

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
1735825 Ontario Inc. (formerly known as Grafton-Fraser Inc.)**

(the "Applicant")

**MOTION RECORD
(returnable April 10, 2019)**

April 2, 2019

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TO:

THE SERVICE LIST

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TAB 1

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS*
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS
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**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
1735825 Ontario Inc. (formerly known as Grafton-Fraser Inc.)**

(the "Applicant")

**NOTICE OF MOTION
(returnable April 10, 2019)**

RICHTER ADVISORY GROUP INC. (Richter) in its capacity as court-appointed monitor (**Monitor**) of 1735825 Ontario Inc. (formerly known as Grafton-Fraser Inc.) ("**GFI**" or the "**Company**") will make a motion to a judge presiding over the Commercial List on Thursday, April 10, 2019 at 10:00 a.m. or as soon after that time as the motion can be heard at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR AN ORDER:

- (a) approving the activities of the Monitor as set out in the seventh report to the Court of the Monitor dated April 2, 2019 (the "**Seventh Report**");
- (b) authorizing and empowering the Monitor for and on behalf of GFI to file an assignment in bankruptcy pursuant to the provisions of the *Bankruptcy and Insolvency Act* (the "**Bankruptcy Assignment**")

and to name Richter as trustee in bankruptcy in the Bankruptcy Assignment (the “**Trustee**”);

- (c) Following the Bankruptcy Assignment, authorizing the Monitor to transfer to the Trustee, from the balance in its accounts (the **Escrowed Funds**) the amount of \$30,000 (plus H.S.T.) to the bankruptcy estate of GFI, to provide funding for the respective professional costs incurred by the Trustee for the bankruptcy estate as third party funds (**Third Party Funds**) and directing the Trustee to remit any remaining amounts of such Third Party Funds to the Purchaser (as defined below) in accordance with the order of the honourable Justice Conway dated September 12, 2017 (the “**September 2017 Order**”);
- (d) Confirming the provisions of the September 2017 Order and authorizing the Monitor:
 - i. after payment of the amounts set out in (c) above and payment of the fees and expenses as approved in all previous orders of the Court, including the estimated costs to complete the administration of the CCAA Proceedings, to transfer any balance of the Escrowed Funds to the Purchaser; and
 - ii. following the Bankruptcy Assignment and payments above, to file the Monitor’s Discharge Certificate, as defined in the September 2017 Order and to terminate the CCAA Proceedings;
- (e) Authorizing the Monitor to transfer the remaining amount of the Director’s Escrow (as defined below) to the Purchaser; and
- (f) such other relief as may be requested by counsel and deemed appropriate by the Court.

THE GROUNDS FOR THE MOTION ARE:

1. On January 25, 2017, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issued an order, as amended and restated on January 30, 2017 (the “**Amended and Restated Initial Order**”) which granted GFI protection under the CCAA (the “**CCAA Proceedings**”) and appointed Richter as Monitor of GFI.
2. The Amended and Restated Initial Order also provided for the sum of \$772,597 (the “**Directors’ Escrow**”) to be paid by GFI to the Monitor to hold, in trust, for the Company’s indemnification obligations with respect to post-filing statutory liabilities of its directors and officers (the “**Directors**”).
3. On January 30, 2017, the Court approved a sale and investment solicitation process (“**SISP**”) to be carried out by GFI with the Monitor’s assistance and authorized GFI to enter into an asset purchase agreement (the “**Sale Agreement**”), between GFI and 1104307 B.C. Ltd. (now GSO GF Acquisition B.C. Ltd. and referred to herein as the “**Purchaser**”) to serve as the stalking horse bid under the proposed SISP.
4. Since the SISP did not result in any superior offers, on May 2, 2017 (the “**Closing Date**”), the Court granted an order approving the Sale Agreement and the sale transaction contemplated therein closed on June 28, 2017.
5. The Sale Agreement provided that in order to facilitate the funding and payment of certain closing amounts, certain funds (the “**Closing Escrow Funds**”) were sent to the Monitor in escrow to be paid out pursuant to directions executed by the Purchaser. On or immediately following the Closing Date, the Monitor has issued the majority of the payments from the Closing Escrow Funds.
6. The Sale Agreement also provided that any remaining portion of the Closing Escrow Funds not required for the wind down of GFI or the completion of the CCAA Proceedings shall form the property of the Purchaser and be returned to

the Purchaser on the date of the Monitor's discharge under the CCAA Proceedings.

7. Due to the resignation of the directors of GFI, on July 18, 2017 the Court issued an order for among other things, the expansion of the powers of the Monitor, in order for the Monitor to take the necessary steps to facilitate or assist GFI in dealing with its wind-down.
8. In contemplation of the termination of the CCAA Proceedings, the Monitor brought a motion and obtained the September 2017 Order which among other things,
 - a. approved the distribution of any net amounts in the Monitor's hands from time to time to be remitted to the Purchaser (the "**Payments**");
 - b. provided the mechanism for the termination of the CCAA proceedings upon the filing of the Monitor's Discharge Certificate as defined there in; and
 - c. extended the stay of proceedings in favour of the Company as provided in the Amended and Restated Initial Order up to and including the CCAA Termination Time (as defined in the September 2017 Order)
9. Since the September 2017 Order the Monitor has diligently proceeded to complete the remaining activities within the CCAA Proceeding including corresponding with CRA in connection with certain input tax credits which ultimately resulted in a tax refund issued to GFI and held by the Monitor in the amount of \$537,050.25.
10. The Director's Escrow has been reduced over the course of the CCAA Proceedings, with the consent of the Directors. The amount of the Director's Escrow is currently \$43,893.63. The Monitor is seeking authority to release the remainder of the Director's Escrow to the Purchaser. The Monitor has been

advised that both the Purchaser and Directors' Counsel support the requested relief.

11. The Monitor currently hold \$74,283.94 as the Closing Escrow Funds.
12. The Monitor is seeking authority to file the Bankruptcy Assignment as an efficient means of orderly winding up GFI.
13. Following the Bankruptcy Assignment and in accordance with the previous orders and the Sale Agreement, the Trustee intends to proceed with the distribution of the net funds on hand (after payment of approved professional fees and the funding of the bankruptcy (to a maximum of \$30,000 plus taxes) including the transfer of the balance of the Closing Escrow Funds to the Purchaser.
14. Thereafter, following the Bankruptcy Assignment and the payment of the amounts described, the Monitor intends to file the Monitor's Discharge Certificate (as defined in the September 2017 Order) and the CCAA Proceedings shall be terminated in accordance with the September 2017 Order.
15. As detailed above and in the Seventh Report, the Monitor has substantially completed all of its obligations in the CCAA Proceedings pursuant to the Initial Order and any subsequent order of this Court. Therefore, terminating the CCAA Proceedings in accordance with the September 2017 Order, in the circumstances of the CCAA Proceedings, is appropriate and reasonable and ought to be approved.

General

1. the facts and circumstances set out in the Seventh Report;
2. Section 11 and other provisions of the CCAA and the inherent and equitable jurisdiction of this Court;

3. Rules 1.04, 1.05, 2.01, 2.03, 3.02, 16 and 37 of the Ontario *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and
4. such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. the Seventh Report of the Monitor; and
2. such further and other materials as counsel may advise and this Court may permit.

April 2, 2019

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Capacity as Monitor*

TO: SERVICE LIST

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 1735825 Ontario Inc. (formerly known as Grafton-Fraser Inc.)

Court File No. CV-17-11677-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

NOTICE OF MOTION

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TAB A

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

THE HONOURABLE) WEDNESDAY, THE 10TH
)
JUSTICE) DAY OF APRIL, 2019

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
1735825 Ontario Inc. (formerly known as Grafton-Fraser Inc.)**

ORDER

THIS MOTION, made by **RICHTER ADVISORY GROUP INC.** (“**Richter**”) in its capacity as court-appointed monitor (“**Monitor**”) of 1735825 Ontario Inc. (formerly known as Grafton-Fraser Inc.), (“**GFI**”) was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion dated April 2, 2019, the seventh report to the Court of the Monitor dated April 2, 2010 (the “**Seventh Report**”), and upon hearing the submissions of counsel for the Monitor, the Purchaser (as defined below) and no one else appearing, although duly served, as evidenced by the Affidavit of Service of 1 sworn April 1 , 2019, and filed.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged so that this motion is properly returnable today and any further service thereof is hereby dispensed with.

APPROVAL OF ACTIVITIES

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

TRANSITION TO BANKRUPTCY

3. **THIS COURT ORDERS** that the Monitor is hereby authorized and empowered for and on behalf of GFI to file an assignment in bankruptcy pursuant to the provisions of the *Bankruptcy and Insolvency Act* (the "**Bankruptcy Assignment**") and take any reasonable steps reasonably incidental thereto including the payment of retainer funds to the trustee in bankruptcy named in the bankruptcy assignment.

4. **THIS COURT ORDERS** that the Monitor is hereby authorized for and behalf of GFI to name Richter as trustee in bankruptcy of the bankruptcy estate (respectively, the "**Trustee**").

5. **THIS COURT ORDERS** that following the making of the Bankruptcy Assignment, the Monitor is hereby authorized and directed to pay to the Trustee from amounts it has available in its accounts (the "**Escrowed Funds**") the amount of \$30,000 (plus H.S.T.) ("**Third Party Funds**") to the bankruptcy estate of GFI, to provide funding for the respective professional costs incurred by the Trustee for the bankruptcy estate, and the Trustee is hereby directed to remit any remaining amounts of such Third Party Funds to GSO GF Acquisition B.C. Ltd. (the "**Purchaser**") in accordance with the order of the honourable Justice Conway dated September 12, 2017 (the "**September 2017 Order**");

6. **THIS COURT ORDERS** that the provisions of the September 2017 Order made in these proceedings are hereby confirmed and the Monitor on behalf of GFI is authorized :

- a) after payment of the amounts set out in paragraph 5 above and the fees and expenses as approved in all previous orders of the Court, including the estimated costs to complete the administration of the CCAA proceedings, to remit the balance of the Escrowed Funds to the Purchaser in accordance with the September 2017 Order.
- b) following the making of the Bankruptcy Assignment and the payments set out in paragraphs 5 and 6(a) hereof, to file the Monitor's Discharge Certificate (as defined in the September 2017 Order) and the CCAA proceedings shall be terminated in accordance with the September 2017 Order.

7. **THIS COURT ORDERS** that at the CCAA Termination Time the Monitor is authorized and directed to transfer the remaining amount of the Director's Escrow to the Purchaser.

GENERAL

7. **THIS COURT ORDERS** that any and all administrative matters relating to the CCAA Proceeding, which arise following the termination of the CCAA Proceeding may be brought before the Court for determination, advice and direction.

12. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States of America or elsewhere to give effect to this Order and to assist the Monitor and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to the Order or to assist the Monitor and its agents in carrying out the terms of this Order.

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 1735825 Ontario Inc. (formerly known as Grafton-Fraser Inc.)

Court File No. CV-17-11677-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
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PROCEEDING COMMENCED AT
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ORDER

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TAB 2

1735825 ONTARIO INC. (FORMERLY KNOWN AS GRAFTON-FRASER INC.)

**SEVENTH REPORT OF RICHTER ADVISORY GROUP INC.,
IN ITS CAPACITY AS MONITOR OF
1735825 ONTARIO INC.**

April 2, 2019

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
1735825 ONTARIO INC. (FORMERLY KNOWN AS GRAFTON-FRASER INC.)**

**SEVENTH REPORT OF RICHTER ADVISORY GROUP INC.
In its capacity as Monitor of the Company**

April 2, 2019

Introduction

1. On January 25, 2017 (the "**Filing Date**"), the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued an order, as amended and restated at a subsequent Court attendance on January 30, 2017 (the "**Amended and Restated Initial Order**"), granting 1735825 Ontario Inc. (formerly known as Grafton-Fraser Inc.) (the "**Company**") protection pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**"). Richter Advisory Group Inc. ("**Richter**") was appointed as monitor (the "**Monitor**"). The proceedings commenced by the Company under the CCAA are herein referred to as the "**CCAA Proceedings**". A copy of the Amended and Restated Initial Order is attached hereto as **Appendix "A"**.

2. The Amended and Restated Initial Order provided the Company with, *inter alia*, a stay of proceedings which has been extended a number of times most recently on September 12, 2017, as discussed below, (the “**Stay Period**”). The Amended and Restated Initial Order also granted the Company the authority to enter into amended and restated forbearance agreements with its two primary secured creditors, being Canadian Imperial Bank of Commerce (“**CIBC**”) as agent and lender, as well as GSO Capital Partners LP (“**GSO**”) as agent for the GSO Lenders (as defined in the Amended and Restated Initial Order), which permitted the Company to continue to borrow under its revolving facility with CIBC (the “**CIBC Facility**”). The Amended and Restated Initial Order also provided for the sum of \$772,597 (the “**Directors’ Escrow**”) to be paid by the Company to the Monitor to hold, in trust, for the Company’s indemnification obligations with respect to post-filing statutory liabilities of its directors and officers (the “**Directors**”).
3. Contemporaneous with the Company’s service of its application for the Amended and Restated Initial Order, the Company served a motion, returnable January 30, 2017 and the Court issued orders on January 30, 2017 (collectively, the “**January 30 Order**”) approving, among other things, (i) a proposed sale and investment solicitation process and sale agreement between GFI and 1104307 B.C. Ltd. (now GSO GF Acquisition B.C. Ltd., a party related to GSO, and referred to herein as the “**Purchaser**”) to serve as the stalking horse bid; and (ii) a liquidation consulting agreement whereby an agent would provide guidance to GFI on the liquidation of inventory and owned furniture, fixtures and equipment at certain underperforming stores. A copy of the January 30 Order is attached hereto as **Appendix “B”**.
4. Since the sale and investment solicitation process did not result in any superior offers on May 2, 2017, the Court granted an order (the “**Approval and Vesting Order**”) approving a sale of substantially all of the assets of the Company pursuant to the stalking horse bid. Attached hereto as **Appendix “C”** is the Approval and Vesting Order.
5. The sale transaction which was in large part a credit bid and which has been outlined in the previously filed reports of the Monitor was completed on June 28, 2017 (the “**Closing Date**”) and the Monitor’s closing certificate was delivered to the Purchaser on the same date and filed with the Court. Pursuant to the Approval and Vesting Order, the Company filed articles of reorganization on June 28, 2017 changing its name from Grafton-Fraser Inc. to 1735825 Ontario Inc.

6. On the Closing Date, (i) the Monitor understands that GSO, as lender, assigned to the Purchaser certain (but not all) amounts owing to GSO by the Company (the “**Assigned Debt**”) together with any security granted by the Company in favour of GSO in respect of such obligations (the “**Assigned Security**”), (ii) all of the amounts owing by the Company (as well as the Company’s wholly-owned subsidiary, 2473304 Ontario Inc.) to CIBC were released, and (iii) the Purchaser released the Company from all of its obligations pursuant to the Assigned Debt and Assigned Security.
7. On June 6, 2017, the Court issued an order (the “**Distribution and Stay Extension Order**”) which, among other things, (i) authorized and directed the Monitor to release \$600,000 from the Directors’ Escrow to the Purchaser thereby reducing the Directors’ Escrow to \$172,597 and (v) approved certain fees and expenses of the Monitor and those of its counsel, Cassels Brock & Blackwell LLP (“**Cassels**”). A copy of the Distribution and Stay Extension Order is attached hereto as **Appendix “D”**.
8. On July 18, 2017, given the directors of GFI had resigned, the Court issued an order granting among other things, the expansion of the powers of the Monitor (the “**Expansion of Powers Order**”), as set out in the Amended and Restated Initial Order (or any other Order of this Court made in the Company’s CCAA Proceedings), including, *inter alia*, the authorization to take any and all actions and steps and execute any and all documents on behalf of the Company, as appropriate, in order to (i) exercise the Company’s rights or perform the Company’s obligations under the Sale Agreement and any ancillary agreements in connection therewith, and (ii) perform such functions and duties as the Monitor considers necessary or desirable in order to facilitate or assist the Company in dealing with its wind-down, the CCAA Proceedings or other activities. A copy of the Expansion of Powers Order is attached hereto as **Appendix “E”**.
9. On September 12, 2017, the Court issued an order (the “**September 12 Order**”) which among other things:
 - (i) approved certain fees and disbursements of the Monitor and Cassels including anticipated further fees and disbursements of the Monitor and Cassels to complete their remaining duties and administration of these CCAA proceedings; and
 - (ii) authorized and directed the Monitor to remit to the Purchaser all net amounts GFI may have available (including amounts held in trust by the Monitor for GFI);
 - (iii) extended the Stay Period until the filing of a certificate of the Monitor certifying that the Remaining Activities (as defined in the Monitor’s sixth report) have been completed; and

- (iv) provided that upon the filing of the Monitor's Discharge Certificate (as defined therein), the CCAA Proceedings would be terminated and the Monitor would be discharged.

A copy of the September 12 Order is attached hereto as **Appendix "F"**.

Purpose of this Report

10. The purpose of this, the Monitor's seventh report (the "**Seventh Report**"), is to provide information to this Honourable Court regarding the following:
 - (i) The status of and termination of the CCAA proceedings;
 - (ii) the receipt of and treatment of various tax assessments by Canada Revenue Agency ("**CRA**") subsequent to the September 12 Order;
 - (iii) the activities of the Monitor since September 5, 2017, the date of the Monitor's sixth report (the "**Sixth Report**");
 - (iv) the remaining Directors' Escrow and the Closing Escrow Funds (as defined below); and
 - (v) the motion by the Monitor seeking an order, among other things:
 - a) approving the Seventh Report (and the activities, actions, and conduct of the Monitor);
 - b) authorizing the Monitor to release the remaining amount of the Director's Escrow to the Purchaser;
 - c) authorizing the Monitor, for and on behalf of GFI to file an assignment in bankruptcy (the "**Bankruptcy Assignment**") and authorizing the Monitor to name Richter as trustee of the bankruptcy estate (the "**Trustee**");
 - d) following the Bankruptcy Assignment, authorizing the Monitor to transfer to the Trustee, from the balance of the proceeds of sale in its accounts (the "**Escrowed Funds**") the amount of \$30,000 (plus taxes) to the bankruptcy estate of GFI, to provide funding for the respective professional costs incurred by the Trustee for the bankruptcy estate as third party funds ("**Third Party Funds**") and authorizing and directing the Trustee to pay

certain funds to the bankruptcy estate in order to provide funding for the professional costs incurred by the Trustee for the bankruptcy estate;

e) confirming the provisions of the September 2017 Order and authorizing the Monitor (a) after payment of the amounts set out above and payment of the fees and expenses as approved in all previous orders of the Court, including the estimated costs to complete the administration of the CCAA proceedings, to transfer any balance of the Escrowed Funds to the Purchaser; and (b) following the Bankruptcy Assignment and payments above, to file the Monitor's Discharge Certificate, as defined in the September 2017 Order and to terminate the CCAA proceedings in accordance with the September 2017 Order.

