excluded pursuant to Sections 2.2(a) and 2.2(c) to the APA or that are not listed on Schedule 2.2 to the APA (and excluding any pre-paid deposits for membership payments and pre-paid personal training sessions and similar); and
9. The list of email addresses of members of the Vendors.

in each case, for greater certainty, excluding the Excluded Assets and all Purchased Assets referred to in Schedule “C” to this Order.

SCHEDULE “C”

Purchased Assets - Ayrfit Edmonton Inc.

All capitalized terms not otherwise defined herein, Schedule and Section references shall bear the meanings given them in the asset purchase agreement (the “**APA**”) between the Applicants and Purchaser dated April 23, 2021, as amended.

All of World Health North LP’s right, title and interest in and to all of World Health North LP’s property and assets (other than the Excluded Assets), whether real or personal, tangible or intangible, of every kind and description situated at the fitness facility locations referred to as Mayfield, Glenora, Gateway, Kensington, St. Alberta Trail, Clareview and Edmonton City Centre, including the following (but only with respect to such locations):

1. Assumed Leases and the rights under the Leases at all of such locations that are Required Locations including all leasehold improvements and fixtures owned by World Health North LP forming part of the leased real property thereunder;
2. Personal Property, including all equipment listed in Schedule 2.1(b) to the APA that relates to World Health North LP situate at fitness facilities referred to as Mayfield, Glenora, Gateway, Kensington, St. Alberta Trail, Clareview and Edmonton City Centre;
3. Inventories;
4. Accounts Receivable;
5. IP Assets listed in Part 2 of Schedule “E” attached to this Order;
6. Books and Records (except in the case of those required by Applicable Law to be retained by a Vendor, copies thereof);
7. All goodwill, together with the exclusive right of the Purchaser to represent itself as carrying on the Business;
8. All rights to deposits and prepaid expenses, including related claims for refunds and rights of set-off that are not excluded pursuant to Sections 2.2(a) and 2.2(c) of the APA or that are not listed on Schedule 2.2 to the APA (and excluding any pre-paid deposits for membership payments and pre-paid personal training sessions and similar); and
9. The list of email addresses of members of World Health North LP.

in each case, for greater certainty, excluding the Excluded Assets and all Purchased Assets referred to in Schedule “B” to this Order.

SCHEDULE "D"

Permitted Encumbrances

SCHEDULE "E"

IP Assets

The following trademarks form part of the IP Assets:

Part 1 – Ayrfit Alberta Inc.

Trademark Name	Registration Date	Expiry Date	Country of Registration	Registration Number
SPA LADY	1980-02-22	2025-02-22	Canada	TMA240041
FITNESS 2000	1996-01-26	2026-01-26	Canada	TMA453041
BANKERS HALL CLUB	2004-05-14	2034-05-14	Canada	TMA610338
Bankers Hall club DESIGN 	2004-02-09	2034-02-09	Canada	TMA601645
WORLD HEALTH CLUB	2009-10-06	2024-10-06	Canada	TMA749460
WORLD HEALTH CLUB & Design 	2009-10-01	2024-10-01	Canada	TMA749231
WORLD HEALTH CLUB & Oval Design 	2009-10-01	2024-10-01	Canada	TMA749230
SPA KIDZ	2010-11-04	2025-11-04	Canada	TMA781670
EXPERIENCE YOUR BEST	2011-05-16	2026-05-16	Canada	TMA797625
EXCEPTIONAL RESULTS	2011-05-16	2026-05-16	Canada	TMA797636

EXCEPTIONAL EXPERIENCE	2011-05-16	2026-05-16	Canada	TMA797637
WORLD HEALTH	2011-08-24	2026-08-24	Canada	TMA805146
WORLD HEALTH & Design 	2011-08-24	2026-08-24	Canada	TMA805147
WORLD HEALTH Logo (Colour) 	2011-08-24	2026-08-24	Canada	TMA805148
GYMVMT	"Formalized" 2019-09-13	Not yet registered.	Canada	Application No. 1983817
PWR X LAB	"formalized" 2019-12-20	Not yet registered.	Canada	Application No. 1998829

Part 2 - IP Assets – Ayrfit Edmonton Inc.

Trademark Name	Registration Date	Expiry Date	Country of Registration	Registration Number
Fresh Fit Foods	N/A	N/A	Canada	Abandoned Trademark Application 1654674
Live Life Light	2016-08-15	2031-08-15	Canada	TM946148
Tru Ride	2018-05-15	2033-05-15	Canada	TMA996651
CLUB FIT	2003-04-29	2033-04-29	Canada	TMA580175
	2003-04-29	2033-04-29	Canada	TMA580148

The following domain names:

(a) www.clubfit.ca

(b) www.clubfit.mobi

SCHEDULE "B"

COURT FILE
NUMBER NUMBERS

Clerk's Stamp
B201-731795
B201-731797
B201-731799

CLERK'S STAMP:

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

MATTERS

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL
UNDER THE *BANKRUPTCY AND INSOLVENCY ACT*, R.S.C. 1985, c. B-3,
AS AMENDED, OF

INTERNATIONAL FITNESS HOLDINGS INC.

