

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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**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 – Marblétite 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 KERP 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.



**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

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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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 29-Feb-20			2 months ended 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 receivable, net	7,273	Accounts payable	\$ 6,924
Inventory	15,702	Accrued expenses	5,344
Prepaid expenses and other current assets	697	Inter-company liability	2,246
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 – Marblertite 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	13,005,014
Net cashflow	(3,670,014)
Opening revolver balance	(20,850,000)
Net cash inflow / (outflow)	(3,670,014)
Subtotal	(24,520,014)
Availability block	(250,000)
Other reserves	(200,000)
Ending revolver balance	(24,970,014)
Canadian borrowing base	23,790,503
Availability	(1,179,512)

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.

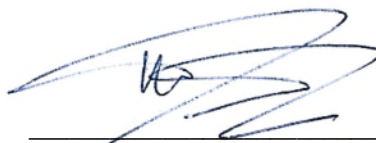
All of which is respectfully submitted this 26th day of June, 2020.

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
Gross Receipts	1														
	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.

113961451:v2

Appendix “C”

Tesla beats expectations for vehicle deliveries

AKANISHA RANA
TINA BELLON

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 define 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, heeding 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, MINLEADERS INC., ACCERO INC., CYBERSHIFT HOLDINGS INC., CYBERSHIFT INC. (U.S.), POINTWELL 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., 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., SumTotal Systems LLC, MindLeaders Inc., Accero Inc., CyberShift Holdings Inc., CyberShift Inc. (U.S.), Pointwell Limited, SSI Investments I Limited, SSI Investments II Limited, SSI Investments III Limited, Skillsoft 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: 1-866-685-9751
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.kcdcl.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@kcccl.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/insolvencycases/skillsoft-canada-ld/>

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: 1-866-685-9751
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., Uf 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 1-866-685-9751 or rccl@richter.ca as well as from Richter's website at <http://richter.ca/insolvencycases/roberts-company-canada-limited/>.

RICHTER

Richter Advisory Group Inc.
181 Bay Street, Suite 3510
Bay Wellington Tower
Toronto, Ontario M5J 2T3
Telephone: 1-866-685-9751
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.**

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