

SUPERIOR COURT

CANADA
PROVINCE OF QUEBEC
DISTRICT OF MONTREAL

No: 500-11-055629-188

DATE: April 2, 2019

BY THE HONOURABLE CHANTAL TREMBLAY, J.S.C.

**IN THE MATTER OF THE INTENTION TO MAKE A PROPOSAL OF
2964-3277 QUEBEC INC.**

Debtor

and

RICHTER ADVISORY GROUP INC.

Trustee

and

CCF ARTS AND CRAFTS TRADE CO., LIMITED

Mise-en-cause

APPROVAL AND VESTING ORDER

- [1] **ON READING** the Debtor's Motion for the Issuance of an Approval and Vesting Order with respect to the Sale of certain Assets (the "**Motion**"), the affidavit and the exhibits in support thereof, as well as the Sixth Report of the Trustee dated April 1, 2019 (the "**Report**");
- [2] **SEEING** the service of the Motion;

- [3] **SEEING** the submissions of the Debtor's attorneys;
- [4] **SEEING** that it is appropriate to issue an order approving the transaction (the "**Transaction**") contemplated by the Sale of Equipment Agreement dated March 29, 2019 (the "**Agreement**") by and between the Debtor as vendor (the "**Vendor**"), and CCF Arts & Crafts Trade Co., Limited, as purchaser (the "**Purchaser**" or "**CCF**"), copy of which was filed **under seal** as Exhibit R-3 to the Motion, and vesting in CCF the equipment more fully described in the Equipment List copy of which was filed as Exhibit R-2 of the Motion (the "**Purchased Assets**");

FOR THESE REASONS, THE COURT HEREBY:

- [5] **GRANTS** the Motion;

SERVICE

- [6] **ORDERS** that any prior delay for the presentation of this Motion is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof;
- [7] **PERMITS** service of this Order at any time and place and by any means whatsoever;

SALE APPROVAL

- [8] **ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Agreement by the Vendor is hereby authorized and approved, with such non-material alterations, changes, amendments, deletions or additions thereto as may be agreed to but only with the consent of the Debtor and the Trustee;

EXECUTION OF DOCUMENTATION

- [9] **AUTHORIZES** the Vendor and the Purchaser to perform all acts, sign all documents and take any necessary action to execute any agreement, contract, deed, provision, transaction or undertaking stipulated in the Agreement (Exhibit R-3) and any other ancillary document which could be required or useful to give full and complete effect thereto.

AUTHORIZATION

- [10] **ORDERS** and **DECLARES** that this Order shall constitute the only authorization required by the Vendor to proceed with the Transaction and that no shareholder or regulatory approval, if applicable, shall be required in connection therewith.
- [11] **ORDERS** and **DECLARES** that all rights, title and interest in and to the Purchased Assets shall vest absolutely and exclusively in and with the Purchaser, free and clear of and from any and all claims, liabilities (direct, indirect, absolute or contingent), obligations, prior claims, right of retention, charges, hypothecs,

deemed trusts, judgments, writs of seizure or execution, notices of sale, contractual rights relating to the Purchased Assets, encumbrances, whether or not they have been registered, published or filed and whether secured, unsecured or otherwise (collectively, the "**Encumbrances**"), including without limiting the generality of the foregoing all Encumbrances created by order of this Court and all charges, or security evidenced by registration, publication or filing pursuant to the *Civil Code of Québec* in movable / immovable property, and, for greater certainty, **ORDERS** that all of the Encumbrances affecting or relating to the Purchased Assets be cancelled and discharged as against the Purchased Assets, in each case effective as of the applicable time and date of this Order.

- [12] **DECLARES** that upon issuance of this Order, the Transaction shall be deemed to constitute and shall have the same effect as a sale under judicial authority as per the provisions of the *Code of Civil Procedure* and a forced sale as per the provisions of the *Civil Code of Quebec*.

CANCELLATION OF SECURITY REGISTRATION

- [13] **ORDERS** the *Quebec Personal and Movable Real Rights Registrar*, upon presentation of the required form with a true copy of this Order, to reduce the scope of the following registrations in connection with the Purchased Assets in order to allow the transfer to the Purchaser of the Purchased Assets free and clear of such registrations, namely:
- a. Deed of movable hypothec granted by the Debtor in favour of the Business Development Bank of Canada ("**BDC**") on March 12, 2013 for an amount of \$1,200,000, with interest at the rate of 25% per annum, charging the universality of the Debtor's equipment, machinery, tools, fixtures and any other similar movable asset of the Debtor, and registered at the Register of Personal and Movable Real Rights ("**RPMRR**") on March 14, 2013 under number 13-0188262-0001;
 - b. Deed of movable hypothec granted by the Debtor in favour of BDC on August 2, 2012, for an amount of \$13,632,180, with interest at the rate of 25% per annum, charging the universality of all of the Debtor's movable property, corporeal and incorporeal, tangible and intangible, present and future, of whatever nature and wherever situated, and registered at the RPMRR on August 6, 2012, under number 12-0637376-0001;
 - c. Deed of movable hypothec granted by the Debtor in favour of the Canadian Imperial Bank of Commerce ("**CIBC**") on June 23, 2015 for an amount of \$48,000,000, with interest at the rate of 25% per annum, charging the universality of all of the Debtor's movable property, corporeal and incorporeal, tangible and intangible, present and future, of whatever nature and wherever situated, and registered at the RPMRR on June 25, 2015 under number 15-0591335-0001.

NET PROCEEDS

- [14] **ORDERS** that the net proceeds from the sale of the Purchased Assets (the "**Net Proceeds**") shall be remitted to the Debtor and shall be distributed in accordance with applicable legislation;
- [15] **ORDERS** that for the purposes of determining the nature and priority of the Encumbrances, the Net Proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that upon payment of the Total Purchase Price (as defined in the Agreement) by the Purchaser, all Encumbrances shall attach to the Net Proceeds with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale;

VALIDITY OF THE TRANSACTION


- [16] **ORDERS** that notwithstanding:
- (i) the pendency of these proceedings;
 - (ii) any petition for a receiving order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* ("**BIA**") and any order issued pursuant to any such petition; or
 - (iii) the provisions of any federal or provincial legislation;
- the vesting of the Purchased Assets contemplated in this Order, as well as the execution of the Agreement pursuant to this Order, are to be binding on any trustee in bankruptcy that may be appointed, and shall not be void or voidable nor deemed to be a preference, assignment, fraudulent conveyance, transfer at undervalue or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, as against the Vendor, the Purchaser or the Trustee.

GENERAL

- [17] **ORDERS** that the Agreement (Exhibit R-3) be kept confidential and under seal until the earlier of a) the end of the BIA process b) further order of this Court;
- [18] **ORDERS** that the Purchaser or the Vendor shall be authorized to take all steps as may be necessary to effect the discharge of the Encumbrances.
- [19] **DECLARES** that this Order shall have full force and effect in all provinces and territories in Canada;
- [20] **REQUESTS** the aid and recognition of any court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of the Order;

[21] **ORDERS** the provisional execution of the present Order notwithstanding any appeal and without the requirement to provide any security or provision for costs whatsoever;

[22] **THE WHOLE** without costs.


CHANTAL TREMBLAY, J.S.C.

Me. Marc Duchesne
Me. Ouassim Tadlaoui
BORDEN LADNER GERVAIS LLP
Attorneys for the Debtor

Hearing date: April 2, 2019