

RICHTER

Court File No.: CV-20-00643158-00CL

ROBERTS COMPANY CANADA LIMITED

**SECOND REPORT OF RICHTER ADVISORY GROUP INC.,
IN ITS CAPACITY AS MONITOR**

JULY 23, 2020

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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
ROBERTS COMPANY CANADA LIMITED**

**SECOND REPORT OF RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS MONITOR**

JULY 23, 2020

I. INTRODUCTION

1. On June 29, 2020 (the “**Filing Date**”), the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issued an initial order (the “**Initial Order**”) granting Roberts Company Canada Limited (“**RCCL**” or the “**Company**”) protection pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). Pursuant to the Initial Order, Richter Advisory Group Inc. (“**Richter**”) was appointed as the Company’s Monitor (the “**Monitor**”).
2. The Initial Order, *inter alia*:
 - (i) granted a stay of proceedings in favour of the Company until July 9, 2020 (the “**Stay Period**”);
 - (ii) approved a charge in respect of the fees and disbursements of the Monitor, its counsel and counsel to the Company, in the amount of \$500,000; and
 - (iii) approved an indemnity and charge in favour of RCCL’s directors and officers in the amount of \$250,000 (the “**Directors’ Charge**”) in respect of obligations and liabilities that the directors and officers may incur from and after the Filing Date.
3. On July 8, 2020, the Court issued the Amended and Restated Initial Order (the “**Amended and Restated Initial Order**”), which incorporated certain amendments to the Initial Order, including, *inter alia*:
 - (i) expanding the Company’s restructuring authority and the Monitor’s ability to assist with the Company’s restructuring efforts;
 - (ii) approving the Company’s key employee retention plan (the “**KERP**”) and a charge in favour of the KERP beneficiaries up to the maximum aggregate amount of \$200,000 to secure payments due under the KERP;
 - (iii) authorizing the Company, in consultation with the ABL Lender (as defined in the Pre-Filing Report of the Proposed Monitor dated June 26, 2020 (the “**Pre-Filing Report**”)), and with the consent of the Monitor, to pay pre-filing amounts owing to certain of RCCL’s third party suppliers;
 - (iv) granting a charge in favour of the ABL Lender as security for all of the obligations of the Company to the ABL Lender relating to advances made to the Company under the ABL Agreement (as defined in the Pre-Filing Report) from and after the date of the Amended and Restated Initial Order; and
 - (v) extending the Stay Period up to and including August 31, 2020.

A copy of the Amended and Restated Initial Order is attached hereto as **Appendix “A”**. The proceedings commenced by RCCL under the CCAA are herein referred to as the **“CCAA Proceedings”**.

4. This report is the Monitor’s second report (the **“Second Report”**) to Court. Richter, in its capacity as Proposed Monitor, filed the Pre-Filing Report in support of, *inter alia*, the Company’s application for the Initial Order. The Monitor’s first report dated July 6, 2020 (the **“First Report”**) was filed with the Court to, among other things, provide an update on the activities of the Company and the Monitor since the issuance of the Initial Order and support the Company’s request for the Court to approve the amendments provided for in the Amended and Restated Initial Order, including, the extension of the Stay Period up to and including August 31, 2020. Copies of the Pre-Filing Report and the First Report are attached hereto as **Appendix “B”** and **“C”**, respectively. Copies of Court and other materials pertaining to the CCAA Proceedings are available on the Monitor’s website at <http://www.richter.ca/insolvencycase/roberts-company-canada-limited/> (the **“Monitor’s Website”**).
5. The principal purpose of the CCAA Proceedings is to stabilize RCCL’s business and to provide a forum to explore a plan of compromise or arrangement under the CCAA (a **“Plan”**) that would seek to maximize creditor and stakeholder recoveries.

II. PURPOSE OF THE SECOND REPORT

6. The purpose of this Second Report is to provide information to the Court pertaining to:
 - (i) the activities of the Company and the Monitor since the date of the First Report;
 - (ii) the Company’s reported receipts and disbursements for the period from June 29, 2020 to July 17, 2020, including a comparison of reported to forecasted results;
 - (iii) the Company’s request for an order (the **“Claims Procedure Order”**):
 - (a) approving a process (the **“Claims Process”**) whereby RCCL, with the assistance of the Monitor, will seek to identify, quantify and resolve certain claims against the Company and the Company’s Directors and Officers; and
 - (b) approving the Pre-Filing Report, the First Report and the Second Report, and the activities, actions and conduct of the Monitor, as set out therein; and
 - (iv) the Monitor’s conclusions and recommendations.

III. DISCLAIMER AND TERMS OF REFERENCE

7. The Second Report should be read in conjunction with the Affidavit of Ravi Williams-Singh sworn July 23, 2020 (the "**July 23 Williams-Singh Affidavit**") filed by the Company in support of its request for, *inter alia*, the Claims Procedure Order, as certain information contained in the July 23 Williams-Singh Affidavit has not been included herein in order to avoid unnecessary duplication.
8. In preparing the Second Report, the Monitor has relied solely on information and documents provided by the Company and its advisors, including unaudited financial information, declarations and the July 23 Williams-Singh Affidavit (collectively, the "**Information**"). In accordance with industry practice, except as otherwise described in the Second Report, Richter has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards ("**GAAS**") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.
9. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.
10. Capitalized terms not defined herein shall have the meanings ascribed thereto in the Claims Procedure Order.

IV. ACTIVITIES OF THE COMPANY

11. In addition to managing its operations in the normal course and working to stabilize its business in light of the CCAA Proceedings, the activities of the Company, since the date of the First Report, with the support of their legal advisors, have included:
 - (i) managing relationships with key stakeholders, including customers, suppliers and landlords and implementing a communication plan to advise of the CCAA Proceedings;
 - (ii) communicating with Bank of America N.A. ("**Bank of America**"), in its capacity as agent under the ABL Agreement regarding several matters concerning the CCAA Proceedings;
 - (iii) managing cash flows and making payments in accordance with the Amended and Restated Initial Order;
and
 - (iv) preparing Court materials, together with the Monitor and its legal counsel, to seek the relief sought in the within motion.

V. ACTIVITIES OF THE MONITOR

12. Since the date of the First Report, the Monitor's activities have included:

- (i) attending via videoconference at the Court hearing in respect of the Company's motion for the Amended and Restated Initial Order;
- (ii) maintaining the Monitor's Website, where all Court documents and other material documents pertaining to the CCAA Proceedings are available in electronic form;
- (iii) implementing procedures for the monitoring of the Company's cash flows and for the ongoing reporting of variances to the Company's cash flow forecast;
- (iv) attending at the Company's leased facility in Waterloo, Ontario;
- (v) corresponding extensively with the Company and its legal counsel regarding the Claims Process, cash management, and various other matters in connection with the CCAA Proceedings;
- (vi) corresponding with the ABL Lender, with respect to various matters arising in connection with the CCAA Proceedings;
- (vii) corresponding with Borden Ladner Gervais LLP, the Monitor's legal counsel, as well as Bennett Jones LLP, counsel to the Company;
- (viii) responding to calls and enquiries from creditors and other stakeholders in connection with the CCAA Proceedings;
- (ix) reviewing materials filed with the Court in respect of the CCAA Proceedings; and
- (x) preparing the Second Report.

VI. CASH RECEIPTS AND DISBURSEMENTS FROM JUNE 29, 2020 TO JULY 17, 2020

13. As noted in the First Report, RCCL, with the assistance of the Monitor, prepared a cash flow forecast (the "**Initial Cash Flow Forecast**") for the period June 29, 2020 to September 25, 2020 (the "**Forecast Period**") in support of its application for the Initial Order. As further noted in the First Report, in support of its motion for the Amended and Restated Initial Order, RCCL filed a revised cash flow forecast (the "**Revised Cash Flow Forecast**") to incorporate certain changes to the Company's projected receipts and disbursements during the Forecast Period.

14. The Company has continued to provide the Monitor with its co-operation and access to its books and records as requested by the Monitor. The Monitor has implemented various procedures for monitoring the Company's receipts and disbursements on a weekly basis. The Monitor has also prepared forecasted-to-actual variance analyses with respect to the Company's weekly receipts and disbursements, as compared to the Revised Cash Flow Forecast.
15. A comparison of the Company's actual cash receipts and disbursements, as compared to the Revised Cash Flow Forecast for the three-week period from June 29, 2020 to July 17, 2020 (the "Comparison Period"), is summarized as follows:

| Roberts Company Canada Limited | | | |
|---|---------------------|---------------------|------------------|
| For the period from June 29 to July 17, 2020 | | | |
| In C\$; unaudited | | | |
| | Actual | Forecast | Variance |
| Receipts | 3,186,045 | 2,170,000 | 1,016,045 |
| Disbursements | | | |
| Purchases | 93,719 | 773,000 | 679,281 |
| Payroll | 241,876 | 305,300 | 63,424 |
| Rent | 184,710 | 224,315 | 39,605 |
| Operating Expenses | 250,762 | 938,850 | 688,088 |
| Professional Fees | 301,289 | 639,000 | 337,711 |
| HST Payables | 25,248 | 180,000 | 154,752 |
| Interest | - | 150,000 | 150,000 |
| KERP | - | - | - |
| Total Disbursements | 1,097,603 | 3,210,465 | 2,112,862 |
| Net Cashflow | 2,088,442 | (1,040,465) | 3,128,907 |
| Opening Revolver Balance | (20,101,737) | (21,265,800) | 1,164,063 |
| Net Cash Inflow/(Outflow) | 2,088,442 | (1,040,465) | 3,128,907 |
| Subtotal | (18,013,295) | (22,306,265) | 4,292,970 |
| Court-order charges | (950,000) | (950,000) | - |
| Other reserves | (200,000) | (200,000) | - |
| Ending Revolver Balance | (19,163,295) | (23,456,265) | 4,292,970 |
| Canadian Borrowing Base | 26,518,800 | 26,784,110 | (265,310) |
| Availability | 7,355,505 | 3,327,845 | 4,027,660 |

16. As reflected in the summary table above, the Company reported a net cash inflow of approximately \$2.1 million over the Comparison Period, and the Company had a revolver balance of approximately \$19.2 million, as at July 17, 2020. The Company has a favourable cash flow variance of approximately \$3.1 million in comparison to the Revised Cash Flow Forecast during the Comparison Period.
17. The favourable cash flow variance of approximately \$3.1 million pertains principally to the following:

- (i) timing differences attributable to higher than forecasted receipts and lower than forecasted operating costs (including with respect to the payment of critical vendor deposits), professional fees, sales taxes and interest; and
 - (ii) permanent differences attributable to lower than projected purchases due to availability of inventory on hand, payroll costs and rent.
18. In addition to the foregoing, the Revised Cash Flow Forecast conservatively assumed that all outstanding cheques as at the Filing Date would clear the Company's bank account and certain customer deposits would be withheld. However, in reality, substantially all outstanding cheques as at the Filing Date were cancelled and certain customer deposits, which were forecasted to be withheld, were deposited, resulting in a permanent favourable variance in the opening revolver balance and, consequently, the overall borrowing base availability, of approximately \$1.2 million. This permanent favourable variance in borrowing base availability was offset due to a reduction in the Company's borrowing base as at July 17, 2020 of approximately \$0.3 million.

VII. CLAIMS PROCESS

General

19. The Claims Process is intended to identify and quantify claims against the Company and its Directors and Officers, for the purposes of providing clarity to the Company, its stakeholders and the Monitor, as to the number, nature and value of certain Claims against the Company and its Directors and Officers. This information will assist the Company with its restructuring efforts and provide an orderly process for Claims to be identified, quantified and ultimately resolved, in parallel with RCCL's advancement of restructuring alternatives, including the potential formulation of a Plan.
20. All stakeholders are strongly encouraged to read the proposed Claims Procedure Order. The information contained in this Second Report regarding the Claims Process is a summary of certain aspects of the proposed Claims Procedure Order. A copy of the proposed Claims Procedure Order is attached hereto as **Appendix "D"**.
21. The Claims Process seeks to deal with various Claims, including, Prefiling Claims, Restructuring Period Claims, Director/Officer Claims and Employee Restructuring Claims, as against the Company and its Directors and Officers.
22. The Claims Process does not seek to solicit the following claims (each an "**Excluded Claim**"): (i) claims secured by any of the Court-ordered charges in the CCAA Proceedings, (ii) intercompany claims, including Claims of any of the Company's Affiliates against the Company, (iii) claims of Bank of America or any other Lender (as defined

in the Pre-Filing Report), including any Claim of Bank of America, as agent under the ABL Agreement or Forbearance Agreement (as defined in the Pre-Filing Report), (iv) any claims set out in section 5.1(2) and 19(2) of the CCAA and (v) any Excluded Claim arising through subrogation.

Claims Bar Date

23. All Claimants making a Claim against the Company or the Directors and Officers, other than Restructuring Period Claims and Employee Restructuring Claims, will be required to file Claims with the Monitor by 5:00 pm (Eastern Standard Time) on September 14, 2020 (the “**Claims Bar Date**”), unless ordered otherwise by the Court.
24. All Claimants making a Restructuring Period Claim will be required to file Claims with the Monitor by the later of:
 - (i) the Claims Bar Date; and
 - (ii) 5:00 pm (Eastern Standard Time) on the date that is 10 Business days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Period Claim to a Claimant (the “**Restructuring Period Claims Bar Date**”).
25. Any Claimant that does not file a Claim by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, will, *inter alia*:
 - (i) not be entitled to attend or vote at a Meeting, which, for clarity, may be called for the purpose of considering and voting on a Plan, in respect of such Claim;
 - (ii) not be entitled to receive any distribution in respect of such Claim pursuant to a Plan or otherwise;
 - (iii) not be entitled to any further notice in the CCAA Proceedings (unless it has otherwise sought to be included on the Service List); and
 - (iv) be forever barred from making or enforcing such Claim against the Company or its Directors and Officers, and such Claim shall be extinguished without any further act or notification.

Employee Restructuring Claims

26. As noted in the Claims Procedure Order, Employee Restructuring Claims means the Claim of any Employee for vacation, termination, severance pay, wages, commissions or other remuneration arising as a result of the termination of their respective employment by the Company prior to the Filing Date or during the CCAA Proceedings to and including the date of the CCAA Termination Order.

27. In order to simplify the administration of the Claims Process, Employees will not be required to file Proofs of Claim with respect to Employee Restructuring Claims. Rather, the Company will prepare, in consultation with the Monitor, and based on the Company's books and records, a Notice of Employee Restructuring Claim, setting out the classification, nature and amount of their Employee Restructuring Claim. The Monitor will deliver such notice, along with a Claims Package, to each Employee having such a Claim,
- (i) not later than five Business Days following the granting of the Claims Procedure Order, to each Claimant that is known by the Company and the Monitor to have an Employee Restructuring Claim as at the date of the Claims Procedure Order; and
 - (ii) in respect of any Claimant that has an Employee Restructuring Claim arising on or after the date of the Claims Procedure Order to and until the CCAA Termination Order, as soon as reasonably practicable and not later than ten Business Days following the date on which such Employee Restructuring Claim arises.
28. Claimants can accept the Claim, as provided for in the Notice of Employee Restructuring Claim, or dispute the classification, nature and / or amount of the Claim by completing a Notice of Dispute of Revision or Disallowance and sending it to the Monitor by the later of:
- (i) the Claims Bar Date; and
 - (ii) 5:00 pm (Eastern Standard Time) on the date that is 10 Business Days after the date on which the Monitor sends a Claims Package, accompanied by a Notice of Employee Restructuring Claim, to a Claimant having an Employee Restructuring Claim (the "**Employee Restructuring Claims Bar Date**").
29. If a Claimant who receives a Notice of Employee Restructuring Claim wishes to assert a Claim, other than an Employee Restructuring Claim, against the Company or its Directors and Officers, such Claimant is required to deliver a Proof of Claim to the Monitor so that it is actually received by the Monitor by no later than the: (i) Claims Bar Date where such Claim is a Prefiling Claim or Director/Officer Claim; or (ii) Restructuring Period Claims Bar Date where such Claim is a Restructuring Period Claim.
30. Any Claimant that does not deliver a Notice of Dispute of Revision or Disallowance in respect of a Notice of Employee Restructuring Claim pursuant to the prescribed time periods, will be forever barred from disputing the classification, nature and / or amount of the Employee Restructuring Claim set forth in the Notice of Employee Restructuring Claim, and any Employee Restructuring Claim or Claim of a different classification or nature or in excess of the amount specified in the Notice of Employee Restructuring Claim, will be forever barred and extinguished.

31. The Monitor is of the view that the Claims Bar Date, the Restructuring Period Claims Bar Date and the Employee Restructuring Claims Bar Date are reasonable in that they provide sufficient time for Claimants to evaluate and submit any Claim that any Claimant may have against the Company or its Directors and Officers.

D&O Indemnity Claims

32. Pursuant to the Initial Order, the Company indemnified its Directors/Officers against certain obligations and liabilities, secured by the Directors' Charge in the maximum amount of \$250,000. It is necessary to understand the scope and nature of any potential claims against the Directors/Officers in order to be able to identify and address any claims that may be secured by the Directors' Charge. To the extent that any Director/Officer Claim is filed in accordance with the Claims Procedure Order or an Employee Restructuring Claim includes a Director/Officer Claim, a corresponding D&O Indemnity Claim will be deemed to have been filed in respect of each Director/Officer Claim prior to the Claims Bar Date and / or the Employee Restructuring Claims Bar Date, as applicable. Directors and Officers are not required take any action or to file a Proof of Claim in respect of such D&O Indemnity Claim.

Notice Provisions

33. In accordance with the Claims Procedure Order, the Monitor will:
- (i) by no later than five Business Days following the granting of the Claims Procedure Order, deliver, on behalf of the Company to each of the Known Claimants (other than each Employee with a known Employee Restructuring Claim, who will receive a Claims Package in accordance with the provisions of the Claims Procedure Order concerning Employee Restructuring Claims), a copy of the Claims Package;
 - (ii) cause the Notice Letter to be published once in The Globe and Mail (National Edition) as soon as practicable after the date of the Claims Procedure Order, if granted;
 - (iii) post a copy of the Claims Procedure Order, the Company's motion record in respect of the Claims Procedure Order, and the Claims Package, on the Monitor's Website as soon as practicable after the date of the Claims Procedure Order, if same is granted by the Court; and
 - (iv) deliver a Claims Package to any person claiming to be a Claimant and requesting such material in writing as soon as reasonably possible following receipt of a request therefor.

Adjudication of Claims

34. The Monitor, in consultation with the Company and, in the case of a Director/Officer Claim, the relevant Directors and Officers of the Company, will review all Proofs of Claim received on or before the Claims Bar Date and the Restructuring Period Claims Bar Date, and will accept, revise or disallow such Proof of Claim. Prior to accepting, revising or disallowing a Director/Officer Claim, the Monitor must obtain consent from the applicable Directors and Officers. If a decision is made to revise or disallow a Claim, the Monitor will send a Notice of Revision or Disallowance to the Claimant.
35. Any Claimant who intends to dispute a Notice of Revision or Disallowance must, by no later than 5:00 pm on the date that is 14 days after the date on which the Monitor sends the Notice of Revision or Disallowance, deliver to the Monitor a Notice of Dispute of Revision or Disallowance. Any Claimant that does not deliver to the Monitor a Notice of Dispute of Revision or Disallowance within the prescribed time period will be deemed to have accepted the amount and determination of its Claim, as set out in the Notice of Revision or Disallowance, and such Claimant will be forever barred from disputing same.
36. In the event a dispute raised in a Notice of Dispute of Revision or Disallowance is unable to be resolved within a period or manner satisfactory to the Monitor, in consultation with the Company and with the consent of the relevant Director/Officer, as applicable, the Monitor shall refer the dispute raised in the Notice of Dispute of Revision or Disallowance to the Court or to such alternative dispute resolution as may be ordered by the Court or agreed to by the Monitor, the Company, the relevant Directors and Officers (in the case of a dispute concerning a Director/Officer Claim) and the applicable Claimant. The Court or the person(s) conducting the alternative dispute resolution proceeding, as the case may be, shall resolve the dispute.

VIII. MONITOR'S RECOMMENDATIONS

37. The Monitor is of the view that the process contemplated by the Claims Procedure Order to deal with the identification, quantification and resolution of the Claims of Claimants against the Company and the Company's Directors and Officers is reasonable in the circumstances and necessary in order to advance the Company's restructuring efforts. The Claims Process will be an important step to enable the Company to understand the nature and extent of the Claims for the purposes of formulating any Plan. The Monitor therefore supports the proposed Claims Process, as set out in the Claims Procedure Order.
38. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court grant the Claims Procedure Order.

All of which is respectfully submitted this 23rd day of July 2020.

**RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS MONITOR OF
ROBERTS COMPANY CANADA LIMITED
AND NOT IN ITS PERSONAL CAPACITY**

Per:



Paul van Eyk,
CPA, CA-IFA, CIRP, LIT, Fellow of INSOL
Senior Vice President



Duncan Lau
CPA, CMA, CIRP
Vice President

Appendix "A"

Second Report of the Monitor

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE MADAM) WEDNESDAY, THE 8TH
)
JUSTICE DIETRICH) DAY OF JULY, 2020
)



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 ROBERTS COMPANY CANADA LIMITED

(the "Applicant")

AMENDED AND RESTATED INITIAL ORDER

(Amending Initial Order dated June 29, 2020)

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 amending and restating the Initial Order (the "Initial Order") issued on June 29, 2020 (the "Initial Filing Date") and extending the stay of proceedings provided for therein, was heard this day by way of video-conference due to the COVID-19 crisis.

ON READING the affidavit of Ravi Williams-Singh sworn June 26, 2020 (the "**Williams-Singh Affidavit**"), the affidavit of Ravi Williams-Singh sworn July 6, 2020 (the "**Second Williams-Singh Affidavit**") and the Exhibits thereto, the first report of Richter Advisory Services Inc. ("**Richter**") in its capacity as monitor (the "**Monitor**") dated July 6, 2020 (the "**First 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 the Monitor, counsel for Bank of America, N.A., as Agent under the Fourth Amended and Restated Loan Agreement, dated as of January 31, 2017 (as amended, supplemented and otherwise modified from time to time, the "**ABL Credit Agreement**") and those other parties

listed on the counsel slip, no one else appearing although duly served as appears from the affidavit of service of Danish Afroz sworn July 6, 2020,

INITIAL ORDER AND THE INITIAL FILING DATE

1. **THIS COURT ORDERS** that the Initial Order, reflecting the Initial Filing Date, shall be amended and restated as provided for herein.

SERVICE

2. **THIS COURT ORDERS** that the time for service and filing 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 the provisions of this Order and 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, contractors, 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 utilise the central cash management system currently in place, in accordance with the ABL Forbearance Agreement dated as of June 26, 2020 (as amended, restated or otherwise modified from time to time, the “**ABL Forbearance Agreement**”), as described in the Williams-Singh 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 ABL Forbearance Agreement, including the terms therein that refer to the Approved CCAA Cash Flow (as defined in the ABL Forbearance Agreement), the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the Initial Filing Date:

- (a) all outstanding and future wages, salaries, commissions, compensation, employee benefits, pension benefits, vacation pay and expenses (including, without limitation, payroll and benefits processing and servicing expenses) payable on or after the Initial Filing Date, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (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) in consultation with the Agent and the Lenders (as defined in the ABL Forbearance Agreement) (collectively, the “**ABL Lender**”), and with the consent of the Monitor, amounts owing for goods and services actually supplied to the Applicant prior to the Initial Filing Date by third party suppliers, up to a maximum aggregate amount of \$700,000, if in the opinion of the Applicant the supplier is critical to the Business, ongoing operations of the Applicant, or preservation of the Property, and the payment is required to ensure ongoing supply.

8. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein and subject to the terms of the ABL Forbearance Agreement, including the terms therein that refer to the Approved CCAA 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 the Initial Filing Date, and in carrying out the provisions of this Order, which expenses shall include (subject to the terms of the ABL Forbearance Agreement), 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 to the Applicant following the Initial Filing Date.

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 Initial Filing Date, or where such Sales Taxes were accrued or collected prior

to the Initial Filing Date but not required to be remitted until on or after the Initial Filing Date, 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 until a real property lease is disclaimed or resiliated 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 Initial Filing Date, 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 Initial Filing Date shall also be paid.

11. **THIS COURT ORDERS** that, except as specifically permitted herein, 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 the Initial Filing 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

12. **THIS COURT ORDERS** that the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the ABL Forbearance Agreement, or as otherwise ordered by this Court, have the right to:

- (a) in consultation with the ABL Lender and with the consent of the Monitor, permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets;

- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (c) pursue all avenues of refinancing or restructuring 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**”).

13. **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 or resiliates 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 or resiliation of the lease shall be without prejudice to the Applicant’s claim to the fixtures in dispute.

14. **THIS COURT ORDERS** that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA, 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 Applicant and the Monitor 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 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

15. **THIS COURT ORDERS** that subject to paragraph 16(v) hereof, from the Initial Filing Date until and including August 31, 2020, 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

16. **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) prevent the ABL Lender from exercising any rights or remedies in accordance with the ABL Forbearance Agreement.

NO INTERFERENCE WITH RIGHTS

17. **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, lease, sublease, 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

18. **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, 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 and domain names, provided in each case that the normal prices or charges for all such goods or services received after the Initial Filing Date 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

19. **THIS COURT ORDERS** that, notwithstanding anything else in this Order or the Initial 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 Initial Filing Date, nor shall any Person be under any obligation on or after the Initial Filing Date to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order or the Initial Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

20. **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 Initial Filing Date 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 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

21. **THIS COURT ORDERS** that the Applicant shall indemnify its current and future directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the Initial Filing Date, 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.

22. **THIS COURT ORDERS** that the current and future 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 \$250,000 as security for the indemnity provided in paragraph 21 of this Order. The Directors' Charge shall have the priority set out in paragraphs 38 and 40 herein.

23. **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 21 of this Order.

APPOINTMENT OF MONITOR

24. **THIS COURT ORDERS** that Richter is, as of the Initial Filing Date, 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.

25. **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 ABL Lender and their counsel of financial and other information as agreed between the Applicant and the ABL Lender;
- (d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the ABL Forbearance Agreement;
- (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 or the Initial 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 or the Initial Order; and
- (i) perform such other duties as are required by this Order, the Initial Order or by this Court from time to time.

26. **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.

27. **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 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 the Initial Order or anything done in pursuance of the Monitor's duties and powers under this Order or the Initial 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.

28. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicant 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.

29. **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 or the Initial Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order or the Initial Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

30. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on or subsequent to, the date of the Initial Order, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor and counsel to the Applicant and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant such reasonable retainers as may be requested to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

31. **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.

32. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to 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 their standard rates and charges, both before and after the making of the Initial Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 38 and 40 hereof.

33. **THIS COURT ORDERS AND DECLARES** that the ABL Lender 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* (Canada) with respect to any obligations outstanding as of the date of the Initial Order or arising thereafter under the ABL Credit Agreement or the ABL Forbearance Agreement and the Applicant is authorized to continue to obtain and borrow, repay (including repayment of amounts owing as of the Initial Filing Date) and re-borrow additional monies under the credit facility established in the ABL Credit Agreement pursuant to the terms of the ABL Credit Agreement and the ABL Forbearance Agreement, in order to finance the Applicant's working capital requirements and expenses.

FORBEARANCE AGREEMENT

34. **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 Credit Agreement 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. The ABL Lender's DIP Charge shall have the priority set out in paragraphs 38 and 40 hereof.

KERP, KERP CHARGE AND SEALING THE KERP SUMMARY

35. **THIS COURT ORDERS** that the Key Employee Retention Plan (the "**KERP**"), as described in the Second Williams-Singh Affidavit, is hereby approved and the Applicant is authorized to make payments contemplated thereunder in accordance with the terms and conditions of the KERP.

36. **THIS COURT ORDERS** that the key employees referred to in the KERP 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 \$200,000 to secure amounts owing to such key employees under the KERP. The KERP Charge shall have the priority set out in paragraphs 38 and 40 hereof.

37. **THIS COURT ORDERS** that the summary of the KERP (the "**KERP Summary**"), a copy of which is attached as Confidential Exhibit "A" to the Second Williams-Singh Affidavit, shall be and is hereby sealed, kept confidential, and shall not form part of the public record unless otherwise ordered by the Court.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

38. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the KERP Charge, the ABL Lender's DIP Charge and the Administration Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$500,000);

Second – Directors' Charge (to the maximum amount of \$250,000);

Third – KERP Charge (to the maximum amount of \$200,000); and

Fourth – ABL Lender's DIP Charge.

39. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors' Charge, the Administration 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.

40. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank 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.

41. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, 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 and the beneficiaries of the Charges, and the ABL Lender, or further Order of this Court.

42. **THIS COURT ORDERS** that the Charges and the ABL Forbearance Agreement 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**") 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 *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 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) the creation of the Charges and the execution and performance of the ABL Forbearance Agreement by the Applicant are hereby approved and shall not create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;

- (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 creation of the Charges or the entry into the ABL Forbearance Agreement; and
- (c) the payments made by the Applicant pursuant to this Order and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

43. **THIS COURT ORDERS** that any Charge created by this Order or the Initial 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

44. **THIS COURT ORDERS** that the Monitor shall (i) without delay from the Initial Filing Date, publish in *The Globe & Mail* (National Edition) a notice containing the information prescribed under the CCAA in respect of the Initial Order, (ii) within five days after the Initial Filing Date (A) make the Initial Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner (including by electronic message to the e-mail addresses as last shown in the Applicants' books and records), a notice to every known creditor who has a claim against the Applicant of more than \$1,000, 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.

45. **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/insolvencycase/roberts-company-canada-limited/>.

46. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol or the CCAA and the regulations thereunder is not practicable (including as a result of COVID-19), 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 or electronic message to the Applicant's creditors or other interested parties at their respective addresses (including email addresses) as last shown on the records of the Applicant and that any such service or distribution shall be deemed to be received: (a) if sent by courier, on the next business day following the date of forwarding thereof, (b) if delivered by personal delivery or facsimile or other electronic transmission, on the day so delivered, and (c) if sent by ordinary mail, on the third business day after mailing.

47. **THIS COURT ORDERS** that the Applicant and the Monitor and their respective counsel are at liberty to serve or distribute this Order, the Initial Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicant's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

48. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their respective powers and duties hereunder or the interpretation or the application of this Order.

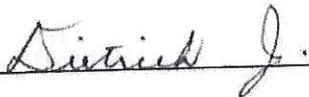
49. **THIS COURT ORDERS** that nothing in this Order or the Initial Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

50. **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.

51. **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.

52. **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 ABL Lender shall be entitled to rely on this Order as issued for all advances made and payments received under the ABL Credit Agreement or the ABL Forbearance Agreement up to and including the date this Order may be varied or amended.

53. **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.



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

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PER / PAR: *RW*

**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 ROBERTS COMPANY CANADA LIMITED**

Court File No.: CV-20-00643158-00CL

ONTARIO

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

Proceeding commenced at Toronto

**AMENDED AND RESTATED INITIAL
ORDER**

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Appendix "B"

Second Report of the Monitor

RICHTER

Court File No.:

ROBERTS COMPANY CANADA LIMITED

**REPORT OF RICHTER ADVISORY GROUP INC.,
IN ITS CAPACITY AS PROPOSED MONITOR**

JUNE 26, 2020

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Court File No.:

**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
ROBERTS COMPANY CANADA LIMITED**

**REPORT OF THE PROPOSED MONITOR
RICHTER ADVISORY GROUP INC.**

JUNE 26, 2020

I. INTRODUCTION

1. Richter Advisory Group Inc. (“**Richter**” or the “**Proposed Monitor**”) understands that Roberts Company Canada Limited (“**RCCL**” or the “**Applicant**”) will make an application (the “**CCAA Application**”) before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) returnable on June 29, 2020 (the “**Proposed Filing Date**”), seeking an Initial Order (the “**Proposed Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) to obtain a stay of proceedings in favour of the Applicant until July 9, 2020, and to seek other related relief, with a view to allowing RCCL an opportunity to restructure its business and affairs. The Applicant’s CCAA proceedings is referred to herein as the “**CCAA Proceedings**”.
2. The Proposed Initial Order contemplates that Richter be appointed as Monitor of the Applicant in the CCAA Proceedings (in such capacity, the “**Monitor**”).

II. PURPOSE OF REPORT

3. This report (the “**Report**”) has been prepared by Richter as the Proposed Monitor of the Applicant in the CCAA Proceedings. The purpose of the Report is to provide information to the Court pertaining to:
 - (i) Richter’s qualifications to act as Monitor;
 - (ii) background on the Applicant, including its corporate history, operations, financial position and creditors;
 - (iii) the Applicant’s decision to commence the CCAA Proceedings and to seek a stay of proceedings;
 - (iv) the Applicant’s thirteen-week cash flow forecast (the “**Cash Flow Forecast**”) for the period from June 29, 2020 to September 25, 2020 (the “**Forecast Period**”);
 - (v) the charges proposed in the Proposed Initial Order;
 - (vi) other relief being sought by the Applicant in the Proposed Initial Order with respect to creditor notice requirements;
 - (vii) an update on the Applicant’s intention to return to the Court for a motion (the “**Comeback Motion**”) seeking various other relief; and
 - (viii) the Proposed Monitor’s conclusions and recommendations.

III. TERMS OF REFERENCE

4. Capitalized terms used but not defined in this Report are defined in the Affidavit of Ravi Williams-Singh sworn June 26, 2020 (the “**Williams-Singh Affidavit**”), filed by the Applicant as part of its materials in support of the CCAA Application and the Proposed Initial Order. This Report should be read in conjunction with the Williams-

Singh Affidavit, as certain information contained in the Williams-Singh Affidavit has not been included herein in order to avoid duplication.

5. In preparing this Report, the Proposed Monitor has relied solely on information and documents provided by the Applicant and its advisors, including unaudited financial information, declarations and the Williams-Singh Affidavit (collectively, the “**Information**”). In accordance with industry practice, except as otherwise described in the Report, Richter has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards (“**GAAS**”) pursuant to the *Chartered Professional Accountants of Canada Handbook* and, accordingly, the Proposed Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.
6. Future orientated financial information contained in the Cash Flow Forecast is based on the Applicant’s estimates and assumptions regarding future events. Actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, the Proposed Monitor expresses no assurance as to whether the Cash Flow Forecast will be achieved.
7. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

IV. RICHTER’S QUALIFICATIONS TO ACT AS MONITOR

8. Richter was engaged by RCCL in April 2020 to provide advisory services and to assist the Applicant in reviewing various strategic options. Accordingly, Richter is familiar with RCCL’s business and financial affairs and is in a position to immediately assist the Applicant in its CCAA Proceedings.
9. Richter is a licensed insolvency trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada). Richter is not subject to any of the restrictions to act as Monitor as set out in section 11.7(2) of the CCAA and, in particular, neither Richter nor any of its representatives has been at any time in the two preceding years:
 - (i) a director, an officer or an employee of the Applicant;
 - (ii) related to the Applicant or to any director or officer of the Applicant; or
 - (iii) the auditor of the Applicant.

10. Should the Court grant the Applicant’s request to make the Proposed Initial Order, Richter has consented to act as Monitor. A copy of Richter’s consent to act as Monitor is attached as **Appendix “A”**. The Proposed Monitor has retained Borden Ladner Gervais LLP (“**BLG**”) to act as its legal counsel in the CCAA Proceedings.

V. OBJECTIVES OF THE CCAA PROCEEDINGS

11. The primary objectives of the CCAA Proceedings are to (i) stabilize RCCL’s business, (ii) ensure the Applicant has the necessary working capital to maximize the value of its business for the benefit of the Applicant’s stakeholders, while providing the opportunity to restructure its business and affairs, and (iii) implement a process to identify one or more parties interested in pursuing a sale or other strategic transaction for the business or assets of the Applicant through a court-supervised sale and investment solicitation process (“**SISP**”). In the event that the Proposed Initial Order is granted by the Court, the Proposed Monitor understands that it is currently the intention of the Applicant to seek the Court’s approval of a SISP at a later date.

VI. BACKGROUND

12. Detailed information with respect to the Applicant’s business, operations, products and causes of insolvency are detailed extensively in the Williams-Singh Affidavit. The information contained herein represents only a summary of the background to the CCAA proceedings.

13. As noted in the Williams-Singh Affidavit, RCCL is a private company incorporated in 1987 under the Ontario *Business Corporations Act*. RCCL is also extra-provincially registered under the laws of each Canadian province, excluding Prince Edward Island, in order to facilitate its business throughout Canada.

14. RCCL is in the business of manufacturing, marketing and distributing a comprehensive range of flooring, installation tools, adhesives, accessories and other flooring-related products in Canada. RCCL is a direct wholly-owned subsidiary of Roberts Consolidated Industries, Inc. (“**RCI**”), a private corporation incorporated under the laws of Delaware, and an indirect wholly-owned subsidiary of Q.E.P. Co. Inc. (“**QEP**”), a public company incorporated under the laws of Delaware. RCCL has no subsidiaries or equity interests in other corporate entities in Canada.

15. RCCL operates from the following leased premises:

| Location | Use | Business Segment | Lease Expiration Date |
|---|---------------------------|-------------------------|------------------------------|
| 34 Hansen Road South, Brampton, ON | Headquarters ¹ | Large Customer Segment | June 30, 2025 |
| 375 Pendant Drive, Mississauga, ON | Warehouse / Distribution | TPS Business Segment | March 1, 2023 |
| 15210-135th Avenue NW, Edmonton Alberta | Warehouse / Distribution | TPS Business Segment | June 30, 2022 |
| 65 Northfield Drive, Waterloo, ON | Office space | TPS Business Segment | Month-to-month |

(1) Includes office space, a manufacturing facility and warehouse space

16. RCCL also utilizes third party logistics providers in Vancouver, Edmonton, Winnipeg, Calgary and Toronto (the “3PLs”). RCCL operates on a month-to-month contract with each of the 3PLs.
17. RCCL comprises two business segments: the large customer segment (the “**Large Customer Segment**”) and the trading products sale segment (the “**TPS Business Segment**”).

Large Customer Segment

18. The Large Customer Segment is RCCL’s historical business that consists of manufacturing and distributing a variety of flooring, installation tools, adhesives, and other flooring-related products, to large home improvement chains such as Home Depot, Lowes, and Home Hardware, as well as large distributors such as Prosol for use by do-it-yourself consumers as well as construction, remodeling and installation professionals. The Large Customer Segment products are predominately sold under the ROBERTS®, QEP®, and Capitol® brands.

TPS Business Segment

19. The TPS Business Segment sells flooring and related products to independent dealers and distributors predominantly under the Kraus®, Harris® Wood, and Naturally Aged Flooring™ brands.
20. The Applicant launched the TPS Business Segment following the 2018 acquisition of substantially all the assets (and the assumption of certain liabilities) of a division of Kraus Canada LP and certain of its affiliates pursuant to an asset purchase agreement dated September 10, 2018 (the transaction closed in October 2018). According to the Williams-Singh Affidavit, RCCL acquired the TPS Business in order to expand its sales and distribution channels and its presence in the wood flooring market, adding approximately 1,200 dealers and distributors to distribute RCCL’s products, as well as to allow RCCL to reduce its customer concentration risk by diversifying RCCL’s customer base.
21. The Proposed Monitor understands that the TPS Business Segment is significantly more capital intensive compared to the Large Customer Segment. It has considerably more customers than the Large Customer Segment (approximately 450 customers vs. approximately 70 customers), requiring onerous overhead and other costs to adequately service them, including an extensive sales force, frequent and abundant supply of product samples / displays and logistics costs, including freight.

Employees

22. As noted in the Williams-Singh Affidavit, RCCL employed approximately 87 people (85 on a full-time basis and 2 on a temporary basis) as at April 29, 2020.

23. As further noted in the Williams-Singh Affidavit, of the Applicant's 87 employees as at April 29, 2020, approximately 60 are salaried employees and 27 are hourly employees. Certain of RCCL's employees also participate in a sales incentive plan and/or a bonus plan which provides for payments in addition to base salary. Further, certain salaried employees are also eligible to receive sales commissions on a monthly basis based on certain objectives / metrics.
24. RCCL sponsors a defined contribution pension plan provided by The Great-West Life Assurance Company. The Proposed Monitor understands that the Applicant is current on its contributions to the pension plan. RCCL's employees are not unionized nor are they subject to a collective bargaining agreement.

Historical Financial Results

25. Included in the Williams-Singh Affidavit are copies of the Applicant's unaudited financial statements for the twelve-month period ending February 29, 2020 and two-month period ending April 30, 2020. Set out below is a summary of the Applicant's segmented income statement for the twelve-month period ending February 29, 2020 and the two-month period ending April 30, 2020.

| Roberts Company Canada Limited | | | | | | | | |
|--|------------------------|----------------------|-------------------|------------------------|----------------------|-------------------|--|--|
| Consolidated Statement of Operations | | | | | | | | |
| (CAD\$000's; unaudited) | | | | | | | | |
| | 12 months ended | | | 2 months ended | | | | |
| | 29-Feb-20 | | | 30-Apr-20 | | | | |
| | Large Customer Segment | TPS Business Segment | Consolidated | Large Customer Segment | TPS Business Segment | Consolidated | | |
| Total revenues, net | \$ 22,055 | \$ 39,250 | \$ 61,305 | \$ 3,166 | \$ 5,092 | \$ 8,258 | | |
| Cost of goods sold | 17,104 | 29,271 | 46,375 | 2,384 | 4,117 | 6,501 | | |
| Gross Profit | \$ 4,951 | \$ 9,979 | \$ 14,930 | \$ 782 | \$ 975 | \$ 1,757 | | |
| Costs and expenses | | | | | | | | |
| Shipping Cost | \$ 2,000 | \$ 7,293 | \$ 9,293 | \$ 108 | \$ 927 | \$ 1,035 | | |
| Administrative Cost | 708 | 4,418 | 5,126 | 72 | 395 | 467 | | |
| Selling & Marketing Cost | 1,612 | 5,433 | 7,045 | 373 | 481 | 854 | | |
| Foreign Exchange | 11 | 312 | 323 | 63 | 235 | 298 | | |
| Other expenses (income) | - | (147) | (147) | - | 1 | 1 | | |
| Total costs and expenses | \$ 4,331 | \$ 17,309 | \$ 21,640 | \$ 616 | \$ 2,039 | \$ 2,655 | | |
| Income (loss) from operations | 620 | (7,330) | (6,710) | 166 | (1,064) | (898) | | |
| Interest expense | \$ 3 | \$ 1,171 | \$ 1,174 | \$ - | \$ 147 | \$ 147 | | |
| Inter-company cost | 596 | - | 596 | 80 | - | 80 | | |
| Income (loss) before income taxes | \$ 21 | \$ (8,501) | \$ (8,480) | \$ 86 | \$ (1,211) | \$ (1,125) | | |
| Income tax expense (benefit) | - | - | - | - | - | - | | |
| Net income (loss) | \$ 21 | \$ (8,501) | \$ (8,480) | \$ 86 | \$ (1,211) | \$ (1,125) | | |

Source: Information provided by the Applicants

26. As detailed above, the Applicant incurred net losses of approximately \$8.5 million for the twelve-month period ending February 29, 2020 and approximately \$1.1 million for the two-month period ending April 30, 2020, which were driven almost entirely from losses incurred by the TPS Business Segment. The losses are primarily due to

the significant overhead costs (shipping, administrative and sales and marketing) associated with operating the TPS Business Segment.

27. The Proposed Monitor understands that RCCL's operations have been funded, in large part, by QEP via intercompany advances and a reallocation of borrowing base availability from QEP and certain of its affiliates (defined below as the US Borrowers) to RCCL (as further discussed below). RCCL's business is not sustainable absent the financial support from QEP.
28. Set out below is RCCL's unaudited balance sheet as at April 30, 2020:

| Roberts Company Canada Limited | | | |
|--|------------------|---|------------------|
| Consolidated Balance Sheet - as at April 30, 2020 | | | |
| (CAD,000's; unaudited) | | | |
| Assets | | Liabilities | |
| Cash and cash equivalents | \$ 706 | Accounts payable | \$ 6,924 |
| Accounts receivable, net | 7,273 | Accrued expenses | 5,344 |
| Inventory | 15,702 | Inter-company liability | 2,246 |
| Prepaid expenses and other current assets | 697 | Total current | \$ 14,514 |
| Total current | \$ 24,378 | Bank of America Debt | 23,053 |
| Property and equipment, net | 602 | Other Long Term Liabilities | 2,922 |
| Goodwill | 1,040 | Total liabilities | \$ 40,489 |
| Other intangible assets, net | - | Total shareholders' equity | (10,339) |
| Other long-term assets | 4,130 | Total liabilities and shareholders' equity | \$ 30,150 |
| Total assets | \$ 30,150 | | |

Source: Information provided by the Applicants

29. As presented above, RCCL had total assets with a book value of approximately \$30.2 million as at April 30, 2020, which principally comprise inventory and accounts receivable. The book value of RCCL's total liabilities as at April 30, 2020 were approximately \$40.5 million, the majority of which was related to long-term debt owing to Bank of America of \$23.1 million (as discussed in further detail below). As at April 30, 2020, the date of the most recent internal financial statements, the book value of RCCL's total liabilities exceeded the book value of its total assets. As noted in the Williams-Singh Affidavit, the realizable value of certain categories of RCCL's asset may be lower than their book values.

Secured Creditors

30. The Proposed Monitor understands that RCCL is party to the Fourth Amended and Restated Loan Agreement dated as of January 31, 2017 by and among RCCL (the "**Canadian Borrower**"), QEP, RCI, Roberts Holding International Inc., Q.E.P. Zocalis Holding L.L.C., Boiardi Products Corporation, Roberts Capitol Inc., QEP – California Inc., QGrow Products, Inc., QEP – Tennessee Inc., Liberty Creek, Inc., Imperial Industries, Inc., All - Force Tool Company Inc., Q.E.P. Sun Valley Inc., Q.E.P. Oklahoma, Inc., Faus Group, Inc., Premix – Marbletite Manufacturing Co., A C Products Co. (collectively, the "**US Borrowers**" and together with the Canadian Borrower,

the “**ABL Borrowers**”), Bank of America, N. A. and the lenders from time to time party thereto (the “**Lenders**”), and Bank of America, N.A, as agent for the Lenders (in such capacity, the “**Agent**”), as amended by Amendment No.1 to Fourth Amended and Restated Loan Agreement dated as of October 5, 2018, Amendment No. 2 to Fourth Amended and Restated Loan Agreement dated as of January 22, 2019, Amendment No. 3 to Fourth Amended and Restated Loan Agreement and Waiver dated as of July 26, 2019, and Amendment No. 4 to Fourth Amended and Restated Loan Agreement dated as of January 27, 2020 (the “**ABL Agreement**”). The ABL Agreement provides for US\$85 million (the “**ABL Commitment**”) in revolving credit to the ABL Borrowers. Pursuant to the ABL Agreement, RCCL (i.e. the Canadian Borrower) is not deemed to guarantee or be liable for any Obligations (as defined in the ABL Agreement) of the US Borrowers pursuant to section 2.30(a) of the ABL Agreement.

31. The ABL Agreement is structured such that up to US\$23 million of the ABL Commitment may be allocated to RCCL (the “**Canadian ABL Commitment**”), subject to a borrowing base availability calculation based on RCCL’s eligible inventory and eligible accounts receivable. Of the total Canadian ABL Commitment, approximately US\$8.5 million represents a reallocation of borrowing base availability from the US Borrowers to RCCL, in accordance with the terms of the ABL Agreement, which has been critical to sustaining RCCL’s operations.
32. According to the Applicant’s books and records, as at April 30, 2020, the outstanding principal balance owing by RCCL under the ABL Agreement was approximately \$23.1 million (Canadian dollars).
33. As noted in the Williams-Singh Affidavit, pursuant to a security agreement dated December 30, 2008 (the “**ABL Security Agreement**”), RCCL granted security (the “**ABL Security**”) in favour of Bank of America to secure the payment and performance of its obligations under the ABL Agreement. Pursuant to the ABL Security Agreement, RCCL’s Obligations (as defined in the ABL Security Agreement) are secured by first priority liens on all of the present and after-acquired property, assets and undertakings of RCCL. Upon the amendment of the ABL Agreement pursuant to Amendment No. 1 to the Fourth Amended and Restated Loan Agreement dated October 5, 2018, the Borrowers entered into a Ratification and Reaffirmation of Security Agreement pursuant to which RCCL ratified, reaffirmed and confirmed the terms and provisions of the ABL Security Agreement. The Proposed Monitor understands that Bank of America has registered the ABL Security in Ontario, British Columbia, Manitoba and Alberta.
34. As further noted in the Williams-Singh Affidavit, on April 17, 2020, Bank of America provided written notice to QEP of an Event of Default under the ABL Agreement resulting from the Borrowers’ violation of certain covenants thereunder. Bank of America reserved all of its rights under the ABL Agreement. The Proposed Monitor has been advised by the Applicant that, following discussions between Bank of America, QEP and the Applicant, Bank of America has consented to the Applicant bringing the CCAA Application, and, as noted in the Williams-Singh Affidavit, has executed a Forbearance Agreement and Amendment No. 5 to Fourth Amended and Restated

Loan Agreement (the “**Forbearance Agreement**”) with the ABL Borrowers (including the Applicant) to confirm its support. The Forbearance Agreement contemplates, among other things, that Bank of America will (i) forbear from exercising its rights and remedies under the ABL Agreement, (ii) continue to make its revolving asset-based loan facilities available to the ABL Borrowers under the ABL Agreement during the CCAA Proceedings, subject to the terms and conditions set out therein, and (iii) provide further accommodations to RCCL by increasing the borrowing base capacity. As provided for in the Proposed Initial Order, Bank of America shall not be affected by the stay provisions in the Proposed Initial Order. The ability of Bank of America to take enforcement measures against the Applicant is governed by the Forbearance Agreement.

35. The Proposed Monitor has not yet had an opportunity to review the ABL Security. The Proposed Monitor has instructed its independent legal counsel, BLG, to review the ABL Security. If appointed, the Monitor (in such capacity) intends to report to the Court on the results of the security review, after it has been completed.
36. In addition to the foregoing, the Proposed Monitor understands that LiftCapital Corporation (“**LiftCapital**”) has registered security in Ontario against certain manufacturing equipment of RCCL. The Proposed Monitor has been advised by the Applicant that, as of the Proposed Filing Date, there are no amounts owing by RCCL, secured or otherwise, to LiftCapital.

Unsecured Creditors

37. Based on the Applicant’s books and records, as at April 30, 2020, RCCL’s unsecured obligations totalled approximately \$15.2 million (excluding any intercompany liabilities).

Intercompany Transactions

38. The Proposed Monitor understands that, in the ordinary course of RCCL’s business, RCCL engages in intercompany transactions with QEP and certain of its subsidiaries. The Proposed Monitor further understands that all intercompany transactions and associated cash transfers are made on an unsecured basis. According to the Applicant’s records, as at April 30, 2020, RCCL has a net intercompany payable owing to QEP and certain of its subsidiaries of approximately \$2.2 million.
39. As mentioned above, the US Borrowers, which includes QEP, also reallocated US\$8.5 million of its borrowing base availability to RCCL in support of the RCCL’s borrowing base capacity, on the basis of which the Canadian ABL Commitment is calculated. The additional liquidity is used by RCCL to fund its operations.

VII. DECISION TO COMMENCE CCAA PROCEEDINGS AND SEEK A STAY OF PROCEEDINGS

40. According to the Williams-Singh Affidavit, RCCL's financial performance has suffered primarily as a result of the following factors:
- (i) *The high cost of operating the TPS Business Segment* – the TPS Business Segment, which requires significant fixed costs, including to maintain and operate its leased facilities and its vast distribution network, has incurred substantial losses since its acquisition in October 2018. Despite efforts to improve the financial performance of the TPS Business Segment by implementing certain cost saving initiatives, including workforce reductions and limiting sales and marketing related costs, the TPS Business Segment continues to severely impact RCCL's viability; and
 - (ii) *Macroeconomic factors in Canada resulting from the COVID-19 pandemic* – The Proposed Monitor understands that the COVID-19 pandemic has had an immediate negative impact on RCCL's business and has impeded management's ability to successfully implement critical cost saving initiatives. Sales figures relating to RCCL's business have declined compared to their normal course amounts, as RCCL's customers have either been forced to temporarily close or drastically limit their ability to sell products to the end consumer.
41. The Proposed Monitor understands that the foregoing factors have contributed to RCCL's continued losses. Based on a revised sales budget and forecast, RCCL is projected to incur an additional \$3.9M of losses between the period of May 2020 to February 2021.
42. The Proposed Monitor has been advised by the Applicant that, although RCCL has historically benefited from ongoing financial support provided by QEP, due to the current economic environment and RCCL's declining financial performance, QEP is not willing to advance new funds to RCCL absent a restructuring.
43. In consideration of the foregoing, RCCL is facing a liquidity crisis. According to the Williams-Singh Affidavit, it is without the realizable assets and will, upon the cessation of ongoing support from QEP in the near-term, be without the funds required to meet its obligations as they become due, including employee obligations, trade debt, rent and other contractual commitments. In the circumstances, RCCL is seeking protection under the CCAA to afford RCCL the necessary breathing room to stabilize its business and pursue its restructuring. The CCAA proceeding would provide a forum to explore a plan of compromise or arrangement under the CCAA that would seek to maximize creditor and stakeholder recoveries and facilitate the potential sale or other strategic transaction in addition to, or as an alternative to, a plan of compromise or arrangement, with the purpose of maximizing value for all stakeholders.

VIII. OVERVIEW OF THE CASH FLOW FORECAST

44. The Applicant, in consultation with the Proposed Monitor, has prepared the Cash Flow Forecast for the purpose of projecting the Applicant's estimated liquidity needs during the Forecast Period. A copy of the Cash Flow Forecast is attached hereto as **Appendix "B"**.

| Roberts Company Canada Limited 13-Week Cash Flow Forecast For the Period June 29, 2020 - September 25, 2020 In C\$; unaudited | |
|--|----------------------------|
| Gross receipts | 9,335,000 |
| Disbursements | |
| Purchases | 5,245,000 |
| Payroll | 1,481,719 |
| Rent | 672,946 |
| Operating expenses | 2,646,350 |
| Professional fees | 1,969,000 |
| HST payables | 540,000 |
| Interest | 450,000 |
| Total disbursements | <u>13,005,014</u> |
| Net cashflow | (3,670,014) |
| Opening revolver balance | (20,850,000) |
| Net cash inflow / (outflow) | (3,670,014) |
| Subtotal | <u>(24,520,014)</u> |
| Availability block | (250,000) |
| Other reserves | (200,000) |
| Ending revolver balance | <u>(24,970,014)</u> |
| Canadian borrowing base | 23,790,503 |
| Availability | <u>(1,179,512)</u> |

45. The Cash Flow Forecast projects that the Applicant will experience a net cash outflow of approximately \$3.7 million over the Forecast Period, comprised of:
- (i) cash receipts of approximately \$9.3 million, primarily related to the collection of existing receivables and new sales generated from the sale of goods to various retail stores and distributors; and
 - (ii) cash disbursements of approximately \$13.0 million, primarily related to procurement of post-filing inventory, payroll and benefits, rent, other operating expenses (including the payment of critical vendor deposits), sales taxes, interest and the costs of the CCAA Proceedings.

46. The Cash Flow Forecast projects that RCCL will require interim financing during the Forecast Period. The Forbearance Agreement provides for certain accommodations that will increase RCCL's borrowing capacity, which will provide RCCL the interim financing it needs during the Forecast Period. The Proposed Monitor understands that the Applicant will be pursuing discussions with the Agent with respect to the structure of these accommodations, which may include the need for a debtor-in-possession ("**DIP**") financing facility. If, following discussions with the Agent, it is determined that a DIP facility is required, the Proposed Monitor understands that RCCL intends to return to Court to seek approval of DIP financing as part of the Comeback Motion. RCCL has sufficient liquidity to fund operations until the return date of the Comeback Motion.
47. The Cash Flow Forecast has been prepared by the Applicant on a conservative basis using probable and hypothetical assumptions set out in the notes to the Cash Flow Forecast. The Cash Flow Forecast reflects the Applicant's estimates of receipts and disbursements on a weekly basis over the Forecast Period.
48. The Proposed Monitor's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to Information supplied to it by the Applicant. Since the probable and hypothetical assumptions need not be supported, the Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposed Monitor also reviewed the support provided by management of the Applicant for the probable and hypothetical assumptions, and the preparation and presentation of the Cash Flow Forecast.
49. Based on the Proposed Monitor's review, nothing has come to its attention that causes it to believe that, in all material respects:
 - (i) the probable and hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;
 - (ii) as at the date of this Report, the probable and hypothetical assumptions developed by the Applicant are not suitably supported and consistent with the restructuring plan of the Applicant or do not provide a reasonable basis for the Cash Flow Forecast; or
 - (iii) the Cash Flow Forecast does not reflect the probable and hypothetical assumptions.
50. The Proposed Monitor notes that the Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

IX. PROPOSED CHARGES

51. The Proposed Initial Order provides for two priority charges (collectively the "**Charges**") on the current and future assets, undertakings and properties of the Applicant, wherever located, including all proceeds thereof, that rank in the following order:

- (i) First, the Administration Charge (as defined below) (to the maximum amount of \$500,000); and
- (ii) Second, the Directors' Charge (as defined below) (to the maximum amount of \$250,000).

Administration Charge

- 52. The Proposed Initial Order provides for a priority charge up to a maximum of \$500,000 (the "**Administration Charge**") in favour of the Applicant's counsel, Bennett Jones LLP, the Proposed Monitor and its counsel, as security for the professional fees and disbursements incurred prior to and after the commencement of the CCAA Proceedings.
- 53. The amount of the Administration Charge sought by the Applicant was determined in consultation with the Proposed Monitor.
- 54. Given the complexities of the Applicant's proceedings and the services to be provided by the professionals involved in these proceedings, the Proposed Monitor is of the view that the proposed Administration Charge is reasonable in the circumstances.

Directors' Charge

- 55. The Proposed Initial Order provides for a charge to indemnify the current directors and officers of the Applicant (the "**Directors and Officers**") against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of these CCAA proceedings (the "**Directors' Charge**").
- 56. The 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 such coverage is insufficient to pay an indemnified amount. As canvassed in the Williams-Singh Affidavit, the Proposed Monitor understands that the Applicant maintains directors' and officers' liability insurance.
- 57. The amount of the Directors' Charge has been calculated by the Applicant, taking into consideration sales taxes, employee payroll and related expenses (including source deductions) as well as other employment related liabilities that attract potential liability for the Directors and Officers.
- 58. The Proposed Monitor has been informed (and as noted in the Williams-Singh Affidavit) that due to the potential for personal liability, the Directors and Officers are unwilling to continue their services and involvement in the CCAA Proceedings without the protection of the Directors' Charge. As the Applicant will require the participation and experience of the Directors and Officers to facilitate the successful completion of the CCAA Proceedings,

including participating in a potential SISP, the Proposed Monitor believes that the Directors' Charge (both the amount and the priority ranking) is required and reasonable in the circumstances.

