

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE )  
JUSTICE *Pattillo* )

TUESDAY, THE 6<sup>th</sup>  
DAY OF JUNE, 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.

(the "Applicant")

ORDER  
(DISTRIBUTION & SECOND STAY EXTENSION)

THIS MOTION made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") for an Order, *inter alia*,

- (a) approving certain amendments contained in the fourth amending agreement dated June 5, 2017 (the "**Fourth Amending Agreement**") to the asset purchase agreement between the Company and 1104307 B.C. Ltd. (now GSO GF Acquisition B.C. Ltd.) (the "**Purchaser**") dated January 24, 2017, as amended by a first amending agreement dated February 16, 2017, a second amending agreement dated March 3, 2017 and a third amending agreement dated March 14, 2017 (collectively, the "**Purchase Agreement**"), which was approved by order of the Honourable Mr. Justice Pattillo dated May 2, 2017 (the "**Sale Approval and Vesting Order**"), and authorizing the Company to complete the transaction (the "**Transaction**") contemplated by the Purchase Agreement (as amended by the Fourth Amending Agreement, the "**Amended Purchase Agreement**"), as may be

further amended, in accordance with the terms of the Amended Purchase Agreement and the provisions of the Sale Approval and Vesting Order;

- (b) authorizing and directing the Company to make a distribution to GSO Capital Partners LP (“**GSO**”), in its capacity as administrative agent for itself and the GSO Lenders in partial satisfaction of the Term Obligations under the Term Security Documents;
- (c) extending the Stay Period (as defined in paragraph 15 of the Initial Order of the Honourable Mr. Justice Hainey dated January 25, 2017, as amended and restated by Order dated January 30, 2017 (the “**Amended and Restated Initial Order**”)) to and including September 15, 2017;
- (d) upon delivery of the Monitor’s Certificate (as defined in the Sale Approval and Vesting Order) to the Purchaser, reducing the amount of the Directors’ Escrow (as defined in the Amended and Restated Initial Order) to \$172,597 and authorizing and directing Richter Advisory Group Inc., in its capacity as monitor of the Applicant (the “**Monitor**”) to release \$600,000 to the Purchaser, or as otherwise directed by the Purchaser in writing with the consent of the Monitor and Canadian Imperial Bank of Commerce (“**CIBC**”);
- (e) approving the fourth report of the Monitor and the appendices thereto (the “**Fourth Report**”), and approving the activities of the Monitor as described therein; and
- (f) approving the Monitor’s fees and disbursements and those of the Monitor’s counsel, Cassels Brock & Blackwell LLP (“**Cassels**”) as set out in the affidavit of Adam Sherman dated June 1, 2017 (the “**Sherman Affidavit**”) and the affidavit of Jane Dietrich dated May 31, 2017 (the “**Dietrich Affidavit**”), both as attached to the Fourth Report;

was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion of the Applicant, the Affidavit of Mark Sun sworn May 30, 2017, and the exhibits thereto, the Fourth Report, and the appendices thereto, and on hearing the submissions of counsel for the Applicant, counsel for the Monitor, counsel for CIBC, counsel for GSO, counsel for the directors of the Applicant, and such other parties as were present, no one else appearing although duly served as appears from the affidavits of service of Dylan Chochla and Irene Artuso sworn June 1 and June 2, 2017, respectively, filed;

### **SERVICE AND DEFINITIONS**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein be and is hereby abridged and validated so that the Motion is properly returnable today.
2. **THIS COURT ORDERS** that any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Amended and Restated Initial Order.

### **AMENDMENT TO PURCHASE AGREEMENT**

3. **THIS COURT ORDERS AND DECLARES** that the execution of the Fourth Amending Agreement by the Applicant be and is hereby authorized, approved and ratified, with such minor amendments as the Applicant may deem necessary, and the Applicant be and is hereby authorized to complete the Transaction contemplated thereby in accordance with the terms of the Amended Purchase Agreement and the provisions of the Sale Approval and Vesting Order and this Order, and, for greater certainty, the intellectual property listed on Schedule 2.1(f) of the Amended Purchase Agreement under the subheading "Bellissimo Trademarks" shall constitute Purchased Assets under the Amended Purchase Agreement and the Sale Approval and Vesting Order.

### **DISTRIBUTION TO GSO**

4. **THIS COURT ORDERS** that the Applicant be and is hereby authorized and directed to distribute the amount of \$15,404 to GSO, in its capacity as administrative agent for itself and the GSO Lenders, in partial satisfaction of the Term Obligations under the Term Security Documents (the "**GSO Distribution**").

5. **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 GSO Distribution 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 and shall, upon the receipt thereof by GSO, be free of all claims, liens, security interests, charges or encumbrances granted by or relating to the Applicant.

#### **STAY EXTENSION**

6. **THIS COURT ORDERS** that the Stay Period be and is hereby extended until and including September 15, 2017.

#### **RELEASE OF FUNDS TO THE APPLICANT**

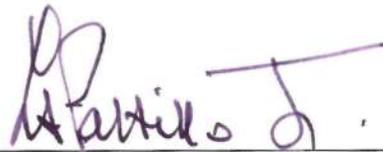
7. **THIS COURT ORDERS** that, upon the delivery of the Monitor's Certificate to the Purchaser, the amount of the Directors' Escrow be and is hereby reduced from \$772,597 to \$172,597, and the Monitor be and is hereby authorized and directed to release to the Purchaser, or as otherwise directed by the Purchaser in writing with the consent of the Monitor and CIBC, an aggregate amount of \$600,000 on account of the reduction in the amount of the Directors' Escrow.

**APPROVAL OF MONITOR'S FOURTH REPORT**

8. **THIS COURT ORDERS** that the Fourth Report, and the activities of the Monitor referred to therein, be and are hereby approved.

**APPROVAL OF FEES AND DISBURSEMENTS**

9. **THIS COURT ORDERS** that the fees and disbursements of the Monitor and of its counsel, Cassels, as set out in the Fourth Report, the Sherman Affidavit and the Dietrich Affidavit, be and are hereby approved.



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

JUN 06 2017

PER / PAR: 

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(the "Applicant")

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

**Proceedings commenced in Toronto**

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**ORDER  
(DISTRIBUTION & STAY EXTENSION)  
(Returnable June 6, 2017)**

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