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Court File No. CV-11677-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**



THE HONOURABLE  
JUSTICE PATTILLO

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THURSDAY, THE 2ND  
DAY OF MAY, 2017

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 Grafton-Fraser Inc.

**Applicant**

**APPROVAL AND VESTING ORDER**

THIS MOTION, made by the Applicant for an order approving the sale transaction (the "Transaction") contemplated by an agreement of purchase and sale between the Applicant and GSO GF Acquisition B.C. Ltd. (formerly 1104307 B.C. Ltd.) (the "Purchaser") dated January 24, 2017, as amended by amending agreements on February 16, 2017, March 3, 2017 and March 14, 2017 (as so amended, or as may be further amended in accordance with the provisions of this Order, collectively, the "Sale Agreement") and appended to the Affidavit of Mark Sun dated April 12, 2017 (the "Affidavit"), and vesting in the Purchaser the Applicant's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit and the Third Report of Richter Advisory Group Inc., in its capacity as the court appointed monitor of the Applicant (the "Monitor"), dated

April 17, 2017 (the "Report") and on hearing the submissions of counsel for the Applicant, the Monitor, the Purchaser, Canadian Imperial Bank of Commerce, no one appearing for any other person on the service list, although properly served as appears from the affidavit of Irene Artuso sworn April 13, 2017 filed:

1. THIS COURT ORDERS AND DECLARES that any capitalized term used and not defined herein shall have the meaning given to it in the Sale Agreement.
2. THIS COURT ORDERS AND DECLARES that the time for service of notice of this motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
3. THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved, and the execution of the Sale Agreement by the Applicant is hereby authorized and approved, with such minor amendments as the Applicant may deem necessary. The Applicant is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
4. THIS COURT ORDERS AND DECLARES that
  - (a) with respect to the Purchased Assets, other than the Assumed Real Property Leases, upon the delivery of the Monitor's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "Monitor's Certificate"), all of the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, and
  - (b) with respect to the Assumed Real Property Leases, upon the assignment of the Assumed Real Property Leases to the Purchaser pursuant to a Third Party Consent or CCAA Assignment Order, all of the Applicant's right, title and interest in and to such Assumed Real Property Lease shall be assigned absolutely to the Purchaser,

in each case free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "Claims") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Hainey in these proceedings dated January 25, 2017, as amended and restated by the Order of the Honourable Justice Wilton-Siegel in these proceedings dated January 30, 2017; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) subject to paragraph 5, those Claims listed on Schedule B hereto (all of which are collectively referred to as the "Encumbrances", which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule C) and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets, other than any registrations made at the applicable land registry of the Assumed Real Property Leases forming part of the Purchased Assets and any memorials of lease, summaries of lease, notices of lease, assignments of lease and any amendments or other registrations pertaining to the Assumed Real Property Leases forming part of the Purchased Assets, provided however that, except as may otherwise be agreed to by the applicable landlord to such Assumed Real Property Lease (a "Landlord") and the Purchaser, nothing herein shall affect the rights and remedies of such Landlord against the Purchaser that may exist or arise under or in respect of any Lease that is ultimately assigned to the Purchaser in connection with the Transaction.

5. THIS COURT ORDERS AND DECLARES that the Encumbrances in favour of the ABL Agent that are listed on Schedule B or that are subject of the registrations listed on Schedule B shall be expunged and discharged against the Purchased Assets immediately upon the ABL Agent confirming to the Monitor in writing that (a) all conditions to the effectiveness of the New Revolving Facility have been

satisfied; and (b) the Purchaser has satisfied the obligations assumed by it pursuant to Section 2.3(i) of the Sale Agreement.

6. THIS COURT ORDERS AND DECLARES that notwithstanding anything contained in this Order, nothing shall derogate from the obligations of the Purchaser to assume and be responsible for and honour, perform, discharge and pay as and when due the Assumed Liabilities, as set out in the Sale Agreement.