Terms of Reference

11. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.
12. In preparing this report and conducting its analyses, the Monitor has obtained and relied upon certain unaudited, draft, and/or internal financial information of the Company, the Company's books and records and discussions with various parties, including the Company's former employees and certain of its former directors (collectively, the "**Information**"). Except as otherwise described in this report, the Monitor has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the Chartered Professional Accountant Canada Handbook and, as such, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.

The Monitor's Activities

13. The activities of the Monitor from the commencement of the CCAA Proceedings to September 5, 2017 are detailed in the Reports. Subsequent to the filing of the Sixth Report, the Monitor's activities have included:
 - (i) maintaining a website at <https://richter.ca/en/folder/insolvency-cases/g/grafon-fraser-inc>, where all materials filed with the Court and all orders made by the Court in connection with the CCAA Proceedings are available in electronic format;

- (ii) completing certain post-closing deliveries and the execution of ancillary documents in connection with the Transaction;
- (iii) corresponding with certain Transferred Employees (as defined in the Sale Agreement) who, have been permitted by the Purchaser, for administrative purposes, to assist the Monitor in carrying out its duties regarding the CCAA Proceedings;
- (iv) corresponding with CRA and the Company's tax advisors regarding input tax credits (the "ITCs") claimed by the Company on pre-filing liabilities owing as at the Filing Date, which ITCs were disallowed by CRA, including the filing of a notice of objection in connection with CRA's treatment of such ITCs (the "CRA Objection") and the resolution of the CRA Objection as discussed below;
- (v) continuing to hold the Directors' Escrow, now reduced to \$43,893.63 (as described later in this Seventh Report);
- (vi) acting as escrow agent for the Escrow Funds (as defined below);
- (vii) holding the Wind-Down Amount (as provided for and defined in the Sale Agreement) in the original amount of \$200,000, which amount was established to fund the reasonable costs, fees and disbursements necessary for winding down and completing the CCAA Proceedings. A balance of \$41,880 remains as of the date of this Report;
- (viii) responding to calls and enquiries from creditors, former employees and other stakeholders regarding the Transaction and the CCAA Proceedings;
- (ix) assisting the Transferred Employees and the Company's tax advisors with the preparation of the financial statement and tax return for the fiscal year ended February 3, 2018;
- (x) transferring the \$537,050.25 ITC Tax Refund, received on January 7, 2019, along with \$16,806.51 of miscellaneous funds from the Company's CIBC bank account, to the Monitor's trust account; and
- (xi) preparing this Seventh Report.

The Closing Escrow Funds

14. Pursuant to the Sale Agreement, the Purchaser was required to pay certain amounts upon closing of the Transaction, including but not limited to certain of the cure costs, transfer taxes owing to certain provincial taxing authorities, and the Wind-Down Amount.
15. In order to facilitate the funding and payment of these closing amounts, certain funds (the “**Closing Escrow Funds**”) were sent to the Monitor in escrow to be paid out pursuant to directions (“**Directions**”) executed by the Purchaser (which Directions were consented to by both the Monitor and CIBC).
16. On or immediately following the Closing Date, in accordance with the Directions, the Monitor issued the majority of the payments. As at the date of this Seventh Report, all amounts payable pursuant to the Directions have been paid, and \$74,283.94 of the Closing Escrow Funds is being held by the Monitor, inclusive of \$8,919.39 of accumulated interest. The Sale Agreement also provided that any remaining portion of the Closing Escrow Funds not required for the wind down of GFI or the completion of the CCAA Proceedings shall form the property of the Purchaser and be returned to the Purchaser on the date of the Monitor’s discharge under the CCAA Proceedings.
17. As contemplated by the Directions and the Sale Agreement, the above-noted surplus Closing Escrow Funds will be transferred to the Purchaser at the CCAA Termination Time.

The Directors’ Escrow

18. Pursuant to the Amended and Restated Initial Order, the Directors’ Escrow may be released only with the consent of the Monitor and the beneficiaries of the Directors’ Charge (as defined in the Amended and Restated Initial Order, and which consent may be communicated by counsel to the Directors (the “**Directors’ Counsel**”).
19. In accordance with the Amended and Restated Initial Order, upon the consent of the Directors’ Counsel, on July 31, 2017, \$93,892.53 of funds from the Directors’ Escrow was released, reducing the Directors’ Escrow to \$50,000.

20. As approved by the Directors, and the Purchaser, the Directors' Escrow account has been reduced by \$6,106.37 to \$43,893.63 based on the payment of the certain employment related payments.
21. In light of the status of the CCAA Proceedings, the Monitor is seeking an order directing that the remaining amount of the Directors' Escrow be paid to the Purchaser upon the termination of the CCAA Proceedings. The Monitor has been advised that both the Purchaser and Directors' Counsel support the requested relief.

Tax Refunds

22. On March 24, 2017, CRA issued a notice of reassessment disallowing certain ITCs claimed by the Company on pre-filing liabilities owing as at the Filing Date. On June 22, 2017 the Company filed the CRA Objection in response to the CRA's notice of reassessment.
23. The Monitor on behalf of the Company with the assistance of the Transferred Employees and the Company's tax consultant, corresponded with CRA in connection with the ITC tax refund (the "**ITC Tax Refund**"). At the request of CRA, a Financial Statement and tax return for the fiscal year ended February 3, 2018 were prepared.
24. On January 7, 2019, CRA issued an ITC Tax Refund to the Company in the amount of \$537,050.25. This refund was deposited directly into the Company's CIBC account.
25. The Monitor subsequently transferred \$553,856.76 from the Company CIBC account to the Monitor's trust account, consisting of the ITC Tax Refund and other miscellaneous amounts. The Monitor then requested CIBC to close the Company CIBC account.

Bankruptcy and Termination of CCAA Proceedings

26. In accordance with the present motion, following the order if granted, the Monitor intends to assign GFI into bankruptcy and Richter Advisory Group Inc. will act as trustee in bankruptcy. The Monitor is of the view to that an assignment into bankruptcy is the most efficient process at this point for an orderly wind-up of the GFI estate.

27. If the Order requested is granted, following the bankruptcy of GFI, the Monitor intends, in accordance with the September 12 Order, to proceed with the distribution of the net funds on hand (after payment of approved professional fees and the funding of the bankruptcy (to a maximum of \$30,000 plus taxes) to the Purchaser.
28. Thereafter, following the assignment into bankruptcy and the payment of the amounts described, the Monitor intends to file the Monitor's Discharge Certificate (as defined in the September 12 Order) and terminate the CCAA Proceedings in accordance with the September 12 Order.

Approval of the Monitor's Activities and Fee Approval Request

29. The Monitor has reported on the status of the CCAA Proceedings and its actions and activities in connection thereto, from time to time, in the Reports to this Honourable Court during the CCAA Proceedings. Copies of the Reports are available on the Monitor's website at <https://www.richter.ca/insolvencycase/grafon-fraser-inc/>. As detailed in the Reports, to the best of the Monitor's knowledge, the Monitor has carried out its duties, as set out in the Initial Order and in subsequent Orders.
30. The Monitor and Cassels have maintained detailed records of their professional time and costs and have sought approval of their fees and disbursements throughout the CCAA Proceedings most recently as granted in the September 12 Order.
31. The estimated fees and disbursements of the Monitor and Counsel for the period from August 24, 2017 to completion of the CCAA Proceeding in the maximum amount of \$100,000 (excluding HST) were approved by the Court pursuant to the September 12 Order.
32. The Monitor's and Cassels' fees and disbursements since August 24, 2017 to complete the CCAA Proceedings remains within the \$100,000 previously approved amount. As at the date of this Seventh Report, the Monitor estimates that, barring unforeseen circumstances, the fees and disbursements of the Monitor and its counsel up to and including the effective date of the Monitor's discharge will not exceed the previously approved limits.

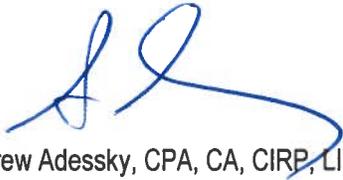
Monitor's Conclusions and Recommendations

33. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court issue an order granting the relief sought by the Monitor, as outlined in paragraph 10 of this Seventh Report.

All of which is respectfully submitted this 2nd day of April, 2019.

Richter Advisory Group Inc.
in its capacity as Monitor of
1735825 Ontario Inc. (formerly known as Grafton-Fraser Inc.)

Per:



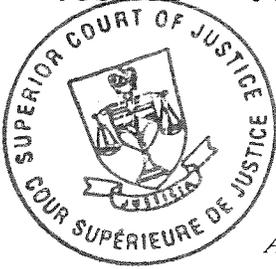
Andrew Adessky, CPA, CA, CIRP, LIT

TAB A

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)
JUSTICE WILTON-SIEGEL)
)

MONDAY, THE 30th
DAY OF JANUARY, 2017 *[Signature]*



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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
GRAFTON-FRASER INC.**

(the "Applicant")

**ORDER
(Amending and Restating Initial Order)**

1. THIS COURT ORDERS that the Initial Order of the Honourable Justice Hainey dated January 25, 2017 be and is hereby amended and restated by the Amended and Restated Initial Order in the form attached hereto as Schedule "A".

[Signature]

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JAN 30 2017

PER / PAR: *[Signature]*

PER / PAR:

JAN 30 2017
ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

SCHEDULE "A"

Court File No. CV-17-11677-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) WEDNESDAY, THE 25th
) DAY OF JANUARY, 2017
JUSTICE)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
GRAFTON-FRASER INC.

(the "Applicant")

AMENDED AND RESTATED INITIAL ORDER

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Mark Sun sworn January 25, 2017 and the Exhibits thereto (the "**Sun Affidavit**"), the report of Richter Advisory Group Inc. ("**Richter**") as the proposed monitor dated January 25, 2017 (the "**Pre-Filing Report**"), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicant, counsel for Richter, in its capacity as the proposed monitor (the "**Monitor**") of the Applicant in these CCAA proceedings, counsel for the directors of the Applicant, counsel for Canadian Imperial Bank of Commerce ("**CIBC**"), counsel for GSO Capital Partners LP ("**GSO**") and such other parties as were present,

no one else appearing although duly served as appears from the affidavit of service of Irene Artuso sworn January 25, 2017, filed, and on reading the consent of Richter to act as the Monitor.

SERVICE

2. THIS COURT ORDERS that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

3. THIS COURT ORDERS AND DECLARES that the Applicant is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

4. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

5. THIS COURT ORDERS that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "**Business**") and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

6. THIS COURT ORDERS that the Applicant shall be entitled to continue to utilize the central cash management system currently in place, in accordance with the DIP Agreement and the ABL DIP Forbearance Agreement (each as hereinafter defined), as described in the Sun

Affidavit or replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

7. THIS COURT ORDERS that, subject to the terms of the DIP Agreement and the Forbearance Agreements (as hereinafter defined) that require the Applicant to comply with the Approved Cash Flow (as defined in the DIP Agreement and in the Forbearance Agreements) the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements including any and all cheques for such employee obligations which have been issued, but not cleared prior to the date of this Order;
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges; and
- (c) amounts owing to vendors determined by the Applicant to be necessary in order to ensure an uninterrupted supply of goods and/or services to the Applicant that are material to the continued operation of the Business, provided that such payments shall not exceed an aggregate amount of \$1 million and are approved in advance by the Monitor or by further Order of the Court.

8. THIS COURT ORDERS that, except as otherwise provided to the contrary herein and subject to the terms of the DIP Agreement and the Forbearance Agreements that require the Applicant to comply with the Approved Cash Flow, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall, subject to the Approved Cash Flow, include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied (including royalties under license agreements relating to the sale of branded inventory) to the Applicant following the date of this Order.

9. THIS COURT ORDERS that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any

nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

10. THIS COURT ORDERS that the Applicant is hereby authorized to transfer to an account of the Monitor, on a weekly basis, in advance, such amount as the Applicant determines, in consultation with the Monitor, is appropriate and required to remit or pay projected Sales Taxes relating to the sale of goods and services by the Applicant in such week in accordance with applicable law, and the Monitor is hereby authorized to hold such funds and transfer such funds to the Applicant for remittance or payment by the Applicant of such Sales Taxes as required pursuant to applicable law. In the event the Monitor determines, in its discretion, to return any portion of such funds to the Applicant as a result of the Applicant having transferred more than is appropriate or required to pay or remit Sales Taxes as aforesaid, the funds so returned shall form part of the Property.

11. THIS COURT ORDERS that until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

12. THIS COURT ORDERS that, except as specifically permitted (i) herein or (ii) in the DIP Agreement and the Forbearance Agreements, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

13. THIS COURT ORDERS that the Applicant shall, subject to such requirements as are imposed by the CCAA, have the right to:

- (a) subject to obtaining the prior written consent of the Term DIP Lenders pursuant to the DIP Agreement and Term DIP Forbearance Agreement (each as defined below) and the ABL Agent and ABL Lender pursuant to the ABL Forbearance Agreement (as defined below), unless otherwise permitted by the provisions of the DIP Agreement and Term DIP Forbearance Agreement or by further Order of the Court:
 - (i) permanently or temporarily cease, downsize or shut down any of its business or operations, provided that, with respect to any leased premises, the Applicant may permanently but not temporarily cease, downsize or shut down unless provided for in the applicable lease; and
 - (ii) dispose of redundant or non-material assets not exceeding \$15,000 in any one transaction or \$75,000 in the aggregate;
- (b) subject to such applicable covenants as may be contained in the DIP Agreement, the Term DIP Credit Documents (as defined below), or the Forbearance Agreements, as applicable:
 - (i) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
 - (ii) pursue all avenues of refinancing of its Business or Property, in whole or in part, subject to prior approval of this Court being obtained before any material refinancing;

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "**Restructuring**").

14. THIS COURT ORDERS that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled

to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicant disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

15. THIS COURT ORDERS that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

16. THIS COURT ORDERS that, subject to paragraph 17(v) hereof, until and including February 23, 2017, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

17. THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, (iv) prevent the registration of a claim for lien, or (v) subject to paragraphs 44, 53 and 54 hereof, prevent the Lenders (as hereinafter defined) from exercising any rights or remedies in accordance with the DIP Agreement or their respective Forbearance Agreements.

NO INTERFERENCE WITH RIGHTS

18. THIS COURT ORDERS that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

19. THIS COURT ORDERS that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, intellectual property licenses, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses, domain names, trademarks and trade names, provided in each case that the normal prices or charges for all such goods or services received after the date

of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

20. THIS COURT ORDERS that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

21. THIS COURT ORDERS that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers of the Applicant for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

22. THIS COURT ORDERS that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

23. THIS COURT ORDERS that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$800,000 as security for the indemnity

provided in paragraph 22 of this Order. The Directors' Charge shall have the priority set out in paragraphs 58 and 60 herein.

24. THIS COURT ORDERS that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 22 of this Order.

25. THIS COURT ORDERS and directs the Applicant to deposit with the Monitor, in trust, the sum of \$772,597 (the "**Directors' Escrow**"), which funds shall be held by the Monitor in trust and stand as collateral for the indemnity contemplated in paragraph 22 hereof and subject to the Directors' Charge, to be released only with the consent of the Monitor and the beneficiaries of the Directors' Charge (which consent may be communicated by counsel to the directors) or upon further Order of the Court made on notice to the Monitor and counsel to the directors; provided the indemnification obligations in respect of which the Directors' Escrow stands as collateral shall be limited to those relating to statutory obligations and liabilities of the directors and officers of the Applicant. Notwithstanding the provisions of paragraph 58 hereof, the Directors' Charge shall rank in priority to all other Charges and Encumbrances over the Directors' Escrow.

APPOINTMENT OF MONITOR

26. THIS COURT ORDERS that Richter is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

27. THIS COURT ORDERS that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicant, to the extent required by the Applicant, in its dissemination to the Lenders and their respective counsel of financial and other information as agreed to between the Applicant and each Lender which may be used in these proceedings including reporting on a basis to be agreed with each Lender;
- (d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the Lenders, which information shall be reviewed with the Monitor and delivered to the Lenders as required pursuant to the DIP Agreement and the Forbearance Agreements;
- (e) advise the Applicant in its development of the Plan and any amendments to the Plan;
- (f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (i) perform such other duties as are required by this Order or by this Court from time to time.

28. THIS COURT ORDERS that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the

Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

29. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and similar legislation in other provinces and territories, and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

30. THIS COURT ORDERS that that the Monitor shall provide any creditor of the Applicant and the Lenders with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

31. THIS COURT ORDERS that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

32. THIS COURT ORDERS that the Monitor, counsel to the Monitor, counsel to the Applicant, and counsel to the directors of the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to or after the date of this Order, by the Applicant as part of the costs of these proceedings, subject to any assessment by the Court. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor, counsel to the Applicant, and counsel to the directors of the Applicant on a weekly basis or on such other basis agreed by the Applicant and the applicable payee and, in addition, the Applicant is hereby authorized, *nunc pro tunc*, to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, and counsel to the directors of the Applicant retainers in the amounts of \$100,000, \$50,000, \$100,000 and \$25,000, respectively, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

33. THIS COURT ORDERS that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

34. THIS COURT ORDERS that the Monitor, counsel to the Monitor, the Applicant's counsel, and counsel for the directors of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$500,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 58 and 60 hereof.

KEY EMPLOYEE RETENTION PAYMENTS

35. THIS COURT ORDERS that the key employee retention payments ("**KERPs**") offered by the Applicant to certain of its remaining employees and executive officers, as set out and described in the Sun Affidavit, be and are hereby approved, and the Applicant be and is hereby authorized and empowered to make the KERPs in accordance with the terms set out in the Sun Affidavit.

36. THIS COURT ORDERS that the employees of the Applicant who are the beneficiary of the KERPs shall be entitled to the benefit of and are hereby granted a charge (the “**KERP Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$190,000, as security for the Applicant’s obligations in respect of the KERPs. The KERP Charge shall have the priority set out in paragraphs 58 and 60 hereof.

SECOND LEASE CONSULTING AGREEMENT

37. THIS COURT ORDERS that the execution, delivery, entry into, compliance with, and performance by the Applicant of the Second Lease Consulting Agreement (as defined in the Sun Affidavit) be and is hereby authorized and approved.

DIP FINANCING & FORBEARANCE AGREEMENTS

A) DIP AGREEMENT

38. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from the lenders that are parties to the DIP Agreement (as defined below) (in such capacity, collectively referred to herein as the “**Term DIP Lenders**”) in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$5.5 million unless permitted by further Order of this Court.

39. THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the DIP facility term sheet between the Applicant, the Term DIP Lenders, GSO, as administrative agent for itself and for the Term DIP Lenders (in such capacity, the “**Term DIP Agent**”) and Wilmington Trust, National Association, as servicing agent (the “**Term DIP Servicing Agent**”), dated as of January 24, 2017 (the “**DIP Agreement**”), filed.

