



Affidavit of Kevin Haggard #1
Sworn: May 12, 2023

No. S233209
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C - 36 AS AMENDED

AND

IN THE MATTER OF SLP HOLDINGS LTD, STRUCTURLAM MASS
TIMBER CORPORATION, STRUCTURLAM MASS TIMBER U.S., INC.,
NATURAL OUTCOMES, LLC

APPLICATION OF SLP HOLDINGS LTD. UNDER SECTION 46 OF THE *COMPANIES'*
CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

PETITIONER

AFFIDAVIT


I, **KEVIN HAGGARD**, of 787 Seventh Avenue, New York, New York, 10019, SWEAR
THAT:

1. I am the Managing Director of Miller Buckfire & Co. LLC ("**Miller Buckfire**"), an investment banking firm that provides strategic and financial advisory services in large scale restructuring transactions.
2. Miller Buckfire was retained by SLP Holdings Ltd., Structurlam Mass Timber Corporation, Structurlam Mass Timber U.S., Inc., and Natural Outcomes LLC (the "**Debtors**" or the "**Company**") on February 10, 2023, to assist in a broad range of initiatives, including, among other things, marketing the Company for a potential sale. As such, I have personal knowledge of the facts and matters hereinafter deposed to, save and except where the same are stated to be based upon information and belief, and where so stated I verily believe the same to be true.
3. Attached hereto and marked as **Exhibit "A"** to this affidavit, is a copy of my declaration filed on April 24, 2023 in the United States Bankruptcy Court for the District of Delaware and

submitted in support of, among others things, the bidding procedures motion (the "**Declaration**").
As Managing Director of Miller Buckfire I affirm and repeat the statements set out in the Declaration.

SWORN BEFORE ME at the City of)
New York, New York, this 11 day)
of May, 2023.)

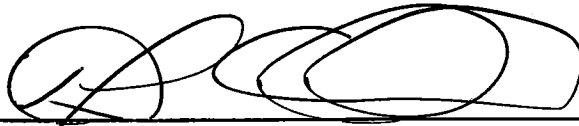

A Notary for the State of New York)


KEVIN HAGGARD

DEREK PALEXANDER
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 02AL6206140
Qualified in Queens County
Commission Expires May 18, 2025

787 Seventh Ave.
5th flr,
New York, NY
USA 10019
1-212-895-1832

This is Exhibit "A" referred to in the Affidavit
of **KEVIN HAGGARD**, sworn before me at
New York, New York, this 11 day of May, 2023.



A Notary for the State of New York

DEREK PALEXANDER
NOTARY PUBLIC, STATE OF NEW YORK
Registration No. 02AL6206140
Qualified in Queens County
Commission Expires May 18, 2025

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

<p>In re:</p> <p>STRUCTURLAM MASS TIMBER U.S., INC., <i>et al.</i>,¹</p> <p style="text-align: center;">Debtors.</p>	<p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p> <p>)</p>	<p>Chapter 11</p> <p>Case No. 23-10497 (CTG)</p> <p>(Joint Administration Requested)</p>
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**DECLARATION OF KEVIN HAGGARD IN SUPPORT OF
DEBTORS' (A) BIDDING PROCEDURES MOTION AND (B) MOTION
TO SHORTEN NOTICE REGARDING BIDDING PROCEDURES MOTION**

I, Kevin Haggard, hereby declare under penalty of perjury:

1. I am a Managing Director of Miller Buckfire & Co. LLC ("Miller Buckfire"), an investment banking firm that provides strategic and financial advisory services in large scale restructuring transactions. Miller Buckfire is an indirect, wholly owned subsidiary of Stifel, Nicolaus & Co., Inc. ("Stifel"), a U.S. broker-dealer and investment banking subsidiary of Stifel Financial Corp. Miller Buckfire has its principal office at 787 Seventh Avenue, New York, New York, 10019.