X. OTHER RELIEF TO BE SOUGHT IN THE PROPOSED INITIAL ORDER

59. Given the limitations imposed on the ability of the Applicant and the Proposed Monitor to process and send notices to creditors by physical mail as a result of the COVID-19 pandemic and the fact that many businesses may not have staff on site to open such mailings, the Applicant is seeking the Court's authorization to allow for the notices to known creditors to be delivered by e-mail instead of physical mail. In the current circumstances, the Proposed Monitor and the Applicant are of the view that the notices are more likely to come to the prompt attention of known creditors if they are delivered by e-mail. The Proposed Monitor believes that such relief is appropriate and reasonable in the circumstances.

XI. COMEBACK MOTION

60. Should the Court grant the Proposed Initial Order, the Proposed Monitor understands that the Applicant intends to return to the Court within 10 days of the Proposed Filing Date for the Comeback Motion seeking:

- (i) an extension of the stay of proceedings established by the Proposed Initial Order;
- (ii) approval of DIP financing, if required;
- (iii) an expansion of the Proposed Initial Order to include the more fulsome restructuring provisions, as typically included in CCAA initial orders; and
- (iv) certain other relief as may be required to advance the Applicant's restructuring.

61. Subsequent to the granting of the Proposed Initial Order, Richter (in its then capacity as Monitor) will report to the Court in connection with the Comeback Motion, as well as any other relief sought by the Applicant.

XII. PROPOSED MONITOR'S CONCLUSION AND RECOMMENDATIONS

62. Without CCAA protection and access to interim financing, a shut-down of the Applicant's operations is inevitable, which would have an adverse impact on the Applicant's stakeholders, including employees and customers. The stay of proceedings and related relief granted under the CCAA will provide the Applicant with an opportunity to restructure its business and affairs for the benefit of its stakeholders.

63. For the reasons set out in this Report, the Proposed Monitor is of the view that the relief requested by the Applicant is both appropriate and reasonable. The Proposed Monitor is also of the view that granting the relief requested will provide the Applicant the best opportunity to undertake a going-concern sale, or other restructuring under the

CCAA, thereby preserving value for the benefit of the Applicant's stakeholders. As such, the Proposed Monitor supports the Applicant's application for CCAA protection and respectfully recommends that the Court grant the relief sought by the Applicant in the Proposed Initial Order.

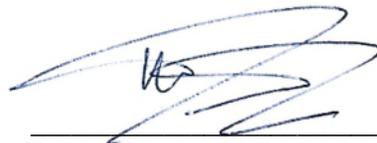
All of which is respectfully submitted this 26th day of June, 2020.

Richter Advisory Group Inc.
In its capacity as Proposed Monitor of
Roberts Company Canada Limited
And not in its personal or corporate capacity

Per:



Paul van Eyk,
CPA, CA-IFA, CIRP, LIT, Fellow of INSOL
Senior Vice President



Duncan Lau,
CPA, CMA, CIRP
Vice President

Appendix “A”

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

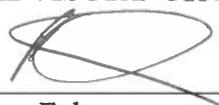
AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF ROBERTS COMPANY CANADA LIMITED

CONSENT TO ACT AS MONITOR

RICHTER ADVISORY GROUP INC. hereby consents to act as the Court-appointed Monitor of the Applicant, Roberts Company Canada Limited pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended, in respect of these proceedings.

Dated at Toronto, Ontario this 26th day of June, 2020

RICHTER ADVISORY GROUP INC.

Per: 

Name: Paul van Eyk

Appendix “B”

Court File No.

**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
ROBERTS COMPANY CANADA LIMITED**

**MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)**

The management of Roberts Company Canada Limited (the "**Applicant**") has developed the assumptions and prepared the attached statement of projected cash flow as of the 26th day of June 2020, consisting of the period from June 29, 2020 to September 25, 2020 (the "**Cash Flow Forecast**"),

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow Forecast described in the notes therein, and the probable assumptions are suitably supported and consistent with the plans of the Applicant and provide a reasonable basis for the Cash Flow Forecast. All such assumptions are disclosed in the notes therein.

Since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The Cash Flow Forecast has been prepared solely for the purpose described in the notes therein, using the probable and hypothetical assumptions set out therein. Consequently, readers are cautioned that the Cash Flow Forecast may not be appropriate for other purposes.

Dated at Toronto, in the Province of Ontario, this 26th day of June 2020.

Roberts Company Canada Limited



**Ravi Williams-Singh
Director / Chief Administrative Officer**

| Roberts Company Canada Limited | | | | | | | | | | | | | | | |
|--------------------------------|-------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 13-Week Cash Flow Forecast | | | | | | | | | | | | | | | |
| In C\$; unaudited | Notes | 1 03-Jul-20 | 2 10-Jul-20 | 3 17-Jul-20 | 4 24-Jul-20 | 5 31-Jul-20 | 6 07-Aug-20 | 7 14-Aug-20 | 8 21-Aug-20 | 9 28-Aug-20 | 10 04-Sep-20 | 11 11-Sep-20 | 12 18-Sep-20 | 13 25-Sep-20 | Total |
| | 1 | | | | | | | | | | | | | | |
| Gross Receipts | 2 | 710,000 | 710,000 | 750,000 | 750,000 | 755,000 | 755,000 | 755,000 | 755,000 | 755,000 | 660,000 | 660,000 | 660,000 | 660,000 | 9,335,000 |
| Disbursements | | | | | | | | | | | | | | | |
| Purchases | 3 | 240,000 | 240,000 | 550,000 | 550,000 | 405,000 | 405,000 | 405,000 | 405,000 | 405,000 | 410,000 | 410,000 | 410,000 | 410,000 | 5,245,000 |
| Payroll | 4 | 14,000 | 184,000 | 107,300 | 184,000 | 14,000 | 184,000 | 107,300 | 184,000 | 14,000 | 184,000 | 107,119 | 184,000 | 14,000 | 1,481,719 |
| Rent | 5 | 112,158 | - | 112,158 | - | - | 112,158 | - | 112,158 | - | 112,158 | - | 112,158 | - | 672,946 |
| Operating expenses | 6 | 213,600 | 134,500 | 590,750 | 334,500 | 234,500 | 134,500 | 190,750 | 134,500 | 134,500 | 124,500 | 180,750 | 119,500 | 119,500 | 2,646,350 |
| Professional fees | 7 | 263,000 | 263,000 | 113,000 | 113,000 | 113,000 | 113,000 | 113,000 | 113,000 | 113,000 | 113,000 | 113,000 | 113,000 | 313,000 | 1,969,000 |
| HST payables | 8 | - | - | 180,000 | - | - | - | 180,000 | - | - | - | 180,000 | - | - | 540,000 |
| Interest | 9 | 150,000 | - | - | - | 150,000 | - | - | - | 150,000 | - | - | - | - | 450,000 |
| Total Disbursements | | 992,758 | 821,500 | 1,653,208 | 1,181,500 | 916,500 | 948,658 | 996,050 | 948,658 | 816,500 | 943,658 | 990,869 | 938,658 | 856,500 | 13,005,014 |
| Net Cashflow | | (282,758) | (111,500) | (903,208) | (431,500) | (161,500) | (193,658) | (241,050) | (193,658) | (61,500) | (283,658) | (330,869) | (278,658) | (196,500) | (3,670,014) |
| Opening Revolver Balance | | (20,850,000) | (21,132,758) | (21,244,258) | (22,147,465) | (22,578,965) | (22,740,465) | (22,934,123) | (23,175,173) | (23,368,830) | (23,430,330) | (23,713,988) | (24,044,857) | (24,323,514) | (20,850,000) |
| Net cash inflow / (outflow) | | (282,758) | (111,500) | (903,208) | (431,500) | (161,500) | (193,658) | (241,050) | (193,658) | (61,500) | (283,658) | (330,869) | (278,658) | (196,500) | (3,670,014) |
| Subtotal | | (21,132,758) | (21,244,258) | (22,147,465) | (22,578,965) | (22,740,465) | (22,934,123) | (23,175,173) | (23,368,830) | (23,430,330) | (23,713,988) | (24,044,857) | (24,323,514) | (24,520,014) | (24,520,014) |
| Availability Block | | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) |
| Other Reserves | | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) |
| Ending Revolver Balance | | (21,582,758) | (21,694,258) | (22,597,465) | (23,028,965) | (23,190,465) | (23,384,123) | (23,625,173) | (23,818,830) | (23,880,330) | (24,163,988) | (24,494,857) | (24,773,514) | (24,970,014) | (24,970,014) |
| CDN Borrowing Base | | 25,091,071 | 24,869,098 | 24,674,568 | 24,631,488 | 24,588,408 | 24,459,619 | 24,359,192 | 24,258,766 | 24,158,339 | 24,057,913 | 23,968,776 | 23,879,639 | 23,790,503 | 23,790,503 |
| Availability | | 3,508,313 | 3,174,840 | 2,077,102 | 1,602,523 | 1,397,943 | 1,075,496 | 734,020 | 439,936 | 278,009 | (106,075) | (526,081) | (893,875) | (1,179,512) | (1,179,512) |

Roberts Company Canada Limited
13-Week Cash Flow Forecast
Notes and Summary of Assumptions

In the Matter of the CCAA Proceedings of Roberts Company Canada Limited (“RCCL” or the “Applicant”).

Disclaimer

In preparing this cash flow forecast (the “**Cash Flow Forecast**”), RCCL has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. Since the Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Cash Flow Forecast period will vary from the Cash Flow Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

The Cash Flow Forecast is presented in Canadian dollars. All defined terms that are not otherwise defined herein are to have the same meaning ascribed to them in the Report of the Proposed Monitor dated June 26, 2020.

Note 1 Purpose of the Cash Flow Forecast

The purpose of the Cash Flow Forecast is to present the estimated cash receipts and disbursements of RCCL for the period from June 29, 2020 to September 25, 2020 (the “**Forecast Period**”), in respect of its proceedings under the CCAA. The Cash Flow Forecast has been prepared by management of RCCL (“**Management**”) based on available financial information at the date of RCCL’s application for the Initial Order in accordance with Section 10(2)b) of the CCAA. Readers are cautioned that this information may not be appropriate or relied upon for any other purpose.

Note 2 Receipts

Receipts comprise of income earned from the sale of goods to various retail stores, independent residential contractors and distributors. The Cash Flow Forecast assumes a reduced revenue plan based on Management’s best estimate in light of COVID-19 and collections are based on historical payment terms of key customers.

Note 3 Purchases

RCCL purchases inventory from various third-party vendors. The Cash Flow Forecast assumes inventory is purchased 60 days in advance and purchases are reflective of the reduced revenue plan.

Note 4 Payroll

Payroll expenses include salaries and wages, payroll taxes and remittances, accrued vacation, and employee benefits paid to RCCL Employees. Payroll expenses are forecasted based on a headcount reduction plan and are paid bi-weekly, with an exception for payroll expenses related to manufacturing employees, which are paid on a weekly basis.

Note 5 Rent

Represents rental payments for the Applicant's four leased facilities. Rental payments include taxes, maintenance, insurance and other costs provided for in the respective leases. Rent is forecasted based on historical run-rates and paid in two equal payments on the first and fifteenth day of each month.

Note 6 Operating Expenses

Operating expenses comprise of general business expenses, including marketing, insurance, utilities, freight and shipping, general and administrative, research and development, among others.

Note 7 Professional Fees

Professional fees include payments to the Applicant's legal counsel, the Monitor, the Monitor's legal counsel, and the secured lender's legal counsel.

Note 8 HST Payables

The Applicant is projecting to be in a net HST payable position and files HST returns and remits HST on a monthly basis.

Note 9 Interest

Represents interest paid during the Forecast Period to Bank of America. Additionally, the Cash Flow Forecast assumes no principal payments during the Forecast Period.

**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
ROBERTS COMPANY CANADA LIMITED**

**MONITOR'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)**

The attached statement of projected cash flow of Roberts Company Canada Limited ("RCCL" or the "Applicant") prepared as of the 26th day of June 2020, consisting of the period from June 29, 2020 to September 25, 2020 (the "Cash Flow Forecast"), has been prepared by management of the Applicant for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Cash Flow Forecast.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by management and employees of the Applicant. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow Forecast.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- (a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;
- (b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Applicant or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or
- (c) the Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

Since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow Forecast will be achieved.

The Cash Flow Forecast has been prepared solely for the purpose described in the notes thereto and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, in the Province of Ontario, this 26th day of June 2020.

**RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS PROPOSED CCAA MONITOR OF
ROBERTS COMPANY CANADA LIMITED
AND NOT IN ITS PERSONAL CAPACITY**

Per:



**Paul van Eyk
CPA, CA, CIRP, LIT, IFA, Fellow of INSOL**

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
ROBERTS COMPANY CANADA LIMITED

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

**REPORT OF THE PROPOSED
MONITOR, RICHTER ADVISORY
GROUP INC.**

BORDEN LADNER GERVAIS LLP

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Lawyers for Richter Advisory Group Inc.

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Appendix "C"

Second Report of the Monitor

RICHTER

Court File No.: CV-20-00643158-00CL

ROBERTS COMPANY CANADA LIMITED

**FIRST REPORT OF RICHTER ADVISORY GROUP INC.,
IN ITS CAPACITY AS MONITOR**

JULY 6, 2020

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APPENDICES

APPENDIX "A" – Initial Order dated June 29, 2020

APPENDIX "B" – Pre-Filing Report of the Proposed Monitor dated June 26, 2020

APPENDIX "C" – Notice Published in The Globe and Mail (National Edition) on July 3, 2020

APPENDIX "D" – Revised Cash Flow Forecast

APPENDIX "E" – Monitor's Report on the Revised Cash Flow Forecast

**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
ROBERTS COMPANY CANADA LIMITED**

**FIRST REPORT OF RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS MONITOR**

JULY 6, 2020

I. INTRODUCTION

1. On June 29, 2020 (the “**Filing Date**”), the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issued an initial order (the “**Initial Order**”) granting Roberts Company Canada Limited (“**RCCL**” or the “**Company**”) protection pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”). Pursuant to the Initial Order, Richter Advisory Group Inc. (“**Richter**”) was appointed as the Company’s Monitor (the “**Monitor**”).
2. The Initial Order, *inter alia*:
 - (i) granted a stay of proceedings in favour of the Company until July 9, 2020 (the “**Stay Period**”);
 - (ii) approved a charge in respect of the fees and disbursements of the Monitor, its counsel and counsel to the Company, in the amount of \$500,000 (the “**Administration Charge**”); and
 - (iii) approved an indemnity and charge in favour of RCCL’s directors and officers in the amount of \$250,000 (the “**Directors’ Charge**”) in respect of obligations and liabilities that the directors and officers may incur from and after the Filing Date.

A copy of Initial Order is attached hereto as **Appendix “A”**. The proceedings commenced by RCCL under the CCAA are herein referred to as the “**CCAA Proceedings**”.

3. Richter, in its capacity as proposed monitor of RCCL, filed a report with the Court dated June 26, 2020 (the “**Pre-Filing Report**”) in support of the Company’s application for the Initial Order. A copy of the Pre-Filing Report is attached hereto as **Appendix “B”**. Copies of Court and other materials pertaining to the CCAA Proceedings are available on the Monitor’s website at <http://www.richter.ca/insolvencycase/roberts-company-canada-limited/> (the “**Monitor’s Website**”).
4. The principal purpose of the CCAA Proceedings is to stabilize RCCL’s business and to provide a forum to explore a plan of compromise or arrangement under the CCAA (a “**Plan**”) that would seek to maximize creditor and stakeholder recoveries.

II. PURPOSE OF THE FIRST REPORT

5. The purpose of this First Report of the Monitor (the “**First Report**”) is to provide information to the Court pertaining to:
 - (i) background about the Company;

- (ii) the activities of the Company and the Monitor since the issuance of the Initial Order;
- (iii) the Company's revised thirteen-week cash flow forecast (the "**Revised Cash Flow Forecast**") for the period from June 29, 2020 to September 25, 2020 (the "**Forecast Period**");
- (iv) the Company's request for certain amendments to the Initial Order, as set out in the draft amended and restated initial order, included as part of the Company's Motion Record for the within motion (the "**Amended and Restated Initial Order**"), including:
 - (a) expanding the Company's restructuring authority and the Monitor's ability to assist with the Company's restructuring efforts;
 - (b) approving the Company's proposed key employee retention plan (the "**KERP**") and a charge in favour of the KERP Employees (as hereinafter defined) up to the maximum aggregate amount of \$200,000 to secure payments due under the KERP (the "**KERP Charge**");
 - (c) authorizing that the KERP Summary (as hereinafter defined), which includes the identity and personal compensation information of the KERP Employees, be sealed;
 - (d) authorizing the Company, in consultation with the ABL Lender (as hereinafter defined), and with the consent of the Monitor, to pay pre-filing amounts owing to certain of RCCL's third party suppliers;
 - (e) granting a charge (the "**ABL Lender's DIP Charge**") in favour of the ABL Lender (as hereinafter defined) as security for all of the obligations of the Company to the ABL Lender relating to advances made to the Company under the ABL Agreement (as hereinafter defined) from and after the date of the proposed Amended and Restated Initial Order; and
 - (f) extending the Stay Period up to and including August 31, 2020; and
- (v) the Monitor's conclusions and recommendations.

III. DISCLAIMER AND TERMS OF REFERENCE

6. The First Report should be read in conjunction with the Affidavit of Ravi Williams-Singh sworn July 6, 2020 (the "**July 6 Williams-Singh Affidavit**") filed by the Company in support of the relief sought in the within motion, as certain information contained in the July 6 Williams-Singh Affidavit has not been included herein in order to avoid duplication.

7. In preparing the First Report, the Monitor has relied solely on information and documents provided by the Company and its advisors, including unaudited financial information, declarations and the July 6 Williams-Singh Affidavit (collectively, the “**Information**”). In accordance with industry practice, except as otherwise described in the First Report, Richter has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards (“**GAAS**”) pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.
8. Future orientated financial information contained in the Revised Cash Flow Forecast is based on the Company’s estimates and assumptions regarding future events. Actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Revised Cash Flow Forecast will be achieved.
9. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

IV. BACKGROUND ON THE COMPANY

10. Information with respect to, *inter alia*, the Company’s business, operations, products, creditors and causes of insolvency is detailed extensively in the affidavit of Ravi Williams-Singh sworn June 26, 2020 and the Pre-Filing Report and is not repeated herein. The information below provides a summary of the Company’s background.
11. RCCL is in the business of manufacturing, marketing and distributing a comprehensive range of flooring, installation tools, adhesives, accessories and other flooring-related products in Canada. RCCL is a direct wholly-owned subsidiary of Roberts Consolidated Industries, Inc. (“**RCI**”), a private corporation incorporated under the laws of Delaware, and an indirect wholly-owned subsidiary of Q.E.P. Co. Inc. (“**QEP**”), a public company incorporated under the laws of Delaware. RCCL has no subsidiaries or equity interests in other corporate entities in Canada.
12. RCCL comprises two business segments: (i) the large customer segment (the “**Large Customer Segment**”), which consists of manufacturing and distributing a variety of flooring, installation tools, adhesives, and other flooring-related products, to large home improvement chains such as Home Depot, Lowes, and Home Hardware, as well as large distributors such as Prosol for use by do-it-yourself consumers as well as construction, remodeling and installation professionals, and (ii) the trading products sale segment (the “**TPS Business Segment**”), which sells flooring and related products to independent dealers and distributors predominantly under the Kraus®, Harris® Wood, and Naturally Aged Flooring™ brands. The TPS Business Segment requires

significant fixed costs to operate in comparison to the Large Customer Segment. Since launching the TPS Business Segment following its acquisition in October 2018, the TPS Business Segment has incurred significant losses, which severely impacted RCCL's viability.

13. RCCL operates from four leased premises located in Brampton, Mississauga, Waterloo and Edmonton.
14. As of the Filing Date, RCCL had approximately 63 employees. RCCL sponsors a defined contribution pension plan and is current on all contributions thereto. Its employees are not unionized nor are they subject to a collective bargaining agreement.

Secured Creditors

15. RCCL is party to the Fourth Amended and Restated Loan Agreement dated as of January 31, 2017 (as amended by amendments dated October 5, 2018, January 22, 2019, July 26, 2019, January 27, 2020 and June 26, 2020) (the "**ABL Agreement**") by and among RCCL (the "**Canadian Borrower**"), QEP, RCI, Roberts Holding International Inc., Q.E.P. Zocalis Holding L.L.C., Boiardi Products Corporation, Roberts Capitol Inc., QEP – California Inc., QGrow Products, Inc., QEP – Tennessee Inc., Liberty Creek, Inc., Imperial Industries, Inc., All - Force Tool Company Inc., Q.E.P. Sun Valley Inc., Q.E.P. Oklahoma, Inc., Faus Group, Inc., Premix – Marblitite Manufacturing Co., A C Products Co. (collectively, the "**US Borrowers**" and together with the Canadian Borrower, the "**ABL Borrowers**"), Bank of America, N. A. ("**Bank of America**") and the lenders from time to time party thereto (collectively, with Bank of America, the "**ABL Lender**"), and Bank of America, as agent for the ABL Lender (in such capacity, the "**Agent**").
16. According to the Company's books and records, as at June 26, 2020, the date of the RCCL's most recent borrowing base submission, the outstanding principal balance owing by RCCL under the ABL Agreement was approximately \$21.4 million.

ABL Security

17. Pursuant to an Ontario law governed security agreement dated December 30, 2008 (the "**ABL Security Agreement**"), RCCL granted security (the "**ABL Security**") in favour of Bank of America, as Agent, for itself and on behalf of the ABL Lender, to secure the payment and performance of its obligations under the ABL Agreement. Pursuant to the ABL Security Agreement, RCCL's Obligations (as defined therein) are secured by a continuing security interest in all of the present and after-acquired property, assets and undertakings of RCCL. The ABL Security is registered first in time in Ontario, British Columbia, Manitoba and Alberta.

18. In addition to the foregoing, LiftCapital Corporation (“**LiftCapital**”) has registered security in Ontario against certain equipment of RCCL. As at the Filing Date, there were no amounts owing by RCCL, secured or otherwise, to LiftCapital.
19. The Monitor instructed its independent legal counsel, Borden Ladner Gervais LLP (“**BLG**”), to provide it with an opinion with respect to the validity and enforceability of the ABL Security in the Province of Ontario and a registration opinion in the Provinces of Ontario and Alberta (the “**Security Opinion**”). BLG has confirmed to the Monitor that, subject to customary opinion assumptions and qualifications which are set out in the Security Opinion:
 - (i) the ABL Security is a valid and legally binding obligation of RCCL enforceable against RCCL in accordance with its terms;
 - (ii) the ABL Security creates a valid security interest in the personal property described therein in which RCCL has rights, to secure the payment and performance of the obligations described therein as being secured by such security interest; and
 - (iii) the ABL Security has been registered as required under the *Personal Property Security Act* (Ontario) and the *Personal Property Security Act* (Alberta) to perfect the security interests in personal property constituted thereby.

Forbearance Agreement

20. Following certain defaults under the ABL Agreement, but prior to the Court granting the Initial Order, RCCL and the other ABL Borrowers entered into a forbearance agreement and amendment No. 5 to the fourth amended and restated loan agreement dated June 26, 2020 (the “**Forbearance Agreement**”) pursuant to which the ABL Lender has agreed to, among other things, (i) forbear from exercising its rights and remedies under the ABL Agreement with respect to existing defaults, (ii) continue to make its revolving asset-based loan facilities available to the ABL Borrowers under the ABL Agreement during the CCAA Proceedings, subject to the terms and conditions set out therein, and (iii) provide further accommodations to RCCL by increasing the borrowing base capacity. As provided for in the Initial Order, the ABL Lender is not affected by the stay provisions in the Initial Order. The ability of the ABL Lender to take enforcement measures against RCCL is governed by the Forbearance Agreement.

V. ACTIVITIES OF THE COMPANY

21. Since the Filing Date, the Company, with the assistance of the Monitor, has been managing its operations in the normal course and working to stabilize its business. The Company has primarily been focused on managing relationships with key stakeholders and addressing operational issues arising in connection with the commencement of the CCAA Proceedings.
22. As outlined in the July 6 Williams-Singh Affidavit, the activities of the Company, since the Filing Date, with the support of their legal advisors, have included:
 - (i) managing relationships with key stakeholders, including customers, suppliers and landlords and implementing a communication plan to advise of the CCAA Proceedings;
 - (ii) meeting with RCCL's employees, together with the Monitor, regarding the CCAA Proceedings;
 - (iii) assisting the Monitor in preparing and delivering notices to creditors and other stakeholders, as required by the Initial Order and the CCAA;
 - (iv) developing the KERF for employees that are, in the view of the Company, critical to maintaining the ongoing operations of RCCL;
 - (v) communicating with Bank of America regarding several matters concerning the CCAA Proceedings;
 - (vi) managing cash flows and making payments in accordance with the Initial Order;
 - (vii) preparing, in consultation with the Monitor, the Revised Cash Flow Forecast and related financial information to evaluate potential scenarios under consideration and determine next steps in the CCAA Proceedings; and
 - (viii) preparing materials, together with the Monitor, seeking relief sought in the within motion.
23. As further noted in the July 6 Williams-Singh Affidavit, the Company has not yet made any definitive decisions regarding the direction of its restructuring and requires more time to continue discussions with its key stakeholders and consider its options to maximize value for the benefit of all stakeholders.

VI. ACTIVITIES OF THE MONITOR

24. Since its appointment, the Monitor's activities have included:

- (i) arranging for notice of the CCAA Proceedings to be published in the July 3, 2020 (the “**July 3 Globe Notice**”) and July 8, 2020 editions of The Globe and Mail (National Edition), in accordance with the Initial Order and the CCAA. A Copy of the July 3 Globe Notice is attached hereto as **Appendix “C”**;
- (ii) sending a notice, within five days of the issuance of the Initial Order, of the CCAA Proceedings to all known creditors of RCCL with claims exceeding \$1,000, in accordance with the Initial Order and the CCAA. Notice was also sent to certain other persons, including creditors with claims less than \$1,000, applicable tax authorities and any other party that requested a copy;
- (iii) filing prescribed documents with the Office of the Superintendent of Bankruptcy pursuant to the CCAA;
- (iv) establishing and maintaining the Monitor’s Website, where all Court documents and other material documents pertaining to the CCAA Proceedings are available in electronic form;
- (v) implementing procedures for the monitoring of the Company’s cash flows and for ongoing reporting of variances to the Company’s cash flow forecast;
- (vi) attending at the Company’s leased facilities in Brampton, Ontario and Waterloo, Ontario to meet with the Company’s employees regarding the CCAA Proceedings;
- (vii) corresponding extensively with the Company and its legal counsel regarding the Revised Cash Flow Forecast, cash management, and various other matters in connection with the CCAA Proceedings;
- (viii) corresponding with BLG, the Monitor’s legal counsel, as well as Bennett Jones LLP, counsel to the Company;
- (ix) responding to calls and enquiries from creditors and other stakeholders in connection with the CCAA Proceedings;
- (x) reviewing materials filed with the Court in respect of the CCAA Proceedings; and
- (xi) preparing the First Report.

VII. REVISED CASH FLOW FORECAST

25. The Company previously filed a cash flow forecast (the “**Initial Cash Flow Forecast**”) setting out the Company’s projected receipts and disbursements during the Forecast Period in support of its application for the Initial Order. A copy of the Cash Flow Forecast is included as Appendix “B” to the Pre-Filing Report.

26. The Company, in consultation with the Monitor, prepared a revised cash flow forecast (the “**Revised Cash Flow Forecast**”), representing a revised forecast of its receipts and disbursements during the Forecast Period. The principal differences between the Initial Cash Flow Forecast and the Revised Cash Flow Forecast include: (i) allocating additional borrowing base availability of approximately US\$1.5 million (the “**Additional Borrowing Base Allocation**”) from the US Borrowers as permitted under the Forbearance Agreement (as discussed in the Pre-Filing Report, the ABL Agreement permitted the US Borrowers to allocate approximately US\$8.5 million of borrowing base availability to RCCL) and (ii) the inclusion of the KERP of approximately \$200,000.
27. A copy of the Revised Cash Flow Forecast, including the notes and assumptions thereto, is attached hereto as **Appendix “D”**, and is summarized as follows:

| Roberts Company Canada Limited | |
|---------------------------------------|---------------------|
| 13-Week Cash Flow Forecast | |
| In C\$; unaudited | Total |
| Gross receipts | 9,335,000 |
| Disbursements | |
| Purchases | 4,838,000 |
| Payroll | 1,481,719 |
| Rent | 672,946 |
| Operating expenses | 2,646,350 |
| Professional fees | 1,769,000 |
| HST payables | 540,000 |
| Interest | 450,000 |
| KERP | 200,000 |
| Total disbursements | 12,598,014 |
| Net cashflow | (3,263,014) |
| Opening revolver balance | (21,265,800) |
| Net cash inflow / (outflow) | (3,263,014) |
| Subtotal | (24,528,814) |
| Court-order charges | (950,000) |
| Other reserves | (200,000) |
| Ending revolver balance | (25,678,814) |
| Canadian borrowing base | 25,899,449 |
| Availability | 220,635 |

28. The Revised Cash Flow Forecast projects that the Company will experience a net cash outflow of approximately \$3.3 million over the Forecast Period, comprised of:
- (i) cash receipts of approximately \$9.3 million, primarily related to the collection of existing receivables and new sales generated from the sale of goods to various retail stores and distributors; and

- (ii) cash disbursements of approximately \$12.6 million, primarily related to procurement of post-filing inventory, payroll and benefits, rent, other operating expenses (including the payment of the Pre-Filing Critical Supplier Payments (as hereinafter defined) and post-filing critical vendor deposits), sales taxes, interest, the KERP and the costs of the CCAA Proceedings.
29. As noted in the Pre-filing Report, the Initial Cash Flow Forecast projected that the Company would require interim financing during the Forecast Period and would, if necessary, pursue discussions with the Agent with respect to entering into a debtor-in-possession financing facility to fund RCCL's operations. It is now anticipated that, due to certain accommodations provided for in the Forbearance Agreement, including the Additional Borrowing Base Allocation, RCCL will have, subject to obtaining the relief sought in the Amended and Restated Initial Order, sufficient liquidity using its borrowing base facilities, to be secured by way of the ABL Lender's DIP Charge in respect of borrowings from and after the date of the Amended and Restated Initial Order, to fund operations during the Forecast Period.
30. A copy of the Monitor's statutory report on the Revised Cash Flow Forecast is attached hereto as **Appendix "E"**.