INTERNATIONAL FITNESS HOLDINGS LP

WORLD HEALTH NORTH LP

PLAINTIFF APPLICANT
S

INTERNATIONAL FITNESS HOLDINGS INC., INTERNATIONAL FITNESS
HOLDINGS LP and WORLD HEALTH NORTH LP

DEFENDANT

DOCUMENT

SALE APPROVAL AND VESTING ORDER

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

STIKEMAN ELLIOTT LLP
4300 Bankers Hall West
888 – 3rd Street S.W.
T2P 5C5

Solicitor: Karen Fellowes, Q.C. / Elizabeth Pillon
Phone Number: (403) 724-9469 / (416) 869-5623
Email: kfellowes@stikeman.com / lpillon@stikeman.com
Fax Number: (403) 266-9034
File No.: 137923-1006

Counsel for the Applicants, International Fitness Holdings Inc.,
International Fitness Holdings LP and World Health North LP

DATE ON WHICH ORDER WAS PRONOUNCED: _____

LOCATION WHERE ORDER WAS PRONOUNCED: _____

NAME OF JUSTICE WHO MADE THIS ORDER: _____

~~UPON THE APPLICATION~~ by
~~[Proposal Trustee]~~ in its capacity as the
Court-appointed ~~[proposal trustee]~~ (the

May 27, 2021

~~“Proposal Trustee”) of the undertakings, property and assets of [Debtor] (the “Debtor”) for an order approving the sale transaction (the “Transaction”) contemplated by an agreement of purchase and sale (the “Sale Agreement”) between the Proposal Trustee and [Name of Purchaser] (the “Purchaser”) dated [Date] and appended to the ___ Report of the Proposal Trustee dated [Date] (the “Report”), and vesting in the Purchaser (or its nominee) the Debtor’s right, title and interest in and to the assets described in the Sale Agreement (the “Purchased Assets”);~~

-DATE ON WHICH ORDER WAS PRONOUNCED:

NAME OF JUDGE WHO MADE THIS ORDER:

The Hon. Justice D.R. Mah

LOCATION OF HEARING:

Edmonton, Alberta via Webex

UPON THE APPLICATION of International Fitness Holdings Inc., International Fitness Holdings LP and World Health North LP (collectively, the **“Applicants”**) for an order approving the sale transaction (the **“Transaction”**) contemplated by an Asset Purchase Agreement (the **“APA”**) between the Applicants and Spa Lady (West) Inc. (as vendors) and Ayrfit West Inc., Ayrfit Alberta Inc. and Ayrfit Edmonton Inc. (the **“Purchasers”**) dated April 23, 2021, as amended on May 20, 2021 and vesting in the Purchasers the Applicants’ right, title and interest in and to the assets described in the APA (the **“Purchased Assets”**); **AND UPON HAVING READ** the ~~Proposal Trusteeship-Initial~~ Order dated ~~[Date]~~ May 5, 2021 (the ~~“Proposal Trusteeship Order”~~), the ~~Report-Initial Order~~), the Second Report of the KPMG Inc. (the **“Proposal Trustee”**) dated May 21, 2021 (the **“Second Report”**); the Confidential Supplement to the Second Report; the Application of the Applicants, the Affidavit No. 3 of Peter Melnychuk affirmed on May 21, 2021, and the Affidavit of Service of Laureen Lamour, affirmed on May __, 2021; **AND UPON HEARING** ~~the submissions of by counsel for the Applicants, the Proposal Trustee, the Purchaser [Names of other parties appearing], and any other counsel or other interest parties present; and~~ no one appearing for any other person on the service list, although properly served as it appears from the Affidavit of Service, filed;

IT IS HEREBY ORDERED AND DECLARED THAT:

SERVICE

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.

EXTENSION OF STAY PERIOD

2. The Stay Period, as ordered and defined in paragraph 3 of the Initial Order, is hereby extended until and including June 30, 2021.

APPROVAL OF TRANSACTION

3. ~~2.~~The Transaction and APA are commercially reasonable and in the best interest of the Applicants and its stakeholders. The Transaction is hereby approved and execution of the ~~Sale Agreement-APA~~ by the ~~Proposal-Trustee-Applicants~~ is hereby authorized and approved, with such minor amendments as the ~~Proposal-Trustee-Applicants~~ may deem necessary. The ~~Proposal Trustee-is-Applicants are~~ hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for completion of the Transaction and conveyance of the Purchased Assets to the ~~Purchaser-(or-its nominee)~~Purchasers.