2. I submit this declaration in support of (a) the *Debtors' Motion Seeking Entry of an Order (A)(I) Approving Bidding Procedures, (II) Approving Stalking Horse Protections and Debtors' Entry into Stalking Horse Purchase Agreement (III) Scheduling the Bid Deadline and the Auction, (IV) Scheduling Hearings and Objection Deadlines with Respect to the Sale, (V) Approving the Form and Manner of the Notice Thereof, (VI) Approving Contract Assumption*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number or Canadian business number, as applicable, include: Structurlam Mass Timber U.S., Inc. (6287); Natural Outcomes, LLC (n/a); Structurlam Mass Timber Corporation (5050); and SLP Holdings Ltd. (3114). The location of the Debtors' headquarters is: 2176 Government Street, Penticton, British Columbia, Canada V2A 8B5. The address of the registered agent for Structurlam Mass Timber U.S., Inc. is: 8 The Green, Suite A, Dover, Delaware 19901.



and Assignment Procedures, and (VII) Granting Related Relief and (B)(I) Approving the Sale of the Assets Free and Clear of All Liens, Claims, Interests, and Encumbrances, (II) Approving Assumption and Assignment of Executory Contracts and Unexpired Leases, and (III) Granting Related Relief, filed contemporaneously herewith (the “Bidding Procedures Motion”)² and (b) the Debtors’ Motion for Entry of an Order Shortening and Limiting the Notice with Respect to the Debtors’ Bidding Procedures Motion, filed contemporaneously herewith (the “Motion to Shorten”). The statements in this declaration are, except where specifically noted, based on (i) my personal knowledge, (ii) my discussions with the senior management of the above-captioned debtors and debtors in possession (collectively, the “Debtors” or the “Company”), other members of the Miller Buckfire team, the Debtors’ advisors, or other interested parties, (iii) my review of relevant documents, or (iv) my view based upon my experience, knowledge, and information concerning the Debtors’ operations and financial affairs.

3. I am not being compensated specifically for this testimony other than through payments received by Miller Buckfire as a professional to be retained by the Debtors. I am above 18 years of age, and I am competent to testify. If called upon to testify, I would testify competently to the facts set forth herein. I am authorized to submit this Declaration on behalf of the Debtors.

Qualifications

4. Miller Buckfire is an investment bank that provides strategic and financial advisory services in large-scale corporate restructuring transactions. Miller Buckfire professionals have extensive experience providing such services to financially distressed companies and to creditors,

² Capitalized terms used but not otherwise defined herein have the meanings ascribed to them in the Bidding Procedures Motion.

equity holders, and other constituencies in reorganization proceedings and complex financial restructurings, both in- and out-of-court.

5. I have been employed by Miller Buckfire since 2005. Previously, I was a manager in the Corporate Recovery Services group at Arthur Andersen from 1997–2002 and a manager in the Restructuring and Turnaround Group of Huron Consulting Group from 2002–2003. My experience includes advising clients on restructuring, M&A, and financing transactions and my past representations include advising American Commercial Lines, Black Diamond Mining, the City of Detroit, Crunch Fitness, Dana Corporation, Dana Credit Corporation, Edison Brothers Stores, Exide Technologies, Filene's Basement, Global Crossing, Lehman Brothers Inc. Estate, Lenox Healthcare, Mashantucket Pequot Tribal Nation (Foxwoods), Meridian Technologies, MF Global Estate, MolyCorp, Pegasus Broadcast Television, Pegasus Satellite Communications, PlayPower, Port Townsend Paper, Rand Logistics, and Ultrapetrol. I also advised creditors in the restructurings of Denali Incorporated, Global Aviation, Hilex Poly, and Station Casinos.

6. I received a B.B.A. from the University of Notre Dame in 1997 and an M.B.A. from The Wharton School of the University of Pennsylvania in 2005. I am a C.P.A. and a C.I.R.A. (Certified Insolvency and Restructuring Advisor).

7. Miller Buckfire and Stifel were retained by the Debtors on February 10, 2023, to assist in a broad range of initiatives, including, among other things, marketing the Company for a potential sale, negotiating a deleveraging restructuring transaction, and pursuing certain financing transactions (including to structure, negotiate, and secure debtor-in-possession financing). Since being retained, Miller Buckfire has become familiar with the Debtors' businesses, finances, and capital structure, as well as their financial restructuring initiatives.

Prepetition Marketing and Sale Process.

8. Promptly following its retention, Miller Buckfire launched a process for the purpose of soliciting offers for the sale or recapitalization of the Company outside of a court process (the “Marketing Process”). Miller Buckfire began the Marketing Process by identifying and contacting a broad group of potential strategic and financial sponsor parties for both sale and financing options. Seventy-four prospective buyers were solicited of which thirty-seven executed non-disclosure agreements and eighteen prospective investors were solicited of which seven executed non-disclosure agreements. The parties that executed non-disclosure agreements received access to the Company’s virtual data room and were offered management meetings and site visits.