40. THIS COURT ORDERS THAT that the execution, delivery, entry into, compliance with, and performance by the Applicant of the DIP Agreement is hereby ratified and approved and the Applicant is hereby directed to comply with and perform the provisions of the DIP Agreement.

41. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to execute and deliver the DIP Security, the Servicing Agent Fee Agreement (each as defined in the

DIP Agreement) and such other documents (collectively, the "**Term DIP Credit Documents**"), as are contemplated by the DIP Agreement or as may be reasonably required by the Term DIP Agent and the Term DIP Lenders pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the Term DIP Agent, the Term DIP Lenders and the Term DIP Servicing Agent under and pursuant to the DIP Agreement and the Term DIP Credit Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

42. THIS COURT that, as security for all of the obligations of the Applicant under or in connection with the DIP Facility (as defined in the DIP Agreement), the DIP Agreement and the other Term DIP Credit Documents from and after the date of this Order, the Term DIP Agent on behalf of and for the benefit of itself, the Term DIP Lenders and the Term DIP Servicing Agent, shall be entitled to the benefit of and is hereby granted a charge (the "**Term Lenders' DIP Charge**") on the Property (excluding the ABL Priority Collateral to the extent of the ABL Obligations (each as defined in the Intercreditor Agreement (as hereinafter defined)), which Term Lenders' DIP Charge shall not secure an obligation that exists before this Order is made. The Term Lenders' DIP Charge shall have the priority set out in paragraphs 58 and 60 hereof.

43. THIS COURT ORDERS that, notwithstanding any other provision of this Order, the Term DIP Agent on behalf of and for the benefit of itself, the Term DIP Lenders and the Term DIP Servicing Agent, may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the Term Lenders' DIP Charge or any of the Term DIP Credit Documents.

44. THIS COURT ORDERS that, notwithstanding any other provision of this Order, upon the occurrence of an event of default under the DIP Agreement, the Term DIP Credit Documents or the Term Lenders' DIP Charge, or following the Maturity Date (as defined in the DIP Agreement), the Term DIP Lenders may:

- (a) immediately cease making advances to the Applicant, provided that, if there are funds available under the DIP Agreement, the Term DIP Lenders shall, to the extent of the funds available only, fund the payment by the Applicant of 50% of the Priority Payables (as defined in the DIP Agreement, but, for greater certainty, excluding HST and all Sales Taxes) for a period of not less than five (5) business days following

written notice to the Applicant, the Monitor and the ABL Lender (as defined below) of the event of default or the Maturity Date; and

- (b) set off and/or consolidate any amounts owing by the Term DIP Lenders to the Applicant against the obligations of the Applicant to the Term DIP Lenders under the DIP Agreement, the Term DIP Credit Documents or the Term Lenders' DIP Charge, and make demand, accelerate payment and give other notices; and
- (c) upon not less than five (5) business days' written notice to the Applicant, the Monitor and the ABL Lender, subject to the terms of the Intercreditor Agreement and paragraphs 44(a) and 55 of this Order, exercise any and all of their rights and remedies against the Applicant or the Property (other than the ABL Priority Collateral to the extent of the ABL Obligations) under or pursuant to the DIP Agreement, the Term DIP Credit Documents, the Term Lenders' DIP Charge, or the *Personal Property Security Act* (Ontario) or similar legislation of any other applicable jurisdiction, including without limitation, to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver in respect of the Property (other than the ABL Priority Collateral to the extent of the ABL Obligations), or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant and the foregoing rights and remedies of the Term DIP Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property (other than the ABL Priority Collateral to the extent of the ABL Obligations).

45. THIS COURT ORDERS AND DECLARES that the Term DIP Agent, the Term DIP Servicing Agent and the Term DIP Lenders shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the DIP Agreement or the Term DIP Credit Documents.

46. THIS COURT ORDERS AND DECLARES that the payments made by the Applicant pursuant to this Order, the DIP Agreement, the Term DIP Credit Documents, and the granting of the Term Lender's DIP Charge, do not and will not constitute preferences, fraudulent

conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

B) FORBEARANCE AGREEMENTS

47. THIS COURT ORDERS that the execution, delivery, entry into, compliance with, and performance by the Applicant of the following amended and restated forbearance agreements (together, the “**Forbearance Agreements**”) is hereby ratified and approved:

- (a) the Forbearance Agreement dated as of January 24, 2017 (the “**ABL DIP Forbearance Agreement**”) among the Applicant and 2473304 Ontario Inc. (“**247**”), as borrowers, and CIBC, as lender and as agent (in that capacity, the “**ABL Lender**”); and
- (b) the Forbearance Agreement dated as of January 24, 2017 (the “**Term Forbearance Agreement**”) among the Applicant, as borrower, 247, as guarantor, and the lenders that are parties to the Existing Credit Agreement (as defined in the Term Forbearance Agreement), as lenders (in such capacity, collectively referred to herein as the “**GSO Lenders**”), and GSO, as administrative agent for itself and the GSO Lenders (GSO and the GSO Lenders being collectively referred to as the “**Term Lenders**”, and together with the ABL Lender, the Term DIP Lenders and the Term DIP Agent, the “**Lenders**”);

and the Applicant is hereby directed to comply with and perform the provisions of (i) the ABL DIP Forbearance Agreement and the credit agreement dated as of February 12, 2016 by and among, the Applicant and 247, as borrowers, and the ABL Lender, as amended, including by the ABL DIP Forbearance Agreement (the “**ABL Credit Agreement**”), and (ii) the Term Forbearance Agreement and the Existing Credit Agreement, as amended, including by the Term Forbearance Agreement.

48. THIS COURT ORDERS that the Applicant’s compliance with and performance of the Blocked Account Agreements (as defined in the ABL Credit Agreement) from and after the date of this Initial Order, as required pursuant to Section 4.1.8 of the ABL DIP Forbearance Agreement, is hereby authorized and approved and the Applicant is hereby directed to comply

with the provisions of the Blocked Account Agreements in accordance with the terms of the ABL DIP Forbearance Agreement.

49. THIS COURT ORDERS that the Applicant shall be entitled, subject to the terms of the ABL Credit Agreement and the ABL DIP Forbearance Agreement, to continue to obtain and borrow, repay and re-borrow additional monies under the credit facility (the “**ABL Facility**”) from the ABL Lender pursuant to the ABL Credit Agreement and the ABL DIP Forbearance Agreement, in order to finance the Applicant’s working capital requirements, provided that borrowings by the Applicant under the ABL Facility shall not exceed the amounts contemplated in the ABL DIP Forbearance Agreement. For greater certainty, the ABL Lender shall be entitled to apply receipts and deposits made to the Applicant’s bank accounts, whether directly or pursuant to the Blocked Account Agreements, against the indebtedness of the Applicant to the ABL Lender in accordance with the ABL Credit Agreement, the ABL DIP Forbearance Agreement and the Blocked Account Agreements, whether such indebtedness arose before or after the date of this Initial Order.

50. THIS COURT ORDERS that subject to the provisions of the Forbearance Agreements, the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the Lenders under and pursuant to the ABL Credit Agreement, the Existing Credit Agreement, the Forbearance Agreements and the Term DIP Credit Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

51. THIS COURT ORDERS that in addition to the existing liens, charges, mortgages and encumbrances in favour of the ABL Lender, as security for all of the obligations of the Applicant to the ABL Lender relating to advances made to the Applicant under the ABL Facility from and after the date of this Order, the ABL Lender shall be entitled to the benefit of and is hereby granted a charge (the “**ABL Lender’s DIP Charge**”) on the Property (excluding the Term Priority Collateral to the extent of the Term Obligations (each as defined in the Intercreditor Agreement (as hereinafter defined))). The ABL Lender’s DIP Charge shall have the priority set out in paragraphs 58 and 60 hereof.

52. THIS COURT ORDERS that, notwithstanding any other provision of this Order, the ABL Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the ABL Lender's DIP Charge.

53. THIS COURT ORDERS that, upon the earlier of the occurrence of a Terminating Event or the last day of the Forbearance Period (in each case as defined in the ABL DIP Forbearance Agreement), the ABL Lender may,

- (a) immediately cease making advances to the Applicant, provided that, if there are funds available under the ABL Facility, the ABL Lender shall, to the extent of the funds available only, fund the payment by the Applicant of 50% of the Specified Priority Payables (as defined in the ABL DIP Forbearance Agreement, but, for greater certainty, excluding HST and Sales Taxes) for a period of not less than five (5) business days following written notice to the Applicant, the Monitor and the Term DIP Lenders of the Terminating Event or the Termination Date;
- (b) set off and/or consolidate any amounts owing by the ABL Lender to the Applicant against the obligations of the Applicant to the ABL Lender under the ABL Credit Agreement, the Blocked Account Agreements, the ABL DIP Forbearance Agreement or any other Loan Document (as defined in the ABL Credit Agreement) and make demand, accelerate payment and give other notices; and
- (c) upon not less than five (5) business days' written notice to the Applicant, the Monitor, the Term Lenders and the Term DIP Agent on behalf of the Term DIP Lenders, subject to the terms of the Intercreditor Agreement and paragraphs 53(a) and 55 of this Order, exercise any and all of its rights and remedies against the Applicant or the Property (other than the Term Priority Collateral to the extent of the Term Obligations) under or pursuant to the ABL Credit Agreement, the ABL DIP Forbearance Agreement, the Blocked Account Agreements or the other Loan Documents, the ABL Lender's DIP Charge, or the *Personal Property Security Act* (Ontario) or similar legislation in any other applicable jurisdiction, including without limitation, to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver in respect of the Property (other than the Term Priority Collateral to the extent of the Term Obligations), or for a bankruptcy order against the

Applicant and for the appointment of a trustee in bankruptcy of the Applicant and the foregoing rights and remedies of the ABL Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property (other than the Term Priority Collateral to the extent of the Term Obligations).

54. THIS COURT ORDERS that, upon the occurrence of a Terminating Event (as defined in the Term Forbearance Agreement), the Term Lenders may,

- (a) immediately set off and/or consolidate any amounts owing by the Term Lenders to the Applicant against the obligations of the Applicant to the Term Lenders under the Existing Credit Agreement, the Term Forbearance Agreement or any security agreements, mortgages, deeds of trust, hypothecs or other collateral documents executed and delivered by the Applicant in favour of the Term Lender (the “**Term Security Documents**”), and make demand, accelerate payment and give other notices; and
- (b) upon not less than five (5) business days’ written notice to the Applicant, the Monitor, the ABL Lender and the Term DIP Agent on behalf of the Term DIP Lenders, subject to the terms of the Intercreditor Agreement and paragraphs and 55 of this Order, exercise any and all of its rights and remedies against the Applicant or the Property (other than the ABL Priority Collateral to the extent of the ABL Obligations) under or pursuant to the Existing Credit Agreement, the Term Forbearance Agreement, or the Term Security Documents, or the *Personal Property Security Act* (Ontario) or similar legislation of any other applicable jurisdiction, including without limitation, to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver in respect of the Property (other than the ABL Priority Collateral to the extent of the ABL Obligations), or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant and the foregoing rights and remedies of the Term Lenders shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property (other than the ABL Priority Collateral to the extent of the ABL Obligations).

55. THIS COURT ORDERS that nothing in this Order shall amend, override or relieve the Lenders of any of the provisions of the intercreditor agreement among them dated as of February 12, 2016 (the “**Intercreditor Agreement**”) and when determining

- (a) the priorities of the claims of the ABL Lender, the Term Lenders and the Term DIP Lenders,
- (b) the priorities of the Term Lenders’ DIP Charge, the ABL Lender’s DIP Charge and the Liens granted to the Term Secured Parties and the ABL Secured Parties (each as defined in the Intercreditor Agreement), and
- (c) the enforcement rights of the Term DIP Lenders, the ABL Secured Parties and the Term Secured Parties,

the ABL Lender’s DIP Charge and the Term Lenders’ DIP Charge, and the obligations secured by those charges, shall be treated in a manner consistent with Liens granted to, and obligations owing to, the ABL Secured Parties and the Term Secured Parties, respectively for the purposes of the Intercreditor Agreement.

56. THIS COURT ORDERS AND DECLARES that each of the ABL Lender and the Term Lenders shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the BIA, with respect to any obligations outstanding as of the date of this Order or arising hereafter under (i) the ABL Credit Agreement or the ABL DIP Forbearance Agreement, and (ii) the Existing Credit Agreement or the Term Forbearance Agreement, respectively.

57. THIS COURT ORDERS AND DECLARES that the payments made by the Applicant pursuant to this Order, the ABL Credit Agreement, the ABL DIP Forbearance Agreement, the Blocked Account Agreements or the Term Forbearance Agreement, and the granting of the ABL Lender’s DIP Charge, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

58. THIS COURT ORDERS that the priorities of the Directors' Charge, the Administration Charge, the Term Lenders' DIP Charge, the ABL Lender's DIP Charge and the KERP Charge and the Liens granted to the Term Secured Parties and the ABL Secured Parties over the Property so charged by them, as among them, shall be as follows:

(a) With respect to the ABL Priority Collateral:

First – Administration Charge;

Second – ABL Lender's DIP Charge;

Third – Liens granted to the ABL Secured Parties;

Fourth – Term Lenders' DIP Charge;

Fifth – Liens granted to the Term Secured Parties;

Sixth – KERP Charge; and

Seventh – Directors' Charge.

(b) With respect to the Term Priority Collateral:

First – Administration Charge;

Second – Term Lenders' DIP Charge;

Third – Liens granted to the Term Secured Parties;

Fourth – ABL Lender's DIP Charge;

Fifth – Liens granted to the ABL Secured Parties;

Sixth – KERP Charge; and

Seventh – Directors' Charge.

59. THIS COURT ORDERS that the filing, registration or perfection of the Directors' Charge, the Administration Charge, the Term Lenders' DIP Charge, the ABL Lender's DIP Charge or the KERP Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

60. THIS COURT ORDERS that each of the Charges (all as constituted and defined herein) shall constitute a charge on the Property so charged by them and, subject to the provisions of the Intercreditor Agreement, such Charges shall rank (except as expressly provided herein) in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person, other than (subject to further Order of the Court) validly perfected and enforceable security interests, if any, in favour of Xerox Canada Ltd. (File No. 675686367), and Canadian Dealer Lease Services Inc. and Bank of Nova Scotia-DLAC (File No. 719663706), in each case under the *Personal Property Security Registry* (Ontario)).

61. THIS COURT ORDERS that except as otherwise expressly provided for herein or in the Intercreditor Agreement, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicant also obtains the prior written consent of the Monitor, the Lenders, and the beneficiaries of the Directors' Charge, the Administration Charge and the KERP Charge, or further Order of this Court.

62. THIS COURT ORDERS that the Charges, the DIP Agreement, the Term DIP Credit Documents and the Forbearance Agreements shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the Term DIP Lenders or the ABL Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar

provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Agreement, the Term DIP Credit Documents or the Forbearance Agreements shall create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party; and
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the DIP Agreement, the Term DIP Credit Documents or the Forbearance Agreements or the creation of the Charges or the execution, delivery or performance of such documents.

63. THIS COURT ORDERS that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

SERVICE AND NOTICE

64. THIS COURT ORDERS that the Monitor shall (i) without delay, publish in *The Globe and Mail* (National Edition; English) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

65. THIS COURT ORDERS that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall

constitute an order for substituted service pursuant to Rule 16.04 of the *Rules of Civil Procedure*. Subject to Rule 3.01(d) of the *Rules of Civil Procedure* and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <https://www.richter.ca/en/folder/insolvency-cases/g/grafton-fraser-inc>

66. THIS COURT ORDERS that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicant, the Monitor, the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

67. THIS COURT ORDERS that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

68. THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

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

70. THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

71. THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order; provided, however, that the Term DIP Lenders and the ABL Lender shall be entitled to rely on this Order as issued for all advances made and payments received under the DIP Agreement, the ABL Credit Agreement or the ABL DIP Forbearance Agreement up to and including the date this order may be varied or amended.

72. THIS COURT ORDERS that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GRAFTON-FRASER INC.

(the "Applicant")

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

Proceedings commenced in Toronto

ORDER

(Amending and Restating Initial Order)
(Returnable January 30, 2017)

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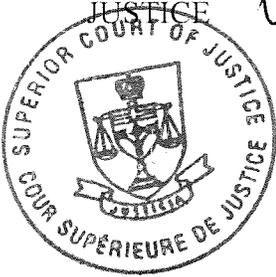
TAB B

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.)
JUSTICE WILTON - SIEGEL)

MONDAY, THE 30th
DAY OF JANUARY, 2017

AW



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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
GRAFTON-FRASER INC.

(the "Applicant")

ORDER
(Stalking Horse & SISP)

THIS MOTION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCA") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Mark Sun sworn January 25, 2017 and the Exhibits thereto (the "Sun Affidavit"), the report of Richter Advisory Group Inc. ("Richter"), in its capacity as the proposed monitor of the Applicant, dated January 25, 2017, and the Appendices thereto, the first report of Richter, in its capacity as monitor of the Applicant (the "Monitor"), dated January 26, 2017, and the Appendices thereto, and on hearing the submissions of counsel for the Applicant, counsel for the Monitor, counsel for Canadian Imperial Bank of Commerce ("CIBC"), counsel for GSO Capital Partners LP ("GSO"), counsel for The Cadillac Fairview Corporation Limited, and such other parties as were present, no one else appearing for any other party although duly served as appears from the affidavits of service of Dylan Chochla and Irene Artuso sworn January 25, 2017 and January 26, 2017, respectively, filed.

SERVICE & DEFINITIONS

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion Record is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. THIS COURT ORDERS that capitalized terms used in this Order and not otherwise defined shall have the meaning ascribed to them under (i) the asset purchase agreement dated as of January 24, 2017 (the “**Stalking Horse Agreement**”) between the Applicant and 1104307 B.C. Ltd. (the “**Stalking Horse Bidder**”); or (ii) the sale and investment solicitation process attached hereto as Schedule “A” (the “**SISP**”), as the case may be.

APPROVAL OF STALKING HORSE AGREEMENT

3. THIS COURT ORDERS that the execution, delivery, entry into, compliance with, and performance by the Applicant of the Stalking Horse Agreement be and is hereby ratified, authorized and approved, *provided, however*, that nothing contained in this Order approves the sale or the vesting of the Purchased Assets to the Stalking Horse Bidder pursuant to the Stalking Horse Agreement and that, if the Stalking Horse Agreement is the Successful Bid under the SISP, the approval of the sale and vesting of the Purchased Assets to the Stalking Horse Bidder shall be considered by this Court on a subsequent motion made to this Court following completion of the SISP.
4. THIS COURT ORDERS that the Stalking Horse Agreement be and is hereby approved and accepted solely for the purposes of being the Stalking Horse Bid under the SISP and subject to the further Order of the Court referred to in paragraph 3 above.
5. THIS COURT ORDERS that the Stalking Horse Agreement shall not be rendered invalid or unenforceable and the rights and remedies of the Stalking Horse Bidder thereunder shall not otherwise be limited or impaired in any way by (a) the Applicant’s CCAA proceedings and the declarations of insolvency made in connection therewith; (b) any application(s) for bankruptcy order(s) issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”), or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with

respect to borrowings, incurring debt or the creation of security interests, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) the execution, delivery or performance of the Stalking Horse Agreement shall not create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party; and
- (b) the Stalking Horse Bidder shall not have any liability to any person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the Stalking Horse Agreement.