VIII. PROPOSED AMENDMENTS TO THE INITIAL ORDER

Expanded Restructuring Powers

31. As detailed in the July 6 Williams-Singh Affidavit, the proposed Amended and Restated Initial Order sought by RCCL provides for certain amendments to the Initial Order, specifically the addition of more fulsome restructuring provisions, including, among others, the authorization of the Company to file a Plan. In addition, the proposed Amended and Restated Initial Order contemplates including provisions that expand the Monitor's ability to assist with RCCL's restructuring efforts, including, advising RCCL in the development of a Plan and assisting RCCL with holding and administering meeting(s) for voting purposes.

The Key Employee Retention Plan

32. As detailed in the July 6 Williams-Singh Affidavit, the Company, in consultation with the Monitor, has developed and is proposing to implement the KERP to incentivize certain key employees (the "**KERP Employees**" and each, a "**KERP Employee**") that the Company considers critical to RCCL's ongoing operations, the preservation of its value and the successful achievement of its restructuring, to remain with RCCL during the CCAA Proceedings and following completion of RCCL's restructuring efforts. The Monitor understands that the KERP Employees comprise four key supply chain employees and between two and five other key employees of RCCL, who have developed certain expertise in their roles at RCCL that is not readily replaceable, particularly on a cost effective

basis. The Company is concerned that without the approval of the KERP, the KERP Employees may seek alternative employment, which could jeopardize the Company's ability to achieve a successful restructuring.

33. The key attributes of the proposed KERP are as follows:
- (i) the KERP Employees are to receive a lump sum cash payment (the "**Retention Payment**"), less applicable deductions, within 30 business days after December 31, 2020;
 - (ii) compensation under the proposed KERP is based on the respective KERP Employees' position, responsibilities, salary and other factors;
 - (iii) the Retention Payment will be made to each KERP Employee who, at the time the Retention Payment is payable, has not: (i) resigned from their employment with RCCL; (ii) had their employment with RCCL terminated with cause; or (iii) failed to perform their duties and responsibilities diligently, faithfully and honestly;
 - (iv) each KERP Employee must execute a release of any and all claims against RCCL and its affiliates, and each of their directors and officers, relating to their employment up to the date of the Retention Payment, which is consistent with the existing arrangements with each KERP Employee that is currently in place with the Company;
 - (v) each KERP Employee is entitled to the full amount of their respective Retention Payment if their employment is terminated without cause following their entrance into the KERP; and
 - (vi) Court approval of the KERP must be obtained.
34. Filed with this Court on a sealed and confidential basis as Exhibit "A" to the July 6 Williams-Singh Affidavit is the form of the letter setting out the terms of the KERP and a detailed listing of the KERP Employees with their current positions, salaries and proposed payments under the KERP (the "**KERP Summary**"). The KERP Summary is the subject of a request for a sealing order from the Court. The Monitor is of the view that it is not necessary to publicize the individual names and details of the KERP Employees for privacy reasons and supports the Company's request for a sealing order.
35. The proposed Amended and Restated Initial Order contemplates that the KERP Charge would rank subordinate only to the Administration Charge and the Directors' Charge (each as defined in the Initial Order). The Monitor understands that the quantum and priority of the KERP Charge are in accordance with the terms of the Forbearance Agreement.

36. The Monitor is of the view that the involvement of the KERP Employees will benefit the Company's stakeholders as it will enhance the prospect of achieving a successful restructuring. The Monitor has reviewed the calculation of the proposed quantum of the payments under the KERP and is of the view that these amounts are reasonable and justified in the circumstances. The Monitor is of the view that the KERP and the KERP Charge are reasonably necessary to ensure the continued employment of the KERP Employees.
37. In consideration of the foregoing, the Monitor supports the Company's request for the approval of the KERP and the granting of the KERP Charge.

Payment of Certain Pre-Filing Amounts to Critical Suppliers

38. The Monitor has been advised by the Company that RCCL is dependent on a continuous and uninterrupted supply of goods from certain of its third party foreign (including overseas) and domestic suppliers. An interruption to this critical component of RCCL's supply chain could have an immediate and adverse impact on RCCL's business and ability to successfully restructure. As noted in the July 6 Williams-Singh Affidavit, notwithstanding the proposed provisions in the Amended and Restated Initial Order concerning the continuous supply of goods to the Company during the CCAA Proceedings, given the practical difficulties in enforcing the stay of proceedings in foreign jurisdictions and the unfamiliarity of the CCAA process to certain of RCCL's foreign suppliers, RCCL believes that the payment of certain pre-filing amounts to certain suppliers may be necessary to avoid significant disruption to its supply chain.
39. In consideration of the foregoing, and as noted in the July 6 Williams-Singh Affidavit, the Company has proposed in the Amended and Restated Initial Order that it be authorized, in consultation with the ABL Lender and with the consent of the Monitor, to pay for amounts owing for goods and services supplied prior to the Filing Date by certain third party suppliers, up to a maximum aggregate amount of \$700,000 (the "**Pre-Filing Critical Supplier Payments**"), if, in the opinion of the Company, the supplier is critical to the ongoing operations of RCCL, its business, or preservation of RCCL's property and the payment is required to ensure ongoing supply.
40. The Monitor is of the view that the uninterrupted, timely supply of certain goods is necessary to preserve the Company's enterprise value and that payment of pre-filing amounts owing to certain of its suppliers may be necessary to ensure such uninterrupted supply. Accordingly, the Monitor supports the Company's request for the Amended and Restated Initial Order to authorize it to make the Pre-Filing Critical Supplier Payments, subject to prior consultation with the ABL Lender and with the consent of the Monitor. For additional clarity, pursuant to paragraph 7(c) of the proposed Amended and Restated Initial Order, the Monitor is required to approve all such contemplated payments, which will only be made in consultation with the ABL Lender.

The ABL Lender's DIP Charge

41. A condition of the Forbearance Agreement requires that, by no later than July 9, 2020, RCCL obtain an order of the Court approving the ABL Lender's DIP Charge, which charge shall rank subordinate only to the Administration Charge, the Directors' Charge and the KERP Charge. The ABL Lender's DIP Charge will only secure advances made to RCCL after the date of the Amended and Restated Initial Order.
42. As set out in the Revised Cash Flow Forecast, access to the liquidity provided under the ABL Agreement and the Forbearance Agreement is critical to the ongoing operations of RCCL during the CCAA Proceedings. In consideration of the foregoing, the Monitor supports the granting of the ABL Lender's DIP Charge.

Extension of the Stay Period

43. The Stay Period expires on July 9, 2020. The Company is seeking an extension of the Stay Period up to and including August 31, 2020.
44. The Monitor supports the Company's request for an extension of the Stay Period from July 9, 2020 up to and including August 31, 2020 for the following reasons:
 - (i) the Company has acted and continues to act in good faith and with due diligence;
 - (ii) the extension will provide the Company with the opportunity to continue its review of its restructuring options with the assistance of counsel and the Monitor, including, among other things, exploring a potential Plan;
 - (iii) the extension will allow the Company to develop a claims process and obtain Court approval thereof;
 - (iv) the granting of the extension should not materially prejudice any creditor of the Company as, subject to obtaining the relief sought in the Amended and Restated Initial Order, the Company is projected to have sufficient funding to continue to operate in the normal course through the proposed stay extension period; and
 - (v) the Agent, on behalf of the ABL Lender, supports the stay extension to August 31, 2020.

IX. MONITOR'S RECOMMENDATIONS

45. For the reasons set out in this First Report, the Monitor is of the view that the relief requested by the Company is both appropriate and reasonable. The Monitor is also of the view that granting the relief requested will provide the Company the best opportunity to complete a restructuring under the CCAA, thereby preserving value for the benefit of the Company's stakeholders.

46. Based on the foregoing, the Monitor respectfully recommends that this Court approve the relief sought in the Amended and Restated Initial Order.

All of which is respectfully submitted this 6th day of July 2020.

**RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS MONITOR OF
ROBERTS COMPANY CANADA LIMITED
AND NOT IN ITS PERSONAL CAPACITY**

Per:



Paul van Eyk,
CPA, CA-IFA, CIRP, LIT, Fellow of INSOL
Senior Vice President



Duncan Lau
CPA, CMA, CIRP
Vice President

Appendix “A”

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

| | | |
|----------------------|---|-------------------|
| THE HONOURABLE MADAM |) | MONDAY, THE 29th |
| |) | |
| JUSTICE GILMORE |) | DAY OF JUNE, 2020 |

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 ROBERTS COMPANY CANADA
LIMITED

(the “**Applicant**”)

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 by way of video-conference due to the COVID-19 crisis.

ON READING the affidavit of Ravi Williams-Singh sworn June 26, 2020 (the “**Williams-Singh Affidavit**”) and the Exhibits thereto, the pre-filing report of Richter Advisory Services Inc. (“**Richter**”), in its capacity as proposed monitor (the “**Monitor**”) to the Applicant, dated June 26, 2020, 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 the proposed Monitor, counsel for Bank of America, N.A., as Agent, and those other parties listed on the counsel slip, no one else appearing although duly served as appears from the affidavit of service of Danish Afroz sworn June 26, 2020, and on reading the consent of Richter to act as the Monitor,

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing 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

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

POSSESSION OF PROPERTY AND OPERATIONS

3. **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, contractors, 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.

4. **THIS COURT ORDERS** that the Applicant shall be entitled to continue to utilise the central cash management system currently in place, in accordance with the ABL Forbearance Agreement dated as of June 26, 2020 (as amended, restated or otherwise modified from time to time, the “**ABL Forbearance Agreement**”), as described in the Williams-Singh 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.

5. **THIS COURT ORDERS** that, subject to the terms of the ABL Forbearance Agreement, including the terms therein that refer to the Approved CCAA Cash Flow (as defined in the ABL Forbearance Agreement), the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order:

- (a) all outstanding and future wages, salaries, commissions, compensation, employee benefits, pension benefits, vacation pay and expenses (including, without limitation, payroll and benefits processing and servicing 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; and
- (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.

6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein and subject to the terms of the ABL Forbearance Agreement, including the terms therein that refer to the Approved CCAA 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 include (subject to the terms of the ABL Forbearance Agreement), 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 to the Applicant following the date of this Order.

7. **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.

8. **THIS COURT ORDERS** that until a real property lease is disclaimed or resiliated 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.

9. **THIS COURT ORDERS** that, except as specifically permitted herein, 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

10. **THIS COURT ORDERS** that the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the ABL Forbearance Agreement, or as otherwise ordered by this Court, have the right to:

- (a) In consultation with the ABL Lender and with the consent of the Monitor, permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (c) pursue all avenues of refinancing or restructuring 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**”).

11. **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 or resiliates 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 or resiliation of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

12. **THIS COURT ORDERS** that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA, 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 Applicant and the Monitor 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 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

13. **THIS COURT ORDERS** that subject to paragraph 14(v) hereof until and including July 9, 2020, 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

14. **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) prevent the ABL Lender (as hereinafter defined) from exercising any rights or remedies in accordance with the ABL Forbearance Agreement.

NO INTERFERENCE WITH RIGHTS

15. **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, lease, sublease, 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

16. **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, 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 and domain 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

17. **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

18. **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 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

19. **THIS COURT ORDERS** that the Applicant shall indemnify its current and future 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.

20. **THIS COURT ORDERS** that the current and future 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 \$250,000 as security for the indemnity provided in paragraph 19 of this Order. The Directors' Charge shall have the priority set out in paragraphs 32 and 34 herein.

21. **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 19 of this Order.

APPOINTMENT OF MONITOR

22. **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.

23. **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 ABL Lender and their counsel of financial and other information as agreed between the Applicant and the ABL Lender;
- (d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the ABL Forbearance Agreement;

- (e) 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;
- (f) 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
- (g) perform such other duties as are required by this Order or by this Court from time to time.

24. **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.

25. **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 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.

26. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicant 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.

27. **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.

28. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on or subsequent to, the date of this Order, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor and counsel to the Applicant and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant such reasonable retainers as may be requested to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

29. **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.

30. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to 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 their

standard rates and charges, 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 32 and 34 hereof.

31. **THIS COURT ORDERS AND DECLARES** that the ABL Lender 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* (Canada) with respect to any obligations outstanding as of the date of this Order or arising hereafter under the ABL Credit Agreement or the ABL Forbearance Agreement and the Applicant is authorized to continue to obtain and borrow, repay (including repayment of amounts owing as of this date) and re-borrow additional monies under the credit facility established in the ABL Credit Agreement pursuant to the terms of the ABL Credit Agreement and the ABL Forbearance Agreement, in order to finance the Applicant's working capital requirements and expenses.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

32. **THIS COURT ORDERS** that the priorities of the Directors' Charge, and the Administration Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$500,000); and

Second – Directors' Charge (to the maximum amount of \$250,000).

33. **THIS COURT ORDERS** that the filing, registration or perfection of the Directors' Charge or the Administration 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.

34. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank 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.

35. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, 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 and the beneficiaries of the Charges, and the ABL Lender, or further Order of this Court.

36. **THIS COURT ORDERS** that the Charges and the ABL Forbearance Agreement 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**”) 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 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) the creation of the Charges and the execution and performance of the Forbearance Agreement by the Applicant are hereby approved and shall not create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;
- (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 creation of the Charges or the entry into the ABL Forbearance Agreement; and
- (c) the payments made by the Applicant pursuant to this Order and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

37. **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

38. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in *The Globe & Mail* (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, or as soon as reasonably practicable thereafter (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner (including by electronic message to the e-mail addresses as last shown in the Applicants' books and records), a notice to every known creditor who has a claim against the Applicant of more than \$1,000, 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.

39. **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/insolvencycase/roberts-company-canada-limited/>.

40. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol or the CCAA and the regulations thereunder is not practicable (including as a result of COVID-19), 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 or electronic message to the Applicant's creditors or other interested parties at their respective addresses (including email addresses) as last shown on the records of the Applicant and that any such service or distribution shall be deemed to be received: (a) if sent by courier, on the next business day following the date of forwarding thereof, (b) if delivered by personal delivery or facsimile or other electronic transmission, on the day so delivered, and (c) if sent by ordinary mail, on the third business day after mailing.

41. **THIS COURT ORDERS** that the Applicant and the Monitor and their respective counsel are at liberty to serve or distribute this Order, and other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicant's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

42. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their respective powers and duties hereunder or the interpretation or the application of this Order.

43. **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.

44. **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.

45. **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.

46. **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.

47. **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.

Justice C. Gilmore

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

INITIAL ORDER

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Appendix “B”

RICHTER

Court File No.:

ROBERTS COMPANY CANADA LIMITED

**REPORT OF RICHTER ADVISORY GROUP INC.,
IN ITS CAPACITY AS PROPOSED MONITOR**

JUNE 26, 2020

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APPENDICES

APPENDIX "A" – Richter's Consent to Act as Monitor

APPENDIX "B" – Cash Flow Forecast

Court File No.:

**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
ROBERTS COMPANY CANADA LIMITED**

**REPORT OF THE PROPOSED MONITOR
RICHTER ADVISORY GROUP INC.**

JUNE 26, 2020

I. INTRODUCTION

1. Richter Advisory Group Inc. (“**Richter**” or the “**Proposed Monitor**”) understands that Roberts Company Canada Limited (“**RCCL**” or the “**Applicant**”) will make an application (the “**CCAA Application**”) before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) returnable on June 29, 2020 (the “**Proposed Filing Date**”), seeking an Initial Order (the “**Proposed Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) to obtain a stay of proceedings in favour of the Applicant until July 9, 2020, and to seek other related relief, with a view to allowing RCCL an opportunity to restructure its business and affairs. The Applicant’s CCAA proceedings is referred to herein as the “**CCAA Proceedings**”.
2. The Proposed Initial Order contemplates that Richter be appointed as Monitor of the Applicant in the CCAA Proceedings (in such capacity, the “**Monitor**”).

II. PURPOSE OF REPORT

3. This report (the “**Report**”) has been prepared by Richter as the Proposed Monitor of the Applicant in the CCAA Proceedings. The purpose of the Report is to provide information to the Court pertaining to:
 - (i) Richter’s qualifications to act as Monitor;
 - (ii) background on the Applicant, including its corporate history, operations, financial position and creditors;
 - (iii) the Applicant’s decision to commence the CCAA Proceedings and to seek a stay of proceedings;
 - (iv) the Applicant’s thirteen-week cash flow forecast (the “**Cash Flow Forecast**”) for the period from June 29, 2020 to September 25, 2020 (the “**Forecast Period**”);
 - (v) the charges proposed in the Proposed Initial Order;
 - (vi) other relief being sought by the Applicant in the Proposed Initial Order with respect to creditor notice requirements;
 - (vii) an update on the Applicant’s intention to return to the Court for a motion (the “**Comeback Motion**”) seeking various other relief; and
 - (viii) the Proposed Monitor’s conclusions and recommendations.

III. TERMS OF REFERENCE

4. Capitalized terms used but not defined in this Report are defined in the Affidavit of Ravi Williams-Singh sworn June 26, 2020 (the “**Williams-Singh Affidavit**”), filed by the Applicant as part of its materials in support of the CCAA Application and the Proposed Initial Order. This Report should be read in conjunction with the Williams-

Singh Affidavit, as certain information contained in the Williams-Singh Affidavit has not been included herein in order to avoid duplication.

5. In preparing this Report, the Proposed Monitor has relied solely on information and documents provided by the Applicant and its advisors, including unaudited financial information, declarations and the Williams-Singh Affidavit (collectively, the “**Information**”). In accordance with industry practice, except as otherwise described in the Report, Richter has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Proposed Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Auditing Standards (“**GAAS**”) pursuant to the *Chartered Professional Accountants of Canada Handbook* and, accordingly, the Proposed Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information.
6. Future orientated financial information contained in the Cash Flow Forecast is based on the Applicant’s estimates and assumptions regarding future events. Actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, the Proposed Monitor expresses no assurance as to whether the Cash Flow Forecast will be achieved.
7. Unless otherwise stated, all monetary amounts noted herein are expressed in Canadian dollars.

IV. RICHTER’S QUALIFICATIONS TO ACT AS MONITOR

8. Richter was engaged by RCCL in April 2020 to provide advisory services and to assist the Applicant in reviewing various strategic options. Accordingly, Richter is familiar with RCCL’s business and financial affairs and is in a position to immediately assist the Applicant in its CCAA Proceedings.
9. Richter is a licensed insolvency trustee within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act* (Canada). Richter is not subject to any of the restrictions to act as Monitor as set out in section 11.7(2) of the CCAA and, in particular, neither Richter nor any of its representatives has been at any time in the two preceding years:
 - (i) a director, an officer or an employee of the Applicant;
 - (ii) related to the Applicant or to any director or officer of the Applicant; or
 - (iii) the auditor of the Applicant.

10. Should the Court grant the Applicant’s request to make the Proposed Initial Order, Richter has consented to act as Monitor. A copy of Richter’s consent to act as Monitor is attached as **Appendix “A”**. The Proposed Monitor has retained Borden Ladner Gervais LLP (“**BLG**”) to act as its legal counsel in the CCAA Proceedings.

V. OBJECTIVES OF THE CCAA PROCEEDINGS

11. The primary objectives of the CCAA Proceedings are to (i) stabilize RCCL’s business, (ii) ensure the Applicant has the necessary working capital to maximize the value of its business for the benefit of the Applicant’s stakeholders, while providing the opportunity to restructure its business and affairs, and (iii) implement a process to identify one or more parties interested in pursuing a sale or other strategic transaction for the business or assets of the Applicant through a court-supervised sale and investment solicitation process (“**SISP**”). In the event that the Proposed Initial Order is granted by the Court, the Proposed Monitor understands that it is currently the intention of the Applicant to seek the Court’s approval of a SISP at a later date.

VI. BACKGROUND

12. Detailed information with respect to the Applicant’s business, operations, products and causes of insolvency are detailed extensively in the Williams-Singh Affidavit. The information contained herein represents only a summary of the background to the CCAA proceedings.

13. As noted in the Williams-Singh Affidavit, RCCL is a private company incorporated in 1987 under the Ontario *Business Corporations Act*. RCCL is also extra-provincially registered under the laws of each Canadian province, excluding Prince Edward Island, in order to facilitate its business throughout Canada.

14. RCCL is in the business of manufacturing, marketing and distributing a comprehensive range of flooring, installation tools, adhesives, accessories and other flooring-related products in Canada. RCCL is a direct wholly-owned subsidiary of Roberts Consolidated Industries, Inc. (“**RCI**”), a private corporation incorporated under the laws of Delaware, and an indirect wholly-owned subsidiary of Q.E.P. Co. Inc. (“**QEP**”), a public company incorporated under the laws of Delaware. RCCL has no subsidiaries or equity interests in other corporate entities in Canada.

15. RCCL operates from the following leased premises:

| Location | Use | Business Segment | Lease Expiration Date |
|---|---------------------------|-------------------------|------------------------------|
| 34 Hansen Road South, Brampton, ON | Headquarters ¹ | Large Customer Segment | June 30, 2025 |
| 375 Pendant Drive, Mississauga, ON | Warehouse / Distribution | TPS Business Segment | March 1, 2023 |
| 15210-135th Avenue NW, Edmonton Alberta | Warehouse / Distribution | TPS Business Segment | June 30, 2022 |
| 65 Northfield Drive, Waterloo, ON | Office space | TPS Business Segment | Month-to-month |

(1) Includes office space, a manufacturing facility and warehouse space

16. RCCL also utilizes third party logistics providers in Vancouver, Edmonton, Winnipeg, Calgary and Toronto (the “3PLs”). RCCL operates on a month-to-month contract with each of the 3PLs.
17. RCCL comprises two business segments: the large customer segment (the “**Large Customer Segment**”) and the trading products sale segment (the “**TPS Business Segment**”).

Large Customer Segment

18. The Large Customer Segment is RCCL’s historical business that consists of manufacturing and distributing a variety of flooring, installation tools, adhesives, and other flooring-related products, to large home improvement chains such as Home Depot, Lowes, and Home Hardware, as well as large distributors such as Prosol for use by do-it-yourself consumers as well as construction, remodeling and installation professionals. The Large Customer Segment products are predominately sold under the ROBERTS®, QEP®, and Capitol® brands.

TPS Business Segment

19. The TPS Business Segment sells flooring and related products to independent dealers and distributors predominantly under the Kraus®, Harris® Wood, and Naturally Aged Flooring™ brands.
20. The Applicant launched the TPS Business Segment following the 2018 acquisition of substantially all the assets (and the assumption of certain liabilities) of a division of Kraus Canada LP and certain of its affiliates pursuant to an asset purchase agreement dated September 10, 2018 (the transaction closed in October 2018). According to the Williams-Singh Affidavit, RCCL acquired the TPS Business in order to expand its sales and distribution channels and its presence in the wood flooring market, adding approximately 1,200 dealers and distributors to distribute RCCL’s products, as well as to allow RCCL to reduce its customer concentration risk by diversifying RCCL’s customer base.
21. The Proposed Monitor understands that the TPS Business Segment is significantly more capital intensive compared to the Large Customer Segment. It has considerably more customers than the Large Customer Segment (approximately 450 customers vs. approximately 70 customers), requiring onerous overhead and other costs to adequately service them, including an extensive sales force, frequent and abundant supply of product samples / displays and logistics costs, including freight.

Employees

22. As noted in the Williams-Singh Affidavit, RCCL employed approximately 87 people (85 on a full-time basis and 2 on a temporary basis) as at April 29, 2020.

23. As further noted in the Williams-Singh Affidavit, of the Applicant's 87 employees as at April 29, 2020, approximately 60 are salaried employees and 27 are hourly employees. Certain of RCCL's employees also participate in a sales incentive plan and/or a bonus plan which provides for payments in addition to base salary. Further, certain salaried employees are also eligible to receive sales commissions on a monthly basis based on certain objectives / metrics.
24. RCCL sponsors a defined contribution pension plan provided by The Great-West Life Assurance Company. The Proposed Monitor understands that the Applicant is current on its contributions to the pension plan. RCCL's employees are not unionized nor are they subject to a collective bargaining agreement.

Historical Financial Results

25. Included in the Williams-Singh Affidavit are copies of the Applicant's unaudited financial statements for the twelve-month period ending February 29, 2020 and two-month period ending April 30, 2020. Set out below is a summary of the Applicant's segmented income statement for the twelve-month period ending February 29, 2020 and the two-month period ending April 30, 2020.

| Roberts Company Canada Limited | | | | | | | | |
|--|------------------------|----------------------|-------------------|------------------------|----------------------|-------------------|--|--|
| Consolidated Statement of Operations | | | | | | | | |
| (CAD\$000's; unaudited) | | | | | | | | |
| | 12 months ended | | | 2 months ended | | | | |
| | 29-Feb-20 | | | 30-Apr-20 | | | | |
| | Large Customer Segment | TPS Business Segment | Consolidated | Large Customer Segment | TPS Business Segment | Consolidated | | |
| Total revenues, net | \$ 22,055 | \$ 39,250 | \$ 61,305 | \$ 3,166 | \$ 5,092 | \$ 8,258 | | |
| Cost of goods sold | 17,104 | 29,271 | 46,375 | 2,384 | 4,117 | 6,501 | | |
| Gross Profit | \$ 4,951 | \$ 9,979 | \$ 14,930 | \$ 782 | \$ 975 | \$ 1,757 | | |
| Costs and expenses | | | | | | | | |
| Shipping Cost | \$ 2,000 | \$ 7,293 | \$ 9,293 | \$ 108 | \$ 927 | \$ 1,035 | | |
| Administrative Cost | 708 | 4,418 | 5,126 | 72 | 395 | 467 | | |
| Selling & Marketing Cost | 1,612 | 5,433 | 7,045 | 373 | 481 | 854 | | |
| Foreign Exchange | 11 | 312 | 323 | 63 | 235 | 298 | | |
| Other expenses (income) | - | (147) | (147) | - | 1 | 1 | | |
| Total costs and expenses | \$ 4,331 | \$ 17,309 | \$ 21,640 | \$ 616 | \$ 2,039 | \$ 2,655 | | |
| Income (loss) from operations | 620 | (7,330) | (6,710) | 166 | (1,064) | (898) | | |
| Interest expense | \$ 3 | \$ 1,171 | \$ 1,174 | \$ - | \$ 147 | \$ 147 | | |
| Inter-company cost | 596 | - | 596 | 80 | - | 80 | | |
| Income (loss) before income taxes | \$ 21 | \$ (8,501) | \$ (8,480) | \$ 86 | \$ (1,211) | \$ (1,125) | | |
| Income tax expense (benefit) | - | - | - | - | - | - | | |
| Net income (loss) | \$ 21 | \$ (8,501) | \$ (8,480) | \$ 86 | \$ (1,211) | \$ (1,125) | | |

Source: Information provided by the Applicants

26. As detailed above, the Applicant incurred net losses of approximately \$8.5 million for the twelve-month period ending February 29, 2020 and approximately \$1.1 million for the two-month period ending April 30, 2020, which were driven almost entirely from losses incurred by the TPS Business Segment. The losses are primarily due to

the significant overhead costs (shipping, administrative and sales and marketing) associated with operating the TPS Business Segment.

27. The Proposed Monitor understands that RCCL's operations have been funded, in large part, by QEP via intercompany advances and a reallocation of borrowing base availability from QEP and certain of its affiliates (defined below as the US Borrowers) to RCCL (as further discussed below). RCCL's business is not sustainable absent the financial support from QEP.
28. Set out below is RCCL's unaudited balance sheet as at April 30, 2020:

| Roberts Company Canada Limited | | | |
|--|------------------|---|------------------|
| Consolidated Balance Sheet - as at April 30, 2020 | | | |
| (CAD,000's; unaudited) | | | |
| Assets | | Liabilities | |
| Cash and cash equivalents | \$ 706 | Accounts payable | \$ 6,924 |
| Accounts receivable, net | 7,273 | Accrued expenses | 5,344 |
| Inventories | 15,702 | Inter-company liability | 2,246 |
| Prepaid expenses and other current assets | 697 | | |
| Total current | \$ 24,378 | Total current | \$ 14,514 |
| Property and equipment, net | 602 | Bank of America Debt | 23,053 |
| Goodwill | 1,040 | Other Long Term Liabilities | 2,922 |
| Other intangible assets, net | - | Total liabilities | \$ 40,489 |
| Other long-term assets | 4,130 | Total shareholders' equity | (10,339) |
| Total assets | \$ 30,150 | Total liabilities and shareholders' equity | \$ 30,150 |

Source: Information provided by the Applicants

29. As presented above, RCCL had total assets with a book value of approximately \$30.2 million as at April 30, 2020, which principally comprise inventory and accounts receivable. The book value of RCCL's total liabilities as at April 30, 2020 were approximately \$40.5 million, the majority of which was related to long-term debt owing to Bank of America of \$23.1 million (as discussed in further detail below). As at April 30, 2020, the date of the most recent internal financial statements, the book value of RCCL's total liabilities exceeded the book value of its total assets. As noted in the Williams-Singh Affidavit, the realizable value of certain categories of RCCL's asset may be lower than their book values.

