

**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
2473304 ONTARIO INC.**

(the "Applicant")

**APPLICATION RECORD
VOLUME 3 OF 3
(Returnable June 7, 2016)**

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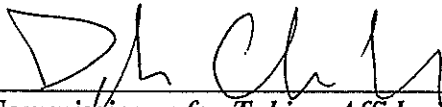
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Tab H

THIS IS EXHIBIT "H"
referred to in the Affidavit of
Mark Sun sworn before me this
6th day of June 2016



A Commissioner for Taking Affidavits
Dylan Choche

FORBEARANCE AGREEMENT

AMONG

**GRAFTON-FRASER INC.,
as Borrower**

- and -

**2473304 ONTARIO INC.,
as Guarantor**

- and -

**THE LENDERS THAT ARE PARTIES TO THE EXISTING CREDIT AGREEMENT,
as the Lenders**

- and -

**GSO CAPITAL PARTNERS, LP,
as Administrative Agent**

DATED AS OF JUNE 6, 2016

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SCHEDULE 1 - FORM OF ABL FORBEARANCE AGREEMENT

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SCHEDULE 7 - Minimum Receipt and Maximum Disbursement Covenant Levels

FORBEARANCE AGREEMENT

THIS AGREEMENT is dated as of June 6, 2016.

AMONG:

GRAFTON-FRASER INC.

(hereinafter referred to as the “**Borrower**”)

- and -

2473304 ONTARIO INC.,

(hereinafter referred to as the “**Guarantor**”)

- and -

**THE LENDERS THAT ARE PARTIES TO THE EXISTING
CREDIT AGREEMENT,**

(hereinafter referred to as the “**Lenders**”)

- and -

GSO CAPITAL PARTNERS, LP, as Administrative Agent and Lead Arranger, (hereinafter referred to in its capacity as administrative agent on behalf of the Lenders, as the “**Administrative Agent**”)

CONTEXT:

- A. GF Acquisition Corp. the predecessor by amalgamation to the Borrower, and GSO Special Situations Fund LP were parties to a credit agreement dated as of May 24, 2007 with the guarantors that may become from time to time parties thereto and the lenders that may become from time to time parties thereto (the “**Original Credit Agreement**”).
- B. On September 10, 2008, GSO Special Situations Fund LP resigned as administrative agent and lead arranger under the Original Credit Agreement and BTDCP Holdings LP (formerly known as GSO Capital Partners LP and GSO CP Holdings LP) was appointed to such positions.
- C. On September 10, 2008, the Servicing Agent was appointed the Servicing Agent and agreed to assume certain responsibilities previously under the responsibility of the administrative agent.
- D. On September 10, 2008, the parties entered into an amended and restated credit agreement (the “**Second Amended and Restated Credit Agreement**”) to reflect the

resignation and appointments referred to above and certain other amendments set forth therein.

- E. On June 16, 2009, the parties entered into an amended and restated credit agreement (the “**Third Amended and Restated Credit Agreement**”) as amended on April 12, 2010, June 11, 2010, March 18, 2011, December 31, 2012, June 17, 2014, July 7, 2015, July 23, 2015 and February 12, 2016 (as may be further amended, restated, supplemented or otherwise modified from time to time, collectively the “**Existing Credit Agreement**”).
- F. As of the date of this Agreement, the Borrower and the Guarantor are in default under the Existing Credit Agreement and the other Loan Documents.
- G. The Guarantor is applying to the Ontario Superior Court of Justice (Commercial List) (the “**CCAA Court**”) for an initial order (as amended, restated, supplemented or otherwise modified from time to time, the “**Initial Order**”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) on or about June 7, 2016 (the “**CCAA Filing Date**”) (the “**CCAA Proceedings**”), and the Borrower has requested the ongoing support of the Administrative Agent and the Lenders during the CCAA Proceedings. The primary purpose of the CCAA Proceedings is to give effect to a transaction for the orderly liquidation of the assets and undertaking of the Guarantor and the closing of the stores, and the orderly distribution of the proceeds thereof, pursuant to and resulting from a sale and investment solicitation process, as more fully described herein below (the “**SISP**”) (the “**Restructuring**”).
- H. The Guarantor has requested that the ABL Agent and the ABL Lenders continue to make available to the Borrower and the Guarantor certain credit facilities under the ABL Credit Agreement to meet their working capital requirements during the CCAA Proceedings, and that the ABL Agent and the ABL Lenders extend credit and make advances to the Borrower and the Guarantor in order to support the ongoing working capital needs of the Borrower and the Guarantor and, in particular, to permit the Guarantor to give effect to the SISP.
- I. The ABL Agent and the ABL Lenders have agreed to forbear from exercising their respective rights and remedies under the ABL Credit Agreement and security and other documents relating thereto and are willing to extend credit and make advances to the Borrower and the Guarantor on the terms and conditions set out in the ABL Credit Agreement, as amended by a forbearance agreement of even date herewith in the form attached as Schedule 1 hereto being entered into contemporaneously with the execution and delivery hereof (the “**ABL Forbearance Agreement**”).
- J. The Borrower and the Guarantor have requested the Administrative Agent and the Lenders to forbear them exercising their respective rights under the Existing Credit Agreement and the Loan Documents as a result of the Existing Defaults and the commencement and existence of the CCAA Proceedings.
- K. The Administrative Agent and the Lenders are willing to forbear from exercising their rights and remedies during the Forbearance Period on the terms and conditions set out in this Agreement.

THEREFORE, the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

Each capitalized term used and not otherwise defined in this Agreement will have the meaning assigned to it in the Existing Credit Agreement and the Intercreditor Agreement, as applicable.

1.2 Other Definitions

In this Agreement the following terms have the following meanings:

1.2.1 **“ABL Forbearance Agreement”** is defined under “Context” above.

1.2.2 **“Accrued Statutory Claims”** is defined in Section 2.3.10.

1.2.3 **“Additional Default”** means: (i) a default or failure to comply with any of terms or conditions under this Agreement, or (ii) a Default by the Guarantor or an Event of Default of the Borrower or the Guarantor (other than the Existing Defaults) under the Credit Agreement or any other Loan Document prior to or on or after the date of this Agreement.

1.2.4 **“Agency Agreement”** means that certain agency agreement to be entered into by the Guarantor and GA Retail Canada, ULC providing for the conduct of a liquidation or stores closing sale and other matters contemplated therein, approved by Order of the CCAA Court.

1.2.5 **“Agreement”** means this agreement, including all Schedules and Exhibits, as it may be modified, amended, revised, restated, replaced, supplemented or otherwise changed from time to time and at any time hereafter, in writing, by the Parties.

1.2.6 **“Anticipated Defaults”** means any Events of Default arising or caused solely as a result of (i) the commencement or continuation of the CCAA Proceedings or any acknowledgement of insolvency made in connection therewith, or (ii) the Restructuring.

1.2.7 **“Approved CCAA Cash Flow”** means the approved CCAA cash flow forecast of the Guarantor as attached as Schedule 2 hereto, as such forecast may be amended, supplemented or replaced from time to time and at any time in accordance with the provisions of this Agreement and in form and substance acceptable to the Administrative Agent and the Lenders, acting reasonably.

1.2.8 **“BIA”** means the *Bankruptcy and Insolvency Act* (Canada).

1.2.9 **“CCAA”** is defined under “Context” above.

1.2.10 **“CCAA Court”** means the Ontario Superior Court of Justice (Commercial List).

- 1.2.11 “**CCAA Filing Date**” is defined under “Context” above.
- 1.2.12 “**CCAA Proceedings**” is defined under “Context” above.
- 1.2.13 “**Claims**” and “**Claim**” are defined in Section 8.3.1.
- 1.2.14 “**Communication**” means any notice, demand, request, consent, approval or other communication, which is required or permitted by this Agreement to be given or made by a Party.
- 1.2.15 “**Consultant**” is defined in Section 2.3.7.
- 1.2.16 “**Credit Agreement**” means the Existing Credit Agreement as modified and amended by this Agreement and as may be further modified, amended, revised, restated, replaced, supplemented or otherwise changed from time to time and at any time hereafter, in writing, by the Parties.
- 1.2.17 “**Existing Credit Agreement**” is defined under “Context” above.
- 1.2.18 “**Existing Defaults**” means the Defaults or Events of Default under the Existing Credit Agreement as specified in Schedule 3 attached hereto, and the Anticipated Defaults.
- 1.2.19 “**Existing Indebtedness**” means the outstanding Obligations existing as at the date hereof as more particularly described in Section 2.1.
- 1.2.20 “**Existing Security**” is defined in Section 2.4.
- 1.2.21 “**Fletcher Claim**” means the claim of 9148655 Canada Inc. as evidenced by the statement of claim dated May 27, 2016 and having Court File No. CV-16-553615.
- 1.2.22 “**Forbearance Period**” is defined in Section 3.1.1.
- 1.2.23 “**GFI Cash Flow**” means the cash flow forecast of the Borrower approved by the Administrative Agent and the Lenders as attached as Schedule 5 hereto, as such forecast may be amended, supplemented or replaced from time to time and at any time in accordance with the provisions of this Agreement and in form and substance acceptable to the Administrative Agent and the Lenders.
- 1.2.24 “**Initial Order**” is defined in the “Context” above.
- 1.2.25 “**Loan Documents**” has the meaning given thereto in the Existing Credit Agreement and includes, without limitation, this Agreement.
- 1.2.26 “**Monitor**” is defined in Section 2.3.8.
- 1.2.27 “**Obligors**” or “**Obligor**” means the Borrower and the Guarantor or either of them.
- 1.2.28 “**Original Credit Agreement**” is defined under “Context” above.

- 1.2.29 “**Parties**” means, collectively, the Borrower, the Guarantor, the Administrative Agent and the Lenders; and “**Party**” means any one of them.
- 1.2.30 “**Releasees**” and “**Releasee**” are defined in Section 8.3.1.
- 1.2.31 “**Restructuring**” is defined under “**Context**” above.
- 1.2.32 “**Second Amended and Restated Credit Agreement**” is defined under “**Context**” above.
- 1.2.33 “**SISP**” is defined under “**Context**” above.
- 1.2.34 “**Terminating Event**” is defined in Section 6.5.
- 1.2.35 “**Third Amended and Restated Credit Agreement**” is defined under “**Context**” above.

1.3 Entire Agreement

This Agreement, together with the Existing Credit Agreement and the other Loan Documents and the other agreements and documents to be delivered under this Agreement, constitute the entire agreement between the Parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties, and there are no representations, warranties or other agreements between the Parties in connection with the subject matter of this Agreement except as specifically set out in this Agreement, the Existing Credit Agreement, the other Loan Documents or the other agreements and documents delivered under this Agreement.

1.4 Business Day

Whenever any payment to be made or action to be taken under this Agreement is required to be made or taken on a day other than a Business Day, the payment is to be made or action taken on the next Business Day following.

1.5 Certain Rules of Interpretation

- 1.5.1 In this Agreement, words signifying the singular number include the plural and vice versa, and words signifying gender include all genders. Every use of the word “including” in this Agreement is to be construed as meaning “including, without limitation”.
- 1.5.2 The division of this Agreement into Articles and Sections, the insertion of headings and the provision of a table of contents are for convenience of reference only and do not affect the construction or interpretation of this Agreement.
- 1.5.3 References in this Agreement to an Article, Section, Schedule or Exhibit are to be construed as references to an Article, Section, Schedule or Exhibit of or to this Agreement unless the context requires otherwise.

- 1.5.4 Unless otherwise specified in this Agreement, time periods within which or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends. If the last day of a time period is not a Business Day, the time period will end on the next Business Day.
- 1.5.5 Unless otherwise specified, any reference in this Agreement to any (a) statute includes all regulations made under that statute, and is to be construed as a reference to that statute as amended, supplemented or replaced from time to time, and (b) to any agreement means such agreement as amended, supplemented, restated, or replaced subject to compliance with any restrictions thereon in the Loan Documents.
- 1.5.6 Unless otherwise specified, the word “dollar” and the “\$” sign refer to Canadian currency, and all amounts to be advanced, paid, tendered or calculated under this Agreement are to be advanced, paid, tendered or calculated in Canadian currency.

1.6 Schedules and Exhibits

The following is a list of the Schedules and Exhibits attached hereto:

Schedule	Subject Matter	Section Reference
Schedule 1	Form of ABL Forbearance Agreement	1.2.1
Schedule 2	Approved CCAA Cash Flow	1.2.7
Schedule 3	Existing Defaults	1.2.18
Schedule 4	Abl Obligations	2.3.15
Schedule 5	GFI Cash Flow	1.2.23
Schedule 6	Existing Security	1.2.20
Schedule 7	Minimum Receipt and Maximum Disbursement Covenant Levels	6.5.2

ARTICLE 2 ACKNOWLEDGMENT

2.1 Acknowledgement of Obligations

Each Obligor confirms, acknowledges and agrees that the Existing Indebtedness as at May 20, 2016 is in the aggregate amount of \$33,024,000 (inclusive of accrued interest as at such date).

2.2 Continuing Effect of Amendments

The Parties hereto each acknowledge, confirm and agree that the Existing Credit Agreement remains in full force and effect as at the date hereof, except as specifically amended by this Agreement. The Existing Credit Agreement shall henceforth be read and construed in conjunction with this Agreement.

2.3 Other Confirmations and Acknowledgements

Each Obligor confirms, acknowledges and agrees that:

- 2.3.1 each of the recitals in the "Context" is true and correct;
- 2.3.2 subject to Section 3.1 of this Agreement, all of the Existing Indebtedness is now payable upon demand by the Administrative Agent and that the Administrative Agent has the presently exercisable right to demand immediate payment from the Obligors of the outstanding Obligations under the Existing Credit Agreement;
- 2.3.3 the Existing Defaults (other than the Anticipated Defaults) have occurred and are continuing and, as of the date of this Agreement, no Default or Event of Default, other than the Existing Defaults (other than the Anticipated Defaults), exists under the Existing Credit Agreement or any other Loan Document;
- 2.3.4 the Administrative Agent and the Lenders have not waived the Existing Defaults and nothing contained in this Agreement or the transactions contemplated by this Agreement will be deemed to constitute any such waiver;
- 2.3.5 interest and fees continue to accrue on the Existing Indebtedness under the Existing Credit Agreement and the other Loan Documents in accordance with the Existing Credit Agreement and the other Loan Documents and, subject to Section 3.3.1 of this Agreement, at the rates applicable to the Existing Indebtedness, which includes, without limitation, the interest accruing and payable under Section 2.15 of the Existing Credit Agreement;
- 2.3.6 each Obligor consents to the immediate enforcement of all or any part of the rights and remedies accorded to the Administrative Agent and the Lenders under the Existing Credit Agreement and the other Loan Documents and Applicable Law in any manner determined by the Administrative Agent and the Lenders (including, without limitation, the immediate appointment of a receiver, interim receiver or receiver and manager) upon the expiry of the Forbearance Period;
- 2.3.7 Richter Consulting Canada Inc. (the "**Consultant**") has been retained by, or on behalf of, the Guarantor, and has been appointed as the financial consultant to the Guarantor in respect of, *inter alia*, this Agreement, the Credit Agreement, the other Loan Documents and the outstanding Obligations and the Administrative Agent is entitled to appoint any other consultants, in addition to the Consultant, as the Administrative Agent may require at the cost of the Obligors;

- 2.3.8 Richter Advisory Group Inc. (the “**Monitor**”) is the proposed monitor under the Initial Order in the CCAA Proceedings and has consented to act in such capacity;
- 2.3.9 each Obligor will grant all access and provide, on reasonable notice during regular business hours, all information and documentation to, and will otherwise cooperate fully with the Administrative Agent and the Lenders, and pay all reasonable fees and disbursements of each consultant appointed by the Administrative Agent as the Administrative Agent may require, and pay, in accordance with the Approved CCAA Cash Flow and the GFI Cash Flow, as the case may be, all reasonable fees and disbursements of the Monitor and the Monitor’s counsel. The Guarantor will also cause the Consultant to grant full access and provide all information and documentation to, and to otherwise co-operate fully with, the Administrative Agent and the Lenders;
- 2.3.10 except for obligations in respect of accrued unpaid sales taxes not to exceed \$175,000 and accruing employee related obligations to employees, including wages and vacation pay, not yet due not to exceed \$300,000 (collectively, the “**Accrued Statutory Claims**”), as at the CCAA Filing Date, the Guarantor has paid or caused to be paid and satisfied when due all amounts in respect of income taxes, provincial sales taxes, GST, HST, employee payroll remittances, and other obligations which have or may constitute a Priority Payable;
- 2.3.11 the Administrative Agent has and will continue to have valid, enforceable and perfected first (in the case of Term Priority Collateral) or second (in the case of ABL Priority Collateral) ranking Liens, subject to Permitted Encumbrances, over and in respect of the Collateral granted to or held by the Administrative Agent from time to time as continuing and collateral security for the payment and performance of the Obligations and all other amounts owing from time to time under this Agreement, the Credit Agreement and the other Loan Documents, subject to: (i) any Accrued Statutory Claims which have or may have priority over such Administrative Agent’s Liens; and (ii) any court-ordered charge(s) approved by the Administrative Agent and the Lenders and granted by the CCAA Court in the CCAA Proceedings, which may have priority over such Administrative Agent’s Liens;
- 2.3.12 the Existing Credit Agreement, the other Loan Documents to which each Obligor is a party and this Agreement are in full force and effect and constitute legal, valid and binding obligations of each Obligor, enforceable against each such Obligor in accordance with their respective terms;
- 2.3.13 the Obligors do not have any valid claim for set-off, counter-claim, damages or other defence on any basis whatsoever against the Administrative Agent and the Lenders and if there are any such claims, then each Obligor hereby expressly waives and releases them to the fullest extent permitted under Applicable Law;
- 2.3.14 the Administrative Agent and the Lenders are and will be entitled to the rights, remedies and benefits provided for in this Agreement, the Credit Agreement and the other Loan Documents subject to Applicable Law;
- 2.3.15 ABL Obligations owing by the Obligors is as set out in Schedule 4 attached hereto;

- 2.3.16 the Approved CCAA Cash Flow and the GFI Cash Flow existing as at the date hereof each covers the period from May 22, 2016 to January 28, 2017; and
- 2.3.17 this Agreement constitutes a Loan Document for all purposes of the Existing Credit Agreement and the other Loan Documents.

2.4 Security

The Obligors acknowledge and agree that the Security Documents delivered to, and Liens granted therein to, the Administrative Agent (including, without limitation, each Guarantee delivered by each such Obligor) as listed in Schedule 6 attached hereto (collectively, the “**Existing Security**”) shall stand as security for the payment and performance of each and every one of the Obligors’ obligations and indebtedness to the Administrative Agent and the Lenders including without limitation, the obligations under this Agreement.

ARTICLE 3 FORBEARANCE IN RESPECT OF CERTAIN EVENTS OF DEFAULT

3.1 Forbearance

- 3.1.1 In reliance upon the acknowledgments, confirmations, representations, warranties and covenants of the Obligors contained in this Agreement, and subject to the terms and conditions of this Agreement and any documents or instruments executed in connection with this Agreement, the Administrative Agent and the Lenders agree to forbear from exercising their rights and remedies under the Existing Credit Agreement and the other Loan Documents and/or Applicable Law in respect of or arising out of or relating to the Existing Defaults, subject to the conditions, amendments and modifications contained in this Agreement, during the period (the “**Forbearance Period**”) commencing on the date of this Agreement and ending on the earlier of:

3.1.1.1 November 30, 2016; and

3.1.1.2 the occurrence or existence of any Terminating Event.

- 3.1.2 On the last day of the Forbearance Period, the obligation of the Administrative Agent and the Lenders under Section 3.1.1 to forbear will automatically and without further action terminate and be of no further force or effect, it being expressly agreed that the effect of that termination will be to permit the Administrative Agent and the Lenders to immediately exercise all or any part of their rights and remedies under this Agreement, the Credit Agreement, the other Loan Documents and Applicable Law (whether against all or any combination of the Obligors), including without limitation:

3.1.2.1 to demand immediate payment of all of the Obligations and enforce all of the Administrative Agent’s and the Lenders’ rights and remedies under this Agreement, the Credit Agreement, the other Loan Documents and Applicable Law, in each case without any further notice, passage of time or forbearance of any kind; and

3.1.2.2 to appoint a receiver, interim receiver or receiver and manager of any of the Obligors pursuant to this Agreement, the Credit Agreement, the other Loan Documents or Applicable Law (or apply to a court of competent jurisdiction to do so).

3.2 No Other Waivers; Reservation of Rights

The Administrative Agent and the Lenders have not waived, and are not by this Agreement or the implementation of this Agreement waiving, any Existing Default or any Additional Default (whether the same or similar to the Existing Defaults or otherwise), and the Administrative Agent and the Lenders have not agreed to forbear with respect to any of their rights or remedies concerning any Additional Default (whether the same or similar to the Existing Defaults or otherwise) which may have occurred prior to or be continuing as of the date of this Agreement or which may occur or be continuing after the date of this Agreement. The Administrative Agent and the Lenders have not waived any of such rights or remedies, and nothing in this Agreement, and no delay on their part in exercising any such rights or remedies, should be construed as a waiver of those rights or remedies.

3.3 Fees, Interest and Other Amounts

3.3.1 Notwithstanding Section 2.3.5 or any other provision of this Agreement or any provision within the Existing Credit Agreement or any other Loan Document, interest that is capitalized in accordance with Section 2.10(b) of the Existing Credit Agreement, as amended herein, shall bear interest from and after the date hereof at the interest rate of 17% per annum.

ARTICLE 4

OBLIGATIONS OF THE OBLIGORS DURING FORBEARANCE PERIOD

4.1 Covenants of the Obligors

During the Forbearance Period, each applicable Obligor covenants and agrees as follows:

4.1.1 the Guarantor must maintain as current all payments accruing from and after the CCAA Filing Date under any lease or any mortgage of any premises out of which the Guarantor operates, or contracts for storage or bailment, and will otherwise not permit any default or event of default under any such lease, mortgage or contract for storage or bailment after the CCAA Filing Date, or forthwith obtain a waiver in writing from the relevant landlord, storer or bailee; provided, however, that the foregoing shall not apply with respect to any assignments, disclaimers or resiliations of contracts effected by the Guarantor in pursuant to the Restructuring and the CCAA Proceedings and the Guarantor agrees to give the Administrative Agent concurrent notice thereof, or to payments for goods or services provided or received by the Guarantor before the date of the CCAA Filing Date or to any other payment obligations, the enforcement of which is stayed by the CCAA Proceedings;

- 4.1.2 each Obligor will strictly adhere to all the terms, conditions and covenants of this Agreement, the Credit Agreement and the other Loan Documents including, without limitation, terms requiring prompt payment to the Administrative Agent and the Lenders of principal and interest amounts when due, except to the extent that those terms, conditions and covenants are otherwise specifically amended by this Agreement, or modified and agreed to in writing by the parties to such agreement and acknowledged and approved in writing by the Administrative Agent;
- 4.1.3 notwithstanding anything to the contrary contained in this Agreement, the Credit Agreement or any other Loan Document:
 - 4.1.3.1 the Guarantor will not transfer, lease, sell or otherwise dispose of all or any part of its property, assets or undertaking (excluding dispositions of inventory in the ordinary course of business) other than the transfer, lease, sale or other disposition of property, assets or undertaking not exceeding \$50,000 for any single transaction or \$100,000 in the aggregate; provided, however, that the foregoing shall not apply with respect to any sales or dispositions of property, assets or undertaking effected by the Guarantor in accordance with the terms of the SISP and the Restructuring as consented to and approved by the Administrative Agent in writing;
 - 4.1.3.2 each Obligor agrees that, except as contemplated in the Approved CCAA Cash Flow and the GFI Cash Flow, as the case may be, no Restricted Payment or Capital Expenditure shall be paid without the prior written consent of the Administrative Agent given on or after the date hereof except, as regards the Borrower, Capital Expenditures as contemplated in the GFI Cash Flow; and
 - 4.1.3.3 unless otherwise agreed to by the Administrative Agent in writing on or after the date hereof, the Guarantor shall not pay any key employee any bonus, incentive or retention payments, whether such payment was an obligation arising from a contract executed prior to the commencement of the CCAA Proceedings or otherwise.
- 4.1.4 the Guarantor will forthwith provide to the Administrative Agent (at the cost of the Guarantor):
 - 4.1.4.1 a copy of any notice that it is required to give to any Person (including, without limitation, any landlord) pursuant to the CCAA Proceedings at the same time any such notice is required to be given to such Person;
 - 4.1.4.2 at the same time it is provided to the ABL Agent, a copy of all reports and information respecting the business, financial condition or prospects of the Obligors provided to the ABL Agent under the ABL Forbearance Agreement and the ABL Credit Agreement;
 - 4.1.4.3 on not less than five (5) business days' prior notice (unless circumstances do not permit such notice, in which case, such notice as may be reasonably practicable in the circumstances), copies of draft court documents, including

any plan of compromise or arrangement, in respect of any application, motion or other contemplated actions or steps made or taken by the Guarantor in the CCAA Proceedings or other similar or ancillary proceedings in any other jurisdiction (excluding drafts of any report of the Monitor); subject in all cases to confidentiality restrictions (provided, however, that where disclosure to the Administrative Agent of the confidential information is not prohibited, the Administrative Agent is permitted to share and provide copies of all such information and materials to its agents, counsel, consultants and advisors who have been advised of and agree to be subject to the same confidentiality restrictions), and all draft orders and any plan of arrangement or compromise in the CCAA Proceedings must be filed in a form which is confirmed by the Administrative Agent and the Lenders to be satisfactory to the Administrative Agent and the Lenders;

4.1.4.4 the following reporting information certified by the respective Chief Financial Officer (unless otherwise specified) of the applicable Obligors and in form and detail satisfactory to the Administrative Agent:

4.1.4.4.1 promptly after an Obligor learns of the receipt or occurrence thereof, a certificate of such Obligor, signed by a senior officer of such Obligor, specifying:

- (a) notice of the institution of or any material adverse development in any action, suit or proceeding or any governmental investigation or any arbitration before any court or arbitrator or any Governmental Authority or official against such Obligor which could reasonably be expected to have a Material Adverse Effect;
- (b) any official notice of any violation, possible violation, non-compliance or possible non-compliance, or claim made by any Governmental Authority or licensor pertaining to all or any part of the properties or Intellectual Property Rights of such Obligor which could reasonably be expected to have a Material Adverse Effect;
- (c) except for the Existing Defaults, any event which constitutes a Default or Event of Default, together with a detailed statement specifying the nature thereof and the steps being taken to cure such Default or Event of Default;
- (d) the receipt of any notice from, or the taking of any other action by, the holder of any promissory note, debenture or other evidence of Indebtedness of such Obligor with respect to an actual or alleged default, together with a detailed statement specifying the notice given or other action taken by such holder and the nature of the claimed default and what action such Obligor is taking or proposes to take with respect thereto; and

- (e) any other event, development or condition which could reasonably be expected to have a Material Adverse Effect;

4.1.4.4.2 promptly:

- (a) after receipt by an Obligor, a copy of any notice received by such Obligor in which any creditor, landlord, licensor or other third party delivers a notice of defect, default, demand, acceleration or enforcement in respect of any obligation of such Obligor,
- (b) after receipt by the Guarantor, subject to the prior consent of the Monitor, copies of any draft and/or final report to be issued by the Monitor in connection with the CCAA Proceedings,
- (c) provide the Administrative Agent and the Lenders with any written restructuring, liquidation or sale proposal that is received by the Guarantor, the Monitor, the Consultant or their respective advisors; and

4.1.4.4.3 promptly, all other reports and information required to be provided under this Agreement, the Credit Agreement or any other Loan Document or as may be otherwise reasonably required by the Administrative Agent from time to time.

4.1.5 **Security:** The Guarantor will from time to time execute and deliver additional Guarantees and such supplements, amendments or additions as may be requested by the Administrative Agent to any of the existing Liens held by the Administrative Agent (together with supporting resolutions, certificates and other documentation as may be reasonably required) in order to better effect the intent of this Agreement, the Credit Agreement and the other Loan Documents.

4.1.6 **No Non-arm's Length Payments:** Without derogation to any negative covenants contained in the Credit Agreement, no Obligor shall make any payments of interest, principal, bonuses, management fees, incentives, payments or salary or other distributions of cash or assets to any Person with which it does not deal with at arm's length except for payments of salaries in the ordinary course of business and consistent with historical salary payments (excluding bonuses).

4.1.7 **Further Assurances:** Each Obligor will provide any further or additional documents, whether provided for in this Agreement, the Credit Agreement, any other Loan Documents or otherwise, that the Administrative Agent may require to ensure that the Administrative Agent has and continues to have full and complete Guarantees from each Obligor, a first ranking Lien on Term Priority Collateral and a second ranking Lien on ABL Priority Collateral, subject in either case to Permitted Encumbrances and in respect of the Guarantor's property only any court-ordered charge(s) approved by the Administrative Agent and the Lenders and granted by the CCAA Court in the CCAA Proceedings which may have priority over such Administrative Agent's Liens, against

such assets, properties and undertaking of the Guarantor as the Administrative Agent requires (including all amendments or supplements to any of this Agreement, the Credit Agreement or any other Loan Document (including all Security Documents) and all additional or supplemental debentures, hypothecs, mortgages, charges, assignments, pledges and/or other security deemed necessary or desirable by the Administrative Agent).

4.1.8 **13-week Cash Flow Projections:** The Obligors agree that they will: (i) provide the Administrative Agent and the Lenders with updates and roll forward the Approved CCAA Cash Flow and the GFI Cash Flow on a weekly basis and updated Approved CCAA Cash Flows and updated GFI Cash Flows shall be delivered to the Administrative Agent by 12:00 noon on the third Business Day of each week during the Forbearance Period, in form acceptable to the Administrative Agent, acting reasonably, (including an explanation of variances from prior Approved CCAA Cash Flow and GFI Cash Flow forecasts); and (ii) deliver to the Administrative Agent promptly such additional information as the Administrative Agent may from time to time reasonably request respecting any such Approved CCAA Cash Flow and GFI Cash Flow (failing which such Approved CCAA Cash Flow and GFI Cash Flow shall not be acceptable to the Administrative Agent).

4.1.9 **Sale or Investment Solicitation Process:** The Guarantor agrees to continue the SISP and agrees as follows:

4.1.9.1 all marketing materials, including, without limitation, a list of prospective purchasers, a form of non-disclosure agreement, and a teaser letter, copies of which have been provided to the Administrative Agent and the Lenders, shall be to the satisfaction of the Administrative Agent and the Lenders;

4.1.9.2 binding letters of interest from such prospective purchasers shall be due by May 23, 2016, and a definitive agreement with a selected purchaser who has submitted a letter of interest shall be executed by June 8, 2016;

4.1.9.3 the Guarantor shall ensure that the Administrative Agent, the Lenders and the Monitor are promptly provided with copies of all marketing materials, any letters of interest or definitive agreements provided, any other communications in respect of the foregoing and any details of the foregoing reasonably requested by the Administrative Agent, the Lenders or the Monitor;

4.1.9.4 all other terms of the above described SISP, and any amendments to the SISP, including, without limitation, the Agency Agreement, must be acceptable to the Administrative Agent and the Lenders, acting reasonably; and

4.1.9.5 promptly following the completion of the sale pursuant to and in accordance with the SISP, the Guarantor shall seek an order of the CCAA Court authorizing and directing the Guarantor to distribute to the Administrative Agent and the ABL Agent, respectively, the net proceeds of the Term Priority Collateral and ABL Priority Collateral sold by the Guarantor or its agent

pursuant to the SISP in accordance with the priorities set out in the Intercreditor Agreement.

On or before June 14, 2016, the Guarantor shall seek and obtain an Order of the CCAA Court, in form and substance satisfactory to the Administrative Agent and the Lenders, approving a transaction entered into pursuant to the above-described SISP, in form and substance satisfactory to the Administrative Agent and the Lenders.

4.2 Covenants in the Existing Credit Agreement and the other Loan Documents

Except as expressly modified in this Agreement by specific reference, all of the covenants in this Agreement are in addition to and not in substitution for the covenants of the Obligors in the Existing Credit Agreement and the other Loan Documents.

ARTICLE 5 AMENDMENTS TO EXISTING CREDIT AGREEMENT

5.1 Amendments to Existing Credit Agreement

5.1.1 On the Effective Date, the Existing Credit Agreement shall be amended as follows:

5.1.1.1 the definition of "Maturity Date" in Section 1.1 of the Existing Credit Agreement shall be deleted in its entirety and replaced by the following:

“**Maturity Date**” means January 31, 2017.”; and

Section 2.10(b) of the Existing Credit Agreement shall be deleted in its entirety and replaced by the following:

““(b) Interest shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed (including the first day of each Interest Period but excluding the last date thereof) and divided by 360. From April 30, 2016 to the earlier of the Maturity Date and the date of the occurrence of a Terminating Event, interest due and owing on the Interest Payment Date at the end of each Interest Period will, unless the Borrower elects to pay it in cash, be capitalized and added to principal on the applicable Interest Payment Date to the amounts owing under this Agreement in lieu of being paid by the Borrower in cash. The interest that is capitalized in accordance with this Section 2.10(b) shall form part of the principal amount of the outstanding Advance and shall bear interest at the Interest Rate plus 2% until paid in full to the Lenders. Notwithstanding the foregoing, the Borrower shall be entitled to notify the Administrative Agent prior to the expiry of an Interest Period that the interest due and owing on the Interest Payment Date for such Interest Period will, instead of being capitalized, be paid, in whole or in part, in cash by delivering to the Administrative Agent a cash interest notice, and upon delivery of such notice, such interest shall be due and owing in cash. Any interest occurring from and after the date of the occurrence of a Terminating Event shall be payable in cash in Canadian Dollars on demand.”

ARTICLE 6
REPRESENTATIONS, WARRANTIES AND COVENANTS

Each of the Obligors represents, warrants and covenants with and to the Administrative Agent and the Lenders as follows:

6.1 Representations in Loan Documents

Except for any representation and warranty set out in any of the Loan Documents relating to the non-existence of an Existing Default, or stated to be made as at a particular date, each of the representations and warranties made by or on behalf of the Obligors to the Administrative Agent and the Lenders in the Existing Credit Agreement or any of the other Loan Documents is, in all material respects, true and correct on the date of this Agreement.

6.2 Full Effect of Documents

This Agreement, the Existing Credit Agreement and the other Loan Documents are in full force and effect, except as modified by this Agreement.

6.3 No Conflict

The execution and delivery and performance of this Agreement by each Obligor will not violate any requirement of Applicable Law or any Material Contract of each Obligor, and will not result in, or require, the creation or imposition of any Lien on any of its properties or revenues except as expressly contemplated herein.

6.4 The Administrative Agent May Pursue Rights and Remedies

Nothing in this Agreement will prejudice the Administrative Agent and the Lenders' rights to pursue any of their rights or remedies including, without limitation, enforcing their rights under any of this Agreement, the Existing Credit Agreement or any of the other Loan Documents or under Applicable Law following the expiry or termination of the Forbearance Period.

6.5 Terminating Events

Other than as provided in this Agreement or as may otherwise be consented to in writing by the Administrative Agent, the occurrence of any of the following events (other than any such event that constitutes or gives rise to an Existing Default) will constitute a "Terminating Event" under this Agreement:

6.5.1 if any Additional Default occurs;

6.5.2 if, on a cumulative basis tested weekly, in any given week during the Forbearance Period, the actual Receipts (as so described in the Approved CCAA Cash Flow) of the Guarantor or the actual Retail Receipts (as so described in the GFI Cash Flow) of the Borrower are less than their respective Minimum Cumulative Receipts amounts as shown on Schedule Schedule 7 hereto, or the aggregate amount of the actual Operating Disbursements and

Non-Operating Disbursements (each as so described in the Approved CCAA Cash Flow and the GFI Cash Flow) of either the Guarantor or the Borrower are greater than their respective Maximum Cumulative Disbursements amounts as shown on Schedule 7 hereto;

- 6.5.3 except for any court-ordered charge(s) granted by the CCAA Court in the CCAA Proceedings that rank in priority to the Liens of the Administrative Agent, with the consent of the Administrative Agent, or as may otherwise be expressly consented to by the Administrative Agent, if any court of competent jurisdiction, including, without limitation the CCAA Court, makes any order declaring that all or part of the Guarantor's property is subject to a Lien, security or charge (other than Permitted Encumbrances) in favour of any party other than the Administrative Agent and such court ordered charge purports to rank in any manner whatsoever in priority to any claim of the Administrative Agent under its Liens in the Security Documents;
- 6.5.4 if any Terminating Event (as defined in the ABL Forbearance Agreement as it exists as at the date of this Agreement) occurs;
- 6.5.5 if any representation, warranty or other statement made or deemed to be made by any Obligor in this Agreement, the Credit Agreement or any of the other Loan Documents or in any of the documents or instruments to be delivered to the Administrative Agent and the Lenders as contemplated by this Agreement is untrue in any material respect (unless stated to be made as at a particular date and subject to applicable cure periods, if any);
- 6.5.6 if, except: (i) for the CCAA Proceedings; or (ii) as part of the Restructuring of the Guarantor, any action is taken by or against or consented to by any of the Obligors to institute proceedings to be liquidated, adjudicated a bankrupt or insolvent or consent to the institution of liquidation, bankruptcy, insolvency or similar proceedings against any of the Obligors, or file a petition (or similar action or proceeding) or consent seeking reorganization, arrangement, or relief from creditors, or take or commence any other steps or proceedings under any one or more of the applicable insolvency, liquidation, bankruptcy or analogous statutes or laws unless, in the case of any action taken against any of the Obligors in connection with any of the foregoing, such petition, application or proceeding is contested by the relevant Obligor(s) and is undismissed and unstayed for a period of 10 Business Days after the institution thereof;
- 6.5.7 if the Borrower becomes an "Applicant" or is afforded a stay of proceedings under the CCAA Proceeding;
- 6.5.8 if the Guarantor otherwise sells, transfers or assigns or otherwise disposes of (other than in the ordinary course of business or as contemplated in this Agreement, the SISP or the Restructuring) or grants a Lien on any of the Term Priority Collateral or the ABL Priority Collateral or enters into any agreement to do so other than as specifically contemplated in this Agreement, the Existing Credit Agreement or any of the Loan Documents or with the prior written consent of the Administrative Agent;

- 6.5.9 if any creditor or encumbrancer of the Guarantor takes possession of any of its property or assets, or if distress or execution or any similar process is levied or enforced against the Guarantor's property or assets;
- 6.5.10 if any of the Obligors contests or denies in any manner the legality, validity, binding nature or enforceability of this Agreement, the Existing Credit Agreement or any of the other Loan Documents or any liabilities and obligations to the Administrative Agent or the Lenders under or relating to this Agreement, the Existing Credit Agreement or any of the other Loan Documents;
- 6.5.11 if the Administrative Agent determines that a Material Adverse Change in the financial or business condition, or prospect of, any Obligor has occurred or that a Material Adverse Change in the value of the Collateral relative to the Obligations has occurred; or
- 6.5.12 if any step is taken or event occurs that would materially prejudice or jeopardize the Administrative Agent's or the Lenders' priority rights with respect to the Term Priority Collateral or the ABL Priority Collateral under this Agreement, the Credit Agreement or the other Loan Documents.

