

SUPERIOR COURT
(Commercial Division)

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTRÉAL

No.: 500-11-057985-208

DATE: July 27, 2020

BEFORE THE HONOURABLE MICHEL A. PINSONNAULT, J.S.C.

IN THE MATTER OF THE COMPROMISE AND ARRANGEMENT OF:

STOKES INC.

Debtor / Petitioner

and

RICHTER ADVISORY GROUP INC.

Trustee/Proposed Monitor

TRANSITION ORDER

- [1] **CONSIDERING** the *Application to Continue Proceedings Commenced under Part III of the Bankruptcy and Insolvency Act and for a Transition Order under the Companies' Creditors Arrangement Act* (the "**Application**") pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36, as amended ("**CCAA**") by the Debtor / Petitioner Stokes Inc. (the "**Petitioner**") and the affidavit of Mr. Mohammad Rahaman, filed in support thereof;

- [2] **CONSIDERING** the consent of Richter Advisory Group Inc. to act as monitor (the “**Monitor**”) and the testimony of its representative, Mr Olivier Benchaya;
- [3] **CONSIDERING** the representations of counsels made by videoconference;
- [4] **CONSIDERING** the provisions of the CCAA;

THE COURT HEREBY:

- [5] **GRANTS** the Application.
- [6] **DECLARES** that the proposal proceedings commenced by the Petitioner under Part III of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3 (as amended, the “**BIA**”) are hereby taken up and continued under the CCAA and that the provisions of Part III of the BIA shall have no further application to the Petitioner.
- [7] **ISSUES** an order pursuant to the CCAA (the “**Order**”), divided under the following headings:
 - (a) Service;
 - (b) Application of the CCAA;
 - (c) Effective Time;
 - (d) Plan of Arrangement;
 - (e) Stay of Proceedings against the Petitioner and the Property;
 - (f) Stay of Proceedings against the Directors and Officers;
 - (g) Possession of Property and Operations;
 - (h) No Exercise of Rights or Remedies;
 - (i) No Interference with Rights;
 - (j) Continuation of Services;
 - (k) Non-Derogation of Rights;
 - (l) Scotia Unaffected
 - (m) Directors’ and Officers’ Indemnification and Charge;
 - (n) Restructuring;
 - (o) Powers of the Monitor;

- (p) Priorities and General Provisions Relating to CCAA Charges;
- (q) Consulting Agreement and Sale Guidelines;
- (r) Payment of Rent;
- (s) General.

a. Service

- [8] **ORDERS** that any prior delay for the presentation of this Application is hereby abridged and validated so that the Application is properly returnable today and hereby dispenses with further service thereof.
- [9] **DECLARES** that sufficient prior notice of the presentation of this Application has been given by the Petitioner to interested parties, including the secured creditors who are likely to be affected by the charges created herein.

b. Application of the CCAA

- [10] **DECLARES** that the Petitioner is a debtor company to which the CCAA applies.

c. Effective Time

- [11] **DECLARES** that this Order and all of its provisions are effective as of 12:01 a.m. Montreal time, province of Quebec, on the date of this Order (the “**Effective Time**”).

d. Plan of Arrangement

- [12] **DECLARES** that the Petitioner shall have the authority to file with this Court and to submit to its creditors one or more plans of compromise or arrangement (collectively, the “**Plan**”) in accordance with the CCAA.

e. Stay of Proceedings against the Petitioner and the Property

- [13] **ORDERS** that, until and including **September 28, 2020** (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 Petitioner, or affecting the Petitioner’s business operations and activities (the “**Business**”) or the Property (as defined herein), including as provided in paragraph [20] herein except with leave of this Court. Any and all Proceedings currently under way against or in respect of the Petitioner or affecting the Business or the Property are hereby stayed and suspended pending further order of this Court, the whole subject to subsection 11.1 CCAA.

- [14] **ORDERS** that the rights of Her Majesty in right of Canada and Her Majesty in right of a Province are suspended in accordance with the terms and conditions of subsection 11.09 CCAA.

f. Stay of Proceedings against Directors and Officers

- [15] **ORDERS** that during the Stay Period and except as permitted under subsection 11.03(2) of the CCAA, no Proceeding may be commenced, or continued against any former, present or future director or officer of the Petitioner nor against any person deemed to be a director or an officer of any of the Petitioner under subsection 11.03(3) CCAA (each, a “**Director**”, and collectively the “**Directors**”) in respect of any claim against such Director which arose prior to the Effective Time and which relates to any obligation of the Petitioner where it is alleged that any of the Directors is under any law liable in such capacity for the payment of such obligation.

g. Possession of Property and Operations

- [16] **ORDERS** that the Petitioner shall remain in possession and control of its present and future assets, rights, undertakings and properties of every nature and kind whatsoever, and wherever situated, including all proceeds thereof (collectively the “**Property**”), the whole in accordance with the terms and conditions of this order including, but not limited, to paragraph [32] hereof.
- [17] **ORDERS** that the Petitioner shall be entitled but not required to pay the following expenses with the prior consent of the Monitor whether incurred prior to or after this Order:
- (a) outstanding and future wages, salaries, expenses and, benefits 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 counsel, advisors and agents retained or employed by the Petitioner in respect of these proceedings, at their standard rates and charges.
- [18] **ORDERS** that the Petitioner 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) Québec Pension Plan, and (iv) income taxes; and
 - (b) all goods and services, harmonized sales or other applicable sales taxes (collectively, “**Sales Taxes**”) required to be remitted by the Petitioner and in

connection with the sale of goods and services by the Petitioner but only where such Sales Taxes are accrued or collected after the date of this Order.