VESTING OF PROPERTY

4. ~~3.~~Upon delivery of a closing certificate from the Proposal Trustee's-certificate- to the Purchaser (or-its-nominee)-Purchasers substantially in the form set out in **Schedule "A"** hereto (the "~~Proposal-Trustee's-Closing Certificate~~"), all of the ~~Debtor's-Applicants'~~ right, title and interest in and to the Purchased Assets~~[listed in Schedule "B" hereto]-~~shall vest absolutely in the name of ~~the-Purchaser-Ayrfit Alberta Inc., a wholly owned subsidiary of Ayrfit West Inc., and (or-its nominee)~~ii) the Purchased Assets listed in Schedule "C" hereto shall vest absolutely in the name of Ayrfit Edmonton Inc., a wholly owned subsidiary of Ayrfit West Inc., free and clear of and from any and all caveats, security interests, hypothecs, pledges, mortgages, liens, trusts or deemed trusts, reservations of ownership, royalties, options, rights of pre-emption, privileges, interests, assignments, actions, ~~judgements~~judgments, executions, levies, taxes, writs of enforcement, charges, or other claims, whether contractual, statutory, financial, monetary or otherwise, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, "**Claims**") including, without limiting the generality of the foregoing:
 - (a) any encumbrances or charges created by the ~~Proposal-Trusteeship-Initial~~ Order; and

(b) ~~any~~ all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Alberta) or any other personal property registry system; (all of which are collectively referred to as the "Encumbrances");

~~(c) — any liens or claims of lien under the *Builders' Lien Act* (Alberta); and~~

~~(d) those Claims listed in Schedule "C" hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, caveats, interests, easements, and restrictive covenants listed in Schedule "D" (collectively, "Permitted Encumbrances"))~~

and for greater certainty, this Court orders that all Claims ~~,~~ including Encumbrances other than Permitted Encumbrances as set out in Schedule "D" hereto (the "Permitted Encumbrances"), affecting or relating to the Purchased Assets are hereby expunged, discharged and terminated as against the Purchased Assets.

5. ~~4.~~ Upon delivery of the ~~Proposal Trustee's~~ Closing Certificate, and upon filing of a certified copy of this Order, together with any applicable registration fees, all governmental authorities including those referred to below in this paragraph (collectively, "**Governmental Authorities**") are hereby authorized, requested and directed to accept delivery of such ~~Proposal Trustee's~~ Closing Certificate and certified copy of this Order as though they were originals and to register such transfers, interest authorizations, discharges and discharge statements of conveyance as may be required to convey to the ~~Purchaser or its nominee~~ Purchasers clear title to the Purchased Assets subject only to Permitted Encumbrances. Without limiting the foregoing:

~~(a) — the Registrar of Land Titles ("Land Titles Registrar") for the lands defined below shall and is hereby authorized, requested and directed to forthwith:~~

~~(i) — cancel existing Certificates of Title No. * for those lands and premises municipally described as *, and legally described as:~~

~~_____ *~~
~~_____ (the "Lands")~~

~~(ii) — issue a new Certificate of Title for the Lands in the name of the Purchaser (or its nominee), namely, *;~~

~~(iii) — transfer to the New Certificate of Title the existing instruments listed in Schedule "D", to this Order, and to issue and register against the New Certificate of Title such new caveats, utility rights of ways, easements or other instruments as are listed in Schedule "D"; and~~

~~(iv) — discharge and expunge the Encumbrances listed in Schedule “C” to this Order and discharge and expunge any Claims including Encumbrances (but excluding Permitted Encumbrances) which may be registered after the date of the Sale Agreement against the existing Certificate of Title to the Lands;~~

~~(b) — Alberta Energy (“Energy Ministry”) shall and is hereby authorized, requested and directed to forthwith:~~

~~(v) — cancel and discharge those Claims including builders’ liens, security notices, assignments under section 426 (formerly section 177) of the Bank Act (Canada) and other Encumbrances (but excluding Permitted Encumbrances) registered (whether before or after the date of this Order) against the estate or interest of the Debtor in and to any of the Purchased Assets located in the Province of Alberta; and~~

~~(vi) — transfer all Crown leases listed in Schedule “E” to this Order standing in the name of the Debtor, to the Purchaser (or its nominee) free and clear of all Claims including Encumbrances but excluding Permitted Encumbrances;~~

(a) ~~(c)~~ the Registrar of the Alberta Personal Property Registry (the “**PPR Registrar**”) shall and is hereby directed to forthwith cancel and discharge any registrations at the Alberta Personal Property Registry (whether made before or after the date of this Order) claiming security interests (other than Permitted Encumbrances) in the estate or interest of the ~~Debtor~~ Applicants in any of the Purchased Assets which are of a kind prescribed by applicable regulations as serial-number goods; and

(b) the Canadian Intellectual Property Office shall and is hereby directed to forthwith: (i) transfer any trademarks in any of the IP Assets listed in **Schedule “E”** to this Order and as described in Section 1.1(o) of the APA standing in the name of the Applicants to the Purchasers, and (ii) amend the Canadian trademark register to reflect the foregoing transfers.