Upon the occurrence of a Terminating Event, the Forbearance Period will automatically terminate without requirement for any notice to any Obligor or any other action whatsoever by the Administrative Agent, subject to Applicable Law (including, if applicable, the Initial Order).

ARTICLE 7

CONDITIONS PRECEDENT TO THIS AGREEMENT

7.1 Conditions Precedent

- 7.1.1 The forbearance and other accommodations granted by the Administrative Agent and the Lenders hereunder shall only be granted by the Administrative Agent and the Lenders if the following conditions precedent (the "**Conditions Precedent**") have been complied with in a manner satisfactory to the Administrative Agent on or before 3:00 p.m. (EDT) on June 7, 2016, or such other time or date as specified below:
 - 7.1.1.1 the Administrative Agent has received a duly authorized, executed and delivered PDF copy of this Agreement executed by each of the Obligors and each of the Obligors undertakes to deliver an original executed copy of this Agreement to the Administrative Agent as soon as reasonably possible thereafter;
 - 7.1.1.2 the payment of all fees, disbursements and taxes of Administrative Agent's legal counsel due and owing to Administrative Agent's legal counsel at such time, whether accrued in relation to the matters herein contemplated or otherwise in relation to the Existing Credit Agreement pursuant to a delivered invoice;
 - 7.1.1.3 the Administrative Agent shall have confirmed to the Obligors that the Approved CCAA Cash Flow prepared by the Guarantor to be filed with its

CCAA materials and that the GFI Cash Flow prepared by the Borrower are each satisfactory to the Administrative Agent;

- 7.1.1.4 the Administrative Agent shall have received, within the time periods specified in Section 4.1.4.3 hereof, copies of all materials to be filed by the Guarantor in the CCAA Proceedings, all supporting materials in respect of such materials, the list of creditors and the Approved CCAA Cash Flow and shall be satisfied in its sole discretion with such materials, list, Approved CCAA Cash Flow and the relief sought;
- 7.1.1.5 the Initial Order shall be in form and substance satisfactory to the Administrative Agent and the Lenders and shall, *inter alia*, provide that:
 - 7.1.1.5.1 each of the Administrative Agent and the Lenders shall at all times be treated as an “unaffected creditor” in the CCAA Proceedings and in any plan of compromise or arrangement filed pursuant thereto and/or in any other insolvency, restructuring, reorganization and/or arrangement proceeding with respect to the Guarantor thereafter including, without limitation, proceedings under the CCAA or the BIA and any stay of proceedings ordered by the CCAA Court in the CCAA Proceedings shall not apply to the Administrative Agent and the Lenders; and
 - 7.1.1.5.2 except as may be expressly consented to by the Administrative Agent, at no time on and at any time after the CCAA Filing Date shall all or part of the Guarantor’s property constituting Term Priority Collateral or ABL Priority Collateral be the subject of a court ordered security or charge in favour of any party where such security or charge is purported to rank in any manner whatsoever in priority to any claim of the Administrative Agent or the Lenders in respect of the Liens under the Security Documents, other than, solely in respect of the ABL Priority Collateral, the DIP charge, the administrative charge, the director’s and officer’s charge and any charge granted in favour of a successful purchaser pursuant to the SISF granted by the CCAA Court in the CCAA Proceedings which may have priority over such Administrative Agent’s Liens.
- 7.1.1.6 the Administrative Agent shall have received satisfactory evidence that the ABL Agent has agreed to forbear from exercising any rights or remedies under the ABL Documents as a result of any default or event of default of the Obligors existing thereunder arising from the CCAA Proceedings or otherwise, and delivery of an executed copy of the ABL Forbearance Agreement shall be satisfactory evidence thereof as well as shall constitute the consent by the Administrative Agent and the Lenders to the changes to the ABL Documents and other agreements contemplated thereby; and
- 7.1.1.7 all other documentation reasonably required by the Administrative Agent and its counsel in connection with this Agreement (including, without limitation,

such further assurances, resolutions, opinions and additional confirmations or other agreements relating to the Administrative Agent's Liens), all duly authorized, executed and delivered in form and substance satisfactory to the Administrative Agent in its sole discretion.

The Conditions Precedent are for the sole benefit of the Administrative Agent and the Lenders and may be waived only by the Administrative Agent in writing. If the conditions precedent are not complied with to the satisfaction of the Administrative Agent as provided for above, and the Administrative Agent will not waive satisfaction thereof at its sole discretion, then the forbearance and other accommodations granted by the Administrative Agent hereunder shall be terminated.

ARTICLE 8 GENERAL

8.1 Effect of this Agreement

Except as modified by this Agreement, no other changes or modifications to the Existing Credit Agreement or the other Loan Documents are intended or implied, and in all other respects the Existing Credit Agreement and the other Loan Documents are specifically acknowledged, ratified and confirmed by the Obligors. To the extent of conflict between the terms of this Agreement, the Existing Credit Agreement and the other Loan Documents, the terms of this Agreement will govern.

8.2 Costs and Expenses

The Obligors hereby absolutely and unconditionally jointly and severally agree to pay to and fully indemnify the Administrative Agent, on demand by the Administrative Agent at any time and as often as may be required, whether or not all or any of the transactions contemplated by this Agreement are consummated, all fees and disbursements of the Monitor, the Consultant, all counsel to the Administrative Agent, the Servicing Agent, the Lenders, any financial advisor retained by the Administrative Agent, the Servicing Agent, the Lenders, all other consultants to and agents of the Administrative Agent, the Servicing Agent, the Lenders and all other expenses incurred by the Administrative Agent, the Servicing Agent, the Lenders in connection with this Agreement, the Existing Credit Agreement and the other Loan Documents including without limitation: (a) legal expenses in connection with the preparation, negotiation and interpretation of this Agreement, the other agreements or documents contemplated by this Agreement, the Existing Credit Agreement and the other Loan Documents and the administration of this Agreement, the Existing Credit Agreement and the other Loan Documents generally; (b) all documented expenses of advisors and consultants to and agents of the Administrative Agent, the Servicing Agent, the Lenders (including legal expenses on a full indemnity basis) incurred in connection with the protection and enforcement of this Agreement, the Existing Credit Agreement or any of the other Loan Documents or in connection with any proceeding in respect of bankruptcy, insolvency, winding up, receivership, dissolution, reorganization, liquidation, moratorium, arrangement or assignment for the benefit of creditors involving any Obligor; in each of the foregoing

events whether under the laws of Canada, Ontario or other applicable jurisdiction, or any local or foreign bankruptcy, insolvency, reorganization, receivership or similar law.

8.3 Release

- 8.3.1 In consideration of this Agreement and for other good and valuable consideration, each Obligor, on their own behalf and on behalf of their respective successors, assigns, and other legal representatives, absolutely, unconditionally and irrevocably releases the Administrative Agent; the Servicing Agent and the Lenders, and their present and former shareholders, affiliates, subsidiaries, divisions, predecessors, directors, officers, legal counsel, consultants, employees, agents and other representatives, and their successors and assigns (all of which are referred to collectively as the “**Releasees**” and individually as a “**Releasee**”), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defences, rights of set-off, demands and liabilities (individually, a “**Claim**” and collectively, “**Claims**”) known or unknown, both at law or in equity, that such Obligor or any of their respective successors, assigns, or other legal representatives may now or later have or claim against any of the Releasees by reason of any circumstance, action, cause or thing which arises at any time on or prior to the date of this Agreement, including for or on account of, or in relation to, or in any way in connection with (a) this Agreement, the Existing Credit Agreement or any of the other Loan Documents or any transactions under or related to, this Agreement, the Existing Credit Agreement or any of the other Loan Documents; (b) any and all proposed refinancings of the Borrower by the Lenders (past or present), including, without limitation, any and all prior proposed offers of finance (whether consummated or not), term sheets, indicative and non-binding term sheets or negotiations for financing, between the Lenders and the Borrower;
- 8.3.2 each Obligor understands, acknowledges and agrees that the release set out in Section 8.3.1 may be pleaded as a full and complete defence and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of that release; and
- 8.3.3 each Obligor agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may later be discovered will affect in any manner the final, absolute and unconditional nature of the release set out in Section 8.3.1.

8.4 Survival of Representations and Warranties

All representations and warranties made in this Agreement or any other document delivered in connection with this Agreement will survive the execution and delivery of this Agreement and the other documents and no investigation by the Administrative Agent or the Lenders or any closing will affect the representations and warranties or the right of the Administrative Agent, the Servicing Agent or the Lenders to rely upon them.

8.5 Governing Law

This Agreement is governed by, and is to be construed and interpreted in accordance with, the laws of the Province of Ontario and the federal laws of Canada effective therein.

8.6 Reviewed by Legal Counsel

Each Obligor represents and warrants to the Administrative Agent and the Lenders that it:

- 8.6.1 understands fully the terms of this Agreement and the consequences of the execution and delivery of this Agreement;
- 8.6.2 has been afforded an opportunity to have this Agreement reviewed by, and to discuss this Agreement and any documents executed in connection herewith with, such lawyers and other persons as such Obligor may wish; and
- 8.6.3 has entered into this Agreement and executed and delivered all documents in connection herewith of its own free will and accord and without threat, duress or other coercion of any kind by any Person.

The Parties hereto acknowledge and agree that neither this Agreement nor the other documents or instruments executed pursuant hereto will be construed more favourably in favour of one than the other based upon which Party drafted the same, it being acknowledged that all Parties hereto contributed substantially to the negotiation and preparation of this Agreement and the other documents and instruments executed pursuant hereto or in connection herewith.

8.7 Submission to Jurisdiction

Without prejudice to the ability of any Party to enforce this Agreement in any other proper jurisdiction, each of the Parties irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of Ontario sitting in Toronto to determine all issues, whether at law or in equity arising from this Agreement. To the extent permitted by Applicable Law, each of the Parties irrevocably waives any objection (including any claim of inconvenient forum) to the venue of any legal proceeding arising out of or relating to this Agreement in the courts of that country, or that the subject matter of this Agreement may not be enforced in those courts, and irrevocably agrees not to seek, and hereby waives any right to, judicial review by any court which may be called upon to enforce the judgment of the courts referred to in this Section 8.7, of the substantive merits of any such suit, action or proceeding. To the extent a Party has or hereafter may acquire any immunity from the jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, that Party irrevocably waives that immunity in respect of its obligations under this Agreement.

8.8 Mutual Waiver of Jury Trial

Because disputes arising in connection with complex financial transactions are most quickly and economically resolved by an experienced and expert person and the Parties

wish applicable provincial and federal laws to apply (rather than arbitration rules), the Parties desire that their disputes be resolved by a judge applying those Applicable Laws. Therefore, to achieve the best combination of the benefits of the judicial system and of arbitration, the Parties waive all rights to trial by jury in any action, suit, or proceeding brought to resolve any dispute, whether arising in contract, tort, or otherwise between the Administrative Agent, the Servicing Agent, the Lenders and any Obligor, arising out of, connected with, or related or incidental to, the relationship established between them in connection with this Agreement, the Existing Credit Agreement or any of the other Loan Documents or the transactions related to this Agreement, the Credit Agreement or any of the other Loan Documents.

8.9 Time of Essence

Time is of the essence in all respects of this Agreement.

8.10 Unaffected Creditor Status of the Administrative Agent, the Servicing Agent and the Lenders

The Administrative Agent, the Servicing Agent and the Lenders shall at all times be treated as an “unaffected creditor” in the CCAA Proceedings and in any plan filed pursuant thereto and/or in any other insolvency, restructuring, reorganization and/or arrangement proceeding with respect to the Guarantor thereafter including, without limitation, proceedings under the CCAA. the Guarantor acknowledges that the Administrative Agent, the Servicing Agent and the Lenders have relied to their detriment on this covenant in entering into this Agreement.

8.11 Notices

Any Communication or notice must be in writing and delivered in accordance with the Existing Credit Agreement.

8.12 Further Assurances

Each Obligor will, at its own cost, execute and deliver all further agreements and documents and provide all further assurances as may be reasonably required by the Administrative Agent to give effect to this Agreement and, without limiting the generality of the foregoing, will do or cause to be done all acts and things, execute and deliver or cause to be executed and delivered all agreements and documents and provide such assurances, undertakings and information as may be required from time to time by all regulatory or governmental bodies or stock exchanges having jurisdiction over the affairs of a Party or as may be required from time to time under applicable securities legislation.

8.13 Confirmation of Documents and Terms

Each of the Obligors hereby agrees to the terms of this Agreement and confirms to and agrees with the Administrative Agent, the Servicing Agent and the Lenders that its liabilities and obligations, and the Liens created under or pursuant to all Security

Documents, Loan Documents and other documents and instruments executed in connection with the Advance and accommodations provided for or contemplated in the Existing Credit Agreement continue in full force and effect in accordance with their respective terms and that all Security Documents and other Loan Documents executed by it secure and shall continue to secure the Obligations.

8.14 No Merger or Novation

All Security Documents, other Loan Documents and other documents and instruments provided to the Administrative Agent and the Lenders or otherwise entered into by the Obligors prior to the date hereof were and are in connection with the Advance and accommodations provided for or contemplated in the Existing Credit Agreement, there being no novation or merger of the Existing Credit Agreement (as amended pursuant to this Agreement), any of the Administrative Agent's Liens under the Security Documents or any of the other Loan Documents, and all Obligations continue under the Existing Credit Agreement (as amended by this Agreement) and the other Loan Documents.

8.15 Amendment and Waiver

No supplement, modification, amendment, waiver, discharge or termination of this Agreement is binding unless it is executed in writing by the Party to be bound. No waiver of, failure to exercise or delay in exercising, any provision of this Agreement constitutes a waiver of any other provision (whether or not similar) nor does such waiver constitute a continuing waiver unless otherwise expressly provided.

8.16 Assignment and Enurement

No Obligor will be entitled to assign this Agreement or any right or obligation under this Agreement without the prior consent of the Administrative Agent and the Lenders. The Administrative Agent and the Lenders may assign this Agreement and any of their rights and obligations under this Agreement without the consent of or notice to any Obligor. This Agreement enures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

8.17 Severability

Each provision of this Agreement is distinct and severable. If any provision of this Agreement, in whole or in part, is or becomes illegal, invalid or unenforceable in any jurisdiction by a court of competent jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect:

8.17.1.1 the legality, validity or enforceability of the remaining provisions of this Agreement; or

8.17.1.2 the legality, validity or enforceability of that provision in any other jurisdiction.

8.18 Counterparts

This Agreement may be executed and delivered by the Parties in one or more counterparts, each of which when so executed and delivered will be an original and such counterparts will together constitute one and the same instrument.

8.19 Electronic Signatures

Delivery of this Agreement by facsimile or other electronic transmission (including through "pdf" format via email) constitutes valid and effective delivery.

8.20 Confidentiality

All information provided to the Administrative Agent and the Lenders (or its officers, directors, employees, agents, representatives, advisors and legal counsel) pursuant to this Agreement shall be kept by the receiving party in the strictest confidence and shall not be disclosed to any third party or used by the receiving party except for the purpose hereunder. For greater certainty, the Administrative Agent and the Lenders shall keep such terms confidential and shall not disclose the same to anyone except (a) the Administrative Agent's and the Lenders' agents, employees, professional advisors or bankers on a "need to know" basis in connection herewith and then only on the basis that such persons also keep such terms confidential; (b) to the extent requested by any rating agency, regulatory authority, or other Governmental Authority, or their legal counsel; (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process (in which event, the disclosing party will promptly notify the Borrower of such requirement and if applicable law so permits, allow the Borrower to seek a protective order with respect thereto); (d) to any other Party to this Agreement; (e) in connection with the exercise of any action remedies under any Loan Document or any suit, action or proceeding relating to any Loan Document or the enforcement of rights thereunder; (f) subject to an agreement containing provisions substantially the same as those of this Section 8.20 to (i) any actual or prospective assignee of or participant (or such assignee's or participant's advisors) in any of its rights or obligations under this Agreement, or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations; (g) to their auditors in connection with any audit; (h) to any financial institution, credit reporting agency or credit bureau; (i) to any Person with whom the Borrower or the Guarantor may have or proposes to have financial dealings; or (j) with the consent of the Borrower. The confidentiality obligations in this Section 8.20 do not apply to any information which is or becomes generally available to the public, or was known to the receiving party (not being subject to any obligation of confidentiality) prior to receipt of information from the Borrower, the Guarantor, the Consultant or their advisors or which such party obtained from an independent third party who obtained the information lawfully and was under no obligation of confidentiality with respect to such information.

8.21 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Existing Credit Agreement or any other Loan Document, the provisions of this Agreement shall prevail.

THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.


Each of the Parties has executed and delivered this Agreement effective as of the 6 day of June, 2016.

GRAFTON-FRASER INC., as Borrower

Per: _____

Name:

Title:



Mark G. Sun
Vice President & CFO
Grafton-Fraser Inc.

2473304 ONTARIO INC., as Guarantor

Per: _____

Name:

Title:


MARK SUN

VP and CFO

**GSO CAPITAL PARTNERS, LP, as
Administrative Agent and Lead Arranger**

Per: _____
Name: MARISA BEENEY
Title: AUTHORIZED SIGNATORY

**GSO DOMESTIC CAPITAL FUNDING
(LUXEMBOURG) S.A.R.L., as Lender**

Per: _____
Name:
Title:

Per: _____
Name:
Title:

**GSO OFFSHORE MULTICURRENCY
FACILITY (LUXEMBOURG) S.A.R.L., as
Lender**

Per: _____
Name:
Title:

Per: _____
Name:
Title:

GSO CAPITAL PARTNERS, LP, as
Administrative Agent and Lead Arranger

Per: _____
Name:
Title:

GSO DOMESTIC CAPITAL FUNDING
(LUXEMBOURG) S.A.R.L., as Lender

Per: W.L. FOST
Name: WILLIAM FOST
Title: MANAGER

Per: _____
Name:
Title: Tony Whiteman
Manager

GSO OFFSHORE MULTICURRENCY
FACILITY (LUXEMBOURG) S.A.R.L., as
Lender

Per: W.L. FOST
Name: WILLIAM FOST
Title: MANAGER

Per: _____
Name:
Title: Tony Whiteman
Manager

SCHEDULE 1
FORM OF ABL FORBEARANCE AGREEMENT

SEE ATTACHED

SCHEDULE 2
APPROVED CCAA CASH FLOW

SEE ATTACHED

2016 JNY Cash Flows



JNY - Sale / Wind-Down Cash Flow Forecast															Wind Down	Total	
(\$000's)	Pre-Filing		Liquidation Period														
	May 28	Jun 04	Jun 11	Jun 18	Jun 25	Jul 02	Jul 09	Jul 16	Jul 23	Jul 30	Aug 06	Aug 13	Aug 20	Aug 27			
Comps	(51%)	(49%)	(56%)														
Receipts																	
Retail	\$ 676	\$ 619	\$ 530	\$ 214	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$2,040
Equity Bid Inv	-	-	-	8,023	-	-	-	-	-	-	1,416	-	-	-	-	-	9,439
Fixtures	-	-	-	-	-	-	-	-	-	250	-	-	-	-	-	-	250
	676	619	530	8,237	-	-	-	-	-	1,666	-	-	-	-	-	-	11,729
Operating Disbursements																	
Rent	-	(536)	-	-	-	(536)	-	-	-	-	(536)	-	-	-	-	-	(1,608)
Royalty	-	-	-	-	-	(183)	-	-	-	(425)	-	-	-	-	-	(690)	(1,298)
Payroll	(155)	(60)	(306)	(59)	(139)	(84)	-	(59)	-	(110)	-	-	-	-	-	-	(973)
Merch/Duty/Freight	(99)	(25)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(124)
Other Operating	(10)	(23)	(23)	(11)	(11)	(11)	(11)	(11)	(11)	(11)	-	-	-	-	-	-	(131)
Sales Tax	-	(76)	-	-	-	(150)	-	-	-	-	23	-	-	-	106	170	72
CC Fees	-	(46)	-	-	-	(29)	-	-	-	-	-	-	-	-	-	-	(75)
	(264)	(766)	(329)	(70)	(150)	(993)	(11)	(70)	(11)	(546)	(513)	-	-	106	(520)	(4,138)	
Net Operating CF	412	(147)	201	8,167	(150)	(993)	(11)	(70)	(11)	1,120	(513)	-	-	106	(520)	7,591	
Non-Operating Disb.																	
Prof Fees	(136)	(435)	(231)	(152)	(102)	(149)	(119)	(90)	(57)	(73)	(40)	(183)	(51)	(45)	(194)	(2,055)	
Interco	(186)	-	-	-	-	-	-	-	-	(50)	-	-	(50)	-	1,432	1,146	
Rent Recovery	-	-	-	-	48	95	95	95	95	95	95	95	95	48	-	858	
Consultant	(93)	-	(23)	-	(15)	-	(15)	-	(15)	-	(15)	-	(15)	-	(7)	(197)	
Interest	-	(29)	-	-	-	(44)	-	-	-	(9)	-	-	-	(7)	-	(90)	
Inventory Count	-	-	-	-	(50)	-	-	-	-	-	-	-	-	-	-	(50)	
Deposits	-	-	(100)	-	-	-	-	-	-	-	-	-	-	50	50	-	
Stat Holidays	-	-	-	-	-	(15)	-	-	-	-	(15)	-	-	-	-	(30)	
GSO Payment	-	-	-	-	-	-	-	-	-	(250)	-	-	-	-	-	(250)	
	(415)	(463)	(354)	(152)	(119)	(113)	(38)	5	24	(288)	26	(88)	(20)	45	1,281	(668)	
Net Cash Flow	\$ (2)	\$ (610)	\$ (153)	\$ 8,015	\$ (269)	\$ (1,106)	\$ (49)	\$ (65)	\$ 13	\$ 832	\$ (487)	\$ (88)	\$ (20)	\$ 151	\$ 761	\$ 6,923	
Opening Revolver	\$ 6,923	\$ 6,925	\$ 7,535	\$ 7,688	\$ 7,696	\$ 7,965	\$ 1,548	\$ 1,597	\$ 1,662	\$ 1,648	\$ 816	\$ 1,303	\$ 1,391	\$ 1,411	\$ 1,260	\$ 6,923	
Revolver Draw (Repay.)	2	610	153	(8,015)	269	1,106	49	65	(13)	(832)	487	88	20	(151)	(761)	(6,923)	
Change in Cash on Hand	0	-	-	8,023	-	(7,523)	-	-	-	-	-	-	-	-	(500)	-	
Ending Revolver	\$ 6,925	\$ 7,535	\$ 7,688	\$ 7,696	\$ 7,965	\$ 1,548	\$ 1,597	\$ 1,662	\$ 1,648	\$ 816	\$ 1,303	\$ 1,391	\$ 1,411	\$ 1,260	\$ -	\$ -	
Cash on Hand	\$ -	\$ -	\$ -	\$ 8,023	\$ 8,023	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ -	\$ -	
Avail. (Shortfall)	\$ 2,464	\$ 1,684	\$ 1,008	\$ 785	\$ 529	\$ (491)	\$ (539)	\$ (604)	\$ (591)	\$ (891)	\$ (1,303)	\$ (1,391)	\$ (1,411)	\$ (1,260)	\$ 0	\$ -	

- The Cash Flow is based on the assumption that the GOB sale begins on or around June 14th. Thereafter, proceeds of sales are for the account of the Agent and are not reflected in this cash flow.
- Expenses that are the obligation of Agent, but which are paid by the Company, are assumed to be reimbursed as incurred and consequently are not reflected in the Cash Flow, however timing differences may occur.

SCHEDULE 3
EXISTING DEFAULTS

1. The Borrower has failed to pay interest on any Advance within three Banking Days following the due date therefor contrary to s. 8.1(b) of the Existing Credit Agreement
2. An event of default has occurred and continues after the applicable grace period, if any, specified in an agreement or instrument related to Indebtedness which exceeds \$1,000,000 and the effect of such event is to accelerate or permit the acceleration of Indebtedness or either of them contrary to s. 8.1(f) of the Existing Credit Agreement
3. The Guarantor has acted in furtherance of one or more matters enumerated in s. 8.1(g)(i)-(iv) of the Existing Credit Agreement contrary to s. 8.1(g) of the Existing Credit Agreement
4. The Borrower and the Guarantor have failed to deliver to the Administrative Agent and the Servicing Agent, forthwith upon becoming aware of a Default or Event of Default, an Officer's Certificate specifying such Default or Event of Default together with a statement of an officer of the Borrower and the Guarantor setting forth details of such Default or Event of Default and the action which has been, or is proposed to be, taken with respect thereto contrary to ss. 6.1(h) and 8.1(d) of the Existing Credit Agreement
5. The Borrower and the Guarantor have failed to promptly deliver to the Servicing Agent a copy of the Fletcher Claim contrary to ss. 6.1(i)(vii) of the Existing Credit Agreement

**SCHEDULE 4
ABL OBLIGATIONS**

As at 4:00 p.m. (EDT) on June 3, 2016:

		CAD\$	CAD\$	USD\$	USD\$
		Grafton- Fraser	2473304	Grafton- Fraser	2473304
1	<u>Principal Loan Balance , June 3, 2016</u>	26,129,238.99	7,471,469.60	(6,182.38)	(6.92)
2	<u>Interest and fees outstanding</u>				
	Interest and fees paid to:	31-May	31-May	31-May	31-May
	Days to Calculate interest	3	3	3	3
	Interest to June 03 - Prime Loan	5,797.29	1,662.51	-	-
	Wire fees on advances	2.00	-	-	-
	Unused Line fee,	180.59	563.28	-	-
	Monthly Collateral Management fee	1,000.00	-	-	-
	Total balances owing	26,136,218.87	7,473,695.39	(6,182.38)	(6.92)

**SCHEDULE 5
GFI CASH FLOW**

SEE ATTACHED



REDACTED

SCHEDULE 6
EXISTING SECURITY

1. General Security Agreement granted by the Borrower in favour of the Administrative Agent
2. Trademark and Trademark Application Security Agreement granted by the Borrower in favour of the Administrative Agent
3. Collateral Assignment of Rights under the Share Purchaser Agreement granted by the Borrower in favour of the Administrative Agent
4. Guarantee Agreement dated as of February 12, 2016 executed by the Guarantor in favour of the Administrative Agent
5. General Security Agreement dated as of February 12, 2016 executed by the Guarantor in favour of the Administrative Agent
6. Deed of Hypothec dated as of February 12, 2016 granted by the Guarantor in favour of the Administrative Agent

SCHEDULE 7
MINIMUM RECEIPT AND MAXIMUM DISBURSEMENT COVENANT LEVELS

SEE ATTACHED

Company Projected Receipts/Disbursements
Minimum/Maintenance Covenant Levels

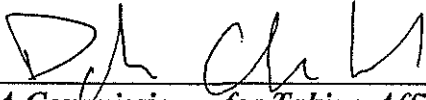
	JNY															
Week ending:	28-May	4-Jun	11-Jun	18-Jun	25-Jun	2-Jul	9-Jul	16-Jul	23-Jul	30-Jul	6-Aug	13-Aug	20-Aug	27-Aug		
Weekly Projected Receipts (excluding liquidator payments)	676	619	530	214												
Projected cumulative receipts	676	1,295	1,825	2,039	2,039	2,039	2,039	2,039	2,039	2,039	2,039	2,039	2,039	2,039		
10% Variance	68	130	183	204	204	204	204	204	204	204	204	204	204	204		
Greater of \$100,000 or 10% Variance	100	130	183	204	204	204	204	204	204	204	204	204	204	204		
Covenant #1: Minimum Cumulative Receipts	576	1,166	1,643	1,835	1,835	1,835	1,835	1,835	1,835	1,835	1,835	1,835	1,835	1,835		
Week ending:	28-May	4-Jun	11-Jun	18-Jun	25-Jun	2-Jul	9-Jul	16-Jul	23-Jul	30-Jul	6-Aug	13-Aug	20-Aug	27-Aug		
Operating Disbursements	264	766	329	70	150	993	11	70	11	546	513					
Non-Operating Disbursements	415	463	354	152	119	113	38	(5)	(24)	288	(26)	88	20	(106)		
Weekly Projected Disbursements	679	1,229	683	222	269	1,106	49	65	(13)	834	487	88	20	(151)		
Projected cumulative disbursements	679	1,908	2,591	2,813	3,082	4,188	4,237	4,302	4,289	5,123	5,610	5,698	5,718	5,567		
10% Variance	68	191	259	281	308	419	474	430	429	512	561	570	577	557		
Greater of \$100,000 or 10% Variance (Max \$300,000)	100	191	259	281	300	300	300	300	300	300	300	300	300	300		
Covenant #2: Maximum cumulative Disbursements	779	2,099	2,850	3,094	3,382	4,488	4,937	4,602	4,508	5,423	5,910	5,998	6,018	5,867		

REDACTED

Tab I

THIS IS EXHIBIT "I"

*referred to in the Affidavit of
Mark Sun sworn before me this
6th day of June 2016*



A Commissioner for Taking Affidavits
Dyan Choche

INTERCREDITOR AGREEMENT

by and between

CANADIAN IMPERIAL BANK OF COMMERCE,

as ABL Agent,

and

GSO CAPITAL PARTNERS LP,

as Term Administrative Agent

Dated as of February 12, 2016

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INTERCREDITOR AGREEMENT

THIS INTERCREDITOR AGREEMENT (as amended, supplemented, restated or otherwise modified from time to time pursuant to the terms hereof, this “**Agreement**”) is entered into as of February 12, 2016 by and among **CANADIAN IMPERIAL BANK OF COMMERCE**, in its capacity as administrative agent (together with its successors and assigns in such capacity, the “**ABL Agent**”) on its own behalf and on behalf of the lenders from time to time party to the ABL Credit Agreement referred to below (together with their respective successors and assigns in such capacity, the “**ABL Lenders**”) and any ABL Bank Product Affiliates and ABL Cash Management Affiliates (each as defined below) (such ABL Bank Product Affiliates, ABL Cash Management Affiliates, ABL Lenders and ABL Agent, collectively the “**ABL Secured Parties**”) and **GSO CAPITAL PARTNERS LP** in its capacity as administrative agent (together with its successors and assigns in such capacity, the “**Term Administrative Agent**”), on its own behalf and on behalf of the lenders from time to time party to the Term Credit Agreement referred to below (together with their respective successors and assigns in such capacity, the “**Term Lenders**” and, together with the Term Administrative Agent, the “**Term Secured Parties**”).

RECITALS

A. Pursuant to that certain Credit Agreement dated as of February 12, 2016 by and among Grafton-Fraser Inc. and 2473304 Ontario Inc. (collectively, the “**ABL Borrower**”), the ABL Agent and the ABL Lenders party thereto (as such agreement may be amended, supplemented, restated, amended and restated or otherwise modified from time to time, the “**ABL Credit Agreement**”), the ABL Lenders have agreed to make certain loans and other financial accommodations to or for the benefit of the ABL Borrower.

B. As a condition to the effectiveness of the ABL Credit Agreement and to secure the obligations of the ABL Borrower under and in connection with the ABL Documents (as hereinafter defined), the ABL Borrower has granted to the ABL Agent (for the benefit of itself and the other ABL Secured Parties) Liens on the Collateral.

C. Pursuant to that certain amended and restated credit agreement dated as of June 16, 2009 by and among Grafton-Fraser Inc., as borrower, and 2473304 Ontario Inc., as guarantor, (collectively, the “**Term Borrower**”), the Term Administrative Agent and the Term Lenders (as such agreement has been or may be amended, supplemented, restated, amended and restated or otherwise modified from time to time, including without limitation pursuant to each of the amendments dated as of April 12, 2010, June 11, 2010, March 18, 2011, December 31, 2012, June 17, 2014, July 7, 2015, July 23, 2015 and February 12, 2016, the “**Term Credit Agreement**”), the Term Lenders have agreed to make, and to continue to make, certain loans to the Term Borrower.

D. As a condition to the continued effectiveness of the Term Credit Agreement and to secure the obligations of the Term Borrower under and in connection with the Term Documents (as hereinafter defined), the Term Borrower has granted to the Term Administrative Agent, as agent for the Term Secured Parties, Liens on the Collateral.

E. Each of the ABL Agent (on behalf of the ABL Secured Parties) and the Term Administrative Agent (on behalf of the Term Secured Parties) and, by their acknowledgment hereof, the ABL Borrower and the Term Borrower, desire to agree to the relative priority of Liens on the Collateral and certain other rights, priorities and interests as provided herein.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1 - DEFINITIONS

1.1 PPSA Definitions.

The following terms which are defined in the PPSA are used herein as so defined: Chattel Paper, Instruments, Money, Securities Account and Security Entitlement.

1.2 Other Definitions.

Subject to Section 1.1, as used in this Agreement, the following terms shall have the meanings set forth below:

“**ABL Agent**” shall have the meaning assigned to that term in the introduction to this Agreement.

“**ABL Bank Products Affiliate**” shall mean an ABL Lender or any Affiliate of an ABL Lender that has entered into a Swap Agreement or other Bank Products with the ABL Borrower with the obligations of the ABL Borrower thereunder being secured by one or more ABL Collateral Documents, together with their respective successors, assigns and transferees (even if such ABL Lender subsequently ceases to be a lender under the ABL Credit Agreement for any reason).

“**ABL Borrower**” shall have the meaning assigned to that term in the recitals to this Agreement.

“**ABL Cash Management Affiliate**” shall mean an ABL Lender or any Affiliate of an ABL Lender that provides Cash Management Services to the ABL Borrower with the obligations of such ABL Borrower thereunder being secured by one or more ABL Collateral Documents, together with their respective successors, assigns and transferees (even if such ABL Lender subsequently ceases to be a lender under the ABL Credit Agreement for any reason).

“**ABL Collateral Documents**” shall mean all Security Documents (as defined in the ABL Credit Agreement) and all other security agreements, mortgages, deeds of trust, hypothecs and other collateral documents executed and delivered in connection with the indebtedness, liabilities and obligations of the Borrower under the ABL Credit Agreement and any Swap Agreements and Cash Management Services Agreements, in each case as the same may be entered into and/or amended, supplemented, restated or otherwise modified from time to time in accordance with this Agreement.

“ABL Credit Agreement” shall mean have the meaning assigned to such term in the recitals to this Agreement and shall include any other agreement extending the maturity of, consolidating, restructuring, refunding, replacing or refinancing all or any portion of the ABL Obligations, whether by the same or any other agent, lender or group of lenders and whether or not increasing the amount of any Indebtedness that may be incurred thereunder, in each case, to the extent permitted by this Agreement.

“ABL Documents” shall mean the ABL Credit Agreement, the ABL Collateral Documents, all Swap Agreements, all Cash Management Services Agreements and those other ancillary agreements as to which any ABL Secured Party is a party or a beneficiary and all other agreements, instruments, documents and certificates, now or hereafter executed by or on behalf of any ABL Borrower or any of its Subsidiaries or Affiliates, and delivered to any ABL Secured Party, in connection with any of the foregoing or the ABL Credit Agreement, in each case as the same may be entered into and/or amended, supplemented, restated or otherwise modified from time to time in accordance with this Agreement.

“ABL Lenders” shall have the meaning assigned to that term in the introduction to this Agreement.

“ABL Obligations” shall mean all obligations of every nature of ABL Borrower from time to time owed to the ABL Secured Parties, or any of them, under any ABL Document, whether for principal, interest (including interest which, but for the filing of a petition in bankruptcy with respect to such ABL Borrower, would have accrued on any ABL Obligation, whether or not a claim is allowed against such ABL Borrower for such interest in the related bankruptcy proceeding), reimbursement of amounts drawn under letters of credit, payments for early termination of Swap Agreements, obligations under F/X Contracts, fees, expenses, indemnification or otherwise, and all other amounts owing or due under the terms of the ABL Documents, as entered into, amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time in accordance with this Agreement.

“ABL Priority Collateral” shall mean all Collateral consisting of the following:

- (1) all Accounts, other than Accounts arising from the sale of Term Priority Collateral;
- (2) all Chattel Paper (including tangible Chattel Paper and electronic Chattel Paper), other than Chattel Paper arising from the sale of Term Priority Collateral;
- (3) (x) all bank accounts, DDAs, Deposit Accounts and Money and all cash, cheques, other negotiable instruments, funds and other evidences of payments held therein, and (y) Securities, Securities Accounts, Security Entitlements and Securities credited to such a Securities Account, and, in each case, all cash, cheques and other property held therein or credited thereto; provided, however, that to the extent that (i) Proceeds of Term Priority Collateral are deposited in any bank account, DDA, Deposit Account or Securities Account, and (ii) the Term Administrative Agent gives at any time a Term Proceeds Notice to the ABL Agent, such Proceeds (subject to Section 3.7) shall be treated as Term Priority Collateral;

- (4) all Inventory;
- (5) to the extent evidencing or governing any of the items referred to in the preceding clauses (1) through (4) constituting ABL Priority Collateral, all Documents of Title, Intangibles (other than any Intellectual Property) and Instruments (including promissory notes); provided that to the extent any of the foregoing also relates to Term Priority Collateral, only that portion evidencing to the items referred to in the preceding clauses (1) through (4) shall be included in the ABL Priority Collateral;
- (6) all books and records relating to the items referred to in the preceding clauses (1) through (5) constituting ABL Priority Collateral (including all books, databases, customer lists, engineer drawings, and records, whether tangible or electronic, which contain any information relating to any of the items referred to in the preceding clauses (1) through (5));
- (7) all collateral security and guarantees with respect to any of the foregoing and all cash, Money, insurance Proceeds, Instruments, Securities Entitlements, Securities, financial assets and Deposit Accounts received as Proceeds of any of the foregoing (such proceeds, "ABL Priority Proceeds").