- [19] **AUTHORIZES**, notwithstanding anything to the contrary in this Order, the petitioner to continue to honour or comply with any customer deposits, pre-payments, gift cards, loyalty program and any similar programs offered by the Petitioners.

h. No Exercise of Rights or Remedies

- [20] **ORDERS** that during the Stay Period, and subject to, *inter alia*, subsection 11.1 CCAA, all rights and remedies, including, but not limited to modifications of existing rights and events deemed to occur pursuant to any agreement to which any of the Petitioner is a party as a result of the insolvency of the Petitioner and/or these CCAA proceedings, any events of default or non-performance by the Petitioner or any admissions or evidence in these CCAA proceedings, of any individual, natural person, firm, corporation, partnership, limited liability company, trust, joint venture, association, organization, governmental body or agency, or any other entity (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Petitioner, or affecting the Business, the Property or any part thereof are hereby stayed and suspended except with leave of this Court.
- [21] **DECLARES** that, to the extent any rights, obligations, or prescription, time or limitation periods including, without limitation, to file grievances relating to the Petitioner or any of the Property or the Business may expire (other than pursuant to the terms of any contracts, agreements or arrangements of any nature whatsoever), the term of such rights, obligations, or prescription, time or limitation periods shall hereby be deemed to be extended by a period equal to the Stay Period. Without limitation to the foregoing, in the event that the Petitioner, or any of them, become(s) bankrupt or a receiver as defined in subsection 243(2) of the BIA is appointed in respect of the Petitioner, the period between the date of the Order and the day on which the Stay Period ends shall not be calculated in respect of the Petitioner in determining the 30 day periods referred to in Sections 81.1 and 81.2 of the BIA.

i. No Interference with Rights

- [22] **ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, resiliate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Petitioner except with the written consent of the Monitor, or with leave of this Court.

j. Continuation of Services

- [23] **ORDERS** that during the Stay Period and subject to paragraphs [24] and [25] hereof and subsection 11.01 CCAA, all Persons having verbal or written agreements with the Petitioner or statutory or regulatory mandates for the supply

of goods or services, including without limitation all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation, utility or other goods or services made available to the Petitioner, 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 Petitioner, and that the Petitioner shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses, domain names or other services, provided in each case that the normal prices or charges for all such goods or services received after the date of the Order are paid by the Petitioner, without having to provide any security deposit or any other security, in accordance with normal payment practices of the Petitioner or such other practices as may be agreed upon by the supplier or service provider and the Petitioner, as applicable, with the consent of the Monitor, or as may be ordered by this Court.

- [24] **ORDERS** that, notwithstanding anything else contained herein and subject to subsection 11.01 CCAA, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided to the Petitioner on or after the date of this Order, nor shall any Person be under any obligation on or after the date of the Order to make further advance of money or otherwise extend any credit to the Petitioner.
- [25] **ORDERS** that, without limiting the generality of the foregoing and subject to Section 21 of the CCAA, if applicable, cash or cash equivalents placed on deposit by any Petitioner with any Person during the Stay Period, whether in an operating account or otherwise for itself or for another entity, shall not be applied by such Person in reduction or repayment of amounts owing to such Person as of the date of the Order or due on or before the expiry of the Stay Period or in satisfaction of any interest or charges accruing in respect thereof; however, this provision shall not prevent any financial institution from: (i) reimbursing itself for the amount of any cheques drawn by a Petitioner and properly honoured by such institution, or (ii) holding the amount of any cheques or other instruments deposited into a Petitioner' account until those cheques or other instruments have been honoured by the financial institution on which they have been drawn.

k. Non-Derogation of Rights

- [26] **ORDERS** that, notwithstanding the foregoing, any Person who provided any kind of letter of credit, guarantee or bond (the "**Issuing Party**") at the request of the Petitioner shall be required to continue honouring any and all such letters, guarantees and bonds, issued on or before the date of the Order, provided that all conditions under such letters, guarantees and bonds are met save and except for defaults resulting from this Order; however, the Issuing Party shall be entitled, where applicable, to retain the bills of lading or shipping or other documents relating thereto until paid.