APPROVAL OF SISP

6. THIS COURT ORDERS that the SISP attached hereto as Schedule “A” (subject to such non-material amendments as may be agreed to by the Applicant, the ABL Agent and the DIP Lenders and approved by the Monitor) be and is hereby approved and the Applicant and the Monitor are hereby authorized and directed to take such steps as they deem necessary or advisable (subject to the terms of the SISP) to carry out the SISP, subject to prior approval of this Court being obtained before completion of any transaction(s) under the SISP.

7. THIS COURT ORDERS that the Applicant and the Monitor and their respective affiliates, partners, directors, employees, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of performing their duties under the SISP, except to the extent of such losses, claims, damages or liabilities resulting from the gross negligence or wilful misconduct of the Applicant or the Monitor, as applicable, as determined by the Court.

8. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Applicant is hereby authorized and permitted to disclose and transfer to each potential bidder (the “**Bidders**”) (including, without limitation, the Stalking Horse Bidder) and to their advisors, if requested by such Bidders, personal information of identifiable individuals, including, without limitation, all human resources and payroll information in the Applicant's records pertaining to the Applicant's past

and current employees, but only to the extent desirable or required to negotiate or attempt to complete a sale of the Assets and/or the Business (“Sale”). Each Bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Applicant, or in the alternative destroy all such information. The Successful Bidder(s) shall maintain and protect the privacy of such information and, upon closing of the transaction contemplated in the Successful Bid(s), shall be entitled to use the personal information provided to it that is related to the Assets and/or Business acquired pursuant to the Sale in a manner which is in all material respects identical to the prior use of such information by the Applicant, and shall return all other personal information to the Applicant, or ensure that all other personal information is destroyed.

GENERAL

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

10. THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JAN 30 2017



SCHEDULE "A"

SALE AND INVESTOR SOLICITATION PROCESS

On January 25, 2017, Grafton-Fraser Inc. (the "**Company**") filed an application for an Initial Order under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") and Richter Advisory Group Inc. was appointed as the monitor (the "**Monitor**").

On January 30, 2017, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") made an order, which, among other things: (a) approved this sale and investor solicitation process (the "**SISP**"), and (b) authorized the execution by the Company of the agreement of purchase and sale between the Company and 1104307 B.C. Ltd. dated January 24, 2017 (the "**Stalking Horse Agreement**") as the stalking horse bid for the purpose of conducting the SISP.

The purpose of the SISP is to identify one or more financiers, purchasers of and/or investors in the Company, the Business and/or Assets (each as defined below) to make an offer (each a "**Bid**") that is superior to the offer contemplated by the Stalking Horse Agreement, and to complete the transactions contemplated by any such offer, or by the Stalking Horse Agreement if no other offers are accepted. Set forth below are the procedures (the "**SISP Procedures**") that shall govern the SISP and any transactions consummated as a result thereof.

1. Defined Terms

The following capitalized terms have the following meanings when used in this SISP:

"**Acknowledgment of the SISP**" means an acknowledgment of the SISP in the form attached as Schedule "A" hereto;

"**Additional Confidential Information**" means information required to match the financial information of a retail store operated by the Company with the location of such a store;

"**Aggregate Bid**" means a combination of Portion Bids that do not overlap for Assets sought to be purchased, and which, when totalled, equal or exceed the Minimum Bid Amount;

"**Assets**" means the assets, undertakings and property of the Company;

"**Auction**" has the meaning given to it in Section 13(b);

"**Auction Procedure**" has the meaning given to it in Section 13(b);

"**Back-Up Bid Expiration Date**" has the meaning given to it in Section 16;

"**Back-Up Bid**" has the meaning given to it in Section 13(a)(ii);

“**Back-Up Bidder**” has the meaning given to it in Section 13(a)(ii);

“**Bid**” has the meaning given to it in the introduction;

“**Business**” means the business of retailing men’s apparel and accessories carried on by the Company;

“**Business Day**” means any day, other than a Saturday, Sunday or statutory holiday in the Province of Ontario, on which commercial banks in Toronto, Ontario are open for business;

“**CCAA**” has the meaning given to it in the introduction;

“**Company**” has the meaning given to it in the introduction;

“**Confidentiality Agreement**” means the confidentiality agreement, with terms satisfactory to the Monitor and the Company, entered into between the Company and an Interested Party;

“**Court**” has the meaning given to it in the introduction;

“**Data Room**” means an electronic data room compiled by the Company containing confidential information in respect of the Company, the Business and the Assets;

“**Deposit**” has the meaning given to it in Section 9(j);

“**Dollars**” or means Canadian dollars;

“**Form Purchase Agreement**” means the template agreement of purchase and sale posted in the Data Room;

“**Guaranteed Purchase Price**” has the meaning given to it in the Stalking Horse Agreement;

“**Interested Party**” has the meaning given to it in Section 2;

“**Investment Proposal**” has the meaning given to it in Section 7;

“**Management**” has the meaning given to it in Section 4;

“**Minimum Bid Amount**” means in the case of a Sale Proposal or Investment Proposal, an overall result or value which the Company in consultation with the Monitor considers equivalent or better than 102% of an amount required to repay the Secured Debt and the ABL Obligations (in each case as defined in the Stalking Horse Agreement) and any amounts payable in priority to those obligations in full which sum is estimated to be \$65,000,000 to be updated by the Monitor at least 5 days before the Phase I Bid Deadline;

“**Monitor**” has the meaning given to in the introduction;

“**Outside Date**” means June 15, 2017 or such other date as the Company, the Monitor and Successful Bidder(s) and the Back-Up Bidder may agree, acting reasonably;

“**Participation Notice**” has the meaning given to it in Section 4;

“**Phase I Bid**” means an initial bid submitted by an Interested Party pursuant to Section 7 hereof;

“**Phase I Bid Deadline**” as the meaning given to it in Section 7 hereof;

“**Phase I Bidder**” means a bidder submitting a Phase I Bid;

“**Phase I Participant Requirements**” has the meaning given to it in Section 8 hereof;

“**Phase II Bid**” means a Bid submitted by a Qualified Phase I Bidder;

“**Phase II Bidder**” means a bidder submitting a Phase II Bid;

“**Phase II Bid Deadline**” has the meaning given to it in Section 7;

“**Portion Bid**” means a Bid for less than all or substantially all of the Assets that is otherwise a Qualified Phase I Bid or a Qualified Phase II Bid;

“**Portion Bidder**” means a Qualified Phase I Bidder and/or a Qualified Phase II Bidder that submits a Portion Bid;

“**Purchase Price**” has the meaning given to it in Section 9(b)(i);

“**Qualified Phase I Bid**” means a Phase I Bid that satisfies the conditions set out in Section 9 hereof. A Portion Bid may be a Qualified Phase I Bid;

“**Qualified Phase I Bidder**” means a bidder submitting a Qualified Phase I Bid;

“**Qualified Phase II Bid**” means a Phase II Bid that satisfies the conditions set out in Section 12 hereof. A Portion Bid may be a Qualified Phase II Bid;

“**Qualified Phase II Bidder**” means bidder submitting a Qualified Phase II Bid;

“**Qualified Investment Bid**” is an Investment Proposal that is determined to be a Qualified Phase II Bid by the Company and the Monitor pursuant to Section 12;

“**Qualified Sale Bid**” is a Sale Proposal that is determined to be a Qualified Phase II Bid by the Company and the Monitor pursuant to Section 12;

“**Sale Proposal**” has the meaning given to it in Section 7;

“**Secured Lenders**” means the GSO Capital Partners LP and Canadian Imperial Bank of Commerce in their capacity as secured lenders of the Company;

“**SISP**” has the meaning given to it in the introduction;

“**SISP Procedures**” has the meaning given to it in the introduction;

“**Stalking Horse Agreement**” has the meaning given to it in the introduction;

“**Stalking Horse Bidder**” means 1104307 B.C. Ltd., or an affiliate thereof;

“**Successful Bid**” has the meaning given to it in Section 13(a)(i); and

“**Successful Bidder**” has the meaning given to it in Section 13(a)(i).

2. **The SISP Procedures**

The SISP shall consist of two phases. In the first phase, any interested party (an “**Interested Party**”) that meets the preliminary participant requirements set out herein, including having executed a Confidentiality Agreement and an Acknowledgment of the SISP, shall be provided with access to the Data Room in order to prepare and submit a Phase I Bid by the Phase I Bid Deadline. Phase I Bidders that are determined by the Company, in consultation with the Monitor, to be Qualified Phase I Bidders shall be invited to participate in the second phase wherein they will be given access to the Additional Confidential Information in order to complete diligence prior to submitting a Phase II Bid by the Phase II Bid Deadline.

The Company, in consultation with the Monitor, shall supervise the SISP Procedures and each will generally consult with the other in respect of all matters arising out of these SISP Procedures. The Monitor shall direct and preside over the Auction, if applicable. In the event that there is disagreement as to the interpretation or application of these SISP Procedures, the Court will have the jurisdiction to hear and resolve such dispute.

3. **“As Is, Where Is”**

The sale of the Business or any part of the Assets or investment in the Company will be on an “as is, where is” basis and without surviving representations or warranties of any kind, nature or description by the Company, the Monitor or any of their employees, officers, directors, agents or advisors, except to the extent set forth in the relevant definitive sale or investment agreement with a Successful Bidder.

By participating in this process, each Interested Party is deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Business, the Assets or the Company prior to making its Bid, that it has relied solely on its own independent review, investigation, and/or inspection of any documents and/or regarding the Business, the Assets or the Company in making its Bid, and that it did not rely on any written or oral statements, representations, promises, warranties, conditions

or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Business, the Assets or the Company or the completeness of any information provided in connection therewith, except as expressly stated in the terms of any definitive transaction documents.

4. Role of Management of the Company

In the event that any party or parties involved in the management of the Company (“**Management**”) intends to submit a Bid pursuant to the SISP, any such party or parties must advise the Monitor of such intention in writing by February 15, 2017 (the “**Participation Notice**”). Upon receipt of a Participation Notice, the Monitor will assume the role of the Company in the SISP Procedures with such modifications as are necessary, and Management will be excluded from any participation in the SISP that might create an unfair advantage or jeopardize the integrity of the SISP. For greater certainty, any such party or parties delivering a Participation Notice will be subject to the SISP Procedures as an Interested Party.

5. Role of the Monitor

The Monitor’s responsibilities pursuant to the SISP include:

- (a) Consulting with the Company in connection with the bidding procedures included in this SISP and the closing of the transaction contemplated in the Successful Bid(s);
- (b) Overseeing the SISP Procedures;
- (c) Reporting to the Court in connection with the SISP Procedures including the bidding procedures included in this SISP and the closing of the transaction contemplated in the Successful Bid(s);
- (d) Conducting an Auction if necessary in accordance with the Auction Procedures attached hereto as Schedule “C”; and
- (e) Assisting the Company to facilitate information requests including assisting the Company in preparing or modifying financial information to assist with the bidding procedures included in this SISP and the closing of the transaction contemplated in the Successful Bid(s) (including the Stalking Horse Agreement).

6. Access to Due Diligence Materials

Only Interested Parties that satisfy the Phase I Participant Requirements will be eligible to receive access to the Data Room. If the Company, in consultation with the Monitor, determines that a Phase I Bidder does not constitute a Qualified Phase I Bidder, then such Phase I Bidder shall not be eligible to receive the Additional Confidential Information.

The Company, with the assistance of the Monitor, will be responsible for the coordination of all reasonable requests for additional information and due-diligence

access from Interested Parties. Neither the Company nor the Monitor shall be obligated to furnish any due diligence information after the Phase I Bid Deadline other than the Additional Confidential Information to Qualified Phase I Bidders before the Phase II Bid Deadline. Neither the Company nor the Monitor shall be obligated to furnish any due diligence information after the Phase II Bid Deadline, provided however that the Company and Monitor may, but are not obligated to, provide further information including, without limitation, financial information to the Successful Bidder (including the Stalking Horse Bidder). Neither the Company nor the Monitor is responsible for, and will bear no liability with respect to, any information obtained by any party in connection with the sale of the Assets and the Business.

7. **Bid Deadlines**

An Interested Party that wishes to make a Bid to (a) acquire the Business or all, substantially all or any part of the Assets, including any offer to acquire some or all of the Company's retail store leases, intellectual property and furniture, fixtures and equipment (a "Sale Proposal"), or (b) make an investment in the Company by way of private issuances, sale or placement of newly issued or treasury equity, equity-linked or debt securities, instruments or obligations of the Company with one or more lenders and/or investors or security holders (an "Investment Proposal"), must deliver an executed copy of a Phase I Bid to the Monitor, at the address specified in Schedule "B" hereto (including by email) so as to be received by it **not later than 5:00 p.m. (Eastern Time) on March 13, 2017**, or such other later date or time as may be agreed by the Company and the Monitor with the consent of the Secured Lenders (the "Phase I Bid Deadline").

All Phase II Bids must be submitted to the Monitor, at the address specified in Schedule "B" hereto (including by email) so as to be received by it **not later than 5:00 p.m. (Eastern Time) on March 24, 2017**, or such other later date or time as may be agreed by the Company and the Monitor with the consent of the Secured Lenders (the "Phase II Bid Deadline").

PHASE I

8. **Phase I Participant Requirements.**

To participate in Phase I of the SISP and to otherwise be considered for any purpose hereunder, each Interested Party must provide the Company with an executed copy of each of the following prior to being provided with access to the Data Room: (i) a Confidentiality Agreement; and (ii) an Acknowledgement of the SISP (collectively, the "Phase I Participant Requirements").

9. **Qualified Phase I Bids**

Only Qualified Phase I Bidders shall be allowed to participate in Phase II of the SISP. In order for the Company to determine whether an Interested Party is a Qualified Phase I Bidder, the Interested Party must provide, in form and substance satisfactory to the Company, in consultation with the Monitor, each of the following on or before the Phase I Bid Deadline:

- (a) Irrevocable Bid: A cover letter stating that the Phase I Bid is irrevocable until Court approval of the Successful Bid(s), provided that if such Phase I Bidder is selected as the Successful Bidder or the Back-Up Bidder, its Phase I Bid shall remain irrevocable until the Back-Up Bid Expiration Date (as defined below);
- (b) which includes:
 - (i) Sale Proposal: in the case of a Sale Proposal, a duly authorized and executed definitive purchase agreement together with all completed schedules thereto substantially in the form of the Form Purchase Agreement containing the detailed terms and conditions of the proposed transaction, including identification of the Business or the Assets proposed to be acquired, the obligations to be assumed, the purchase price for the Business or Assets proposed to be acquired (the "**Purchase Price**"), the detailed structure and financing of the proposed transaction, together with a blackline comparing the purchase agreement submitted to the Form Purchase Agreement; and
 - (ii) Investment Proposal: in the case of an Investment Proposal, a duly authorized and executed binding term sheet describing the detailed terms and conditions of the proposed transaction, including details regarding the proposed equity and debt structure of the Company following completion of the proposed transaction, the direct or indirect investment target and the aggregate amount of equity and debt investment (including the sources of such capital, the underlying assumptions regarding the *pro forma* capital structure, as well as anticipated tranches of debt, debt service fees, interest and amortization) to be made in the Company, and the debt, equity, or other securities, if any, proposed to be allocated to creditors of the Company;
- (c) Purchase Price: Evidence that the Purchase Price (in the case of a Sale Proposal) or imputed value (in the case of an Investment Proposal) under the Phase I Bid or Aggregate Bid shall be an amount equal to or greater than the Minimum Bid Amount; provided that any Portion Bidder shall not be subject to the Minimum Bid Amount except to the extent that it forms an Aggregate Bid;
- (d) Proof of Financial Ability to Perform: Written evidence upon which the Company and the Monitor may reasonably conclude that the Interested Party has the necessary financial ability to close the contemplated transaction on or before the Outside Date and provide adequate assurance of future performance of all obligations to be assumed in such contemplated transaction. Such information should include, among other things, the following:
 - (i) evidence of the Interested Party's internal resources and proof of any debt or equity funding commitments that are needed to close the contemplated transaction;

- (ii) contact names and phone numbers for verification of financing sources; and
 - (iii) any such other form of financial disclosure or credit-quality support information or enhancement requested by and reasonably acceptable to the Company and the Monitor demonstrating that such Interested Party has the ability to close the contemplated transaction;
- (e) Unconditional Bid: Evidence that it is not conditioned on (i) the outcome of unperformed due diligence other than review of the Additional Confidential Information and/or (ii) obtaining financing;
- (f) Identification: Full written disclosure of the identity of each person (including any person that controls such person) that will be directly or indirectly sponsoring or participating in the Phase I Bid, including whether any prior or current member of the Company's board, management, any employee or consultant to the Company or any creditor) or shareholder of the Company is involved in any way with the Phase I Bid or assisted with the Phase I Bid, and the complete terms of any such participation as well as evidence of corporate authority to sponsor or participate in the Phase I Bid;
- (g) Acknowledgment: An acknowledgement and representation that the Interested Party: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents regarding the Business and/or the Assets to be acquired, liabilities to be assumed or the Company in making its Phase I Bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties conditions or guaranties whatsoever, whether express or implied (by operation of law or otherwise) by the Company, the Monitor or any of their respective employees, directors, officers, agents, advisors or other representatives, regarding the Business, Assets to be acquired, liabilities to be assumed, the Company or the completeness of any information provided in connection therewith, except as expressly provided in any definitive transaction documents;
- (h) Authorization: Evidence, in form and substance reasonably satisfactory to the Company and the Monitor, of authorization and approval from the Interested Party's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the transaction contemplated by the Phase I Bid, and identification of any anticipated shareholder, regulatory or other approvals outstanding, and the anticipated time frame and any anticipated impediments for obtaining such approvals;
- (i) Break or Termination Fee: Evidence that it does not include any request for or entitlement to any break or termination fee, expense reimbursement or similar type of payment;
- (j) Deposit: A cash deposit (the "**Deposit**") in an amount equal to 10% of the Purchase Price (in the case of a Sale Proposal) or imputed value (in the case of an

Investment Proposal) that shall be paid to the Monitor in trust, which Deposit shall be held and dealt with in accordance with these SISP Procedures;

- (k) Employees: If applicable, full details of the proposed number of employees of the Company who will become employees of the Phase I Bidder if determined to be the Successful Bidder and the proposed terms and conditions of employment to be offered to those employees;
- (l) Other: Such other information as may reasonably be requested by the Company or the Monitor; and
- (m) Phase I Bid Deadline: It is received by the Monitor, at the address specified in Schedule "B" hereto (including by email) on or before the Phase I Bid Deadline.