"**ABL Recovery**" shall have the meaning set forth in Section 5.3(a).

"**ABL Secured Parties**" shall have the meaning to that term in the introduction to this Agreement.

"**Accounts**" shall mean "accounts" as such term is defined in the PPSA, and also all: debts, accounts, accounts receivable, credit card receivables, notes, drafts, acceptances, monies and choses in action (except any chose in action relating to Term Priority Collateral) and all forms of obligations and receivables and rights to payment for credit extended and for goods sold or leased, or services rendered, whether or not yet earned by performance; and all securities, bills, notes, and documents now held or owned or which may be hereafter taken, held or owned by or on behalf of a Person in respect of such debts, accounts, claims, monies and choses in action or any part thereof.

"**Affiliate**" shall mean, with respect to a specified Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by or is under common Control with the Person specified.

"**Agreement**" shall have the meaning assigned to that term in the introduction to this Agreement.

"**Availability Reserves**" shall have the meaning set forth in the ABL Credit Agreement.

"**Bank Products**" shall have the meaning set forth in the ABL Credit Agreement.

"**Borrower**" shall mean any of the ABL Borrower and the Term Borrower.

“Business Day” shall mean any day that is not a Saturday, Sunday or other day on which commercial banks in New York, New York or Toronto, Ontario are authorized or required by law to remain closed (or are in fact closed).

“Capital Stock” shall mean, as to any Person that is a corporation, the authorized shares of such Person’s capital stock, including all classes of common, preferred, voting and non-voting capital stock, and, as to any Person that is not a corporation or an individual, the membership or other ownership interests in such Person, including the right to share in profits and losses, the right to receive distributions of cash and other property, and the right to receive allocations of items of income, gain, loss, deduction and credit and similar items from such Person, whether or not such interests include voting or similar rights entitling the holder thereof to exercise Control over such Person, collectively with, in any such case, all warrants, options and other rights to purchase or otherwise acquire, and all other instruments convertible into or exchangeable for, any of the foregoing.

“Cash Management Services” shall have the meaning set forth in the ABL Credit Agreement.

“Cash Management Services Agreement” shall mean any agreement pursuant to which an ABL Cash Management Affiliate agrees to provide cash management services to the ABL Borrower while an ABL Lender, or an Affiliate of such ABL Cash Management Affiliate, is a lender under the ABL Credit Agreement.

“Collateral” shall mean all Property now owned or hereafter acquired by any Borrower in or upon which a Lien is granted or purported to be granted to the ABL Agent or the other ABL Secured Parties, the Term Administrative Agent or the other Term Secured Parties under any of the ABL Collateral Documents or the Term Collateral Documents, together with all rents, issues, profits, products and Proceeds thereof.

“Control” shall mean the possession, directly or indirectly, of the power (a) to vote 50% or more of the securities having ordinary voting power for the election of directors (or any similar governing body) of a Person, or (b) to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. The terms “Controlling” and “Controlled” have meanings correlative thereto.

“Control Collateral” shall mean any Collateral consisting of any Security, Security Entitlement, Deposit Account (located in the U.S.), Instruments and any other Collateral as to which a Lien may be perfected through possession or control by the secured party, or any agent therefor.

“Copyright Licenses” shall mean any written agreement, now or hereafter in effect, granting any right to any third party under any Copyright now or hereafter owned by any Borrower or that such Borrower otherwise has the right to license, or granting any right to any Borrower under any Copyright now or hereafter owned by any third party, and all rights of such Borrower under any such agreement.

“Copyrights” shall mean all of the following now owned or licenced or hereafter acquired by or licenced or assigned to any Borrower: (a) all copyright rights in any work,

whether subject to the copyright laws of Canada or any other country or any political subdivision thereof, whether as author, assignee, transferee or otherwise, whether registered or unregistered and whether published or unpublished, (b) all registrations and applications for registration of any such copyright in Canada or any other country, including registrations, recordings, supplemental registrations and pending applications for registration in the Canadian Intellectual Property Office, including those listed in the ABL Credit Agreement and/or the Term Credit Agreement, and all (i) rights and privileges arising under applicable law with respect to such Borrower's use of such copyrights, (ii) reissues, renewals, continuations and extensions thereof and amendments thereto, (iii) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable with respect thereto, including damages and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present or future infringements thereof.

"Credit Documents" shall mean the ABL Documents and the Term Documents.

"DDAs" shall mean any chequing or other demand daily depository account maintained by the Borrower.

"Debtor Relief Laws" shall mean the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditor Arrangement Act* (Canada), the *Winding-up Act* (Canada), Title 11 of the *United States Code*, each as now or hereafter in effect or any successor thereto, as well as all other liquidation, conservatorship, bankruptcy, assignment for benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of Canada or provincial law or of any applicable foreign law from time to time in effect affecting the rights of creditors generally.

"Deposit Accounts" shall mean any demand, time, savings, passbook, deposit, or similar account maintained with a bank.

"DIP Financing" shall have the meaning set forth in Section 6.6 hereof.

"Discharge of ABL Obligations" shall mean (a) the payment in full in cash of all outstanding ABL Obligations excluding contingent indemnity obligations with respect to then unasserted claims but including, with respect to amounts available to be drawn under outstanding letters of credit issued thereunder (or indemnities or other undertakings issued pursuant thereto in respect of outstanding letters of credit, other than contingent indemnity obligations with respect to then unasserted claims), the cancellation of such letters of credit or the delivery or provision of money or backstop letters of credit in respect thereof in compliance with the terms of the applicable ABL Document (which shall not exceed an amount equal to 105% of the aggregate undrawn amount of such letters of credit) and (b) the termination of all commitments to extend credit under the ABL Documents.

"Discharge of Term Obligations" shall mean the payment in full in cash of all outstanding Term Obligations (other than contingent indemnity obligations with respect to then unasserted claims).

“Documents of Title” means all documents of title (as defined in the PPSA), whether negotiable or non-negotiable, including all warehouse receipts and bills of lading in which a Borrower now or hereafter has an interest, and any part thereof.

“Domain Names” means all Internet domain names and associated URL addresses in or to which any Borrower now or hereafter has any right, title or interest.

“Enforcement Notice” shall mean a written notice delivered by either the ABL Agent or the Term Administrative Agent to the other announcing that an Enforcement Period has commenced.

“Enforcement Period” shall mean the period of time following the receipt by either the ABL Agent or the Term Administrative Agent of an Enforcement Notice from the other and continuing until the earliest of (a) in case of an Enforcement Period commenced by the Term Administrative Agent, the Discharge of Term Obligations, (b) in the case of an Enforcement Period commenced by the ABL Agent, the Discharge of ABL Obligations, or (c) the ABL Agent or the Term Administrative Agent (as applicable) terminate, or agree in writing to terminate, the Enforcement Period.

“Equipment” shall mean (x) any “equipment” as such term is defined in the PPSA, and shall include all machinery, equipment, data processing, equipment (but excluding all data, books, records and software related to, or containing information about, ABL Priority Collateral), computers (but excluding all data, books, records and software related to, or containing information about, ABL Priority Collateral), office equipment, furnishings, appliances, furniture, fixtures, tools, and vehicles now or hereafter owned by any Borrower in each case, regardless of whether characterized as equipment under the PPSA (but excluding any such items which constitute Inventory), and (y) and any and all additions, substitutions and replacements of any of the foregoing and all accessions thereto, wherever located, whether or not at any time of determination incorporated or installed therein or attached thereto and all parts thereof, and all replacements therefor, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto, including any fixtures.

“Event of Default” shall mean an Event of Default as defined in the ABL Credit Agreement or the Term Credit Agreement, as applicable.

“Exercise of Any Secured Creditor Remedies”, “Exercise of Secured Creditor Remedies” or “Exercise Any Secured Creditor Remedies” shall mean, except as otherwise provided in the final sentence of this definition:

- (a) the taking by any Secured Party of any action to enforce or realize upon any Lien, including the institution of any foreclosure proceedings or the noticing of any public or private sale pursuant to the provisions of the PPSA or other applicable law;
- (b) the exercise by any Secured Party of any right or remedy provided to a secured creditor on account of a Lien under any of the Credit Documents, under applicable law, in an Insolvency Proceeding or otherwise, including the election to retain any of the Collateral in satisfaction of a Lien;

- (c) the taking of any action by any Secured Party or the exercise of any right or remedy by any Secured Party in respect of the collection on, offset against, marshalling of, injunction respecting or foreclosure on the Collateral;
- (d) the appointment on the application of a Secured Party, of a receiver, receiver and manager, monitor, sequestrator, custodian, trustee or interim receiver of all or part of the Collateral;
- (e) the sale, lease, license, or other disposition of all or any portion of the Collateral by private or public sale conducted by a Secured Party or any other means at the direction of a Secured Party permissible under applicable law;
- (f) the exercise of any other right or remedy of a secured creditor under the PPSA, any Debtor Relief Law or other applicable law or in equity; and
- (g) the exercise by a Secured Party of any voting rights relating to any Capital Stock included in the Collateral.

For the avoidance of doubt, none of the following shall be deemed to constitute an Exercise of Secured Creditor Remedies: (i) the filing of a proof of claim in any Insolvency Proceeding, (ii) the exercise of the right by the ABL Agent in accordance with the ABL Credit Agreement and/or the ABL Collateral Documents in effect on the date hereof to instruct depository institutions to deliver amounts in Deposit Accounts to the ABL Agent or to instruct account debtors or any other Person to deliver Proceeds of ABL Priority Collateral to the ABL Agent, (iii) the consent by the ABL Agent or the Term Administrative Agent to a store closing sale, going out of business sale or other disposition by any Borrower of any of the ABL Priority Collateral or any of the Term Priority Collateral in circumstances where an Event of Default has not occurred and is continuing, (iv) the reduction of advance rates or sub-limits by the ABL Secured Parties, or (v) the imposition of Availability Reserves by the ABL Agent or (vi) any payment by the Borrower to any Term Secured Party in connection with a prepayment event under the Term Credit Agreement.

“**Financing Lease**” shall mean any lease of property, real or personal, the obligations of the lessee in respect of which are required in accordance with generally accepted accounting principles consistently applied in Canada as established by the Canadian Institute of Chartered Accountants or its successor to be capitalized on a balance sheet of the lessee.

“**F/X Contracts**” shall have the meaning set forth in the ABL Credit Agreement.

“**Governmental Authority**” shall mean any nation or government, any province, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“**Guarantor**” means any Person that delivers an indemnity, guarantee or other similar agreement in favour of the ABL Agent or a Term Secured Party in support of the ABL Obligations or the Term Obligations, as the case maybe.

“**Indebtedness**” shall mean (i) all obligations of a Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other

similar instruments; (ii) the maximum amount (after giving effect to any prior drawings which may have been reimbursed or reductions) of all letters of credit, bankers' acceptances, bank guarantees, surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person; (iii) obligations of such Person under any swap contract or hedge agreement; (iv) indebtedness secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements and mortgage, industrial revenue bond, industrial development bond and similar financings), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse, and (v) any guarantees of the foregoing.

"Insolvency Proceeding" shall mean (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors or other similar arrangement in respect of its creditors generally or any substantial portion of its creditors; in each case covered by clauses (a) and (b) undertaken under any Debtor Relief Laws.

"Intangibles" means, without limitation, "intangibles" (as defined in the PPSA); and also all intangibles now or hereafter owned by the Borrower including, without limitation, all goodwill connected with or symbolized by any of such general intangibles; all contract rights, documents, applications, licenses, materials and other matters related to such general intangibles; all tangible property embodying or incorporating any such general intangibles; and all chattel paper and instruments relating to such general intangibles.

"Intellectual Property" shall mean all intellectual property and similar property of every kind and nature now owned or hereafter acquired by any Borrower, including inventions, designs, Patents, Copyrights, Licenses, Trademarks, Trade Secrets, confidential or proprietary technical and business information, know how, show how or other data or information, software, databases, all other proprietary information, including but not limited to Domain Names, and all embodiments or fixations thereof and related documentation, registrations and franchises, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing.

"Inventory" means "inventory" (as defined in the PPSA) and also all: packaging, advertising, and shipping materials related to any of the foregoing; goods held for sale or lease or furnished or to be furnished under a contract or contracts of sale or service by a Borrower, or used or consumed or to be used or consumed in a Borrower's business; goods of said description in transit; returned, repossessed and rejected goods of said description; and all Documents of Title which represent any of the foregoing, and including all goods, merchandise, raw materials, goods in process, finished goods and other goods comprising "inventory" held for sale, lease, resale or exchange or furnished or to be furnished under contracts for service or that are used or consumed in the business in of a Borrower, and any part thereof.

"Lender(s)" means individually, the ABL Lenders or the Term Lenders and, collectively, means all of the ABL Lenders and the Term Lenders.

"License" means any Patent License, Trade Secret License, Trademark License, Copyright License or other license or sublicense agreement to which any Borrower is a party.

“**Lien**” shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien (statutory or otherwise), pledge, hypothecation, encumbrance, collateral assignment, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any Financing Lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

“**Lien Priority**” shall mean with respect to any Lien of the ABL Agent or the other ABL Secured Parties or the Term Administrative Agent or the other Term Secured Parties in the Collateral, the order of priority of such Lien as specified in Section 2.1.

“**Patent License**” shall mean any written agreement, now or hereafter in effect, granting to any third party any right to make, use or sell any invention on which a Patent, now or hereafter owned by any Borrower or that any Borrower otherwise has the right to license, is in existence, or granting to any Borrower any right to make, use or sell any invention on which a Patent, now or hereafter owned by any third party, is in existence, and all rights of any Borrower under any such agreement.

“**Patents**” shall mean all of the following now owned or licenced or hereafter acquired by or licenced to any Borrower: (a) all letters patent of Canada or the equivalent thereof in any other country, all registrations and recordings thereof, and all applications for letters patent of Canada or the equivalent thereof in any other country, including registrations, recordings and pending applications in the Canadian Intellectual Property Office or any similar offices in any other country or any political subdivision hereof, including those listed in the ABL Credit Agreement and/or the Term Credit Agreement, respectively, and (b) (i) rights and privileges arising under applicable law with respect to such Borrower’s use of any patents, (ii) inventions and improvements described and claimed therein, (iii) reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof and amendments thereto, (iv) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including damages and payments for past, present or future infringements thereof, (v) rights corresponding thereto throughout the world and (vi) rights to sue for past, present or future infringements thereof.

“**Person**” shall mean an individual, partnership, corporation, limited liability company, unlimited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

“**PPSA**” shall mean the *Personal Property Security Act* (Ontario) (or any successor thereto) or similar legislation of any other Canadian jurisdiction, including, without limitation, the Civil Code of Quebec, the laws of which are required by such legislation to be applied in connection with the creation, perfection, enforcement, opposability, validity or effect of security interests.

“**Priority Collateral**” shall mean the ABL Priority Collateral or the Term Priority Collateral, as applicable.

"Proceeds" shall mean (a) all "proceeds", as defined in the PPSA, with respect to the Collateral, and (b) whatever is recoverable or recovered when any Collateral is sold, exchanged, collected, or disposed of, whether voluntarily or involuntarily.

"Property" shall mean any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Pro Rata" shall mean with respect to the ABL Secured Parties and the Term Secured Parties on any given date, the percentage obtained by dividing (i) the aggregate amount of the ABL Obligations or Term Obligations, as applicable, outstanding on such date by (ii) the sum of the ABL Obligations and the Term Obligations outstanding on such date.

"Real Property" shall mean any right, title or interest of the Borrower in and to real property, including any fee interest, leasehold interest, easement, or license and any other right to use or occupy real property.

"Secured Parties" shall mean the ABL Secured Parties and the Term Secured Party.

"Security" shall mean any "security" as such term is defined in the STA, and includes, irrespective of the provisions of Sections 10 to 16 of the STA, any stock, shares, interests in partnerships or limited liability companies, voting trust certificates, certificates of interest or participation in any profit sharing agreement or arrangement, options (including clearing house options), futures contracts, warrants, bonds, debentures, promissory notes, notes, or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing.

"STA" means the Securities Transfer Act (Ontario).

"Subsidiary" shall mean with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity (a) of which Capital Stock representing more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, Controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Swap Agreement" shall mean any Swap Agreement (as defined in the ABL Credit Agreement) between ABL Borrower and an ABL Bank Products Affiliate entered into while an ABL Lender, or an Affiliate of such ABL Bank Products Affiliate, is a lender under the ABL Credit Agreement.

"Term Borrower" shall have the meaning assigned to that term in the introduction to this Agreement.

"Term Collateral Documents" shall mean all **"Security Documents"** as defined in the Term Credit Agreement, and all other security agreements, mortgages, deeds of trust, hypothecs and other collateral documents executed and delivered in connection with the Term Credit

Agreement, in each case as the same may be entered into and/or amended, supplemented, restated or otherwise modified from time to time in accordance with this Agreement.

“**Term Credit Agreement**” shall have the meaning assigned to that term in the recitals to this Agreement and shall include any other agreement extending the maturity of, consolidating, restructuring, refunding, replacing or refinancing all or any portion of the Term Obligations, whether by the same or any other agent, lender or group of lenders and whether or not increasing the amount of any Indebtedness that may be incurred thereunder in each case, to the extent permitted by this Agreement.

“**Term Documents**” shall mean the Term Credit Agreement, the Term Collateral Documents and those other ancillary agreements as to which any Term Secured Party is a party or a beneficiary and all other agreements, instruments, documents and certificates, now or hereafter executed by or on behalf of the Term Borrower or any of its Subsidiaries or Affiliates, and delivered to any Term Secured Party, in connection with any of the foregoing or the Term Credit Agreement, in each case as the same may be entered into and/or amended, supplemented, restated or otherwise modified from time to time in accordance with this Agreement.

“**Term Lenders**” shall have the meaning assigned to that term in the introduction to this Agreement, as well as any Person designated as a “**Lender**” under the Term Credit Agreement.

“**Term Obligations**” shall mean all obligations of every nature of the Term Borrower from time to time owed to the Term Secured Parties or any of them, under any Term Document, whether for principal, interest (including interest which, but for the filing of a petition in bankruptcy with respect to the Term Borrower, would have accrued on any Term Obligation, whether or not a claim is allowed against the Term Borrower for such interest in the related bankruptcy proceeding), fees, expenses, indemnification or otherwise, and all other amounts owing or due under the terms of the Term Documents, as entered into, amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time in accordance with this Agreement.

“**Term Priority Collateral**” shall mean all Collateral other than ABL Priority Collateral but including the following:

- (1) all Equipment, Fixtures, Real Property, Intellectual Property and Securities (other than any Securities described in clauses 3(y) and 7 of the definition of ABL Priority Collateral);
- (2) except to the extent constituting ABL Priority Collateral, all Instruments, Documents of Title and Intangibles;
- (3) all other Collateral, other than the ABL Priority Collateral;
- (4) all collateral security and guarantees with respect to the foregoing, and all cash, Money, insurance Proceeds, Instruments, Securities, financial assets and Deposit Accounts received as Proceeds of any Collateral, other than the ABL Priority Collateral (including ABL Priority Proceeds), (such proceeds, “Term Priority Proceeds”).

“**Term Proceeds Notice**” has the meaning set forth in Section 3.8(a).

“**Term Recovery**” shall have the meaning set forth in Section 5.3(b).

“**Term Secured Parties**” shall have the meaning assigned to that term in the introduction to this Agreement.

“**Trade Secret Licenses**” shall mean any and all agreements, whether written or oral, providing for the grant by or to any Borrower of any right in or to Trade Secrets, to the extent that a grant of a security interest in such Trade Secret License is not prohibited by applicable law or the applicable Trade Secret License.

“**Trade Secrets**” shall mean with respect to any Borrower, all of such Borrower’s right, title and interest in and to all Canadian and foreign trade secrets and other confidential or propriety information regardless of whether such trade secrets and confidential propriety information have been reduced to writing, including know how, processes, formulae, compositions, designs, and confidential business and technical information, and all rights of any kind whatsoever accruing thereunder or pertaining thereto, including (a) all income, royalties, damages and payments now and hereafter due and/or payable with respect thereto, including payments under all licenses, non-disclosure agreements and memoranda of understanding entered into in connection therewith, and damages and payments for past or future misappropriations thereof, and (b) the right to sue or otherwise recover for past, present or future misappropriations thereof.

“**Trademark License**” shall mean any written agreement, now or hereafter in effect, granting to any third party any right to use any Trademark now or hereafter owned by any Borrower or that any Borrower otherwise has the right to license, or granting to any Borrower any right to use any Trademark now or hereafter owned by any third party, and all rights of any Borrower under any such agreement.

“**Trademarks**” shall mean all of the following now owned or licenced or hereafter acquired by or licenced to any Borrower: (a) all trademarks, service marks, trade names, corporate names, company names, business names, service marks, certification marks, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted, acquired or assigned to, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and registration applications in the Canadian Intellectual Property Office or any similar offices in any province or any other country or any political subdivision thereof, and all extensions or renewals thereof, including those listed in the ABL Credit Agreement and/or the Term Credit Agreement, respectively, and (b) any and all (i) rights and privileges arising under applicable law with respect to such Borrower’s use of any trademarks, (ii) reissues, continuations, extensions and renewals thereof and amendments thereto, (iii) income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including damages, claims and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present and future infringements thereof, and (vi) all of the goodwill of the business connected with the use of and symbolized by the foregoing.

“Use Period” means the period commencing on the date that the ABL Agent (or ABL Borrower acting with the consent of the ABL Agent) commences the liquidation and sale of the ABL Priority Collateral in a manner as provided in Section 3.6 (having theretofore furnished the Term Administrative Agent with an Enforcement Notice) and ending 180 days thereafter. If any stay or other order that prohibits any of the ABL Agent, the other ABL Secured Parties or the ABL Borrower (with the consent of the ABL Agent) from commencing and continuing to Exercise Any Secured Creditor Remedies with respect to, or to liquidate and sell, the ABL Priority Collateral has been entered by a court of competent jurisdiction, such 180-day period shall be tolled during the pendency of any such stay or other order and the Use Period shall be so extended.

1.3 Rules of Construction.

Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms “includes” and “including” are not limiting and shall be deemed to be followed by the phrase “without limitation”, and the term “or” has, except where otherwise indicated, the inclusive meaning represented by the phrase “and/or”. The words “hereof”, “herein”, “hereby”, “hereunder”, and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Article, section, subsection and clause references herein are to this Agreement unless otherwise specified. Any reference in this Agreement to any agreement, instrument, or document shall include all alterations, amendments, changes, restatements, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, restatements, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). Any reference herein to any Person shall be construed to include such Person’s successors and assigns. Any reference herein to the repayment in full of an obligation shall mean the payment in full in cash of such obligation, or in such other manner as may be approved in writing by the requisite holders or representatives in respect of such obligation.

ARTICLE 2 - LIEN PRIORITY

2.1 Priority of Liens.

- (a) Subject to the provisos in subclauses (b) and (c) of Section 4.1, notwithstanding (i) the date, time, method, manner, or order of grant, attachment, or perfection (including any defect or deficiency or alleged defect or deficiency in any of the foregoing) of any Liens granted to the ABL Secured Parties in respect of all or any portion of the Collateral or of any Liens granted to the Term Secured Parties in respect of all or any portion of the Collateral and regardless of how any such Lien was acquired (whether by grant, statute, operation of law, subrogation or otherwise), (ii) the order or time of filing or recordation of any document or instrument for perfecting the Liens in favour of the ABL Secured Parties or the Term Secured Parties in any Collateral, (iii) any provision of the PPSA, Debtor Relief Laws or any other applicable law, or of the ABL Documents or the Term Documents, (iv) whether an ABL Secured Party or a Term Secured Party, in each case, either directly or through agents, holds possession of, or has control over, all

or any part of the Collateral, (v) the date on which the ABL Obligations or the Term Obligations are advanced or made available to the Borrower, (vi) the fact that any such Liens in favour of an ABL Secured Party or a Term Secured Party securing any of the ABL Obligations or Term Obligations, respectively, are (x) subordinated to any Lien securing any obligation of any Borrower other than the Term Obligations or the ABL Obligations, respectively, or (y) otherwise subordinated, voided, avoided, invalidated or lapsed, or (vii) any other circumstance of any kind or nature whatsoever, the ABL Agent, on behalf of itself and the other ABL Secured Parties, and the Term Administrative Agent, on behalf of itself and the other Term Secured Parties, hereby agree that:

- 1) any Lien in respect of all or any portion of the ABL Priority Collateral now or hereafter held by or on behalf of the Term Administrative Agent or any other Term Secured Party that secures all or any portion of the Term Obligations shall be in all respects junior and subordinate to all Liens granted to the ABL Agent and any other ABL Secured Party in the ABL Priority Collateral to secure all or any portion of the ABL Obligations;
 - 2) any Lien in respect of all or any portion of the ABL Priority Collateral now or hereafter held by or on behalf of the ABL Agent or any ABL Secured Party that secures all or any portion of the ABL Obligations shall be in all respects senior and prior to all Liens granted to the Term Administrative Agent or any other Term Secured Party in the ABL Priority Collateral to secure all or any portion of the Term Obligations;
 - 3) any Lien in respect of all or any portion of the Term Priority Collateral now or hereafter held by or on behalf of the ABL Agent or any ABL Secured Party that secures all or any portion of the ABL Obligations shall be in all respects junior and subordinate to all Liens granted to the Term Administrative Agent and any other Term Secured Party in the Term Priority Collateral to secure all or any portion of the Term Obligations; and
 - 4) any Lien in respect of all or any portion of the Term Priority Collateral now or hereafter held by or on behalf of the Term Administrative Agent or any other Term Secured Party that secures all or any portion of the Term Obligations shall be in all respects senior and prior to all Liens granted to the ABL Agent or any ABL Secured Party in the Term Priority Collateral to secure all or any portion of the ABL Obligations.
- (b) Notwithstanding any failure by any ABL Secured Party or Term Secured Party to perfect its security interests in the Collateral or any avoidance, invalidation, priming or subordination by any third party or court of competent jurisdiction of the security interests in the Collateral granted to the ABL Secured Parties or the Term Secured Parties but, for the avoidance of doubt, subject to the provisos in subclauses (b) and (c) of Section 4.1, the priority and rights as between the ABL Secured Parties and the Term Secured Parties with respect to the Collateral shall be as set forth herein.

- (c) The Term Administrative Agent, for and on behalf of itself and the other Term Secured Parties, acknowledges and agrees that, concurrently herewith, the ABL Agent, for the benefit of itself and the other ABL Secured Parties, has been, or may be, granted Liens upon all of the Collateral in which the Term Administrative Agent has been granted Liens and the Term Administrative Agent hereby consents thereto. The ABL Agent, for and on behalf of itself and the other ABL Secured Parties, acknowledges and agrees that, concurrently herewith, the Term Administrative Agent, for the benefit of itself and the other Term Secured Parties, has been, or may be, granted Liens upon all of the Collateral in which the ABL Agent has been granted Liens and the ABL Agent hereby consents thereto. The subordination of Liens by the Term Administrative Agent and the ABL Agent in favour of one another as set forth herein shall not be deemed to subordinate any Term Secured Party's Liens or any ABL Secured Party's Liens to the Liens of any other Person nor be affected by the subordination of such Liens to any other Lien.

2.2 Waiver of Right to Contest Liens.

- (a) Term Secured Parties Waiver.

The Term Administrative Agent, for and on behalf of itself and the other Term Secured Parties, agrees that it and they shall not (and hereby waives any right to) take any action to contest or challenge (or assist or support any other Person in contesting or challenging), directly or indirectly, whether or not in any proceeding (including in any Insolvency Proceeding), the validity, priority, enforceability, or perfection of the Liens of the ABL Agent and the other ABL Secured Parties in respect of the Collateral or the provisions of this Agreement. The Term Administrative Agent, for itself and on behalf of the other Term Secured Parties, agrees that none of the Term Administrative Agent or the Term Secured Parties will take any action that would interfere with any Exercise of Secured Creditor Remedies undertaken by the ABL Agent or any ABL Secured Party under the ABL Documents with respect to the ABL Priority Collateral, provided that the Exercise of Secured Creditor Remedies is in compliance with the terms of this Agreement. The Term Administrative Agent, for itself and on behalf of the other Term Secured Parties, hereby waives any and all rights it or the other Term Secured Parties may have as a junior lien creditor or otherwise to contest, protest, object to, or interfere with the manner in which the ABL Agent or any ABL Secured Party seeks to enforce its Liens in any ABL Priority Collateral, provided that the Exercise of Secured Creditor Remedies is in compliance with the terms of this Agreement. The foregoing shall not be construed to prohibit the Term Administrative Agent or any other Term Secured Party from enforcing the provisions of this Agreement.

- (b) ABL Agent Waiver.

The ABL Agent, for and on behalf of itself and the other ABL Secured Parties, agrees that it and they shall not (and hereby waives any right to) take any action to contest or challenge (or assist or support any other Person in contesting or challenging), directly or indirectly, whether or not in any proceeding (including in

any Insolvency Proceeding), the validity, priority, enforceability, or perfection of the Liens of the Term Administrative Agent and the other Term Secured Parties in respect of the Collateral or the provisions of this Agreement. Except to the extent expressly set forth in this Agreement, the ABL Agent, for itself and on behalf of the other ABL Secured Parties, agrees that none of the ABL Agent or the other ABL Secured Parties will take any action that would interfere with any Exercise of Secured Creditor Remedies undertaken by the Term Administrative Agent or any other Term Secured Party under the Term Documents with respect to the term Priority Collateral. The ABL Agent, for itself and on behalf of the other ABL Secured Parties, hereby waives any and all rights it or the other ABL Secured Parties may have as a junior lien creditor or otherwise to contest, protest, object to, or interfere with the manner in which the Term Administrative Agent or any other Term Secured Party seeks to enforce its Liens in any Term Priority Collateral. The foregoing shall not be construed to prohibit the ABL Agent from enforcing the provisions of this Agreement.

2.3 Remedies Standstill.

- (a) The Term Lender, on behalf of itself and the Term Secured Party, agrees that, from the date hereof until the date upon which the Discharge of ABL Obligations shall have occurred, neither the Term Lender nor any Term Secured Party will Exercise Any Secured Creditor Remedies with respect to any of the ABL Priority Collateral without the written consent of the ABL Agent, and will not take, receive or accept any Proceeds of ABL Priority Collateral, it being understood and agreed that the temporary deposit of Proceeds of ABL Priority Collateral in a Deposit Account controlled by the Term Lender shall not constitute a breach of this Agreement so long as such Proceeds are promptly (but in no event later than five Business Days after receipt) remitted to the ABL Agent. From and after the date upon which the Discharge of ABL Obligations shall have occurred (or prior thereto upon obtaining the written consent of the ABL Agent), the Term Lender or any Term Secured Party may Exercise Any Secured Creditor Remedies under the Term Documents or applicable law as to any ABL Priority Collateral; provided, however, that any Exercise of Secured Creditor Remedies with respect to any Collateral by the Term Lender or the Term Secured Party is at all times subject to the provisions of this Agreement.

- (b) The ABL Agent, on behalf of itself and the ABL Secured Parties, agrees that, from the date hereof until the date upon which the Discharge of Term Obligations shall have occurred, neither the ABL Agent nor any ABL Secured Party will Exercise Any Secured Creditor Remedies with respect to the Term Priority Collateral without the written consent of the Term Lender, and will not take, receive or accept any Proceeds of the Term Priority Collateral, it being understood and agreed that the temporary deposit of Proceeds of Term Priority Collateral in a Deposit Account controlled by the ABL Agent shall not constitute a breach of this Agreement so long as such Proceeds are promptly (but in no event later than five Business Days after receipt) remitted to the Term Lender. From and after the date upon which the Discharge of Term Obligations shall have occurred (or prior thereto upon obtaining the written consent of the Term Lender), the ABL

Agent or any ABL Secured Party may Exercise Any Secured Creditor Remedies under the ABL Documents or applicable law as to any Term Priority Collateral; provided, however, that any Exercise of Secured Creditor Remedies with respect to any Collateral by the ABL Agent or the ABL Secured Parties is at all times subject to the provisions of this Agreement.

- (c) Notwithstanding the provisions of Section 2.3(b), the Term Lender, on behalf of itself and the Term Secured Party, agrees that it will not Exercise Any Secured Creditor Remedies with respect to any Collateral, unless it has first provided the ABL Agent five (5) Business Days prior written notice (a "Term Standstill Notice") that it intends to commence an Enforcement Period pursuant to an Enforcement Notice on the fifth (5th) Business Day following the ABL Agent's receipt of the Term Standstill Notice (such five Business Day standstill period being hereinafter referred to as a "Term Standstill Period"); provided, however, that if the ABL Agent commences any Enforcement Period or Exercises Any Secured Creditor Remedies prior to the commencement of, during, or after a Term Standstill Period, this Section 2.3(c) shall no longer be applicable.
- (d) In the event that, at any given time, both an ABL Secured Party and a Term Secured Party are undertaking the Exercise of Any Secured Creditor Remedies (in accordance with this Agreement) at the same time, each of the relevant ABL Secured Party and the relevant Term Secured Party shall have the right to Exercise Any Secured Creditor Remedies as to any ABL Priority Collateral, as regards any ABL Secured Party, and any Term Priority Collateral, as regards any Term Security Party, notwithstanding that the other Secured Party is also engaged in an Exercise of Any Secured Creditor Remedies, provided that any such Exercise of Any Secured Creditor Remedies shall be in accordance with this Agreement.
- (e) Notwithstanding the provisions of Section 2.3(a), 2.3(b), 2.3(c) or 2.3(d) or any other provision of this Agreement, nothing contained herein shall be construed to prevent any Lender or any Secured Party from (i) filing a claim or statement of interest with respect to the ABL Obligations or Term Obligations owed to it in any Insolvency Proceeding commenced by or against any Borrower, (ii) taking any action (not adverse to the priority status of the Liens of the other Lender or other Secured Parties on the Collateral in which such other Lender or other Secured Parties has a priority Lien or the rights of the other Lender or any of the other Secured Parties to Exercise Any Secured Creditor Remedies in respect thereof) in order to create, perfect, preserve or protect (but not enforce its Lien) on any Collateral, (iii) filing any necessary or responsive pleadings in opposition to any motion, claim, adversary proceeding or other pleading filed by any Person objecting to or otherwise seeking disallowance of the claim or Lien of such Lender or Secured Parties, (iv) filing any pleadings, objections, motions, or agreements which assert rights or interests available to unsecured creditors of the Borrower arising under any Insolvency Proceeding or applicable non-bankruptcy law, (v) voting on any plan of reorganization or file any proof of claim and making other filings, arguments and motions in any Insolvency Proceeding of any Borrower, (vi) objecting to the proposed retention of Collateral by the other

Lender or any other Secured Parties in full or partial satisfaction of any ABL Obligations or Term Obligations due to such other Lender or Secured Parties, or (viii) filing any notices or other necessary or desirable to preserve its rights under the PPSA, in each case (i) through (vii) above to the extent not inconsistent with the terms of this Agreement.

2.4 Exercise of Rights.

(a) No Other Restrictions.

Except as expressly set forth in this Agreement, each Term Secured Party and each ABL Secured Party shall have any and all rights and remedies it may have as a creditor under applicable law or in equity, including the right to the Exercise of Secured Creditor Remedies; provided, however, that the Exercise of Secured Creditor Remedies with respect to the Collateral shall be subject to the Lien Priority and to the provisions of this Agreement. The ABL Secured Parties may enforce the provisions of the ABL Documents, the Term Secured Parties may enforce the provisions of the Term Documents and each may Exercise Any Secured Creditor Remedies, all in such order and in such manner as each may determine in the exercise of its sole discretion, consistent with the terms of this Agreement and mandatory provisions of applicable law; provided, however, that each of the ABL Agent, on behalf of itself and the other ABL Secured Parties, and the Term Administrative Agent, on behalf of itself and the other Term Secured Parties, agrees to provide to the other (x) an Enforcement Notice prior to the commencement of an Exercise Any Secured Creditor Remedies, and (y) copies of any notices that it or an ABL Secured Party or a Term Secured Party, as the case may be, delivers to any Borrower; provided further, however, that the ABL Agent's failure to provide any such copies to the Term Administrative Agent (but not the Enforcement Notice) shall not impair any of the ABL Agent's rights hereunder or under any of the ABL Documents and the Term Administrative Agent's failure to provide any such copies to the ABL Agent (but not the Enforcement Notice) shall not impair any of the Term Administrative Agent's rights hereunder or under any of the Term Documents. Each of the Term Administrative Agent, on behalf of itself and the other Term Secured Parties, and the ABL Agent, on behalf of itself and the other ABL Secured Parties, agrees that (i) it will not institute any suit or other proceeding or assert in any suit, Insolvency Proceeding or other proceeding any claim, in the case of the Term Administrative Agent and each other Term Secured Party, against either the ABL Agent or any other ABL Secured Party, and in the case of the ABL Agent and each other ABL Secured Party, against either the Term Administrative Agent or any other Term Secured Party, seeking damages from or other relief by way of specific performance, instructions or otherwise, with respect to any action taken or omitted to be taken by such Person with respect to the Collateral which is consistent with the terms of this Agreement and applicable law, and none of such Parties shall be liable for any such action taken or omitted to be taken, and (ii) it will not be a petitioning creditor or otherwise assist in the filing of an involuntary Insolvency Proceeding.

(b) Release of Liens.