7. THIS COURT ORDERS AND DECLARES THAT (a) nothing in this Order shall amend or vary, or be deemed to amend or vary, the terms of an Assumed Real Property Lease; and (b) none of the Assumed Real Property Leases shall be transferred, conveyed, assigned or vested in the Purchaser by operation of this Order.

8. THIS COURT ORDERS AND DIRECTS the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

9. THIS COURT ORDERS that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Applicant is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Applicant's records pertaining to the Applicant's past and current employees, including personal information of those employees listed on Schedule "4.1" to the Sale Agreement. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Applicant.

10. THIS COURT ORDERS that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Applicant and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Applicant;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicant and shall not be void or voidable by creditors of the Applicant, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

11. THIS COURT ORDERS that, in accordance with the terms of the Sale Agreement, and upon the filing of the Monitor's Certificate, the Applicant be and is hereby authorized and directed to execute and file such documents as are required to change the name of the Applicant from "Grafton-Fraser Inc." to "1735825 Ontario Inc.", including, without limitation, filing articles of reorganization substantially in the form attached hereto as Schedule D with the director appointed under the *Business Corporations Act* (Ontario) pursuant to section 186 thereof.

12. THIS COURT ORDERS the Monitor to send a copy of this Order, together with a copy of the articles of reorganization of the Applicant, when filed, to all parties that have filed a registration under the *Personal Property Security Act* (Ontario), or similar provincial legislation, against the Applicant.

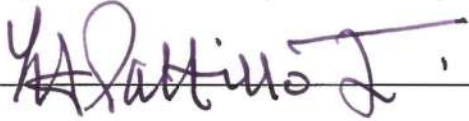
13. THIS COURT ORDERS that, upon the filing of the Monitor's Certificate, the title of these proceedings be and is hereby changed to:

"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 1735825 Ontario Inc. (formerly known as Grafton-Fraser Inc.)"

14. 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 and its 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, as may be necessary or desirable to give effect to this Order or to assist the Applicant and its agents in carrying out the terms of this Order.

  
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ENTERED AT / INSCRIT À TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO:

MAY 10 2017

PER / PAR:



**Schedule A – Form of Monitor's Certificate**

Court File No. CV-11677-00CL

**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 Grafton-Fraser Inc.

**Applicant**

**MONITOR'S CERTIFICATE**

RECITALS

A. Pursuant to an Order of the Honourable Justice Hainey of the Ontario Superior Court of Justice (the "Court") dated January 25, 2017, as amended and restated by the Order of the Honourable Justice Wilton-Siegel in these proceedings dated January 30, 2017, the Applicant was granted protection from its creditors pursuant to the *Companies' Creditors Arrangement Act* and Richter Advisory Group Inc. was appointed as the monitor (the "Monitor") of the Applicant.

B. Pursuant to an Order of the Court dated May 2, 2017, the Court approved the agreement of purchase and sale made as of January 24, 2017, as amended by amending agreements on February 16, 2017, March 3, 2017 and March 14, 2017 (as amended, the "Sale Agreement") between the Applicant and GSO GF Acquisition B.C. Ltd. (formerly 1104307 B.C. Ltd.) (the "Purchaser") and provided for the vesting in the Purchaser of the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate

confirming (i) that the conditions to Closing as set out in sections 6.4 and 6.5 of the Sale Agreement have been satisfied or waived by the Applicant and the Purchaser; and (ii) the Transaction has been completed to the satisfaction of the Monitor.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Applicant has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in sections 6.4 and 6.5 of the Sale Agreement have been satisfied or waived by the Applicant and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Monitor.
4. This Certificate was delivered by the Monitor at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

**Richter Advisory Group Inc., in its capacity  
as court-appointed monitor of Grafton-  
Fraser Inc. and not in its personal capacity**

Per:

\_\_\_\_\_  
Name:

Title:



## Schedule B – Encumbrances

### PPSA British Columbia

<u>Registration Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
1. 673469D	GSO Capital Partners, LP, as Administrative Agent	Registration Date: May 15, 2007  Registration Period: 8 years  Expiry Date: May 15, 2023	All of the Applicant's present and after-acquired personal property of the Applicant and, without limitation, all fixtures, crops, and licenses.
2. 006240J	Canadian Imperial Bank of Commerce, as Agent	Registration Date: December 11, 2015  Registration Period: 7 years  Expiry Date: December 11, 2022	All of the Applicant's present and after-acquired personal property including without limitation fixtures (and terms used herein that are defined in the Personal Property Security Act of British Columbia or the regulations made thereunder have those defined meanings).

### PPSA Alberta

<u>Registration Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
1. 15121123969	Canadian Imperial Bank of Commerce, as Agent	Registration Date: December 11, 2015  Registration Period: 7 years  Expiry Date: December 11, 2022	All present and after- acquired personal property of the Applicant.
2. 07051518194	GSO Capital Partners, LP, as Administrative Agent	Registration Date: May 15, 2007  Registration Period: 16 years  Expiry Date: May 15, 2023	All present and after- acquired personal property of the Applicant. Proceeds: Goods, inventory, chattel paper, documents of title, instruments, money, intangibles, accounts and investment property (all as defined in the Personal Property Security Act (Alberta)) and insurance proceeds.

<u>Registration Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
3. 07051518228	GSO Capital Partners, LP, as Administrative Agent	Registration Date: May 15, 2007  Registration Period: Infinity	Land charge.

**PPSA Manitoba**

<u>Registration Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
1. 201523726507	Canadian Imperial Bank of Commerce, as Agent	Registration Date: December 11, 2015  Registration Period: 7 years  Expiry Date: December 11, 2022	The security interest is taken in all of the Applicant's present and after-acquired personal property.
2. 200708558108	GSO Capital Partners, LP, as Administrative Agent	Registration Date: May 7, 2007  Registration Period: 16 years  Expiry Date: May 15, 2023	The security interest is taken in all of the Applicant's present and after-acquired personal property.

**PPSA Ontario**

<u>Registration File Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
1. 712571193	Canadian Imperial Bank of Commerce, as Agent	Registration Date: December 11, 2015  Registration Period: 7 years  Expiry Date: December 11, 2022	Inventory, Equipment, Accounts, Other, Motor Vehicle
2. 635312304	GSO Capital Partners, LP, as Administrative Agent	Registration Date: May 15, 2007  Registration Period: 8 years  Expiry Date: May 05, 2013	Inventory, Equipment, Accounts, Other, Motor Vehicle Included

PPSA Nova Scotia

	<u>Registration Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
1.	25531898	GSO Capital Partners, LP, as Administrative Agent	Registration Date: February 8, 2016 Registration Period: 7 years Expiry Date: February 8, 2023	A security interest is taken in all of the Applicant's present and after-acquired personal property
2.	25333881	Canadian Imperial Bank of Commerce, as Agent	Registration Date: December 14, 2015 Registration Period: 7 years Expiry Date: December 14, 2022	A security interest is taken in all of the Applicant's present and after-acquired personal property

1. The following *Bank Act* security:

<u>Type</u>	<u>Registration Name and Address</u>	<u>Date</u>	<u>Expires</u>	<u>Number</u>	<u>Bank</u>
(2)	Grafton-Fraser Inc. 44 Apex Road Toronto ON M6A 2V2	2016/01/25	2021/12/31	01304227	0010 – CANADIAN IMPERIAL BANK OF COMMERCE 00002 – MAIN BRANCH – COMMERCE COURT 199 BAY ST CCW CONCOURSE LEVEL MAIN BRANCH – COMMERCE COURT TORONTO, ON M5L1G9

2. Security interests recorded against all of the Canadian trademarks owned by the Applicant, in favour of:

- GSO Special Situations Fund LP (pursuant to a security agreement placed on file on October 11, 2007);
- GSO CP Holdings LP (pursuant to an amended security agreement placed on file on October 14, 2008); and
- Canadian Imperial Bank of Commerce, as Agent (pursuant to a security agreement placed on file on March 11, 2016).

