

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

SUPERIOR COURT
(Commercial Division)

(Sitting as a court designated pursuant to the
Bankruptcy and Insolvency Act, RSC 1985, c B-3)

No.: 500-11-057985-208

**IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF:**

STOKES INC.

Debtor / Petitioner

-and-

RICHTER ADVISORY GROUP INC.

Trustee

**APPLICATION FOR EXTENSION OF TIME TO FILE A PROPOSAL
AND ANCILLARY RELIEF**

(Section 50.4(9) of the *Bankruptcy and Insolvency Act*)

TO ONE OF THE HONOURABLE JUDGES OF THE SUPERIOR COURT OR THE REGISTRAR, SITTING IN COMMERCIAL DIVISION, IN THE JUDICIAL DISTRICT OF MONTRÉAL, THE DEBTOR / PETITIONER RESPECTFULLY SUBMITS AS FOLLOWS:

I. INTRODUCTION

1. The Debtor / Petitioner Stokes Inc. ("**Stokes**" or the "**Company**") is a leading tableware, kitchenware and home décor retailer founded in 1935 and headquartered in Montréal, Québec. The Company has retail operations across Canada.
2. On February 18, 2020, Stokes filed a Notice of intention to make a proposal ("**NOI**") under the relevant provisions of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 ("**BIA**") and Richter Advisory Group Inc. was appointed as trustee thereto (the "**Trustee**"), the whole as appears from the Court record.
3. At the time of the filing of the NOI, Stokes operated its retail business from a total of 147 retail stores in all of Canada's provinces (each a "**Store**", collectively, the

“Stores”), located in Canada’s major cities, as well as other urban areas. The Company also sells its merchandise through its online business at www.stokesstores.com.

4. On February 24, 2020, at Stokes’ request, the Court granted the *Order Approving an Administration Charge, a D&O Charge, a Consulting Agreement and granting ancillary relief* (the “**First Order**”), as appears from the Court record.
5. By the present application, Stokes is seeking an extension of time to file a proposal, and an amendment to the Consulting Agreement (as defined below) approved and ratified by the First Order.

II. **GROUND FOR THE EXTENSION OF TIME TO FILE A PROPOSAL**

6. Since the filing of the NOI, Stokes, with the assistance of FAAN Advisors Group Inc. (the “**CRA**”) and under the supervision of the Trustee, has continued to operate its Stores in the ordinary Course, while implementing various measures to reduce operating costs and increase warehouse productivity.
7. Since the filing of the NOI, Stokes has also been communicating with its employees, customers and suppliers in order to stabilize its operations and maintain a continued supply of goods, and dealt with various operational issues arising from unpaid freight forwarders and carries, including, *inter alia*, the dispute with Kerry Logistics (Canada) Inc., which resulted in a court-approved settlement.
8. In parallel, since the granting of the First Order, Stokes, with the assistance of its consultant, the joint venture comprised of Tiger Asset Solutions Canada, ULC and GA Retail Canada, ULC (collectively the “**Consultant**”), began the liquidation sale (the “**Sale**”) of all inventory and furnishings, fixtures and equipment located at 39 Stores (the “**Closing Stores**”).
9. While Stokes, the CRA and the Trustee are currently considering the various matters with respect to the elaboration of a proposal to Stokes’ creditors (a “**Proposal**”), it will only be possible to substantially advance the process once the Sale is completed and the measures to reduce operating costs and increase warehouse productivity are fully implemented.
10. The time limit for the filing of a Proposal under subsection 50.4(8) of the BIA is currently set to expire on March 19, 2020.
11. Stokes requires additional time to accomplish *inter alia* the following steps:
 - (a) Continue the Sale at the Closing Stores;
 - (b) Continue the implementation of measures to reduce operating costs and increase warehouse productivity; and
 - (c) Work towards formulating a Proposal.

12. Stokes has paid its suppliers, employees and other creditors for the sums due from the date of the NOI in the ordinary course of business and intends to continue doing so.
13. Accordingly, Stokes respectfully submits that this Court extend the time period to make a proposal to April 30, 2020 (the “**Extension Date**”), pursuant to subsection 50.4(9) of the BIA.
14. Stokes’ cash flow is sufficient to continue operations up to and until the Extension Date, as appears from the Trustee’s Report to be filed with the Court on or about the date hereof.
15. No creditor will be unduly prejudiced by the extension sought.