- (i) In the event of (A) any private or public sale of all or any portion of the ABL Priority Collateral in connection with any Exercise of Secured Creditor Remedies by an ABL Secured Party or with the consent of an ABL Secured Party (other than in connection with a refinancing, completed in accordance with Section 5.2), or (B) any sale, transfer or other disposition of all or any portion of the ABL Priority Collateral (which, for greater certainty, may have names or marks affixed thereto for identifying or selling same) (other than in connection with a refinancing, completed in accordance with Section 5.2), so long as such sale, transfer or other disposition is then permitted by the ABL Documents or consented to by the requisite ABL Secured Parties, irrespective of whether an Event of Default has occurred, the Term Lender and the Term Administrative Agent agrees, on behalf of itself and the other Term Secured Parties, that the ABL Priority Collateral sold, transferred or otherwise disposed of will be free and clear of the Liens on such ABL Priority Collateral securing the Term Obligations, and the Term Administrative Agent and the other Term Secured Parties' Liens with respect to the ABL Priority Collateral so sold, transferred, or disposed shall terminate and be automatically released without further action concurrently with, and to the same extent as, the release of the ABL Secured Parties' Liens on such ABL Priority Collateral. In furtherance of, and subject to, the foregoing, the Term Administrative Agent agrees that it will promptly execute any and all Lien releases or other documents reasonably requested by the ABL Agent and any other ABL Secured Party in connection therewith, but only to the extent that the Lien would not result in any release of any Term Priority Collateral.
- (ii) In the event of (A) any private or public sale of all or any portion of the Term Priority Collateral in connection with any Exercise of Secured Creditor Remedies by or with the consent of a Term Secured Party (other than in connection with a refinancing, completed in accordance with Section 5.2), or (B) any sale, transfer or other disposition of all or any portion of the Term Priority Collateral (other than in connection with a refinancing, completed in accordance with Section 5.2), so long as such sale, transfer or other disposition is then permitted by the Term Documents or consented to by the requisite Term Secured Party, irrespective of whether an Event of Default has occurred, the ABL Agent, on behalf of itself and the other ABL Secured Parties, agrees that the Term Priority Collateral sold, transferred or otherwise disposed of will be free and clear of the Liens on such Term Priority Collateral securing the ABL Obligations and the ABL Secured Parties' Liens with respect to the ABL Priority Collateral so sold, transferred, or disposed shall terminate and be automatically released without further action concurrently with, and to the same extent as, the release of the Term Secured Parties' Liens on such Term Priority Collateral. In furtherance of, and subject to, the foregoing, the ABL Agent , on behalf of itself and the other ABL Secured Parties,

agrees that it will promptly execute any and all Lien releases or other documents reasonably requested by the Term Administrative Agent and any other Term Secured Party in connection therewith, but only to the extent that the Lien would not result in any release of any ABL Priority Collateral.

2.5 No Subordination.

The ABL Agent, on behalf of itself and the other ABL Secured Parties, agrees that it and they shall not, without the prior written consent of the Term Administrative Agent in its sole discretion, subordinate, agree to subordinate, or permit or suffer to be subordinated, any Lien granted to the ABL Secured Parties over all or any part of the Collateral to any Lien securing any obligation of any Borrower other than the Term Obligations. The Term Administrative Agent, on behalf of itself and the other Term Secured Parties, agrees that it and they shall not, without the prior written consent of the ABL Agent, in its sole discretion, subordinate, agree to subordinate, or permit or suffer to be subordinated, any Lien granted to the Term Secured Parties over all or any part of the Collateral to any Lien securing any obligation of any Borrower other than the ABL Obligations.

2.6 No New Liens.

(a) Restriction on Term Secured Parties.

Until the date upon which the Discharge of ABL Obligations shall have occurred, the parties hereto agree that no Term Secured Party shall acquire or hold any Lien on any assets of any Borrower which would fall within the definition of ABL Priority Collateral securing any Term Obligation which assets are not also subject to the Lien of the ABL Secured Parties under the ABL Documents. If any Term Secured Party shall (nonetheless and in breach hereof) acquire or hold any Lien on any such assets of any Borrower securing any Term Obligation which assets are not also subject to the Lien of the ABL Secured Parties under the ABL Documents, then the Term Administrative Agent (or the relevant Term Secured Party) shall, without the need for any further consent of any other Term Secured Party and the Term Borrower and notwithstanding anything to the contrary in any other Term Document, be deemed to also hold and have held such Lien as agent or bailee for the benefit of itself and the other Term Secured Parties and the ABL Agent as security for the ABL Obligations (subject to the Lien Priority and other terms hereof) and shall promptly notify the ABL Agent in writing of the existence of such Lien.

(b) Restriction on ABL Secured Parties.

Until the date upon which the Discharge of Term Obligations shall have occurred, the parties hereto agree that no ABL Secured Party shall acquire or hold any Lien on any assets of any Borrower which would fall within the definition of Term Priority Collateral securing any ABL Obligation which assets are not also subject to the Lien of the Term Administrative Agent under the Term Documents. If any ABL Secured Party shall (nonetheless and in breach hereof) acquire or hold any

Lien on any such assets of any Borrower securing any ABL Obligation which assets are not also subject to the Lien of the Term Administrative Agent under the Term Documents, then such ABL Secured Party shall, without the need for any further consent of any ABL Borrower or any ABL Guarantor and notwithstanding anything to the contrary in any other ABL Document be deemed to also hold and have held such Lien as agent or bailee for the benefit of itself and the Term Administrative Agent and the other Term Secured Parties as security for the Term Obligations (subject to the Lien Priority and other terms hereof) and shall promptly notify the Term Administrative Agent in writing of the existence of such Lien.

2.7 Waiver of Marshalling.

- (a) Subject to Section 4.1(d), until the Discharge of ABL Obligations, the Term Lender, on behalf of itself and the Term Secured Party, agrees not to assert and hereby waives, to the fullest extent permitted by law, any right to demand, request, plead or otherwise assert or otherwise claim the benefit of, any marshalling, appraisal, valuation or other similar right that may otherwise be available under applicable law with respect to the ABL Priority Collateral or any other similar rights a junior secured creditor may have under applicable law.
- (b) Subject to Section 4.1(d), until the Discharge of Term Obligations, the ABL Agent, on behalf of itself and the ABL Secured Parties, agrees not to assert and hereby waives, to the fullest extent permitted by law, any right to demand, request, plead or otherwise assert or otherwise claim the benefit of, any marshalling, appraisal, valuation or other similar right that may otherwise be available under applicable law with respect to the Term Priority Collateral or any other similar rights a junior secured creditor may have under applicable law.

ARTICLE 3 - ACTIONS OF THE PARTIES

3.1 Certain Actions Permitted.

The Term Administrative Agent and the ABL Agent may make such demands or file such claims in respect of the Term Obligations or the ABL Obligations, as applicable, as are necessary to prevent the waiver or bar of such claims under applicable statutes of limitations or other statutes, court orders, or rules of procedure at any time. Nothing in this Agreement shall prohibit the receipt by the Term Administrative Agent or any Term Secured Party of the required payments of interest, principal and other amounts owed in respect of the Term Obligations so long as such receipt is not the direct or indirect result of the exercise by the Term Administrative Agent or any Term Secured Party of rights or remedies as a secured creditor (including set-off) with respect to ABL Priority Collateral or enforcement in contravention of this Agreement of any Lien held by any of them. Nothing in this Agreement shall prohibit the receipt by the ABL Agent or any ABL Secured Party of the required payments of interest, principal and other amounts owed in respect of the ABL Obligations so long as such receipt is not the direct or indirect result of the exercise by the ABL Agent or any ABL Secured Party of rights or remedies as a secured creditor (including set-off) with respect to Term Priority Collateral or enforcement in contravention of this Agreement of any Lien held by any of them.

3.2 Lender for Perfection.

The ABL Agent, for and on behalf of itself and each ABL Secured Party, and the Term Administrative Agent, for and on behalf of itself and each Term Secured Party, as applicable, each agree to hold all Collateral in their respective possession, custody, or control (or in the possession, custody, or control of agents or bailies for either) as agent for the other solely for the purpose of perfecting the security interest granted to each in such Collateral, subject to the terms and conditions of this Section 3.2. None of the ABL Secured Parties or the Term Secured Parties, as applicable, shall have any obligation whatsoever to the others to assure that the Collateral is genuine or owned by any Borrower, or any other Person or to preserve rights or benefits of any Person. The duties or responsibilities of the ABL Agent and the Term Administrative Agent under this Section 3.2 are and shall be limited solely to holding or maintaining control of the Control Collateral as agent for the other Party for purposes of perfecting the Lien held by the Term Administrative Agent or the ABL Agent, as applicable. Neither the Term Administrative Agent nor any of the Term Secured Parties are, or shall be deemed to be a fiduciary of any kind for the ABL Secured Parties, or any other Person. Neither the ABL Agent nor any other ABL Secured Party is, and no such Person shall be deemed to be, a fiduciary of any kind for the Term Administrative Agent, the other Term Secured Parties or any other Person. Without limiting the generality of the foregoing, the ABL Secured Parties shall not be obligated to see to the application of any Proceeds of the Term Priority Collateral deposited into any Deposit Account or be answerable in any way for the misapplication thereof, it being understood and agreed that any Proceeds of Term Priority Collateral (A) (i) which are still on deposit in any Deposit Account which an ABL Secured Party has asserted control thereon, after an Event of Default, and where the ABL Agent has not yet applied such Proceeds to the reduction of the ABL Obligations, and (ii) in respect of which a Term Proceeds Notice has been delivered, shall be promptly paid following the occurrence of an Event of Default under the Term Credit Agreement (as confirmed solely by the Term Administrative Agent) over to the Term Administrative Agent in accordance with Section 3.8(a); or (B) which an ABL Secured Party has asserted control thereon and where the ABL Agent has actual knowledge, prior to the ABL Agent applying such Proceeds to the reduction of the ABL Obligations, that all or a portion of such Proceeds constitute Proceeds of Term Priority Collateral, then, whether or not the ABL Agent does apply such Proceeds of Term Priority Collateral to the reduction of the ABL Obligations, it shall promptly pay over such Proceeds to the Term Administrative Agent in accordance with Section 3.8(a) following the occurrence of an Event of Default under the Term Credit Agreement (as confirmed solely by the Term Administrative Agent) and following the delivery of a Term Proceeds Notice.

3.3 Sharing of Information and Access.

In the event that an ABL Secured Party shall, in the exercise of its rights under the ABL Collateral Documents or otherwise, receive possession or control of any books and records of any Term Borrower which contain information identifying or pertaining to the Collateral, the ABL Agent shall promptly notify the Term Administrative Agent of such event and, upon request from the Term Administrative Agent and as promptly as practicable thereafter, either make available to the Term Administrative Agent such books and records for inspection and duplication or provide to the Term Administrative Agent copies thereof. In the event that any Term Secured Party shall, in the exercise of its rights under the Term Collateral Documents or otherwise, receive possession or control of any books and records of the ABL Borrower which

contain information identifying or pertaining to any of the Collateral, the Term Administrative Agent shall promptly notify the ABL Agent of such event and, upon request from the ABL Agent and as promptly as practicable thereafter, either make available to the ABL Agent such books and records for inspection and duplication or provide the ABL Agent copies thereof.

3.4 Insurance.

The Collateral includes insurance proceeds and, therefore, the Lien Priority shall govern the ultimate disposition of casualty insurance proceeds. The ABL Agent and the Term Administrative Agent shall each be named as additional insured or loss payee, as applicable, with respect to all insurance policies relating to the Collateral. Until the Discharge of ABL Obligations, the ABL Agent shall have the sole and exclusive right, as against the Term Administrative Agent and the other Term Secured Parties, to adjust settlement of insurance claims in the event of any covered loss, theft or destruction of ABL Priority Collateral. Until the Discharge of Term Obligations, the Term Administrative Agent shall have the sole and exclusive right, as against the ABL Agent and the other ABL Secured Parties, to adjust settlement of insurance claims in the event of any covered loss, theft or destruction of Term Priority Collateral. If any insurance claim includes both ABL Priority Collateral and Term Priority Collateral, the insurer will not settle such claim separately with respect to ABL Priority Collateral and Term Priority Collateral, and if the Parties are unable after negotiating in good faith to agree on the settlement for such claim, either Party may apply to a court of competent jurisdiction to make a determination as to the settlement of such claim, and unless such determination is appealed to a court of competent jurisdiction, the court's determination shall be binding upon the Parties upon the expiry of all applicable appeal periods. All proceeds of such insurance shall be remitted to the ABL Agent or the Term Administrative Agent, as the case may be, and each of the Term Administrative Agent and ABL Agent shall cooperate (if necessary) in a reasonable manner in effecting the payment of insurance proceeds in accordance with Section 4.1 hereof

3.5 No Additional Rights For the Borrower Hereunder.

Except as provided in Section 3.6, if any ABL Secured Party or any Term Secured Party shall enforce its rights or remedies in violation of the terms of this Agreement, the Borrower shall not be entitled to use such violation as a defence to any action by such ABL Secured Party or such Term Secured Party, nor to assert such violation as a counterclaim or basis for set-off or recoupment against such ABL Secured Party or such Term Secured Party.

3.6 Inspection and Access Rights.

- (a) Without limiting any rights the ABL Agent or any other ABL Secured Party may otherwise have under applicable law or by agreement, in the event of any liquidation of the ABL Priority Collateral (or any other Exercise of Any Secured Creditor Remedies by the ABL Agent) and whether or not the Term Lender or any other Term Secured Party has commenced and is continuing to Exercise Any Secured Creditor Remedies of the Term Lender, the ABL Agent or any other Person (including any ABL Borrower) acting with the consent, or on behalf, of any ABL Secured Party (each, an "ABL Authorized Person"), shall have the right (a) during normal business hours on any Business Day, to access ABL Priority Collateral that (i) is stored or located in or on, (ii) has become an accession with

respect to, or (iii) has been commingled with. Term Priority Collateral, and (b) during the Use Period, to use the Term Priority Collateral (including, without limitation. Equipment, fixtures, Intellectual Property, Intangibles and Real Property), each of the foregoing in order to assemble, inspect, copy or download information stored on, take actions to perfect its Lien on, complete a production run of Inventory involving, take possession of, move, prepare and advertise for sale, sell (by public auction, private sale or a "store closing", "going out of business" or similar sale, whether in bulk, in lots or to customers in the ordinary course of business or otherwise and which sale may include augmented Inventory of the same type sold in the any ABL Borrower's business), store or otherwise deal with the ABL Priority Collateral, in each case upon prior written notice to the Term Administrative Agent, but without the involvement of or interference by any Term Secured Party or liability to any Term Secured Party. In the event that any ABL Secured Party has commenced and is continuing the Exercise of Any Secured Creditor Remedies with respect to any ABL Priority Collateral or any other sale or liquidation of the ABL Priority Collateral has been commenced by the ABL Borrower (with the consent of the ABL Agent), the Term Administrative Agent may not sell, assign, transfer, license or otherwise dispose of the related Term Priority Collateral prior to the expiration of the Use Period, unless the purchaser, assignee or transferee thereof agrees to be bound by the provisions of this Section 3.6.

- (b) During the period of actual occupation, use and/or control by any ABL Secured Party and/or ABL Authorized Person (or their respective employees, agents, advisers and representatives) of any Term Priority Collateral, the ABL Secured Parties shall be obligated to repair at their expense any physical damage (but not any diminution in value) to such Term Priority Collateral resulting from such occupancy, use or control, and to leave such Term Priority Collateral in substantially the same condition (as determined by the Term Administrative Agent, acting reasonably) as it was at the commencement of such occupancy, use or control, ordinary wear and tear excepted. Notwithstanding the foregoing, in no event shall the ABL Secured Parties or the ABL Agent have any liability to the Term Secured Party and/or to the Term Lender pursuant to this Section 3.6 as a result of any condition (including any environmental condition, claim or liability) on or with respect to the Term Priority Collateral existing prior to the date of the exercise by the ABL Secured Parties (or the ABL Agent, as the case may be) of their rights under Section 3.6 and the ABL Secured Parties shall have no duty or liability to maintain the Term Priority Collateral in a condition or manner better than that in which it was maintained prior to the use thereof by the ABL Secured Parties, or for any diminution in the value of the Term Priority Collateral that results from ordinary wear and tear resulting from the use of the Term Priority Collateral by the ABL Secured Parties in the manner and for the time periods specified under this Section 3.6. Without limiting the rights granted in this Section 3.6, the ABL Secured Parties and the ABL Agent shall cooperate with the Term Secured Party and/or the Term Lender in connection with any efforts made by the Term Secured Party and/or the Term Lender to sell the Term Priority Collateral.

- (c) Except as set forth in Section 3.6(b), the ABL Agent and the ABL Secured Parties shall not be obligated to pay any amounts to the Term Administrative Agent or the other Term Secured Parties (or any person claiming by, through or under the Term Secured Party, including any purchaser of the Term Priority Collateral) or to the ABL Borrower, for or in respect of the use by the ABL Agent and the ABL Secured Parties of the Term Priority Collateral.
- (d) The ABL Secured Parties shall (i) use the Term Priority Collateral in accordance with applicable law; (ii) insure to the full replacement value of such Collateral for damage to property and liability to persons, including property and liability insurance for the benefit of the Term Secured Parties, and any such insurance policy for the benefit of the Term Secured Parties shall name the Term Administrative Agent as sole loss payee and additional insured, and (iii) indemnify the Term Secured Parties from any physical damage or loss arising from the ABL Secured Parties' use of the tangible Term Priority Collateral consisting of Equipment and fixtures (except for those arising from the gross negligence or wilful misconduct of any Term Secured Party).
- (e) The Term Administrative Agent and the other Term Secured Parties shall use commercially reasonable efforts to not hinder or obstruct the ABL Agent and the other ABL Secured Parties from exercising the rights described in Section 3.6(a) hereof. The ABL Agent and the other ABL Secured Parties shall use commercially reasonable efforts to not hinder or obstruct the Term Administrative Agent and the other Term Secured Parties from exercising the rights described in Section 3.6(a) hereof.
- (f) The Term Administrative Agent may advertise and conduct public auctions or private sales of the Term Priority Collateral without notice (except as required by applicable law) to any ABL Secured Party, the involvement of or interference by any ABL Secured Party or liability to any ABL Secured Party as long as, in the case of an actual sale, the respective purchaser assumes and agrees to the obligations of the Term Administrative Agent under this Section 3.6. The ABL Agent may advertise and conduct public auctions or private sales of the ABL Priority Collateral without notice (except as required by applicable law) to any Term Secured Party, the involvement of or interference by any Term Secured Party or liability to any Term Secured Party as long as, in the case of an actual sale, the respective purchaser assumes and agrees to the obligations of the ABL Agent under this Section 3.6.

3.7 Tracing of and Priorities in Proceeds.

The ABL Agent, for itself and on behalf of the other ABL Secured Parties, and the Term Administrative Agent, for itself and on behalf of the other Term Secured Parties, further agree that prior to an issuance of any notice of Exercise of Any Secured Creditor Remedies by such Secured Party (unless a bankruptcy or insolvency Event of Default then exists), any Proceeds of Collateral, whether or not deposited under control agreements, which are used by any Borrower to acquire other property which is Collateral shall not (solely as between the Lenders) be treated as Proceeds of Collateral for purposes of determining the relative priorities in the Collateral

which was so acquired, provided that such Proceeds of Collateral were not obtained through the completion of a transaction or the taking of an action otherwise prohibited by the Term Credit Agreement or the ABL Credit Agreement.

3.8 Payments Over.

(a) Term Priority Collateral.

So long as the Discharge of Term Obligations has not occurred, any Term Priority Collateral or Proceeds thereof not constituting ABL Priority Collateral received by the ABL Agent or any other ABL Secured Party in connection with the exercise of any right or remedy (including set-off) relating to (i) the Term Priority Collateral in contravention of this Agreement shall be segregated and held in trust and forthwith paid over to the Term Administrative Agent for the benefit of the Term Secured Parties in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct, and (ii) any Proceeds of Term Priority Collateral in respect of which the Term Administrative Agent at any time has given notice to the ABL Agent to the effect that, and providing satisfactory evidence that, such Proceeds were derived from or constitute Term Priority Collateral and either have been or will be deposited into any bank account, DDA, Deposit Account or Securities Account (a "Term Proceeds Notice"), shall be segregated and held in trust and forthwith paid over to the Term Administrative Agent for the benefit of the Term Secured Parties in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct. The Term Administrative Agent is hereby authorized to make any such endorsements as agent for the ABL Agent or any such other ABL Secured Party. This authorization is coupled with an interest and is irrevocable until such time as this Agreement is terminated in accordance with its terms.

(b) ABL Priority Collateral.

So long as the Discharge of ABL Obligations has not occurred, any ABL Priority Collateral or Proceeds thereof not constituting Term Priority Collateral received by the Term Administrative Agent or any other Term Secured Party in connection with the exercise of any right or remedy (including set off) relating to the ABL Priority Collateral in contravention of this Agreement shall be segregated and held in trust and forthwith paid over to the ABL Agent for the benefit of the ABL Secured Parties in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct. The ABL Agent is hereby authorized to make any such endorsements as agent for the Term Administrative Agent or any such Term Secured Parties. This authorization is coupled with an interest and is irrevocable until such time as this Agreement is terminated in accordance with its terms.

ARTICLE 4 - APPLICATION OF PROCEEDS.

4.1 Application of Proceeds.

(a) Revolving Nature of ABL Obligations.

The Term Administrative Agent, for and on behalf of itself and the other Term Secured Parties, expressly acknowledges and agrees that (i) the ABL Credit Agreement includes a revolving commitment, that in the ordinary course of business the ABL Agent and the other ABL Secured Parties will apply payments and make advances thereunder, and that no application of any ABL Priority Collateral or the release of any Lien by the ABL Agent upon any portion of the Collateral in connection with a permitted disposition by the ABL Borrower under any ABL Credit Agreement shall constitute the Exercise of Secured Creditor Remedies under this Agreement; (ii) the amount of the ABL Obligations that may be outstanding at any time or from time to time may be increased or reduced and subsequently reborrowed, and that subject to Section 5.2(e), the terms of the ABL Obligations may be modified, extended or amended from time to time, and that the aggregate amount of the ABL Obligations may be increased, replaced or refinanced, in each event, without notice to or consent by the Term Secured Party and without affecting the provisions hereof; and (iii) all Proceeds of ABL Priority Collateral and, subject to Sections 3.2 and 3.8(a), all Proceeds or Collateral received by the ABL Agent may be applied, reversed, reapplied, credited, or reborrowed, in whole or in part, to the ABL Obligations at any time; provided, however, that from and after the date on which the ABL Agent (or any other ABL Secured Party) or the Term Administrative Agent (or any other Term Secured Party) commences the Exercise of Any Secured Creditor Remedies, all amounts received by the ABL Secured Party or any ABL Agent shall be applied as specified in this Section 4.1. The Lien Priority shall not be altered or otherwise affected by any such amendment, modification, supplement, extension, repayment, reborrowing, increase, replacement, renewal, restatement or refinancing of either the ABL Obligations or the Term Obligations, or any portion thereof.

(b) Application of ABL Priority Collateral.

The ABL Agent and the Term Administrative Agent hereby agree that all ABL Priority Collateral and ABL Priority Proceeds thereof, received by either of them in connection with any Exercise of Secured Creditor Remedies with respect to the ABL Priority Collateral shall be applied.

- (i) first, to the payment of costs and expenses of the ABL Agent and the other ABL Secured Parties in connection with such Exercise of Secured Creditor Remedies,
- (ii) second, to the payment of the ABL Obligations in accordance with the ABL Documents until the Discharge of ABL Obligations shall have occurred,
- (iii) third, to the payment of costs and expenses of the other Term Secured Parties in connection with an Exercise of Secured Creditor Remedies;

- (iv) fourth, to the payment of the Term Obligations, and
- (v) fifth, the balance, if any, to the Borrower or as a court of competent jurisdiction may direct.

provided that in connection with an Insolvency Proceeding, if the Lien granted in favour of the ABL Agent or the other ABL Secured Parties in respect of such ABL Priority Collateral has been voided, avoided, subordinated, or otherwise invalidated by a court of competent jurisdiction and the provisions of Section 5.3 would not be effective, the Proceeds received with respect to the ABL Priority Collateral subject to avoidance, subordination or invalidation shall be applied, to the extent permitted under applicable law, to the payment of the Term Obligations in accordance with the Term Documents until Discharge of Term Obligations shall have occurred.

(c) Application of Term Priority Collateral.

The ABL Agent and the Term Administrative Agent hereby agree that all Term Priority Collateral, and Term Priority Proceeds thereof, received by either of them in connection with any Exercise of Secured Creditor Remedies with respect to the Term Priority Collateral shall be applied,

- (i) first, to the payment of costs and expenses of the Term Administrative Agent and the other Term Secured Parties in connection with such Exercise of Secured Creditor Remedies,
- (ii) second, to the payment of the Term Obligations in accordance with the Term Documents until the Discharge of Term Obligations shall have occurred,
- (iii) third, to the payment of costs and expenses of the ABL Secured Parties in connection with an Exercise of Secured Creditor Remedies;
- (iv) fourth, to the payment of the ABL Obligations; and
- (v) fifth, the balance, if any, to the Borrower or as a court of competent jurisdiction may direct.

provided that in connection with an Insolvency Proceeding, if the Lien granted in favour of the Term Administrative Agent or the other Term Secured Parties in respect of such Term Priority Collateral has been voided, avoided, subordinated, or otherwise invalidated by a court of competent jurisdiction and the provisions of Section 5.3 would not be effective, the Proceeds received with respect to the Term Priority Collateral subject to avoidance, subordination or invalidation shall be applied, to the extent permitted under applicable law, to the payment of the ABL Obligations in accordance with the ABL Documents until Discharge of ABL Obligations shall have occurred.

(d) Limited Obligation or Liability.

In exercising remedies, whether as a secured creditor or otherwise, the ABL Agent shall have no obligation or liability to the Term Administrative Agent or to

any other Term Secured Party, and neither the Term Administrative Agent nor any other Term Secured Party shall have any obligation or liability to the ABL Agent or any other ABL Secured Party regarding the adequacy of any Proceeds or for any action or omission, except solely for an action or omission that breaches the express obligations undertaken by each Party under the terms of this Agreement. Notwithstanding anything to the contrary herein contained, none of the Parties hereto waives any claim that it may have against a Secured Party on the grounds that any sale, transfer or other disposition by the Secured Party was not commercially reasonable in every respect as required by the PPSA.

(e) Turnover of Collateral After Discharge.

Upon the Discharge of ABL Obligations, the ABL Agent shall deliver to the Term Administrative Agent or shall execute such documents as the Term Administrative Agent may reasonably request (at the expense of the Term Borrower) to enable the Term Administrative Agent to have control over any Control Collateral still in the possession, custody, or control of the ABL Agent and the other ABL Secured Parties in the same form as received with any necessary endorsements, or as a court of competent jurisdiction may otherwise direct. Upon the Discharge of Term Obligations, the Term Administrative Agent shall deliver to the ABL Agent or shall execute such documents as the ABL Agent may reasonably request (at the expense of the ABL Borrower) to enable the ABL Agent to have control over any Control Collateral still in the possession, custody or control of the Term Administrative Agent and the other Term Secured Parties in the same form as received with any necessary endorsements, or as a court of competent jurisdiction may otherwise direct.

4.2 Specific Performance.

Each of the ABL Agent and the Term Administrative Agent is hereby authorized to demand specific performance of this Agreement, whether or not any Borrower or any Guarantor shall have complied with any of the provisions of any of the Credit Documents, at any time when the other Party shall have failed to comply with any of the provisions of this Agreement applicable to it. Each of the ABL Agent, for and on behalf of itself and the ABL Secured Parties, and the Term Administrative Agent, for and on behalf of itself and the other Term Secured Parties, hereby irrevocably waives any defense based on the adequacy of a remedy at law that might be asserted as a bar to such remedy of specific performance.

ARTICLE 5 - INTERCREDITOR ACKNOWLEDGEMENTS AND WAIVERS

5.1 Notice of Acceptance and Other Waivers.

(a) Reliance.

Subject to Section 5.2, all ABL Obligations at any time made or incurred by any Borrower or any Guarantor shall be deemed to have been made or incurred in reliance upon this Agreement, and the Term Administrative Agent, on behalf of itself and the other Term Secured Parties, hereby waives notice of acceptance, or

proof of reliance by the ABL Agent of this Agreement, and notice of the existence, increase, renewal, extension, accrual, creation, or non-payment of all or any part of the ABL Obligations. Subject to Section 5.2, all Term Obligations at any time made or incurred by any Borrower or any Guarantor shall be deemed to have been made or incurred in reliance upon this Agreement, and the ABL Agent, on behalf of itself and the other ABL Secured Parties, hereby waives notice of acceptance, or proof of reliance, by the Term Administrative Agent or any other Term Secured Party of this Agreement, and notice of the existence, increase, renewal, extension, accrual, creation, or non-payment of all or any part of the Term Obligations.

(b) Limitation on Liability of ABL Agent.

None of the ABL Agent, any other ABL Secured Party or any of their respective Affiliates, directors, officers, employees, or agents shall be liable for failure to demand, collect, or realize upon any of the Collateral, or for any delay in doing so, or shall be under any obligation to sell or otherwise dispose of any Collateral or to take any other action whatsoever with regard to the Collateral or any part thereof, except as specifically provided in this Agreement. If the ABL Agent or any other ABL Secured Party honours (or fails to honour) a request by any Borrower for an extension of credit pursuant to the ABL Credit Agreement or any of the other ABL Documents, whether the ABL Agent or such other ABL Secured Party has knowledge that the honouring of (or failure to honour) any such request would constitute a default under the terms of the Term Credit Agreement or any other Term Document or an act, condition, or event that, with the giving of notice or the passage of time, or both, would constitute such a default under the terms of the Term Credit Agreement, or if the ABL Agent or such other ABL Secured Party otherwise should exercise any of its contractual rights or remedies under any ABL Documents (subject to the express terms and conditions hereof), neither the ABL Agent nor such other ABL Secured Party shall have any liability whatsoever to the Term Administrative Agent or any other Term Secured Party as a result of such action, omission, or exercise (so long as any such exercise does not breach the express terms and provisions of this Agreement). Subject to Section 5.2, the ABL Agent and the other ABL Secured Parties shall be entitled to manage and supervise their loans and extensions of credit under the ABL Credit Agreement and any of the other ABL Documents as they may, in their sole discretion, deem appropriate, and may manage their loans and extensions of credit without regard to any rights or interests that the Term Administrative Agent or any of the other Term Secured Parties have in the Collateral, except as otherwise expressly set forth in this Agreement. The Term Administrative Lender, on behalf of itself and the other Term Secured Parties, agrees that neither the ABL Agent nor the other ABL Secured Parties shall incur any liability as a result of a sale, lease, license, application, or other disposition of all or any portion of the ABL Priority Collateral pursuant to the ABL Documents, so long as such disposition is conducted in accordance with mandatory provisions of applicable law and does not breach the provisions of this Agreement.

(c) Limitation on Liability of Term Secured Parties.

None of the Term Administrative Agent, any other Term Secured Party or any of their respective Affiliates, directors, officers, employees, or agents shall be liable for failure to demand, collect, or realize upon any of the Collateral, or for any delay in doing so, or shall be under any obligation to sell or otherwise dispose of any Collateral or to take any other action whatsoever with regard to the Collateral or any part thereof, except as specifically provided in this Agreement. If the Term Administrative Agent or any other Term Secured Party honours (or fails to honour) a request by any Borrower for an extension of credit pursuant to the Term Credit Agreement or any of the other Term Documents, whether the Term Administrative Agent or any other Term Secured Party has knowledge that the honouring of (or failure to honour) any such request would constitute a default under the terms of the ABL Credit Agreement or any other ABL Document or an act, condition, or event that, with the giving of notice or the passage of time, or both, would constitute such a default, or if the Term Administrative Agent or any other Term Secured Party otherwise should exercise any of its contractual rights or remedies under the Term Documents (subject to the express terms and conditions hereof), neither the Term Administrative Agent nor any other Term Secured Party shall have any liability whatsoever to the ABL Agent or any other ABL Secured Party as a result of such action, omission, or exercise (so long as any such exercise does not breach the express terms and provisions of this Agreement). Subject to Section 5.2, the Term Administrative Agent and the other Term Secured Parties shall be entitled to manage and supervise their loans and extensions of credit under the Term Documents as they may, in their sole discretion, deem appropriate, and may manage their loans and extensions of credit without regard to any rights or interests that the ABL Agent or any other ABL Secured Party has in the Collateral, except as otherwise expressly set forth in this Agreement. The ABL Agent, on behalf of itself and the other ABL Secured Parties, agrees that none of the Term Administrative Agent or the other Term Secured Parties shall incur any liability as a result of a sale, lease, license, application, or other disposition of the Term Priority Collateral pursuant to the Term Documents, so long as such disposition is conducted in accordance with mandatory provisions of applicable law and does not breach the provisions of this Agreement.

5.2 Modifications to ABL Documents and Term Documents.

(a) Permitted Modifications to the ABL Obligations.

The Term Administrative Agent, on behalf of itself and the other Term Secured Parties, hereby agrees that, without affecting the obligations of the Term Administrative Agent and the Term Secured Parties hereunder, the ABL Agent and the ABL Secured Parties may, at any time and from time to time, in their sole discretion without the consent or notice to the Term Administrative Agent or any other Term Secured Party (except to the extent such notice or consent is required pursuant to the express provisions of this Agreement), and without incurring any liability to the Term Administrative Agent or any Term Secured Party or impairing or releasing the subordination provided for herein, amend, restate, supplement, replace, refinance, extend, consolidate, restructure, or otherwise

modify any of the ABL Documents in any manner whatsoever, including, without limitation, to:

- (i) change the manner, place, time, or terms of payment or renew, alter or increase, all or any of the ABL Obligations or otherwise amend, restate, supplement, or otherwise modify in any manner, or grant any waiver or release with respect to, all or any part of the ABL Obligations or any of the ABL Documents;
 - (ii) subject to Section 2.6, retain or obtain a Lien on any Property of any Person to secure any of the ABL Obligations, and in connection therewith to enter into any additional ABL Documents;
 - (iii) amend, or grant any waiver, compromise, or release with respect to, or consent to any departure from, any guaranty or other obligations of any Person obligated in any manner under or in respect of the ABL Obligations;
 - (iv) release its Lien on any Collateral or other Property;
 - (v) exercise or refrain from exercising any rights against any Borrower, any Guarantor, or any other Person;
 - (vi) subject to Section 2.6, retain or obtain the primary or secondary obligation of any other Person with respect to any of the ABL Obligations; and
 - (vii) otherwise manage and supervise the ABL Obligations as the ABL Agent and the other ABL Secured Parties shall deem appropriate.
- (b) Permitted Modifications to the Term Obligations.

The ABL Agent, on behalf of itself and the ABL Secured Parties, hereby agrees that, without affecting the obligations of the ABL Agent and the ABL Secured Parties hereunder, the Term Administrative Agent and the Term Secured Party may, at any time and from time to time, in their sole discretion without the consent of or notice to the ABL Agent or any ABL Secured Party (except to the extent such notice or consent is required pursuant to the express provisions of this Agreement), and without incurring any liability to the ABL Agent or any ABL Secured Party or impairing or releasing the subordination provided for herein, amend, restate, supplement, replace, refinance, extend, consolidate, restructure, or otherwise modify any of the Term Documents in any manner whatsoever (other than in a manner which would contravene the provisions of this Agreement), including, without limitation, to:

- (i) change the manner, place, time, or terms of payment or renew, alter or increase, all or any of the Term Obligations or otherwise amend, restate, supplement, or otherwise modify in any manner, or grant any waiver or release with respect to, all or any part of the Term Obligations or any of the Term Documents;

- (ii) subject to Section 2.6, retain or obtain a Lien on any Property of any Person to secure any of the Term Obligations, and in connection therewith to enter into any additional Term Documents;
- (iii) amend, or grant any waiver, compromise, or release with respect to, or consent to any departure from, any guaranty or other obligations of any Person obligated in any manner under or in respect of the Term Obligations;
- (iv) exercise or refrain from exercising any rights against any Borrower, any Guarantor, or any other Person;
- (v) subject to Section 2.6, retain or obtain the primary or secondary obligation of any other Person with respect to any of the Term Obligations; and
- (vi) release its Lien on any Collateral or other Property;
- (vii) otherwise manage and supervise the Term Obligations as the Term Administrative Agent and the other Term Secured Parties shall deem appropriate.

(c) Refinancings.

The ABL Obligations and the Term Obligations may be refinanced, in whole or in part, in each case, without notice to, or the consent (except to the extent a consent is required to permit the refinancing transaction under any ABL Document or any Term Document) of the ABL Agent, the ABL Secured Parties, the Term Lender or the Term Secured Party, as the case may be, all without affecting the Lien Priorities provided for herein or the other provisions hereof, provided, however, that the holders of such refinancing Indebtedness (or an authorized agent or trustee on their behalf) bind themselves in writing to the terms of this Agreement pursuant to such documents or agreements (including amendments or supplements to this Agreement) as the ABL Agent or the Term Lender, as the case may be, shall reasonably request and in form and substance reasonably acceptable to the ABL Agent or the Term Lender, as the case may be, and any such refinancing transaction shall be in accordance with any applicable provisions of both the ABL Documents and the Term Documents (to the extent such documents survive the refinancing).

(d) Notifications re: Amendments and Waivers.

The ABL Agent and the Term Administrative Agent shall notify in writing the other party of any proposed amendment or modification to or waiver in respect of any term of the ABL Documents and the Term Documents, respectively.

(e) Prohibited Amendments to the ABL Documents.

Without the consent of the Term Administrative Agent, the ABL Agent and the ABL Secured Parties shall not agree to any amendment of, or to any waiver of a

provision of the ABL Documents that (i) increases the interest rate, changes any definition relating to the interest payable thereunder and/or increases the fees payable thereunder such that the aggregate of the interest and fees payable under the ABL Credit Agreement would be 200 basis points or more greater than the aggregate of the interest and fees payable under the ABL Credit Agreement in effect as of the date hereof, (ii) accelerates the scheduled dates on which payments of interest on the ABL Obligations are due or the final maturity date of the revolving loans made under the ABL Credit Agreement except, in either case, as a result of the occurrence of an Event of Default under an ABL Document, (iii) amends or adds any Event of Default or any financial maintenance covenant with respect to the ABL Obligations in a manner that is more adverse to the Term Secured Parties or more restrictive to the Borrower or its Subsidiaries than the Events of Default or financial maintenance covenants set forth in the ABL Documents in effect as of the date hereof, unless a parallel amendment to any similar financial maintenance covenant, or a parallel amendment to or addition of any similar Event of Default is made in the Term Documents, provided that in the case of any such amendment to any financial covenant in the Term Documents, the relative difference between such covenant, if any, as reflected in the Term Documents and the ABL Documents as of the date hereof shall be maintained, (iv) changes or adds any consensual encumbrance or restriction of any kind on the ability of the Borrower or any of its Subsidiaries to pay any Term Obligations other than those encumbrances and restrictions set forth in the ABL Documents in effect on the date hereof, or (v) increases the aggregate of (A) the principal amount of the loan under the ABL Credit Agreement, (B) the mark to market value under any Swap Agreements, and (C) any payments to any ABL Cash Management Affiliates in respect of cash management services provided to the Borrower that are not being applied on account of the loan under the ABL Credit Agreement, to an amount greater than \$50,000,000.