9. By March 8, 2023, five prospective buyers provided non-binding indications of interest. Of these five parties, four were selected to continue to the second round of the process and provided with access to additional diligence in the data room, continued access to Company management and site visits, and a draft asset purchase agreement. Miller Buckfire requested binding bids from these four parties by March 24, 2023. On March 24, 2023, Miller Buckfire received two bids and provided them to the Company.

The Stalking Horse Purchase Agreement

10. Following the receipt of the two second round bids, the Company and its advisors worked with initial bidders to evaluate, solidify, and improve the initial bids received. Ultimately, after such evaluation and analysis, the bid by Mercer International Inc. (the “Stalking Horse Bidder”) was determined as the highest or otherwise best initial offer and the Company and its advisors engaged with the Stalking Horse Bidder concerning the terms of a purchase agreement.

11. On April 21, 2023, the Debtors and the Stalking Horse Bidder entered into that certain Asset Purchase Agreement (the “Stalking Horse Purchase Agreement”).

12. The Stalking Horse Purchase Agreement provides, among other things, for the purchase of the Debtors' US and Canadian Assets, along with assumption of certain assumed liabilities, as set forth in the Stalking Horse Purchase Agreement, for a purchase price of \$60 million (USD). The Stalking Horse Purchase Agreement is also subject to certain bid protections in favor of the Stalking Horse Bidder, subject to Court approval, consisting of a break-up fee of \$1.8 million (USD) and an expense reimbursement not to exceed \$600,000 (USD).

DIP Financing Milestones

13. Information regarding the marketing of and negotiations related to the Debtors' debtor-in-possession financing (the "DIP Financing") is provided in my declaration, filed substantially contemporaneously herewith (the "DIP Declaration"), in support of the Debtors' motion seeking approval of the DIP Financing. The statements in the DIP Declaration are incorporated herein by reference.

14. As set forth in the DIP Declaration, the Debtors have reached an agreement with their prepetition lender, Bank of Montreal, for the provision of the DIP Financing (in such capacity, the "DIP Lender") pursuant to that certain *Senior Secured Superpriority DIP Financing Credit Agreement*, dated as of April 21, 2023, by and between Debtors Structurlam Mass Timber Corporation and Structurlam Mass Timber U.S., Inc., as borrowers, and the DIP Lender, as lender (the "DIP Credit Agreement"). However, a material condition of the DIP financing is the Debtors' satisfaction of certain Milestones (as defined in the DIP Credit Agreement) that require the Debtor to, among other things, obtain (a) entry of the Bidding Procedures Order by May 1, 2023 (which is the date that is 10 calendar days after the Petition Date), and (b) entry of the Sale Order by May 26, 2023 (which is the date that is 35 calendar days after the Petition Date).

15. Failure to meet any of the Milestones would constitute an event of default under the DIP Credit Agreement. Based upon the available DIP Financing, the Debtors only have

sufficient financing to carry out a postpetition sale process in accordance with the Milestones. Even if the failure to consummate the Sale within the contemplated Milestones were not to result in an event of default under the DIP Financing facilities, any extension of the Sale process by any significant amount of time would likely require additional financing.

The Bidding Procedures

16. Miller Buckfire has been and is prepared to continue administering a postpetition marketing process consistent with the proposed Bidding Procedures. I believe, based on my industry experience and deep familiarity with the prepetition marketing process, the Debtors' assets and business, and the financing available to the Debtors, that the proposed Bidding Procedures are reasonable and will adequately facilitate an orderly conclusion to the Debtors' sale process that will elicit the highest or otherwise best bid for the Debtors' assets.

Postpetition Marketing Process Timeline

17. I believe that the various dates and deadlines set forth in the proposed Bidding Procedures Motion and the Motion to Shorten will afford all potential bidders a sufficient opportunity to bid for the Debtors' assets. As noted above, Miller Buckfire has been marketing the Company's assets since February 2023. In addition, Miller Buckfire is continuing postpetition the process of contacting potential buyers that were identified prepetition as potentially interested in the Debtors' Assets and most of these parties are already have some familiarity with the Debtors' business and industry. At the time of the Bid Deadline, the Debtors will have been thoroughly marketing their Assets for more than 90 days. In light of the prepetition marketing process and the financing available to the Debtors, I believe that the length of the proposed postpetition marketing period is appropriately tailored to the particular circumstances of these Debtors and the Chapter 11 Cases and that the proposed timeline will allow the Debtors adequate time to realize maximum value.