III. GROUNDS FOR THE AMENDMENT OF THE CONSULTING AGREEMENT

16. The First Order approved and ratified an agreement dated February 20, 2020 (the “**Consulting Agreement**”) with the Consultant, which provides *inter alia* for the terms of the Sale, and contains as its Exhibit 1 the list of Stores to be closed and certain other Stores contemplated for possible closure (the “**Original Closing List**”).
17. With the assistance of the CRA, its management team and its other advisors, Stokes determined that 3 Stores need to be added to the Original Closing List, including one that was already listed as contemplated for possible closure therein.
18. The addition of these additional Stores to the Original Closing List is necessary in light of their low sales figures and profitability.
19. Further, as a result of ongoing analysis and negotiations with relevant landlords, it is now contemplated that 8 Stores initially included on the Original Closing List would remain open.
20. Therefore, Stokes is seeking approval of the amended Exhibit 1 to the Consulting Agreement, the whole with the view to maximizing recoveries for all stakeholders.
21. A copy of the amended Exhibit 1 to the Consulting Agreement is filed in support hereof as **Exhibit P-1**.
22. The Consultant agrees to the replacement of Exhibit 1 to the Consulting Agreement by Exhibit P-1 hereto.

IV. CONCLUSION

23. The present Application is supported by the Trustee and by The Bank of Nova Scotia, Stokes’ senior secured lender.
24. Stokes has acted and continues to act in good faith and with due diligence to make

a proposal to its creditors.

25. For the reasons set forth above, the Company respectfully submits that it is both appropriate and necessary that this Honourable Court render the orders sought herein.

FOR THESE REASONS, MAY IT PLEASE THIS HONOURABLE COURT TO:

GRANT the present *Application for Extension of Time to File a Proposal and for Ancillary Relief* (the “**Application**”);

EXTEND the time period within which the Debtor / Petitioner may file a proposal under the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3 to April 30, 2020;

APPROVE and **RATIFY** the amendment to the Consulting Agreement (as defined in the Application) and **DECLARE** that Exhibit 1 to the Consulting Agreement is replaced by Exhibit P-1 to the Application;

REQUEST the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States of America, to give effect to the order to be rendered pursuant to the Application and to assist, the Debtor / Petitioner, the Trustee and their respective agents in carrying out the terms of this Order;

ORDER the provisional execution of the order to be rendered on the present Application notwithstanding appeal and without security;

THE WHOLE WITHOUT COSTS, save in the event of contestation.

MONTREAL, March 13, 2020

Osler, Hoskin & Harcourt LLP

Osler, Hoskin & Harcourt LLP

Mtre. Sandra Abitan | Mtre. Julien Morissette |

Mtre. Iliia Kravtsov

Attorneys for Debtor / Petitioner **STOKES INC.**

1000 de La Gauchetière Street West Suite 2100

Montréal, Québec H3B 4W5

Telephone: (514) 904-8100

Fax: (514) 904-8101

Email: sabitan@osler.com | jmorissette@osler.com

| ikravtsov@osler.com

Email notification: notificationosler@osler.com

Our file: 1206825

AFFIDAVIT

I the undersigned, Mohammad Rahaman, domiciled for the purpose hereof at 5660 Ferrier Street, Montréal, Province of Québec, H4P 1M7, solemnly declare the following:

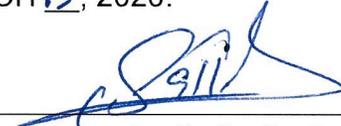
1. I am the Senior Vice-President of Finance and Administration of the Debtor / Petitioner Stokes Inc. and a duly authorized representative of the Debtor / Petitioner for the purposes hereof.
2. I have taken cognizance of the attached Application for extension of time to file a proposal and for ancillary relief (the "**Application**").
3. All of the facts alleged in the Application of which I have personal knowledge are true.
4. Where I have obtained facts alleged in the Application from others, I believe them to be true.

AND I HAVE SIGNED:



Mohammad Rahaman

SOLEMNLY DECLARED BEFORE
ME IN MONTRÉAL, QUÉBEC, ON
MARCH 13, 2020.



Commissioner for Oaths for the
Province of Québec



NOTICE OF PRESENTATION

TO: SERVICE LIST (SEE ATTACHED)

TAKE NOTICE that the Application for extension of time to file a proposal and for ancillary relief will be presented for hearing and allowance in the Superior Court (Commercial Division), at the Montréal Courthouse, 1 Notre-Dame Street East, Montréal, Québec, H2Y 1B6 on March 18, 2020, in room 16.10 at 8:45 a.m., or so soon thereafter as counsel may be heard, or any other time and date as may be set by the Court and communicated to the Service List.