I. Scotia Unaffected

- [27] **ORDERS** that, notwithstanding the terms of this Order, Scotia (as defined in the Application) shall be unaffected by this Order or these proceedings, and the relationship between the Petitioner and the rights of Scotia shall continue as if this Order had not been granted. Without restricting the generality of the foregoing:
- (a) Scotia will not, in any manner whatsoever, be subject to the stay of proceedings set out in paragraph [13] of this Order and Scotia shall not be subject to any of the prohibitions or restrictions set forth in paragraphs [20] and [22] of this Order;
 - (b) the Restated Scotia Agreements (as defined in the Application) shall be and remain valid and enforceable notwithstanding anything contained in this Order or in any Plan, any proceedings by or concerning the Petitioner under the CCAA, any bankruptcy of Petitioner or any other circumstances whatsoever; and
 - (c) Scotia shall, at all times and under all circumstances, be fully entitled to exercise all of its rights, remedies and recourses under the Restated Scotia Agreements (as defined in the Application).
- [28] **ORDERS** that Scotia shall be treated as an unaffected creditor in any Plan and, notwithstanding anything contained in such Plan, shall be completely unaffected thereby.

m. Directors' and Officers' Indemnification and Charge

- [29] **ORDERS** that the Petitioner shall indemnify its Directors from all claims relating to any obligations or liabilities they may incur and which have accrued as of **February 18, 2020** by reason of or in relation to their respective capacities as directors or officers of the Petitioners after the Effective Time, except where such obligations or liabilities were incurred as a result of such directors' or officers' gross negligence, wilful misconduct or gross or intentional fault as further detailed in Section 11.51 CCAA.
- [30] **ORDERS** that the Directors of the Petitioner shall be entitled to the benefit of and are hereby granted a charge and security in the Property, to the extent of the aggregate amount of **\$500,000** (the "**Directors' Charge**"), as security for the indemnity provided in paragraph [29] of this Order as it relates to obligations and liabilities that the Directors may incur in such capacity after **February 18, 2020**. The Directors' Charge shall have the priority set out in paragraphs [46] and [47] of this Order.
- [31] **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 Directors 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 for which the Directors are entitled to be indemnified in accordance with paragraph [29] of this Order.

n. Restructuring

[32] **DECLARES** that, to facilitate the orderly restructuring of its business and financial affairs (the “**Restructuring**”) but subject to such requirements as are imposed by the CCAA, the Petitioner, subject to prior approval of the Monitor or further order of the Court, as the case may be, shall have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its operations or locations as they deem appropriate and make provision for the consequences thereof in the Plan;
- (b) pursue all avenues to finance or refinance, market, convey, transfer, assign or in any other manner dispose of the Business or Property, in whole or part, subject to further order of the Court and sections 11.3 and 36 CCAA, and under reserve of subparagraph (d);
- (c) terminate the employment of such of its employees or temporarily or permanently lay off such of its employees as they deem appropriate and, to the extent any amounts in lieu of notice, termination or severance pay or other amounts in respect thereof are not paid in the ordinary course, make provision, on such terms as may be agreed upon between the Petitioner and such employee, or failing such agreement, make provision to deal with, any consequences thereof in the Plan, as the Petitioner may determine;
- (d) subject to the provisions of section 32 CCAA, disclaim or resiliate, any of its agreements, contracts or arrangements of any nature whatsoever, with such disclaimers or resiliation to be on such terms as may be agreed between the Petitioner, as applicable, and the relevant party, or failing such agreement, to make provision for the consequences thereof in the Plan; and
- (e) subject to section 11.3 CCAA, assign any rights and obligations of Petitioner.

[33] **DECLARES** that, if a notice of disclaimer or resiliation is given to a landlord of any of the Petitioner pursuant to section 33 of the CCAA and subsection [32](d) of this Order, 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 by giving such Petitioner and the Monitor 24 hours prior written notice and (b) at the effective time of the disclaimer or resiliation, the landlord shall be entitled to take possession of any such leased premises and re-lease any such leased premises to third parties on such terms as any such landlord may determine without waiver of, or prejudice to, any claims or rights of the landlord against the Petitioner, provided nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

- [34] **ORDERS** that the Petitioner, as applicable, shall provide to any relevant landlord notice of the intention of any of the Petitioner to remove any fittings, fixtures, installations or leasehold improvements at least seven (7) days in advance. If a Petitioner has already vacated the leased premises, it shall not be considered to be in occupation of such location pending the resolution of any dispute between such Petitioner and the landlord.
- [35] **DECLARES** that, in order to facilitate the Restructuring, the Petitioner may, subject to the approval of the Monitor, or further order of the Court, settle claims of customers and suppliers that are in dispute.
- [36] **DECLARES** that, pursuant to sub-paragraph 7(3)(c) of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c.5, the Petitioner are permitted, in the course of these proceedings, to disclose personal information of identifiable individuals in their possession or control to stakeholders or prospective investors, financiers, buyers or strategic partners and to their advisers (individually, a “**Third Party**”), but only to the extent desirable or required to negotiate and complete the Restructuring or the preparation and implementation of the Plan or a transaction for that purpose, provided that the Persons to whom such personal information is disclosed enter into confidentiality agreements with the Petitioner binding them to maintain and protect the privacy of such information and to limit the use of such information to the extent necessary to complete the transaction or Restructuring then under negotiation. Upon the completion of the use of personal information for the limited purpose set out herein, the personal information shall be returned to the Petitioner or destroyed. In the event that a Third Party acquires personal information as part of the Restructuring or the preparation or implementation of the Plan or a transaction in furtherance thereof, such Third Party may continue to use the personal information in a manner which is in all respects identical to the prior use thereof by the Petitioner.
- [37] **ORDERS** that pursuant to clause 3(c)(i) of the *Electronic Commerce Protection Regulations*, made under *An Act to Promote the Efficiency and Adaptability of the Canadian Economy by Regulating Certain Activities that Discourage Reliance on Electronic Means of Carrying Out Commercial Activities, and to Amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act*, S.C. 2010, c. 23, the Petitioner and the Monitor are authorized and permitted to send, or cause or permit to be sent, commercial electronic messages to an electronic address of prospective purchasers or bidders and to their advisers but only to the extent desirable or required to provide information with respect to any sales process in these CCAA proceedings.