(f) Prohibited Amendments to the Term Documents

Without the consent of the ABL Agent, the Term Administrative Agent and the other Term Secured Parties shall not agree to any amendment of, or to any waiver of a provision of the Term Documents that (i) increases the interest rate, changes any definition relating to the interest payable thereunder and/or increases the fees payable thereunder such that the interest and fees payable under the Term Credit Agreement would be 200 basis points or more greater than the aggregate of the interest and fees payable under the Term Credit Agreement in effect as of the date hereof, (ii) accelerates the scheduled dates on which payments of interest on the Term Obligations are due or the final maturity date of the advance made under the Term Credit Agreement except, in either case, as a result of the occurrence of an Event of Default under a Term Document, (iii) amends or adds any Event of Default or any financial maintenance covenant with respect to the Term Obligations in a manner that is more adverse to the ABL Secured Parties or more restrictive to the Borrower or its Subsidiaries than the Events of Default or financial maintenance covenants set forth in the Term Documents in effect as of the date hereof, unless a parallel amendment to any similar financial maintenance covenant, or a parallel amendment to or addition of any similar Event of Default

is made in the ABL Documents, provided that in the case of any such amendment to any financial covenant in the Term Documents, the relative difference between such covenant, if any, as reflected in the Term Documents and the ABL Documents as of the date hereof shall be maintained, (iv) changes or adds any consensual encumbrance or restriction of any kind on the ability of the Borrower or any of its Subsidiaries to pay any ABL Obligations other than those encumbrances and restrictions set forth in the Term Documents in effect on the date hereof, or (v) increases the aggregate principal amount of the Term Obligations to an amount greater than \$32,600,000.

5.3 Reinstatement and Continuation of Agreement.

(a) ABL Recoveries.

If the ABL Agent or any other ABL Secured Party is required in any Insolvency Proceeding or otherwise to turn over or otherwise pay to the estate of any Borrower, any Guarantor or any other Person any payment made in satisfaction of all or any portion of the ABL Obligations (an "ABL Recovery"), then the ABL Obligations shall be reinstated to the extent of such ABL Recovery. If this Agreement shall have been terminated prior to such ABL Recovery, this Agreement shall be reinstated in full force and effect in the event of such ABL Recovery, and such prior termination shall not diminish, release, discharge, impair, or otherwise affect the obligations of the Parties from such date of reinstatement. All rights, interests, agreements, and obligations of the ABL Agent and the other ABL Secured Parties and the Term Administrative Agent and the other Term Secured Parties under this Agreement shall remain in full force and effect and shall continue irrespective of the commencement of, or any discharge, confirmation, conversion, or dismissal of, any Insolvency Proceeding by or against any Borrower or any Guarantor or any other circumstance which otherwise might constitute a defense available to, or a discharge of any Borrower or any Guarantor in respect of the ABL Obligations or the Term Obligations. No priority or right of the ABL Agent or any other ABL Secured Party shall at any time be prejudiced or impaired in any way by any act or failure to act on the part of any Borrower or any Guarantor or by the non-compliance by any Person with the terms, provisions, or covenants of any of the ABL Documents, regardless of any knowledge thereof which the ABL Agent or any ABL Secured Party may have.

(b) Term Recoveries.

If the Term Administrative Agent or any other Term Secured Party is required in any Insolvency Proceeding or otherwise to turn over or otherwise pay to the estate of any Borrower, any Guarantor or any other Person any payment made in satisfaction of all or any portion of the Term Obligations (a "Term Recovery"), then the Term Obligations shall be reinstated to the extent of such Term Recovery. If this Agreement shall have been terminated prior to such Term Recovery, this Agreement shall be reinstated in full force and effect in the event of such Term Recovery, and such prior termination shall not diminish, release,

discharge, impair, or otherwise affect the obligations of the Parties from such date of reinstatement. All rights, interests, agreements, and obligations of the ABL Agent and the other ABL Secured Parties and the Term Administrative Agent and the other Term Secured Parties under this Agreement shall remain in full force and effect and shall continue irrespective of the commencement of, or any discharge, confirmation, conversion, or dismissal of, any Insolvency Proceeding by or against any Borrower or any Guarantor or any other circumstance which otherwise might constitute a defense available to, or a discharge of any Borrower or any Guarantor in respect of the ABL Obligations or the Term Obligations. No priority or right of the Term Administrative Agent or any Term Secured Parties shall at any time be prejudiced or impaired in any way by any act or failure to act on the part of any Borrower or any Guarantor or by the non-compliance by any Person with the terms, provisions, or covenants of any of the Term Documents, regardless of any knowledge thereof which the Term Administrative Agent or any other Term Secured Party may have.

5.4 Credit Card Notifications and Blocked Account Agreements.

The Term Secured Parties agree that until such time as the ABL Obligations have been paid in full and the ABL Documents discharged, the Term Secured Parties shall not exercise any notice rights or control rights under any blocked account or other deposit account control agreement or under any credit card notification agreement delivered under or pursuant to the Credit Documents. The ABL Agent agrees to provide the Term Administrative Agent with three Business Days prior written notice of its expected date for the payment in full of the ABL Obligations.

ARTICLE 6 - INSOLVENCY PROCEEDINGS

6.1 Relief From Stay.

Until the Discharge of ABL Obligations has occurred, the Term Administrative Agent, on behalf of itself and the other Term Secured Parties, agrees not to seek relief from the automatic stay or any other stay in any Insolvency Proceeding in respect of any portion of the ABL Priority Collateral without the ABL Agent's express written consent. Until the Discharge of Term Obligations has occurred, the ABL Agent, on behalf of itself and the other ABL Secured Parties, agrees not to seek relief from the automatic stay or any other stay in any Insolvency Proceeding in respect of any portion of the Term Priority Collateral without the Term Administrative Agent's express written consent. In addition, neither the Term Administrative Agent nor the ABL Agent shall seek any relief from the automatic stay with respect to any Collateral without providing three (3) days' prior written notice to the other, unless such period is agreed by both the ABL Agent and the Term Administrative Agent to be modified or unless the ABL Agent or Term Administrative Agent, as applicable, makes a good faith determination that either (A) the ABL Priority Collateral or the Term Priority Collateral, as applicable, will decline speedily in value or (B) the failure to take any action will have a reasonable likelihood of endangering the ABL Agent's or the Term Administrative Agent's ability to realize upon its Collateral.

6.2 Asset Sales.

The Term Administrative Agent agrees, on behalf of itself and the other Term Secured Parties, that it will not oppose any sale consented to by the ABL Agent or the other ABL Secured Parties of any ABL Priority Collateral (pursuant to any provision under the law applicable to any Insolvency Proceeding or under a court order in respect of measures granted with similar effect under Debtor Relief Laws) so long as the proceeds of such sale are applied in accordance with this Agreement. The ABL Agent agrees, on behalf of itself and the other ABL Secured Parties, that it will not oppose any sale consented to by the Term Administrative Agent or the other Term Secured Parties of any Term Priority Collateral (pursuant to any provision under the law applicable to any Insolvency Proceeding or under a court order in respect of measures granted with similar effect under Debtor Relief Laws) so long as the proceeds of such sale are applied in accordance with this Agreement. If such sale of Collateral includes both ABL Priority Collateral and Term Priority Collateral, the ABL Secured Parties shall be entitled to receive net proceeds from such sale in an amount at least equal to the then outstanding amount under the ABL Credit Agreement with respect to the ABL Priority Collateral included in such sale (based on valuations ascribed to such ABL Priority Collateral by the Borrower in its Borrowing Base Reports (as such term is defined in the ABL Credit Agreement) and in any inventory reports utilized in the preparation of such Borrowing Base Reports delivered to the ABL Agent) and the Term Secured Parties shall be entitled to receive net proceeds from such sale in an amount equal to the then-outstanding Term Obligations with respect to the Term Priority Collateral included in such sale; as to the balance of the net proceeds, if the Parties are unable after negotiating in good faith to agree on the allocation of the purchase price between the ABL Priority Collateral and Term Priority Collateral, either Party may apply to the court in such Insolvency Proceeding to make a determination of such allocation, and the court's determination shall be binding upon the Parties.

6.3 Separate Grants of Security and Separate Classification.

Each of the Term Administrative Agent and the ABL Agent acknowledges and agrees that (i) the grants of Liens pursuant to the ABL Security Documents and the Term Security Documents constitute two separate and distinct grants of Liens and (ii) because of, among other things, their differing rights in the Collateral, the Term Obligations are fundamentally different from the ABL Obligations and must be separately classified in any proposal or plan of reorganization (or other proposal or plan of similar effect under any Debtor Relief Laws) proposed or adopted in an Insolvency Proceeding. To further effectuate the intent of the parties as provided in the immediately preceding sentence, if it is held that the claims of the ABL Secured Parties and the Term Secured Parties in respect of the Collateral constitute only one secured claim (rather than separate classes of senior and junior secured claims), then the ABL Agent, on behalf of itself and the other ABL Secured Parties, and the Term Administrative Agent, on behalf of itself and the other Term Secured Parties, hereby acknowledge and agree that all distributions shall be made as if there were separate classes of ABL Obligation claims and Term Obligation claims against the Borrower, with the effect being that, to the extent that the aggregate value of the ABL Priority Collateral or Term Priority Collateral is sufficient (for this purpose ignoring all claims held by the other Secured Parties), the ABL Secured Parties and the Term Secured Parties, respectively, shall be entitled to receive, in addition to amounts distributed to them in respect of principal, pre-petition interest and other claims, all amounts owing in respect of post-petition interest that is available from each pool of Priority Collateral for each of the ABL Secured Parties and the Term Secured Parties, respectively; before any distribution is made in respect of the claims held by the other Secured Parties from such Priority Collateral, with the other Secured Parties hereby acknowledging and agreeing to turn over to the respective

other Secured Parties amounts otherwise received or receivable by them to the extent necessary to effectuate the intent of this sentence, even if such turnover has the effect of reducing the aggregate recoveries.

6.4 ABL Obligations Unconditional.

All rights of the ABL Agent, on behalf of itself and the other ABL Secured Parties, hereunder, and all agreements and obligations of the Term Administrative Agent, on behalf of itself and the other Term Secured Parties, and the Borrower (to the extent applicable) hereunder, shall remain in full force and effect irrespective of:

- (a) any lack of validity or enforceability of any ABL Document;
- (b) any change in the time, place or manner of payment of, or in any other term of, all or any portion of the ABL Obligations, or any amendment, waiver or other modification, whether by course of conduct or otherwise, or any refinancing, replacement, refunding or restatement of any ABL Document, subject to the limitations set forth in this Agreement;
- (c) any exchange, release, voiding, avoidance or non-perfection of any security interest in any Collateral or any other collateral, or any release, amendment, waiver or other modification, whether by course of conduct or otherwise, or any refinancing, replacement, refunding, restatement or increase of all or any portion of the ABL Obligations or any guarantee or guaranty thereof, subject to the limitations set forth in this Agreement; or
- (d) any other circumstances that otherwise might constitute a defense available to, or a discharge of, any Borrower in respect of the ABL Obligations, or of any of the Term Secured Parties or any Borrower, to the extent applicable, in respect of this Agreement.

6.5 Term Obligations Unconditional.

All rights of the Term Administrative Agent, on behalf of itself and the other Term Secured Parties, hereunder, all agreements and obligations of the ABL Agent, on behalf of itself and the other ABL Secured Parties, and the Borrower (to the extent applicable) hereunder, shall remain in full force and effect irrespective of:

- (a) any lack of validity or enforceability of any Term Document;
- (b) any change in the time, place or manner of payment of, or in any other term of, all or any portion of the Term Obligations, or any amendment, waiver or other modification, whether by course of conduct or otherwise, or any refinancing, replacement, refunding or restatement of any Term Document, subject to the limitations set forth in this Agreement;
- (c) any exchange, release, voiding, avoidance or non-perfection of any security interest in any Collateral, or any other collateral, or any release, amendment, waiver or other modification, whether by course of conduct or otherwise, or any

refinancing, replacement, refunding, restatement or increase of all or any portion of the Term Obligations or any guarantee or guaranty thereof, subject to the limitations set forth in this Agreement; or

- (d) any other circumstances that otherwise might constitute a defense available to, or a discharge of, any Borrower in respect of the Term Obligations, or of any of the ABL Agent or any Borrower, to the extent applicable, in respect of this Agreement.

6.6 DIP Financing.

- (a) If any Borrower or any Guarantor shall be subject to any Insolvency Proceeding at any time prior to the Discharge of ABL Obligations, and the ABL Agent or the ABL Secured Parties shall seek to provide any Borrower or any Guarantor with, or consent to a third party providing, any debtor-in-possession financing or consent to any order for the use of cash collateral constituting ABL Priority Collateral (under any provision of any Debtor Relief Laws or under a court order) (each, a “**DIP Financing**”), with such DIP Financing to be secured by all or any portion of the ABL Priority Collateral, then the Term Administrative Agent, on behalf of itself and the Term Secured Parties, agrees that, provided that the proposed DIP Financing is on terms acceptable to the Term Administrative Agent, acting reasonably and in good faith, it will raise no objection and will not support any objection to such DIP Financing or use of cash collateral or to the Liens securing the same (and will not request any protection solely as a result of such DIP Financing or use of cash collateral that is ABL Priority Collateral), so long as (i) the Term Administrative Agent retains its Lien on the Collateral to secure the Term Obligations (in each case, including Proceeds thereof arising after the commencement a proceeding under any Debtor Relief Laws) and, as to the Term Priority Collateral only, such Lien has the same priority as existed prior to the commencement of a proceeding under the subject Debtor Relief Laws and any Lien on the Term Priority Collateral securing such DIP Financing is junior and subordinate to the Lien of the Term Administrative Agent on the Term Priority Collateral, (ii) all Liens on ABL Priority Collateral securing any such DIP Financing shall be senior to or on a parity with the Liens of the ABL Agent and the ABL Secured Parties securing the ABL Obligations on ABL Priority Collateral and (iii) the foregoing provisions of content of a plan of reorganization or other plan of similar effect under any Debtor Relief Laws.
- (b) If any Borrower or any Guarantor shall be subject to any Insolvency Proceeding at any time prior to the Discharge of Term Obligations, and the Term Administrative Agent or the Term Secured Parties shall seek to provide any Borrower or any Guarantor with, or consent to a third party providing, any DIP Financing, with such DIP Financing to be secured by all or any portion of the Term Priority Collateral, then the ABL Agent, on behalf of itself and the ABL Secured Parties, agrees that, provided that the proposed DIP Financing is on terms acceptable to the ABL Agent, acting reasonably and in good faith, it will raise no objection and will not support any objection to such DIP Financing or to the Liens securing the same (and will not request any protection solely as a result of such

DIP Financing), so long as (i) the ABL Agent retains its Lien on the Collateral to secure the ABL Obligations (in each case, including Proceeds thereof arising after the commencement of a proceeding under any Debtor Relief Law) and, as to the ABL Priority Collateral only, such Lien has the same priority as existed prior to the commencement of a proceeding under the subject Debtor Relief Laws and any Lien on ABL Priority Collateral securing such DIP Financing furnished by the Term Administrative Agent or Term Secured Parties is junior and subordinate to the Lien of the ABL Agent on the ABL Priority Collateral, (ii) all Liens on Term Priority Collateral securing any such DIP Financing furnished by the Term Administrative Agent or Term Secured Parties shall be senior to or on a parity with the Liens of the Term Administrative Agent and the Term Secured Parties securing the Term Obligations on Term Priority Collateral and (iii) the foregoing provisions of this Section 6.6(b) shall not prevent the ABL Agent and the ABL Secured Parties from objecting to any provision in any DIP Financing relating to any provision or content of a plan of reorganization or other plan of similar effect under any Debtor Relief Laws.

- (c) All Liens granted to the ABL Agent or the Term Administrative Agent in any Insolvency Proceeding, are intended by the Parties to be and shall be deemed to be subject to the Lien Priority and the other terms and conditions of this Agreement.

ARTICLE 7 - MISCELLANEOUS

7.1 Rights of Subrogation.

The Term Administrative Agent, for and on behalf of itself and the Term Secured Party, agrees that no payment to the ABL Agent or any ABL Secured Party pursuant to the provisions of this Agreement shall entitle the Term Administrative Agent or any Term Secured Party to exercise any rights of subrogation in respect thereof until the Discharge of ABL Obligations shall have occurred. Following the Discharge of ABL Obligations, the ABL Agent agrees to execute such documents, agreements, and instruments as the Term Administrative Agent or any Term Secured Party may reasonably request to evidence the transfer by subrogation to any such Person of an interest in the ABL Obligations resulting from payments to the ABL Agent by such Person, so long as all costs and expenses (including all reasonable legal fees and disbursements) incurred in connection therewith by the ABL Agent are paid by such Person upon request for payment thereof. The ABL Agent, for and on behalf of itself and the ABL Secured Parties, agrees that no payment to the Term Administrative Agent or any Term Secured Party pursuant to the provisions of this Agreement shall entitle the ABL Agent or any ABL Secured Party to exercise any rights of subrogation in respect thereof until the Discharge of Term Obligations shall have occurred. Following the Discharge of Term Obligations, the Term Administrative Agent agrees to execute such documents, agreements, and instruments as the ABL Agent or any ABL Secured Party may reasonably request to evidence the transfer by subrogation to any such Person of an interest in the Term Obligations resulting from payments to the Term Administrative Agent by such Person, so long as all costs and expenses (including all reasonable legal fees and disbursements) incurred in connection therewith by the Term Administrative Agent are paid by such Person upon request for payment thereof.

7.2 Further Assurances.

The Parties will, at their own expense and at any time and from time to time, promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that either Party may reasonably request, in order to protect any right or interest granted or purported to be granted hereby or to enable the ABL Agent or any other ABL Secured Party or the Term Administrative Agent or any other Term Secured Party to exercise and enforce its rights and remedies hereunder; provided, however, that no Party shall be required to pay over any payment or distribution, execute any instruments or documents, or take any other action referred to in this Section 7.2, to the extent that such action would contravene any law, order or other legal requirement or any of the terms or provisions of this Agreement, and in the event of a controversy or dispute, such Party may interplead any payment or distribution in any court of competent jurisdiction, without further responsibility in respect of such payment or distribution under this Section 7.2.

7.3 Representations.

The Term Administrative Agent represents and warrants to the ABL Agent that it has the requisite power and authority under the Term Documents to enter into, execute, deliver, and carry out the terms of this Agreement on behalf of itself and the other Term Secured Parties and that this Agreement shall be binding obligations of the Term Administrative Agent and the other Term Secured Parties, enforceable against the Term Administrative Agent and the other Term Secured Parties in accordance with its terms. The ABL Agent represents and warrants to the Term Administrative Agent that it has the requisite power and authority under the ABL Documents to enter into, execute, deliver, and carry out the terms of this Agreement on behalf of itself and the other ABL Secured Parties and that this Agreement shall be binding obligations of the ABL Agent and the other ABL Secured Parties, enforceable against the ABL Agent and the other ABL Secured Parties in accordance with its terms.

7.4 Amendments.

No amendment or waiver of any provision of this Agreement nor consent to any departure by any Party hereto shall be effective unless it is in a written agreement executed by the Term Administrative Agent and the ABL Agent and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

7.5 Addresses for Notices.

Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given shall be in writing and may be personally served, telecopied, or sent by prepaid registered mail and shall be deemed to have been given when delivered in person or by courier service, upon receipt of a telecopy or five (5) days following the date of mailing (certified, with postage prepaid and properly addressed). For the purposes hereof, the addresses of the parties hereto (until notice of a change thereof is delivered as provided in this Section) shall be as set forth below or, as to each party, at such other address as may be designated by such party in a written notice to all of the other parties.

ABL Agent:	Canadian Imperial Bank Of Commerce 199 Bay Street, 4 th Floor Toronto, Ontario M5L 1A2 Attention: Senior Director, Portfolio Management Telecopy: (416) 861-9422
With a copy to:	Canadian Imperial Bank Of Commerce 199 Bay Street, 11 th Floor Toronto, Ontario M5L 1A9 Attention: Tim Meadowcroft, Assistant General Counsel Telecopy: (416) 304-4573 Email: tim.meadowcroft@cibc.com
With a copy to:	Norton Rose Fulbright Canada LLP Royal Bank Plaza, South Tower Suite 3800, 200 Bay Street Toronto, Ontario M5J 2Z4 Attention: David Amato Telecopy: (416) 216-3930 Email: david.amato@nortonrosefulbright.com
Term Administrative Agent:	GSO Capital Partners LP 345 Park Avenue New York, New York 10154 Attention: Louis Salvatore and Matthew Bass Telecopy: (212) 503-6921 Email: Lou.Salvatore@gsocap.com
With a copy to:	Davies Ward Phillips & Vineberg LLP 155 Wellington Street West Toronto, Ontario M5V 3J7 Attention: Scott R. Hyman Telecopy: (416) 863-0871 Email: shyman@dwpv.com

7.6 No Waiver; Remedies.

No failure on the part of any Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

7.7 Continuing Agreement, Transfer of Secured Obligations.

This Agreement is a continuing agreement and shall (a) remain in full force and effect until the Discharge of ABL Obligations and the Discharge of Term Obligations shall have occurred, (b) be binding upon the Parties and their successors and assigns, and (c) inure to the benefit of and be enforceable by the Parties and their respective successors, transferees and assigns. Nothing herein is intended, or shall be construed to give, any other Person any right, remedy or claim under, to or in respect of this Agreement or any Collateral. All references to any Borrower shall include any Borrower as debtor-in-possession and any receiver or trustee for such Borrower in any Insolvency Proceeding. Without limiting the generality of the foregoing clause (c), the ABL Agent or any other ABL Secured Party or the Term Administrative Agent, or any other Term Secured Party may assign or otherwise transfer all or any portion of the ABL Obligations or the Term Obligations, as applicable, to any other Person (other than any Borrower, any Guarantor or any Affiliate of any Borrower or any Guarantor and any Subsidiary of any Borrower or any Guarantor (except as provided in the ABL Credit Agreement or the Term Credit Agreement, as applicable)), and such other Person shall thereupon become vested with all the rights and obligations in respect thereof granted to the ABL Agent or such other ABL Secured Party or the Term Administrative Agent or such other Term Secured Party, as the case may be, herein or otherwise. The ABL Secured Parties and the Term Secured Parties may continue, at any time and without notice to the other parties hereto, to extend credit and other financial accommodations, lend monies and provide Indebtedness to, or for the benefit of, any Borrower on the faith hereof.

7.8 Governing Law; Entire Agreement.

The validity, performance, and enforcement of this Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein. This Agreement constitutes the entire agreement and understanding among the Parties with respect to the subject matter hereof and supersedes any prior agreements, written or oral, with respect thereto.

7.9 Counterparts.

This Agreement may be executed in any number of counterparts, and it is not necessary that the signatures of all Parties be contained on any one counterpart hereof, each counterpart will be deemed to be an original, and all together shall constitute one and the same document.

7.10 No Third Party Beneficiaries.

This Agreement is solely for the benefit of the ABL Agent and the other ABL Secured Parties and the Term Administrative Agent and the other Term Secured Parties. No other Person (including any Borrower or any Affiliate of any Borrower, or any Subsidiary of any Borrower or

any other creditor of any of them) shall be deemed to be a third party beneficiary of this Agreement.

7.11 Headings.

The headings of the articles and sections of this Agreement are inserted for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

7.12 Severability.

If any of the provisions in this Agreement shall, for any reason, be held invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement and shall not invalidate the Lien Priority or the application of Proceeds and other priorities set forth in this Agreement.

7.13 Attorneys' Fees.

The Parties agree that if any dispute, arbitration, litigation, or other proceeding is brought with respect to the enforcement of this Agreement or any provision hereof, the prevailing party in such dispute, arbitration, litigation, or other proceeding shall be entitled to recover its reasonable attorneys' fees and all other costs and expenses incurred in the enforcement of this Agreement, irrespective of whether suit is brought.

7.14 Venue; Process.

(a) SUBMISSION TO JURISDICTION.

EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS OF THE PROVINCE OF ONTARIO, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH ONTARIO COURT OR, TO THE EXTENT PERMITTED BY LAW, IN ANY FEDERAL COURT SITTING IN ONTARIO. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT ANY ABL SECURED PARTY OR ANY TERM SECURED PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, ANY TERM DOCUMENTS, OR ANY ABL DOCUMENTS AGAINST ANY BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(b) **CONSENT TO SERVICE OF PROCESS.**

EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 7.5. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

7.15 Intercreditor Agreement.

This Agreement is the Intercreditor Agreement referred to in the ABL Credit Agreement and the Term Credit Agreement. Nothing in this Agreement shall be deemed to subordinate the obligations due to (i) any ABL Secured Party to the obligations due to any Term Secured Party or (ii) any Term Secured Party to the obligations due to any ABL Secured Party (in each case, whether before or after the occurrence of an Insolvency Proceeding), it being the intent of the Parties that this Agreement shall effectuate a subordination of Liens but not a subordination of Indebtedness.

7.16 No Warranties or Liability.

The Term Administrative Agent and the ABL Agent acknowledge and agree that neither has made any representation or warranty with respect to the execution, validity, legality, completeness, collectability or enforceability of any other ABL Document or any Term Document. Except as otherwise provided in this Agreement, the Term Administrative Agent and the other Term Secured Parties, and the ABL Agent and the other ABL Secured Parties, will be entitled to manage and supervise their respective extensions of credit to any Borrower in accordance with law and their usual practices, modified from time to time as they deem appropriate.

7.17 Conflicts.

In the event of any conflict between the provisions of this Agreement and the provisions of any ABL Document or any Term Document, the provisions of this Agreement shall govern.

7.18 Information Concerning Financial Condition of the Borrower.

Each of the Term Administrative Agent and the ABL Agent hereby assumes responsibility for keeping itself informed of the financial condition of the Borrower and all other circumstances bearing upon the risk of non-payment of the ABL Obligations or the Term Obligations. The Term Administrative Agent and the ABL Agent hereby agree that no party shall have any duty to advise any other party of information known to it regarding such condition or any such circumstances. In the event the Term Administrative Agent or the ABL Agent, in its sole discretion, undertakes at any time or from time to time to provide any information to any other party to this Agreement, (a) it shall be under no obligation (i) to provide any such information to such other party or any other party on any subsequent occasion, (ii) to undertake any investigation not a part of its regular business routine, or (iii) to disclose any other information, or (b) it makes no representation as to the accuracy or completeness of any such information and shall not be liable for any information contained therein, and (c) the Party receiving such information hereby to hold the other Party harmless from any action the receiving

Party may take or conclusion the receiving Party may reach or draw from any such information, as well as from and against any and all losses, claims, damages, liabilities, and expenses to which such receiving Party may become subject arising out of or in connection with the use of such information.


[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the ABL Agent, for and on behalf of itself and the other ABL Secured Parties, and the Term Administrative Agent, for and on behalf of itself and the other Term Secured Parties, have caused this Agreement to be duly executed and delivered as of the date first above written.

**CANADIAN IMPERIAL BANK OF
COMMERCE, as ABL Agent**

Per: _____ 

Name: **Italo Fortino**
Title: **Authorized Signatory**

Per: _____ 

Name: **Kyle Lane**
Title: **Authorized Signatory**

**GSO CAPITAL PARTNERS LP, as Term
Administrative Agent**

Per: _____

Name:
Title:

Per: _____

Name:
Title:

IN WITNESS WHEREOF, the ABL Agent, for and on behalf of itself and the other ABL Secured Parties, and the Term Administrative Agent, for and on behalf of itself and the other Term Secured Parties, have caused this Agreement to be duly executed and delivered as of the date first above written.

**CANADIAN IMPERIAL BANK OF
COMMERCE**, as ABL Agent

Per: _____

Name:

Title:

Per: _____

Name:

Title:

GSO CAPITAL PARTNERS, LP, as Term
Administrative Agent

Per: _____

Name: MARISA BEENEY
Title: AUTHORIZED SIGNATORY

ACKNOWLEDGMENT

Each Borrower and each Guarantor hereby acknowledges that it has received a copy of this Agreement and consents thereto, agrees to recognize all rights granted thereby to the ABL Agent and the other ABL Secured Parties and the Term Administrative Agent and the other Term Secured Parties and will not do any act or perform any obligation which is not in accordance with the agreements set forth in this Agreement. Each Borrower and each Guarantor further acknowledges and agrees that it is not an intended beneficiary or third party beneficiary under this Agreement and (i) as between the ABL Secured Parties; the Borrowers and Guarantors, the ABL Documents remain in full force and effect as written and are in no way modified hereby, and (ii) as between the Term Secured Parties, the Borrowers and Guarantors, the Term Documents remain in full force and effect as written and are in no way modified hereby.

Without limiting the foregoing, the Borrower consents to the performance by the Term Administrative Agent of the obligations set forth in Section 3.6 and acknowledges and agrees that neither the Term Administrative Agent nor any other Term Secured Party shall ever be accountable or liable for any action taken or omitted by the ABL Agent or any other ABL Secured Party or any of their respective members; partners, directors, officers, employees, agents successors or assigns, in connection therewith or incidental thereto, or in consequence thereof including any improper use or disclosure of any proprietary information or other Intellectual Property by the ABL, Lender or any other ABL Secured Party or its or any of their respective members, partners, directors, officers, employees, agents, successors or assigns or any other damage to or misuse or loss of any Property of the Borrower as a result of any action taken or omitted by the ABL Agent or its respective members, partners, directors, officers, employees, agents successors or assigns pursuant to Section 3.6.

**GRAFTON-FRASER INC., as an ABL
Borrower and a Term Borrower**

Per: _____

Name:

Title:




**Mark G. Sun
Vice President & CFO
Grafton-Fraser Inc.**

**2473304 ONTARIO INC., as an ABL
Borrower and a Term Guarantor**

Per: _____

Name:

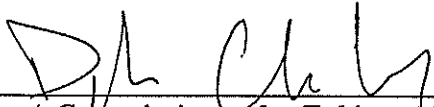
Title:



**Mark G. Sun
Vice President & CFO
Grafton-Fraser Inc.**

Tab J

THIS IS EXHIBIT "J"
referred to in the Affidavit of
Mark Sun sworn before me this
6th day of June 2016



A Commissioner for Taking Affidavits
Dylan Chochla

RUN NUMBER : 151
RUN DATE : 2016/05/30
ID : 20160530115151.62

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(6287)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : 2473304 ONTARIO INC.

FILE CURRENCY : 29MAY 2016

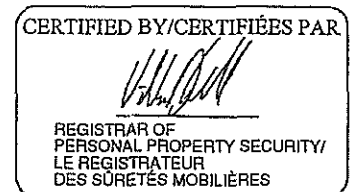
ENQUIRY NUMBER 20160530115151.62 CONTAINS 5 PAGE(S), 3 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME
WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER
SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

FASKEN MARTINEAU DUMOULIN LLP/ADAM SIMON
333 BAY STREET, SUITE 2400
TORONTO ON M5H2T6

CONTINUED...

2



(crf)3 09/2013)



RUN NUMBER : 151
RUN DATE : 2016/05/30
ID : 20160530115151.62

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 2
(6288)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 2473304 ONTARIO INC.
FILE CURRENCY : 29MAY 2016

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
713919771

01 CAUTION FILING PAGE NO. OF TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
001 1 20160208 1552 1590 2961 P PPSA 7

02 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 DEBTOR NAME BUSINESS NAME 2473304 ONTARIO INC.

04 ADDRESS 388 APPLEWOOD CRESCENT VAUGHAN ONTARIO CORPORATION NO. L4K 4B4

05 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 DEBTOR NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT GSO CAPITAL PARTNERS, LP, AS ADMINISTRATIVE AGENT

09 ADDRESS 345 PARK AVENUE, 31ST FLOOR NEW YORK NY 10154

10 COLLATERAL CLASSIFICATION CONSUMER GOODS MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE
X X X X X

11 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

12 MOTOR VEHICLE

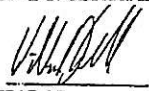
13 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT FASKEN MARTINEAU DUMOULIN LLP(K.BARTON/L.KENNEDY/233314.00088)

17 ADDRESS 2400-333 BAY STREET BOX 20 TORONTO ON M5H 2T6

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 3

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fs 09/2013)



RUN NUMBER : 151
RUN DATE : 2016/05/30
ID : 20160530115151.62

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 3
(6289)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 2473304 ONTARIO INC.
FILE CURRENCY : 29MAY 2016

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
712571265

01 CAUTION FILING PAGE NO. OF TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
001 1 20151211 1112 1590 9309 P PPSA 7

02 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 DEBTOR NAME BUSINESS NAME 2473304 ONTARIO INC.

04 ADDRESS 388 APPLEWOOD CRESCENT VAUGHAN ONTARIO CORPORATION NO. ON L4K 4B4

05 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 DEBTOR NAME BUSINESS NAME

07 ADDRESS ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT CANADIAN IMPERIAL BANK OF COMMERCE, AS AGENT

09 ADDRESS 595 BAY ST., SUITE 500 TORONTO ON M5G 2C2

10 COLLATERAL CLASSIFICATION CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE
X X X X X

11 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

12 MOTOR VEHICLE

13 GENERAL COLLATERAL DESCRIPTION

14 GENERAL COLLATERAL DESCRIPTION

15 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT FASKEN MARTINEAU DUMOULIN LLP(L. KENNEDY/K.BARTON/233314.00088)

17 ADDRESS BAY ADELAIDE CENTRE, BOX 20 TORONTO ON M5H 2T6

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 4

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj1fs 09/2013)



RUN NUMBER : 151
RUN DATE : 2016/05/30
ID : 20160530115151.62

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 4
(6290)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 2473304 ONTARIO INC.
FILE CURRENCY : 29MAY 2016

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN

00 FILE NUMBER
710539839

01 CAUTION FILING PAGE NO. OF PAGES TOTAL PAGES MOTOR VEHICLE SCHEDULE REGISTRATION NUMBER REGISTERED UNDER REGISTRATION PERIOD
01 001 20151002 1709 1462 8104 P PPSA 6

02 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

03 NAME BUSINESS NAME 2473304 ONTARIO INC.

04 ADDRESS 388 APPLEWOOD CRES CONCORD ON L4K4B4 ONTARIO CORPORATION NO.

05 DEBTOR NAME DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

06 NAME BUSINESS NAME JONES NEW YORK

07 ADDRESS 388 APPLEWOOD CRES CONCORD ON L4K4B4 ONTARIO CORPORATION NO.

08 SECURED PARTY / LIEN CLAIMANT XEROX CANADA LTD

09 ADDRESS 33 BLOOR ST. E. 3RD FLOOR TORONTO ON M4W3H1

10 COLLATERAL CLASSIFICATION CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER MOTOR VEHICLE INCLUDED AMOUNT DATE OF MATURITY OR NO FIXED MATURITY DATE
X X X


11 MOTOR VEHICLE YEAR MAKE MODEL V.I.N.

12 GENERAL COLLATERAL DESCRIPTION

16 REGISTERING AGENT PPSA CANADA INC. - (3992)
17 ADDRESS 110 SHEPPARD AVE EAST, SUITE 303 TORONTO ON M2N6Y8

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED... 5

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR DES SÛRETÉS MOBILIÈRES

(crj1fs 09/2013)



RUN NUMBER : 151
RUN DATE : 2016/05/30
ID : 20160530115151.62

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

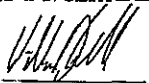
REPORT : PSSR060
PAGE : 5
(6291)

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 2473304 ONTARIO INC.
FILE CURRENCY : 29MAY 2016

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
713919771	20160208	1552	1590	2961
712571265	20151211	1112	1590	9309
710539839	20151002	1709	1462	8104

3 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.

CERTIFIED BY/CERTIFIÉES PAR

REGISTRAR OF
PERSONAL PROPERTY SECURITY/
LE REGISTRATEUR
DES SÛRETÉS MOBILIÈRES

(crj)3 09/2013)



BC OnLine: PPRS SEARCH RESULT 2016/05/30
Lterm: XPSP0050 For: PD93949 CYBERBAHN 09:10:33

Index: BUSINESS DEBTOR

Search Criteria: 2473304 ONTARIO INC.