3. Any claims raised, or which could have been raised, in the action commenced by Tradex Global Inc. against Grafton Fraser Inc. in the Ontario Superior Court of Justice, bearing Court File No. CV-17-568448.

## Schedule C – Permitted Encumbrances

PPSA Ontario

	<u>Registration File Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
1.	719663706	Canadian Dealer Lease Service Inc. and Bank of Nova Scotia - DLAC	Registration Date: August 16, 2016  Registration Period: 3 years  Expiry Date: August 16, 2019	Inventory, Accounts, Other, Motor Vehicle Included  2016 Maza CX09, JM3TCBDY6G0111704  Amount: \$55,145  Date of Maturity: August 11, 2019
2.	675686367	Xerox Canada Ltd.	Registration Date: January 17, 2012  Registration Period: 6 years  Expiry Date: January 17, 2018	Equipment, Other

## SCHEDULE D

For Ministry Use Only  
 À l'usage exclusif du ministère

Ontario Corporation Number  
 Numéro de la société en Ontario

1735825

Form 9  
 Business  
 Corporations  
 Act

Formule 9  
 Loi sur les  
 sociétés par  
 actions

### ARTICLES OF REORGANIZATION STATUTS DE RÉORGANISATION

1. The name of the corporation is: (Set out in BLOCK CAPITAL LETTERS)  
*Dénomination sociale de la société : (Écrire en LETTRES MAJUSCULES SEULEMENT) :*

G	R	A	F	T	O	N	-	F	R	A	S	E	R	I	N	C	.														

2. The new name of the corporation if changed by the reorganization: (Set out in BLOCK CAPITAL LETTERS)  
*Nouvelle dénomination sociale de la société si elle est modifiée par suite de la réorganisation : (Écrire en LETTRES MAJUSCULES SEULEMENT) :*

1	7	3	5	8	2	5		O	N	T	A	R	I	O	I	N	C	.													

3. Date of incorporation/amalgamation: / *Date de la constitution ou de la fusion :*

2007/5/24

Year, Month, Day / *année, mois, jour*

4. The reorganization was ordered by the court on / *La cour a ordonné la réorganisation le*

Year, Month, Day / *année, mois, jour*

and a certified copy of the Order of the court is attached to these articles as Exhibit "A". / *une copie certifiée conforme de l'ordonnance de la cour constitue l'annexe «A».*

5. In accordance with the Order for reorganization the articles of the corporation are amended as follows:  
*Conformément à l'ordonnance de réorganisation, les statuts de la société sont modifiés de la façon suivante :*

The articles of the Corporation are hereby amended to change the name of the Corporation from Grafton-Fraser Inc. to 1735825 Ontario Inc.

6. The terms and conditions to which the reorganization is made subject by the Order have been complied with.  
*Les conditions que l'ordonnance impose à la réorganisation ont été respectées.*

These articles are submitted under section 186 of the *Business Corporations Act* and are signed in duplicate.  
*Les présents statuts sont déposés en vertu de l'article 186 de la Loi sur les sociétés par actions. Ils sont signés en double exemplaire.*

GRAFTON-FRASER INC.

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Name of Corporation / *Dénomination sociale de la société*

By/  
 Par :

Vice President and Chief Financial Officer

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Signature / *Signature*

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Description of Office / *Fonction*

Mark G. Sun

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 GRAFTON-FRASER INC.

(the "Applicant")

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
[COMMERCIAL LIST]**

**Proceedings commenced in Toronto**

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**SALE APPROVAL ORDER**

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Lawyers for the Applicant, Grafton-Fraser Inc.