Secured Creditors

30. The Proposed Monitor understands that RCCL is party to the Fourth Amended and Restated Loan Agreement dated as of January 31, 2017 by and among RCCL (the "**Canadian Borrower**"), QEP, RCI, Roberts Holding International Inc., Q.E.P. Zocalis Holding L.L.C., Boiardi Products Corporation, Roberts Capitol Inc., QEP – California Inc., QGrow Products, Inc., QEP – Tennessee Inc., Liberty Creek, Inc., Imperial Industries, Inc., All - Force Tool Company Inc., Q.E.P. Sun Valley Inc., Q.E.P. Oklahoma, Inc., Faus Group, Inc., Premix – Marpletite Manufacturing Co., A C Products Co. (collectively, the "**US Borrowers**" and together with the Canadian Borrower,

the “**ABL Borrowers**”), Bank of America, N. A. and the lenders from time to time party thereto (the “**Lenders**”), and Bank of America, N.A, as agent for the Lenders (in such capacity, the “**Agent**”), as amended by Amendment No.1 to Fourth Amended and Restated Loan Agreement dated as of October 5, 2018, Amendment No. 2 to Fourth Amended and Restated Loan Agreement dated as of January 22, 2019, Amendment No. 3 to Fourth Amended and Restated Loan Agreement and Waiver dated as of July 26, 2019, and Amendment No. 4 to Fourth Amended and Restated Loan Agreement dated as of January 27, 2020 (the “**ABL Agreement**”). The ABL Agreement provides for US\$85 million (the “**ABL Commitment**”) in revolving credit to the ABL Borrowers. Pursuant to the ABL Agreement, RCCL (i.e. the Canadian Borrower) is not deemed to guarantee or be liable for any Obligations (as defined in the ABL Agreement) of the US Borrowers pursuant to section 2.30(a) of the ABL Agreement.

31. The ABL Agreement is structured such that up to US\$23 million of the ABL Commitment may be allocated to RCCL (the “**Canadian ABL Commitment**”), subject to a borrowing base availability calculation based on RCCL’s eligible inventory and eligible accounts receivable. Of the total Canadian ABL Commitment, approximately US\$8.5 million represents a reallocation of borrowing base availability from the US Borrowers to RCCL, in accordance with the terms of the ABL Agreement, which has been critical to sustaining RCCL’s operations.
32. According to the Applicant’s books and records, as at April 30, 2020, the outstanding principal balance owing by RCCL under the ABL Agreement was approximately \$23.1 million (Canadian dollars).
33. As noted in the Williams-Singh Affidavit, pursuant to a security agreement dated December 30, 2008 (the “**ABL Security Agreement**”), RCCL granted security (the “**ABL Security**”) in favour of Bank of America to secure the payment and performance of its obligations under the ABL Agreement. Pursuant to the ABL Security Agreement, RCCL’s Obligations (as defined in the ABL Security Agreement) are secured by first priority liens on all of the present and after-acquired property, assets and undertakings of RCCL. Upon the amendment of the ABL Agreement pursuant to Amendment No. 1 to the Fourth Amended and Restated Loan Agreement dated October 5, 2018, the Borrowers entered into a Ratification and Reaffirmation of Security Agreement pursuant to which RCCL ratified, reaffirmed and confirmed the terms and provisions of the ABL Security Agreement. The Proposed Monitor understands that Bank of America has registered the ABL Security in Ontario, British Columbia, Manitoba and Alberta.
34. As further noted in the Williams-Singh Affidavit, on April 17, 2020, Bank of America provided written notice to QEP of an Event of Default under the ABL Agreement resulting from the Borrowers’ violation of certain covenants thereunder. Bank of America reserved all of its rights under the ABL Agreement. The Proposed Monitor has been advised by the Applicant that, following discussions between Bank of America, QEP and the Applicant, Bank of America has consented to the Applicant bringing the CCAA Application, and, as noted in the Williams-Singh Affidavit, has executed a Forbearance Agreement and Amendment No. 5 to Fourth Amended and Restated

Loan Agreement (the “**Forbearance Agreement**”) with the ABL Borrowers (including the Applicant) to confirm its support. The Forbearance Agreement contemplates, among other things, that Bank of America will (i) forbear from exercising its rights and remedies under the ABL Agreement, (ii) continue to make its revolving asset-based loan facilities available to the ABL Borrowers under the ABL Agreement during the CCAA Proceedings, subject to the terms and conditions set out therein, and (iii) provide further accommodations to RCCL by increasing the borrowing base capacity. As provided for in the Proposed Initial Order, Bank of America shall not be affected by the stay provisions in the Proposed Initial Order. The ability of Bank of America to take enforcement measures against the Applicant is governed by the Forbearance Agreement.

35. The Proposed Monitor has not yet had an opportunity to review the ABL Security. The Proposed Monitor has instructed its independent legal counsel, BLG, to review the ABL Security. If appointed, the Monitor (in such capacity) intends to report to the Court on the results of the security review, after it has been completed.
36. In addition to the foregoing, the Proposed Monitor understands that LiftCapital Corporation (“**LiftCapital**”) has registered security in Ontario against certain manufacturing equipment of RCCL. The Proposed Monitor has been advised by the Applicant that, as of the Proposed Filing Date, there are no amounts owing by RCCL, secured or otherwise, to LiftCapital.

Unsecured Creditors

37. Based on the Applicant’s books and records, as at April 30, 2020, RCCL’s unsecured obligations totalled approximately \$15.2 million (excluding any intercompany liabilities).

Intercompany Transactions

38. The Proposed Monitor understands that, in the ordinary course of RCCL’s business, RCCL engages in intercompany transactions with QEP and certain of its subsidiaries. The Proposed Monitor further understands that all intercompany transactions and associated cash transfers are made on an unsecured basis. According to the Applicant’s records, as at April 30, 2020, RCCL has a net intercompany payable owing to QEP and certain of its subsidiaries of approximately \$2.2 million.
39. As mentioned above, the US Borrowers, which includes QEP, also reallocated US\$8.5 million of its borrowing base availability to RCCL in support of the RCCL’s borrowing base capacity, on the basis of which the Canadian ABL Commitment is calculated. The additional liquidity is used by RCCL to fund its operations.

VII. DECISION TO COMMENCE CCAA PROCEEDINGS AND SEEK A STAY OF PROCEEDINGS

40. According to the Williams-Singh Affidavit, RCCL's financial performance has suffered primarily as a result of the following factors:
- (i) *The high cost of operating the TPS Business Segment* – the TPS Business Segment, which requires significant fixed costs, including to maintain and operate its leased facilities and its vast distribution network, has incurred substantial losses since its acquisition in October 2018. Despite efforts to improve the financial performance of the TPS Business Segment by implementing certain cost saving initiatives, including workforce reductions and limiting sales and marketing related costs, the TPS Business Segment continues to severely impact RCCL's viability; and
 - (ii) *Macroeconomic factors in Canada resulting from the COVID-19 pandemic* – The Proposed Monitor understands that the COVID-19 pandemic has had an immediate negative impact on RCCL's business and has impeded management's ability to successfully implement critical cost saving initiatives. Sales figures relating to RCCL's business have declined compared to their normal course amounts, as RCCL's customers have either been forced to temporarily close or drastically limit their ability to sell products to the end consumer.
41. The Proposed Monitor understands that the foregoing factors have contributed to RCCL's continued losses. Based on a revised sales budget and forecast, RCCL is projected to incur an additional \$3.9M of losses between the period of May 2020 to February 2021.
42. The Proposed Monitor has been advised by the Applicant that, although RCCL has historically benefited from ongoing financial support provided by QEP, due to the current economic environment and RCCL's declining financial performance, QEP is not willing to advance new funds to RCCL absent a restructuring.
43. In consideration of the foregoing, RCCL is facing a liquidity crisis. According to the Williams-Singh Affidavit, it is without the realizable assets and will, upon the cessation of ongoing support from QEP in the near-term, be without the funds required to meet its obligations as they become due, including employee obligations, trade debt, rent and other contractual commitments. In the circumstances, RCCL is seeking protection under the CCAA to afford RCCL the necessary breathing room to stabilize its business and pursue its restructuring. The CCAA proceeding would provide a forum to explore a plan of compromise or arrangement under the CCAA that would seek to maximize creditor and stakeholder recoveries and facilitate the potential sale or other strategic transaction in addition to, or as an alternative to, a plan of compromise or arrangement, with the purpose of maximizing value for all stakeholders.

VIII. OVERVIEW OF THE CASH FLOW FORECAST

44. The Applicant, in consultation with the Proposed Monitor, has prepared the Cash Flow Forecast for the purpose of projecting the Applicant's estimated liquidity needs during the Forecast Period. A copy of the Cash Flow Forecast is attached hereto as **Appendix "B"**.

| Roberts Company Canada Limited 13-Week Cash Flow Forecast For the Period June 29, 2020 - September 25, 2020 In C\$; unaudited | |
|--|----------------------------|
| Gross receipts | 9,335,000 |
| Disbursements | |
| Purchases | 5,245,000 |
| Payroll | 1,481,719 |
| Rent | 672,946 |
| Operating expenses | 2,646,350 |
| Professional fees | 1,969,000 |
| HST payables | 540,000 |
| Interest | 450,000 |
| Total disbursements | <u>13,005,014</u> |
| Net cashflow | (3,670,014) |
| Opening revolver balance | (20,850,000) |
| Net cash inflow / (outflow) | (3,670,014) |
| Subtotal | <u>(24,520,014)</u> |
| Availability block | (250,000) |
| Other reserves | (200,000) |
| Ending revolver balance | <u>(24,970,014)</u> |
| Canadian borrowing base | 23,790,503 |
| Availability | <u>(1,179,512)</u> |

45. The Cash Flow Forecast projects that the Applicant will experience a net cash outflow of approximately \$3.7 million over the Forecast Period, comprised of:
- (i) cash receipts of approximately \$9.3 million, primarily related to the collection of existing receivables and new sales generated from the sale of goods to various retail stores and distributors; and
 - (ii) cash disbursements of approximately \$13.0 million, primarily related to procurement of post-filing inventory, payroll and benefits, rent, other operating expenses (including the payment of critical vendor deposits), sales taxes, interest and the costs of the CCAA Proceedings.

46. The Cash Flow Forecast projects that RCCL will require interim financing during the Forecast Period. The Forbearance Agreement provides for certain accommodations that will increase RCCL's borrowing capacity, which will provide RCCL the interim financing it needs during the Forecast Period. The Proposed Monitor understands that the Applicant will be pursuing discussions with the Agent with respect to the structure of these accommodations, which may include the need for a debtor-in-possession ("**DIP**") financing facility. If, following discussions with the Agent, it is determined that a DIP facility is required, the Proposed Monitor understands that RCCL intends to return to Court to seek approval of DIP financing as part of the Comeback Motion. RCCL has sufficient liquidity to fund operations until the return date of the Comeback Motion.
47. The Cash Flow Forecast has been prepared by the Applicant on a conservative basis using probable and hypothetical assumptions set out in the notes to the Cash Flow Forecast. The Cash Flow Forecast reflects the Applicant's estimates of receipts and disbursements on a weekly basis over the Forecast Period.
48. The Proposed Monitor's review of the Cash Flow Forecast consisted of inquiries, analytical procedures and discussions related to Information supplied to it by the Applicant. Since the probable and hypothetical assumptions need not be supported, the Proposed Monitor's procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. The Proposed Monitor also reviewed the support provided by management of the Applicant for the probable and hypothetical assumptions, and the preparation and presentation of the Cash Flow Forecast.
49. Based on the Proposed Monitor's review, nothing has come to its attention that causes it to believe that, in all material respects:
 - (i) the probable and hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;
 - (ii) as at the date of this Report, the probable and hypothetical assumptions developed by the Applicant are not suitably supported and consistent with the restructuring plan of the Applicant or do not provide a reasonable basis for the Cash Flow Forecast; or
 - (iii) the Cash Flow Forecast does not reflect the probable and hypothetical assumptions.
50. The Proposed Monitor notes that the Cash Flow Forecast has been prepared solely for the purpose described above, and readers are cautioned that it may not be appropriate for other purposes.

IX. PROPOSED CHARGES

51. The Proposed Initial Order provides for two priority charges (collectively the "**Charges**") on the current and future assets, undertakings and properties of the Applicant, wherever located, including all proceeds thereof, that rank in the following order:

- (i) First, the Administration Charge (as defined below) (to the maximum amount of \$500,000); and
- (ii) Second, the Directors' Charge (as defined below) (to the maximum amount of \$250,000).

Administration Charge

- 52. The Proposed Initial Order provides for a priority charge up to a maximum of \$500,000 (the "**Administration Charge**") in favour of the Applicant's counsel, Bennett Jones LLP, the Proposed Monitor and its counsel, as security for the professional fees and disbursements incurred prior to and after the commencement of the CCAA Proceedings.
- 53. The amount of the Administration Charge sought by the Applicant was determined in consultation with the Proposed Monitor.
- 54. Given the complexities of the Applicant's proceedings and the services to be provided by the professionals involved in these proceedings, the Proposed Monitor is of the view that the proposed Administration Charge is reasonable in the circumstances.

Directors' Charge

- 55. The Proposed Initial Order provides for a charge to indemnify the current directors and officers of the Applicant (the "**Directors and Officers**") against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of these CCAA proceedings (the "**Directors' Charge**").
- 56. The 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 such coverage is insufficient to pay an indemnified amount. As canvassed in the Williams-Singh Affidavit, the Proposed Monitor understands that the Applicant maintains directors' and officers' liability insurance.
- 57. The amount of the Directors' Charge has been calculated by the Applicant, taking into consideration sales taxes, employee payroll and related expenses (including source deductions) as well as other employment related liabilities that attract potential liability for the Directors and Officers.
- 58. The Proposed Monitor has been informed (and as noted in the Williams-Singh Affidavit) that due to the potential for personal liability, the Directors and Officers are unwilling to continue their services and involvement in the CCAA Proceedings without the protection of the Directors' Charge. As the Applicant will require the participation and experience of the Directors and Officers to facilitate the successful completion of the CCAA Proceedings,

including participating in a potential SISP, the Proposed Monitor believes that the Directors' Charge (both the amount and the priority ranking) is required and reasonable in the circumstances.

X. OTHER RELIEF TO BE SOUGHT IN THE PROPOSED INITIAL ORDER

59. Given the limitations imposed on the ability of the Applicant and the Proposed Monitor to process and send notices to creditors by physical mail as a result of the COVID-19 pandemic and the fact that many businesses may not have staff on site to open such mailings, the Applicant is seeking the Court's authorization to allow for the notices to known creditors to be delivered by e-mail instead of physical mail. In the current circumstances, the Proposed Monitor and the Applicant are of the view that the notices are more likely to come to the prompt attention of known creditors if they are delivered by e-mail. The Proposed Monitor believes that such relief is appropriate and reasonable in the circumstances.

XI. COMEBACK MOTION

60. Should the Court grant the Proposed Initial Order, the Proposed Monitor understands that the Applicant intends to return to the Court within 10 days of the Proposed Filing Date for the Comeback Motion seeking:

- (i) an extension of the stay of proceedings established by the Proposed Initial Order;
- (ii) approval of DIP financing, if required;
- (iii) an expansion of the Proposed Initial Order to include the more fulsome restructuring provisions, as typically included in CCAA initial orders; and
- (iv) certain other relief as may be required to advance the Applicant's restructuring.

61. Subsequent to the granting of the Proposed Initial Order, Richter (in its then capacity as Monitor) will report to the Court in connection with the Comeback Motion, as well as any other relief sought by the Applicant.

XII. PROPOSED MONITOR'S CONCLUSION AND RECOMMENDATIONS

62. Without CCAA protection and access to interim financing, a shut-down of the Applicant's operations is inevitable, which would have an adverse impact on the Applicant's stakeholders, including employees and customers. The stay of proceedings and related relief granted under the CCAA will provide the Applicant with an opportunity to restructure its business and affairs for the benefit of its stakeholders.

63. For the reasons set out in this Report, the Proposed Monitor is of the view that the relief requested by the Applicant is both appropriate and reasonable. The Proposed Monitor is also of the view that granting the relief requested will provide the Applicant the best opportunity to undertake a going-concern sale, or other restructuring under the

CCAA, thereby preserving value for the benefit of the Applicant's stakeholders. As such, the Proposed Monitor supports the Applicant's application for CCAA protection and respectfully recommends that the Court grant the relief sought by the Applicant in the Proposed Initial Order.

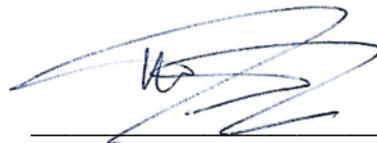
All of which is respectfully submitted this 26th day of June, 2020.

Richter Advisory Group Inc.
In its capacity as Proposed Monitor of
Roberts Company Canada Limited
And not in its personal or corporate capacity

Per:



Paul van Eyk,
CPA, CA-IFA, CIRP, LIT, Fellow of INSOL
Senior Vice President



Duncan Lau,
CPA, CMA, CIRP
Vice President

Appendix “A”

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

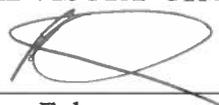
AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF ROBERTS COMPANY CANADA LIMITED

CONSENT TO ACT AS MONITOR

RICHTER ADVISORY GROUP INC. hereby consents to act as the Court-appointed Monitor of the Applicant, Roberts Company Canada Limited pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended, in respect of these proceedings.

Dated at Toronto, Ontario this 26th day of June, 2020

RICHTER ADVISORY GROUP INC.

Per: 

Name: Paul van Eyk

Appendix “B”

Court File No.

**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
ROBERTS COMPANY CANADA LIMITED**

**MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)**

The management of Roberts Company Canada Limited (the "**Applicant**") has developed the assumptions and prepared the attached statement of projected cash flow as of the 26th day of June 2020, consisting of the period from June 29, 2020 to September 25, 2020 (the "**Cash Flow Forecast**"),

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow Forecast described in the notes therein, and the probable assumptions are suitably supported and consistent with the plans of the Applicant and provide a reasonable basis for the Cash Flow Forecast. All such assumptions are disclosed in the notes therein.

Since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The Cash Flow Forecast has been prepared solely for the purpose described in the notes therein, using the probable and hypothetical assumptions set out therein. Consequently, readers are cautioned that the Cash Flow Forecast may not be appropriate for other purposes.

Dated at Toronto, in the Province of Ontario, this 26th day of June 2020.

Roberts Company Canada Limited



**Ravi Williams-Singh
Director / Chief Administrative Officer**

| Roberts Company Canada Limited | | | | | | | | | | | | | | | |
|--------------------------------|-------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 13-Week Cash Flow Forecast | | | | | | | | | | | | | | | |
| In C\$; unaudited | Notes | 1 03-Jul-20 | 2 10-Jul-20 | 3 17-Jul-20 | 4 24-Jul-20 | 5 31-Jul-20 | 6 07-Aug-20 | 7 14-Aug-20 | 8 21-Aug-20 | 9 28-Aug-20 | 10 04-Sep-20 | 11 11-Sep-20 | 12 18-Sep-20 | 13 25-Sep-20 | Total |
| | 1 | | | | | | | | | | | | | | |
| Gross Receipts | 2 | 710,000 | 710,000 | 750,000 | 750,000 | 755,000 | 755,000 | 755,000 | 755,000 | 755,000 | 660,000 | 660,000 | 660,000 | 660,000 | 9,335,000 |
| Disbursements | | | | | | | | | | | | | | | |
| Purchases | 3 | 240,000 | 240,000 | 550,000 | 550,000 | 405,000 | 405,000 | 405,000 | 405,000 | 405,000 | 410,000 | 410,000 | 410,000 | 410,000 | 5,245,000 |
| Payroll | 4 | 14,000 | 184,000 | 107,300 | 184,000 | 14,000 | 184,000 | 107,300 | 184,000 | 14,000 | 184,000 | 107,119 | 184,000 | 14,000 | 1,481,719 |
| Rent | 5 | 112,158 | - | 112,158 | - | - | 112,158 | - | 112,158 | - | 112,158 | - | 112,158 | - | 672,946 |
| Operating expenses | 6 | 213,600 | 134,500 | 590,750 | 334,500 | 234,500 | 134,500 | 190,750 | 134,500 | 134,500 | 124,500 | 180,750 | 119,500 | 119,500 | 2,646,350 |
| Professional fees | 7 | 263,000 | 263,000 | 113,000 | 113,000 | 113,000 | 113,000 | 113,000 | 113,000 | 113,000 | 113,000 | 113,000 | 113,000 | 313,000 | 1,969,000 |
| HST payables | 8 | - | - | 180,000 | - | - | - | 180,000 | - | - | - | 180,000 | - | - | 540,000 |
| Interest | 9 | 150,000 | - | - | - | 150,000 | - | - | - | 150,000 | - | - | - | - | 450,000 |
| Total Disbursements | | 992,758 | 821,500 | 1,653,208 | 1,181,500 | 916,500 | 948,658 | 996,050 | 948,658 | 816,500 | 943,658 | 990,869 | 938,658 | 856,500 | 13,005,014 |
| Net Cashflow | | (282,758) | (111,500) | (903,208) | (431,500) | (161,500) | (193,658) | (241,050) | (193,658) | (61,500) | (283,658) | (330,869) | (278,658) | (196,500) | (3,670,014) |
| Opening Revolver Balance | | (20,850,000) | (21,132,758) | (21,244,258) | (22,147,465) | (22,578,965) | (22,740,465) | (22,934,123) | (23,175,173) | (23,368,830) | (23,430,330) | (23,713,988) | (24,044,857) | (24,323,514) | (20,850,000) |
| Net cash inflow / (outflow) | | (282,758) | (111,500) | (903,208) | (431,500) | (161,500) | (193,658) | (241,050) | (193,658) | (61,500) | (283,658) | (330,869) | (278,658) | (196,500) | (3,670,014) |
| Subtotal | | (21,132,758) | (21,244,258) | (22,147,465) | (22,578,965) | (22,740,465) | (22,934,123) | (23,175,173) | (23,368,830) | (23,430,330) | (23,713,988) | (24,044,857) | (24,323,514) | (24,520,014) | (24,520,014) |
| Availability Block | | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) | (250,000) |
| Other Reserves | | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) |
| Ending Revolver Balance | | (21,582,758) | (21,694,258) | (22,597,465) | (23,028,965) | (23,190,465) | (23,384,123) | (23,625,173) | (23,818,830) | (23,880,330) | (24,163,988) | (24,494,857) | (24,773,514) | (24,970,014) | (24,970,014) |
| CDN Borrowing Base | | 25,091,071 | 24,869,098 | 24,674,568 | 24,631,488 | 24,588,408 | 24,459,619 | 24,359,192 | 24,258,766 | 24,158,339 | 24,057,913 | 23,968,776 | 23,879,639 | 23,790,503 | 23,790,503 |
| Availability | | 3,508,313 | 3,174,840 | 2,077,102 | 1,602,523 | 1,397,943 | 1,075,496 | 734,020 | 439,936 | 278,009 | (106,075) | (526,081) | (893,875) | (1,179,512) | (1,179,512) |

Roberts Company Canada Limited
13-Week Cash Flow Forecast
Notes and Summary of Assumptions

In the Matter of the CCAA Proceedings of Roberts Company Canada Limited (“RCCL” or the “Applicant”).

Disclaimer

In preparing this cash flow forecast (the “**Cash Flow Forecast**”), RCCL has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. Since the Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Cash Flow Forecast period will vary from the Cash Flow Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

The Cash Flow Forecast is presented in Canadian dollars. All defined terms that are not otherwise defined herein are to have the same meaning ascribed to them in the Report of the Proposed Monitor dated June 26, 2020.

Note 1 Purpose of the Cash Flow Forecast

The purpose of the Cash Flow Forecast is to present the estimated cash receipts and disbursements of RCCL for the period from June 29, 2020 to September 25, 2020 (the “**Forecast Period**”), in respect of its proceedings under the CCAA. The Cash Flow Forecast has been prepared by management of RCCL (“**Management**”) based on available financial information at the date of RCCL’s application for the Initial Order in accordance with Section 10(2)b) of the CCAA. Readers are cautioned that this information may not be appropriate or relied upon for any other purpose.

Note 2 Receipts

Receipts comprise of income earned from the sale of goods to various retail stores, independent residential contractors and distributors. The Cash Flow Forecast assumes a reduced revenue plan based on Management’s best estimate in light of COVID-19 and collections are based on historical payment terms of key customers.

Note 3 Purchases

RCCL purchases inventory from various third-party vendors. The Cash Flow Forecast assumes inventory is purchased 60 days in advance and purchases are reflective of the reduced revenue plan.

Note 4 Payroll

Payroll expenses include salaries and wages, payroll taxes and remittances, accrued vacation, and employee benefits paid to RCCL Employees. Payroll expenses are forecasted based on a headcount reduction plan and are paid bi-weekly, with an exception for payroll expenses related to manufacturing employees, which are paid on a weekly basis.

Note 5 Rent

Represents rental payments for the Applicant's four leased facilities. Rental payments include taxes, maintenance, insurance and other costs provided for in the respective leases. Rent is forecasted based on historical run-rates and paid in two equal payments on the first and fifteenth day of each month.

Note 6 Operating Expenses

Operating expenses comprise of general business expenses, including marketing, insurance, utilities, freight and shipping, general and administrative, research and development, among others.

Note 7 Professional Fees

Professional fees include payments to the Applicant's legal counsel, the Monitor, the Monitor's legal counsel, and the secured lender's legal counsel.

Note 8 HST Payables

The Applicant is projecting to be in a net HST payable position and files HST returns and remits HST on a monthly basis.

Note 9 Interest

Represents interest paid during the Forecast Period to Bank of America. Additionally, the Cash Flow Forecast assumes no principal payments during the Forecast Period.

**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
ROBERTS COMPANY CANADA LIMITED**

**MONITOR'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)**

The attached statement of projected cash flow of Roberts Company Canada Limited ("RCCL" or the "Applicant") prepared as of the 26th day of June 2020, consisting of the period from June 29, 2020 to September 25, 2020 (the "Cash Flow Forecast"), has been prepared by management of the Applicant for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Cash Flow Forecast.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by management and employees of the Applicant. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow Forecast.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- (a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;
- (b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Applicant or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or
- (c) the Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

Since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow Forecast will be achieved.

The Cash Flow Forecast has been prepared solely for the purpose described in the notes thereto and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, in the Province of Ontario, this 26th day of June 2020.

**RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS PROPOSED CCAA MONITOR OF
ROBERTS COMPANY CANADA LIMITED
AND NOT IN ITS PERSONAL CAPACITY**

Per:



**Paul van Eyk
CPA, CA, CIRP, LIT, IFA, Fellow of INSOL**

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
ROBERTS COMPANY CANADA LIMITED

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

**REPORT OF THE PROPOSED
MONITOR, RICHTER ADVISORY
GROUP INC.**

BORDEN LADNER GERVAIS LLP

Barristers and Solicitors
East Tower, Bay Adelaide Centre
22 Adelaide St West #3400
Toronto, ON M5H 4E3

Roger Jaipargas

Tel: (416) 367-6266
Fax: (416) 361-7067
(LSO #43275C)

Lawyers for Richter Advisory Group Inc.

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Appendix “C”

Tesla beats expectations for vehicle deliveries

AKANKSHA RAMA
TINA BELLOU

Tesla Inc. outpaced analyst estimates for second-quarter vehicle deliveries on Thursday, defying a trend of plummeting sales in the wider auto industry as coronavirus-linked lockdown orders kept shoppers at home, and sending its shares up 8 per cent.

The unexpected delivery numbers came a day after Tesla became the highest-valued auto-

maker, surpassing the market capitalization of former front-runner Toyota Motors Corp.

The rally on Thursday further widens Tesla's lead over legacy automakers as investors grow confident in its ability to defuse the industry's electric and software-driven future.

Analysts said the solid delivery numbers heightened expectations for a profitable second quarter, which would mark the first time in Tesla's history that it would report four consecutive

quarters of profit. "A 90k delivery number in this COVID lockdown environment is a jaw dropper," Wedbush analyst Daniel Ives said in a note.

Tesla delivered 90,650 vehicles during the quarter, significantly above estimates for 74,300 vehicles, according to Refinitiv data. It delivered 80,250 units of its new Model Y sport utility vehicle and Model 3 for the quarter.

Tesla's only U.S. vehicle factory in California, where the bulk of its vehicles is currently produced

– was shut down for some six weeks during the quarter, heading local orders to curb the spread of the novel coronavirus. While vehicle deliveries increased 25 per cent on a quarterly basis, production dropped nearly 20 per cent.

Tesla in January said 2020 vehicle deliveries should comfortably exceed 500,000 units, a forecast the company has left unchanged despite the pandemic. Tesla is now seeking a location for a second U.S. vehicle factory to build

its Model Y and a new electric pickup truck.

Other major automakers posted lower U.S. monthly or quarterly new vehicle sales on Wednesday owing in large part to weak fleet orders, but said consumer demand remained robust despite the continuing coronavirus pandemic.

REUTERS

TESLA (TSLA)
CLOSE: US\$1,208.66, UP US\$89.03

BUSINESS CLASSIFIED

LEGALS

Court File No. SJM-45-2020

NEW BRUNSWICK IN THE COURT OF QUEEN'S BENCH (TRIAL DIVISION)

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

AND IN THE MATTER OF SKILLSOFT CORPORATION, AMBER HOLDING INC., SUMTAL SYSTEMS LLC, MINDLEADERS INC., ACCERO INC., CYBERSHIFT HOLDINGS INC., CYBERSHIFT INC. (U.S.), POINTWEALTH LIMITED, SSI INVESTMENTS I LIMITED, SSI INVESTMENTS II LIMITED, SSI INVESTMENTS III LIMITED, SKILLSOFT IRELAND LIMITED, SKILLSOFT U.K. LIMITED AND SKILLSOFT CANADA, LTD.