MONTREAL, March 13, 2020

Osler, Hoskin & Harcourt LLP

Osler, Hoskin & Harcourt LLP
Attorneys for Debtor / Petitioner

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Proposal Trustee

LIST OF EXHIBITS

P-1 Amended Exhibit 1 to the Consulting Agreement

MONTRÉAL, March 13, 2020

Osler, Hoskin & Harcourt LLP

Osler, Hoskin & Harcourt LLP
Attorneys for Debtor / Petitioner

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NOTICE OF DISCLOSURE OF EXHIBITS

P-1 Amended Exhibit 1 to the Consulting Agreement

The exhibit is notified with the present application.

MONTRÉAL, March 13, 2020

Osler, Hoskin & Harcourt LLP

Osler, Hoskin & Harcourt LLP
Attorneys for Debtor / Petitioner

Exhibit P-1

Store #	Province	City	SqFt	Banner	Landlord	Location	Zip Code	Address
1125	QC	Quebec City	1518	Stokes	TRUDEL ALLIANCES S.E.C.	Place Fleur de Lys	G1M 3E5	550, boul. Hamel O. #C-4, Québec, QC
1154	QC	St-George de Beauce	1417	Stokes	Cominar Real Estate Investment Trust	Carrefour St-George	G5Y 5L6	8585, boul Lacroix # 020 & 010, St Georges Beauce, QC
1159	QC	Dolbeau-Mistassini	1521	Stokes	GESTION IBL S.E.N.C.	Promenades du boulevard	G8L 1H1	1300 boul Wallberg, Dolbeau-Mistassini, QC
1178	QC	Thetford Mines	1824	Stokes	Cominar Real Estate Investment Trust	Carrefour Frontenac	G6G 6L5	805 boul Frontenac Est #1, Thetford Mines, QC
1187	QC	Val d'Or	1629	Stokes	Westcliff Management	Crrfr du Nord Ouest (Val d'Or)	J9P 5K1	1801, 3e Avenue, Val d'Or, QC
1188	QC	Baie-Comeau	1662	Stokes	Westcliff Management	Manicougan (Baie Comeau)	G5C 1C3	600 boulevard Lafleche #240, Baie-Comeau, QC
1204	ON	Peterborough	2635	Stokes	Cushman & Wakefield	Lansdowne Pl. (Peterborough)	K9J 7Y5	645 Lansdowne Street W. #150, Peterborough, ON
1206	ON	Timmins	2758	Stokes	Riocan Property Services	Timmins Square	P4R 1A1	1500 Riverside Drive #18, Timmins, ON
1215	ON	North Bay	1904	Stokes	Morguard Investment Ltd.	Northgate S.C.	P1B 2H3	1500 Fisher Street, North Bay, ON
1239	ON	Ottawa	1739	Stokes	Cushman & Wakefield	Carlingwood S. C.	K2A 1H2	2121 Carling Ave., Ottawa, ON
1253	ON	Niagara Falls	3548	Stokes	Primaris Management Inc.	Canada 1 Mall (Niagara Falls)	L2H 1G8	7500 Lundy's Lane, Niagara Falls, ON
1261	ON	London	1697	Stokes	McCor Management	Westmount SC (London)	N6K 1M6	785 Wonderland S. #C09, London, ON
1262	ON	Cornwall	1839	Stokes	Partners Reit	Cornwall Sq. (Cornwall)	K6H 6M2	1 Water Street East #TT-11, Cornwall, ON
1266	ON	Toronto	1831	Stokes	Cadillac Fairview	TD Centre (Toronto)	M5K 1B1	66 Wellington St West, Toronto, ON
1268	ON	Mississauga	1939	Stokes	Cushman & Wakefield	Dixie Outlet Mall	L5E 1V4	1250 S Service Rd, Mississauga, ON
1304	NB	Bathurst UNIT 73B	1322	Stokes	Cushman & Wakefield	Bathurst Mall	E2A 3A6	1300 St. Peter Ave. #73B, Bathurst, NB
1305	NB	Atholville	1926	Stokes	Immostar	Sugarloaf (Atholville)	E3N 4E2	312, Val D'Amour Road #A9, Atholville, NB
1402	SK	Regina	1500	Stokes	Cushman & Wakefield	Cornwall Centre (Regina)	S4P 3Y6	2102 11th Avenue #TT11C, Regina, SK
1508	NS	New Glasgow	2050	Stokes	Crombie Developments Ltd.	Highland Sq (New Glasgow)	B2H 2J6	689 Westville Road #175, New Glasgow, NS