o. Powers of the Monitor & Administration Charge

- [38] **ORDERS** that *Richter Advisory Group Inc.* is hereby appointed to monitor the business and financial affairs of the Petitioner as an officer of this Court and

ORDERS that the Monitor, is hereby exempted from the obligations referred to in Subsections 23(1)a(i), 23(1)a(ii)(B) and 23(1)a(ii)(C) of the CCAA.

[39] **ORDERS** that the Monitor, in addition to the prescribed powers and obligations, referred to in Section 23 of the CCAA (excluding, for greater certainty, the obligations referred to in Subsections 23(1)a(i), 23(1)a(ii)(B) and 23(1)a(ii)(C) of the CCAA):

- (a) shall, as soon as practicable, within five (5) business days after the date of this Order make this Order publicly available in the manner prescribed under the CCAA;
- (b) shall assist the Petitioner, to the extent required by the Petitioner, in dealing with its creditors and other interested Persons during the Stay Period;
- (c) shall assist the Petitioner with the preparation of its cash flow projections and any other projections or reports and the development, negotiation and implementation of the Plan;
- (d) shall advise and assist the Petitioner to review the Petitioner' business and assess opportunities for cost reduction, revenue enhancement and operating efficiencies;
- (e) shall assist the Petitioner, to the extent required by the Petitioner, with the Restructuring and in its negotiations with its creditors and other interested Persons and with the holding and administering of any meetings held to consider the Plan;
- (f) shall report to the Court on the state of the business and financial affairs of the Petitioner or developments in these proceedings or any related proceedings within the time limits set forth in the CCAA and at such time as considered appropriate by the Monitor or as the Court may order and may file consolidated Reports for the Petitioner;
- (g) shall report to this Court and interested parties, including but not limited to creditors affected by the Plan, with respect to the Monitor's assessment of, and recommendations with respect to, the Plan;
- (h) may retain and employ such agents, advisers and other assistants as are reasonably necessary for the purpose of carrying out the terms of this Order, including, without limitation, one or more entities related to or affiliated with the Monitor;
- (i) may engage legal counsel to the extent the Monitor considers necessary in connection with the exercise of its powers or the discharge of its obligations in these proceedings and any related proceeding, under this Order or under the CCAA;

- (j) may act as a “foreign representative” of any of the Petitioner or in any other similar capacity in any insolvency, bankruptcy or reorganisation proceedings outside of Canada;
- (k) may give any consent or approval as may be contemplated by this Order or the CCAA;
- (l) may hold and administer funds in connection with arrangements made among the Petitioner, any counter-parties and the Monitor, or by Order of this Court; and
- (m) may perform such other duties as are required by this Order or the CCAA or by this Court from time to time.

- [40] **ORDERS** that the Petitioner and its current and former shareholders, officers, Directors, agents and representatives shall fully cooperate with the Monitor in the exercise of its powers and discharge of its duties, rights and obligations as provided and set out in this Order.
- [41] **ORDERS** that, without limiting the generality of anything herein, the Petitioner and its Directors, officers, employees and agents, accountants, auditors and all other Persons having notice of the Order shall forthwith provide the Monitor with unrestricted access to all of the Business and Property, including, without limitation, the premises, books, records, data, including data in electronic form, and all other documents of the Petitioner in connection with the Monitor’s duties and responsibilities hereunder.
- [42] **DECLARES** that the Monitor may provide creditors and other relevant stakeholders of the Petitioner with information in response to requests made by them in writing addressed to the Monitor and copied to the Petitioner’s counsel. In the case of information that the Monitor has been advised by the Petitioner is confidential, proprietary or competitive, the Monitor shall not provide such information to any Person without the consent of the Petitioner unless otherwise directed by this Court.
- [43] **DECLARES** that Section 215 of the BIA applies *mutatis mutandis* and that no action or other proceedings shall be commenced against the Monitor relating to its appointment, its conduct as Monitor or the carrying out of the provisions of any order of this Court, except with prior leave of this Court, on at least seven (7) days’ notice to the Monitor and its counsel.
- [44] **DECLARES** that the powers of the Monitor shall be exercised pursuant to its sole discretion and judgment.
- [45] **ORDERS** that the Petitioner shall pay the reasonable fees and disbursements of the Monitor, the Monitor’s legal counsel, the Petitioner’s legal counsel and other advisers, directly related to these proceedings, the Plan and the Restructuring, whether incurred before or after the Order, and shall provide each with a

reasonable retainer in advance on account of such fees and disbursements, if so requested.