APPLICATION OF SKILLSOFT CANADA, LTD. UNDER PART IV OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

NOTICE OF INITIAL RECOGNITION ORDER

PLEASE BE ADVISED that this Notice is being published pursuant to the Initial Recognition Order (Foreign Main Proceedings) and the Supplemental Order (Foreign Main Proceedings) of the Court of Queen's Bench of New Brunswick (the "Canadian Court"), granted on June 19 2020 (collectively, the "Recognition Orders").

PLEASE TAKE NOTICE that on June 14, 2020, Skillsoft Corporation, Amber Holding Inc., Sumtal Systems LLC, MindLeaders Inc., Accero Inc., CyberShift Holdings Inc., CyberShift Inc. (U.S.), Pointwealth Limited, SSI Investments I Limited, SSI Investments II Limited, SSI Investments III Limited, Skillsoft Ireland Limited, ThirdForce Group Limited, Skillsoft U.K. Limited and Skillsoft Canada, Ltd. (collectively, the "Chapter 11 Debtors") each filed voluntary petitions under chapter 11 of title 11 of the United States Code (collectively, the "Chapter 11 Proceedings") in United States Bankruptcy Court for the District of Delaware (the "U.S. Court"). In connection with the Chapter 11 Proceedings, the U.S. Court has appointed Skillsoft Canada, Ltd. ("Skillsoft Canada") as the foreign representative of the Chapter 11 Debtors (the "Foreign Representative"). The Foreign Representative's address is 20 Knowledge Park Dr, Fredericton, New Brunswick, E3C 2P5. The Chapter 11 Debtors carry on business in Canada through Skillsoft Canada, Ltd.

PLEASE TAKE FURTHER NOTICE that the Recognition Orders have been issued by the Canadian Court under Part IV of the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36 (the "CCAA Recognition Proceedings"), and, among other things: (i) recognize the Chapter 11 Proceedings as a foreign main proceeding; (ii) recognize Skillsoft Canada as the Foreign Representative of the Chapter 11 Debtors; (iii) recognize certain orders granted by the U.S. Court in the Chapter 11 Proceedings including the granting of an interim DIP financing order; (iv) stay claims against the Chapter 11 Debtors, their property and their directors and officers in Canada; (v) prohibit the commencement of any such proceedings in Canada absent further order of the Canadian Court; and (vi) appoint Richter Advisory Group Inc. as the Information Officer with respect to the CCAA Recognition Proceedings.

PLEASE TAKE FURTHER NOTICE that counsel for the Foreign Representative is:

Stikeman Elliott LLP
1155 Rene-Levesque, Blvd, 41st Floor, Montreal, QC
Canada M5H 4E3
Attention: Joseph Reynaud
Phone: 514-397-3019
Email: jreynaud@stikeman.com

PLEASE TAKE FURTHER NOTICE that persons who wish to receive a copy of the Recognition Orders or obtain any further information in respect thereof or in respect of the matters set forth in this Notice, should contact the Information Officer at the address below:

Richter Advisory Group Inc.
(solely in its capacity as Information Officer)
1981 McGill College Ave, 12th floor, Montreal, QC
Canada H3A 0G6
Attention: Olivier Benchaya
Phone: 1-866-585-9751
Fax: 514-934-8603
Email: obenchaya@richter.ca

PLEASE TAKE FURTHER NOTICE that the motions, orders and notices filed with the U.S. Court in the Chapter 11 Proceedings are available at <https://www.kccldc.net/skillsoft>

Kurtzman Carson Consultants LLC
222 N. Pacific Coast Highway, 3rd Floor
El Segundo, CA 90245
Attention: Drake D. Foster
Phone: 877-709-4752 (U.S./Canada) or
424-236-7232 (International)
Fax: 310-823-9133
Email: dfoster@kccclc.ca

PLEASE FINALLY NOTE that the Recognition Orders, and any other orders that may be granted by the Canadian Court, can be viewed at <https://www.richter.ca/solvencycases/skillsoft-canada-td/>

DATED AT MONTREAL, QUEBEC, this 19th day of June 2020.

Richter Advisory Group Inc. (solely in its capacity as Information Officer of the Chapter 11 Debtors and not in its personal or corporate capacity)

RICHTER

Richter Advisory Group Inc.
1981 McGill College Ave., 12th Floor,
Montreal, Quebec H3A 0G6
Telephone: 1-866-585-9751
Fax: 514-934-8603

In the matter of the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "CCAA"), and in the matter of a Plan of Compromise or Arrangement of GFA World

NOTICE TO CREDITORS

NOTICE IS HEREBY GIVEN that on June 26, 2020, GFA World ("GFA Canada") sought and obtained an order (the "Initial Order") from the Ontario Superior Court of Justice Commercial List pursuant to the CCAA, under Court File No. CV-20-00643091-00CL. Pursuant to the Initial Order, PricewaterhouseCoopers Inc., LIT was appointed as monitor (the "Monitor") of GFA Canada, whose operations are continuing. This notice is provided in accordance with section 23(1) (a) of the CCAA and paragraph 23 of the Initial Order.

NOTICE IS HEREBY GIVEN that a copy of the Initial Order and other public information in respect of these CCAA proceedings are available on the Monitor's website at www.pwc.com/ca/gfaworld or may be obtained by contacting the Monitor directly at:

PricewaterhouseCoopers Inc., LIT
Monitor of GFA World
PwC Tower
18 York Street, Suite 2600
Toronto, ON M5J 0B2

Attention: Tammy Muradova

Email: ca_gfa@pwc.com

Telephone: +1 888 444-2059

DATED at Toronto, Ontario this 3rd day of July, 2020



In the Matter of the Companies' Creditors Arrangement Act, R.S.C. 1985, c. C-36, as amended (the "CCAA")

and in the Matter of the Plan of Compromise or Arrangement of Roberts Company Canada Limited (the "Applicant")

Notice pursuant to CCAA s.23.1(1)(a)(i)

NOTICE is hereby given that on June 29, 2020, the Ontario Superior Court of Justice (Commercial List) issued an Initial Order under the CCAA in respect of the Applicant in the proceeding bearing Court File No. CV-20-00643158-00CL declaring that the Applicant is a company to which the CCAA applies.

Richter Advisory Group Inc. ("Richter") has been appointed Monitor in the Applicant's CCAA proceeding. Information regarding the Applicant and/or the CCAA proceedings may be obtained by contacting Richter at 1-866-585-9751 or rcl@richter.ca as well as from Richter's website at <http://richter.ca/solvencycases/roberts-company-canada-limited/>.

RICHTER

Richter Advisory Group Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, Ontario M5J 2T3
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Fax: 514-934-8603

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Boeing to end production of 747 jumbo jet, report says

Boeing Co. is pulling the plug on its 747 jumbo jet, Bloomberg News reported Thursday.

The 747 democratized global air travel in the 1970s, but fell behind modern twin-engine passenger jets.

The last 747-8 will roll out of a Seattle area factory in about two years, according to the Bloomberg report.

When contacted by Reuters, Boeing did not confirm the Bloomberg report.

"At a build rate of 0.5 airplanes per month, the 747-8 program has more than two years of production ahead of it in order to fulfill our current customer commitments," a Boeing spokesman told Reuters. "We will continue to make the right decisions to keep the production line healthy and meet customer needs."

Boeing's 747 plane is enjoying a second life as a cargo mule for companies such as United Parcel Service Inc. because of a freight market boom fuelled by online shopping.

In 2016, Boeing said it could end 747 production amid falling orders and pricing pressure.

Major U.S. carriers such as United Continental Holdings Inc. and Delta Air Lines Inc. have already said goodbye to the 747.

REUTERS

BOEING (BA)
CLOSE: US\$180.81, UP 49 US CENTS

COVID-19 bankruptcies could trigger a financial crisis, St. Louis Fed president says

St. Louis Federal Reserve Bank president James Bullard has warned that a growing number of bankruptcies owing to the coronavirus outbreak could lead to a financial crisis, the Financial Times reported.

"Without more granular risk management on the part of the health policy, we could get a wave of substantial bankruptcies and [that] could feed into a financial crisis," Mr. Bullard said in an interview with the newspaper Wednesday.

He warned of "twists and turns" in the health crisis and said "it's probably prudent to keep our lending facilities in place for now, even though it's true that liquidity has improved dramatically in financial markets."

New U.S. COVID-19 cases rose by nearly 50,000 on Wednesday, according to a Reuters tally, marking the biggest one-day spike since the start of the pandemic. The surge in cases across the country, including the populous states of California, Florida and Texas, threaten the budding recovery.

Mr. Bullard said that it is possible that the country could "take a turn for the worse at some point in the future," but added that it was not his base case, according to the report.

The Fed moved aggressively in March to support the U.S. economy by cutting rates to near zero, buying up trillions of dollars in bonds and launching a slate of emergency lending tools to keep credit flowing to households and businesses.

The last of those programs was launched on Monday, which the Fed can use to buy newly minted corporate bonds.

REUTERS

Appendix “D”

**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
ROBERTS COMPANY CANADA LIMITED**

**MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)**

The management of Roberts Company Canada Limited (the "**Applicant**") has developed the assumptions and prepared the attached statement of projected cash flow as of the 6th day of July 2020, consisting of the period from June 29, 2020 to September 25, 2020 (the "**Revised Cash Flow Forecast**"),

The hypothetical assumptions are reasonable and consistent with the purpose of the Revised Cash Flow Forecast described in the notes therein, and the probable assumptions are suitably supported and consistent with the plans of the Applicant and provide a reasonable basis for the Revised Cash Flow Forecast. All such assumptions are disclosed in the notes therein.

Since the Revised Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The Revised Cash Flow Forecast has been prepared solely for the purpose described in the notes therein, using the probable and hypothetical assumptions set out therein. Consequently, readers are cautioned that the Revised Cash Flow Forecast may not be appropriate for other purposes.

Dated at Toronto, in the Province of Ontario, this 6th day of July 2020.

Roberts Company Canada Limited



**Ravi Williams-Singh
Director / Chief Administrative Officer**

| Roberts Company Canada Limited | | | | | | | | | | | | | | | |
|------------------------------------|-------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 13-Week Revised Cash Flow Forecast | | | | | | | | | | | | | | | |
| In C\$; unaudited | Notes | 03-Jul-20 | 10-Jul-20 | 17-Jul-20 | 24-Jul-20 | 31-Jul-20 | 07-Aug-20 | 14-Aug-20 | 21-Aug-20 | 28-Aug-20 | 04-Sep-20 | 11-Sep-20 | 18-Sep-20 | 25-Sep-20 | Total |
| | 1 | | | | | | | | | | | | | | |
| Gross Receipts | 2 | 710,000 | 710,000 | 750,000 | 750,000 | 755,000 | 755,000 | 755,000 | 755,000 | 755,000 | 660,000 | 660,000 | 660,000 | 660,000 | 9,335,000 |
| Disbursements | | | | | | | | | | | | | | | |
| Purchases | 3 | 240,000 | 240,000 | 293,000 | 400,000 | 405,000 | 405,000 | 405,000 | 405,000 | 405,000 | 410,000 | 410,000 | 410,000 | 410,000 | 4,838,000 |
| Payroll | 4 | 14,000 | 184,000 | 107,300 | 184,000 | 14,000 | 184,000 | 107,300 | 184,000 | 14,000 | 184,000 | 107,119 | 184,000 | 14,000 | 1,481,719 |
| Rent | 5 | 112,158 | - | 112,158 | - | - | 112,158 | - | 112,158 | - | 112,158 | - | 112,158 | - | 672,946 |
| Operating expenses | 6 | 213,600 | 134,500 | 590,750 | 334,500 | 234,500 | 134,500 | 190,750 | 134,500 | 134,500 | 124,500 | 180,750 | 119,500 | 119,500 | 2,646,350 |
| Professional fees | 7 | 263,000 | 263,000 | 113,000 | 113,000 | 113,000 | 113,000 | 113,000 | 113,000 | 113,000 | 113,000 | 113,000 | 113,000 | 113,000 | 1,769,000 |
| HST payables | 8 | - | - | 180,000 | - | - | - | 180,000 | - | - | - | 180,000 | - | - | 540,000 |
| Interest | 9 | 150,000 | - | - | - | 150,000 | - | - | - | 150,000 | - | - | - | - | 450,000 |
| KERP | 10 | - | - | - | - | - | - | - | - | - | - | - | - | 200,000 | 200,000 |
| Total Disbursements | | 992,758 | 821,500 | 1,396,208 | 1,031,500 | 916,500 | 948,658 | 996,050 | 948,658 | 816,500 | 943,658 | 990,869 | 938,658 | 856,500 | 12,598,014 |
| Net Cashflow | | (282,758) | (111,500) | (646,208) | (281,500) | (161,500) | (193,658) | (241,050) | (193,658) | (61,500) | (283,658) | (330,869) | (278,658) | (196,500) | (3,263,014) |
| Opening Revolver Balance | | (21,265,800) | (21,548,558) | (21,660,058) | (22,306,265) | (22,587,765) | (22,749,265) | (22,942,923) | (23,183,973) | (23,377,630) | (23,439,130) | (23,722,788) | (24,053,657) | (24,332,314) | (21,265,800) |
| Net cash inflow / (outflow) | | (282,758) | (111,500) | (646,208) | (281,500) | (161,500) | (193,658) | (241,050) | (193,658) | (61,500) | (283,658) | (330,869) | (278,658) | (196,500) | (3,263,014) |
| Subtotal | | (21,548,558) | (21,660,058) | (22,306,265) | (22,587,765) | (22,749,265) | (22,942,923) | (23,183,973) | (23,377,630) | (23,439,130) | (23,722,788) | (24,053,657) | (24,332,314) | (24,528,814) | (24,528,814) |
| Court-order charges | | (950,000) | (950,000) | (950,000) | (950,000) | (950,000) | (950,000) | (950,000) | (950,000) | (950,000) | (950,000) | (950,000) | (950,000) | (950,000) | (950,000) |
| Other Reserves | | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) | (200,000) |
| Ending Revolver Balance | | (22,698,558) | (22,810,058) | (23,456,265) | (23,737,765) | (23,899,265) | (24,092,923) | (24,333,973) | (24,527,630) | (24,589,130) | (24,872,788) | (25,203,657) | (25,482,314) | (25,678,814) | (25,678,814) |
| CDN Borrowing Base | | 27,002,194 | 26,978,721 | 26,784,110 | 26,740,878 | 26,697,646 | 26,568,699 | 26,468,282 | 26,367,866 | 26,267,450 | 26,167,034 | 26,077,839 | 25,988,644 | 25,899,449 | 25,899,449 |
| Availability | | 4,303,637 | 4,168,663 | 3,327,845 | 3,003,113 | 2,798,381 | 2,475,776 | 2,134,310 | 1,840,236 | 1,678,320 | 1,294,246 | 874,182 | 506,330 | 220,635 | 220,635 |

Roberts Company Canada Limited
13-Week Revised Cash Flow Forecast
Notes and Summary of Assumptions

In the Matter of the CCAA Proceedings of Roberts Company Canada Limited (“RCCL” or the “Applicant”).

Disclaimer

In preparing this revised cash flow forecast (the “**Revised Cash Flow Forecast**”), RCCL has relied upon unaudited financial information and has not attempted to further verify the accuracy or completeness of such information. Since the Revised Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Revised Cash Flow Forecast period will vary from the Revised Cash Flow Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

The Revised Cash Flow Forecast is presented in Canadian dollars. All capitalized terms that are not otherwise defined herein are to have the same meaning ascribed to them in the Monitor’s First Report to the Court dated July 6, 2020.

Note 1 Purpose of the Revised Cash Flow Forecast

The purpose of the Revised Cash Flow Forecast is to present the estimated cash receipts and disbursements of RCCL for the period from June 29, 2020 to September 25, 2020 (the “**Forecast Period**”), in respect of its proceedings under the CCAA. The Revised Cash Flow Forecast has been prepared by management of RCCL (“**Management**”) based on available financial information at the date of RCCL’s application for the Amended and Restated Initial Order in accordance with Section 10(2)b) of the CCAA. Readers are cautioned that this information may not be appropriate or relied upon for any other purpose.

Note 2 Receipts

Receipts comprise of income earned from the sale of goods to various retail stores, independent residential contractors and distributors. The Revised Cash Flow Forecast assumes a reduced revenue plan based on Management’s best estimate in light of COVID-19 and collections are based on historical payment terms of key customers.

Note 3 Purchases

RCCL purchases inventory from various third-party vendors. The Revised Cash Flow Forecast assumes inventory is purchased 60 days in advance and purchases are reflective of the reduced revenue plan.

Note 4 Payroll

Payroll expenses include salaries and wages, payroll taxes and remittances, accrued vacation, and employee benefits paid to RCCL Employees. Payroll expenses are forecasted based on a headcount reduction plan and are paid bi-weekly, with an exception for payroll expenses related to manufacturing employees, which are paid on a weekly basis.

- Note 5 Rent**
Represents rental payments for the Applicant's four leased facilities. Rental payments include taxes, maintenance, insurance and other costs provided for in the respective leases. Rent is forecasted based on historical run-rates and paid in two equal payments on the first and fifteenth day of each month.
- Note 6 Operating Expenses**
Operating expenses comprise of general business expenses, including marketing, insurance, utilities, freight and shipping, general and administrative, research and development, among others.
- Note 7 Professional Fees**
Professional fees include payments to the Applicant's legal counsel, the Monitor, the Monitor's legal counsel, and the secured lender's legal counsel.
- Note 8 HST Payables**
The Applicant is projecting to be in a net HST payable position and files HST returns and remits HST on a monthly basis.
- Note 9 Interest**
Represents interest paid during the Forecast Period to Bank of America. Additionally, the Revised Cash Flow Forecast assumes no principal payments during the Forecast Period.
- Note 10 KERP**
Represents amounts paid to employees relating to the Key Employee Retention Plan (the "KERP").

Appendix “E”

**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
ROBERTS COMPANY CANADA LIMITED**

**MONITOR'S REPORT ON CASH FLOW STATEMENT
(paragraph 23(1)(b) of the CCAA)**

The attached statement of projected cash flow of Roberts Company Canada Limited ("**RCCL**" or the "**Applicant**") prepared as of the 6th day of July 2020, consisting of the period from June 29, 2020 to September 25, 2020 (the "**Revised Cash Flow Forecast**"), has been prepared by management of the Applicant for the purpose described in Note 1, using the probable and hypothetical assumptions set out in the notes to the Revised Cash Flow Forecast.

Our review consisted of inquiries, analytical procedures and discussions related to information supplied by management and employees of the Applicant. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Revised Cash Flow Forecast. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Revised Cash Flow Forecast.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- (a) the hypothetical assumptions are not consistent with the purpose of the Revised Cash Flow Forecast;
- (b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Applicant or do not provide a reasonable basis for the Revised Cash Flow Forecast, given the hypothetical assumptions; or
- (c) the Revised Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

Since the Revised Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Revised Cash Flow Forecast will be achieved.

The Revised Cash Flow Forecast has been prepared solely for the purpose described in the notes thereto and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, in the Province of Ontario, this 6th day of July 2020.

**RICHTER ADVISORY GROUP INC.
IN ITS CAPACITY AS CCAA MONITOR OF
ROBERTS COMPANY CANADA LIMITED
AND NOT IN ITS PERSONAL CAPACITY**

Per:



**Paul van Eyk
CPA, CA, CIRP, LIT, IFA, Fellow of INSOL**

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
ROBERTS COMPANY CANADA LIMITED

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

**FIRST REPORT OF THE MONITOR,
RICHTER ADVISORY GROUP INC.**

BORDEN LADNER GERVAIS LLP

Barristers and Solicitors
East Tower, Bay Adelaide Centre
22 Adelaide St West #3400
Toronto, ON M5H 4E3

Roger Jaipargas

Tel: (416) 367-6266
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(LSO #43275C)

Charlotte Chien

Tel: (416) 367-7267
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(LSO #79340C)

Lawyers for Richter Advisory Group Inc.

Appendix "D"

Second Report of the Monitor

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

| | | |
|----------------------|---|-------------------------------|
| THE HONOURABLE MADAM |) | TUESDAY, THE 28 TH |
| |) | |
| JUSTICE GILMORE |) | DAY OF JULY, 2020 |

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 ROBERTS COMPANY CANADA
LIMITED

(the "**Applicant**")

CLAIMS PROCEDURE ORDER

THIS MOTION made by the Applicant, for an Order establishing a claims procedure pursuant to the *Companies' Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended (the "CCAA"), for the identification, quantification and resolution of claims of certain creditors of the Applicant and the Applicant's directors and officers, was heard this day by way of video-conference due to the COVID-19 crisis.

ON READING the Notice of Motion of the Applicant, the affidavit of Ravi Williams-Singh sworn July 23, 2020 and the exhibits thereto, the second report of Richter Advisory Group Inc. ("**Richter**") in its capacity as monitor (the "**Monitor**") of the Applicant dated July 23, 2020, and on hearing the submissions of counsel for the Applicant, the Monitor, Bank of America, N.A., as Agent under the Fourth Amended and Restated Loan Agreement, dated as of January 31, 2017 and such other parties as were present, no one else appearing although duly served as appears from the affidavit of service of Danish Afroz sworn July 23, 2020:

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion and the Motion Record is hereby abridged and validated and this Motion is properly returnable today and hereby dispenses with further service or notice thereof.

DEFINITIONS

2. **THIS COURT ORDERS** that, for the purposes of this order (the “**Claims Procedure Order**”), in addition to the terms defined elsewhere herein, the following terms shall have the following meanings:

- (a) “**Affiliate**” means, in relation to a party, a body corporate:
 - (i) which is directly or indirectly controlled by such party; or
 - (ii) which directly or indirectly controls such party; or
 - (iii) which is, directly or indirectly, controlled by a body corporate that also, directly or indirectly controls such party.

For the purpose of this definition, “**control**” of a body corporate means the direct or indirect power to direct, administer and dictate policies or management of such body corporate, it being understood and agreed that control of a body corporate can be exercised without direct or indirect ownership of fifty percent (50%) or more of its voting shares, provided always that the ownership of the right to exercise fifty percent (50%) or more of the voting rights of a given body corporate shall be deemed to be effective control hereunder;

- (b) “**Assessments**” means Claims of Her Majesty the Queen in Right of Canada or of any Province or Territory or Municipality or any other taxation authority in any Canadian or foreign jurisdiction, including, without limitation, amounts which may arise or have arisen under any notice of assessment, notice of reassessment, notice of objection, notice of appeal, audit, investigation, demand or similar request from any taxation authority;

- (c) “**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, on which banks are generally open for business in Toronto, Ontario;
- (d) “**Calendar Day**” means a day, including Saturday, Sunday or any statutory holiday in the Province of Ontario, Canada;
- (e) “**CCAA Proceedings**” means the within proceedings commenced by the Applicant in this Court under Court File No.: CV-20-00643158-00CL;
- (f) “**CCAA Termination Order**” means any order granted and issued by the Court in respect of the Applicant terminating the CCAA Proceedings, as the same may be amended, supplemented or restated from time to time in accordance with its terms;
- (g) “**Claim**” means:
 - (i) any right or claim of any Person against the Applicant, whether or not asserted, in connection with any indebtedness, liability or obligation of any kind whatsoever, and any interest accrued thereon or costs payable in respect thereof, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise), in existence on the Filing Date, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, unknown, by guarantee, by surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Assessment and any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation is based in whole

or in part on facts that existed prior to the Filing Date and any other claims that would have been claims provable in bankruptcy had the Applicant become bankrupt on the Filing Date, including for greater certainty any claim against the Applicant for indemnification by any Director or Officer in respect of a Director/Officer Claim (but excluding any such claim for indemnification that is covered by the Directors' Charge (as defined in the Initial Order)), in each case, where such monies remain unpaid as of the date hereof (each, a "**Pre filing Claim**", and collectively, the "**Pre filing Claims**");

- (ii) any right or claim of any Person against the Applicant in connection with any indebtedness, liability or obligation of any kind whatsoever owed by the Applicant to such Person arising out of the restructuring, disclaimer, resiliation, termination or breach by the Applicant on or after the Filing Date of any contract, lease or other agreement or arrangement whether written or oral (each, a "**Restructuring Period Claim**", and collectively, the "**Restructuring Period Claims**"); and
- (iii) any existing or future right or claim of any Person against one or more of the Directors and/or Officers howsoever arising, whether or not such right or claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, perfected, unperfected, present, future, known, or unknown, by guarantee, surety or otherwise, and whether or not such right is executory or anticipatory in nature, including any Assessment and any right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, for which any Director or Officer is alleged to be, by statute or otherwise by law or equity, liable to pay in his or her capacity as a Director or Officer (each a "**Director/Officer Claim**", and collectively, the "**Director/Officer Claims**"),

including any Claim arising through subrogation against the Applicant or any Director or Officer, provided however, that in any case “Claim” shall not include an Excluded Claim;

- (h) “**Claimant**” means any Person having or asserting a Claim and/or an Employee Restructuring Claim;
- (i) “**Claims Bar Date**” means 5:00 p.m. (Eastern Standard Time) on September 14, 2020, or such later date as may be ordered by the Court;
- (j) “**Claims Package**” means a document package that contains a copy of the Instruction Letter, the Notice Letter, a Notice of Dispute of Revision or Disallowance, a Proof of Claim, a Notice of Employee Restructuring Claim (solely in respect of a document package delivered to a Claimant having an Employee Restructuring Claim) and such other materials as the Monitor and the Applicant may consider appropriate or desirable;
- (k) “**Claims Procedure**” means the procedures outlined in this Claims Procedure Order in connection with the identification, quantification and resolution of Claims, including Prefiling Claims, Restructuring Period Claims, Director/Officer Claims and Employee Restructuring Claims, as amended or supplemented by further order of the Court;
- (l) “**Court**” means the Ontario Superior Court of Justice (Commercial List);
- (m) “**D&O Indemnity Claim**” means any existing or future right of any Director or Officer against the Applicant which arose or arises as a result of any Person filing a Proof of Claim in respect of such Director or Officer for which such Director or Officer is entitled to be indemnified by the Applicant;
- (n) “**Directors**” means anyone who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, a director or a *de facto* director of the Applicant, and “**Director**” means any of them;

- (o) “**Disputed Claim**” means a Claim that is validly disputed in accordance with this Claims Procedure Order and which remains subject to adjudication in accordance with this Claims Procedure Order;
- (p) “**Employee**” means anyone who is or was or may be deemed to be or have been, whether by statute, operation of law or otherwise, a current or former employee of the Applicant whether on a full-time, part-time or temporary basis, other than a Director or Officer, including any individuals on disability leave, parental leave or other absence;
- (q) “**Employee Restructuring Claim**” means the Claim of any Employee for vacation, termination, severance pay, wages, commissions, or other remuneration, arising as result of the termination of employment of such Employee by the Applicant prior to the Filing Date or during the CCAA Proceedings to and including the date of the CCAA Termination Order;
- (r) “**Employee Restructuring Claims Bar Date**” means, in respect of an Employee Restructuring Claim, the later of (i) the Claims Bar Date and (ii) 5:00 p.m. (Eastern Standard Time) on the date that is ten (10) Business Days after the date on which the Monitor sends a Claims Package including a Notice of Employee Restructuring Claim to a Claimant having an Employee Restructuring Claim;
- (s) “**Excluded Claim**” means:
 - (i) any Claim secured by any of the Charges (as defined in the Initial Order);
 - (ii) any intercompany claims, including any Claims of an Affiliate of the Applicant against the Applicant;
 - (iii) any Claim of Bank of America, N.A., including any Claim of Bank of America, N.A., as Agent under the Fourth Amended and Restated Loan Agreement, dated as of January 31, 2017 (as amended, supplemented and otherwise modified from time to time) (the “**ABL Credit Agreement**”) or the ABL Forbearance Agreement dated as of June 26, 2020 (as amended,

restated or otherwise modified from time to time) (the “**ABL Forbearance Agreement**”), and any Claim of any other Lender or Agent from time to time under the ABL Credit Agreement or the ABL Forbearance Agreement;

- (iv) any claim enumerated in sections 5.1(2) and 19(2) of the CCAA; and
- (v) for greater certainty, shall include any Excluded Claim arising through subrogation;
- (t) “**Filing Date**” means June 29, 2020;
- (u) “**Initial Order**” means the Initial Order of the Court dated June 29, 2020, as amended, restated or varied pursuant to the Amended and Restated Initial Order of the Court dated July 8, 2020, and as further amended, restated or varied from time to time;
- (v) “**Instruction Letter**” means the instruction letter to Claimants, in substantially the form attached as Schedule “A” hereto;
- (w) “**Known Claimants**” means with respect to the Applicant or any of its Directors or Officers:
 - (i) any Person that the books and records of the Applicant disclose were owed monies by the Applicant as of the Filing Date, where such monies remain unpaid in full or in part as of the date hereof;
 - (ii) any Person who commenced a legal proceeding against the Applicant or one or more Directors or Officers in respect of a Claim, which legal proceeding was commenced and served prior to the Filing Date; and
 - (iii) any other Person of whom the Applicant has knowledge as at the date of this Claims Procedure Order, as being owed monies by the Applicant, and for whom the Applicant has a current address or other contact information;

- (x) “**Meeting**” means a meeting of the Claimants of the Applicant called for the purpose of considering and voting in respect of a Plan, if any;
- (y) “**Monitor**” has the meaning set out in the recitals hereto;
- (z) “**Monitor’s Website**” means the website maintained by Richter at <https://www.richter.ca/insolvencycase/roberts-company-canada-limited/>;
- (aa) “**Notice of Dispute of Revision or Disallowance**” means a notice in substantially the form attached hereto as Schedule “F”, which may be delivered by a Claimant who received a Notice of Revision or Disallowance or Notice of Employee Restructuring Claim disputing such Notice of Revision or Disallowance or a Notice of Employee Restructuring Claim, as applicable;
- (bb) “**Notice of Employee Restructuring Claim**” means a notice in substantially the form attached hereto as Schedule “D”, which may be delivered by the Monitor to a Claimant with an Employee Restructuring Claim for voting and/or distribution purposes;
- (cc) “**Notice of Revision or Disallowance**” means the notice, substantially in the form attached hereto as Schedule “E”, which may be delivered by the Monitor to a Claimant revising or disallowing, in part or in whole, a Claim submitted by such Claimant for voting and/or distribution purposes;
- (dd) “**Notice Letter**” means the notice to Claimants for publication substantially in the form attached hereto as Schedule “B”;
- (ee) “**Officers**” means anyone who is or was, or may be deemed to be or have been, whether by statute, operation of law or otherwise, an officer or *de facto* officer of the Applicant, and “**Officer**” means any one of them;
- (ff) “**Person**” means any individual, partnership, limited partnership, joint venture, trust, corporation, unincorporated organization, government or agency or instrumentality thereof, or any other corporate, executive, legislative, judicial, regulatory or administrative entity howsoever designated or constituted, including,

without limitation, any present or former shareholder, supplier, customer, employee, agent, client, contractor, lender, lessor, landlord, sub-landlord, tenant, sub-tenant, licensor, licensee, partner or advisor;

- (gg) “**Plan**” means any plan of compromise or arrangement or plan of reorganization filed by or in respect of the Applicant, as may be amended, supplemented or restated from time to time in accordance with the terms thereof;
- (hh) “**Proof of Claim**” means a proof of claim form in substantially the form attached hereto as Schedule “C”, and which when filed by any Claimant in connection with a Claim shall include all supporting documentation in respect of such Claim;
- (ii) “**Restructuring Period Claims Bar Date**” means, in respect of a Restructuring Period Claim, the later of (i) the Claims Bar Date and (ii) 5:00 p.m. (Eastern Standard Time) on the date that is ten (10) Business Days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Period Claim to a Claimant;
- (jj) “**Service List**” means the service list maintained by the Monitor in respect of the CCAA Proceedings; and
- (kk) “**WEPPA**” means the *Wage Earner Protection Program Act*, S.C. 2005, c. 47, s. 1.