6. ~~5.~~ In order to effect the transfers and discharges described above, this Court directs each of the Governmental Authorities to take such steps as are necessary to give effect to the terms of this Order and the ~~Sale Agreement~~ APA. Presentment of this Order and the ~~Proposal-Trustee’s~~ Closing Certificate shall be the sole and sufficient authority for the Governmental Authorities to make and register transfers of title or interest and cancel and discharge registrations against any of the Purchased Assets of any Claims including Encumbrances but excluding Permitted Encumbrances.

7. ~~6.~~ No authorization, approval or other action by and no notice to or filing with any governmental authority or regulatory body exercising jurisdiction over the Purchased Assets is required for the due execution, delivery and performance by the Proposal Trustee of the ~~Sale Agreement~~, ~~[other than any required approval by the Energy Regulator referenced in paragraph 3 above.]~~ APA.
- ~~7. Upon delivery of the Proposal Trustee's Closing Certificate together with a certified copy of this Order, this Order shall be immediately registered by the Land Titles Registrar notwithstanding the requirements of section 191(1) of the Land Titles Act, RSA 2000, c.L-7 and notwithstanding that the appeal period in respect of this Order has not elapsed. The Land Titles Registrar is hereby directed to accept all Affidavits of Corporate Signing Authority submitted by the Proposal Trustee in its capacity as Proposal Trustee of the Debtor and not in its personal capacity.~~
8. For the purposes of determining the nature and priority of Claims, net proceeds from sale of the Purchased Assets (to be held in an interest bearing trust account by the Proposal Trustee) shall stand in the place and stead of the Purchased Assets from and after delivery of the ~~Proposal Trustee's~~ Closing Certificate and all Claims including Encumbrances (but excluding Permitted Encumbrances) shall not attach to, encumber or otherwise form a charge, security interest, lien, or other Claim against the Purchased Assets and may be asserted against the net proceeds from sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale. ~~Unless otherwise ordered (whether before or after the date of this Order), the Proposal Trustee shall not make any No distributions to creditors of net proceeds from sale of the Purchased Assets without further order of this Court, provided however the Proposal Trustee may apply any part of such net proceeds to repay any amounts the Proposal Trustee has borrowed for which it has issued a Proposal Trustee's Certificate pursuant to the Proposal Trusteeship Order~~ shall be made other than in accordance with further orders of this Court.
9. Except as expressly provided for in the ~~Sale Agreement~~ APA or by section 5 of the Alberta *Employment Standards Code*, the ~~Purchaser (or its nominee)~~ Purchasers shall not, by completion of the Transaction, have liability of any kind whatsoever in respect of any Claims against the ~~Debtor~~ Applicants.
10. Upon completion of the Transaction, the ~~Debtor~~ Applicants and all persons who claim by, through or under the ~~Debtor~~ Applicants in respect of the Purchased Assets, and all persons or entities having any Claims of any kind whatsoever in respect of the Purchased Assets, save and except for persons entitled to the benefit of the Permitted Encumbrances, shall stand absolutely and forever barred, estopped and foreclosed from and permanently enjoined from pursuing, asserting or claiming any and all right, title, estate, interest, royalty, rental, equity of redemption or other

Claim whatsoever in respect of or to the Purchased Assets, and to the extent that any such persons or entities remain in the possession or control of any of the Purchased Assets, or any artifacts, certificates, instruments or other indicia of title representing or evidencing any right, title, estate, or interest in and to the Purchased Assets, they shall forthwith deliver possession thereof to the ~~Purchaser (or its nominee)~~Purchasers.

11. The ~~Purchaser (or its nominee)~~Purchasers shall be entitled to enter into and upon, hold and enjoy the Purchased Assets for ~~its~~their own use and benefit without any interference of or by the ~~Debtor~~Applicants, or any person claiming by, through or against the ~~Debtor~~Applicants.
12. The Purchasers shall, by virtue of the completion of the Transaction, have no liability of any kind whatsoever in respect of any Claims against the Applicants, other than as described in the APA.
13. 12. Immediately upon closing of the Transaction, holders of Permitted Encumbrances shall have no claim whatsoever against the Applicants or the Proposal Trustee.
14. 13. The Proposal Trustee is directed to file with the Court a copy of the ~~Proposal Trustee's~~ Closing Certificate forthwith after delivery thereof to the ~~Purchaser (or its nominee)~~Purchasers.
15. 14. Pursuant to clause 7(3)(c) of the *Personal Information Protection and Electronic Documents Act* (Canada) and section 20(e) of the *Alberta Personal Information Protection Act*, the ~~Proposal Trustee~~Applicants is authorized and permitted to disclose and transfer to the ~~Purchaser (or its nominee)~~Purchasers all human resources and payroll information in the ~~Debtor's~~Applicants' records pertaining to the ~~Debtor's~~Applicants' past and current employees. The ~~Purchaser (or its nominee)~~Purchasers shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to ~~it~~them in a manner which is in all material respects identical to the prior use (of such information) to which the ~~Debtor~~Applicants was entitled.