- [46] **DECLARES** that the Monitor, the Monitor's legal counsel, the Petitioner' legal counsel, the Chief Restructuring Advisor (as defined in the Application) the Monitor's and the Petitioner' respective advisers, as security for the professional fees and disbursements incurred both before and after the making of this Order and directly related to these proceedings, the Plan and the Restructuring, be entitled to the benefit of and are hereby granted a charge and security in the Property, to the extent of the aggregate amount of **\$750,000** (the "**Administration Charge**"), having the priority established by paragraphs [47] and [48] of this Order.

p. Priorities and General Provisions Relating to CCAA Charges

- [47] **DECLARES** that the priorities of the Administration Charge and the Directors' Charge (collectively, the "**CCAA Charges**"), as between them with respect to any Property to which they apply, shall be as follows:

- (a) first, the Administration Charge;
- (b) second, the Directors' Charge;

provided, however, that the CCAA Charges shall, under all circumstances, rank after and be subordinated to (i) the Scotia Security (as defined in the Application) over all Property securing all present and future indebtedness and obligations of Petitioner towards Scotia, and (ii) the HSBC Security (as defined in the Application) (collectively the "**Lender's Charges**").

- [48] **DECLARES** that each of the CCAA Charges shall rank in priority to any and all other hypothecs, mortgages, liens, security interests, priorities, charges, options, encumbrances or security of whatever nature or kind other than the Lender's Charges (collectively, the "**Encumbrances**") affecting the Property whether or not charged by such Encumbrances.
- [49] **ORDERS** that, except as otherwise expressly provided for herein, the Petitioner shall not grant any Encumbrances in or against any Property that rank in priority to, or *pari passu* with, any of the CCAA Charges unless the Petitioner, as applicable, obtain the prior written consent of the Monitor and the prior approval of the Court.
- [50] **DECLARES** that each of the CCAA Charges shall attach, as of the Effective Time, to all present and future Property of the Petitioner, notwithstanding any requirement for the consent of any party to any such charge or to comply with any condition precedent.
- [51] **DECLARES** that the CCAA Charges and the rights and remedies of the beneficiaries of the CCAA Charges, as applicable, shall be valid and enforceable and not otherwise be limited or impaired in any way by (i) these proceedings and

the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications or any assignments in bankruptcy made or deemed to be made in respect of any Petitioner; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any agreement, lease, sub-lease or other arrangement which binds the Petitioner (a "**Third-Party Agreement**"), and notwithstanding any provision to the contrary in any Third Party Agreement:

- (a) the creation of any of the CCAA Charges shall not create nor be deemed to constitute a breach by the Petitioner of any Third-Party Agreement to which any of the Petitioner is a party; and
- (b) the beneficiaries of the CCAA Charges shall not have any liability to any Person whatsoever as a result of any breach of any Third-Party Agreement caused by or resulting from the creation of the CCAA Charges.

[52] **DECLARES** that notwithstanding: (i) these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications or any assignments in bankruptcy made or deemed to be made in respect of any Petitioner, and (iii) the provisions of any federal or provincial statute, the payments or disposition of Property made by any Petitioner pursuant to this Order and the granting of the CCAA Charges, do not and will not constitute settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions or conduct meriting an oppression remedy under any applicable law.

[53] **DECLARES** that the CCAA Charges shall be valid and enforceable as against all Property of the Petitioner and against all Persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of the Petitioner.

q. Consulting Agreement and Sale Guidelines

[54] **APPROVES** and **RATIFIES** the Consulting Agreement Amendment (as defined in the Application).

[55] **APPROVES** and **RATIFIES** the Amended Sale Guidelines attached to this Order as **Schedule I**.

r. Payment of Rent

[56] **ORDERS** that until a real property or immovable lease is disclaimed or resiliated in accordance with the CCAA, the Petitioner shall pay all amounts constituting rent or payable as rent under real property or immovable 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 Petitioner and the landlord from time to time, 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, or the immediately following business day if that day is not a business day, in advance (but not in arrears).