The Company, with the approval of the Monitor, may waive any one or more minor and non-material violations of the requirements specified for Qualified Phase I Bids and deem such non-compliant Bids to be Qualified Phase I Bids, provided that, proof of financial ability to perform required pursuant to Section 9(d) cannot be waived without consent of the Secured Lenders.

10. Evaluation of Qualified Phase I Bids and Designation as Qualified Phase I Bidder

The Company, in consultation with the Monitor, shall evaluate Qualified Phase I Bids on various grounds including, but not limited to, the Purchase Price or imputed or projected value, the treatment of creditors and related implied recovery for creditors (in each case, as applicable), the assumed liabilities, the certainty of closing the transactions contemplated by the Phase I Bid on or before the Outside Date and any delay or other risks (including closing risks) in connection with the Qualified Phase I Bids.

The Company, with the approval of the Monitor, shall have the option, in its discretion, to aggregate Portion Bids.

The Company shall be under no obligation to accept the highest or best offer or any offer (other than the offer contained in the Stalking Horse Agreement if no other higher or better offer is accepted).

As soon as practical after the Phase I Bid Deadline, the Company, in consultation with the Monitor, will advise an Interested Party whether or not its Phase I Bid constitutes a Qualified Phase I Bid and that it is a Qualified Phase I Bidder and, if such Phase I Bidder is a Qualified Phase I Bidder, that it is invited to participate in Phase II of the SISP. For certainty, the Stalking Horse Agreement is a Qualified Phase I Bid and the Stalking Horse Bidder is a Qualified Phase I Bidder for all purposes of these SISP Procedures.

11. No Qualified Phase I Bids

If no Qualified Phase I Bid other than a Bid pursuant to the Stalking Horse Agreement is received by the Phase I Bid Deadline, the Stalking Horse Bidder shall be declared the

Successful Bidder and the Stalking Horse Agreement shall be declared the Successful Bid.

PHASE II

12. Qualified Phase II Bid Requirements

Only Qualified Phase I Bidders shall be entitled to submit a Phase II Bid. In order to be considered a Qualified Phase II Bid, as determined by the Company, in consultation with the Monitor, a Phase II Bid must: (i) satisfy all of the requirements for a Qualified Phase I Bid contained in Section 9; and (ii) shall not be conditional in any way on the outcome of unperformed due diligence including with respect to the Additional Confidential Information. For certainty, the Stalking Horse Agreement is a Qualified Phase II Bid and the Stalking Horse Bidder is a Qualified Phase II Bidder for all purposes of these SISP Procedures.

13. Evaluation of Qualified Phase II Bids and Subsequent Actions

The Company, in consultation with the Monitor, shall evaluate Qualified Phase II Bids on various grounds including, but not limited to, the Purchase Price or imputed or projected value, the treatment of creditors and related implied recovery for creditors (in each case, as applicable), the assumed liabilities, the certainty of closing the transactions contemplated by the Qualified Phase II Bid on or before the Outside Date and any delay or other risks (including closing risks) in connection with the Qualified Phase II Bids.

Following such evaluation, the Company, with the approval of the Monitor, may:

- (a) In the case of a Qualified Sale Bid or Qualified Investment Bid, including to the extent such Qualified Phase II Bids are Portion Bids:
 - (i) Accept, subject to Court approval, one (or more than one, if for distinct and compatible transactions) of the Qualified Phase II Bids (each, a “**Successful Bid**” and the offeror(s) making such Successful Bid being a “**Successful Bidder**”) and take such steps as may be necessary to finalize definitive transaction documents for the Successful Bid(s) with Successful Bidder(s); or
 - (ii) Conditionally accept one (or more than one, if for distinct and compatible transactions) of the Qualified Phase II Bids, which acceptance will be conditional upon the failure of the transaction(s) contemplated by the Successful Bid to close (the “**Back-up Bid**” and offeror(s) making such Back-up Bid being the “**Back-Up Bidder**”); and
- (b) If more than one Qualified Sale Bids have been received, pursue an auction (an “**Auction**”) in accordance with the procedures set out in the attached Schedule “C” (the “**Auction Procedure**”) or if the Company in consultation with

the Monitor otherwise determines that an Auction is appropriate under the circumstances.

The Company, with the approval of the Monitor, shall have the option, in its discretion, to aggregate Portion Bids. Notwithstanding anything to the contrary herein, the Company, with the approval of the Monitor, shall be permitted to include Qualified Investment Bids or Qualified Sale Bids in the Auction, including to the extent such Qualified Phase II Bids are Portion Bids.

The Company shall be under no obligation to accept the highest or best offer or any offer (other than the offer contained in the Stalking Horse Agreement if no higher or better offer is accepted) or to pursue or hold an Auction or to select any Successful Bidder(s) and any Back-Up Bidder(s). For greater certainty, any accepted offer, whether at the Auction or otherwise, must provide consideration sufficient to satisfy the Minimum Bid Amount requirements.

No later than five Business Days after the Phase II Bid Deadline, the Company shall advise the Qualified Phase II Bidders if Successful Bid(s) and Back-Up Bid(s) have been accepted, or conditionally accepted, as the case may be. If the Company, with the approval of the Monitor, determines to conduct an Auction pursuant to the SISP Procedures, the Company or the Monitor will advise the Qualified Phase II Bidders of the date, time, location and the rules (if any) of the Auction in accordance with the Auction Procedure.

14. No Qualified Phase II Bids

If no Qualified Phase II Bid other than a Bid pursuant to the Stalking Horse Agreement is received by the Phase II Bid Deadline, then the Stalking Horse Bidder shall be declared the Successful Bidder and the Stalking Horse Agreement shall be declared the Successful Bid.

APPROVAL MOTION

15. Approval Motion

The Company shall use reasonable efforts to make a motion to the Court to approve the Successful Bid(s) and Back-Up Bid(s) as soon as practical following the determination by it and the Monitor of the Successful Bidder(s). The Company will be deemed to have accepted the Successful Bid(s) only when it has been approved by the Court. All Qualified Phase II Bids (other than the Successful Bid(s) and the Back-Up Bid(s)) shall be deemed rejected by the Company on and as of the date of approval of the Successful Bid(s) by the Court.

16. Back-Up Bidder

If a Successful Bidder fails to close the transaction contemplated by the Successful Bid(s) on or before the Outside Date for any reason, then the Company will be deemed to have accepted the Back-Up Bid(s) and will proceed with the transaction pursuant to the terms

thereof. The Back-Up Bid(s) shall remain open for acceptance until the closing of the Successful Bid(s), or such other later date as the Company and the Back-Up Bidder may agree, acting reasonably (the “**Back-Up Bid Expiration Date**”).

MISCELLANEOUS

17. Information From Interested Parties

Each Interested Party shall comply with all reasonable requests for additional information by the Company regarding such Interested Party and its contemplated transaction. Failure by an Interested Party to comply with requests for additional information will be a basis for the Company to determine that the Interested Party is not a Qualified Phase I Bidder or a Qualified Phase II Bidder, as applicable.

18. Deposits

All Deposits shall be held by the Monitor in a single interest bearing account designated solely for such purpose. A Deposit paid by a Successful Bidder shall be dealt with in accordance with the definitive documents for the transactions contemplated by the Successful Bid. Deposits, and any interest earned thereon, paid by Phase I Bidders not selected as either a Qualified Phase I Bidder or a Qualified Phase II Bidder shall be returned to such Phase I Bidder within three Business Days of being advised that it is not a Qualified Phase I Bidder or a Qualified Phase II Bidder, as the case may be. Deposits, and any interest thereon, paid by Qualified Phase II Bidders not selected as either a Successful Bidder or a Back-Up Bidder shall be returned to such Qualified Phase II Bidders within three Business Days of Court approval of the Successful Bid. In the case of Back-Up Bid(s), the Deposit and any interest earned thereon shall be retained by the Monitor until the Back-Up Bid Expiration Date and returned to the Back-Up Bidder within three Business Days thereafter or, if a Back-Up Bid becomes a Successful Bid, shall be dealt with in accordance with the definitive documents for the Back-Up Bid.

19. Modifications and Termination

The Company, in consultation with the Monitor, and subject to Section 20, the Secured Lenders, shall have the right to adopt such other rules for the SISP Procedures (including rules that may depart from those set forth herein) that will better promote the sale of the Business or all or any part of the Assets or investment in the Company under these SISP Procedures. The Company, in consultation with the Monitor, shall apply to the Court if it wishes to materially modify or terminate the process set out in these SISP Procedures. For certainty, any amendments to the Phase I Bid Deadline or the Phase II Deadline or other dates set out in these SISP Procedures, including those relating to the Auction, shall not constitute a material modification but shall require the consent of the Secured Lenders.

20. Consultation with the Secured Lenders

The Company, in consultation with the Monitor, shall, as appropriate, consult with the Secured Lenders throughout the SISP; provided that, to the extent the Secured Lender is

related to a Bidder, including the Stalking Horse Bidder, the Company and the Monitor shall not provide such Secured Lender with information that might create an unfair advantage or jeopardize the integrity of the SISP.

21. **Other**

Neither the Company nor the Monitor shall be liable for any claim for a brokerage commission, finder's fee or like payment in respect of the consummation of any of the transactions contemplated under the SISP arising out of any agreement or arrangement entered into by the parties that submitted the Successful Bid(s) and Back-Up Bid(s). Any such claim shall be the sole liability of the parties that submitted such Successful Bid(s) and Back-Up Bid(s).

SCHEDULE "A"

Acknowledgement of the SISP

The undersigned hereby acknowledges receipt of the Sale and Investor Solicitation Process approved by the Order of the Honourable Justice ● of the Ontario Superior Court of Justice (Commercial List) dated January ●, 2017 (the "SISP") and that compliance with the terms and provisions of the SISP is required in order to participate in the SISP and for any Bids to be considered by the Company.

This ____ day of _____, 2017.

[NAME]

By:

[Signing Officer]

SCHEDULE "B"
ADDRESS PARTICULARS

Richter Advisory Group Inc.

181 Bay Street, Suite 3320
Bay Wellington Tower
Toronto, ON M5J 2T3

Attention: Gilles Benchaya/ Adam Sherman
Phone: 514.934.3496/ 416.642.4836
Fax: 514.934.3504/ 416.488.3765
Email: gbenchaya@richterconsulting.com/ asherman@richter.ca

SCHEDULE "C" AUCTION PROCEDURES

Auction

1. If the Company, with the approval of the Monitor, determines to conduct an Auction pursuant to the SISP Procedures, the Company or the Monitor will notify the Qualified Phase II Bidders who made a Qualified Phase II Bid that the Auction will be held at the offices of Fasken Martineau DuMoulin LLP, 333 Bay Street, Suite 2400, Toronto, Ontario at 9:00 a.m. (Eastern Time) on date that is determined by the Company or the Monitor, provided that it is a date that is not later than seven Business Days after the Phase II Bid Deadline, or such other place, date and time as the Company or the Monitor may advise. Capitalized terms used but not defined herein have the meaning given to them in the SISP Procedures. The Auction shall be conducted in accordance with the following procedures:
 - (a) Participation At the Auction. Only a Qualified Phase II Bidder is eligible to participate in the Auction. Each Qualified Phase II Bidder must inform the Company and the Monitor whether it intends to participate in the Auction no later than 12:00 p.m. (Eastern Time) on the Business Day prior to the Auction. Only the authorized representatives of each of the Qualified Phase II Bidders, the Monitor and the Company and the Secured Lenders and their respective counsel and other advisors and any other parties acceptable to the Company in consultation with the Monitor shall be permitted to attend the Auction.
 - (b) Bidding at the Auction. Bidding at the Auction shall be conducted in rounds. The highest Qualified Phase II Bid at the beginning of the Auction shall constitute the "**Opening Bid**" for the first round and the highest Overbid (as defined below) at the end of each round shall constitute the "**Opening Bid**" for the following round. In each round, a Qualified Phase II Bidder may submit no more than one Overbid. Only Qualified Phase II Bidder who bids in a round (including the Qualified Phase II Bidder that submitted the Opening Bid for such round) shall be entitled to participate in the next round of bidding at the Auction. For greater certainty, an Aggregate Bid may be determined to be the Opening Bid for any round including the opening round.
 - (c) Monitor Shall Conduct the Auction. The Monitor and its advisors shall direct and preside over the Auction. At the start of the Auction, the Monitor shall provide the terms of the Opening Bid to all participating Qualified Phase II Bidders at the Auction. The determination of which Qualified Phase II Bid constitutes the Opening Bid for each round shall take into account any factors that the Monitor reasonably deems relevant to the value of the Qualified Phase II Bid, including, among other things, the following: (i) the amount and nature of the consideration, including the value of any non-cash consideration; (ii) the proposed assumption of any liabilities and the related implied impact on recoveries for creditors; (iii) the Monitor's reasonable assessment of the certainty of the Qualified Phase II Bidder to close the proposed transaction on or before the Outside Date; (iv) the likelihood, extent and impact of any potential delays in closing; (v) the impact of

the contemplated transaction on any actual or potential litigation; (vi) the net economic effect of any changes from the Opening Bid of the previous round; (vii) the net after-tax consideration to be received by the Company; and (viii) such other considerations as the Monitor deems relevant in its reasonable business judgment (collectively, the “**Bid Assessment Criteria**”). For greater certainty, the Monitor may ascribe monetary values to non-monetary terms in Overbids for the purposes of assessing and valuing such Overbids, including without limitation, the value to be ascribed to any liabilities or contracts to be assumed. All Bids made after the Opening Bid shall be Overbids, and shall be made and received on an open basis, and all material terms of the highest and best Overbid shall be fully disclosed to all other Qualified Phase II Bidders that are participating in the Auction. The Monitor shall maintain a record of the Opening Bid and all Overbids made and announced at the Auction, including the Successful Bid and the Back-Up Bid.

- (d) Terms of Overbids. An “**Overbid**” is any Bid made at the Auction subsequent to the Monitor’s announcement of the Opening Bid. To submit an Overbid, in any round of the Auction, a Qualified Phase II Bidder must comply with the following conditions:
- (i) *Minimum Overbid Increment:* Any Overbid shall be made in such increments as the Monitor may determine in order to facilitate the Auction (the “**Minimum Overbid Increment**”). The amount of the cash purchase price consideration or value of any Overbid shall not be less than the cash purchase price consideration or value of the Opening Bid, plus the Minimum Overbid Increment(s) at that time plus any additional Minimum Overbid Increments. In respect of the Stalking Horse Agreement and any Overbid by the Stalking Horse Purchaser, the value shall include the amount of any indebtedness owing to it that is to be deemed repaid or otherwise released and any priority indebtedness to be assumed pursuant to and in accordance with the terms of the Stalking Horse Agreement.
 - (ii) *The Bid Requirements same as for Qualified Phase II Bids:* Except as modified herein, an Overbid must comply with the bid requirements contained herein, provided, however, that the Phase II Bid Deadline shall not apply. Any Overbid made by a Qualified Phase II Bidder must provide that it remains irrevocable and binding on the Qualified Phase II Bidder and open for acceptance until the closing of the Successful Bid(s).
 - (iii) *Announcing Overbids:* At the end of each round of bidding, the Monitor shall announce the identity of the Qualified Phase II Bidder and the material terms of the then highest and/or best Overbid, including the nature of the proposed transaction contemplated by the best Overbid, the assets proposed to be acquired and the obligations proposed to be assumed, the basis for calculating the total consideration offered in such Overbid, and the resulting benefit to the Company based on, among other things, the Bid Assessment Criteria. For greater certainty, an Aggregated Bid may be determined to be the highest and/or best Overbid.

- (iv) *Consideration of Overbids:* The Monitor reserves the right, in consultation with the Company, to make one or more adjournments in the Auction to, among other things: (A) facilitate discussions between the Company and individual Qualified Phase II Bidders; (B) allow individual Qualified Phase II Bidders to consider how they wish to proceed; (C) consider and determine the current highest and/or best Overbid at any given time during the Auction; and (D) give Qualified Phase II Bidders the opportunity to provide the Monitor with such additional evidence as it, or the Company, may require, that the Qualified Phase II Bidder has obtained all required internal corporate approvals, has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed transaction at the prevailing Overbid amount. The Monitor and Company may have clarifying discussions with a Qualified Phase II Bidder, and the Monitor may allow a Qualified Phase II Bidder to make technical clarifying changes to its Overbid following such discussions.
- (v) *Portion Bids:* Notwithstanding the forgoing, each Portion Bidder entitled to participate in the Auction shall be entitled to submit an Overbid (in a minimum increment to be determined by the Monitor) with respect to the Assets on which it is bidding without being required to submit an Overbid with respect to all Assets or the applicable Opening Bid; provided that any Aggregated Bid that is an Overbid shall be subject to these Auction procedures as any other Overbid, including that such Aggregated Bid that is an Overbid shall be subject to the Minimum Overbid Increment. Portion Bids can be aggregated with any other Qualified Phase II Bid, as determined by the Company and the Monitor.
- (vi) *Failure to Bid:* If at the end of any round of bidding a Qualified Phase II Bidder (other than a Portion Bidder, or the Qualified Phase II Bidder that submitted the then highest and/or best Overbid or Opening Bid, as applicable) fails to submit an Overbid, then such Qualified Phase II Bidder shall not be entitled to continue to participate in the next round of the Auction.
- (e) Discussion with other Bidders. A Qualified Phase II Bidder shall not strategize or discuss with other Qualified Phase II Bidders for the purpose of submitting an Overbid without the consent of the Monitor.
- (f) Additional Procedures. The Monitor may, in consultation with the Company, adopt rules for the Auction at or prior to the Auction that will better promote the goals of the Auction, including rules pertaining to the structure of the Auction, the order of bidding provided they are not inconsistent with any of the provisions of the SISP Procedures and provided further that no such rules may change the requirement that all material terms of the then highest and/or best Overbid at the end of each round of bidding will be fully disclosed to all other Qualified Phase II Bidders.

- (g) Closing the Auction. The Auction shall be closed after the Monitor, with the assistance of the Company and their respective legal counsel, has (i) reviewed the final Overbid of each Qualified Phase II Bidder on the basis of financial and contractual terms and the factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the proposed sale, and (ii) identified the Successful Bid and the Back-Up Bid and advise the Qualified Phase II Bidders participating in the Auction of such determination. One or more Portion Bids can, in the discretion of the Monitor, form part of a Successful Bid and Back-Up Bid so long as such Portion Bids do not overlap in respect of the Assets sought to be purchased and in such case, such Portion Bid shall be included in the definition of Successful Bidder or Back-Up Bid, as applicable.
- (h) Finalizing Documentation. Promptly following a Bid of a Qualified Phase II Bidder being declared the Successful Bid or the Back-Up Bid, the applicable Qualified Phase II Bidder shall execute and deliver such revised and updated definitive transaction agreements as may be required to reflect and evidence the Successful Bid or Back-Up Bid.
- (i) Qualified Investment Bids. Notwithstanding any other provision of these SISP Procedures, if a Qualified Phase II Bidder submits a Qualified Investment Bid, which the Company or the Monitor considers would result in a greater value being received for the benefit of the Company's creditors than the Qualified Sale Bids, then the Monitor may allow such Qualified Phase II Bidder to participate in the Auction, notwithstanding that such Qualified Investment Bid may not otherwise comply with the terms of these Auction Procedures. In such case, the Monitor may adopt appropriate rules to facilitate such Qualified Phase II Bidder's participation in the Auction.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GRAFTON-FRASER INC.