MISCELLANEOUS MATTERS

16. The Applicants are authorized and empowered, in respect of the Purchased Assets, to execute and deliver:
 - (a) such additional, related and ancillary documents and assurances governing or giving effect to the conveyance of the Purchased Assets which, in the Applicants' discretion, are reasonably necessary or advisable to conclude the Transaction contemplated in or in furtherance of the transfer of the Purchased Assets and/or this Order; and

(b) any and all instruments and documents in respect of the Purchased Assets as may be deemed necessary by the Applicants.

17. ~~15.~~Notwithstanding:

- (a) the pendency of these proceedings and any declaration of insolvency made herein;
- (b) the pendency of any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the “BIA”), in respect of the ~~Debtor~~Applicants, and any bankruptcy order issued pursuant to any such applications;
- (c) any assignment in bankruptcy made in respect of the ~~Debtor~~Applicants; and
- (d) the provisions of any federal or provincial statute:

the vesting of the Purchased Assets in the ~~Purchaser (or its nominee)~~Purchasers pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the ~~Debtor~~Applicants and shall not be void or voidable by creditors of the ~~Debtor~~Applicants, nor shall it constitute nor be deemed to be a transfer at undervalue, settlement, fraudulent preference, assignment, fraudulent conveyance, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

18. ~~16.~~The Applicants, Proposal Trustee, ~~the Purchaser (or its nominee)~~Purchasers and any other interested party, shall be at liberty to apply for further advice, assistance and direction as may be necessary in order to give full force and effect to the terms of this Order and to assist and aid the parties in closing the Transaction.

19. ~~17.~~This Honourable Court hereby requests the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in any of its provinces or territories or in any foreign jurisdiction, to act in aid of and to be complimentary to this Court in carrying out the terms of this Order, to give effect to this Order and to assist the Applicants, the Proposal Trustee and ~~its~~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 order and to provide such assistance to the Applicants and to the Proposal Trustee, as an officer of the Court, as may be necessary or desirable to give effect to this Order or to assist the Applicants, the Proposal Trustee, and ~~its~~their respective agents in carrying out the terms of this Order.

20. ~~18.~~ Service of this Order shall be deemed good and sufficient by:

(a) ~~Serving~~ serving the same on:

- (i) the persons listed on the service list created in these proceedings;
- (ii) any other person served with notice of the application for this Order;
- (iii) any other parties attending or represented at the application for this Order;
- (iv) the ~~Purchaser~~ Purchasers or the ~~Purchaser's~~ Purchasers' solicitors; and

(b) ~~Posting~~ posting a copy of this Order on the Proposal Trustee's website at:
~~*~~<https://home.kpmg/ca/en/home/services/advisory/deal-advisory/creditorlinks/international-fitness.html>

and service on any other person is hereby dispensed with.

21. ~~19.~~ Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

Justice of the Court of Queen's Bench of Alberta

~~Schedule~~ SCHEDULE "A"

Form of Proposal Trustee's Certificate

COURT FILE NUMBER <u>NUMBERS</u>	<u>Clerk's Stamp</u> <u>B201 731795</u> <u>B201 731797</u> <u>B201 731799</u>	<u>CLERK'S STAMP:</u>
COURT	COURT OF QUEEN'S BENCH OF ALBERTA	
JUDICIAL CENTRE	<u>CALGARY</u>	
<u>MATTERS</u>	<u>IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL</u> <u>UNDER THE <i>BANKRUPTCY AND INSOLVENCY ACT</i>, R.S.C. 1985, c. B-3,</u> <u>AS AMENDED, OF</u> <u>INTERNATIONAL FITNESS HOLDINGS INC.</u> <u>INTERNATIONAL FITNESS HOLDINGS LP</u> <u>WORLD HEALTH NORTH LP</u>	
PLAINTIFF		
DEFENDANT		
DOCUMENT	PROPOSAL TRUSTEE'S CERTIFICATE	
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	<u>STIKEMAN ELLIOTT LLP</u> <u>4300 Bankers Hall West</u> <u>888 – 3rd Street S.W.</u> <u>T2P 5C5</u> <u>Solicitor: Karen Fellowes, Q.C. / Elizabeth Pillon</u> <u>Phone Number: (403) 724-9469 / (416) 869-5623</u> <u>Email: kfellowes@stikeman.com / lpillon@stikeman.com</u> <u>Fax Number: (403) 266-9034</u> <u>File No.: 137923-1006</u> <u>Counsel for the Applicants, International Fitness Holdings Inc.,</u> <u>International Fitness Holdings LP and World Health North LP</u>	