INTERPRETATION

3. **THIS COURT ORDERS** that all references to time herein shall mean Eastern Standard time and any reference to an event occurring on a Business Day shall mean prior to 5:00 p.m. on such Business Day unless otherwise indicated herein. Any reference to an event occurring on a day that is not a Business Day shall mean the next following day that is a Business Day.

4. **THIS COURT ORDERS** that all references to the word “including” shall mean “including without limitation”.

5. **THIS COURT ORDERS** that all references to the singular herein include the plural, the plural include the singular, and any gender includes all genders.

GENERAL PROVISIONS

6. **THIS COURT ORDERS** that the Claims Procedure and the forms attached as schedules to this Claims Procedure Order are hereby approved and, if determined to be advisable by the Monitor, arrangements shall be made for French language translations of such forms. Notwithstanding the foregoing, the Applicant with the consent of the Monitor may, from time to time, make non-substantive changes to the forms as the Applicant may consider necessary or desirable, including the Instruction Letter, Notice Letter, Notice of Revision or Disallowance, Proof of Claim, Notice of Dispute of Revision or Disallowance and Notice of Employee Restructuring Claim.

7. **THIS COURT ORDERS** that the Monitor, in consultation with the Applicant and the Directors and Officers, as applicable, is hereby authorized to use reasonable discretion as to the adequacy of compliance with respect to the manner in which forms delivered hereunder are completed and executed, and may where the Monitor is satisfied that a Claim has been adequately proven, waive strict compliance with the requirements of the Claims Procedure Order as to the completion, execution and submission of such forms (in consultation with the Applicant and the applicable Directors and Officers in respect of any Director/Officer Claim) may request any further documentation from a Claimant that the Monitor (in consultation with the Applicant and the applicable Directors and Officers in respect of any Director/Officer Claim) may require to enable them to determine the validity, classification and/or the amount of a Claim.

8. **THIS COURT ORDERS** that all Claims shall be denominated in Canadian dollars. Any Claims denominated in a foreign currency shall be converted to Canadian dollars at the Bank of Canada daily average exchange rate in effect at the Filing Date.

9. **THIS COURT ORDERS** that the amounts claimed in any Assessment, regardless of when the Assessment is issued, shall be subject to the Claims Procedure Order and there shall be no presumption of validity or deeming of the amount due in respect of amounts claimed in any Assessment.

10. **THIS COURT ORDERS** that copies of all forms delivered hereunder, as applicable, shall be maintained by the Monitor. The Monitor shall promptly provide copies of any Proof of Claim

and Notices of Dispute of Revision or Disallowance received by the Monitor in connection with the Claims Procedure to counsel for the Applicant, Bennett Jones LLP.

ROLE OF THE MONITOR

11. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights, duties, responsibilities and obligations under the CCAA, the Initial Order and any other orders of the Court in the CCAA Proceedings, is hereby authorized, directed and empowered to implement the Claims Procedure provided for herein and to take such other actions and fulfill such other roles as are contemplated by the Claims Procedure Order or incidental thereto.

12. **THIS COURT ORDERS** that the Monitor (a) shall have all the protections afforded to it by the CCAA, the Claims Procedure Order, the Initial Order, and any other orders of the Court in the CCAA Proceedings, or as an officer of the Court, including the stay of proceedings in its favour provided pursuant to the Initial Order; (b) shall incur no liability or obligation as a result of carrying out the provisions of this Claims Procedure Order, including in respect of its exercise of discretion as to the completion, execution or time of delivery of any documents to be delivered hereunder, other than in respect of gross negligence or wilful misconduct; (c) shall be entitled to rely on the books and records of the Applicant and any information provided by the Applicant, all without independent investigation; and (d) shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information or in any information provided by any Claimant, except to the extent that the Monitor has acted with gross negligence or wilful misconduct.

13. **THIS COURT ORDERS** that the Applicant, the Directors, the Officers and their respective employees, agents and representatives and any other Person given notice of this Claims Procedure Order shall fully cooperate with the Monitor in the exercise of its powers and the discharge of its duties and obligations under this Claims Procedure Order.

NOTICE TO CLAIMANTS

14. **THIS COURT ORDERS** that:

- (a) the Monitor shall, not later than five (5) Business Days following the granting of the Claims Procedure Order, deliver on behalf of the Applicant to each of the Known Claimants (other than each Employee with a known Employee Restructuring Claim, who shall receive a Claims Package in accordance with paragraph 17 of this Claims Procedure Order) a copy of the Claims Package;
- (b) the Monitor shall cause the Notice Letter to be published once in *The Globe and Mail* (National Edition) as soon as practicable after the date of this Claims Procedure Order;
- (c) the Monitor shall post a copy of this Claims Procedure Order, the Applicant's Motion Record in respect of this Claims Procedure Order, and the Claims Package on the Monitor's Website as soon as practicable after the date of this Claims Procedure Order;
- (d) the Monitor shall deliver, as soon as reasonably possible following receipt of a request therefor, a copy of the Claims Package to any Person claiming to be a Claimant and requesting such material in writing; and
- (e) any notices of disclaimer or resiliation delivered to Claimants by the Applicant or the Monitor after the date of this Claims Procedure Order shall be accompanied by a Claims Package and upon becoming aware of any other circumstance giving rise to a Restructuring Period Claim or an Employee Restructuring Claim, the Monitor shall send a Claims Package to the Claimant or may direct the Claimant to the documents posted on the Monitor's Website in respect of such Restructuring Period Claim or Employee Restructuring Claim.

15. **THIS COURT ORDERS** that the Monitor shall be entitled to rely on the accuracy and completeness of the information obtained from the books and records of the Applicant regarding the Known Claimants and the Claimants having Employee Restructuring Claims. For greater certainty, the Monitor shall have no liability in respect of the information provided to it or otherwise obtained by it regarding the Known Claimants and the Claimants having Employee

Restructuring Claims and shall not be required to conduct any independent inquiry and investigation with respect to that information.

CLAIMS PROCEDURE FOR CLAIMANTS

A. Proofs of Claim

16. **THIS COURT ORDERS** that subject to paragraphs 17 to 22 below, to be effective, every Claimant asserting any Claim other than an Employee Restructuring Claim against the Applicant, the Directors or the Officers or any of them shall set out its aggregate Claim in a Proof of Claim, including supporting documentation, and deliver that Proof of Claim to the Monitor so that it is actually received by the Monitor by no later than: (i) in the event such Claim is a Prefiling Claim or Director/Officer Claim, the Claims Bar Date; or (ii) in the event such Claim is a Restructuring Period Claim, the Restructuring Period Claims Bar Date.

B. Employee Restructuring Claims

17. **THIS COURT ORDERS** that the Monitor shall, in consultation with the Applicant, deliver a Claims Package containing a Notice of Employee Restructuring Claim setting out the classification, nature and amount of such Claimant's Employee Restructuring Claim, as determined by the Applicant, in consultation with the Monitor, based on the books and records of the Applicant: (i) not later than five (5) Business Days following the granting of this Claims Procedure Order, to each Claimant that is known by the Applicant and the Monitor to have an Employee Restructuring Claim as at the date of this Claims Procedure Order; and (ii) in respect of any Claimant that has an Employee Restructuring Claim arising on or after the date of this Claims Procedure Order to and until the CCAA Termination Order, as soon as reasonably practicable and not later than ten (10) Business Days following the date on which such Employee Restructuring Claim arises.

18. **THIS COURT ORDERS** that any Claimant who does not dispute the classification, nature or amount of their Employee Restructuring Claim as set forth in the Notice of Employee Restructuring Claim delivered to such Claimant is not required to take any further action and the Employee Restructuring Claim of such Claimant shall be deemed to be of such classification,

nature and amount as set forth in the Notice of Employee Restructuring Claim for voting and/or distribution purposes.

19. **THIS COURT ORDERS** that any Claimant who wishes to dispute the classification, nature and/or amount of their Employee Restructuring Claim as set forth in the Notice of Employee Restructuring Claim delivered to such Claimant shall be required to deliver a Notice of Dispute of Revision or Disallowance to the Monitor so that it is actually received by the Monitor by no later than the Employee Restructuring Claims Bar Date.

20. **THIS COURT ORDERS** that any Claimant who receives a Notice of Employee Restructuring Claim and wishes to assert a Claim other than an Employee Restructuring Claim, against the Applicant, the Directors or the Officers, or any of them, shall be required to deliver a Proof of Claim to the Monitor in respect of such other Claim(s), so that it is actually received by the Monitor by no later than the: (i) Claims Bar Date where such Claim is a Prefiling Claim or Director/Officer Claim; or (ii) Restructuring Period Claims Bar Date where such Claim is a Restructuring Period Claim.

21. **THIS COURT ORDERS** that any Claimant that does not deliver a Notice of Dispute of Revision or Disallowance in respect of a Notice of Employee Restructuring Claim by the Employee Restructuring Claims Bar Date, shall be forever barred from disputing the classification, nature and/or amount of the Employee Restructuring Claim set forth in the Notice of Employee Restructuring Claim, and any Employee Restructuring Claim or Claim of a different classification or nature or in excess of the amount specified in the Notice of Employee Restructuring Claim, shall be forever barred and extinguished.

22. **THIS COURT ORDERS** that, notwithstanding anything contained in this Claims Procedure Order and given that the Applicant is not subject to a bankruptcy or receivership proceeding at this time, any Claimant that does not deliver a Notice of Dispute of Revision or Disallowance in connection with a Notice of Employee Restructuring Claim, shall not be barred from claiming additional amounts from Her Majesty in right of Canada or the Minister of National Revenue in respect of his or her entitlement to any future amounts claimable under WEPPA (a “**WEPPA Claim**”) should WEPPA apply, provided that in no circumstances shall any Person

other than Her Majesty in right of Canada or the Minister of National Revenue have any liability whatsoever for any WEPPA Claim.

23. **THIS COURT ORDERS** that for greater certainty, any Employee who wishes to file a Claim and does not receive a Claims Package or Notice of Employee Restructuring Claim by the date that is ten (10) Business Days prior to the Claims Bar Date, should immediately contact the Monitor and request a Claims Package pursuant to paragraph 14(d) of this Claims Procedure Order and file a Proof of Claim in respect of such Claim so that it is actually received by the Monitor by no later than: (i) the Claims Bar Date where such Claim is a Prefiling Claim or Director/Officer Claim; or (ii) the Restructuring Period Claims Bar Date where such Claim is a Restructuring Period Claim.

C. Adjudication of Claims Against the Applicant

24. **THIS COURT ORDERS** that subject to paragraphs 17 to 22 of this Claims Procedure Order, the Monitor, with the assistance of the Applicant, shall review all Proofs of Claims received by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, and shall accept, revise or disallow the classification, nature and/or amount of each Claim against the Applicant therein. The Monitor shall notify each Claimant who has delivered a Proof of Claim by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, as to whether such Claimant's Claim against the Applicant as set out therein has been revised or disallowed, in whole or in part, by sending a Notice of Revision or Disallowance. The reasons for any revision or disallowance of a Claim, whether in whole or in part, shall be included in such Notice of Revision or Disallowance.

25. **THIS COURT ORDERS** that any Claimant who wishes to dispute a Notice of Revision or Disallowance sent pursuant to paragraph 24 of this Claims Procedure Order shall deliver a Notice of Dispute of Revision or Disallowance by no later than 5:00 p.m. on the date that is fourteen (14) Calendar Days after the date the Monitor sends the Notice of Revision or Disallowance to the applicable Claimant.

26. **THIS COURT ORDERS** that where a Claimant that receives a Notice of Revision or Disallowance pursuant to paragraph 24 of this Claims Procedure Order does not file a Notice of

Dispute of Revision or Disallowance by the time set out in paragraph 25 herein, the classification, nature and amount of such Claimant's Claim shall be deemed to be as set out in the Notice of Revision or Disallowance and any and all of the Claimant's rights to dispute the classification, amount and/or nature of the Claim(s) set out in the Notice of Revision or Disallowance or to otherwise assert or pursue the Claim(s) in an amount that exceeds the amount set forth in the Notice of Revision or Disallowance shall be forever extinguished and barred without further act or notification.

D. Resolution of Claims Against the Applicant

27. **THIS COURT ORDERS** that the Monitor, in consultation with the Applicant, shall review all Notices of Dispute of Revision or Disallowance (including those in respect of an Employee Restructuring Claim). In the event that the Monitor, with the assistance of the Applicant, is unable to resolve a dispute regarding any Disputed Claim (other than in respect of a Director/Officer Claim) with a Claimant within a period or in a manner satisfactory to the Monitor, in consultation with the Applicant, the Monitor shall so notify the Applicant and the Claimant. Thereafter, the Monitor shall refer the Disputed Claim to the Court or to such alternative dispute resolution as may be ordered by the Court or agreed to by the Monitor, the Applicant and the applicable Claimant. The Court or the Person or Persons conducting the alternative dispute resolution proceeding, as the case may be, shall resolve the dispute.

E. Adjudication of Director/Officer Claims

28. **THIS COURT ORDERS** that, for greater certainty, the procedures in paragraphs 24 to 27 of this Claims Procedure Order shall not apply to the adjudication or the resolution of Director/Officer Claims.

29. **THIS COURT ORDERS** that if a Person does not file a Proof of Claim with the Monitor such that it is received by the Monitor by the Claims Bar Date with respect to a Director/Officer Claim, any and all such Director/Officer Claims of such Person shall be forever extinguished and barred without any further act or notification and irrespective of whether such Person received a Claims Package, and the Directors and Officers shall have no liability whatsoever in respect of such Director/Officer Claims.

30. **THIS COURT ORDERS** that the Monitor shall forthwith provide the relevant Director or Officer (and his or her counsel, if known to the Monitor) with a copy of any Proofs of Claim received in respect of Director/Officer Claims.

31. **THIS COURT ORDERS** that the Monitor, in consultation with the Applicant and the relevant Director or Officer, shall review all Proofs of Claim received by the Claims Bar Date in respect of Director/Officer Claims and shall accept, revise or disallow the classification, nature and/or amount of each Director/Officer Claim set out therein in whole or in part (which acceptance, revision or disallowance shall require the consent of the applicable Director or Officer). The Monitor, with the consent of the Applicant, shall notify each Claimant who has delivered a Proof of Claim by the Claims Bar Date in respect of Director/Officer Claims as to whether such Person's Claim as set out therein has been revised or disallowed and the reasons therefor by sending a Notice of Revision or Disallowance to such Claimant. The Monitor shall provide a copy of such Notice of Revision or Disallowance to the Director or Officer (and his or her counsel, if known to the Monitor) subject to a Director/Officer Claim.

32. **THIS COURT ORDERS** that any Claimant who wishes to dispute a Notice of Revision or Disallowance sent pursuant to paragraph 31 of this Claims Procedure Order shall deliver a Notice of Dispute of Revision or Disallowance to the Monitor such that it is received by the Monitor by no later than 5:00 p.m. on the date that is fourteen (14) Calendar Days after the date the Monitor sent the applicable Claimant the Notice of Revision or Disallowance. The Monitor shall provide a copy of such Notice of Dispute of Revision or Disallowance to the Director or Officer (and his or her counsel, if known to the Monitor) subject to the applicable Director/Officer Claim upon the receipt of such Notice of Dispute of Revision or Disallowance.

33. **THIS COURT ORDERS** that if a Claimant who receives a Notice of Revision or Disallowance pursuant to paragraph 31 of this Claims Procedure Order does not file a Notice of Dispute of Revision or Disallowance by the deadline set out in paragraph 32 herein, the classification, nature and amount of such Claimant's Director/Officer Claim shall be deemed to be as set out in the Notice of Revision or Disallowance and any and all of such Claimant's rights to dispute the Director/Officer Claim(s) as classified and valued in the Notice of Revision or Disallowance or to otherwise assert or pursue such Director/Officer Claim(s) in an amount that

exceeds the amount set forth in the Notice of Revision or Disallowance shall be forever extinguished and barred without further act or notification.

F. Resolution of Director/Officer Claims

34. **THIS COURT ORDERS** that in the event that the Monitor, in consultation with the Applicant, determines that it is necessary to finally determine the amount of a Director/Officer Claim and the Monitor, in consultation with the Applicant and with the consent of the applicable Directors and Officers, is unable to resolve a dispute regarding such Director/Officer Claim with the Claimant asserting such Director/Officer Claim within a period or in a manner satisfactory to the Monitor, in consultation with the Applicant and with the consent of the applicable Directors and Officers, the Monitor shall notify the Applicant, the applicable Directors and Officers and such Claimant. Thereafter, the Monitor shall refer the Disputed Claim to the Court for resolution or to such alternative dispute resolution as may be ordered by the Court or as agreed to by the Monitor, the Applicant, the relevant Director(s) and/or Officer(s) and the applicable Claimant. The Court or the Person or Persons conducting the alternative dispute resolution proceeding, as the case may be, shall resolve the dispute.

G. D&O Indemnity Claims

35. **THIS COURT ORDERS** that to the extent that any Director/Officer Claim is filed in accordance with this Claims Procedure or an Employee Restructuring Claim includes a Director/Officer Claim, a corresponding D&O Indemnity Claim shall be deemed to have been filed in respect of each Director/Officer Claim prior to the Claims Bar Date and/or the Employee Restructuring Claims Bar Date, as applicable. For the avoidance of doubt, Directors and Officers shall not be required take any action or to file a Proof of Claim in respect of such D&O Indemnity Claim.

CLAIMS BARRED

36. **THIS COURT ORDERS** that, subject to paragraphs 17 to 22, any Person that does not deliver a Proof of Claim in respect of a Claim in the manner required by this Claims Procedure Order so that it is actually received by the Monitor on or before the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable:

- (a) shall not be entitled to attend or vote at a Meeting in respect of such Claim;
- (b) shall not be entitled to receive any distribution in respect of such Claim pursuant to a Plan or otherwise;
- (c) shall not be entitled to any further notice in the CCAA Proceedings (unless it has otherwise sought to be included on the Service List); and
- (d) shall be and is hereby forever barred from making or enforcing such Claim against the Applicant, the Directors or the Officers or any of them, and such Claim shall be and is hereby extinguished without any further act or notification.

EXCLUDED CLAIMS

37. **THIS COURT ORDERS** that, for greater certainty, Persons holding an Excluded Claim shall not be required to file a Proof of Claim in respect of such Excluded Claim, and such Person shall be unaffected by this Claims Procedure Order in respect of such Excluded Claim.

SET-OFF

38. **THIS COURT ORDERS** that the Applicant may set-off (whether by way of legal, equitable or contractual set-off) against payments or other distributions to be made pursuant to a Plan to any Claimant, any claims of any nature whatsoever that the Applicant may have against such Claimant. However, neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Applicant of any such claim that the Applicant may have against such Claimant.

NOTICE OF TRANSFEREES

39. **THIS COURT ORDERS** that if the holder of a Claim transfers or assigns the whole of such Claim to another Person, neither the Monitor nor the Applicant shall be obligated to give notice or otherwise deal with the transferee or assignee of such Claim in respect thereof unless and until written notice of such transfer or assignment, together with satisfactory evidence of such transfer or assignment, shall have been received and acknowledged by the Monitor in writing to the assignee or transferee and the assignor or transferor, and thereafter such transferee or assignee

shall for the purposes hereof constitute the "Claimant" in respect of such Claim. Any such transferee or assignee of a Claim shall be bound by any notices given or steps taken in respect of such Claim in accordance with this Claims Procedure Order prior to receiving written confirmation by the Monitor acknowledging such assignment or transfer. After the Monitor has delivered a written confirmation acknowledging the notice of the transfer or assignment of a Claim, the Applicant and the Monitor shall thereafter be required only to deal with the transferee or assignee and not the original holder of the Claim. A transferee or assignee of a Claim takes the Claim subject to any defences and rights of set-off to which the Applicant may be entitled with respect to such Claim. For greater certainty, a transferee or assignee of a Claim is not entitled to set-off, apply, merge, consolidate or combine any Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such Person to the Applicant. Reference to transfer in this Claims Procedure Order includes a transfer or assignment whether absolute or intended as security.

40. **THIS COURT ORDERS** that if a Claimant or any subsequent holder of a Claim, who in any such case has previously been acknowledged by the Monitor as the holder of the Claim, transfers or assigns the whole of such Claim to more than one Person or part of such Claim to another Person, such transfers or assignments shall not create separate Claims and such Claims shall continue to constitute and be dealt with as a single Claim notwithstanding such transfers or assignments. The Applicant and the Monitor shall not, in each case, be required to recognize or acknowledge any such transfers or assignments and shall be entitled to give notices to and to otherwise deal with such Claim only as a whole and then only to and with the Person last holding such Claim, provided such Claimant may, by notice in writing delivered to the Monitor, direct that subsequent dealings in respect of such Claim, but only as a whole, shall be dealt with by a specified Person and in such event, such Person shall be bound by any notices given or steps taken in respect of such Claim with such Claimant or in accordance with the provisions of this Claims Procedure Order.

SERVICE AND NOTICE

41. **THIS COURT ORDERS** that the Applicant and the Monitor may, unless otherwise specified by this Claims Procedure Order, serve and deliver or cause to be served and delivered the Claims Package, and any letters, notices or other documents to the appropriate Claimants or

any other interested Person by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile transmission or email to such Persons or their counsel at the physical or electronic address, as applicable, last shown on the books and records of the Applicant or set out in such Claimant's Proof of Claim or Notice of Dispute of Revision or Disallowance, if one has been filed. Any such service and delivery shall be deemed to have been received: (a) if sent by ordinary mail, on the third Business Day after mailing within Ontario, the fifth Business Day after mailing within Canada (other than within Ontario) and the tenth Business Day after mailing internationally; (b) if sent by courier or personal delivery, on the next Business Day following dispatch; and (c) if delivered by facsimile transmission or email by 5:00 p.m. on a Business Day, on such Business Day, and if delivered after 5:00 p.m. or other than on a Business Day, on the following Business Day.

42. **THIS COURT ORDERS** that any notice or communication required to be provided or delivered by a Claimant to the Monitor or the Applicant under this Claims Procedure Order shall be in writing in substantially the form, if any, provided for in this Claims Procedure Order and will be sufficiently given only if delivered by prepaid ordinary mail, registered mail, courier, personal delivery or email addressed to:

If to the Monitor:

Richter Advisory Group Inc. as Monitor of Roberts Company Canada Limited
181 Bay St., Suite 3510
Bay Wellington Tower
Toronto, Ontario M5J 2T3

Phone: 1-866-585-9751
Fax: (514) 934-8603
E-mail: rccl@richter.ca

If to the Applicant:

Attention: Adam Morgan
Email: amorgan@qep.com

With a Copy to:
Bennett Jones LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario, M5X 1A4

Attention: Raj Sahni and Danish Afroz
Fax: (416) 863-1716
Email: sahnir@bennettjones.com; afrozd@bennettjones.com

Any such notice or communication delivered by a Claimant shall be deemed to be received upon actual receipt thereof during normal business hours on a Business Day, or if delivered outside of normal business hours, the next Business Day.

43. **THIS COURT ORDERS** that the posting of materials on the Monitor's Website pursuant to paragraph 14(c), the publication of the Notice Letter and the mailing of the Claims Packages as set out in this Claims Procedure Order shall constitute good and sufficient notice to Claimants of the Claims Bar Date, the Restructuring Period Claims Bar Date, the Employee Restructuring Claims Bar Date and the other deadlines and procedures set forth herein, and that no other form of notice or service need be given or made on any Person, and no other document or material need be served on any Person in respect of the Claims Procedure.

44. **THIS COURT ORDERS** that if during any period in which notices or other communications are being given pursuant to this Claims Procedure Order, a postal strike or postal work stoppage of general application should occur, such notices, notifications or other communications sent by ordinary mail and then not received shall not, absent further Order of this Court, be effective and notices and other communications given hereunder during the course of any such postal strike or work stoppage of general application shall only be effective if given by courier, personal delivery, facsimile or email in accordance with this Claims Procedure Order.

45. **THIS COURT ORDERS** that in the event that this Claims Procedure Order is subsequently amended by further Order of the Court, the Applicant shall serve notice of such amendment on the Service List in the CCAA Proceedings and the Monitor shall post such further Order on the Monitor's Website and such posting shall constitute adequate notice to all Persons of such amended claims procedure.

APPROVAL OF THE REPORTS

46. **THIS COURT ORDERS** that the report of Richter in its capacity as proposed monitor dated June 26, 2020 (the “**Pre-Filing Report**”), the first report of Richter in its capacity as Monitor dated July 6, 2020 (the “**First Report**”), and the second report of the Richter in its capacity as Monitor dated July 23, 2020 (the “**Second Report**”, and collectively with the Pre-Filing Report and the First Report, the “**Reports**”) be and are hereby approved, and the actions, activities and conduct of the Monitor described in the Reports 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.

MISCELLANEOUS

47. **THIS COURT ORDERS** that notwithstanding any other provisions of this Claims Procedure Order, the solicitation by the Monitor or the Applicant of Proofs of Claim, the delivery of a Claim Package to Known Claimants and to Claimants having Employee Restructuring Claims, and the filing by any Person of any Proof of Claim or Notice of Dispute of Revision or Disallowance shall not, for that reason only, grant any Person any standing in the CCAA Proceedings or any rights under a Plan.

48. **THIS COURT ORDERS** that nothing in this Claims Procedure Order shall prejudice the rights and remedies of any Directors or Officers or other Persons under the Directors’ Charge or any applicable insurance policy or prevent or bar any Person from seeking recourse against or payment from the Applicant’s insurance and any Director’s or Officer’s liability insurance policy or policies that exist to protect or indemnify the Directors or Officers or other Persons, whether such recourse or payment is sought directly by the Person asserting a Claim from the insurer or derivatively through the Director or Officer or the Applicant; provided, however, that nothing in this Claims Procedure Order shall create any rights in favour of such Person under any policies of insurance nor shall anything in this Claims Procedure Order limit, remove, modify or alter any defence to such Claim available to the insurer pursuant to the provisions of any insurance policy or at law; and further provided that any Claim or portion thereof for which the Person receives payment directly from, or confirmation that the Person is covered by, the Applicant’s insurance or any Director’s or Officer’s liability insurance or other liability insurance policy or policies that

exist to protect or indemnify the Directors or Officers or other Persons shall not be recoverable as against the Applicant or Director or Officer, as applicable.

49. **THIS COURT ORDERS** that nothing in this Claims Procedure Order shall constitute or be deemed to constitute an allocation or assignment of Claims into particular classes for the purpose of a Plan and, for greater certainty, the treatment of Claims, Employee Restructuring Claims, Excluded Claims, or any other claims and the classification of creditors for voting and distribution purposes, shall be subject to the terms of a Plan or further Order of the Court.

50. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to the Court to extend the time for any action which the Monitor is required to take if reasonably required to carry out its duties and obligations pursuant to this Claims Procedure Order, to amend, vary, supplement or replace this Claims Procedure Order or for advice and directions concerning the discharge of their respective powers and duties under this Claims Procedure Order or the interpretation or application of this Claims Procedure Order.

51. **THIS COURT ORDERS** that this Claims Procedure Order shall have full force and effect in all Provinces and Territories in Canada.

52. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or outside Canada to give effect to this Claims Procedure Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Claims Procedure 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 Claims Procedure 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 Claims Procedure Order.