(the "Applicant")

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

Proceedings commenced in Toronto

ORDER

(STALKING HORSE & SISP)
(Returnable January 30, 2017)

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Lawyers for the Applicant, Grafton-Fraser Inc.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MR.)
JUSTICE WILTON-SIEGEL)
)
)

MONDAY, THE 30TH)
DAY OF JANUARY, 2017)



IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF GRAFTON-FRASER INC. (the "Applicant")

APPROVAL ORDER — CONSULTING AGREEMENT

THIS MOTION made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended (the "CCAA") for an order, inter alia, approving: (i) the transactions contemplated under the Consulting Agreement entered into between the Applicant and a contractual joint venture composed of Gordon Brothers Canada ULC and Merchant Retail Solutions ULC (together the "Consultant") on January 24, 2017 (the "Consulting Agreement") and certain related relief; was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of the Applicant, the Affidavit of Mark Sun sworn on January 25, 2017 including the exhibits thereto (the "Sun Affidavit"), and the Pre-Filing Report and the first report (the "Monitor's First Report") of Richter Advisory Group Inc., in its capacity as Monitor (the "Monitor"), filed, and on hearing the submissions of respective counsel for the Applicant, the Monitor, the Consultant, Canadian Imperial Bank of Commerce, GSO Capital Partners LP, The Cadillac Fairview Corporation Limited, and such other counsel as were present, no one else appearing although duly served as appears from the Affidavits of Service, filed:

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Amended and Restated Initial Order (the "**Initial Order**") and the Consulting Agreement, as applicable.

APPROVAL OF THE CONSULTING AGREEMENT

3. **THIS COURT ORDERS** that the Consulting Agreement, including the Sales Guidelines attached hereto as Schedule "A" hereto (the "**Sales Guidelines**"), and the transactions contemplated thereunder are hereby approved, authorized and ratified and that the execution of the Consulting Agreement by Applicant is hereby approved, authorized, and ratified with such minor amendments as Applicant (with the consent of the Monitor) and the Consultant may agree to in writing. Subject to the provisions of this Order, and the Initial Order, the Applicant is hereby authorized and directed to take any and all actions, including, without limitation, execute and deliver such additional documents, as may be necessary or desirable to implement the Consulting Agreement and each of the transactions contemplated therein.

THE SALE

4. **THIS COURT ORDERS** that the Applicant with the assistance of the Consultant is authorized to conduct the Sale in accordance with this Order, the Consulting Agreement and the Sales Guidelines and to advertise and promote the Sale within the Closing Stores in accordance with the Sales Guidelines. If there is a conflict between this Order, the Consulting Agreement and the Sales Guidelines, the order of priority of documents to resolve such conflicts is as follows: (1) the Order; (2) the Sales Guidelines; and (3) the Consulting Agreement.
5. **THIS COURT ORDERS** that subject to paragraph 12 of the Initial Order, the Applicant with the assistance of the Consultant, is authorized to market and sell the Merchandise and the FF&E free and clear of all liens, claims, encumbrances, security interests, mortgages, charges, trusts, deemed trusts, executions, levies, financial, monetary or other claims, whether or not such claims have attached or been

perfected, registered or filed and whether secured, unsecured, quantified or unquantified, contingent or otherwise, whensoever and howsoever arising, and whether such claims arose or came into existence prior to the date of this Order or came into existence following the date of this Order, (in each case, whether contractual, statutory, arising by operation of law, in equity or otherwise) (all of the foregoing, collectively "**Claims**"), including, without limitation the Directors' Charge, the Administration Charge, the Term Lenders' DIP Charge, the ABL Lender's DIP Charge or the KERP Charge, and any other charges hereafter granted by this Court in these proceedings (collectively, the "**CCAA Charges**"), and all Claims, charges, security interests or liens evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal or movable property registration system (all of such Claims, charges (including the CCAA Charges), security interests and liens collectively referred to herein as "**Encumbrances**"), which Encumbrances will attach instead to the proceeds of sale of the Merchandise and FF&E other than amounts due and payable to the Consultant by the Applicant under the Consulting Agreement, in the same order and priority as they existed on the Sale Commencement Date and, subject to paragraph 17 of this Order, such proceeds shall be dealt with in accordance with paragraph 48 of the Initial Order.

6. **THIS COURT ORDERS** that subject to the terms of this Order and the Initial Order, the Sales Guidelines and the Consulting Agreement, the Consultant shall have the right to enter and use the Closing Stores and all related Closing Store services and all facilities and all furniture, trade fixtures and equipment, including the FF&E, located at the Closing Stores, and other assets of Applicant as designated under the Consulting Agreement, for the purpose of conducting the Sale and for such purposes, the Consultant shall be entitled to the benefit of the Applicant's stay of proceedings provided under the Initial Order as such stay of proceedings may be extended by further Order of the Court.
7. **THIS COURT ORDERS** that until the applicable Sale Termination Date for each Closing Store (which shall in no event be later than April 30, 2017), the Consultant shall have access to the Closing Stores in accordance with the applicable leases and the Sales Guidelines on the basis that the Consultant is assisting the Applicant and the Applicant has granted the right of access to the applicable Closing Store to the Consultant. To the extent that the terms of the applicable leases are in conflict with

any term of this Order or the Sales Guidelines, the terms of this Order and the Sales Guidelines shall govern.

8. **THIS COURT ORDERS** that nothing in this Order shall amend or vary, or be deemed to amend or vary the terms of the leases for Applicant's leased Closing Stores. Nothing contained in this Order or the Sales Guidelines shall be construed to create or impose upon Applicant or the Consultant any additional restrictions not contained in the applicable lease or other occupancy agreement.
9. **THIS COURT ORDERS** that except as provided for in Section 4 hereof in respect of the advertising and promotion of the Sale within the Closing Stores, subject to, and in accordance with this Order, the Consulting Agreement and the Sales Guidelines, the Consultant is authorized to advertise and promote the Sale, without further consent of any Person other than the Applicant and the Monitor as provided under the Consulting Agreement or a Landlord as provided under the Sales Guidelines.
10. **THIS COURT ORDERS** that the Consultant shall have the right to use, without interference by any intellectual property licensor, the Applicant's trademarks and logos, as well as all licenses and rights granted to the Applicant to use the trade names, trademarks, and logos of third parties, relating to and used in connection with the operation of the Closing Stores solely for the purpose of advertising and conducting the Sale of the Merchandise or FF&E in accordance with the terms of the Consulting Agreement, the Sales Guidelines, and this Order, provided that the Consultant provides the Applicant with a copy of any advertising prior to its use in the Sale.

CONSULTANT LIABILITY

11. **THIS COURT ORDERS** that the Consultant shall act solely as an independent consultant to Applicant and that it shall not be liable for any claims against Applicant other than as expressly provided in the Consulting Agreement (including the Consultant's indemnity obligations thereunder) or the Sales Guidelines. More specifically:
 - (a) the Consultant shall not be deemed to be an owner or in possession, care, control or management of the Closing Stores, of the assets located therein or

associated therewith or of Applicant's employees (including the Closing Store Employees) located at the Closing Stores or any other property of Applicant;

- (b) the Consultant shall not be deemed to be an employer, or a joint or successor employer or a related or common employer or payor within the meaning of any legislation governing employment or labour standards or pension benefits or health and safety or other statute, regulation or rule of law or equity for any purpose whatsoever, and shall not incur any successorship liabilities whatsoever; and
- (c) Applicant shall bear all responsibility for any liability whatsoever (including without limitation losses, costs, damages, fines or awards) relating to claims of customers, employees and any other persons arising from events occurring at the Closing Stores during and after the Sale Term in connection with the Sale, except to the extent such claims are the result of events or circumstances caused or contributed to by the gross negligence or wilful misconduct of the Consultant, its employees, agents or other representatives, or otherwise in accordance with the Consulting Agreement.

12. **THIS COURT ORDERS** to the extent the Landlords (or any of them) may have a claim against Applicant arising solely out of the conduct of the Consultant in conducting the Sale for which Applicant has claims against the Consultant under the Consulting Agreement, Applicant shall be deemed to have assigned free and clear such claims to the applicable Landlord (the "**Assigned Landlord Rights**").

CONSULTANT AN UNAFFECTED CREDITOR

13. **THIS COURT ORDERS** that the Consulting Agreement shall not be repudiated, resiliated or disclaimed by Applicant nor shall the claims of the Consultant pursuant to the Consulting Agreement be compromised or arranged pursuant to any plan of arrangement or compromise among Applicant and its creditors (a "**Plan**"). The Consultant shall be treated as an unaffected creditor in these proceedings and under any Plan.
14. **THIS COURT ORDERS** that Applicant is hereby authorized to remit, in accordance with the Consulting Agreement, all amounts that become due to the Consultant thereunder.

15. **THIS COURT ORDERS** that, no Encumbrances shall attach to any amounts payable or to be credited or reimbursed to, or retained by, the Consultant pursuant to the Consulting Agreement and, at all times, the Consultant will retain such amounts, free and clear of all Encumbrances, notwithstanding any enforcement or other process or Claims, all in accordance with the Consulting Agreement.
16. **THIS COURT ORDERS** that notwithstanding (a) the pendency of these proceedings; (b) any application for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (“**BIA**”) in respect of Applicant or any bankruptcy order made pursuant to any such applications; (c) any assignment in bankruptcy made in respect of Applicant; (d) the provisions of any federal or provincial statute; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other document or agreement (collectively “**Agreement**”) which binds Applicant:
- (i) the Consulting Agreement and the transactions and actions provided for and contemplated therein, including without limitation, the payment of amounts due to the Consultant, and
 - (ii) the Assigned Landlord Rights,
- shall be binding on any trustee in bankruptcy that may be appointed in respect to Applicant and shall not be void or voidable by any Person, including any creditor of Applicant, nor shall they, or any of them, constitute or be deemed to be a preference, fraudulent conveyance, transfer at undervalue or other challengeable reviewable transaction, under the BIA or any applicable law, nor shall they constitute oppressive or unfairly prejudicial conduct under any applicable law.

FF&E PROCEEDS

17. **THIS COURT ORDERS** that the Applicant is hereby authorized to transfer on a regular basis, as determined is appropriate in consultation with the Monitor, to an account of the Monitor the sale proceeds, on a motion supported by the Borrower, from the disposition of the FF&E and the Monitor is hereby authorized to hold such

funds in trust for the Applicant in an account opened at a Canadian chartered bank for this purpose, subject to further Order of the Court authorizing and directing the distribution of such proceeds. Any distribution of the sale proceeds generated from the sale of the FF&E shall be net of the fees and the out of pocket expenses related to the disposition of such FF&E reimbursed by the Applicant in accordance with the Consulting Agreement and approved by the Monitor.

BULK SALES ACT AND OTHER LEGISLATION

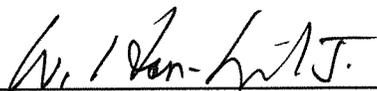
18. **THIS COURT ORDERS AND DECLARES** that the transactions contemplated under the Consulting Agreement shall be exempt from the application of the *Bulk Sales Act* (Ontario) and any other equivalent federal or provincial legislation.
19. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.
20. **THIS COURT HEREBY REQUESTS** the aid and recognition of any Court, tribunal, regulatory or administrative bodies, having jurisdiction in Canada or in the United States of America, to give effects to this Order and to assist Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

SEALING ORDER

21. **THIS COURT ORDERS** that Confidential Appendix "1" of the Monitor's First Report, filed separately with the Court, shall be sealed in the Court File pending further Order of the Court.

ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JAN 30 2017



SCHEDULE A

SALES GUIDELINES

The following procedures shall apply to the Sale to be conducted at the Closing Stores of Grafton-Fraser Inc. (the "**Merchant**"). All terms not herein defined shall have the meaning set forth in the Consulting Agreement by and between a contractual joint venture composed of Gordon Brothers Canada ULC and Merchant Retail Solutions ULC (together the "**Consultant**") and the Merchant dated as of January 24, 2017 (the "**Consulting Agreement**").

1. Except as otherwise expressly set out herein, and subject to: (i) the Approval Order or any further Order of the Court; or (ii) any subsequent written agreement between the Merchant and the applicable landlord(s) (individually, a "Landlord" and, collectively, the "Landlords") and approved by Consultant, or (iii) as otherwise set forth herein, the Sale shall be conducted in accordance with the terms of the applicable leases/or other occupancy agreements to which the affected landlords are privy for each of the affected Closing Stores (individually, a "Lease" and, collectively, the "Leases"). However, nothing contained herein shall be construed to create or impose upon the Merchant or the Consultant any additional restrictions not contained in the applicable Lease or other occupancy agreement.
2. The Sale shall be conducted so that each of the Closing Stores remain open during their normal hours of operation provided for in the respective Leases for the Closing Stores until the respective Sale Termination Date of each Closing Store. The Sale at the Closing Stores shall end by no later than April 30, 2017. Rent payable under the respective Leases shall be paid as provided in the Initial Order.
3. The Sale shall be conducted in accordance with applicable federal, provincial and municipal laws and regulations, unless otherwise ordered by the Court.
4. All display and hanging signs used by the Consultant in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. Notwithstanding anything to the contrary contained in the Leases, the Consultant may advertise the Sale at the Closing Stores as a "everything on sale", "everything must go", "store closing" or similar theme sale at the Closing Stores (provided however that no signs shall advertise the Sale as a "bankruptcy", a "going out of business" or a "liquidation" sale it being understood that the French equivalent of "clearance" is "liquidation" and is permitted to be used). Forthwith upon request from a Landlord, the Landlord's counsel, the Merchant or the Monitor, the Consultant shall provide the proposed signage packages along with the proposed dimensions and number of signs (as approved by the Merchant pursuant to the Consulting Agreement) by e-mail or facsimile to the applicable Landlords or to their counsel of record. Where the provisions of the Lease conflict with these Sales Guidelines, these Sales Guidelines shall govern. The Consultant shall not use neon or day-glow or handwritten signage (save that handwritten "you pay" and "topper" signs may be used). In addition, the Consultant shall be permitted to utilize exterior banners/signs at stand alone or strip mall Closing Stores or enclosed mall Closing Stores with a

separate entrance from the exterior of the enclosed mall, provided, however, that where such banners are not explicitly permitted by the applicable Lease and the Landlord requests in writing that the banners are not to be used, no banners shall be used absent further Order of the Court, which may be sought on an expedited basis on notice to the Service List. Any banners used shall be located or hung so as to make clear that the Sale is being conducted only at the affected Closing Store and shall not be wider than the premises occupied by the affected Closing Store. All exterior banners shall be professionally hung and to the extent that there is any damage to the façade of the premises of a Closing Store as a result of the hanging or removal of the exterior banner, such damage shall be professionally repaired at the expense of the Consultant. If a Landlord is concerned with "store closing" signs being placed in the front window of a Closing Store or with the number or size of the signs in the front window, the Consultant and the Landlord will discuss the Landlord's concerns and work to resolve the dispute.

5. The Consultant shall be permitted to utilize sign walkers and street signage; provided, however, such sign walkers and street signage shall not be located on the shopping centre or mall premises.
6. Conspicuous signs shall be posted in the cash register areas of each Closing Store to the effect that all sales are "final".
7. The Consultant shall not distribute handbills, leaflets or other written materials to customers outside of any of the Closing Stores on any Landlord's property, unless permitted by the applicable Lease or, if distribution is customary in the shopping centre in which the Closing Store is located. Otherwise, the Consultant may solicit customers in the Closing Stores themselves. The Consultant shall not use any giant balloons, flashing lights or amplified sound to advertise the Sale or solicit customers, except as permitted under the applicable Lease, or agreed to by the Landlord.
8. At the conclusion of the Sale in each Closing Store, the Merchant shall arrange that the premises for each Closing Store are in "broom-swept" and clean condition, and shall arrange that the Closing Stores are in the same condition as on the commencement of the Sale, ordinary wear and tear excepted. No property of any Landlord of a Closing Store shall be removed or sold during the Sale. No permanent fixtures (other than FF&E which for clarity is owned by the Applicant) may be removed without the Landlord's written consent unless otherwise provided by the applicable Lease. Any fixtures or personal property left in a Closing Store after the Sale Termination Date in respect of which the applicable Lease has been disclaimed by the Merchant shall be deemed abandoned, with the applicable Landlord having the right to dispose of the same as the Landlord chooses, without any liability whatsoever on the part of the Landlord.
9. Subject to the terms of paragraph 8 above and the Consulting Agreement, the Consultant may sell FF&E which is located in the Closing Stores during the Sale. The Merchant and the Consultant may advertise the sale of FF&E consistent with these guidelines on the understanding that any Landlord may require that such signs be placed in discreet locations within the Closing Stores acceptable to the Landlord, acting reasonably. Additionally, the purchasers of any FF&E sold during the Sale shall only be permitted to remove the FF&E either through the back shipping areas designated by the Landlord, or through other areas after regular store business hours, or through the front door of the Closing Store during store business hours if the

FF&E can fit in a shopping bag, with Landlord's supervision as required by the Landlord. The Consultant shall repair any damage to the Closing Stores resulting from the removal of any FF&E by Consultant or by third party purchasers of FF&E from Consultant.