s. General

- [57] **ORDERS** that no Person shall commence, proceed with or enforce any Proceedings against any of the Directors, employees, legal counsel or financial advisers of the Petitioner or of the Monitor in relation to the Business or Property of the Petitioner, without first obtaining leave of this Court, upon five (5) calendar days' written notice to the Petitioner's counsel, the Monitor's counsel, and to all those referred to in this paragraph whom it is proposed be named in such Proceedings.
- [58] **ORDERS** that, subject to further Order of this Court, all applications in these CCAA proceedings are to be brought on not less than four (4) calendar days' notice to all Persons on the service list. Each application shall specify a date (the "**Initial Return Date**") and time (the "**Initial Return Time**") for the hearing.
- [59] **ORDERS** that any Person wishing to object to the relief sought on an application in these CCAA proceedings must serve responding application materials or a notice stating the objection to the application and the grounds for such objection (a "**Notice of Objection**") in writing to the moving party, the Petitioner and the Monitor, with a copy to all Persons on the service list, no later than 5 p.m. Montréal Time on the date that is three (3) calendar days prior to the Initial Return Date (the "**Objection Deadline**").
- [60] **ORDERS** that, if no Notice of Objection is served by the Objection Deadline, the Judge having carriage of the application (the "**Presiding Judge**") may determine: (a) whether a hearing is necessary; (b) whether such hearing will be in person, by videoconference, by telephone or by written submissions only; and (c) the parties from whom submissions are required (collectively, the "**Hearing Details**"). In the absence of any such determination, a hearing will be held in the ordinary course.
- [61] **ORDERS** that, if a Notice of Objection is served by the Objection Deadline, the interested parties shall appear before the Presiding Judge on the Initial Return Date at the Initial Return Time, or such earlier or later time as may be directed by the Court, to, as the Court may direct: (a) proceed with the hearing on the Initial Return Date and at the Initial Return Time; or (b) establish a schedule for the delivery of materials and the hearing of the contested application and such other matters, including interim relief, as the Court may direct.
- [62] **DECLARES** that this Order and any proceeding or affidavit leading to the Order, shall not, in and of themselves, constitute a default or failure to comply by the Petitioner under any statute, regulation, licence, permit, contract, permission, covenant, agreement, undertaking or other written document or requirement.

- [63] **DECLARES** that, except as otherwise specified herein, the Petitioner and the Monitor are at liberty to serve any notice, proof of claim form, proxy, circular or other document in connection with these proceedings by forwarding copies by prepaid ordinary mail, courier, personal delivery, electronic mail, or electronic transmission to Persons or other appropriate parties at their respective given addresses as last shown on the records of the Petitioner and that any such service shall be deemed to be received on the date of delivery if by personal delivery or electronic transmission, on the following business day if delivered by courier, or three (3) business days after mailing if by ordinary mail.
- [64] **DECLARES** that, without limiting the generality of paragraph [63], the Petitioner and any party to these proceedings may serve any court materials in these proceedings on all represented parties electronically, by emailing a PDF or other electronic copy of such materials to counsels' email addresses, provided that the Petitioner shall deliver "hard copies" of such materials upon request to any party as soon as practicable thereafter.
- [65] **DECLARES** that, unless otherwise provided herein, under the CCAA, or ordered by this Court, no document, order or other material need be served on any Person in respect of these proceedings, unless such Person has served an Answer on the counsel for the Petitioner and the Monitor and has filed such notice with this Court, or appears on the service list prepared by the Monitor, the Petitioner or their respective attorneys, save and except when an order is sought against a Person not previously involved in these proceedings.
- [66] **DECLARES** that the Petitioner or the Monitor may, from time to time, apply to this Court for directions concerning the exercise of their respective powers, duties and rights hereunder or in respect of the proper execution of the Order on notice only to each other.
- [67] **DECLARES** that any interested Person may apply to this Court to vary or rescind the Order or seek other relief upon five (5) calendar days' notice to the Petitioner, the Monitor and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order, such application shall be filed by no later than fifteen (15) days from the date hereof, unless otherwise ordered by this Court.
- [68] **DECLARES** that the Order and all other orders in these proceedings shall have full force and effect in all provinces and territories in Canada.
- [69] **REQUESTS** the aid and recognition of any Court, tribunal, regulatory or administrative body in any Province of Canada and any Canadian federal court or in the United States of America and any court or administrative body elsewhere, to give effect to this Order and to assist the Petitioner, 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 Petitioner and the Monitor as

may be necessary or desirable to give effect to this Order, and to act in aid of and to be complementary to this Court, in carrying out the terms of this Order.

[70] **ORDERS** the provisional execution of this Order notwithstanding appeal and without security.

[71] **THE WHOLE WITHOUT COSTS.**

Michel A. Pinsonnault, J.S.C.

M^{TRE} SANDRA ABITAN
M^{TRE} JULIEN MORISSETTE
M^{TRE} ILIA KRAVTSOV
Osler Hoskin & Harcourt LLP
Counsel to the Petitioner

M^{tre} Joseph Reynaud
Stikeman Elliott
Counsel to the Trustee/Proposed Monitor

M^{tre} Gerald F. Kandestin
Kugler, Kandestin s.e.n.c.r.l., L.L.P.
Counsel to the Scotia Bank

Hearing date: July 27, 2020

SCHEDULE I

AMENDED SALE GUIDELINES

The following procedures shall apply to any sales to be held at Stokes Inc. ("**Stokes**") retail stores designated in the Consulting Agreement (as defined below) (the "**Stores**"). Terms capitalized but not defined in these Sale Guidelines have the meanings ascribed to them in the Consulting Agreement.