1615	AB	Edmonton	4482	Stokes	Riocan Property Services	South Edmonton Common	T6N 1K9	1912 - 99 Street South, Edmonton, AB
1617	AB	Fort McMurray	1637	Stokes	Primaris Management Inc.	Peterpond Mall (Fort McMurray)	T9H 1L2	9713 Hardin Street, Fort McMurray, AB
1620	AB	Lloydminster	1593	Stokes	Triovest Realty Advisors Inc.	Lloyd Mall (Lloydminster)	T9V 0A7	5211 44 Street #137, Lloydminster, AB
1623	AB	St Albert	2067	Stokes	Primaris Management Inc.	St-Albert Centre	T8N 3K8	375 St Albert Trail, St-Albert, AB
1624	AB	Edmonton	1536	Stokes	Oxford	Kingsway Mall	T5G 3A6	1 Kingsway Garden Mall NW, Edmonton, AB
1701	BC	Kelowna	1878	Stokes	Primaris Management Inc.	Orchard Park S.C. (Kelowna)	V1Y 6H2	2271 Harvey Ave. #820, Kelowna, BC
1901	NL	St John's	1231	Stokes	Crombie Developments Ltd.	Highland Sq (New Glasgow)	A1B 1W3	48 Kenmount Road #63, St-John's, NFLD
1903	NL	St John's	2096	Stokes	Plaza Group Inc.	Village S.C. (St John's)	A1E 4N1	430 Topsail Road #N3, St-John's, NFLD
3102	QC	Quebec City	2212	Thinkkitchen	Oxford	TK - Gal de la Capitale	G2K 1N4	5401, boul. des Galeries #186A, Québec, QC
3105	QC	Gatineau	3522	Thinkkitchen	Riocan Property Services	TK - Riocan de la Gappe (Gatineau)	J8T 0B5	75, Boul de la Gappe #10, Gatineau, QC
3106	QC	Brossard	2134	Thinkkitchen	Cominar Real Estate Investment Trust	TK - Mail Champlain (Brossard)	J4W 2T5	2151, boul. Lapinière #G18E, Brossard, QC
3201	ON	Ottawa	1896	Thinkkitchen	Controlex Corporation	TK - Ottawa Train Yards	K1G 3S2	100 Train Yards Drive # C25, Ottawa, ON
3204	ON	Sudbury	1449	Thinkkitchen	Morguard Investment Ltd.	TK - New Sudbury Center	P3A 1Z2	1349 Lasalle Blvd. #41, Sudbury, ON
3212	ON	Barrie	2085	Thinkkitchen	Riocan Property Services	TK - Georgian Mall	L4M 4Z8	509 Bayfield Street # A006A, Barrie, ON
3401	SK	Saskatoon	1443	Thinkkitchen	Cushman & Wakefield	TK - Midtown Plaza (Saskatoon)	S7K 1J9	201 - 1st Avenue S. #T244, Saskatoon, SK
3601	AB	Calgary	1894	Thinkkitchen	Primaris Management Inc.	TK - Sunridge (Calgary)	T1Y 5T4	2525 - 36th Street NE #152A, Calgary, AB
3602	AB	Red Deer	2049	Thinkkitchen	QuadReal Property Group Ltd. Partnership	Bower Place	T4R 1N9	4900, Molly Banister Drive, Red Deer, AB
3603	AB	Edmonton	1854	Thinkkitchen	Ivanhoe Cambridge Inc.	TK-Outlet Collection EIA	T9E 1J5	1, Outlet Collection Way, EIA, Edmonton, AB
3704	BC	Richmond	1908	Thinkkitchen	Templeton Doc Limited Partnership	TK - Vancouver Airport Outlet	V7B 0B7	7899 Templeton Station Road, Richmond, BC
3705	BC	Tswwassen First Nati	2298	Thinkkitchen	Ivanhoe Cambridge Inc.	TK-Tsawwassen Mills	V4M 0B3	5000 Canoe Pass Way, Tsawwassen 1st Nation, BC

Store count 39

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Act*), AFFIDAVIT, NOTICE OF PRESENTATION, LIST
OF EXHIBITS, EXHIBIT P-1**

ORIGINAL

Code: BO 0323

o/f: 1206825

**OSLER, HOSKIN & HARCOURT LLP
Mtre. Sandra Abitan | Mtre. Julien Morissette |
Mtre. Ilia Kravtsov
1000 De La Gauchetière Street West, Suite 2100
Montréal, Québec H3B 4W5
Tel: 514-904-8100 Fax: 514-904-8101**

sabitan@osler.com | jmorissette@osler.com |
ikravtsov@osler.com |
notificationosler@osler.com