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: DEC 11, 2015 Reg. Length: 7 YEARS
Reg. Time: 13:33:06 Expiry Date: DEC 11, 2022
Base Reg. #: 006238J Control #: D3492967

Block#

S0001 Secured Party: CANADIAN IMPERIAL BANK OF COMMERCE,
AS AGENT
595 BAY STREET, SUITE 500
TORONTO ON M5G 2C2

=D0001 Base Debtor: 2473304 ONTARIO INC
(Business) 388 APPLEWOOD CRESCENT
VAUGHAN ON L4K 4B4

General Collateral:

ALL OF THE DEBTOR'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)

Registering

Party: FASKEN MARTINEAU DUMOULIN LLP
SUITE 2900, 550 BURRARD STREET
VANCOUVER BC V6C 0A3

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: FEB 09, 2016 Reg. Length: 7 YEARS
Reg. Time: 10:08:59 Expiry Date: FEB 09, 2023
Base Reg. #: 103129J Control #: D3592701

Block#

S0001 Secured Party: GSO CAPITAL PARTNERS, LP, AS
ADMINISTRATIVE AGENT
345 PARK AVENUE, 31ST FLOOR
NEW YORK NY 10154

=D0001 Base Debtor: 2473304 ONTARIO INC
(Business) 388 APPLEWOOD CRESCENT
VAUGHAN ON L4K 4B4

General Collateral:

ALL OF THE DEBTOR'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 MEANING

Registering

Party: FASKEN MARTINEAU DUMOULIN LLP
SUITE 2900, 550 BURRARD STREET
VANCOUVER BC V6C 0A3

Continued on Page 2

Search ID#: Z07990736

Search ID #: Z07990736

Date of Search: 2016-May-30

Time of Search: 10:08:46

Business Debtor Search For:

2473304 ONTARIO INC.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID#: Z07990736

Business Debtor Search For:

2473304 ONTARIO INC.

Search ID #: Z07990736

Date of Search: 2016-May-30

Time of Search: 10:08:46

Registration Number: 15121123972

Registration Type: SECURITY AGREEMENT

Registration Date: 2015-Dec-11

Registration Status: Current

Expiry Date: 2022-Dec-11 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 2473304 ONTARIO INC.
388 APPLEWOOD CRESCENT
VAUGHAN, ON L4K 4B4

Current

Secured Party / Parties

Block

Status

1 CANADIAN IMPERIAL BANK OF COMMERCE, AS AGENT
595 BAY ST., SUITE 500
TORONTO, ON M5G 2C2

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Search ID#: Z07990736

Business Debtor Search For:

2473304 ONTARIO INC.

Search ID #: Z07990736

Date of Search: 2016-May-30

Time of Search: 10:08:46

Registration Number: 16020824329

Registration Type: SECURITY AGREEMENT

Registration Date: 2016-Feb-08

Registration Status: Current

Expiry Date: 2023-Feb-08 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 2473304 ONTARIO INC.
388 APPLEWOOD CRESCENT
VAUGHAN, ON L4K 4B4

Current

Secured Party / Parties

Block

Status

1 GSO CAPITAL PARTNERS, LP, AS ADMINISTRATIVE AGENT
345 PARK AVENUE, 31ST FLOOR
NEW YORK, NY 10154

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Search ID#: Z07990736

Business Debtor Search For:

2473304 ONTARIO INC.

Search ID #: Z07990736

Date of Search: 2016-May-30

Time of Search: 10:08:46

Registration Number: 16020824361

Registration Type: LAND CHARGE

Registration Date: 2016-Feb-08

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 2473304 ONTARIO INC.
388 APPLEWOOD CRESCENT
VAUGHAN, ON L4K 4B4

Current

Secured Party / Parties

Block

Status

1 GSO CAPITAL PARTNERS, LP, AS ADMINISTRATIVE AGENT
345 PARK AVENUE, 31ST FLOOR
NEW YORK, NY 10154

Current

Result Complete



Saskatchewan Personal Property Registry Search Result

Searching Party: THOMSON REUTERS CANADA LIMITED
Search Date: 30-May-2016 10:07:57
Search Type: Standard

Search #: 202209963
Client Reference:
Control #:

Search Criteria

Search By: Business Debtor Name
Business Name
2473304 ONTARIO INC.

The following list displays all matches & indicates the ones that were selected.

2 Registration(s) Found: Exacts (2) - Similar (0)

Selected	Match	Registration #	Debtor Name	City
Yes	Exact	301426711	2473304 Ontario Inc.	Vaughan
Yes	Exact	301445539	2473304 Ontario Inc.	Vaughan



Saskatchewan
Personal Property Registry
Search Result

Current/Setup - Exact

Registration Type: Personal Property Security Agreement
Registration Date: 11-Dec-2015 15:24:38

Registration #: 301426711
Expiry Date: 11-Dec-2022

Event Type: Setup
Transaction Reason: Regular

Notations

Trust Indenture: No

Registrant

Party ID:	150002305 - 1	Address:	1500 - 410 22nd Street East
Entity Type:	Business		Saskatoon,,Saskatchewan
Name:	MACPHERSON LESLIE & TYERMAN LLP		S7K5T6
			Canada

Secured Party

Item #:	1	Address:	595 Bay Street
Party ID:	152465717 - 1		Suite 500
Entity Type:	Business		Toronto, Ontario
Name:	Canadian Imperial Bank of Commerce, as Agent		M5G2C2
			Canada

Debtor Party

*Item #:	1	Address:	388 Applewood Crescent
Party ID:	152465718 - 1		Vaughan, Ontario
Entity Type:	Business		L4K4B4
Name:	2473304 Ontario Inc.		Canada

General Property

All of the Debtor's present and after-acquired property.



**Saskatchewan
Personal Property Registry
Search Result**

Current/Setup - Exact

Registration Type: Personal Property Security Agreement
Registration Date: 08-Feb-2016 15:04:38

Registration #: 301445539
Expiry Date: 08-Feb-2023

Event Type: Setup
Transaction Reason: Regular

Notations

Trust Indenture: No

Registrant

Party ID: 150002305 - 1	Address: 1500 - 410 22nd Street East
Entity Type: Business	Saskatoon,,Saskatchewan
Name: MACPHERSON LESLIE & TYERMAN LLP	S7K5T6 Canada

Secured Party

Item #: 1	Address: 345 PARK AVENUE, 31ST FLOOR
Party ID: 152111334 - 1	NEW YORK, New York
Entity Type: Business	10154
Name: GSO CAPITAL PARTNERS LP, AS ADMINISTRATIVE AGENT	United States of America

Debtor Party

*Item #: 1	Address: 388 Applewood Crescent
Party ID: 152465718 - 1	Vaughan, Ontario
Entity Type: Business	L4K4B4
Name: 2473304 Ontario Inc.	Canada

General Property

All of the Debtor's present and after-acquired personal property.

End of Search Result

Search by Business Debtor

Date: 2016-05-30
Time: 11:04:02 AM

Business Name: 2473304 ONTARIO INC.

2 exact matches were found.

0 similar matches were found.

EXACT MATCHES

Business Debtor Name	No. of Registrations
1. <u>2473304 ONTARIO INC.</u>	1
2. <u>2473304 Ontario Inc.</u>	1

1. 2473304 ONTARIO INC.

1.1 2473304 ONTARIO INC.: Registration 201602373709 (2016-02-08 3:10:05 PM)	
Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2023-02-08
Debtor Address	388 Applewood Crescent Vaughan, Ontario Canada L4K 4B4
Secured Parties (party code, name, address)	GSO CAPITAL PARTNERS, LP, AS ADMINISTRATIVE AGENT 345 Park Avenue, 31st Floor New York, New York United States of America 10154
General Collateral Description	*The security interest is taken in all of the debtor's present and after-acquired personal property.

2. 2473304 Ontario Inc.

2.1 2473304 Ontario Inc.: Registration 201523727309 (2015-12-11 3:11:49 PM)	
Registered under	The Personal Property Security Act
Expiry Date (YYYY-MM-DD)	2022-12-11
Debtor Address	388 Applewood Crescent Vaughan, ON Canada L4K 4B4
Secured Parties (party code, name, address)	Canadian Imperial Bank of Commerce, as Agent 595 Bay St., Suite 500 Toronto, ON Canada M5G 2C2
General Collateral Description	*The security interest is taken in all of the debtor's present and after-acquired personal property.

END OF EXACT MATCHES

This report lists registrations in the Personal Property Registry that match the following search criteria:

Province or Territory Searched: Nova Scotia
Type of Search: Debtors (Enterprise)
Search Criteria: 2473304 ONTARIO
Date and Time of Search: 2016-05-30 13:02 (Atlantic)
Transaction Number: 13678122
Searched By: C186290

The following table lists records that match the Debtors (Enterprise) you specified.

Exact	Included	Original Registration Number	Enterprise Name	Place
	*	25333881	2473304 ONTARIO INC.	Vaughan
	*	25531898	2473304 ONTARIO INC.	Vaughan

An '*' in the 'Exact' column indicates that the Debtor (Enterprise) exactly matches the search criteria.

Included Column Legend

- An asterisk (*) in the 'Included' column indicates that the registration's details are included within the Search Result Report.

Registration Counts

- 0 registration(s) contained information that **exactly** matched the search criteria you specified.
- 2 registration(s) contained information that **closely** matched the search criteria you specified.

When reviewing the registrations below, note that a registration which has expired or been discharged within the last 30 days can still be re-registered by the secured party.

All registration date/time values are stated in Atlantic Time.

For more information concerning the Personal Property Registry, go to www.acol.ca

Registration Details for Registration Number: 25333881

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	25333881	2015-12-14 09:20	2022-12-14	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
 2473304 ONTARIO INC.
 388 Applewood Crescent

Vaughan ON L4K 4B4
Canada

Secured Parties

Type: Enterprise
CANADIAN IMPERIAL BANK OF COMMERCE, AS AGENT
595 Bay St., Suite 500
Toronto ON M5G 2C2
Canada

General Collateral

A security interest is taken in all of the debtor's present and after-acquired personal property.

Registration Details for Registration Number: 25531898

Province or Territory: Nova Scotia
Registration Type: PPSA Financing Statement

Registration History

Registration Activity	Registration Number	Date/Time (Atlantic)	Expiry Date	File Number
Original	25531898	2016-02-08 18:48	2023-02-08	

This registration has **not** been the subject of an Amendment or Global Change. The following registration information was added by the original registration and has not been deleted.

Debtors

Type: Enterprise
2473304 ONTARIO INC.
388 Applewood Crescent
Vaughan ON L4K 4B4
Canada

Secured Parties

Type: Enterprise
GSO CAPITAL PARTNERS, LP, AS ADMINISTRATIVE AGENT
345 Park Avenue, 31st Floor
New York NY 10154
USA

General Collateral

A security interest is taken in all of the debtor's present and after-acquired personal property.

END OF REPORT



Ontario Company Searches

May 30.
ginabal
Société
FMD (Fi
Accoun
Accoun

Electronic Corporations Index (ECI) Details[Main Menu](#)

Corporate Number	002473304
Current Name	2473304 ONTARIO INC.
Status	0 - Active
Type	A - Ontario Business Corporation
Share Capital	S - Share Capital
Jurisdiction	ONTARIO
Incorporation Date	2015-07-02

**Disclaimer**

Neither MGS nor OnCorp undertakes any warranty, expressed or implied, regarding the accuracy of the information contained in the ECI Details above. The Corporation Details provided above do NOT substitute any report generated by MGS, using the ONBIS system.



Rechercher une entreprise au registre

État de renseignements d'une personne morale au registre des entreprises

Renseignements en date du 2016-05-30 22:44:50

État des informations

Identification de l'entreprise

Numéro d'entreprise du Québec (NEQ)	1171099246
Nom	2473304 ONTARIO INC.

Adresse du domicile

Adresse	388 Applewood Crescent Vaughan Ontario L4K4B4 Canada
---------	--

Adresse du domicile élu

Adresse	Aucune adresse
---------	----------------

Immatriculation

Date d'immatriculation	2015-07-13
Statut	Immatriculée
Date de mise à jour du statut	2015-07-13
Date de fin de l'existence	Aucune date de fin d'existence n'est déclarée au registre.

Forme juridique

Forme juridique	Société par actions ou compagnie
Date de la constitution	2015-07-02 Constitution
Régime constitutif	ONTARIO : Loi sur les sociétés par actions, L.R.O. c. B.16
Régime courant	ONTARIO : Loi sur les sociétés par actions, L.R.O. c.

B.16

Dates des mises à jour

Date de mise à jour de l'état de renseignements	2015-08-12
Date de la dernière déclaration de mise à jour annuelle	Aucune déclaration de mise à jour annuelle n'a été produite à ce jour.
Date de fin de la période de production de la déclaration de mise à jour annuelle de 2016	2016-11-15

Faillite

L'entreprise n'est pas en faillite.

Fusion et scission

Aucune fusion ou scission n'a été déclarée.

Continuation et autre transformation

Aucune continuation ou autre transformation n'a été déclarée.

Liquidation ou dissolution

Aucune intention de liquidation ou de dissolution n'a été déclarée.

Activités économiques et nombre de salariés

1^{er} secteur d'activité

Code d'activité économique (CAE)	9999
Activité	Autres services
Précisions (facultatives)	Sale of clothing and related accessories

2^e secteur d'activité

Aucun renseignement n'a été déclaré.

Nombre de salariés

Nombre de salariés au Québec
De 26 à 49

Convention unanime, actionnaires, administrateurs, dirigeants et fondé de pouvoir

Actionnaires

Premier actionnaire
Le premier actionnaire est majoritaire.

Nom	Grafton-Fraser Inc.
Adresse	44 Apex Road Toronto Ontario M6A2V2 Canada

Convention unanime des actionnaires

Il n'existe pas de convention unanime des actionnaires.

Liste des administrateurs

Nom de famille	McGregor
Prénom	David
Date du début de la charge	2015-07-02
Date de fin de la charge	
Fonctions actuelles	Président, Directeur Général
Adresse	56 Donaghedy Drive Georgetown Ontario L7G5H1 Canada

Nom de famille	Stonehouse
Prénom	Glenn A.
Date du début de la charge	2015-07-20
Date de fin de la charge	
Fonctions actuelles	Administrateur
Adresse	3 Fallingbrook Crescent Toronto Ontario M1N1B1 Canada

Nom de famille	James M.
Prénom	Dworkin
Date du début de la charge	2015-07-20
Date de fin de la charge	
Fonctions actuelles	Administrateur
Adresse	44 Spring Hollow Road Far Hills New Jersey 07931 USA

Nom de famille	Tworecke
Prénom	Frank

Date du début de la charge	2015-07-20
Date de fin de la charge	
Fonctions actuelles	Administrateur
Adresse	11102 Hidden Trail Drive Owings Mills Maryland 211117 USA

Nom de famille	Kahn
Prénom	Matthew
Date du début de la charge	2015-07-20
Date de fin de la charge	
Fonctions actuelles	Administrateur
Adresse	36 Brush Hill Road Newton Massachussetts 02461 U.S.A.

Dirigeants non membres du conseil d'administration

Nom de famille	Sun
Prénom	Mark G.
Fonctions actuelles	Principal dirigeant: Directeur Financier
Adresse	7870 Churchville Road Brampton Ontario L6Y0H5 Canada

Fondé de pouvoir

Aucun fondé de pouvoir n'a été déclaré.

Administrateurs du bien d'autrui

Aucun administrateur du bien d'autrui n'a été déclaré.
--

Établissements

Numéro et nom de l'établissement	Adresse	Activités économiques (CAE)
0001 - JONES NEW YORK™ (Établissement principal)	45 Lakeside Road Knowlton Québec J0E1V0 Canada	Autres services (9999)
0007 - JONES NEW YORK™	9365 boul. Leduc Brossard (Québec) J4Y0A5 Canada	Autres services (9999)
0006 - JONES NEW YORK™	3120 Boulevard de la Gare Vaudreuil Québec J7V0J5 Canada	Autres services (9999)
0005 - JONES NEW YORK™	2505 rue de l'Aulnaie Mont-Tremblant (Québec) J8E0E5 Canada	Autres services (9999)
0004 - JONES NEW YORK™	Unit A-3187 Hardwood Blvd. Hudson Québec J7V8P2 Canada	Autres services (9999)
0003 - JONES NEW YORK™	3280 Jean-Yves St. Kirkiand Québec H9J2R6 Canada	Autres services (9999)
0002 - JONES NEW YORK™	105K Avenue Guindon St. Sauveur Québec	Autres services (9999)

J0R1R0 Canada

Documents en traitement

Aucun document n'est actuellement traité par le Registraire des entreprises.

Index des documents**Documents conservés**

Type de document	Date de dépôt au registre
Déclaration de mise à jour courante	2015-08-12
Déclaration d'immatriculation	2015-07-13

Index des noms

Date de mise à jour de l'index des noms 2015-08-12

Nom

Nom	Versions du nom dans une autre langue	Date de déclaration du nom	Date de déclaration du retrait du nom	Situation
2473304 ONTARIO INC.		2015-07-13		En vigueur

Autres noms utilisés au Québec

Autre nom	Versions du nom dans une autre langue	Date de déclaration du nom	Date de déclaration du retrait du nom	Situation
JONES NEW YORK™		2015-08-12		En vigueur

© Revenu Québec, 2015

Date, heure, minute de certification : 2016-05-30 09:15

Critère de recherche Nom d'organisme : 2473304 ONTARIO INC.

Résultat exact (1)

Fiche	Inscription	Date	h:min
001	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 16-0173491-0001	2016-03-01	14:50
002	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 16-0112102-0001	2016-02-10	14:07

Date, heure, minute de certification : 2016-05-30 09:15

Critère de recherche Nom d'organisme : 2473304 ONTARIO INC.

Nom présentant des similarités (0)

Aucune fiche nominative n'est établie au registre sous un nom présentant des similarités avec le nom consulté. La recherche peut ne pas être exhaustive.

Date, heure, minute de certification : 2016-05-30 09:15

Critère de recherche Nom d'organisme : 2473304 ONTARIO INC.

Critère de sélection Nom d'organisme :
2473304 ONTARIO INC
Code Postal :
L4K4B4

Fiche	Inscription	Date	h:min
001	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 16-0173491-0001	2016-03-01	14:50
002	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION 16-0112102-0001	2016-02-10	14:07

Date, heure, minute de certification : 2016-05-30 09:15

Critère de recherche Nom d'organisme : 2473304 ONTARIO INC.

Critère de sélection Nom d'organisme : 2473304 ONTARIO INC Code Postal : L4K4B4

Fiche 001 - Détail de l'inscription 1 (de 1)

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
16-0173491-0001	2016-03-01 14:50	2026-03-01

HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION

PARTIES

Titulaire

GSO CAPITAL PARTNERS, LP
345 Park Avenue, 31st Floor, New York, New York, 10154
Représenté par : GSO Capital Partners GP L.L.C.
En qualité de : General Partner

Constituant

2473304 ONTARIO INC.
388 Appplewood Crescent, Vaughan, Ontario

L4K 4B4

BIENS

The following movable property of the Grantor, present and future, corporeal and incorporeal, of whatsoever nature and kind and wheresoever situated (all such property of the Grantor is hereinafter collectively called the Hypothecated Property):

1. the universality of the Grantor's right, title and interest from time to time in and to all present and future claims directly or indirectly held or owned by the Grantor (collectively, the Claims), including, without limitation:

1.1. all accounts receivable, Accounts (as defined in the Credit Agreement), book accounts, book debts, loan receivables including principal, interest and accessories, debts, claims, customer accounts, all sums of money, claims arising from or related to deposits made into any savings or other accounts (including, without limitation, securities accounts) maintained with any bank or other financial institution together with all interest paid or payable thereon, rentals, revenues, income, receivables, sale proceeds, judgments, bills of exchange, bonds, shares, stocks, warrants, debentures, notes, negotiable instruments, certificates of deposit, letters of credit or guarantee, promissory notes, rebates, refunds, amounts owing by or claimable from the Crown or any departments, agents or agencies thereof and any other amounts or demands of every nature and kind howsoever arising, which are now or become hereafter due or owing to the Grantor, whether or not such Claims are certain and determinate, invoiced, liquid, exigible, litigious or constituted by a negotiable title or other instrument or draft and whether or not secured; and

1.2. all movable and immovable security present or future including all legal or conventional hypothecs and other security held from time to time by the Grantor under or in connection with the foregoing;

2. the universality of all the present and future goods, wares, materials, supplies, merchandise, products, work in process and stock-in-trade and on hand, present and future, purchased, acquired or

produced for the purpose of consumption, processing, preparation or sale in the ordinary course of business or for the purpose of consumption in the production of the Grantor's products or to become a part of the Grantor's products, and all goods, wares, materials and merchandise, present and future, used in or procured for the packing and storing of such goods, wares, materials, supplies, merchandise, products, work in process, stock-in-trade and on hand (collectively referred to herein as the Inventory) and all rights to the warehouse receipts, bills of lading and other title documents relating to the Inventory;

3. all patents, trademarks and other intellectual property rights, including, without limitation, the intellectual property rights described under Schedule A below (collectively, the Intellectual Property Rights);

4. all of the securities of the Grantor covered by Section 6 of the Deed, including, without limitation, those described Under Schedule A below;

5. the universality of all of the equipment, machinery, tools, motor vehicles, additions, appliances and accessories now owned or held or at any time hereafter acquired or held by the Grantor, wheresoever situate, whether or not the same form an integral part of the immovable properties of the Grantor or are incorporated therein or attached or joined thereto;

6. all books, accounts, invoices, deeds, documents, writings, letters, papers, security certificates and other records in any form evidencing or relating to the property described in paragraphs 1 to 5 inclusive and all contracts, securities, instruments and other rights, and benefits in respect thereof, including, without limitation, computer programs, disks, tapes and related electronic data processing media and the rights of the Grantor to receive the same from third persons, which now are or may hereafter become vested in the Grantor;

7. all uncalled capital, money, rights, bills of exchange, negotiable and non-negotiable instruments, judgments and securities not otherwise described in paragraphs 1 to 6 inclusive;

8. all substitutions and replacements of any of the property described in paragraphs 1 to 7 inclusive, all increases, additions and accessions thereto and any interest of the Grantor therein;

9. all proceeds of any of the property described in paragraphs 1 to 8 inclusive, including, without limitation, movable property in any form or fixtures or crops derived directly or indirectly from any dealing with such property or that indemnifies or compensates for loss of or damage to such property or proceeds therefrom destroyed or damaged and proceeds of proceeds whether of the same type, class or kind as the original proceeds, including without limitation, all indemnities and insurance proceeds, expropriation proceeds, rents, income, fruits, revenues, issues and profits arising from, or in connection with, such property and the present and continuing right to claim for, collect and receive any one and all of the said indemnities and insurance proceeds, expropriation proceeds, rents, income, fruits, revenues, issues and profits; and

10. all reimbursements of taxes, rates, assessments, levies, surtaxes and any other impositions which may be assessed on or payable in respect of any of the property described in paragraphs 1 to 9 inclusive.

The whole of the above without the Attorney being required to register or re-register any notice whatsoever, the object of the Hypothec being the universality of the present and future movable property described above.

Definitions:

"Attorney" means GSO CAPITAL PARTNERS, LP, in its capacity (i) as Lender and as Agent for the other present and future Secured Parties under the Credit Agreement and (ii) as the hypothecary representative for all present and future Secured Parties pursuant to Article 2692 of the Civil Code and includes any successor or assign thereof in such capacity;

"Credit Agreement" means an amended and restated credit agreement dated as of June 16, 2009 among Grafton-Fraser Inc. (the Borrower), as borrower, GSO Capital Partners, LP (in such capacity, including its successors and assigns in such capacity, the Agent) and the lenders from time to time parties thereto, as lenders (the Lenders) (as such agreement may be amended, restated, supplemented, replaced or otherwise modified from time to time;

"Deed" means the deed referred to herein under the heading "Référence à l'acte constitutif", as amended, supplemented, restated, replaced or otherwise modified from time to time;

"Grantor" means the 2473304 ONTARIO INC. and includes any successor thereto; and

"Secured Parties" means the Agent and the Lenders, (and a Secured Party refers to any one of them).

SCHEDULE A

DESCRIPTION OF CERTAIN SPECIFIC PROPERTY INCLUDED IN THE HYPOTHECATED PROPERTY (AS OF THE EXECUTION OF THE DEED)

Intellectual Property Rights

-none

Securities

-none

MENTIONS

Somme de l'hypothèque

\$50,000,000, plus interest, calculated from the date of the Deed and compounded annually, at the rate of 25% per annum.

L'hypothèque est constituée en faveur du fondé de pouvoir (art. 2692 C.c.)

Référence à l'acte constitutif

Forme de l'acte : Notarié en minute

Date : 2016-02-29

Lieu : Montreal

N° de minute : 238

Nom du notaire : DOAN, Julie

Autres mentions :

The Grantor shall have authority to collect payments of interest and repayments of principal made on its Claims included in the Hypothecated

Property hypothecated in favour of the Attorney pursuant to the Deed, as they fall due. The Attorney may withdraw this authorization by written notice upon the occurrence of an Event of Default (as defined in the Credit Agreement) which is continuing.

AVIS D'ADRESSE

N° 054560

Date, heure, minute de certification : 2016-05-30 09:15

Critère de recherche Nom d'organisme : 2473304 ONTARIO INC.

Critère de sélection Nom d'organisme : 2473304 ONTARIO INC Code Postal : L4K4B4

Fiche 002 - Détail de l'inscription 1 (de 1)

INSCRIPTION	DATE-HEURE-MINUTE	DATE EXTRÊME D'EFFET
16-0112102-0001	2016-02-10 14:07	2026-02-10
HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION		
PARTIES		
Titulaire		
CANADIAN IMPERIAL BANK OF COMMERCE		
595 Bay Street, Suite 500, Toronto, Ontario		M5G 2C2
Titulaire		
BANQUE CANADIENNE IMPÉRIALE DE COMMERCE		
595 Bay Street, Suite 500, Toronto, Ontario		M5G 2C2
Constituant		
2473304 ONTARIO INC.		
388 Applewood Crescent, Vaughan, Ontario		L4K 4B4

BIENS

1. The following movable property of the Grantor, present and future, corporeal and incorporeal, of whatsoever nature and kind and wheresoever situated (all such property of the Grantor is hereinafter collectively called the Hypothecated Property):

1.1 the universality of the Grantor's right, title and interest from time to time in and to all present and future claims directly or indirectly held or owned by the Grantor (collectively, the Claims), including, without limitation :

1.1.1 all accounts receivable, Accounts, book accounts, book debts, loan receivables including principal, interest and accessories, debts, claims, customer accounts, all sums of money, claims arising from or related to deposits made into any savings or other accounts (including, without limitation, securities accounts) maintained with any bank or other financial institution together with all interest paid or payable thereon, rentals, revenues, income, receivables, sale proceeds, judgments, bills of exchange, bonds, shares, stocks, warrants, debentures, notes, negotiable instruments, certificates of deposit, letters of credit or guarantee, promissory notes, rebates, refunds, amounts owing by or claimable from the Crown or any departments, agents or agencies thereof and any other amounts or demands of every nature and kind howsoever arising, which are now or become hereafter due or owing to the Grantor, whether or not such Claims are certain and determinate, invoiced, liquid, exigible, litigious or constituted by a negotiable title or other instrument or draft and whether or not secured; and

1.1.2 all movable and immovable security present or future including all legal or conventional hypothecs and other security held from time to time by the Grantor under or in connection with the foregoing;

1.2 the universality of all the present and future goods, wares,

materials, supplies, merchandise, products, work in process and stock-in-trade and on hand, present and future, purchased, acquired or produced for the purpose of consumption, processing, preparation or sale in the ordinary course of business or for the purpose of consumption in the production of the Grantor's products or to become a part of the Grantor's products, and all goods, wares, materials and merchandise, present and future, used in or procured for the packing and storing of such goods, wares, materials, supplies, merchandise, products, work in process, stock-in-trade and on hand (collectively referred to herein as the Inventory) and all rights to the warehouse receipts, bills of lading and other title documents relating to the Inventory;

1.3 all patents, trademarks and other intellectual property rights, including, without limitation, the intellectual property rights described in Schedule A hereof (collectively, the Intellectual Property Rights);

1.4 all of the securities of the Grantor covered by Section 6 of the Deed, including, without limitation, those described in Schedule A hereof;

1.5 the universality of all of the equipment, machinery, tools, motor vehicles, additions, appliances and accessories now owned or held or at any time hereafter acquired or held by the Grantor, wheresoever situate, whether or not the same form an integral part of the immovable properties of the Grantor or are incorporated therein or attached or joined thereto (collectively referred to herein as the Equipment);

1.6 all books, accounts, invoices, deeds, documents, writings, letters, papers, security certificates and other records in any form evidencing or relating to the property described in paragraphs 1.1 to 1.3 inclusive and all contracts, securities, instruments and other rights, and benefits in respect thereof, including, without limitation, computer programs, disks, tapes and related electronic data processing media and the rights of the Grantor to receive the same from third persons, which now are or may hereafter become vested in the Grantor;

1.7 all uncalled capital, money, rights, bills of exchange, negotiable and non-negotiable instruments, judgments and securities not otherwise described in paragraphs 1.1 to 1.4 inclusive;

1.8 all substitutions and replacements of any of the property described in paragraphs 1.1 to 1.5 inclusive, all increases, additions and accessions thereto and any interest of the Grantor therein;

1.9 all proceeds of any of the property described in paragraphs 1.1 to 1.6 inclusive, including, without limitation, movable property in any form or fixtures or crops derived directly or indirectly from any dealing with such property or that indemnifies or compensates for loss of or damage to such property or proceeds therefrom destroyed or damaged and proceeds of proceeds whether of the same type, class or kind as the original proceeds, including without limitation, all indemnities and insurance proceeds, expropriation proceeds, rents, income, fruits, revenues, issues and profits arising from, or in connection with, such property and the present and continuing right to claim for, collect and receive any one and all of the said indemnities and insurance proceeds, expropriation proceeds, rents, income, fruits, revenues, issues and profits; and

1.10 all reimbursements of taxes, rates, assessments, levies, surtaxes and any other impositions which may be assessed on or payable in

respect of any of the property described in paragraphs 1.1 to 1.7 inclusive.

The whole of the above without the Attorney being required to register or re-register any notice whatsoever, the object of the Deed being the universality of the present and future movable property described above.

Definitions:

"Attorney" means the Canadian Imperial Bank of Commerce, in its capacity (i) as Lender and as Agent for the other present and future Secured Parties under the Credit Agreement and (ii) in its capacity as the hypothecary representative for all present and future Secured Parties pursuant to Article 2692 of the Civil Code and includes any successor or assign thereof in such capacity;

"Credit Agreement" means a credit agreement dated on or about February 12, 2016 among Grafton-Fraser Inc. and 2473304 Ontario Inc. (the Borrowers), as borrowers, certain affiliates and subsidiaries of the Borrowers, as guarantors, Canadian Imperial Bank of Commerce (CIBC) and the other financial institutions from time to time parties thereto, as lenders (the Lenders), and CIBC, as agent for itself and on behalf of the other present and future Lenders, the Issuing Banks, and the F/X Bank (in such capacity, including its successors and assigns in such capacity, the Agent) (as same has been and may further be amended, modified, supplemented, restated, extended, renewed or superseded from time to time;

"Deed" means the deed referred to herein under the heading "Réf rence   l'acte constitutif", as amended, supplemented, restated, replaced or otherwise modified from time to time;

"Grantor" means 2473304 Ontario Inc. and includes any successor thereto;

"Secured Parties" means the Agent, the Lenders, the Issuing Banks and the F/X Bank (and a Secured Party refers to any one of them).

Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

SCHEDULE A

DESCRIPTION OF CERTAIN SPECIFIC PROPERTY INCLUDED IN THE HYPOTHECATED PROPERTY (AS OF THE EXECUTION OF THIS DEED)

Intellectual Property Rights

Nil

Securities

Nil

MENTIONS

Somme de l'hypoth que

\$70,000,000, plus interest, calculated from the date of the Deed and compounded annually, at the rate of 25% per annum.

L'hypoth que est constitu e en faveur du fond  de pouvoir (art. 2692 C.c.)

R f rence   l'acte constitutif

Forme de l'acte : Notari  en minute

Date : 2016-02-10
Lieu : Montreal, Quebec
N° de minute : 224
Nom du notaire : Doan, Julie

Autres mentions :

The Grantor shall have authority to collect payments of interest and repayments of principal made on its Claims included in the Hypothecated Property hypothecated in favour of the Attorney pursuant to this Deed, as they fall due. The Attorney may withdraw this authorization by written notice upon the occurrence of an Event of Default which is continuing.

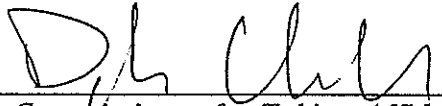
AVIS D'ADRESSE

N° 012991

Tab K

THIS IS EXHIBIT "K"

*referred to in the Affidavit of
Mark Sun sworn before me this
6th day of June 2016*



A Commissioner for Taking Affidavits
Dylan Chock

**Jones New York
Profit and Loss Statement
For the Period ended August 1st, 2015**

(C\$000s)	Month 2015 Jul	Quarter-To-Date 2015 Jul	Year-To-Date 2015 Jul
Total Sales			
Merchandise Sales	1,023	1,023	1,023
Rental Sales	-	-	-
Tailoring Sales	-	-	-
Other Sales	-	-	-
Total Sales	1,023	1,023	1,023
Total Gross Margin			
Merchandise Gross Margin	666	666	666
Rental Gross Margin	-	-	-
Tailoring Gross Margin	-	-	-
Other Gross Margin	(31)	(31)	(31)
Total Gross Margin	636	636	636
Merchandise GM%	65.2%	65.2%	65.2%
Total GM%	62.2%	62.2%	62.2%
Shrink/Merch Discounts/Other	(23)	(23)	(23)
Total Gross Profit	658	658	658
Total Gross Profit %	64.4%	64.4%	64.4%
Sub total Store Expenses	210	210	210
Store Contribution ¹	449	449	449
Advertising	11	11	11
Corporate Expenses	(747)	(747)	(747)
Sub total Corporate Overhead	(736)	(736)	(736)
% of Total Sales	-71.9%	-71.9%	-71.9%
Reported EBITDA	1,184	1,184	1,184
% of Sales	115.8%	115.8%	115.8%
Tenant Allowance	-	-	-
Depreciation	-	-	-
Amortization	-	-	-
EBIT	1,184	1,184	1,184
Interest - Term Loan	7	7	7
Interest - ABL	-	-	-
Amortization of Loan Fees	45	45	45
Dividends on Pref. C Shares	-	-	-
Other	1	1	1
Sub total Financing Expenses	52	52	52
Taxes	75	75	75
Net Income	1,057	1,057	1,057

1. Store contribution is defined as 4-wall EBITDA excluding depreciation and amortization, advertising, and field management (ie district managers).

**Jones New York
Balance Sheet
As At August 1st, 2015**

(C\$000s)	2015 Jul	2014 Jul
ASSETS		
Current Assets		
Cash	3,668	-
Trade and Other Receivable	-	-
Inventories	3,057	-
Prepaid Expenses	552	-
Income Taxes Receivable	-	-
Total Current Assets	7,278	-
Non-Current Assets		
Property, Plant and Equipment	466	-
Intangibles - Finite Life	-	-
Intangibles - Indefinite Life	-	-
Goodwill	-	-
Total Non-Current Assets	466	-
TOTAL ASSETS	7,743	-
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Trade and Other Payables	339	-
Capitalized Loan Fees	-	-
Deferred Revenue	123	-
Income Taxes Payable	75	-
Current Portion of Long-Term Debt ¹	4,353	-
Current Portion of Long-Term Operating Loan	-	-
Total Current Liabilities	4,890	-
Non-Current Liabilities		
Long-Term Debt	-	-
Long-Term Operating Loan	-	-
Lease Obligations	-	-
Deferred Tax Liabilities	-	-
Deferred Lease Credits	1,650	-
Preferred Share Liability	-	-
Accrued Dividends	-	-
Intercompany Liabilities	146	-
Total Non-Current Liabilities	1,796	-
TOTAL LIABILITIES	6,686	-
Shareholder's Equity		
Share Capital	0	-
Contributed Surplus	-	-
Retained Earnings	1,057	-
Total Shareholder's Equity	1,057	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	7,743	-

Notes:

1. Gordon Brothers 120 day loan expiring November 23, 2015

**Jones New York
Cash Flow Statement
For the Period ended August 1st, 2015**

(C\$000s)	Month		Quarter-To-Date		Year-To-Date	
	2015 Jul	2014 Jul	2015 Jul	2014 Jul	2015 Jul	2014 Jul
Cash Generated from Operating Activities						
Income (loss) for the period	1,057	-	1,057	-	1,057	-
Non-cash items						
Income Tax Expense	75	-	75	-	75	-
Depreciation of Property, Plant and Equipment	-	-	-	-	-	-
Amortization of tenant allowances	-	-	-	-	-	-
Amortization of Intangibles	-	-	-	-	-	-
Amortization of Finance Costs	45	-	45	-	45	-
Dividends on Pref. C Shares	-	-	-	-	-	-
Income Taxes Paid	-	-	-	-	-	-
Net change in working capital						
Accounts receivable	-	-	-	-	-	-
Inventory	(3,057)	-	(3,057)	-	(3,057)	-
Prepaid/Other	(552)	-	(552)	-	(552)	-
Trade and Other Payables	485	-	485	-	485	-
Deferred Revenue	123	-	123	-	123	-
Income Taxes Payable	-	-	-	-	-	-
Net change in working capital	(3,001)	-	(3,001)	-	(3,001)	-
Net cash provided by (used for) operating Activities	(1,824)	-	(1,824)	-	(1,824)	-
Cash Generated from Investing activities						
(Purchase)/Disposal of property, plant & equipment	(466)	-	(466)	-	(466)	-
Tenant Allowance / Lease Credits Received ¹	1,650	-	1,650	-	1,650	-
(Purchase)/Disposal of Intangibles	-	-	-	-	-	-
Net cash provided by (used for) investing activities	1,184	-	1,184	-	1,184	-
Cash Generated from Financing activities						
Issue of capital	0	-	0	-	0	-
Debt Renewal / Extension Fees	(45)	-	(45)	-	(45)	-
Increase / (decrease) in Long-Term Debt ²	4,353	-	4,353	-	4,353	-
Net cash provided by (used for) Financing Activities	4,308	-	4,308	-	4,308	-
Change in cash for the period	3,668	-	3,668	-	3,668	-
Net Cash Position, beginning of period ³	-	-	-	-	-	-
Net Cash Position, end of period ³	3,668	-	3,668	-	3,668	-

1. 18 months Lease credit for Vaughan Head Office
2. Gordon Brothers 120 day loan expiring November 23, 2015
3. Net cash position is defined as Cash and Cash Equivalents.

