

SUPERIOR COURT
(Commercial Division)
(Bankruptcy and Insolvency Act, R.S.C. 1985, c.B-3)

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL
NO: 500-11-054804-188
NO: 41-2388971

DATE: October 17, 2018

PRESIDING: Me Julie Bégin, registraire

IN THE MATTER OF THE BANKRUPTCY OF:

GREATEX MILLS INC. / LES MOULINS GREATEX
INC.

Debtor

-and-

RICHTER ADVISORY GROUP INC.
RICHTER GROUPE CONSEIL INC.

Trustee/ Petitioner

-and-

THE REGISTRAR OF PERSONAL AND MOVABLE REAL RIGHTS

-and-

THE PARTIES LISTED IN THE SERVICE LIST

Mises en cause

APPROVAL AND VESTING ORDER

- [1] **ON READING** Richter Advisory Group inc.'s (the "**Trustee**" or the "**Vendor**") *Motion for Authorization to Sell Certain Assets of the Debtor, Directions and Other Related Orders* (the "**Motion**"), the affidavit and the exhibits in support thereof, as well as the Report of the Trustee filed as R-2 in support of the Motion (the "**Trustee's Report**");
- [2] **SEEING** the notification/service of the Motion;
- [3] **SEEING** the submissions of counsel;

JBW

- [4] **SEEING** that it is appropriate to issue an order approving the transaction (the "**First Transaction**") contemplated by the offer to purchase made on October 1st, 2018 by C3 - Crescent Commercial Corporation (the "**Purchaser**"), as purchaser, and accepted on October 10, 2018 by the Trustee, as vendor, filed respectively as **Exhibits F and H** to the Trustee's Report and referred to collectively as the "**First Offer**", and vesting in the Purchaser the following assets described in the said First Offer (collectively, the "**Fixed Assets**");

All assets and all contents located at the Debtor's facilities at 1625 Chabanel West, suite 201, Montreal, Québec, floor to ceiling, wall to wall, including but not limited to the assets identified as all furniture, fixtures, warehouse equipment and any and all assets remaining, but excluding any assets labelled as belonging to third parties, and excluding more particularly the machinery and/or equipment that is subject to a lease in favor of TD and TD Equipment Finance Canada and as more fully described hereinafter.

- [5] **SEEING** that it is appropriate to issue an order approving the transaction (the "**Second Transaction**") contemplated by the offer to purchase made on October 1st, 2018 by the Purchaser and accepted on October 10, 2018 by the Trustee, as vendor, filed respectively as **Exhibits G and I** to the Trustee's Report and referred to collectively as the "**Second Offer**", and vesting in the Purchaser the following assets as described in the said Second Offer (the "**Purchased Equipment**");

One 2016 New Pillgrade Automated 3D pilling and fuzzing grading system – serial #V630 and model #M227G

One new 2016 Lloyd Machine 1kn model #LS1H-115V serial number 201449

One new 2016 YLC-1000-A1 model #01/3878 serial #1KN1042

One ST101 set of pneumatic grip;

WHEREFORE THE COURT:

- [6] **GRANTS** the Motion.

NOTIFICATION/SERVICE

- [7] **ORDERS** that any prior delay for the presentation of the Motion is hereby abridged and validated so that the Motion is properly returnable today and hereby dispenses with further notification/service thereof.

- [8] **PERMITS** notification/service of this Order at any time and place and by any means whatsoever.

SALE APPROVAL

- [9] **ORDERS AND DECLARES** that the First Transaction regarding the sale of the Fixed Assets and the Second Transaction regarding the sale of the Purchased Equipment (referred to hereinafter collectively as the "**Transactions**" and the "**Purchased Assets**") are hereby authorized and approved;

EXECUTION OF DOCUMENTATION

- [10] **ORDER** that the First and Second Offers, together with the present Order shall constitute the entire agreement between the Trustee and the Purchaser for the completion and execution of the Transactions, the Trustee not being obliged to execute a deed of sale but is nonetheless authorised to execute any other documents and do all other things which the Trustee may require necessary or useful in order to give full and complete effect to the Transactions, with such non-material alterations, changes, amendments, deletions or additions thereto;