RECITALS

- A. Pursuant to an Order of the Honourable Madam Justice ~~[Name]~~ Ho of the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "Court") dated ~~[Date of Order]~~,

~~[Name of Proposal Trustee]~~ May 5, 2021, KPMG was appointed as the Proposal Trustee (the "Proposal Trustee") of the ~~undertakings, property and assets of [Debtor]~~ (the ~~"Debtor"~~ International Fitness Holdings LP, International Fitness Holdings Inc., International Fitness Holdings LP and World Health North LP (collectively, the "Applicants")).

- B. Pursuant to an Order of the Court dated [Date], the Court approved the ~~agreement of purchase and sale made as of [Date of Agreement]~~ (the ~~"Sale Agreement"~~ asset purchase agreement made as of April 23, 2021, as amended on May 20, 2021 (the "APA")) between the ~~Proposal Trustee and [Name of Purchaser]~~ Applicants and Ayrfit West Inc., Ayrfit Alberta Inc. and Ayrfit Edmonton Inc. (the ~~"Purchaser"~~ "Purchasers") and provided for the vesting in the ~~Purchaser~~ Purchasers of the ~~Debtor's Applicants'~~ right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Proposal Trustee to the ~~Purchaser~~ Purchasers of a certificate confirming (i) the payment by the ~~Purchaser~~ Purchasers of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in ~~section * of the Sale Agreement~~ APA have been satisfied or waived by the ~~Proposal Trustee Applicants~~ and the ~~Purchaser~~ Purchasers; and (iii) the Transaction has been completed to the satisfaction of the Proposal Trustee.
- C. Unless otherwise indicated herein, capitalized terms have the meanings set out in the ~~Sale Agreement~~ APA.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The ~~Purchaser (or its nominee) has paid and the Proposal Trustee has received~~ Purchasers have paid or has otherwise satisfied in full the Purchase Price for the Purchased Assets ~~payable on the Closing Date pursuant to the Sale Agreement~~ in accordance with the APA;
2. The conditions to Closing as set out in ~~section * of the Sale Agreement~~ APA have been satisfied or waived by the ~~Proposal Trustee Applicants~~ and the ~~Purchaser (or its nominee); and~~ Purchasers;
3. The Transaction has been completed to the satisfaction of the Proposal Trustee; ~~and~~ and
4. This Certificate was delivered by the Proposal Trustee at [Time] on [Date].

~~[Name of Proposal Trustee]~~ **KPMG Inc.**, in its capacity as the Proposal Trustee of the ~~undertakings, property~~

~~and assets of [Debtor]~~Applicants,
and not in its personal capacity.

Per: _____

Name: 

Title: 

SCHEDULE "B"**Purchased Assets - Ayrfit Alberta Inc.**

All capitalized terms not otherwise defined herein, Schedule and Section references shall bear the meanings given them in the asset purchase agreement (the "APA") between the Applicants and Purchaser dated April 23, 2021, as amended.

All of the Vendors' right, title and interest in and to all of the Vendors' property and assets (other than the Excluded Assets), whether real or personal, tangible or intangible, of every kind and description and wheresoever situate including the following (other than those assets described below that specifically relate to World Health North LP as listed in Schedule "C" attached to this Order):

1. Assumed Leases and the rights under the Leases at all of the Required Locations including all leasehold improvements and fixtures owned by a Vendor forming part of the leased real property thereunder;
2. Personal Property, including all equipment listed in Schedule 2.1(b) to the APA (other than equipment that specifically relates to World Health North LP situate at fitness facilities referred to as Mayfield, Glenora, Gateway, Kensington, St. Alberta Trail, Clareview and Edmonton City Centre);
3. Inventories;
4. Accounts Receivable;
5. IP Assets, including the IP Assets listed in Schedule "E" to this Order;
6. Books and Records (except in the case of those required by Applicable Law to be retained by a Vendor, copies thereof);
7. All goodwill, together with the exclusive right of the Purchaser to represent itself as carrying on the Business;
8. All rights to deposits and prepaid expenses, including related claims for refunds and rights of set-off that are not excluded pursuant to Sections 2.2(a) and 2.2(c) to the APA or that are not listed on Schedule 2.2 to the APA (and excluding any pre-paid deposits for membership payments and pre-paid personal training sessions and similar); and
9. The list of email addresses of members of the Vendors.

in each case, for greater certainty, excluding the Excluded Assets and all Purchased Assets referred to in Schedule "C" to this Order.

SCHEDULE "C"

Purchased Assets - Ayrfit Edmonton Inc.