Jones New York
Profit and Loss Statement
For the Period ended October 3rd, 2015

(C\$000s)	<u>Month</u> <u>2015 Sep</u>	<u>Quarter-To-Date</u> <u>2015 Sep</u>	<u>Year-To-Date</u> <u>2015 Sep</u>
Total Sales			
Merchandise Sales	3,003	6,228	7,251
Rental Sales	-	-	-
Tailoring Sales	-	-	-
Other Sales	-	-	-
Total Sales	3,003	6,228	7,251
Total Gross Margin			
Merchandise Gross Margin	1,805	3,714	4,381
Rental Gross Margin	-	-	-
Tailoring Gross Margin	(1)	(1)	(1)
Other Gross Margin	-	-	(31)
Total Gross Margin	1,804	3,714	4,349
Merchandise GM%	60.1%	59.6%	60.4%
Total GM%	60.1%	59.6%	60.0%
Shrink/Merch Discounts/Other	(681)	(658)	(681)
Total Gross Profit	2,486	4,372	5,030
Total Gross Profit %	82.8%	70.2%	69.4%
Sub total Store Expenses	964	1,940	2,149
Store Contribution ¹	1,522	2,432	2,880
Advertising	(16)	(0)	11
Corporate Expenses	694	1,084	336
Sub total Corporate Overhead	678	1,083	347
% of Total Sales	22.6%	17.4%	4.8%
Reported EBITDA	844	1,349	2,533
% of Sales	28.1%	21.7%	34.9%
Tenant Allowance	-	-	-
Depreciation	32	69	69
Amortization	-	-	-
EBIT	812	1,280	2,464
Interest - Term Loan	15	40	47
Interest - ABL	5	10	10
Amortization of Loan Fees	-	43	88
Dividends on Pref. C Shares	-	-	-
Other	5	5	6
Sub total Financing Expenses	25	99	151
Taxes	221	527	602
Net Income	566	655	1,712

1. Store contribution is defined as 4-wall EBITDA excluding depreciation and amortization, advertising, and field management (ie district managers).

**Jones New York
Balance Sheet
As At October 3rd, 2015**

(C\$000s)	2015 Sep	2014 Sep
ASSETS		
Current Assets		
Cash	3,231	-
Trade and Other Receivable	-	-
Inventories	2,412	-
Prepaid Expenses	1,055	-
Income Taxes Receivable	-	-
Total Current Assets	6,699	-
Non-Current Assets		
Property, Plant and Equipment	476	-
Intangibles - Finite Life	109	-
Intangibles - Indefinite Life	-	-
Goodwill	-	-
Total Non-Current Assets	585	-
TOTAL ASSETS	7,284	-
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Trade and Other Payables	1,620	-
Capitalized Loan Fees	-	-
Deferred Revenue	287	-
Income Taxes Payable	602	-
Current Portion of Long-Term Debt ¹	805	-
Current Portion of Long-Term Operating Loan	-	-
Total Current Liabilities	3,314	-
Non-Current Liabilities		
Long-Term Debt	-	-
Long-Term Operating Loan	-	-
Lease Obligations	-	-
Deferred Tax Liabilities	-	-
Deferred Lease Credits	1,626	-
Preferred Share Liability	-	-
Accrued Dividends	-	-
Intercompany Liabilities	633	-
Total Non-Current Liabilities	2,258	-
TOTAL LIABILITIES	5,572	-
Shareholder's Equity		
Share Capital	0	-
Contributed Surplus	-	-
Retained Earnings	1,712	-
Total Shareholder's Equity	1,712	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	7,284	-

Notes:

Jones New York
Cash Flow Statement
For the Period ended October 3rd, 2015

(C\$000s)	Month		Quarter-To-Date		2015
	2015 Sep	2014 Sep	2015 Sep	2014 Sep	
Cash Generated from Operating Activities					
Income (loss) for the period	566	-	655	-	
Non-cash items					
Income Tax Expense	221	-	527	-	
Depreciation of Property, Plant and Equipment	32	-	69	-	
Amortization of tenant allowances	-	-	-	-	
Amortization of Intangibles	-	-	-	-	
Amortization of Finance Costs	-	-	43	-	
Dividends on Pref. C Shares	-	-	-	-	
Income Taxes Paid	-	-	-	-	
Net change in Working Capital					
Accounts receivable	(0)	-	(0)	-	
Inventory	(361)	-	645	-	(
Prepaid/Other	(145)	-	(503)	-	(
Trade and Other Payables	235	-	1,767	-	
Deferred Revenue	155	-	164	-	
Income Taxes Payable	-	-	-	-	
Net change in Working Capital	(116)	-	2,073	-	
Net cash provided by (used for) Operating Activities	703	-	3,367	-	
Cash Generated from Investing Activities					
(Purchase)/Disposal of property, plant & equipment	(57)	-	(79)	-	
Tenant Allowance / Lease Credits Received ¹	(24)	-	(24)	-	
(Purchase)/Disposal of Intangibles	(71)	-	(109)	-	
Net cash provided by (used for) Investing Activities	(153)	-	(212)	-	
Cash Generated from Financing Activities					
Issue of capital	-	-	-	-	
Debt Renewal / Extension Fees	-	-	(43)	-	
Increase / (decrease) in Long-Term Debt ²	(1,791)	-	(3,548)	-	
Net cash provided by (used for) Financing Activities	(1,791)	-	(3,592)	-	
Change in cash for the period	(1,241)	-	(437)	-	
Net Debt / (Cash) Position, beginning of period	(4,472)	-	(3,668)	-	
Net Debt / (Cash) Position, end of period	(3,231)	-	(3,231)	-	(:

1. 18 months Lease credit for Vaughan Head Office

2. Gordon Brothers 120 day loan expiring November 23, 2015

Jones New York
Profit and Loss Statement
For the Period ended October 31st, 2015

(C\$000s)	<u>Month</u> <u>2015 Oct</u>	<u>Quarter-To-Date</u> <u>2015 Oct</u>	<u>Year-To-Date</u> <u>2015 Oct</u>
Total Sales			
Merchandise Sales	1,825	8,054	9,077
Rental Sales	-	-	-
Tailoring Sales	-	-	-
Other Sales	-	-	-
Total Sales	1,825	8,054	9,077
Total Gross Margin			
Merchandise Gross Margin	903	4,618	5,284
Rental Gross Margin	-	-	-
Tailoring Gross Margin	-	(1)	(1)
Other Gross Margin	-	-	(31)
Total Gross Margin	903	4,617	5,253
Merchandise GM%	49.5%	57.3%	58.2%
Total GM%	49.5%	57.3%	57.9%
Shrink/Merch Discounts/Other	(219)	(876)	(899)
Total Gross Profit	1,122	5,494	6,152
Total Gross Profit %	61.5%	68.2%	67.8%
Sub total Store Expenses	917	2,857	3,067
Store Contribution ¹	205	2,636	3,085
Advertising	34	34	45
Corporate Expenses	(204)	879	132
Sub total Corporate Overhead	(170)	913	177
% of Total Sales	-9.3%	11.3%	2.0%
Reported EBITDA	375	1,724	2,908
% of Sales	20.5%	21.4%	32.0%
Tenant Allowance	19	19	19
Depreciation	34	102	102
Amortization	54	54	54
EBIT	268	1,548	2,732
Interest - Term Loan	3	43	50
Interest - ABL	5	15	15
Amortization of Loan Fees	-	43	88
Dividends on Pref. C Shares	-	-	-
Other	4	9	10
Sub total Financing Expenses	12	110	163
Taxes	84	611	686
Net Income	172	827	1,884

1. Store contribution is defined as 4-wall EBITDA excluding depreciation and amortization, advertising, and field management (ie district managers).

**Jones New York
Balance Sheet
As At October 31st, 2015**

(C\$000s)	2015 Oct	2014 Oct
ASSETS		
Current Assets		
Cash	2,211	-
Trade and Other Receivable	-	-
Inventories	6,055	-
Prepaid Expenses	793	-
Income Taxes Receivable	-	-
Total Current Assets	9,059	-
Non-Current Assets		
Property, Plant and Equipment	574	-
Intangibles - Finite Life	984	-
Intangibles - Indefinite Life	-	-
Goodwill	-	-
Total Non-Current Assets	1,558	-
TOTAL ASSETS	10,617	-
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Trade and Other Payables	5,728	-
Capitalized Loan Fees	-	-
Deferred Revenue	302	-
Income Taxes Payable	686	-
Current Portion of Long-Term Debt ¹	(0)	-
Current Portion of Long-Term Operating Loan	-	-
Total Current Liabilities	6,718	-
Non-Current Liabilities		
Long-Term Debt	-	-
Long-Term Operating Loan	-	-
Lease Obligations	-	-
Deferred Tax Liabilities	-	-
Deferred Lease Credits	1,633	-
Preferred Share Liability	-	-
Accrued Dividends	-	-
Intercompany Liabilities	384	-
Total Non-Current Liabilities	2,017	-
TOTAL LIABILITIES	8,733	-
Shareholder's Equity		
Share Capital	0	-
Contributed Surplus	-	-
Retained Earnings	1,884	-
Total Shareholder's Equity	1,884	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	10,617	-

Notes:

**Jones New York
Cash Flow Statement
For the Period ended October 31st, 2015**

(C\$000s)	Month		Quarter-To-Date		2015
	2015 Oct	2014 Oct	2015 Oct	2014 Oct	
Cash Generated from Operating Activities					
Income (loss) for the period	172	-	827	-	
Non-cash items					
Income Tax Expense	84	-	611	-	
Depreciation of Property, Plant and Equipment	34	-	102	-	
Amortization of tenant allowances	19	-	19	-	
Amortization of Intangibles	54	-	54	-	
Amortization of Finance Costs	-	-	43	-	
Dividends on Pref. C Shares	-	-	-	-	
Income Taxes Paid	-	-	-	-	
Net change in Working Capital					
Accounts receivable	(0)	-	(0)	-	
Inventory	(3,643)	-	(2,998)	-	(-)
Prepaid/Other	262	-	(241)	-	
Trade and Other Payables	3,859	-	5,627	-	
Deferred Revenue	15	-	180	-	
Income Taxes Payable	-	-	-	-	
Net change in Working Capital	494	-	2,567	-	
Net cash provided by (used for) Operating Activities	857	-	4,224	-	
Cash Generated from Investing Activities					
(Purchase)/Disposal of property, plant & equipment	(132)	-	(211)	-	
Tenant Allowance / Lease Credits Received ¹	(12)	-	(36)	-	
(Purchase)/Disposal of Intangibles	(929)	-	(1,038)	-	(-)
Net cash provided by (used for) Investing Activities	(1,073)	-	(1,285)	-	
Cash Generated from Financing Activities					
Issue of capital	-	-	-	-	
Debt Renewal / Extension Fees	-	-	(43)	-	
Increase / (decrease) in Long-Term Debt ²	(805)	-	(4,353)	-	
Net cash provided by (used for) Financing Activities	(805)	-	(4,396)	-	
Change in cash for the period	(1,021)	-	(1,458)	-	
Net Debt / (Cash) Position, beginning of period	(3,231)	-	(3,668)	-	
Net Debt / (Cash) Position, end of period	(2,210)	-	(2,210)	-	

1. 18 months Lease credit for Vaughan Head Office

2. Gordon Brothers 120 day loan expiring November 23, 2015

Jones New York
Profit and Loss Statement
For the Period ended November 28th, 2015

(C\$000s)	<u>Month</u> <u>2015 Nov</u>	<u>Quarter-To-Date</u> <u>2015 Nov</u>	<u>Year-To-Date</u> <u>2015 Nov</u>
Total Sales			
Merchandise Sales	2,344	2,344	11,420
Rental Sales	-	-	-
Tailoring Sales	-	-	-
Other Sales	-	-	-
Total Sales	2,344	2,344	11,420
Total Gross Margin			
Merchandise Gross Margin	975	975	6,259
Rental Gross Margin	-	-	-
Tailoring Gross Margin	(0)	(0)	(1)
Other Gross Margin	-	-	(31)
Total Gross Margin	975	975	6,228
Merchandise GM%	41.6%	41.6%	54.8%
Total GM%	41.6%	41.6%	54.5%
Shrink/Merch Discounts/Other	(225)	(225)	(1,125)
Total Gross Profit	1,201	1,201	7,353
Total Gross Profit %	51.2%	51.2%	64.4%
Sub total Store Expenses	878	878	3,945
Store Contribution ¹	323	323	3,408
Advertising	98	98	143
Corporate Expenses	175	175	307
Sub total Corporate Overhead	273	273	450
% of Total Sales	11.6%	11.6%	3.9%
Reported EBITDA	50	50	2,958
% of Sales	2.1%	2.1%	25.9%
Tenant Allowance	6	6	25
Depreciation	36	36	139
Amortization	64	64	118
EBIT	(57)	(57)	2,675
Interest - Term Loan	-	-	50
Interest - ABL	5	5	20
Amortization of Loan Fees	-	-	88
Dividends on Pref. C Shares	-	-	-
Other	2	2	12
Sub total Financing Expenses	7	7	170
Taxes	7	7	693
Net Income	(71)	(71)	1,812

1. Store contribution is defined as 4-wall EBITDA excluding depreciation and amortization, advertising, and field management (ie district managers).

**Jones New York
Balance Sheet
As At November 28th, 2015**

(C\$000s)	2015 Nov	2014 Nov
ASSETS		
Current Assets		
Cash	2,031	-
Trade and Other Receivable	-	-
Inventories	8,070	-
Prepaid Expenses	792	-
Income Taxes Receivable	-	-
Total Current Assets	10,893	-
Non-Current Assets		
Property, Plant and Equipment	581	-
Intangibles - Finite Life	1,162	-
Intangibles - Indefinite Life	-	-
Goodwill	-	-
Total Non-Current Assets	1,744	-
TOTAL ASSETS	12,637	-
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Trade and Other Payables	8,325	-
Capitalized Loan Fees	-	-
Deferred Revenue	311	-
Income Taxes Payable	693	-
Current Portion of Long-Term Debt ¹	(0)	-
Current Portion of Long-Term Operating Loan	-	-
Total Current Liabilities	9,329	-
Non-Current Liabilities		
Long-Term Debt	-	-
Long-Term Operating Loan	-	-
Lease Obligations	-	-
Deferred Tax Liabilities	-	-
Deferred Lease Credits	1,627	-
Preferred Share Liability	-	-
Accrued Dividends	-	-
Intercompany Liabilities	(132)	-
Total Non-Current Liabilities	1,495	-
TOTAL LIABILITIES	10,825	-
Shareholder's Equity		
Share Capital	0	-
Contributed Surplus	-	-
Retained Earnings	1,812	-
Total Shareholder's Equity	1,812	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	12,637	-

Notes:

**Jones New York
Cash Flow Statement
For the Period ended November 28th, 2015**

(C\$000s)	Month		Quarter-To-Date		2014
	2015 Nov	2014 Nov	2015 Nov	2014 Nov	
Cash Generated from Operating Activities					
Income (loss) for the period	(71)	-	(71)	-	
Non-cash items					
Income Tax Expense	7	-	7	-	
Depreciation of Property, Plant and Equipment	36	-	36	-	
Amortization of tenant allowances	6	-	6	-	
Amortization of Intangibles	64	-	64	-	
Amortization of Finance Costs	-	-	-	-	
Dividends on Pref. C Shares	-	-	-	-	
Income Taxes Paid	-	-	-	-	
Net change in Working Capital					
Accounts receivable	(0)	-	(0)	-	
Inventory	(2,015)	-	(2,015)	-	(
Prepaid/Other	1	-	1	-	
Trade and Other Payables	2,081	-	165	-	
Deferred Revenue	9	-	9	-	
Income Taxes Payable	-	-	-	-	
Net change in Working Capital	76	-	(1,839)	-	
Net cash provided by (used for) Operating Activities	119	-	(1,797)	-	
Cash Generated from Investing Activities					
(Purchase)/Disposal of property, plant & equipment	(43)	-	(43)	-	
Tenant Allowance / Lease Credits Received ¹	(12)	-	(12)	-	
(Purchase)/Disposal of Intangibles	(242)	-	(242)	-	(
Net cash provided by (used for) Investing Activities	(298)	-	(298)	-	
Cash Generated from Financing Activities					
Issue of capital	-	-	-	-	
Debt Renewal / Extension Fees	-	-	-	-	
Increase / (decrease) in Long-Term Debt ²	-	-	-	-	
Net cash provided by (used for) Financing Activities	-	-	-	-	
Change in cash for the period	(179)	-	(2,095)	-	;
Net Debt / (Cash) Position, beginning of period	(2,210)	-	(3,668)	-	
Net Debt / (Cash) Position, end of period	(2,031)	-	(1,574)	-	(;

1. 18 months Lease credit for Vaughan Head Office

2. Gordon Brothers 120 day loan expiring November 23, 2015

**Jones New York
Profit and Loss Statement
For the Period ended January 2nd, 2016**

(C\$000s)	<u>Month</u> <u>2015 Dec</u>	<u>Quarter-To-Date</u> <u>2015 Dec</u>	<u>Year-To-Date</u> <u>2015 Dec</u>
Total Sales			
Merchandise Sales	2,817	5,160	14,237
Rental Sales	-	-	-
Tailoring Sales	-	-	-
Other Sales	-	-	-
Total Sales	2,817	5,160	14,237
Total Gross Margin			
Merchandise Gross Margin	888	1,863	7,147
Rental Gross Margin	-	-	-
Tailoring Gross Margin	(0)	(0)	(1)
Other Gross Margin	-	-	(31)
Total Gross Margin	888	1,863	7,116
Merchandise GM%	31.5%	36.1%	50.2%
Total GM%	31.5%	36.1%	50.0%
Shrink/Merch Discounts/Other	(183)	(409)	(1,308)
Total Gross Profit	1,071	2,272	8,424
Total Gross Profit %	38.0%	44.0%	59.2%
Sub total Store Expenses	1,077	1,955	5,022
Store Contribution ¹	(5)	317	3,402
Advertising	64	162	207
Corporate Expenses	(610)	(436)	(304)
Sub total Corporate Overhead	(547)	(274)	(97)
% of Total Sales	-19.4%	-5.3%	-0.7%
Reported EBITDA	542	591	3,499
% of Sales	19.2%	11.5%	24.6%
Tenant Allowance	19	25	44
Depreciation	38	75	177
Amortization	30	94	148
EBIT	455	398	3,130
Interest - Term Loan	-	-	50
Interest - ABL	5	10	25
Amortization of Loan Fees	-	-	88
Dividends on Pref. C Shares	-	-	-
Other	4	7	16
Sub total Financing Expenses	9	17	179
Taxes	123	131	817
Net Income	323	251	2,135

1. Store contribution is defined as 4-wall EBITDA excluding depreciation and amortization, advertising, and field management (ie district managers).

**Jones New York
Balance Sheet
As At January 2nd, 2016**

(C\$000s)	2015 Dec	2014 Dec
ASSETS		
Current Assets		
Cash	1,952	-
Trade and Other Receivable	-	-
Inventories	9,270	-
Prepaid Expenses	538	-
Income Taxes Receivable	-	-
Total Current Assets	11,760	-
Non-Current Assets		
Property, Plant and Equipment	612	-
Intangibles - Finite Life	1,181	-
Intangibles - Indefinite Life	-	-
Goodwill	-	-
Total Non-Current Assets	1,795	-
TOTAL ASSETS	13,555	-
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Trade and Other Payables	6,979	-
Capitalized Loan Fees	-	-
Deferred Revenue	782	-
Income Taxes Payable	817	-
Current Portion of Long-Term Debt ¹	(0)	-
Current Portion of Long-Term Operating Loan	-	-
Total Current Liabilities	8,578	-
Non-Current Liabilities		
Long-Term Debt	-	-
Long-Term Operating Loan	-	-
Lease Obligations	-	-
Deferred Tax Liabilities	-	-
Deferred Lease Credits	44	-
Preferred Share Liability	-	-
Accrued Dividends	-	-
Intercompany Liabilities	2,799	-
Total Non-Current Liabilities	2,843	-
TOTAL LIABILITIES	11,420	-
Shareholder's Equity		
Share Capital	0	-
Contributed Surplus	-	-
Retained Earnings	2,135	-
Total Shareholder's Equity	2,135	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	13,555	-

Notes:

**Jones New York
Cash Flow Statement
For the Period ended January 2nd, 2016**

(C\$000s)	Month		Quarter-To-Date		2015
	2015 Dec	2014 Dec	2015 Dec	2014 Dec	
Cash Generated from Operating Activities					
Income (loss) for the period	323	-	251	-	
Non-cash items					
Income Tax Expense	123	-	131	-	
Depreciation of Property, Plant and Equipment	38	-	75	-	
Amortization of tenant allowances	19	-	25	-	
Amortization of Intangibles	30	-	94	-	
Amortization of Finance Costs	-	-	-	-	
Dividends on Pref. C Shares	-	-	-	-	
Income Taxes Paid	-	-	-	-	
Net change in Working Capital					
Accounts receivable	(1)	-	(1)	-	
Inventory	(1,201)	-	(3,216)	-	
Prepaid/Other	253	-	255	-	
Trade and Other Payables	1,585	-	1,750	-	
Deferred Revenue	470	-	480	-	
Income Taxes Payable	-	-	-	-	
Net change in Working Capital	1,107	-	(733)	-	
Net cash provided by (used for) Operating Activities	1,639	-	(158)	-	
Cash Generated from Investing Activities					
(Purchase)/Disposal of property, plant & equipment	(69)	-	(113)	-	
Tenant Allowance / Lease Credits Received ¹	(1,601)	-	(1,614)	-	
(Purchase)/Disposal of Intangibles	(49)	-	(291)	-	
Net cash provided by (used for) Investing Activities	(1,720)	-	(2,017)	-	
Cash Generated from Financing Activities					
Issue of capital	-	-	-	-	
Debt Renewal / Extension Fees	-	-	-	-	
Increase / (decrease) in Long-Term Debt ²	-	-	-	-	
Net cash provided by (used for) Financing Activities	-	-	-	-	
Change in cash for the period	(81)	-	(2,175)	-	
Net Debt / (Cash) Position, beginning of period	(2,031)	-	(3,668)	-	
Net Debt / (Cash) Position, end of period	(1,951)	-	(1,493)	-	

1. 18 months Lease credit for Vaughan Head Office

2. Gordon Brothers 120 day loan expiring November 23, 2015

**Jones New York
Profit and Loss Statement
For the Period ended January 30th, 2016**

(C\$000s)	Month	Quarter-To-Date	Year-To-Date
	2015 Jan	2015 Jan	2015 Jan
Total Sales			
Merchandise Sales	1,492	6,652	15,729
Rental Sales	-	-	-
Tailoring Sales	-	-	-
Other Sales	-	-	-
Total Sales	1,492	6,652	15,729
Total Gross Margin			
Merchandise Gross Margin	528	2,391	7,675
Rental Gross Margin	-	-	-
Tailoring Gross Margin	(0)	(0)	(1)
Other Gross Margin	-	-	(31)
Total Gross Margin	528	2,391	7,644
Merchandise GM%	35.4%	35.9%	48.8%
Total GM%	35.4%	35.9%	48.6%
Shrink/Merch Discounts/Other	(715)	(1,123)	(2,023)
Total Gross Profit	1,242	3,515	9,666
Total Gross Profit %	83.3%	52.8%	61.5%
Sub total Store Expenses	886	2,841	5,908
Store Contribution ¹	356	674	3,759
Advertising	21	183	228
Corporate Expenses	32	(404)	(272)
Sub total Corporate Overhead	53	(221)	(44)
% of Total Sales	3.6%	-3.3%	-0.3%
Reported EBITDA	303	895	3,803
% of Sales	20.3%	13.5%	24.2%
Tenant Allowance	7	32	51
Depreciation	40	115	217
Amortization	56	150	204
EBIT	199	598	3,330
Interest - Term Loan	-	-	50
Interest - ABL	5	15	30
Amortization of Loan Fees	-	-	88
Dividends on Pref. C Shares	-	-	-
Other	3	10	20
Sub total Financing Expenses	8	25	187
Taxes	69	200	886
Net Income	122	373	2,257

1. Store contribution is defined as 4-wall EBITDA excluding depreciation and amortization, advertising, and field management (ie district managers).

**Jones New York
Balance Sheet
As At January 30th, 2016**

(C\$000s)	2015 Jan	2014 Jan
ASSETS		
Current Assets		
Cash	807	-
Trade and Other Receivable	-	-
Inventories	11,563	-
Prepaid Expenses	490	-
Income Taxes Receivable	-	-
Total Current Assets	12,860	-
Non-Current Assets		
Property, Plant and Equipment	587	-
Intangibles - Finite Life	1,279	-
Intangibles - Indefinite Life	-	-
Goodwill	-	-
Deferred Tax Assets	-	-
Intercompany Assets	-	-
Total Non-Current Assets	1,867	-
TOTAL ASSETS	14,727	-
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Trade and Other Payables	6,599	-
Capitalized Loan Fees	-	-
Deferred Revenue	793	-
Income Taxes Payable	886	-
Current Portion of Long-Term Debt	(0)	-
Current Portion of Long-Term Operating Loan	-	-
Total Current Liabilities	8,278	-
Non-Current Liabilities		
Long-Term Debt	-	-
Long-Term Operating Loan	-	-
Lease Obligations	-	-
Deferred Tax Liabilities	-	-
Deferred Lease Credits	51	-
Preferred Share Liability	-	-
Accrued Dividends	-	-
Intercompany Liabilities	4,141	-
Total Non-Current Liabilities	4,192	-
TOTAL LIABILITIES	12,470	-
Shareholder's Equity		
Share Capital	0	-
Contributed Surplus	-	-
Retained Earnings	2,257	-
Total Shareholder's Equity	2,257	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	14,727	-

**Jones New York
Cash Flow Statement
For the Period ended January 30th, 2016**

(C\$000s)	Month		Quarter-To-Date		Year-To-Date	
	2015 Jan	2014 Jan	2015 Jan	2014 Jan	2015 Jan	2014 Jan
Cash Generated from Operating Activities						
Income (loss) for the period	122	-	373	-	2,257	-
Non-cash items						
Income Tax Expense	69	-	200	-	886	-
Depreciation of Property, Plant and Equipment	40	-	115	-	217	-
Amortization of tenant allowances	7	-	32	-	51	-
Amortization of Intangibles	56	-	150	-	204	-
Amortization of Finance Costs	-	-	-	-	88	-
Dividends on Pref. C Shares	-	-	-	-	-	-
Income Taxes Paid	-	-	-	-	-	-
Net change in Working Capital						
Accounts receivable	2	-	0	-	-	-
Inventory	(2,292)	-	(5,508)	-	(11,563)	-
Prepaid/Other	49	-	303	-	(490)	-
Trade and Other Payables	(381)	-	870	-	6,599	-
Deferred Revenue	11	-	491	-	793	-
Income Taxes Payable	-	-	-	-	-	-
Net change in Working Capital	(2,611)	-	(3,843)	-	(4,661)	-
Net cash provided by (used for) Operating Activities	(2,316)	-	(2,973)	-	(958)	-
Cash Generated from Investing Activities						
(Purchase)/Disposal of property, plant & equipment	(15)	-	(128)	-	(804)	-
Tenant Allowance / Lease Credits Received ¹	(0)	-	(1,614)	-	-	-
(Purchase)/Disposal of Intangibles	(155)	-	(446)	-	(1,484)	-
Net cash provided by (used for) investing Activities	(170)	-	(2,187)	-	(2,288)	-
Cash Generated from Financing Activities						
Issue of capital	-	-	-	-	0	-
Debt Renewal / Extension Fees	-	-	-	-	(88)	-
Increase / (decrease) in Intercompany Loan	1,342	-	3,757	-	4,141	-
Increase / (decrease) in Long-Term Debt	-	-	-	-	(0)	-
Net cash provided by (used for) Financing Activities	1,342	-	3,757	-	4,053	-
Change in cash for the period	(1,144)	-	(1,403)	-	807	-
Net Debt / (Cash) Position, beginning of period	(1,951)	-	(2,210)	-	-	-
Net Debt / (Cash) Position, end of period	(807)	-	(807)	-	(807)	-

1. 18 months Lease credit for Vaughan Head Office

**Jones New York
Profit and Loss Statement
For the Period ended February 27th, 2016**

(C\$000s)	Month	Quarter-To-Date	Year-To-Date
	2016 Feb	2016 Feb	2016 Feb
Total Sales			
Merchandise Sales	1,377	1,377	1,377
Rental Sales	-	-	-
Tailoring Sales	-	-	-
Other Sales	-	-	-
Total Sales	1,377	1,377	1,377
Total Gross Margin			
Merchandise Gross Margin	465	465	465
Rental Gross Margin	-	-	-
Tailoring Gross Margin	(1)	(1)	(1)
Other Gross Margin	-	-	-
Total Gross Margin	464	464	464
Merchandise GM%	33.8%	33.8%	33.8%
Total GM%	33.7%	33.7%	33.7%
Shrink/Merch Discounts/Other	47	47	47
Total Gross Profit	417	417	417
Total Gross Profit %	30.3%	30.3%	30.3%
Sub total Store Expenses	869	869	869
Store Contribution ¹	(452)	(452)	(452)
Advertising	76	76	76
Corporate Expenses	346	346	346
Sub total Corporate Overhead	422	422	422
% of Total Sales	30.7%	30.7%	30.7%
Reported EBITDA	(874)	(874)	(874)
% of Sales	(63.5%)	(63.5%)	(63.5%)
Tenant Allowance	8	8	8
Depreciation	27	27	27
Amortization	-	-	-
EBIT	(909)	(909)	(909)
Interest - Term Loan	-	-	-
Interest - ABL	6	6	6
Amortization of Loan Fees	-	-	-
Dividends on Pref. C Shares	-	-	-
Other	3	3	3
Sub total Financing Expenses	9	9	9
Taxes	(237)	(237)	(237)
Net Income	(682)	(682)	(682)

1. Store contribution is defined as 4-wall EBITDA excluding depreciation and amortization, advertising, and field management (ie district managers).

**Jones New York
Balance Sheet
As At February 27th, 2016**

(C\$000s)	2016 Feb	2015 Feb
ASSETS		
Current Assets		
Cash	200	-
Trade and Other Receivable	1	-
Inventories	12,594	-
Prepaid Expenses	486	-
Income Taxes Receivable	-	-
Total Current Assets	13,281	-
Non-Current Assets		
Property, Plant and Equipment	583	-
intangibles - Finite Life	1,285	-
Intangibles - Indefinite Life	-	-
Goodwill	-	-
Deferred Tax Assets	-	-
Intercompany Assets	(0)	-
Total Non-Current Assets	1,868	-
TOTAL ASSETS	15,149	-
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Trade and Other Payables	7,919	-
Capitalized Loan Fees	(18)	-
Deferred Revenue	792	-
Income Taxes Payable	649	-
Current Portion of Long-Term Debt	(0)	-
Current Portion of Long-Term Operating Loan	4,076	-
Total Current Liabilities	13,419	-
Non-Current Liabilities		
Lease Obligations	-	-
Deferred Tax Liabilities	-	-
Deferred Lease Credits	59	-
Preferred Share Liability	-	-
Accrued Dividends	-	-
Intercompany Liabilities	96	-
Total Non-Current Liabilities	155	-
TOTAL LIABILITIES	13,574	-
Shareholder's Equity		
Share Capital	0	-
Contributed Surplus	-	-
Retained Earnings	1,575	-
Total Shareholder's Equity	1,575	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	15,149	-

**Jones New York
Cash Flow Statement
For the Period ended February 27th, 2016**

(C\$000s)	Month		Quarter-To-Date		Year-To-Date	
	2016 Feb	2015 Feb	2016 Feb	2015 Feb	2016 Feb	2015 Feb
Cash Generated from Operating Activities						
Income (loss) for the period	(682)	-	(682)	-	(682)	-
Non-cash items						
Income Tax Expense	(237)	-	(237)	-	(237)	-
Depreciation of Property, Plant and Equipment	27	-	27	-	27	-
Amortization of tenant allowances	8	-	8	-	8	-
Amortization of Intangibles	-	-	-	-	-	-
Amortization of Finance Costs	-	-	-	-	-	-
Dividends on Pref. C Shares	-	-	-	-	-	-
Income Taxes Paid	-	-	-	-	-	-
Net change in Working Capital						
Accounts receivable	(1)	-	(1)	-	(1)	-
Inventory	(1,030)	-	(1,030)	-	(1,030)	-
Prepaid/Other	4	-	4	-	4	-
Trade and Other Payables	1,321	-	1,321	-	1,321	-
Deferred Revenue	(1)	-	(1)	-	(1)	-
Income Taxes Payable	-	-	-	-	-	-
Net change in Working Capital	293	-	293	-	293	-
Net cash provided by (used for) Operating Activities	(591)	-	(591)	-	(591)	-
Cash Generated from Investing Activities						
(Purchase)/Disposal of property, plant & equipment	(23)	-	(23)	-	(23)	-
Tenant Allowance / Lease Credits Received ¹	0	-	0	-	0	-
(Purchase)/Disposal of Intangibles	(6)	-	(6)	-	(6)	-
Net cash provided by (used for) Investing Activities	(29)	-	(29)	-	(29)	-
Cash Generated from Financing Activities						
Issue of capital	-	-	-	-	-	-
Debt Renewal / Extension Fees	(18)	-	(18)	-	(18)	-
Increase / (decrease) in Intercompany Loan	(4,045)	-	(4,045)	-	(4,045)	-
Increase / (decrease) in Long-Term Debt	(0)	-	(0)	-	(0)	-
Net cash provided by (used for) Financing Activities	(4,063)	-	(4,063)	-	(4,063)	-
Change in cash for the period	(4,683)	-	(4,683)	-	(4,683)	-
Net Debt / (Cash) Position, beginning of period	(807)	-	(807)	-	(807)	-
Net Debt / (Cash) Position, end of period	3,876	-	3,876	-	3,876	-

1. 18 months Lease credit for Vaughan Head Office

**Jones New York
Profit and Loss Statement
For the Period ended April 2nd, 2016**

(C\$000s)	<u>Month</u> <u>2016 Mar</u>	<u>Quarter-To-Date</u> <u>2016 Mar</u>	<u>Year-To-Date</u> <u>2016 Mar</u>
Total Sales			
Merchandise Sales	2,532	3,909	3,909
Rental Sales	-	-	-
Tailoring Sales	-	-	-
Other Sales	-	-	-
Total Sales	2,532	3,909	3,909
Total Gross Margin			
Merchandise Gross Margin	759	1,224	1,224
Rental Gross Margin	-	-	-
Tailoring Gross Margin	(1)	(2)	(2)
Other Gross Margin	-	-	-
Total Gross Margin	759	1,223	1,223
Merchandise GM%	30.0%	31.3%	31.3%
Total GM%	30.0%	31.3%	31.3%
Shrink/Merch Discounts/Other	33	80	80
Total Gross Profit	725	1,143	1,143
Total Gross Profit %	28.6%	29.2%	29.2%
Sub total Store Expenses	984	1,854	1,854
Store Contribution ¹	(259)	(711)	(711)
Advertising	94	170	170
Corporate Expenses ²	665	1,011	1,011
Sub total Corporate Overhead	759	1,181	1,181
% of Total Sales	30.0%	30.2%	30.2%
Reported EBITDA	(1,018)	(1,892)	(1,892)
% of Sales	(40.2%)	(48.4%)	(48.4%)
Tenant Allowance	8	16	16
Depreciation	28	55	55
Amortization	68	68	68
EBIT	(1,122)	(2,031)	(2,031)
Interest - Term Loan	-	-	-
Interest - ABL	16	22	22
Amortization of Loan Fees	2	2	2
Dividends on Pref. C Shares	-	-	-
Other	4	7	7
Sub total Financing Expenses	23	32	32
Taxes	(281)	(518)	(518)
Net Income	(863)	(1,545)	(1,545)

1. Store contribution is defined as 4-wall EBITDA excluding depreciation and amortization, advertising, and field management (ie district managers).

2. Inclusive of one-time professional services of \$0.2mm.

**Jones New York
Balance Sheet
As At April 2nd, 2016**

(C\$000s)	2016 Mar	2015 Mar
ASSETS		
Current Assets		
Cash	328	-
Trade and Other Receivable	3	-
Inventories	13,046	-
Prepaid Expenses	975	-
Income Taxes Receivable	-	-
Total Current Assets	14,352	-
Non-Current Assets		
Property, Plant and Equipment	586	-
Intangibles - Finite Life	1,234	-
Intangibles - Indefinite Life	-	-
Goodwill	-	-
Total Non-Current Assets	1,820	-
TOTAL ASSETS	16,173	-
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Trade and Other Payables	7,334	-
Capitalized Loan Fees	(85)	-
Deferred Revenue	788	-
Income Taxes Payable	368	-
Current Portion of Long-Term Debt	(0)	-
Current Portion of Long-Term Operating Loan	6,841	-
Total Current Liabilities	15,246	-
Non-Current Liabilities		
Lease Obligations	-	-
Deferred Tax Liabilities	-	-
Deferred Lease Credits	67	-
Preferred Share Liability	-	-
Accrued Dividends	-	-
Intercompany Liabilities	148	-
Total Non-Current Liabilities	215	-
TOTAL LIABILITIES	15,461	-
Shareholder's Equity		
Share Capital	0	-
Contributed Surplus	-	-
Retained Earnings	712	-
Total Shareholder's Equity	712	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	16,173	-

**Jones New York
Cash Flow Statement
For the Period ended April 2nd, 2016**

(C\$000s)	Month		Quarter-To-Date		Year-To-Date	
	2016 Mar	2015 Mar	2016 Mar	2015 Mar	2016 Mar	2015 Mar
Cash Generated from Operating Activities						
Income (loss) for the period	(863)	-	(1,545)	-	(1,545)	-
Non-cash items						
Income Tax Expense	(281)	-	(518)	-	(518)	-
Depreciation of Property, Plant and Equipment	28	-	55	-	55	-
Amortization of tenant allowances	8	-	16	-	16	-
Amortization of Intangibles	68	-	68	-	68	-
Amortization of Finance Costs	2	-	2	-	2	-
Dividends on Pref. C Shares	-	-	-	-	-	-
Income Taxes Paid	-	-	-	-	-	-
Net change in Working Capital						
Accounts receivable	(2)	-	(3)	-	(3)	-
Inventory	(453)	-	(1,483)	-	(1,483)	-
Prepaid/Other	(489)	-	(486)	-	(486)	-
Trade and Other Payables	(585)	-	736	-	736	-
Deferred Revenue	(4)	-	(5)	-	(5)	-
Income Taxes Payable	-	-	-	-	-	-
Net change in Working Capital	(1,534)	-	(1,241)	-	(1,241)	-
Net cash provided by (used for) Operating Activities	(2,572)	-	(3,162)	-	(3,162)	-
Cash Generated from Investing Activities						
(Purchase)/Disposal of property, plant & equipment	(32)	-	(55)	-	(55)	-
Tenant Allowance / Lease Credits Received ¹	-	-	0	-	0	-
(Purchase)/Disposal of Intangibles	(17)	-	(23)	-	(23)	-
Net cash provided by (used for) Investing Activities	(48)	-	(77)	-	(77)	-
Cash Generated from Financing Activities						
Issue of capital	-	-	-	-	-	-
Debt Renewal / Extension Fees	(70)	-	(88)	-	(88)	-
Increase / (decrease) in Intercompany Loan	52	-	(3,993)	-	(3,993)	-
Increase / (decrease) in Long-Term Debt	-	-	(0)	-	(0)	-
Net cash provided by (used for) Financing Activities	(17)	-	(4,081)	-	(4,081)	-
Change in cash for the period	(2,638)	-	(7,320)	-	(7,320)	-
Net Debt / (Cash) Position, beginning of period	3,876	-	(807)	-	(807)	-
Net Debt / (Cash) Position, end of period	6,513	-	6,513	-	6,513	-

1. 18 months Lease credit for Vaughan Head Office

**Jones New York
Profit and Loss Statement
For the Period ended April 30th, 2016**

(C\$000s)	Month <u>2016 Apr</u>	Quarter-To-Date <u>2016 Apr</u>	Year-To-Date <u>2016 Apr</u>
Total Sales			
Merchandise Sales	2,043	5,952	5,952
Rental Sales	-	-	-
Tailoring Sales	-	-	-
Other Sales	-	-	-
Total Sales	<u>2,043</u>	<u>5,952</u>	<u>5,952</u>
Total Gross Margin			
Merchandise Gross Margin	841	2,066	2,066
Rental Gross Margin	-	-	-
Tailoring Gross Margin	(0)	(2)	(2)
Other Gross Margin	-	-	-
Total Gross Margin	<u>841</u>	<u>2,064</u>	<u>2,064</u>
Merchandise GM%	41.2%	34.7%	34.7%
Total GM%	41.2%	34.7%	34.7%
Shrink/Merch Discounts/Other	49	129	129
Total Gross Profit	<u>792</u>	<u>1,935</u>	<u>1,935</u>
Total Gross Profit %	38.8%	32.5%	32.5%
Sub total Store Expenses	<u>890</u>	<u>2,744</u>	<u>2,744</u>
Store Contribution ¹	<u>(97)</u>	<u>(809)</u>	<u>(809)</u>
Advertising	37	207	207
Corporate Expenses	649	1,660	1,660
Sub total Corporate Overhead	<u>685</u>	<u>1,866</u>	<u>1,866</u>
% of Total Sales	33.5%	31.4%	31.4%
Reported EBITDA	<u>(783)</u>	<u>(2,675)</u>	<u>(2,675)</u>
% of Sales	(38.3%)	(44.9%)	(44.9%)
Tenant Allowance	8	23	23
Depreciation	29	84	84
Amortization	34	102	102
EBIT	<u>(853)</u>	<u>(2,884)</u>	<u>(2,884)</u>
Interest - Term Loan	-	-	-
Interest - ABL	19	41	41
Amortization of Loan Fees	1	4	4
Dividends on Pref. C Shares	-	-	-
Other	3	11	11
Sub total Financing Expenses	<u>24</u>	<u>55</u>	<u>55</u>
Taxes	(214)	(732)	(732)
Net Income	<u>(663)</u>	<u>(2,207)</u>	<u>(2,207)</u>

1. Store contribution is defined as 4-wall EBITDA excluding depreciation and amortization, advertising, and field management (ie district managers).