10. The Consultant shall not make any alterations to interior or exterior Closing Store lighting, except as authorized pursuant to the applicable Lease. The hanging of exterior banners or other signage, where permitted in accordance with the terms of these guidelines, shall not constitute an alteration to a Closing Store.
11. The Merchant hereby provides notice to the Landlords of the Merchant and the Consultant's intention to sell and remove FF&E from the Closing Stores. The Consultant will arrange with each Landlord represented by counsel on the service list and with any other Landlord that so requests, a walk through with the Consultant to identify the FF&E subject to the sale. The relevant Landlord shall be entitled to have a representative present in the Closing Store to observe such removal. If the Landlord disputes the Consultant's entitlement to sell or remove any FF&E under the provisions of the Lease, such FF&E shall remain on the premises and shall be dealt with as agreed between the Merchant, the Consultant and such Landlord, or by further Order of the Court upon application by the Merchant on at least two (2) days' notice to such Landlord. If the Merchant has disclaimed or resiliated the Lease governing such Closing Store in accordance with the CCAA and the Initial Order, it shall not be required to pay rent under such Lease pending resolution of any such dispute (other than rent payable for the notice period provided for in the CCAA and the Initial Order), and the disclaimer or resiliation of the Lease shall be without prejudice to the Merchant's or Consultant's claim to the FF&E in dispute.
12. If a notice of disclaimer or resiliation is delivered pursuant to the CCAA and the Initial Order to a Landlord while the Sale is ongoing and the Closing Store in question has not yet been vacated, then: (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Merchant and the Consultant 24 hours' prior written notice; and (b) at the effective time of the disclaimer or resiliation, the relevant Landlord shall be entitled to take possession of any such Closing Store without waiver of or prejudice to any claims or rights such landlord may have against the Merchant in respect of such Lease or Closing Store, provided that nothing herein shall relieve such Landlord of its obligation to mitigate any damages claimed in connection therewith.
13. The Consultant and its agents and representatives shall have the same access rights to the Closing Stores as the Merchant under the terms of the applicable Lease, and the Landlords shall have the rights of access to the Closing Stores during the Sale provided for in the applicable Lease (subject, for greater certainty, to any applicable stay of proceedings).
14. The Merchant and the Consultant shall not conduct any auctions of Merchandise or FF&E at any of the Closing Stores.
15. The Consultant shall designate a party to be contacted by the Landlords should a dispute arise concerning the conduct of the Sale. The initial contact person for Consultant shall be Sandra Abitan who may be reached by phone at 514-904-5648 or

email at sabitan@osler.com. If the parties are unable to resolve the dispute between themselves, the Landlord or Merchant shall have the right to schedule a "status hearing" before the Court on no less than two (2) days written notice to the other party or parties, during which time the Consultant shall cease all activity in dispute other than activity expressly permitted herein, pending the determination of the matter by the Court; provided, however, subject to para. 4 of these Sales Guidelines, that if a banner has been hung in accordance with these Sale Guidelines and is thereafter the subject of a dispute, the Consultant shall not be required to take any such banner down pending determination of the dispute.

16. Nothing herein is, or shall be deemed to be a consent by any Landlord to the sale, assignment or transfer of any Lease, or to grant to the Landlord any greater rights than already exist under the terms of any applicable Lease.
17. These Sale Guidelines may be amended by written agreement between the Merchant, the Consultant and any applicable Landlord (provided that such amended Sale Guidelines shall not affect or bind any other Landlord not privy thereto without further Order of the Court approving the amended Sales Guidelines

Court File No.: CV-17-11677-00CL

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GRAFTON-FRASER INC.

(the "Applicant")

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

Proceedings commenced in Toronto

ORDER

**(Liquidation Consulting Agreement)
(Returnable January 30, 2017)**

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Toronto, ON M5H 2T6

Stuart Brotman (LSUC#43430D)

Tel: 416 865 5419

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sbrotman@fasken.com

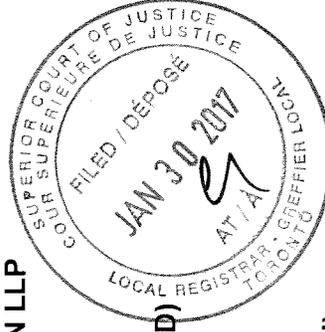
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dchochla@fasken.com

Lawyers for the Applicant, Grafton-Fraser Inc.



TAB C

17
✓

Court File No. CV-11677-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE) THURSDAY, THE 2ND
JUSTICE PATTILLO) DAY OF MAY, 2017

IN THE MATTER OF the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER of a Plan of Compromise or Arrangement of Grafton-Fraser Inc.

Applicant

APPROVAL AND VESTING ORDER

THIS MOTION, made by the Applicant for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale between the Applicant and GSO GF Acquisition B.C. Ltd. (formerly 1104307 B.C. Ltd.) (the "Purchaser") dated January 24, 2017, as amended by amending agreements on February 16, 2017, March 3, 2017 and March 14, 2017 (as so amended, or as may be further amended in accordance with the provisions of this Order, collectively, the "Sale Agreement") and appended to the Affidavit of Mark Sun dated April 12, 2017 (the "Affidavit"), and vesting in the Purchaser the Applicant's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit and the Third Report of Richter Advisory Group Inc., in its capacity as the court appointed monitor of the Applicant (the "Monitor"), dated

April 17, 2017 (the "Report") and on hearing the submissions of counsel for the Applicant, the Monitor, the Purchaser, Canadian Imperial Bank of Commerce, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Irene Artuso sworn April 13, 2017 filed:

1. THIS COURT ORDERS AND DECLARES that any capitalized term used and not defined herein shall have the meaning given to it in the Sale Agreement.
2. THIS COURT ORDERS AND DECLARES that the time for service of notice of this motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
3. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Applicant is hereby authorized and approved, with such minor amendments as the Applicant may deem necessary. The Applicant is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
4. THIS COURT ORDERS AND DECLARES that
 - (a) with respect to the Purchased Assets, other than the Assumed Real Property Leases, upon the delivery of the Monitor's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Monitor's Certificate"), all of the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, and
 - (b) with respect to the Assumed Real Property Leases, upon the assignment of the Assumed Real Property Leases to the Purchaser pursuant to a Third Party Consent or CCAA Assignment Order, all of the Applicant's right, title and interest in and to such Assumed Real Property Lease shall be assigned absolutely to the Purchaser,

in each case free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Hainey in these proceedings dated January 25, 2017, as amended and restated by the Order of the Honourable Justice Wilton-Siegel in these proceedings dated January 30, 2017; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) subject to paragraph 5, those Claims listed on Schedule B hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule C) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets, other than any registrations made at the applicable land registry of the Assumed Real Property Leases forming part of the Purchased Assets and any memorials of lease, summaries of lease, notices of lease, assignments of lease and any amendments or other registrations pertaining to the Assumed Real Property Leases forming part of the Purchased Assets, provided however that, except as may otherwise be agreed to by the applicable landlord to such Assumed Real Property Lease (a "Landlord") and the Purchaser, nothing herein shall affect the rights and remedies of such Landlord against the Purchaser that may exist or arise under or in respect of any Lease that is ultimately assigned to the Purchaser in connection with the Transaction.

5. THIS COURT ORDERS AND DECLARES that the Encumbrances in favour of the ABL Agent that are listed on Schedule B or that are subject of the registrations listed on Schedule B shall be expunged and discharged against the Purchased Assets immediately upon the ABL Agent confirming to the Monitor in writing that (a) all conditions to the effectiveness of the New Revolving Facility have been

satisfied; and (b) the Purchaser has satisfied the obligations assumed by it pursuant to Section 2.3(i) of the Sale Agreement.

6. THIS COURT ORDERS AND DECLARES that notwithstanding anything contained in this Order, nothing shall derogate from the obligations of the Purchaser to assume and be responsible for and honour, perform, discharge and pay as and when due the Assumed Liabilities, as set out in the Sale Agreement.

7. THIS COURT ORDERS AND DECLARES THAT (a) nothing in this Order shall amend or vary, or be deemed to amend or vary, the terms of an Assumed Real Property Lease; and (b) none of the Assumed Real Property Leases shall be transferred, conveyed, assigned or vested in the Purchaser by operation of this Order.

8. THIS COURT ORDERS AND DIRECTS the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

9. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Applicant is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Applicant's records pertaining to the Applicant's past and current employees, including personal information of those employees listed on Schedule "4.1" to the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Applicant.

10. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicant and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Applicant;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicant and shall not be void or voidable by creditors of the Applicant, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) 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.

11. THIS COURT ORDERS that, in accordance with the terms of the Sale Agreement, and upon the filing of the Monitor's Certificate, the Applicant be and is hereby authorized and directed to execute and file such documents as are required to change the name of the Applicant from "Grafton-Fraser Inc." to "1735825 Ontario Inc.", including, without limitation, filing articles of reorganization substantially in the form attached hereto as Schedule D with the director appointed under the *Business Corporations Act* (Ontario) pursuant to section 186 thereof.

12. THIS COURT ORDERS the Monitor to send a copy of this Order, together with a copy of the articles of reorganization of the Applicant, when filed, to all parties that have filed a registration under the *Personal Property Security Act* (Ontario), or similar provincial legislation, against the Applicant.

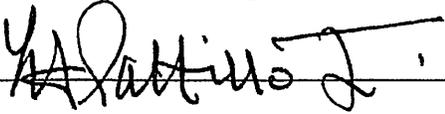
13. THIS COURT ORDERS that, upon the filing of the Monitor's Certificate, the title of these proceedings be and is hereby changed to:

"IN THE MATTER OF the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER of a Plan of Compromise or Arrangement of 1735825 Ontario Inc. (formerly known as Grafton-Fraser Inc.)"

14. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Applicant and its agents in carrying

out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant, as may be necessary or desirable to give effect to this Order or to assist the Applicant and its agents in carrying out the terms of this Order.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAY 10 2017

PER / PAR:



Schedule A – Form of Monitor’s Certificate

Court File No. CV-11677-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

IN THE MATTER OF the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended

AND IN THE MATTER of a Plan of Compromise or Arrangement of Grafton-Fraser Inc.

Applicant

MONITOR’S CERTIFICATE

RECITALS

A. Pursuant to an Order of the Honourable Justice Haaney of the Ontario Superior Court of Justice (the “Court”) dated January 25, 2017, as amended and restated by the Order of the Honourable Justice Wilton-Siegel in these proceedings dated January 30, 2017, the Applicant was granted protection from its creditors pursuant to the *Companies’ Creditors Arrangement Act* and Richter Advisory Group Inc. was appointed as the monitor (the “Monitor”) of the Applicant.

B. Pursuant to an Order of the Court dated May 2, 2017, the Court approved the agreement of purchase and sale made as of January 24, 2017, as amended by amending agreements on February 16, 2017, March 3, 2017 and March 14, 2017 (as amended, the “Sale Agreement”) between the Applicant and GSO GF Acquisition B.C. Ltd. (formerly 1104307 B.C. Ltd.) (the “Purchaser”) and provided for the vesting in the Purchaser of the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate

confirming (i) that the conditions to Closing as set out in sections 6.4 and 6.5 of the Sale Agreement have been satisfied or waived by the Applicant and the Purchaser; and (ii) the Transaction has been completed to the satisfaction of the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Applicant has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in sections 6.4 and 6.5 of the Sale Agreement have been satisfied or waived by the Applicant and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Monitor.
4. This Certificate was delivered by the Monitor at _____ [TIME] on _____ [DATE].

**Richter Advisory Group Inc., in its capacity
as court-appointed monitor of Grafton-
Fraser Inc. and not in its personal capacity**

Per:

Name:

Title:

Schedule B – Encumbrances

PPSA British Columbia

<u>Registration Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
1. 673469D	GSO Capital Partners, LP, as Administrative Agent	Registration Date: May 15, 2007 Registration Period: 8 years Expiry Date: May 15, 2023	All of the Applicant's present and after-acquired personal property of the Applicant and, without limitation, all fixtures, crops, and licenses.
2. 006240J	Canadian Imperial Bank of Commerce, as Agent	Registration Date: December 11, 2015 Registration Period: 7 years Expiry Date: December 11, 2022	All of the Applicant's present and after-acquired personal property including without limitation fixtures (and terms used herein that are defined in the Personal Property Security Act of British Columbia or the regulations made thereunder have those defined meanings).

PPSA Alberta

<u>Registration Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
1. 15121123969	Canadian Imperial Bank of Commerce, as Agent	Registration Date: December 11, 2015 Registration Period: 7 years Expiry Date: December 11, 2022	All present and after- acquired personal property of the Applicant.
2. 07051518194	GSO Capital Partners, LP, as Administrative Agent	Registration Date: May 15, 2007 Registration Period: 16 years Expiry Date: May 15, 2023	All present and after- acquired personal property of the Applicant. Proceeds: Goods, inventory, chattel paper, documents of title, instruments, money, intangibles, accounts and investment property (all as defined in the Personal Property Security Act (Alberta)) and insurance proceeds.

<u>Registration Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
3. 07051518228	GSO Capital Partners, LP, as Administrative Agent	Registration Date: May 15, 2007 Registration Period: Infinity	Land charge.

PPSA Manitoba

<u>Registration Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
1. 201523726507	Canadian Imperial Bank of Commerce, as Agent	Registration Date: December 11, 2015 Registration Period: 7 years Expiry Date: December 11, 2022	The security interest is taken in all of the Applicant's present and after-acquired personal property.
2. 200708558108	GSO Capital Partners, LP, as Administrative Agent	Registration Date: May 7, 2007 Registration Period: 16 years Expiry Date: May 15, 2023	The security interest is taken in all of the Applicant's present and after-acquired personal property.

PPSA Ontario

<u>Registration File Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
1. 712571193	Canadian Imperial Bank of Commerce, as Agent	Registration Date: December 11, 2015 Registration Period: 7 years Expiry Date: December 11, 2022	Inventory, Equipment, Accounts, Other, Motor Vehicle
2. 635312304	GSO Capital Partners, LP, as Administrative Agent	Registration Date: May 15, 2007 Registration Period: 8 years Expiry Date: May 05, 2013	Inventory, Equipment, Accounts, Other, Motor Vehicle Included

PPSA Nova Scotia

	<u>Registration Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
1.	25531898	GSO Capital Partners, LP, as Administrative Agent	Registration Date: February 8, 2016 Registration Period: 7 years Expiry Date: February 8, 2023	A security interest is taken in all of the Applicant's present and after-acquired personal property
2.	25333881	Canadian Imperial Bank of Commerce, as Agent	Registration Date: December 14, 2015 Registration Period: 7 years Expiry Date: December 14, 2022	A security interest is taken in all of the Applicant's present and after-acquired personal property

1. The following *Bank Act* security:

<u>Type</u>	<u>Registration Name and Address</u>	<u>Date</u>	<u>Expires</u>	<u>Number</u>	<u>Bank</u>
(2)	Grafton-Fraser Inc. 44 Apex Road Toronto ON M6A 2V2	2016/01/25	2021/12/31	01304227	0010 – CANADIAN IMPERIAL BANK OF COMMERCE 00002 – MAIN BRANCH – COMMERCE COURT 199 BAY ST CCW CONCOURSE LEVEL MAIN BRANCH – COMMERCE COURT TORONTO, ON M5L1G9

2. Security interests recorded against all of the Canadian trademarks owned by the Applicant, in favour of:

- GSO Special Situations Fund LP (pursuant to a security agreement placed on file on October 11, 2007);
- GSO CP Holdings LP (pursuant to an amended security agreement placed on file on October 14, 2008); and
- Canadian Imperial Bank of Commerce, as Agent (pursuant to a security agreement placed on file on March 11, 2016).

3. Any claims raised, or which could have been raised, in the action commenced by Tradex Global Inc. against Grafton Fraser Inc. in the Ontario Superior Court of Justice, bearing Court File No. CV-17-568448.

Schedule C – Permitted Encumbrances

PPSA Ontario

	<u>Registration File Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
1.	719663706	Canadian Dealer Lease Service Inc. and Bank of Nova Scotia - DLAC	Registration Date: August 16, 2016 Registration Period: 3 years Expiry Date: August 16, 2019	Inventory, Accounts, Other, Motor Vehicle Included 2016 Maza CX09, JM3TCBDY6G0111704 Amount: \$55,145 Date of Maturity: August 11, 2019
2.	675686367	Xerox Canada Ltd.	Registration Date: January 17, 2012 Registration Period: 6 years Expiry Date: January 17, 2018	Equipment, Other

6. The terms and conditions to which the reorganization is made subject by the Order have been complied with.
Les conditions que l'ordonnance impose à la réorganisation ont été respectées.

These articles are submitted under section 186 of the *Business Corporations Act* and are signed in duplicate.
Les présents statuts sont déposés en vertu de l'article 186 de la Loi sur les sociétés par actions. Ils sont signés en double exemplaire.

GRAFTON-FRASER INC.

Name of Corporation / *Dénomination sociale de la société*

By/
Par :

Vice President and Chief Financial Officer

Signature / *Signature*

Description of Office / *Fonction*

Mark G. Sun

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GRAFTON-FRASER INC.
(the "Applicant")

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

Proceedings commenced in Toronto

SALE APPROVAL ORDER

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**Stuart Brotman [LSUC No.: 43430D]
Dylan Chochla [LSUC No.: 62137I]**
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sbrotman@fasken.com
dchochla@fasken.com

Lawyers for the Applicant, Grafton-Fraser Inc.

TAB D

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)
JUSTICE *Pattillo*)

TUESDAY, THE 6th
DAY OF JUNE, 2017



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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
GRAFTON-FRASER INC.

(the "Applicant")

ORDER
(DISTRIBUTION & SECOND STAY EXTENSION)

THIS MOTION made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") for an Order, *inter alia*,

- (a) approving certain amendments contained in the fourth amending agreement dated June 5, 2017 (the "**Fourth Amending Agreement**") to the asset purchase agreement between the Company and 1104307 B.C. Ltd. (now GSO GF Acquisition B.C. Ltd.) (the "**Purchaser**") dated January 24, 2017, as amended by a first amending agreement dated February 16, 2017, a second amending agreement dated March 3, 2017 and a third amending agreement dated March 14, 2017 (collectively, the "**Purchase Agreement**"), which was approved by order of the Honourable Mr. Justice Pattillo dated May 2, 2017 (the "**Sale Approval and Vesting Order**"), and authorizing the Company to complete the transaction (the "**Transaction**") contemplated by the Purchase Agreement (as amended by the Fourth Amending Agreement, the "**Amended Purchase Agreement**"), as may be

further amended, in accordance with the terms of the Amended Purchase Agreement and the provisions of the Sale Approval and Vesting Order;

- (b) authorizing and directing the Company to make a distribution to GSO Capital Partners LP (“**GSO**”), in its capacity as administrative agent for itself and the GSO Lenders in partial satisfaction of the Term Obligations under the Term Security Documents;
- (c) extending the Stay Period (as defined in paragraph 15 of the Initial Order of the Honourable Mr. Justice Hainey dated January 25, 2017, as amended and restated by Order dated January 30, 2017 (the “**Amended and Restated Initial Order**”)) to and including September 15, 2017;
- (d) upon delivery of the Monitor’s Certificate (as defined in the Sale Approval and Vesting Order) to the Purchaser, reducing the amount of the Directors’ Escrow (as defined in the Amended and Restated Initial Order) to \$172,597 and authorizing and directing Richter Advisory Group Inc., in its capacity as monitor of the Applicant (the “**Monitor**”) to release \$600,000 to the Purchaser, or as otherwise directed by the Purchaser in writing with the consent of the Monitor and Canadian Imperial Bank of Commerce (“**CIBC**”);
- (e) approving the fourth report of the Monitor and the appendices thereto (the “**Fourth Report**”), and approving the activities of the Monitor as described therein; and
- (f) approving the Monitor’s fees and disbursements and those of the Monitor’s counsel, Cassels Brock & Blackwell LLP (“**Cassels**”) as set out in the affidavit of Adam Sherman dated June 1, 2017 (the “**Sherman Affidavit**”) and the affidavit of Jane Dietrich dated May 31, 2017 (the “**Dietrich Affidavit**”), both as attached to the Fourth Report;

was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of the Applicant, the Affidavit of Mark Sun sworn May 30, 2017, and the exhibits thereto, the Fourth Report, and the appendices thereto, and on hearing the submissions of counsel for the Applicant, counsel for the Monitor, counsel for CIBC, counsel for GSO, counsel for the directors of the Applicant, and such other parties as were present, no one else appearing although duly served as appears from the affidavits of service of Dylan Chochla and Irene Artuso sworn June 1 and June 2, 2017, respectively, filed;

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein be and is hereby abridged and validated so that the Motion is properly returnable today.
2. **THIS COURT ORDERS** that any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Amended and Restated Initial Order.