All capitalized terms not otherwise defined herein, Schedule and Section references shall bear the meanings given them in the asset purchase agreement (the "APA") between the Applicants and Purchaser dated April 23, 2021, as amended.

All of World Health North LP's right, title and interest in and to all of World Health North LP's property and assets (other than the Excluded Assets), whether real or personal, tangible or intangible, of every kind and description situated at the fitness facility locations referred to as Mayfield, Glenora, Gateway, Kensington, St. Alberta Trail, Clareview and Edmonton City Centre, including the following (but only with respect to such locations):

1. Assumed Leases and the rights under the Leases at all of such locations that are Required Locations including all leasehold improvements and fixtures owned by World Health North LP forming part of the leased real property thereunder;
2. Personal Property, including all equipment listed in Schedule 2.1(b) to the APA that relates to World Health North LP situate at fitness facilities referred to as Mayfield, Glenora, Gateway, Kensington, St. Alberta Trail, Clareview and Edmonton City Centre;
3. Inventories;
4. Accounts Receivable;
5. IP Assets listed in Part 2 of Schedule "E" attached to this Order;
6. Books and Records (except in the case of those required by Applicable Law to be retained by a Vendor, copies thereof);
7. All goodwill, together with the exclusive right of the Purchaser to represent itself as carrying on the Business;
8. All rights to deposits and prepaid expenses, including related claims for refunds and rights of set-off that are not excluded pursuant to Sections 2.2(a) and 2.2(c) of the APA or that are not listed on Schedule 2.2 to the APA (and excluding any pre-paid deposits for membership payments and pre-paid personal training sessions and similar); and
9. The list of email addresses of members of World Health North LP.

in each case, for greater certainty, excluding the Excluded Assets and all Purchased Assets referred to in Schedule "B" to this Order.

SCHEDULE "D"

Permitted Encumbrances

SCHEDULE "E"**IP Assets**

The following trademarks form part of the IP Assets:

Part 1 – Ayrfit Alberta Inc.

<u>Trademark Name</u>	<u>Registration Date</u>	<u>Expiry Date</u>	<u>Country of Registration</u>	<u>Registration Number</u>
<u>SPA LADY</u>	<u>1980-02-22</u>	<u>2025-02-22</u>	<u>Canada</u>	<u>TMA240041</u>
<u>FITNESS 2000</u>	<u>1996-01-26</u>	<u>2026-01-26</u>	<u>Canada</u>	<u>TMA453041</u>
<u>BANKERS HALL CLUB</u>	<u>2004-05-14</u>	<u>2034-05-14</u>	<u>Canada</u>	<u>TMA610338</u>
Bankers Hall club <u>DESIGN</u> 	<u>2004-02-09</u>	<u>2034-02-09</u>	<u>Canada</u>	<u>TMA601645</u>
<u>WORLD HEALTH CLUB</u>	<u>2009-10-06</u>	<u>2024-10-06</u>	<u>Canada</u>	<u>TMA749460</u>
<u>WORLD HEALTH CLUB & Design</u> 	<u>2009-10-01</u>	<u>2024-10-01</u>	<u>Canada</u>	<u>TMA749231</u>
<u>WORLD HEALTH CLUB & Oval Design</u> 	<u>2009-10-01</u>	<u>2024-10-01</u>	<u>Canada</u>	<u>TMA749230</u>
<u>SPA KIDZ</u>	<u>2010-11-04</u>	<u>2025-11-04</u>	<u>Canada</u>	<u>TMA781670</u>
<u>EXPERIENCE YOUR BEST</u>	<u>2011-05-16</u>	<u>2026-05-16</u>	<u>Canada</u>	<u>TMA797625</u>
<u>EXCEPTIONAL RESULTS</u>	<u>2011-05-16</u>	<u>2026-05-16</u>	<u>Canada</u>	<u>TMA797636</u>

<u>EXCEPTIONAL EXPERIENCE</u>	<u>2011-05-16</u>	<u>2026-05-16</u>	<u>Canada</u>	<u>TMA797637</u>
<u>WORLD HEALTH</u>	<u>2011-08-24</u>	<u>2026-08-24</u>	<u>Canada</u>	<u>TMA805146</u>
<u>WORLD HEALTH & Design</u> 	<u>2011-08-24</u>	<u>2026-08-24</u>	<u>Canada</u>	<u>TMA805147</u>
<u>WORLD HEALTH Logo (Colour)</u> 	<u>2011-08-24</u>	<u>2026-08-24</u>	<u>Canada</u>	<u>TMA805148</u>
<u>GYMVMT</u>	<u>"Formalized"</u> <u>2019-09-13</u>	<u>Not yet registered.</u>	<u>Canada</u>	<u>Application No.</u> <u>1983817</u>
<u>PWR X LAB</u>	<u>"formalized"</u> <u>2019-12-20</u>	<u>Not yet registered.</u>	<u>Canada</u>	<u>Application No.</u> <u>1998829</u>

Part 2 - IP Assets – Ayrfit Edmonton Inc.