AUTHORIZATION

- [11] **ORDERS** and **DECLARES** that this Order shall constitute the only authorization required by the Vendor to proceed with the Transactions and that no shareholder or regulatory approval, if applicable, shall be required in connection therewith.
- [12] **ORDERS** and **DECLARES** that upon the issuance of a Trustee's certificate for each of Transactions, substantially in the form appended as **Schedule "A"** hereto (the "**Certificate**"), all rights, title and interest in and to the Purchased Assets shall vest absolutely and exclusively in and with the Purchaser, free and clear of and from any and all claims, liabilities (direct, indirect, absolute or contingent), obligations, interests, prior claims, security interests (whether contractual, statutory or otherwise), liens, right of retention, charges, hypothecs, mortgages, pledges, deemed trusts, assignments, judgments, executions, writs of seizure or execution, notices of sale, options, adverse claims, levies, rights of first refusal or other pre-emptive rights in favour of third parties, restrictions on transfer of title, contractual rights relating to the Purchased Assets, or other claims or encumbrances, whether or not they have been attached, perfected, registered, published or filed and whether secured, unsecured or otherwise (collectively, the "**Encumbrances**"), including without limiting the generality of the foregoing all Encumbrances created by order of this Court and all charges, or security evidenced by registration, publication or filing pursuant to the *Civil Code of Québec* in movable property, and, for greater certainty, **ORDERS** that all of the Encumbrances affecting or relating to the Purchased Assets, be cancelled, expunged and discharged as against the Purchased Assets, in each case effective as of the applicable time and date of the Certificate.
- [13] **DECLARES** that upon issuance of the Certificate, the Transactions shall be deemed to constitute and shall have the same effect as sales under judicial authority as per the provisions of the *Code of Civil Procedure* and a forced sale as per the provisions of the *Civil Code of Quebec*.
- [14] **ORDERS** and **DIRECTS** the Trustee to file with the Court a copy of the Certificate for each of the Transactions, forthwith after issuance thereof.

CANCELLATION OF SECURITY REGISTRATION

[15] **ORDERS** that, upon the issuance of the Certificate, the Registrar of the Quebec Register of Personal and Movable Real Rights (the "RRPMR") shall, upon presentation of the required form with a true copy of this Order and the Certificate, reduce the scope of the following publications so as to remove the Fixed Assets therefrom (but no other property of the Debtor), in order to allow the transfer to the Purchaser of the Fixed Assets, free and clear of such registrations in order to allow the transfer:

- a) A conventional hypothec without delivery granted by the Debtor in favor of the Business Development Bank of Canada on the universality of all Debtor's present and future equipment, machinery, tools, vehicles and intellectual property, published on February 9, 2011 under number 11-0084675-0001;
- b) A conventional hypothec without delivery granted by the Debtor in favor of the Business Development Bank of Canada on the universality of all Debtor's present and future equipment, machinery, tools, vehicles and intellectual property, published on November 7, 2012, under number 12-0916767-0001;
- c) A conventional hypothec without delivery granted by the Debtor in favor of The Toronto-Dominion Bank on the universality of all Debtor's present and movable property, published on September 17, 2014 under number 14-0866564-0002;
- d) A conventional hypothec without delivery granted by the Debtor in favor of the Business Development Bank of Canada on the universality of all Debtor's present and movable property, published on March 6, 2018 under number 18-0209413-0001;

[16] **ORDERS** that, upon the issuance of the Certificate, the RRPMR shall, upon presentation of the required form with a true copy of this Order and the Certificate, strike, radiate and discharge the following registration in order to allow the transfer to the Purchaser of the Purchased Equipment, free and clear of such registration

- a) A ownership retention right of the lessors published by The Toronto-Dominion Bank and TD Equipment Finance Canada, a division of the Toronto-Dominion Bank, on August 30, 2016 under number 16-0848583-0007

NET PROCEEDS

[17] **ORDERS** that the net proceeds from the sale of the Fixed Assets shall be distributed by the Trustee to the Business Development Bank of Canada and that the net proceeds from the sale of the Purchased Equipment shall be distributed by the Trustee to The Toronto-Dominion Bank and TD Equipment Finance Canada, subject to payment of the Superintendent's levy, if applicable;

[18] **ORDERS** that for the purposes of determining the nature and priority of the Encumbrances, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that upon payment of the "Price" (as defined in the First and Second Offers) by the Purchaser, all Encumbrances shall attach to the Net Proceeds with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

LIMITATION OF LIABILITY

[19] **DECLARES** that, subject to other orders of this Court, nothing herein contained shall require the Trustee to occupy or to take control, or to otherwise manage all or any part of the Purchased Assets. The Trustee shall not, as a result of this Order, be deemed to be in possession of any of the Purchased Assets within the meaning of environmental legislation, the whole pursuant to the terms of the BIA.