SCHEDULE "A"

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 ROBERTS COMPANY CANADA LIMITED

INSTRUCTION LETTER FOR THE CLAIMS PROCEDURE

I. CLAIMS PROCEDURE

By Order of the Ontario Superior Court of Justice (Commercial List) dated July 28, 2020 (the "**Claims Procedure Order**"), Richter Advisory Group Inc., in its capacity as the Court-appointed monitor (in such capacity, the "**Monitor**") of Roberts Company Canada Limited ("**RCCL**"), has been authorized to assist RCCL in conducting a claims procedure (the "**Claims Procedure**") with respect to claims against RCCL and its present or former Directors and Officers ("**Directors/Officers**"). The Claims Procedure Order governs the filing and determination of all Claims against RCCL.

Unless otherwise defined, all capitalized terms used herein shall have the meanings ascribed to them in the Claims Procedure Order.

The Claims Procedure Order, the Claims Package, a Proof of Claim form and related materials may be accessed from the Monitor's Website at <https://www.richter.ca/insolvencycase/roberts-company-canada-limited/>.

This letter provides instructions for responding to or completing the Proof of Claim or a Notice of Dispute of Revision or Disallowance, as applicable. Reference should be made to the Claims Procedure Order for a complete description of the Claims Procedure.

The Claims Procedure is intended for any Person with any Claims, other than Excluded Claims, of any kind or nature whatsoever against RCCL, the Directors/Officers or any of them, whether liquidated, unliquidated, contingent or otherwise. Please review the enclosed material for the complete definitions of "**Claim**", "**Prefiling Claim**", "**Restructuring Period Claim**", "**Employee Restructuring Claim**" and "**Director/Officer Claim**" to which the Claims Procedure applies.

All notices and enquiries with respect to the Claims Procedure should be addressed to:

Richter Advisory Group Inc. as Monitor of Roberts Company Canada Limited

181 Bay St., Suite 3510
Bay Wellington Tower
Toronto, Ontario M5J 2T3

Phone: 1-866-585-9751
Fax: (514) 934-8603
E-mail: rccl@richter.ca

II. FOR CLAIMANTS SUBMITTING A PROOF OF CLAIM

If you believe that you have a Claim (other than an Employee Restructuring Claim) against RCCL, the Directors/Officers or any of them, you **MUST** file a Proof of Claim with the Monitor.

If you are an Employee that has received a Notice of Employee Restructuring Claim (See Part III below), and wish to assert a Claim *other than* an Employee Restructuring Claim, against RCCL, the Directors or the Officers, or any of them, you also **MUST** file a Proof of Claim with the Monitor.

All Proofs of Claim for (i) Prefiling Claims, which for greater certainty are Claims against RCCL arising prior to the Filing Date of June 29, 2020, and (ii) Director/Officer Claims, must be received by the Monitor **before 5:00 p.m. (Eastern Standard Time) on September 14, 2020** (the “**Claims Bar Date**”).

All Proofs of Claim for Restructuring Period Claims, which for greater certainty are Claims arising out of the restructuring, disclaimer, resiliation, termination or breach by RCCL on or after the Filing Date of June 29, 2020 of any contract, lease or other agreement or arrangement whether written or oral, must be received by the Monitor **by the later of (i) the Claims Bar Date and (ii) 5:00 p.m. (Eastern Standard Time) on the date that is ten (10) Business Days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Period Claim to a Claimant** (the “**Restructuring Period Claims Bar Date**”).

PROOFS OF CLAIM MUST BE RECEIVED BY THE CLAIMS BAR DATE OR THE RESTRUCTURING PERIOD CLAIMS BAR DATE, AS APPLICABLE, OR THE APPLICABLE CLAIM WILL BE FOREVER BARRED AND EXTINGUISHED. If you are required to file a Proof of Claim pursuant to the Claims Procedure but do not file a Proof of Claim in respect of a Claim by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, you shall not be entitled to vote at any Meeting regarding a Plan or participate in any distribution under a Plan or otherwise in respect of such Claims.

All Claims denominated in foreign currency shall be converted to Canadian dollars at the Bank of Canada daily average exchange rate in effect on the Filing Date of June 29, 2020.

Additional Proofs of Claim forms can be obtained by contacting the Monitor at the telephone number and address indicated above and providing particulars as to your name, address and facsimile number or email mail address. Further, Proofs of Claim and related materials may be accessed from the Monitor’s Website at <https://www.richter.ca/insolvencycase/roberts-compa-ny-canada-limited/>.

III. FOR CLAIMANTS WHO RECEIVE A NOTICE OF EMPLOYEE RESTRUCTURING CLAIM

Certain of RCCL's Employees will receive a Notice of Employee Restructuring Claim from the Monitor specifying the classification, nature and amount of such Claimant's Claim for wages, commissions, or other remuneration, vacation, termination and severance pay arising as result of the termination of employment of such Employee by RCCL prior to the Filing Date of June 29, 2020 or during the CCAA Proceedings (the "**Employee Restructuring Claim**"), as calculated by RCCL, in consultation with the Monitor.

If you receive a Notice of Employee Restructuring Claim and you do not wish to dispute the classification, nature or amount of the Employee Restructuring Claim set out therein, you are not required to take any further action or to file a Proof of Claim with the Monitor.

If you wish to dispute the classification, amount and/or nature of the Employee Restructuring Claim set forth in the Notice of Employee Restructuring Claim, you are required to deliver a Notice of Dispute of Revision or Disallowance to the Monitor so that it is actually received by the Monitor by the later of (i) the Claims Bar Date and (ii) 5:00 p.m. (Eastern Standard Time) on the date that is ten (10) Business Days after the date on which the Monitor sends a Claims Package including a Notice of Employee Restructuring Claim to a Claimant having an Employee Restructuring Claim (the "Employee Restructuring Claims Bar Date").

If you wish to assert any Claim(s) *other than* an Employee Restructuring Claim in relation to RCCL, the Directors or the Officers or any of them, you must deliver a Proof of Claim in respect of such other Claim(s) to the Monitor so that it is actually received by the Monitor by no later than the: (i) Claims Bar Date where such Claim is a Prefiling Claim or Director/Officer Claim; or (ii) the Restructuring Period Claims Bar Date where such Claim is a Restructuring Period Claim.

If a completed Notice of Dispute of Revision or Disallowance (filed in respect of the Notice of Employee Restructuring Claim that was sent to you) is not received by the Monitor by the Employee Restructuring Claims Bar Date, you will be forever barred from disputing the classification, nature or amount of the Employee Restructuring Claim and any Employee Restructuring Claim or Claim of a different classification or nature or in excess of the amount specified in the Notice of Employee Restructuring Claim shall be forever barred and extinguished. **IF A NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE IS NOT RECEIVED BY THE MONITOR BY THE EMPLOYEE RESTRUCTURING CLAIMS BAR DATE, THE EMPLOYEE RESTRUCTURING CLAIM AS SET OUT IN THE NOTICE OF EMPLOYEE RESTRUCTURING CLAIM SENT TO YOU WILL BE DEEMED TO BE YOUR EMPLOYEE RESTRUCTURING CLAIM AND WILL BE FINAL AND BINDING ON YOU FOR ALL PURPOSES.**

DATED at Toronto, Ontario this _____ day of _____, 2020.

Richter Advisory Group Inc.,
solely in its capacity as Monitor of
Roberts Company Canada Limited, and not
in its personal capacity.

SCHEDULE “B”

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 ROBERTS COMPANY CANADA LIMITED

NOTICE LETTER FOR THE CLAIMS PROCEDURE

RE: NOTICE OF CLAIMS PROCEDURE, CLAIMS BAR DATE, EMPLOYEE RESTRUCTURING CLAIMS BAR DATE & RESTRUCTURING PERIOD CLAIMS BAR DATE

This notice is being published pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) dated July 28, 2020 (the “**Claims Procedure Order**”), in Roberts Company Canada Limited’s (“**RCCL**”) proceedings under the *Companies’ Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended. Pursuant to the Initial Order dated June 29, 2020, Richter Advisory Group Inc. was appointed as monitor of RCCL (in such capacity, the “**Monitor**”), and pursuant to the Claims Procedure Order is required to assist with conducting a claims procedure (the “**Claims Procedure**”) with respect to claims against RCCL and its present and former Directors and Officers (the “**Directors/Officers**”). Additionally, the Monitor is required to send Claims Packages to, among others, RCCL’s Known Claimants and Claimants having Employee Restructuring Claims (as defined below). All capitalized terms not defined herein shall have the meanings ascribed to them in the Claims Procedure Order.

The Claims Procedure Order, the Claims Package, a Proof of Claim and related materials may be accessed from the Monitor’s Website at <https://www.richter.ca/insolvencycase/roberts-company-canada-limited/>.

I. SUBMISSION OF A PROOF OF CLAIM

All persons wishing to assert a Claim (other than an Employee Restructuring Claim) against RCCL or its Directors/Officers **MUST** file a Proof of Claim with the Monitor.

Any Employee that has received a Notice of Employee Restructuring Claim (See Part III below), and wishes to assert a Claim *other than* the Employee Restructuring Claim set out in such Notice of Employee Restructuring Claim, against RCCL, the Directors or the Officers, or any of them, also **MUST** file a Proof of Claim with the Monitor.

The claims bar date is 5:00 p.m. (Eastern Standard Time) on September 14, 2020 (the “Claims Bar Date”). Proofs of Claim in respect of Prefiling Claims and Director/Officer Claims must be completed and filed with the Monitor on or before the Claims Bar Date.

The restructuring period claims bar date is the later of (i) the Claims Bar Date and (ii) 5:00 p.m. (Eastern Standard Time) on the date that is ten (10) Business Days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Period Claim (the “Restructuring Period Claims Bar Date”). Proofs of Claim in respect of Restructuring Period Claims must be completed and filed with the Monitor on or before the Restructuring Period Claims Bar Date.

PROOFS OF CLAIM MUST BE RECEIVED BY THE MONITOR BY THE CLAIMS BAR DATE OR RESTRUCTURING PERIOD CLAIMS BAR DATE, AS APPLICABLE, OR THE CLAIM WILL BE FOREVER BARRED AND EXTINGUISHED. If you are required to file a Proof of Claim pursuant to the Claims Procedure but do not file a Proof of Claim in respect of a Claim by the Claims Bar Date or the Restructuring Period Claims Bar Date, as applicable, you shall not be entitled to vote at any Meeting regarding a Plan or participate in any distribution under a Plan, if any, or otherwise in respect of such Claims.

Reference should be made to the enclosed material for the complete definitions of “Claim”, “Prefiling Claim”, “Restructuring Period Claim”, “Employee Restructuring Claim” and “Director/Officer Claim” to which the Claims Procedure applies.

II. CLAIMANTS RECEIVING A NOTICE OF EMPLOYEE RESTRUCTURING CLAIM

Certain of RCCL’s Employees will receive a Notice of Employee Restructuring Claim from the Monitor specifying the classification, nature and amount of such Claimant’s Claim for wages, commissions, or other remuneration, vacation, termination and severance pay arising as result of the termination of employment of such Employee by RCCL prior to the Filing Date of June 29, 2020 or during the CCAA Proceedings (the “Employee Restructuring Claim”), as determined by RCCL, in consultation with the Monitor.

If you receive a Notice of Employee Restructuring Claim and you do not wish to dispute the classification, nature or amount of the Employee Restructuring Claim set out therein, you are not required to take any further action or to file a Proof of Claim with the Monitor.

If you wish to dispute the classification, amount and/or nature of the Employee Restructuring Claim set forth in the Notice of Employee Restructuring Claim, you are required to deliver a Notice of Dispute of Revision or Disallowance to the Monitor so that it is actually received by the Monitor by the later of (i) the Claims Bar Date and (ii) 5:00 p.m. (Eastern Standard Time) on the date that is ten (10) Business Days after the date on which the Monitor sends a Claims Package including a Notice of Employee Restructuring Claim to a Claimant having an Employee Restructuring Claim (the “Employee Restructuring Claims Bar Date”).

If you wish to assert any Claim(s) other than an Employee Restructuring Claim in relation to RCCL, the Directors or the Officers or any of them, you must deliver a Proof of Claim in respect of such other Claim(s) to the Monitor so that it is actually received by the Monitor by no later than the: (i) Claims Bar Date where such Claim is a Prefiling Claim or Director/Officer Claim; or (ii) the Restructuring Period Claims Bar Date where such Claim is a Restructuring Period Claim.

If a completed Notice of Dispute of Revision or Disallowance (filed in respect of the Notice of Employee Restructuring Claim that was sent to you) is not received by the Monitor by the Employee Restructuring Claims Bar Date, you will be forever barred from disputing the classification, nature or amount of the Employee Restructuring Claim and any Employee Restructuring Claim or Claim of a different classification or nature or in excess of the amount specified in the Notice of Employee Restructuring Claim shall be forever barred and extinguished. **IF A NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE IS NOT RECEIVED BY THE MONITOR BY THE EMPLOYEE RESTRUCTURING CLAIMS BAR DATE, THE EMPLOYEE RESTRUCTURING CLAIM AS SET OUT IN THE NOTICE OF EMPLOYEE RESTRUCTURING CLAIM SENT TO YOU WILL BE DEEMED TO BE YOUR EMPLOYEE RESTRUCTURING CLAIM AND WILL BE FINAL AND BINDING ON YOU FOR ALL PURPOSES.**

III. MONITOR CONTACT INFORMATION

The Monitor can be contacted at the following address to request a Claims Package or for any other notices or enquiries with respect to the Claims Procedure:

Richter Advisory Group Inc. as Monitor of Roberts Company Canada Limited
181 Bay St., Suite 3510
Bay Wellington Tower
Toronto, Ontario M5J 2T3

Phone: 1-866-585-9751
Fax: (514) 934-8603
E-mail: rccl@richter.ca

DATED at Toronto, Ontario this _____ day of _____, 2020.

Richter Advisory Group Inc.,
solely in its capacity as Monitor of
Roberts Company Canada Limited, and not
in its personal capacity.

SCHEDULE "C"

**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 ROBERTS COMPANY CANADA
LIMITED**

PROOF OF CLAIM

Please read carefully the enclosed Instruction Letter for completing this Proof of Claim. All capitalized terms not defined herein have the meanings ascribed to them in the Claims Procedure Order dated July 28, 2020.

I. PARTICULARS OF CLAIMANT:

1. Full Legal Name of Claimant:

_____ (the "Claimant")

2. Full Mailing Address of the Claimant:

3. Telephone Number: _____

4. E-Mail Address: _____

5. Facsimile Number: _____

6. Attention (Contact Person): _____

7. Have you acquired this Claim by assignment?

Yes: No: (if yes, attach documents evidencing assignment)

If Yes, Full Legal Name of Original Claimant(s):

II. PROOF OF CLAIM:

1. I, _____
(name of Claimant or Representative of the Claimant), of _____

_____ do hereby certify:
(city and province)

(a) that I [check (✓) one]

am the Claimant; OR

am _____ (state position or title) of

(name of Claimant)

(b) that I have knowledge of all the circumstances connected with the Claim referred to below;

(c) that complete documentation in support of the Claim referred to below is attached; and

(d) that RCCL and/or one or more of the Directors or Officers of RCCL were and still are indebted to the Claimant as follows:¹

| Debtor | Prefiling Claim Amount | Whether Claim is Secured, Priority Unsecured, or Unsecured | Value of Security Held, if any: |
|--|-------------------------------|---|--|
| Roberts Company Canada Limited | | | |
| Directors and Officers of Roberts Company Canada Limited | | | |
| _____ (insert names above) | | | |

| Debtor | Restructuring Period Claim Amount | Whether Claim is Secured, Priority Unsecured, or Unsecured | Value of Security Held, if any: |
|--------------------------------|--|---|--|
| Roberts Company Canada Limited | | | |

¹ Claims in a foreign currency are to be converted to Canadian Dollars at the Bank of Canada daily average exchange rate in effect on June 29, 2020.

III. PARTICULARS OF CLAIM

The particulars of the undersigned's total Claim (including Prefiling Claims, Restructuring Period Claims and Director/Officer Claims) are attached.

(Provide full particulars of the Claim and supporting documentation, including amount, description of transaction(s) or agreement(s) or legal breach(es) giving rise to the Claim, name of any guarantor(s) which has guaranteed the Claim, particulars and copies of any security and amount of Claim allocated thereto, date and number of all invoices, particulars of all credits, discounts, etc. claimed. If a Claim is made against any Directors or Officers, specify the applicable Directors or Officers and the legal basis for the Claim against each of them.)

IV. FILING OF CLAIM

For Prefiling Claims and Director/Officer Claims, this Proof of Claim **MUST** be received by the Monitor **before 5:00 p.m. (Eastern Standard Time) on September 14, 2020** (the "Claims Bar Date").

For **Restructuring Period Claims**, this Proof of Claim **MUST** be received by the Monitor **before the later of: (i) the Claims Bar Date and (ii) 5:00 p.m. (Eastern Standard Time) on the date that is ten (10) Business Days after the date on which the Monitor sends a Claims Package with respect to a Restructuring Period Claim** (the "Restructuring Period Claims Bar Date").

In either case, completed forms must be delivered by prepaid ordinary mail, registered mail, courier, personal delivery or email addressed:

Richter Advisory Group Inc. as Monitor of Roberts Company Canada Limited
181 Bay St., Suite 3510
Bay Wellington Tower
Toronto, Ontario M5J 2T3

Phone: 1-866-585-9751
Fax: (514) 934-8603
E-mail: rccl@richter.ca

Failure to file your Proof of Claim as directed by the Claims Bar Date or Restructuring Period Claims Bar Date, as applicable, will result in your Claim being extinguished and forever barred and in you being prevented from making or enforcing a Claim against RCCL or any of its present or former Directors and Officers.

DATED at _____ this _____ day of _____, 2020.

Signature of Claimant

SCHEDULE “D”

**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 ROBERTS COMPANY CANADA
LIMITED**

NOTICE OF EMPLOYEE RESTRUCTURING CLAIM

To: [Name of Employee] (the “**Claimant**”)
[Address of Employee]

This Notice of Employee Restructuring Claim is delivered to you, as the Claimant and as an Employee of Roberts Company Canada Limited (“**RCCL**”) pursuant to the Order of the Ontario Superior Court of Justice (Commercial List) dated July 28, 2020 (the “**Claims Procedure Order**”) in RCCL’s restructuring proceedings under the *Companies’ Creditors Arrangement Act*, R.S.C., 1985, c. C-36, as amended. Pursuant to the Initial Order dated June 29, 2020, Richter Advisory Group Inc. was appointed as monitor of RCCL (in such capacity, the “**Monitor**”), and pursuant to the Claims Procedure Order, has been directed to assist RCCL in conducting a claims procedure (the “**Claims Procedure**”) with respect to claims against RCCL its present and former Directors and Officers (the “**Directors/Officers**”). All capitalized terms used but not defined herein have the meanings ascribed to them in the Claims Procedure Order.

The Employee Restructuring Claim of the Claimant, as determined by RCCL, in consultation with the Monitor, based on the books, records and other relevant information in the possession of RCCL, is set out immediately below:

| Debtor(s) | Amount of Employee Restructuring Claim | Nature of Claim |
|--|---|------------------------|
| [Roberts Company Canada Limited or the name of the Directors/Officers] | [Amount of Claim] | Unsecured Claim |

Your entitlement, as set out above, has been calculated as follows:

IF THIS NOTICE OF EMPLOYEE RESTRUCTURING CLAIM ACCURATELY REFLECTS THE EMPLOYEE RESTRUCTURING CLAIM THAT YOU, AS THE CLAIMANT HAS, THEN YOU ARE NOT REQUIRED TO TAKE ANY FURTHER ACTION OR TO FILE A PROOF OF CLAIM WITH THE MONITOR.

The Employee Restructuring Claim set out herein is calculated based on your Claim for wages, commissions, or other remuneration, vacation, termination and severance pay arising as result of the termination of your employment by RCCL prior to the Filing Date of June 29, 2020 or during the CCAA Proceedings, as determined by RCCL, in consultation with the Monitor.

If you, as the Claimant, wish to dispute the classification, amount and/or nature of the Employee Restructuring Claim set forth in the Notice of Employee Restructuring Claim, you MUST complete the enclosed Notice of Dispute of Revision or Disallowance and deliver it to the Monitor so that it is actually received by the Monitor by the later of (i) the Claims Bar Date, and (ii) 5:00 p.m. (Eastern Standard Time) on the date that is ten (10) Business Days after the date on which the Monitor delivered the Claims Package containing the Notice of Employee Restructuring Claim to you in respect of an Employee Restructuring Claim (the “Employee Restructuring Claims Bar Date”).

If you, as the Claimant, wish to assert any Claim(s) other than an Employee Restructuring Claim against RCCL, the Directors or the Officers or any of them, you MUST deliver a Proof of Claim in respect of such other Claim(s) to the Monitor so that it is actually received by the Monitor by no later than the: (i) Claims Bar Date where such Claim is a Prefiling Claim or Director/Officer Claim; or (ii) the Restructuring Period Claims Bar Date where such Claim is a Restructuring Period Claim.

If a completed Notice of Dispute of Revision or Disallowance disputing your Employee Restructuring Claim as set forth above is not received by the Monitor by the Employee Restructuring Claims Bar Date, you will be forever barred from disputing the classification, nature or amount of the Employee Restructuring Claim and any Employee Restructuring Claim or Claim of a different classification or nature or in excess of the amount specified in the Notice of Employee Restructuring Claim shall be forever barred and extinguished. **IF A NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE IS NOT RECEIVED BY THE MONITOR BY THE EMPLOYEE RESTRUCTURING CLAIMS BAR DATE, THE EMPLOYEE**

RESTRUCTURING CLAIM AS SET OUT ABOVE WILL BE DEEMED TO BE YOUR EMPLOYEE RESTRUCTURING CLAIM AND WILL BE FINAL AND BINDING ON YOU FOR ALL PURPOSES.

Claimants requiring further information or documentation, or who wish to submit a Notice of Dispute of Revision or Disallowance, may contact the Monitor at the following address:

Richter Advisory Group Inc. as Monitor of Roberts Company Canada Limited
181 Bay St., Suite 3510
Bay Wellington Tower
Toronto, Ontario M5J 2T3

Phone: 1-866-585-9751
Fax: (514) 934-8603
E-mail: rccl@richter.ca

DATED at Toronto, Ontario this _____ day of _____, 2020.

Richter Advisory Group Inc.,
solely in its capacity as Monitor of
Roberts Company Canada Limited, and not
in its personal capacity.

| Claim Against | Type of Claim per Proof of Claim | Amount of Claim per Proof of Claim | Type of Claim per this Notice of Revision or Disallowance | Amount of Claim per this Notice of Revision or Disallowance |
|------------------------------------|---|---|--|--|
| [Insert name of appropriate party] | [Prefiling Claim/ Restructuring Period Claim/Directors/ Officers Claim] [Unsecured Claim/ Unsecured Priority Claim/ Secured Claim] | CAS\$ | [Prefiling Claim/ Restructuring Period Claim/Directors/ Officers Claim] [Unsecured Claim/ Unsecured Priority Claim / Secured Claim] | CAS\$ |

If you intend to dispute this Notice of Revision or Disallowance, you must by no later than 5:00 p.m. (Eastern Standard Time) on the day that is fourteen (14) Calendar Days after the date the Monitor sends this Notice of Revision or Disallowance, deliver a Notice of Dispute of Revision or Disallowance by prepaid ordinary mail, registered mail, courier, personal delivery or email addressed to:

Richter Advisory Group Inc. as Monitor of Roberts Company Canada Limited
 181 Bay St., Suite 3510
 Bay Wellington Tower
 Toronto, Ontario M5J 2T3

Phone: 1-866-585-9751
 Fax: (514) 934-8603
 E-mail: rccl@richter.ca

Any Claimant who fails to deliver a Notice of Dispute of Revision or Disallowance by the date and time set out above shall be deemed to accept the classification, nature and the amount of its Claim as set out in this Notice of Revision or Disallowance and the Claimant will have those rights set out in the Claims Procedure Order with respect to such Claim.

If you do not deliver a Notice of Dispute of Revision or Disallowance by the deadline stated above, the classification, amount and/or nature of your Claim(s) shall be deemed to be as set out herein and all further rights to dispute the same shall be forever extinguished and barred.

If you agree with this Notice of Revision or Disallowance, there is no need to file anything further with the Monitor.

DATED this _____ day of _____, 2020.

Richter Advisory Group Inc.,
solely in its capacity as Monitor of
Roberts Company Canada Limited, and not
in its personal capacity.

SCHEDULE “F”

**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 ROBERTS COMPANY CANADA
LIMITED**

NOTICE OF DISPUTE OF REVISION OR DISALLOWANCE

Capitalized terms not defined herein have the meanings ascribed to them in the Order of the Ontario Superior Court of Justice (Commercial List) dated July 28, 2020 (the “**Claims Procedure Order**”).

I. PARTICULARS OF CLAIMANT

Full Legal Name of Claimant:

Full Mailing Address of Claimant: _____

Telephone Number: _____

Email Address: _____

Attention (Contact Person): _____

Have you acquired this Claim by assignment?

Yes: No: (if yes, attach documents evidencing assignment)

If Yes, Full Legal Name of Original Claimant(s): _____

**II. DISPUTE OF CLAIM SET OUT IN NOTICE OF REVISION OR
DISALLOWANCE OR NOTICE OF EMPLOYEE RESTRUCTURING CLAIM**

The Claimant has received a Notice of Revision or Disallowance and hereby disputes the classification, amount and/or nature of the Claim set out in the Notice of Revision or Disallowance and asserts the Claim(s) as set out in the following table:

| Claim Against | Classification of Claim | Amount of Claim | Nature of Claim |
|--|--|-----------------------------|---|
| Roberts Company Canada Limited or [the Name(s) of the Directors/Officers] | [Prefiling Claim / Restructuring Period Claim/Director/Officer Claim/Employee Restructuring Claim] | [Insert amount of Claim] | [Unsecured Claim / Unsecured Priority Claim / Secured Claim] |

The Claimant has received a Notice of Employee Restructuring Claim and hereby disputes the classification, amount and/or nature of the Employee Restructuring Claim, set out in the Notice of Employee Restructuring Claim as set out in the following table:

| Claim Against | Classification of Claim | Amount of Claim | Nature of Claim |
|--|--|-----------------------------|---|
| Roberts Company Canada Limited or [the Name(s) of the Directors/Officers] | [Prefiling Claim / Restructuring Period Claim/Director/Officer Claim/Employee Restructuring Claim] | [Insert amount of Claim] | [Unsecured Claim / Unsecured Priority Claim / Secured Claim] |

III. REASONS FOR DISPUTE

Provide full particulars below as to the basis for the Claimant's dispute of the Notice of Revision or Disallowance or Notice of Employee Restructuring Claim, as applicable, and provide supporting documentation. This includes, without limitation, amounts, description of transaction(s) or agreement(s) giving rise to the Claim and/or the Employee Restructuring Claim, the date and number of all invoices and supporting documentation, and particulars of all credits, discounts, rebates and similar items claimed. The particulars provided must support the value of the Claim and/or the Employee Restructuring Claim as stated by the Claimant in the table above.

DATED this _____ day of _____, 2020.

Signature of Claimant or its Authorized
Signatory

If in response to a Notice of Revision or Disallowance, this Notice of Dispute of Revision or Disallowance **MUST** be delivered to the Monitor at the below address such that it is received by the Monitor by no later than **5:00 p.m. (Eastern Standard Time) on the day that is fourteen (14) Calendar Days after the date the Monitor sends the Notice of Revision or Disallowance.**

If in response to a Notice of Employee Restructuring Claim and in respect solely to an Employee Restructuring Claim, this Notice of Dispute of Revision or Disallowance **MUST** be delivered to the Monitor at the below address such that it is received by the Monitor by the later of (i) the Claims Bar Date, and (ii) 5:00 p.m. (Eastern Standard Time) on the date that is ten (10) Business Days after the date on which the Monitor delivered the Claims Package to the Claimant in respect of the Employee Restructuring Claim.

This Notice of Dispute of Revision or Disallowance must be delivered by prepaid ordinary mail, registered mail, courier, personal delivery or email addressed to:

Richter Advisory Group Inc. as Monitor of Roberts Company Canada Limited
181 Bay St., Suite 3510
Bay Wellington Tower
Toronto, Ontario M5J 2T3

Phone: 1-866-585-9751
Fax: (514) 934-8603
E-mail: rccl@richter.ca

If a completed Notice of Dispute of Revision or Disallowance in respect of the Notice of Revision or Disallowance or the Notice of Employee Restructuring Claim is not received by the Monitor by the dates set out in the Claims Procedure Order and described herein, the Claimant shall be forever barred from disputing the classification, amount or nature of the Claim and/or Employee Restructuring Claim and any Employee Restructuring Claim or Claim of a different classification or nature or in excess of the amount specified in the Notice of Dispute and/or Notice of Employee Restructuring Claim shall be forever barred and extinguished. **IF A NOTICE OF DISPUTE OF**

REVISION OR DISALLOWANCE IS NOT RECEIVED BY THE MONITOR WITHIN THE PRESCRIBED TIME PERIOD, THE CLAIM AS SET OUT IN THE NOTICE OF DISPUTE OR THE NOTICE OF EMPLOYEE RESTRUCTURING CLAIM SENT TO YOU WILL BE DEEMED TO BE YOUR CLAIM AND/OR EMPLOYEE RESTRUCTURING CLAIM, AS APPLICABLE, AND WILL BE FINAL AND BINDING ON YOU FOR ALL PURPOSES.

**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 ROBERTS COMPANY CANADA
LIMITED**

Court File No.: CV-20-00643158-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)
Proceeding commenced at Toronto

CLAIMS PROCEDURE ORDER
(Motion returnable July 28, 2020)

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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
ROBERTS COMPANY CANADA LIMITED

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

**SECOND REPORT OF THE
MONITOR, RICHTER ADVISORY
GROUP INC.**

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