<u>Trademark Name</u>	<u>Registration Date</u>	<u>Expiry Date</u>	<u>Country of Registration</u>	<u>Registration Number</u>
<u>Fresh Fit Foods</u>	<u>N/A</u>	<u>N/A</u>	<u>Canada</u>	<u>Abandoned Trademark Application 1654674</u>
<u>Live Life Light</u>	<u>2016-08-15</u>	<u>2031-08-15</u>	<u>Canada</u>	<u>TM946148</u>
<u>Tru Ride</u>	<u>2018-05-15</u>	<u>2033-05-15</u>	<u>Canada</u>	<u>TMA996651</u>
<u>CLUB FIT</u>	<u>2003-04-29</u>	<u>2033-04-29</u>	<u>Canada</u>	<u>TMA580175</u>
	<u>2003-04-29</u>	<u>2033-04-29</u>	<u>Canada</u>	<u>TMA580148</u>

The following domain names:

(a) www.clubfit.ca

(b) www.clubfit.mobi

SCHEDULE "C"

COURT FILE NUMBERS	B201-731795 B201-731797 B201-731799
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
MATTERS	IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL UNDER THE <i>BANKRUPTCY AND INSOLVENCY ACT</i> , R.S.C. 1985, c. B-3, AS AMENDED, OF INTERNATIONAL FITNESS HOLDINGS INC. INTERNATIONAL FITNESS HOLDINGS LP WORLD HEALTH NORTH LP
APPLICANTS	INTERNATIONAL FITNESS HOLDINGS INC., INTERNATIONAL FITNESS HOLDINGS LP and WORLD HEALTH NORTH LP
DOCUMENT	SEALING ORDER
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	STIKEMAN ELLIOTT LLP 4300 Bankers Hall West 888 – 3 rd Street S.W. T2P 5C5 Solicitor: Karen Fellowes, Q.C. / Elizabeth Pillon Phone Number: (403) 724-9469 / (416) 869-5623 Email: kfellowes@stikeman.com / lpillon@stikeman.com Fax Number: (403) 266-9034 File No.: 137923-1006 Counsel for the Applicants, International Fitness Holdings Inc., International Fitness Holdings LP and World Health North LP

DATE ON WHICH ORDER WAS PRONOUNCED: May 27, 2021

NAME OF JUDGE WHO MADE THIS ORDER: The Hon. Justice D.R. Mah

LOCATION OF HEARING: Edmonton, Alberta via Webex

UPON THE APPLICATION of International Fitness Holdings Inc., International Fitness Holdings LP and World Health North LP (collectively, the "**Applicants**"); AND UPON reading the Application of the Applicants filed May 21, 2021, the Affidavit No. 3 of Peter Melnychuk sworn May 21, 2021 and the

Confidential Exhibit thereto (the "**Confidential Exhibit**"), the Second Report of KPMG Inc. (the "**Proposal Trustee**" and the "**Report**") and the First Confidential Supplemental Report thereto (the "**Confidential Supplemental Report**"); AND UPON hearing the submissions of counsel for the Applicants, the Proposal Trustee, and any other parties present:

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application and time for service of this application is abridged to that actually given.
2. The Confidential Exhibit and Confidential Supplemental Report shall be sealed on the Court file and shall not form part of the public record, notwithstanding Division 4, Part 6 of the Alberta *Rules of Court*, until three months after the closing of the Transaction contemplated in the Asset Purchase Agreement dated April 23, 2021, as amended.
3. The Clerk of this Honourable Court shall file the Confidential Exhibit and Confidential Supplemental Report in a sealed envelope attached to a notice that sets out the style of cause in these proceedings and states that:

THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS FILED BY INTERNATIONAL FITNESS HOLDINGS INC., INTERNATIONAL FITNESS HOLDINGS LP AND WORLD HEALTH NORTH LP. THE CONFIDENTIAL MATERIALS ARE SEALED PURSUANT TO THE SEALING ORDER ISSUED BY [JUDGE] ON [DATE].

4. Service of this Order shall be deemed good and sufficient by:
 - (a) serving the same on:
 - (i) the persons listed on the service list created in these proceedings;
 - (ii) any other person served with notice of the application for this Order;
 - (iii) any other parties attending or represented at the application for this Order;
 - (iv) the Purchaser or the Purchaser's solicitors; and
 - (b) posting a copy of this Order on the Proposal Trustee's website at: <https://home.kpmg/ca/en/home/services/advisory/deal-advisory/creditorlinks/international-fitness.html>

and service on any other person is hereby dispensed with.

5. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

Justice of the Court of Queen's Bench of Alberta