1. Except as otherwise expressly set out herein, and subject to: (i) the Order of the Superior Court of Québec (Commercial Division) (the "**Court**") approving the Consulting Agreement between a joint venture comprised of Tiger Asset Solutions Canada, ULC and GA Retail Canada ULC (the "**Consultant**") and Stokes (the "**Consulting Agreement**") and the transactions contemplated thereunder (the "**Approval Order**") or (ii) the provisions of the *Bankruptcy and Insolvency Act* ("**BIA**") and any further Order of the Court; or (iii) any subsequent written agreement between Stokes and its applicable landlord(s) (individually, a "**Landlord**" and, collectively, the "**Landlords**") and approved by the Consultant, the Sale shall be conducted in accordance with the terms of the applicable leases and other occupancy agreements for each of the affected Stores (individually, a "**Lease**" and, collectively, the "**Leases**"). However, nothing contained herein shall be construed to create or impose upon Stokes or the Consultant any additional restrictions not contained in the applicable Lease or other occupancy agreement.
2. The Sale shall be conducted so that each of the Stores remain open during their normal hours of operation provided for in the respective Leases for the Stores until the applicable premises vacate date for each Store under the Consulting Agreement (the "**Vacate Date**"), and in all cases no later than **August 31, 2020**. Rent payable under the respective Leases shall be paid as provided in the Approval Order.
3. The Sale shall be conducted in accordance with applicable federal, provincial and municipal laws, unless otherwise ordered by the Court.
4. All display and hanging signs used by the Consultant in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. Notwithstanding anything to the contrary contained in the Leases, the Consultant may advertise the Sale at the Stores as a "everything on sale", "everything must go", "store closing" or similar theme sale at the Stores (provided however that no signs shall advertise the Sale as a "bankruptcy", a "liquidation" or a "going out of business" sale, it being understood that the French equivalent of "clearance" is "liquidation" and that "liquidation" is permitted to be used in French language signs). Forthwith upon request, the Consultant shall provide the proposed signage packages along with proposed dimensions by e-mail or facsimile to the applicable Landlords or to their counsel of record and the applicable Landlord shall notify the Consultant of any requirement for such signage to otherwise comply with the terms of the Lease and/or the Sale Guidelines and where the provisions of the Lease conflicts with these Sale Guidelines, these Sale Guidelines shall govern. The Consultant shall not use neon or day-glow signs or any handwritten signage (save that handwritten "you pay" or "topper" signs may be used). If a Landlord is concerned with "Store Closing" signs being placed in the front window of a Store or with the number or size of the signs in the front window, Stokes, the Consultant and

the Landlord will work together to resolve the dispute. Furthermore, with respect to enclosed mall Store location without a separate entrance from the exterior of the enclosed mall, no exterior signs or signs in common area of a mall shall be used unless explicitly permitted in the applicable Lease. In addition, the Consultant shall be permitted to utilize exterior banners/signs at stand alone or strip mall Stores or enclosed mall Store locations with a separate entrance from the exterior of the enclosed mall; provided, however, that: (i) no signage in any other common areas of a mall shall be used; and (ii) where such banners are not explicitly permitted by the applicable Lease and the Landlord requests in writing that banners are not to be used, no banners shall be used absent further Order of the Court, which may be sought on an expedited basis on notice to the Service List. Any banners used shall be located or hung so as to make clear that the Sale is being conducted only at the affected Store and shall not be wider than the premises occupied by the affected Store. All exterior banners shall be professionally hung and to the extent that there is any damage to the facade of the premises of a Store as a result of the hanging or removal of the exterior banner, such damage shall be professionally repaired at the expense of Stokes. The Consultant shall not utilize any commercial trucks to advertise the Sale on Landlord's property or mall ring roads.

5. The Consultant shall be permitted to utilize sign walkers and street signage; provided, however, such sign walkers and street signage shall not be located on the shopping center or mall premises.
6. The Consultant shall be entitled to include additional merchandise in the Sale provided that (a) the additional merchandise is currently in the possession of Stokes (including in its warehouse and distribution center) and has previously been ordered by or on behalf of Stokes and is currently in transit to Stokes; and (b) the additional merchandise is of like kind and category and no less quality to the Merchandise, and consistent with any restrictions on usage of the Stores set out in the applicable Leases.
7. Conspicuous signs shall be posted in the cash register areas of each Store to the effect that all sales are "final" and customers with any questions or complaints are to call Stokes' hotline number.
8. The Consultant shall not distribute handbills, leaflets or other written materials to customers outside of any of the Stores on any Landlord's property, unless explicitly or expressly permitted by the applicable Lease or, if distribution is customary in the shopping centre in which the Store is located. Otherwise, the Consultant may solicit customers in the Stores themselves. The Consultant shall not use any giant balloons, flashing lights or amplified sound to advertise the Sale or solicit customers, except as explicitly or expressly permitted under the applicable Lease or agreed to by the Landlord.
9. At the conclusion of the Sale in each Store, the Consultant and Stokes shall arrange that the premises for each Store are in "broom-swept" and clean condition, and shall arrange that the Stores are in the same condition as on the commencement of the Sale, ordinary wear and tear excepted. No property of any Landlord of a Store shall be removed or sold during the Sale. No permanent fixtures (other than Stokes FF&E (as defined below) for clarity) may be removed without the Landlord's written consent unless otherwise provided by the applicable Lease and in accordance with

the Approval Order. Any trade fixtures or personal property left in a Store after the applicable Vacate Date in respect of which the applicable Lease has been disclaimed by Stokes shall be deemed abandoned, with the applicable Landlord having the right to dispose of the same as the Landlord chooses, without any liability whatsoever on the part of the Landlord. Nothing in this paragraph shall derogate from or expand upon the Consultant's obligations under the Consulting Agreement.