AMENDMENT TO PURCHASE AGREEMENT

3. **THIS COURT ORDERS AND DECLARES** that the execution of the Fourth Amending Agreement by the Applicant be and is hereby authorized, approved and ratified, with such minor amendments as the Applicant may deem necessary, and the Applicant be and is hereby authorized to complete the Transaction contemplated thereby in accordance with the terms of the Amended Purchase Agreement and the provisions of the Sale Approval and Vesting Order and this Order, and, for greater certainty, the intellectual property listed on Schedule 2.1(f) of the Amended Purchase Agreement under the subheading "Bellissimo Trademarks" shall constitute Purchased Assets under the Amended Purchase Agreement and the Sale Approval and Vesting Order.

DISTRIBUTION TO GSO

4. **THIS COURT ORDERS** that the Applicant be and is hereby authorized and directed to distribute the amount of \$15,404 to GSO, in its capacity as administrative agent for itself and the GSO Lenders, in partial satisfaction of the Term Obligations under the Term Security Documents (the "**GSO Distribution**").

5. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicant and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Applicant;

the GSO Distribution shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicant and shall not be void or voidable by creditors of the Applicant, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) 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 and shall, upon the receipt thereof by GSO, be free of all claims, liens, security interests, charges or encumbrances granted by or relating to the Applicant.

STAY EXTENSION

6. **THIS COURT ORDERS** that the Stay Period be and is hereby extended until and including September 15, 2017.

RELEASE OF FUNDS TO THE APPLICANT

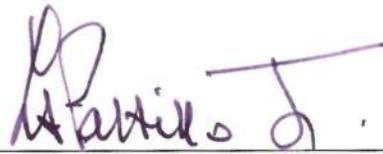
7. **THIS COURT ORDERS** that, upon the delivery of the Monitor's Certificate to the Purchaser, the amount of the Directors' Escrow be and is hereby reduced from \$772,597 to \$172,597, and the Monitor be and is hereby authorized and directed to release to the Purchaser, or as otherwise directed by the Purchaser in writing with the consent of the Monitor and CIBC, an aggregate amount of \$600,000 on account of the reduction in the amount of the Directors' Escrow.

APPROVAL OF MONITOR'S FOURTH REPORT

8. **THIS COURT ORDERS** that the Fourth Report, and the activities of the Monitor referred to therein, be and are hereby approved.

APPROVAL OF FEES AND DISBURSEMENTS

9. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and of its counsel, Cassels, as set out in the Fourth Report, the Sherman Affidavit and the Dietrich Affidavit, be and are hereby approved.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUN 06 2017

PER / PAR: 

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED AND IN
THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF GRAFTON-FRASER INC.

(the "Applicant")

**ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]**

Proceedings commenced in Toronto

**ORDER
(DISTRIBUTION & STAY EXTENSION)
(Returnable June 6, 2017)**

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Toronto, ON M5H 2T6

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Lawyers for the Applicant, Grafton-Fraser Inc.

TAB E

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)
JUSTICE CONWAY)

TUESDAY, THE 18TH
DAY OF JULY, 2017)



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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 1735825
Ontario Inc. (formerly known as Grafton-Fraser Inc.)

(the "Applicant")

ORDER

THIS MOTION, made by GSO GF Acquisition B.C. Ltd. (the "Purchaser") for an order , among other things, expanding the powers of Richter Advisory Group Inc. ("Richter"), in its capacity as court-appointed monitor (the "Monitor") in the Applicant's proceedings pursuant to the *Companies' Creditors Arrangement Act* (the "CCAA") was heard this day at the court house, 330 University Avenue, Toronto, Ontario, M5G 1R7.

ON READING the Notice of Motion and the Fifth Report to Court of the Monitor (the "Fifth Report"), each filed,

AND UPON HEARING the submissions of counsel for the Monitor, the Applicant, counsel for the directors of the Applicant, the Purchaser and those other parties present, no one appearing for any other person on the service list, although properly served as appears from the affidavits of service, filed:

1. THIS COURT ORDERS that the time for the service of the Notice of Motion and the Fifth Report is hereby abridged so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. THIS COURT ORDERS that capitalized terms used herein and not otherwise defined shall have the meaning given to them in the initial order granted by this Court on January 25, 2017 and as amended on January 30, 2017 (as the same may be amended or amended and restated from time to time, the "**Amended and Restated Initial Order**") or the Approval and Vesting Order granted by this Court on May 2, 2017.
3. THIS COURT ORDERS that, in addition to the powers and duties set out in the Amended and Restated Initial Order (or any other Order of this Court in these proceedings) but without altering in any way the powers, abilities, limitations and obligations of the Applicant within or as a result of these proceedings, the Monitor be and is hereby authorized and empowered, but not required, to:
 - (a) take any and all actions and steps and execute any and all documents and writings, on behalf of and in the name of the Applicant in order to exercise the Applicant's rights or perform the Applicant's obligations under the Amended and Restated Initial Order or any other Order of this Court made in these proceedings;
 - (b) take any and all actions and steps and execute any and all documents and writings, on behalf of and in the name of the Applicant in order to exercise the Applicant's rights or perform the Applicant's obligations under the asset purchase agreement dated January 24, 2017 (as amended, the "**Purchase Agreement**") pursuant to which the Applicant agreed to sell certain Purchased Assets (as defined therein) to the Purchaser (the "**Transaction**") and any and all ancillary agreements in connection with the Purchase Agreement or the Transaction;
 - (c) operate on behalf of the Applicant any of the Applicant's existing accounts at any financial institution (the "**Company Accounts**") in such manner as the Monitor, in its sole discretion, deems necessary or appropriate to assist with the exercise of the Monitor's powers and duties set out herein, including the ability to add or remove persons having signing authority with respect to any of the Company Accounts;
 - (d) cause the Applicant to, or on behalf of the Applicant, perform such other functions or duties as the Monitor considers necessary or desirable in order to facilitate or assist the Applicant in dealing with the Property or its wind-down, or other activities;

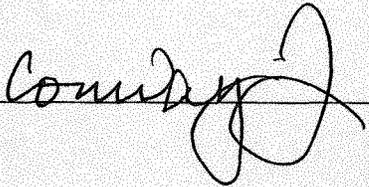
- (e) cause the Applicant to, or on behalf of the Applicant, administer the Property and operations of the Applicant as the Monitor considers necessary or desirable including taking actions in the name of and on behalf of the Applicant with respect to any tax refunds, tax returns or other tax related documents including without limitation for the purposes of administering the Property or Business and completing these proceedings;
- (f) exercise any shareholder or other rights which the Applicant may have if necessary or appropriate;
- (g) subject to the terms of the Amended and Restated Initial Order, engage assistants or advisors or cause the Applicant to engage assistants or advisors as the Monitor deems necessary or desirable to carry out the terms of the Amended and Restated Initial Order or any other Order made in these proceedings and such persons shall be deemed to be "Assistants" under the Amended and Restated Initial Order; and
- (h) apply to this Court for any orders necessary or advisable in the Monitor's view to carry out its powers and obligations under this Order or any other Order granted by this Court including for advice and directions with respect to any matter.

and in each case where the Monitor takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined in the Amended and Restated Initial Order), including the Applicant, and without interference from any other Person.

4. THIS COURT ORDERS that in exercising any of the powers contained in this Order, the Monitor shall be entitled to execute any agreements or other documents for and on behalf of the Applicant and any such agreements or other documents executed by the Monitor shall be deemed to be duly authorized and executed agreements or documents of the Applicant.

5. THIS COURT ORDERS that nothing in this Order shall, in and of itself, cause the Monitor to be liable for any employee-related liabilities or duties, including, without limitation, wages, severance pay, termination pay, vacation pay and pension or benefit amounts.
6. THIS COURT ORDERS that the Monitor is not, and shall not be or be deemed to be, a director, officer or employee of the Applicant.
7. THIS COURT ORDERS that the Monitor, the Applicant and the Property shall continue to have the benefit of all of the protection and priorities as set out in the Amended and Restated Initial Order and any such protections and priorities shall apply to the Monitor in fulfilling its duties and exercising any of its powers under this Order or any other Order of this Court in these proceedings.
8. THIS COURT ORDERS AND DECLARES that nothing in this Order shall constitute or be deemed to constitute the Monitor as a receiver, assignee, liquidator, administrator, receiver-manager, agent of the creditors or legal representative of the Applicant within the meaning of any relevant legislation and that any distribution made to creditors of the Applicant by the Monitor will be deemed to have been made by the Applicant.
9. THIS COURT ORDERS AND DECLARES that nothing in this Order shall prevent the Monitor from acting as a trustee in bankruptcy of the Applicant.
10. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada and the United States to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.
11. THIS COURT ORDERS that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for

assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.



A handwritten signature in cursive script, appearing to read "Comidy", is written over a horizontal line.

ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

JUL 18 2017

PER / PAR: 

Court File No. CV-17-11677-00CL

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 1735825 Ontario Inc. (formerly known as Grafton-
Fraser Inc.)**

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**PROCEEDING COMMENCED AT
TORONTO**

**ORDER
(Expansion Of Monitor's Powers)**

Davies Ward Phillips & Vineberg LLP
155 Wellington Street West
Toronto, ON M5V 3J7

Robin B. Schwill (LSUC# 384521)

Tel: 416.863.5502

Fax: 416.868.0871

rschwill@dwvp.com

Lawyers for GSO GF Acquisition B.C. Ltd.

TAB F

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE
Justice Conway

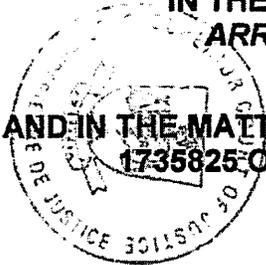
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TUESDAY, THE 12TH

DAY OF SEPTEMBER 2017

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
~~1735825~~ Ontario Inc. (formerly known as Grafton-Fraser Inc.)



(the "Applicant")

ORDER

(DISTRIBUTION, STAY EXTENSION, DISCHARGE & TERMINATION OF CCAA)

THIS MOTION made by Richter Advisory Group Inc., in its capacity as the court-appointed monitor of the Applicant (the "**Monitor**"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario by way of Court Call.

ON READING the Notice of Motion of the Monitor, the fifth report of Richter Advisory Group Inc., dated July 13, 2017 and the appendices thereto (the "**Fifth Report**"), the sixth report of Richter Advisory Group Inc. dated September 5, 2016, and the appendices thereto (the "**Sixth Report**"), and on hearing the submissions of counsel for the Monitor and counsel for GSO GF Acquisition B.C. Ltd. ("**Purchaser**"), no one else appearing although duly served as appears from the affidavit of service of Benjamin Goodis sworn September 6, 2017, filed;

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein be and is hereby abridged and validated so that the Motion is properly returnable today.
2. **THIS COURT ORDERS** that any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated January 25, 2017 as amended and restated (the "**Amended and Restated Initial Order**").

DISTRIBUTIONS

3. **THIS COURT ORDERS** that, the Monitor be and is hereby authorized and directed to remit to the Purchaser or as otherwise directed by the Purchaser in writing, without further Order of the Court, all such net amounts as the Applicant may have available (including amounts held in trust by the Monitor for the Applicant) as the Monitor may approve from time to time until the CCAA Termination Time (as defined below) (the "**Payments**").
4. **THIS COURT ORDERS** that, notwithstanding:
 - (a) the pendency of these proceedings;
 - (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicant and any bankruptcy order issued pursuant to any such applications; and
 - (c) any assignment in bankruptcy made in respect of the Applicant;

the Payments shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicant and shall not be void or voidable by creditors of the Applicant, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) 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 and shall, be free of all claims, liens, security interests, charges or encumbrances granted by or relating to the Applicant.

APPROVAL OF MONITOR'S FIFTH AND SIXTH REPORT

5. **THIS COURT ORDERS** that the Fifth Report and the Sixth Report, and the activities of the Monitor referred to therein, be and are hereby approved.

APPROVAL OF FEES AND DISBURSEMENTS

6. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and of its counsel, Cassels Brock and Blackwell LLP ("**Cassels**"), as set out in the Sixth Report and in the Appendices thereto, be and are hereby approved.

7. **THIS COURT ORDERS** that the anticipated further fees and disbursements of the Monitor and of Cassels, estimated not to exceed \$100,000 (plus H.S.T.), to complete their remaining duties and the administration of these CCAA proceedings, all as set out in the Sixth Report and in the Appendices thereto, be and are hereby approved, and that the Monitor and Cassels shall not be required to pass their accounts in respect of any further activities in connection with the administration of these CCAA proceedings provided the fees and disbursements of the Monitor and Cassels do not exceed the amount of \$100,000 (plus H.S.T.).

RELEASE OF FUNDS TO THE MONITOR

8. **THIS COURT ORDERS** that the Monitor, Cassels and the Applicant's counsel, Fasken Martineau DuMoulin LLP, be and are hereby authorized from time to time to apply any funds held by them as professional fee retainers, on account of their respective current or future outstanding fees and disbursements, provided, however, that any unused balance of the professional fee retainers shall be transferred to the Monitor on behalf of the Applicant to be transferred in accordance with this Order.

TERMINATION OF CHARGES

9. **THIS COURT ORDERS** that the Term Lenders' DIP Charge, the ABL Lender's Charge and the KERP Charge (each as defined in the Amended and Restated Initial Order) shall be and are hereby terminated, released and discharged.

TERMINATION OF CCAA PROCEEDINGS

10. **THIS COURT ORDERS** that upon the filing of a certificate of the Monitor substantially in the form attached hereto as Schedule "A" (the "**Monitor's Discharge Certificate**") certifying that the Remaining Activities (as defined in the Sixth Report) have been completed that the CCAA proceedings shall be terminated effective as of the date and time set out in the Monitor's Discharge Certificate without any further act or formality (the "**CCAA Termination Time**").

11. **THIS COURT ORDERS** that the Administration Charge and the Directors' Charge shall be and are hereby terminated, released and discharged at the CCAA Termination Time.

DISCHARGE OF THE MONITOR

12. **THIS COURT ORDERS AND DECLARES** that effective at the CCAA Termination Time, the Monitor shall be and is hereby discharged as Monitor and shall have no further duties, obligations or responsibilities as Monitor from and after the CCAA Termination Time.

13. **THIS COURT ORDERS AND DECLARES** that, in addition to the protections in favour of the Monitor as set out in the CCAA, the Amended and Restated Initial Order, any other Order of this Court in the CCAA proceedings or otherwise, all of which are expressly continued and confirmed, the Monitor shall not be liable for any act or omission on the part of the Monitor, including with respect to any reliance thereof, including without limitation, with respect to any information disclosed, any act or omission pertaining to the discharge of the Monitor's duties in the CCAA proceedings or with respect to any other duties or obligations of the Monitor under the CCAA or otherwise, save and except for any claim or liability arising out of any gross negligence

or wilful misconduct on the part of the Monitor. Subject to the foregoing, and in addition to the protections in favour of the Monitor as set out in the CCAA, the Amended and Restated Initial Order, any other Order of this Court in the CCAA proceedings or otherwise, any claims against the Monitor in connection with the performance of its duties as Monitor be and are hereby released, stayed, extinguished and forever barred and the Monitor shall have no liability in respect thereof.

14. **THIS COURT ORDERS** that, notwithstanding any provision of this Order, the termination of the CCAA proceedings, and the discharge of the Monitor, nothing herein shall affect, vary, derogate from, limit or amend, and the Monitor shall continue to have the benefit of, any of the rights, approvals and protections in favour of the Monitor at law or pursuant to the CCAA, the Amended and Restated Initial Order, any other Order of this Court in the CCAA proceedings or otherwise, all of which are expressly continued and confirmed.

15. **THIS COURT ORDERS** that no action or other proceeding may be commenced against the Monitor in any way arising from or related to its capacity or conduct as Monitor in these CCAA proceedings except with prior leave of this Court and on prior written notice to the Monitor.

STAY EXTENSION

16. **THIS COURT ORDERS** that the Stay Period (as defined in paragraph 15 of the Amended and Restated Initial Order) be and is hereby extended until and including the CCAA Termination Time.

GENERAL

17. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court for advice and directions to give effect to the Payments and other matters proposed herein.

18. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

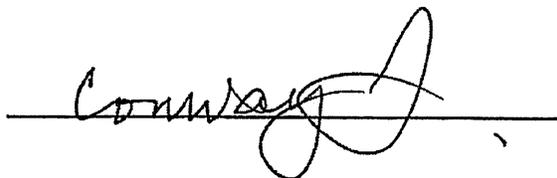
19. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this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

20. **THIS COURT ORDERS** that the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

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ON / BOOK NO:
LE / DANS LE REGISTRE NO:

SEP 12 2017

PER / PAR:



SCHEDULE "A"

Court File No. CV-17-11677-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)
)
)

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF
1735825 Ontario Inc. (formerly known as Grafton-Fraser Inc.)**

(the "Applicant")

MONITOR'S DISCHARGE CERTIFICATE

RECITALS

- A. Richter Advisory Group Inc. was appointed as the monitor (the "**Monitor**") of the Applicant in the within CCAA proceedings pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated January 25, 2017 as amended and restated on January 30, 2017 (the "**Amended and Restated Initial Order**");
- B. Pursuant to an Order of the Court dated September 12, 2017 (the "**CCAA Termination Order**"), the Monitor shall be discharged and the CCAA proceedings shall be terminated upon the filing of this Monitor's Discharge Certificate with the Court;
- C. Unless otherwise indicated herein, capitalized terms used in this Monitor's Discharge Certificate shall have the meanings ascribed thereto in the CCAA Termination Order.

THE MONITOR CERTIFIES the following:

1. The Remaining Activities have been completed and that all matters to be attended to in connection with the CCAA proceedings have been completed.

ACCORDINGLY, the CCAA Termination Time as defined in the CCAA Termination Order has occurred.

DATED at Toronto, Ontario at _____ [TIME] on this ____ day of _____, 20____.

RICHTER ADVISORY GROUP INC., solely in its capacity as Court-appointed Monitor of **1735825 Ontario Inc. (formerly known as Grafton-Fraser Inc.** and not in its personal capacity

By: _____
Name:
Title:

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 1735825 Ontario Inc. (formerly known as Grafton-Fraser Inc.)

Court File No. CV-17-11677-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

ORDER

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Lawyers for Richter Advisory Group Inc.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 1735825 Ontario Inc. (formerly known as Grafton-Fraser
Inc.)

Court File No. CV-17-11677-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

MOTION RECORD

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