18. My belief in the adequacy of the proposed sale timeline is informed, among other things, by the fact that the most likely bidders are (and were, as of the Petition Date) already well-aware that the Company's assets are up for sale, and most likely have already been contacted or indicated their interest in the Debtors' businesses or assets during the Marketing Process. In connection with the formal Marketing Process described above, the Debtors and Miller Buckfire undertook extensive efforts to identify and reach out to potential buyers interested in a sale transaction with the Company. Given this outreach, it was well-known in the industry—among both potential strategic and financial buyers—that the Company was open to a potential sale of the Company. These efforts will continue following the Petition Date as well. Accordingly, I believe that the Debtors and Miller Buckfire, together, have interacted with third parties that are likely to have serious interest in acquiring the Company.

19. Miller Buckfire's outreach efforts were and continue to be informed by substantial diligence concerning potential buyers, as well Miller Buckfire's deep knowledge of the Debtors' industry. Accordingly, I am confident that Miller Buckfire's efforts have identified and reached those potential buyers reasonably likely to be interested in a strategic transaction with the Debtors at this time.

20. I believe that maintaining the Sale timeline as currently proposed by the Bidding Procedures Motion is necessary to the success of the Sale process. I understand that any extension of the Sale process that is not in accordance with the DIP Facility without the consent of the DIP Lender will result in the Debtors' breach of the DIP Facility. The DIP Facility was sized to balance the administrative and operational costs of maintaining the Debtors' business in chapter 11, including funding the maintenance-level of activity at the Debtors' U.S. Facility that is currently

not producing, while also allowing the Debtors to conclude their Sale process in an orderly, efficient, and value-maximizing way.

21. I believe that any material extension of the Sale timeline would require additional financing, without which the Debtors would run out of liquidity before they are able to consummate a value-maximizing transaction and conclude these Chapter 11 Cases. Based on my involvement in the marketing of the Debtors' DIP financing process, and my understanding of the likely litigation and associated costs in pursuing any sort of alternative priming financing facility, it is my belief that, absent payment in full of the Prepetition Lender and DIP Lender, or the consent of such parties, alternative or additional financing is not currently available or sensible to the Debtors to fund a longer Sale process.

Stalking Horse Protections and Other Provisions of the Bidding Procedures

22. Finally, I am familiar with the other terms and conditions of the proposed Bidding Procedures, including, without limitation, the Stalking Horse Protections. I believe that these additional procedures and requirements are consistent with an orderly, value-maximizing sale process and are necessary to foster a competitive bidding environment. In my experience, bidding incentives, such as break-up fees and expense reimbursements encourage potential purchasers to invest the requisite time, money, and effort into diligence and entry into a binding agreement. I believe that by setting a floor for bidding, the Stalking Horse Purchase Agreement will benefit the Debtors' estates and promote maximum value with respect to the Debtors' assets. Further, I believe that the Stalking Horse Protections were negotiated in good faith and at arms' length between the Debtors and the Stalking Horse Bidder and that the Stalking Horse Bidder would not have been willing to serve as a stalking horse for the Debtors' assets without the benefit of the Stalking Horse Protections. Accordingly, I believe that the Stalking Horse Protections are reasonable and customary given the size and complexity of the Company and the proposed Sale.

Conclusion

23. I believe that, given the circumstances, the Sale process and timeline proposed by the Debtors are fair to all parties involved and necessary to maximize the value of the Debtors' assets for the benefit of the Debtors' estates, creditors, and other parties-in-interest. Further, the Stalking Horse Protections are reasonable and benefit the Debtors' estates by setting a floor for the value received by the Debtors at an Auction.

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Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct to the best of my knowledge, information, and belief.

Dated: April 24, 2023
New York, New York

/s/ Kevin Haggard
Kevin Haggard
Managing Director
Miller Buckfire & Co., LLC

No. S233209
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C - 36 AS AMENDED

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TIMBER CORPORATION, STRUCTURLAM MASS TIMBER U.S.,
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NATURAL OUTCOMES, LLC

APPLICATION OF SLP HOLDINGS LTD. UNDER SECTION 46 OF
THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C.
1985, c. C-36, AS AMENDED

PETITIONER

AFFIDAVIT

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Tel. 604.683-6498 Fax 604.683.3558

Attention : Jonathan B. Ross

File No. V56936

JBR/msh