[20] **DECLARES** that no action lies against the Trustee by reason of this Order or the performance of any act authorized by this Order, except by leave of the Court. The entities related to the Trustee or belonging to the same group as the Trustee shall benefit from the protection arising under the present paragraph.

GENERAL

[21] **ORDERS** that the Purchaser or the Trustee shall be authorized to take all steps as may be necessary to effect the discharge of the Encumbrances.

[22] **DECLARES** that this Order shall have full force and effect in all provinces and territories in Canada.

[23] **DECLARES** that the Trustee shall be authorized to apply as it may consider necessary or desirable, with or without notice, to any other court or administrative body, whether in Canada, the United States of America or elsewhere, for orders which aid and complement the Order and, without limitation to the foregoing, an order under Chapter 15 of the U.S. Bankruptcy Code, for which the Trustee shall be the foreign representative of the Debtor. All courts and administrative bodies of all such jurisdictions are hereby respectfully requested to make such orders and to provide such assistance to the Trustee as may be deemed necessary or appropriate for that purpose.

- [24] **REQUESTS** the aid and recognition of any court or administrative body in any Province of Canada and any Canadian federal court or administrative body and any federal or state court or administrative body in the United States of America and any court or administrative body elsewhere, to act in aid of and to be complementary to this Court in carrying out the terms of the Order.
- [25] **ORDERS** the provisional execution of the present Order notwithstanding any appeal and without the requirement to provide any security or provision for costs whatsoever.

THE WHOLE, WITHOUT COSTS.

 Me Julie Bégin, registraire

COPIE CERTIFIÉE CONFORME
AU DOCUMENT DÉTENU PAR LA COUR


Julio Benios

GREFFIER ADJOINT C.S.M.

17 OCT. 2018

SCHEDULE "A"

DRAFT CERTIFICATE OF THE TRUSTEE

CANADA
PROVINCE OF QUÉBEC
DISTRICT OF MONTREAL

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REAL RIGHTS

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THE PARTIES LISTED IN THE SERVICE LIST

Mises-en-cause

CERTIFICATE OF THE TRUSTEE

RECITALS:

WHEREAS on October 9, 2018, the Superior Court of Quebec (the "**Court**") issued an order (the "**Vesting Order**") pursuant to the *Bankruptcy and Insolvency Act*, Canada (the "**BIA**") thereby, *inter alia*, authorizing and approving the execution by Richter Advisory Group inc. (the "**Trustee**") of that certain offer to purchase assets of Greatex Mills Inc. (the "**Debtor**") made by C3 - Crescent Commercial Corporation (the "**Purchaser**") on October 1st, 2018 and accepted by the Trustee on October 10, 2018 (the "**Offer**"), a copy of which was filed into the Court record, and all of the sale and other transactions contemplated therein (the "**Transaction**"), with such non-substantial modifications, changes, amendments, deletions or additions thereto as may be agreed by the Trustee;

WHEREAS the Vesting Order contemplates the issuance of this Certificate of the Trustee once:

- (a) the transaction contemplated by the Offer has been executed and delivered;
- (b) the Purchase Price" (as defined in the Offer) has been paid in full; and
- (c) each of the "Closing Conditions" (as defined in the Offer) (the "**Closing Conditions**") have been satisfied or waived by all parties thereto.

THE TRUSTEE CERTIFIES THE FOLLOWING:

- (a) the transaction contemplated by the Offer has been executed and delivered;
- (b) the Purchase Price has been paid in full; and
- (c) each of the Closing Conditions have been satisfied or waived by the parties thereto.

This Certificate was issued by the Trustee at _____ on **October 17th, 2018**.

RICHTER ADVISORY GROUP INC.
RICHTER GROUPE CONSEIL INC. in its capacity as
Trustee to the estate of Greatex Mills Inc., and not in
its personal capacity.

Olivier Benchaya, CPA, CA, CIRP, LIT