10. Subject to the terms of paragraph 9 above, the Consultant shall sell furniture, fixtures and equipment owned by Stokes ("**Stokes FF&E**") and located in the Stores during the Sale. For greater certainty, Stokes FF&E does not include any portion of the Stores' HVAC, sprinklers, fire suppression, or fire alarm systems. Stokes and the Consultant may advertise the sale of Stokes FF&E consistent with these Sale Guidelines on the understanding that the Landlord may require such signs to be placed in discreet locations within the Stores reasonably acceptable to the Landlord. Additionally, the purchasers of any Stokes FF&E sold during the Sale shall only be permitted to remove the Stokes FF&E either through the back shipping areas designated by the Landlord or through other areas after regular Store business hours or, through the front door of the Store during Store business hours if the Stokes FF&E can fit in a shopping bag, with Landlord's supervision as required by the Landlord and in accordance with the Approval Order. Stokes shall repair any damage to the Stores resulting from the removal of any Stokes FF&E by Consultant or by third party purchasers of Stokes FF&E.
11. The Consultant shall not make any alterations to interior or exterior Store lighting, except as authorized pursuant to the affected Lease. The hanging of exterior banners or other signage, where permitted in accordance with the terms of these Sale Guidelines, shall not constitute an alteration to a Store.
12. Stokes hereby provides notice to the Landlords of Stokes and the Consultant's intention to sell and remove Stokes FF&E from the Stores. The Consultant shall make commercially reasonable efforts to arrange with each Landlord that so requests, a walk-through with the Consultant to identify the Stokes FF&E subject to the Sale. The relevant Landlord shall be entitled upon request to have a representative present in the applicable Stores to observe such removal. If the Landlord disputes the Consultant's entitlement to sell or remove any Stokes FF&E under the provisions of the Lease, such Stokes FF&E shall remain on the premises and shall be dealt with as agreed between Stokes, the Consultant and such Landlord, or by further Order of the Court upon application by Stokes on at least two (2) days' notice to such Landlord and the proposal Trustee. If Stokes has disclaimed or resiliated the Lease governing such Store in accordance with the BIA, it shall not be required to pay rent under such Lease pending resolution of any such dispute (other than rent payable for the notice period provided for in the BIA), and the disclaimer or resiliation of the Lease shall be without prejudice to Stokes's or the Consultant's claim to the Stokes FF&E in dispute.
13. If a notice of disclaimer or resiliation is delivered pursuant to the BIA to a Landlord while the Sale is ongoing and the Store in question has not yet been vacated, then:
(a) during the notice period prior to the effective time of the disclaimer or resiliation, the Landlord may show the affected leased premises to prospective tenants during normal business hours, on giving Stokes, the proposal Trustee and the Consultant 24 hours' prior written notice; and (b) at the effective time of the disclaimer or

résiliation, the relevant Landlord shall be entitled to take possession of any such Store without waiver of or prejudice to any claims or rights such Landlord may have against Stokes in respect of such Lease or Store, provided that nothing herein shall relieve such Landlord of any obligation to mitigate any damages claimed in connection therewith.

14. The Consultant and its agents and representatives shall have the same access rights to the Stores as Stokes under the terms of the applicable Lease, and the Landlords shall have the rights of access to the Stores during the Sale provided for in the applicable Lease (subject, for greater certainty, to any applicable stay of proceedings).
15. Stokes and the Consultant shall not conduct any auctions of Merchandise or Stokes FF&E at any of the Stores.
16. The Consultant shall designate a party to be contacted by the Landlords should a dispute arise concerning the conduct of the Sale. The initial contact for Consultant shall be (i) Mark P. Naughton who may be reached by phone at (312) 894-6081 or email at mnaughton@tigergroup.com. If the parties are unable to resolve the dispute between themselves, the Landlord or Stokes shall have the right to schedule a "status hearing" before the Court on no less than two (2) days written notice to the other party or parties, during which time the Consultant shall cease all activity in dispute other than activity expressly permitted herein, pending determination of the matter by the Court; provided, however, subject to paragraph 4 of these Sale Guidelines, if a banner has been hung in accordance with these Sale Guidelines and is the subject of a dispute, the Consultant shall not be required to take any such banner down pending determination of any dispute.
17. Nothing herein or in the Consulting Agreement is or shall be deemed to be a consent by any Landlord to the sale, assignment or transfer of any Lease, or shall, or shall be deemed to, or grant to the Landlord any greater rights than already exist under the terms of any applicable Lease.
18. These Sale Guidelines may be amended by written agreement between the Consultant, Stokes and the applicable Landlord.