**Jones New York
Balance Sheet
As At April 30th, 2016**

(C\$000s)	<u>2016 Apr</u>	<u>2015 Apr</u>
ASSETS		
Current Assets		
Cash	251	-
Trade and Other Receivable	5	-
Inventories	13,233	-
Prepaid Expenses	491	-
Income Taxes Receivable	-	-
Total Current Assets	<u>13,979</u>	-
Non-Current Assets		
Property, Plant and Equipment	564	-
Intangibles - Finite Life	1,205	-
Intangibles - Indefinite Life	-	-
Goodwill	-	-
Total Non-Current Assets	<u>1,770</u>	-
TOTAL ASSETS	<u>15,749</u>	-
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Trade and Other Payables	7,345	-
Capitalized Loan Fees	(86)	-
Deferred Revenue	789	-
Income Taxes Payable	154	-
Current Portion of Long-Term Debt	(0)	-
Current Portion of Long-Term Operating Loan	7,237	-
Total Current Liabilities	<u>15,439</u>	-
Non-Current Liabilities		
Lease Obligations	-	-
Deferred Tax Liabilities	-	-
Deferred Lease Credits	75	-
Preferred Share Liability	-	-
Accrued Dividends	-	-
Intercompany Liabilities	186	-
Total Non-Current Liabilities	<u>261</u>	-
TOTAL LIABILITIES	<u>15,699</u>	-
Shareholder's Equity		
Share Capital	0	-
Contributed Surplus	-	-
Retained Earnings	49	-
Total Shareholder's Equity	<u>49</u>	-
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u>15,749</u>	-

**Jones New York
Cash Flow Statement
For the Period ended April 30th, 2016**

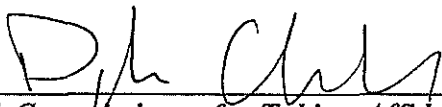
(C\$000s)	Month		Quarter-To-Date		Year-To-Date	
	2016 Apr	2015 Apr	2016 Apr	2015 Apr	2016 Apr	2015 Apr
Cash Generated from Operating Activities						
Income (loss) for the period	(663)	-	(2,207)	-	(2,207)	-
Non-cash items						
Income Tax Expense	(214)	-	(732)	-	(732)	-
Depreciation of Property, Plant and Equipment	29	-	84	-	84	-
Amortization of tenant allowances	8	-	23	-	23	-
Amortization of Intangibles	34	-	102	-	102	-
Amortization of Finance Costs	1	-	4	-	4	-
Dividends on Pref. C Shares	-	-	-	-	-	-
Income Taxes Paid	-	-	-	-	-	-
Net change in Working Capital						
Accounts receivable	(2)	-	(5)	-	(5)	-
Inventory	(187)	-	(1,669)	-	(1,669)	-
Prepaid/Other	485	-	(1)	-	(1)	-
Trade and Other Payables	11	-	747	-	747	-
Deferred Revenue	1	-	(4)	-	(4)	-
Income Taxes Payable	-	-	-	-	-	-
Net change in Working Capital	308	-	(933)	-	(933)	-
Net cash provided by (used for) Operating Activities	(497)	-	(3,659)	-	(3,659)	-
Cash Generated from Investing Activities						
(Purchase)/Disposal of property, plant & equipment	(7)	-	(61)	-	(61)	-
Tenant Allowance / Lease Credits Received ¹	-	-	0	-	0	-
(Purchase)/Disposal of Intangibles	(5)	-	(28)	-	(28)	-
Net cash provided by (used for) Investing Activities	(12)	-	(89)	-	(89)	-
Cash Generated from Financing Activities						
Issue of capital	-	-	-	-	-	-
Debt Renewal / Extension Fees	(2)	-	(90)	-	(90)	-
Increase / (decrease) in Intercompany Loan	38	-	(3,955)	-	(3,955)	-
Increase / (decrease) in Long-Term Debt	-	-	(0)	-	(0)	-
Net cash provided by (used for) Financing Activities	36	-	(4,045)	-	(4,045)	-
Change in cash for the period	(473)	-	(7,793)	-	(7,793)	-
Net Debt / (Cash) Position, beginning of period	6,513	-	(807)	-	(807)	-
Net Debt / (Cash) Position, end of period	6,986	-	6,986	-	6,986	-

1. 18 months Lease credit for Vaughan Head Office

Tab L

THIS IS EXHIBIT "L"

*referred to in the Affidavit of
Mark Sun sworn before me this
6th day of June 2016*



A Commissioner for Taking Affidavits
Dylon Chocho

Acquisition/Investment Opportunity
36-Store Women's Apparel Chain
Jones New York Canadian Retail Licensee

Inquiries concerning this Investment/Acquisition
Opportunity Document should be directed to:

RICHTER

Corey Pedneault
514.934.8613
cpedneault@richterconsulting.com

Company Overview

2473304 Ontario Inc. (the "Company") is the Canadian licensee of certain Jones New York trademarks and licensed products.

- Jones New York is a fashion brand of women's apparel and accessories with a 40 year history of offering iconic and timeless, American-inspired designs. The brand is renowned for its reputation of excellence in design, quality and style;
- The Company is party to a term sheet with an Authentic Brands Group ("ABG") entity providing the Company with the rights to operate retail stores in Canada under the Jones New York brand;
- The Company currently operates 36 leased stores in 7 of 10 Canadian provinces and leases a 125K square foot distribution centre in Vaughan, ON (which also houses the Company's head office);
- For the 12 month period ended January 2016, sales were in excess of \$35MM CAD.

Key Acquisition/Investment Considerations

Various acquisition/investment opportunities are available to interested parties, including:

- A going concern investment in or acquisition of the Company, its assets or the business;
- Access to desirable locations ideally situated in power and lifestyle centres across Canada;
- Attractive leases, including turnkey sites with high quality fixtures;
- Licensing opportunity of a strong, well-recognized fashion brand in North America;
- Core management team with a long tenure of service and experience;
- Strong in-store management and sales teams;
- Strategically located DC in close proximity to key Ontario and Quebec markets;
- Potential sourcing arrangement with ABG's sourcing agent.

Transaction Process

- The Company is exploring a potential sale of the Company or business or an investment;
- Information on this sale or investment opportunity can be obtained in a virtual data room maintained by Richter upon the execution of a Confidentiality Agreement. Inquiries must be made to Richter and no communication should be made with any Company representative;
- Offers are anticipated to contain minimal conditions given the data room information provided;
- **Offers must be marked as "Strictly Confidential" and delivered by e-mail to the following on or before 12:00 noon Eastern Time (ET) on May 19, 2016:**

Richter
Attention: Corey Pedneault
Phone: 514.934.8613
cpedneault@richterconsulting.com

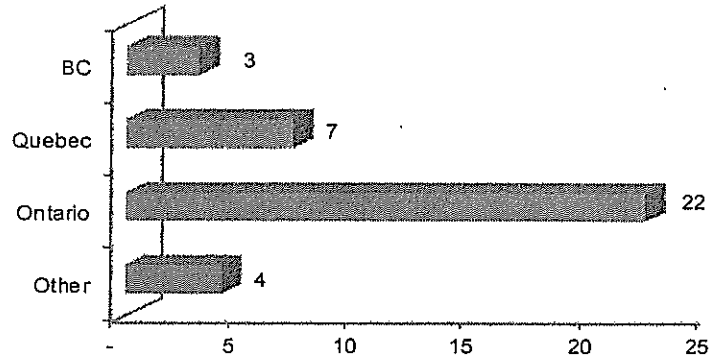
- **The Company reserves the right to, in its sole discretion:**
 - **Not accept the highest, best or any offer, and to suspend or modify the process for any reason at any time;**
 - **Reject any or all offers and shall have no obligation to disclose any reason therefore.**

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Overview – Store Locations

- The Company currently operates in 7 of 10 Canadian provinces:

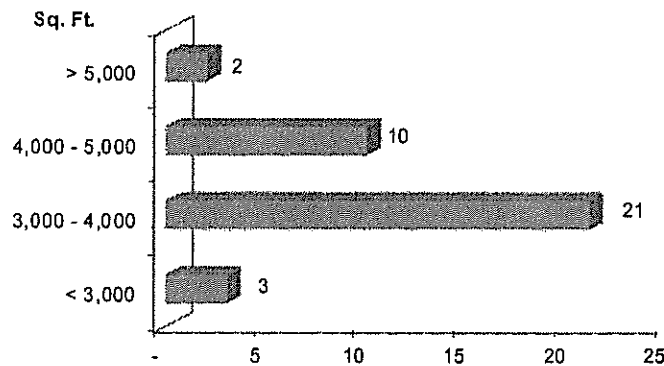
Stores by Province



Province	Stores	Sq. Ft.	Sq. Ft. Avg / Store	Avg Occ. / Sq. Ft.
Ontario	22	94,000	4,270	\$ 30
Quebec	7	25,000	3,570	30
BC	3	12,000	4,000	35
Alberta	1	4,000	4,000	48
Sask.	1	5,000	5,000	36
Manitoba	1	4,000	4,000	39
NS	1	4,000	4,000	32
Total	36	148,000	4,110	\$ 32

- Stores sizes ranges as follows:

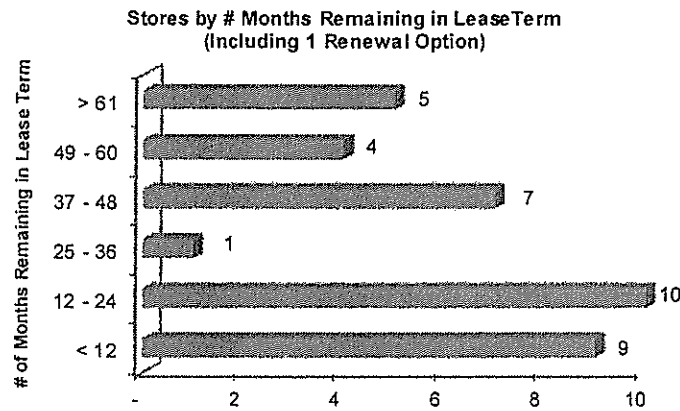
Store Size (Sq. Ft) Range



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Private & Confidential

- Remaining leases terms (inclusive of 1 renewal option) are as follows:



Workforce

- The Company has approximately 70 full-time and 230 part-time store employees;
- There are 13 full-time head office employees, including 4 district managers;
- The distribution center employs 6 full-time employees.
- The Company is a non-unionized work place.

Confidentiality and Disclaimer

This document has been prepared based on information provided by 2473304 Ontario Inc. and is intended to provide preliminary information to interested parties to formulate the basis of their acquisition/investment and/or transaction intent. The information contained herein is confidential and proprietary to the Company. Accordingly, the reader agrees to treat all information as strictly confidential and shall not disclose, either in part or in whole, to any party not directly involved in the investment and/or transaction decision.

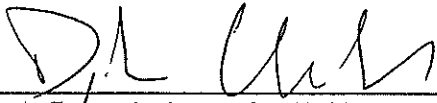
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Tab M

THIS IS EXHIBIT "M"

*referred to in the Affidavit of
Mark Sun sworn before me this
6th day of June 2016*



A Commissioner for Taking Affidavits

Dylem Chechle

RICHTER

2473304 Ontario Inc. Request for Proposals

May 12, 2016

Private & Confidential

2473304 ONTARIO INC.
JONES NEW YORK



Section I Introduction

477304 ONTARIO INC.
JONES NEW YORK

Private & Confidential

Introduction

- Richter Consulting Canada, Inc. ("Richter") is working with 2473304 Ontario Inc. (the "Company" or "Merchant") in connection with the Company's solicitation of bids for a going concern investment in, or acquisition, of the Company, its assets, or its business.
- Through a virtual data room maintained by the Company, Richter is providing to each Bidder who has executed and returned a Confidentiality Agreement certain select financial information concerning the business.
- Any requests for additional information or clarification of the matters addressed herein shall be directed to the following individuals:
 - Gilles Benchaya gbenchaya@richterconsulting.com 514.934.3496
 - Corey Pedneault cpedneault@richterconsulting.com 514.934.3486

PARTICIPATION BY A BIDDER AND SUBMISSION OF A PROPOSAL IN THIS PROPOSAL SOLICITATION PROCESS IS SUBJECT TO THE TERMS AND CONDITIONS OF THE CONFIDENTIALITY AGREEMENT BETWEEN THE COMPANY AND THE BIDDER, AS WELL AS COMPLIANCE WITH THE TERMS AND PROVISIONS OF THIS REQUEST FOR PROPOSALS. WITHOUT LIMITING THE TERMS AND CONDITIONS OF ANY CONFIDENTIALITY AGREEMENT BETWEEN YOU AND THE COMPANY, NO BIDDER MAY CONTACT ANY OTHER PARTY ABOUT THIS PROCESS OR A POTENTIAL PROPOSAL WITHOUT THE EXPRESS WRITTEN CONSENT OF THE COMPANY. THE COMPANY RESERVES THE RIGHT TO REJECT ANY OR ALL PROPOSALS, WITH ALL OF ITS ASSETS OR STORES AT ANY TIME IN ITS DISCRETION PRIOR TO EXECUTION OF A DEFINITIVE AGREEMENT. THE COMPANY WILL NOT BE RESPONSIBLE FOR ANY DAMAGES, INCLUDING REASONABLE ATTORNEY'S FEES, INCURRED BY ANY BIDDER WHO EXCLUDES ANY BIDDER FROM ANY FURTHER PARTICIPATION IN THE PROPOSAL SOLICITATION PROCESS.

The Company may seek relief under the *Companies' Creditors Arrangement Act* ("CCA") or the *Bankruptcy and Insolvency Act*, to complete a Transaction, or otherwise. To the extent such a filing is made, the Company will seek Court authorization and approval of any Accepted Proposal. To the extent required or advisable, in the context of an accepted liquidation proposal, the Company may be seeking authorization of sales guidelines consistent with the form attached to the Agency Agreement ("Sales Guidelines") to govern the conduct of the Sale. Unless otherwise provided in any Court order approving the Sale Guidelines in the event of any filing, the Company will comply in all material respects with the terms and provisions of any leases, mortgages and other occupancy agreements for the premises, as well as federal, provincial, and local laws, ordinances, rules and regulations and with terms of any intellectual property licenses.

Yours truly,

Richter Consulting Canada, Inc., Consultant for 2473304 Ontario Inc.

2473304 ONTARIO INC.
JONES NEW YORK

Private & Confidential



Section II

Request For Proposals

477304 ONTARIO INC.
JONES NEW YORK

Private & Confidential

Request for Proposals

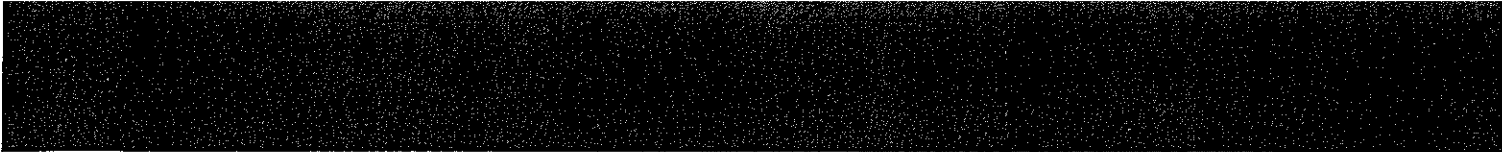
1. All proposals to be considered must be binding upon the Bidder and conform to each and every one of the requirements (subject to such compliance, as may be determined at the discretion of the Company (a "Conforming Proposal");
 - a. Conforming Proposals must be submitted using the following:
 - i. **Going Concern Investment or Share Acquisition** – letter of interest outlining the terms and containing minimum proposed changes from the original;
 - ii. **Asset Purchase** - form of asset purchase agreement ("APA") available in the Richter virtual data room, redlined to show proposed changes from the original;
 - iii. **Liquidation Offer** – form of agency agreement ("Agency Agreement") available in the Richter virtual data room, redlined to show proposed changes from the original;
 - b. Stipulate that they are irrevocable and open for acceptance until 5:00pm (EDT) on May 27, 2016;
 - c. Be received, in writing (by e-mail, or messenger), by no later than **2:00 pm (ET) on May 19, 2016** (the "Proposal Deadline");
 - d. Be accompanied by a deposit of at least ten percent (10%) of the consideration offered by the Bidder under the terms of the Proposal.

It is the present intention of the Company to only consider proposals that arrive on or before the Proposal Deadline, and on the terms and provisions of this proposal solicitation.

2. Proposals must be marked as "*Strictly Confidential*" and received by the following at or before the Proposal Deadline:

2473304 Ontario Inc. Att: Mark Sun, CFO Phone: 416.780.2163 Email: msun@graffonfraser.com	Richter Att: Gilles Benchaya Phone: 514.934.3496 Email: gbenchaya@richterconsulting.com
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3. The Company with the assistance of its advisors will review each Conforming Proposal received at or before the Proposal Deadline. The Company may share any Conforming Proposal with certain of its constituents, including its Lenders. The Company with the assistance of its advisors may provide feedback to any Bidder about its Conforming Proposal. Ultimately, the Company with the assistance of its advisors and after consultation with other constituents shall determine which, if any, of the Conforming Proposals constitute the best proposal received (the "Accepted Proposal"). The Company reserves the right, in its sole discretion, to accept or any components of a Bidder's Conforming Proposal or to seek clarification, enhancement or modification of any Conforming Proposal.



Section III
Selected Terms and Conditions Applicable
Offers to Purchase

477304 ONTARIO INC.
JONES NEW YORK

Private & Confidential

Selected Terms and Conditions Applicable to Offers to Purchase

Any Bidder who desires to submit a Conforming Proposal for the acquisition of all or part of the Company's assets must submit form of the APA with changes to that form highlighted. As noted above, any offer that the Company determines not to be a Co may not be considered for designation as the Accepted Proposal. *Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the APA. A summary of certain material terms of the APA is as follows:*

1. At Closing, the Seller shall sell, transfer, convey and assign to the Buyer, and the Buyer shall purchase and acquire from the Seller's right, title and interest in the Sale Assets of the Seller, real or personal, tangible or intangible, used or held for in the Business at Closing;
2. The Purchase Price may be subject to adjustment in accordance with an agreed upon purchase price adjustment mechanism in full in cash at Closing, after application of the deposit, by certified cheque, bank draft or other immediately available funds;
3. The Buyer shall be solely responsible for obtaining all consents required to assign and transfer the Sale Assets to the Buyer and the Assumed Liabilities by the Buyer on Closing;
4. Notwithstanding anything in the APA to the contrary, all Sale Assets, whether owned, leased or licensed, are being transferred "as is", "where is" without representation, warranty or condition;
5. Closing of the transactions contemplated under the APA shall occur on a date mutually agreed by the Seller and the Buyer. The Closing Date shall be no later than June 30, 2016; and
6. In the event of any inconsistency between the terms of the APA and this summary, the APA shall control. The Company reserves the right to make such changes to the APA as it determines to be in the Company's best interests.

The above summary is illustrative only and reference should be made to the APA in the data room.



Section IV
Selected Terms and Conditions Applicable
Liquidation Proposals

477304 ONTARIO INC.
JONES NEW YORK

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Selected Terms and Conditions Applicable to Liquidation Proposals

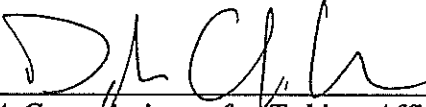
Any Bidder who desires to submit a Conforming Proposal to serve as the Company's exclusive agent to conduct the Sale at the must submit an offer in the form of the Agency Agreement with changes to that form highlighted. As previously noted any propos determines not to be a Conforming Proposal may not be considered for designation as the Accepted Proposal. *Capitalized terms otherwise defined shall have the meanings ascribed to them in the Agency Agreement. Below is a summary of certain material to Agreement.*

1. The Bidder submitting the Accepted Proposal shall be allowed to conduct the Sale in a manner consistent with the terms o referred to in the Agency Agreement.
2. Any proposal that is submitted should include payment of a "Guaranteed Amount," and a "Recovery Amount" to the Comp Proposals should provide that the Company shall receive an initial up front payment of an amount equal to not less than 8% Guaranteed Amount (such amount being determined by reference to the aggregate Cost Value of the merchandise on the date, as reflected in the Company's books and records). Bidders will also be expected to furnish one or more irrevocable s credit to the Company for an amount not less than the remaining unpaid portion of the estimated Guaranteed Amount.
3. **Licensing/Royalty expenses will be the sole responsibility of the Merchant and will not form part of Sale Expense:**
4. The aggregate Cost Value of the Merchandise subject to the Sale will be determined based on a SKU-based inventory cou to be conducted by an independent outside inventory service ("Inventory Taking Service") to be mutually selected by the C Bidder. Fifty percent (50%) of the costs of the Inventory Taking Service shall be an "Expense" of the Sale payable by the E remaining 50% payable by the Merchant. The Company and the Bidder may each have their employees or representative Location to observe and test the physical count, and review and test the listing, tabulation and pricing of the Merchandise.
5. The Company presently projects that the successful Bidder will be given undisturbed possession of the Stores on or about inventory at cost will approximate \$11MM (net of shrink reserve). Bidders should specify in their bids their proposed Sale 7 by the Company. The Company presently projects that the inventory in its Stores and DC will approximate \$10.5MM and \$ respectively on or about June 4, 2016 and that in-transit inventory will approximate nil on or about June 4, 2016. Such mer treated in accordance with the provisions in the Agency Agreement.
6. In the event there is any inconsistency between the terms of the Agency Agreement and this summary, the Agency Agreeer Company reserves the right to make such changes to the Agency Agreement as it determines to be in the Company's inter

Tab N

THIS IS EXHIBIT "N"

*referred to in the Affidavit of
Mark Sun sworn before me this
6th day of June 2016*



A Commissioner for Taking Affidavits
Dyker Choche

AGENCY AGREEMENT

This Agency Agreement (the "Agreement") is made as of June 6, 2016, by and between GA Retail Canada, ULC (the "Agent") and 2473304 Ontario Inc. ("Merchant"), a corporation incorporated under the laws of the Province of Ontario.

RECITALS

WHEREAS Merchant intends to apply to the Ontario Superior Court of Justice (Commercial List) (the "Court") for an initial order (the "Initial Order"), pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c.C-36, ("CCAA") seeking, among other things, the appointment of Richter Advisory Group Inc. ("Richter") to act as Monitor (the "Monitor") on or about June 7, 2016;

AND WHEREAS the Initial Order will provide that the Merchant benefits from a stay of proceedings against, its business and its property, as well as other protections (together, the "Stay of Proceedings") for an initial period of thirty (30) days, subject to extension (the "Stay Period") in the proceedings under the CCAA (the "CCAA Proceedings");

AND WHEREAS on the date hereof, the Merchant operates 37 retail stores across Canada in Ontario, Quebec, British Columbia, Alberta, Saskatchewan, Manitoba, and Nova Scotia;

AND WHEREAS as part of its restructuring under the CCAA, Merchant wishes to engage an agent for the limited purposes of (a) selling, by conducting a "store closing", "sale on everything", "everything must go" or mutually agreed theme sale (the "Sale"), all of the Merchandise (as hereinafter defined) located at the Merchant's retail store locations identified in Exhibit 1A annexed hereto (collectively, the "Closing Stores" and each a "Closing Store"); and (b) subject to Section 14 hereof, disposing of Merchant's owned furniture, trade fixtures and equipment (collectively, "Owned FF&E") located at the Closing Stores and Distribution Centre (as hereinafter defined), subject to the terms and conditions set forth herein;

AND WHEREAS Agent is willing to serve as Merchant's exclusive agent to conduct the Sale at the Closing Stores in accordance with the terms and conditions of this Agreement;

AND WHEREAS Merchant believes that entering into this Agreement is in the best interest of the Merchant;

AND WHEREAS the Agent and the Merchant agree and acknowledge the entering into of this Agreement by the Merchant is subject to the approval of the Court and that should the Approval Order (as hereinafter defined) not be obtained, this Agreement shall have no force or effect.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Agent and Merchant hereby agree as follows:

Section 1. Appointment of Agent.

1.1 Appointment. Merchant hereby appoints Agent, and Agent hereby agrees to serve, as Merchant's exclusive agent for the limited purpose of conducting the Sale at the Closing Stores in accordance with the terms and conditions of this Agreement. Agent's obligations hereunder are subject to the approval of the Court and shall be of no force and effect in the event that the Approval Order is not entered. Neither Merchant nor Agent shall be obligated to perform this Agreement and this Agreement shall not be effective unless, by 5:00 p.m. (Eastern Time) on June 13, 2016 or such later date as the parties may agree (the "Outside Date"), Merchant has obtained the Approval Order and the Approval Order shall not have been stayed, varied, or vacated nor shall an application to restrain or prohibit the completion of the Sale be pending.

1.2 No Other Agreements. Except for incurring Expenses in connection with the Sale and as otherwise specifically provided in this Agreement, Agent shall have no authority to enter into any contract, agreement or other arrangement or take any other action, by or on behalf of Merchant, that would have the effect of creating any obligation or liability, present or contingent, on behalf of or for the account of Merchant without Merchant's prior written consent.

1.3 Additional Merchandise. Subject to and in accordance with the Sales Guidelines (as defined herein), Merchant shall be permitted to transfer Merchandise between and among the Closing Stores and, as directed by the Agent and agreed to by the Merchant, acting reasonably, the Merchant shall purchase additional inventory of like nature and quality (the costs of which, net of applicable Sales Taxes, shall be an Expense and paid for by the Merchant as set forth in Section 3.7(a) out of the Proceeds) to include in the Sale ("Additional Merchandise"). In consideration of the right to include such Additional Merchandise in the Sale, the net sales of such Additional Merchandise (being the sales proceeds (exclusive of Sales Taxes)), if any, shall be Proceeds for the purposes of this Agreement and for greater certainty the expenses related to such Additional Merchandise shall be Expenses as set forth in Section 4.1.

Section 2. Approval Order.

2.1 Approval Order. Merchant shall use commercially reasonable efforts to bring a motion to obtain an order of the Court in the form attached as Exhibit 2.1 hereto, with such modifications as agreed to by Agent and Merchant, acting reasonably (the "Approval Order") authorizing the Merchant to enter into this Agreement and the Agent and Merchant to conduct the Sale in accordance with the terms hereof by no later than the Outside Date. The Approval Order shall be in form and substance satisfactory to, and obtained on motion made on notice to such persons as, Merchant and Agent, acting reasonably, deem necessary, including without limitation the landlords of the Closing Stores, Canadian Imperial Bank of Commerce, GSO Capital Partners, LP, the Merchant's other secured creditors and ABG-Jones LLC (the "Licensor"), and shall provide, among other things, that:

- (a) the terms of this Agreement, including the Sales Guidelines, and each of the transactions contemplated hereby, including the Sale, are approved;
- (b) Merchant and Agent shall be authorized to take any and all actions as may be necessary or desirable to implement this Agreement and each of the transactions contemplated hereby;

- (c) Agent shall be entitled to sell all Merchandise, and, subject to Section 14, the Owned FF&E, free and clear of 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, reservation of ownership or right of a third party of any nature or kind whatsoever including, without limitation, the charges and encumbrances in favour of Canadian Imperial Bank of Commerce and GSO Capital Partners, LP (the "Lenders") and the charges granted by the Court (collectively, "Encumbrances"), which Encumbrances will attach instead to the Guaranteed Amount, the Net FF&E Proceeds and other amounts paid or to be paid to the Merchant under this Agreement in the same order and priority as they existed on the Sale Commencement Date, and without interference by the Licensor in the sale of any Merchandise;
- (d) no Encumbrances shall attach to any amounts payable by Merchant to, or retained by Agent under this Agreement, or to any amounts that must be reimbursed by Merchant to Agent in the event that Agent over-funds any amounts due to Merchant, and Merchant will pay such amounts to Agent, and Agent will be entitled to receive and will retain such amounts, free and clear of any and all Encumbrances, notwithstanding any enforcement;
- (e) Agent shall have the right to use the Closing Stores and all related store services, all furniture, trade fixtures and equipment, including the Owned FF&E (collectively, the "FF&E"), and other assets of Merchant as designated hereunder for the purpose of conducting the Sale, free of any interference from any entity or person, subject to the terms of this Agreement, the Approval Order and the Sales Guidelines approved by the Court;
- (f) subject to compliance by Merchant and Agent with this Agreement, the Approval Order and the Sales Guidelines, all utilities, landlords, creditors, any successor or assignee of Merchant under any and all leases relating to the Closing Stores and all persons acting for or on their behalf shall not interfere with or otherwise impede the conduct of the Sale, or institute any action in any court or before any administrative body which in any way directly or indirectly interferes with or obstructs or impedes the conduct of the Sale;
- (g) subject to Section 8.1(d) hereof, Agent, as agent for Merchant, is authorized to conduct, advertise, use A-frames and sign-walkers, post signs and otherwise promote the Sale without further consent of any person in accordance with the terms and conditions of this Agreement and the Sales Guidelines;
- (h) the Agent, at no cost to the Agent, shall have the unfettered right to use until the Sale Termination Date the Merchant's trade names, trademarks and logos (including all licenses and other rights to the use the trade names, trademarks, and logos of third parties), website and social media accounts relating to and used in connection with the operation of the Closing Stores solely for the purpose of advertising and conducting the Sale in accordance with the terms of this Agreement; provided that Agent shall provide Merchant with copy of any advertising prior to its use in the Sale;

- (i) Agent shall not be liable for any claims against Merchant other than as expressly provided for in this Agreement, and Agent shall have no successor liabilities whatsoever;
- (j) Subject to the entry of the Approval Order, a valid and perfected security interest and charge (the "Agent's Charge") is granted in favour of the Agent in all of the Merchandise, the Additional Merchandise, the Proceeds, the Gross FF&E Proceeds (in the case of the Gross FF&E Proceeds, to the extent of the FF&E Commission and the Merchant's out of pocket expenses related to the disposition of the Owned FF&E as set out in Section 14(a)) and the Agent's share of the proceeds from the sale of Merchant Consignment Goods, (collectively, the "Charged Property") as security for all of the obligations of Merchant to Agent under this Agreement, including all amounts that are or may become owing or payable by Merchant to Agent under or in connection with this Agreement (the "Merchant's Obligations"). Upon issuance of the Approval Order and payment of the Guaranteed Amount, the Agent's Charge shall be deemed properly perfected. For greater certainty, the Agent's Charge shall not extend to any property of Merchant other than the Charged Property. The Agent's Charge shall:
 - (i) be limited to the amount of the Merchant's Obligations;
 - (ii) from the time of payment of the Initial Guaranty Payment to Merchant pursuant to this Agreement, rank in first priority to any and all other Encumbrances that may now exist or hereinafter arise, provided, however, that, to the extent of any unpaid portion of the Guaranteed Amount, the Merchant's First Portion of Sharing Recovery Amount, the Merchant's Share Recovery Amount, Net FF&E Proceeds and Merchant's share of the proceeds from the sale of Merchant Consignment Goods due to Merchant hereunder (the "Unpaid Merchant's Entitlements"), the Agent's Charge shall be subordinate to all other court-ordered charges ordered by any order of the Court and all other Encumbrances, but solely to the extent of any Unpaid Merchant's Entitlements; and
 - (iii) be valid and enforceable as against all of the Charged Property against all persons, including, without limitation, any trustee in bankruptcy, receiver, receiver and manager or interim receiver of Merchant, for all purposes.
- (k) Notwithstanding (i) the bankruptcy of Merchant; (ii) the provisions of any federal or provincial statutes; or (iii) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances contained in any existing loan document, lease, sublease or offer to lease or other agreement which binds Merchant or any receiver/receiver manager, trustee in bankruptcy or agent of Merchant; and notwithstanding any provision to the contrary in any such agreement, the entering into of this Agreement and any other ancillary or related documents or agreements and any steps or actions taken in relation hereto, including the vesting of any Remaining

Merchandise at the Sale Termination Date in Agent's possession free of any Encumbrances pursuant to Section 3.2 hereof, and the granting of the Agent's Charge and all steps taken and registrations made in any jurisdiction in the sole discretion of Agent, do not and will not constitute fraudulent preferences, fraudulent conveyances, transfer at undervalue, conduct that is oppressive, unfairly prejudicial to or that unfairly disregards the interest of any person, settlements or other challengeable, voidable or reviewable transactions under any applicable law and shall be binding on any receiver and any trustee in bankruptcy that may be appointed in respect of Merchant and shall not be void or voidable by creditors of Merchant;

- (l) the amounts deposited in Merchant's accounts in connection with this Agreement shall be held in trust in favour of the Merchant and Agent, and shall be distributed as set out in this Agreement; and
- (m) the transaction contemplated in this Agreement is exempt from the *Bulk Sales Act* (Ontario).

Section 3. Guaranteed Amount and Other Payments.

3.1 Payments to Merchant and Agent.

- (a) Concurrent with the execution of this Agreement, the Agent has delivered a deposit, payable to the order of Richter Advisory Group Inc. in its capacity as court appointed Monitor of the Merchant, in trust, by certified cheque, bank draft or wire transfer to the account specified by the Monitor, in the amount of \$██████████, being approximately ██████████% of the Guaranteed Amount (as defined below) (the "Deposit"), to be held in a non-interest bearing account with a Canadian bank and otherwise to be dealt with in accordance with the provisions of this Agreement. If this Agreement is terminated by the Merchant as a result of the Agent's default, the Deposit shall be paid to the Merchant, without interest, as liquidated damages and not as a penalty. If this Agreement is terminated for any other reason, including if the Approval Order is not obtained by the Outside Date, the Deposit shall be repaid to the Agent, without interest.
- (b) As a guaranty of Agent's performance hereunder in respect of the Sale of the Merchandise, Agent guarantees that Merchant shall receive an amount equal to ██████████ percent (██████%) (the "Guaranty Percentage") of the aggregate Cost Value of the Merchandise included in the Sale at the Closing Stores (the "Guaranteed Amount"). All Merchandise received at the Closing Stores within the fourteen (14) day period commencing from the Sale Commencement Date (and any inventory at the Distribution Centre that the Agent requires to be maintained at the Distribution Centre) will be valued pursuant to the Guaranteed Amount. The Guaranteed Amount will be calculated based upon the aggregate Cost Value of the Merchandise as determined by the Final Inventory Report after verification and reconciliation thereof by Agent and Merchant. As required and from time to time, any reference to "Guaranteed Amount" shall mean the amount as calculated and modified from time to time

in accordance with this Section. As to other adjustments, their calculation and nature is reflected in Section 5 hereof.

- (c) Merchandise received at the Closing Stores after the fourteen (14) day period referred to in Section 3.1(a) shall be valued independently by multiplying Cost Value and Retail Price by one minus the average prevailing discount on the Retail Price across the applicable product category at the time of receipt at the Closing Store. For greater clarity, if Merchandise is received on the fifteenth (15th) day after the Sale Commencement Date and the prevailing discount on that date is equal to █%, the Cost Value and Retail Price of the Merchandise will be multiplied by █% (█% = █%).
- (d) To the extent that Proceeds from the Sale of Merchandise and the Additional Merchandise included in the Sale exceed the sum of (i) the Guaranteed Amount, (ii) the Expenses and (iii) █ percent (█%) of the sum of the aggregate Cost Value of the Merchandise in such Closing Stores plus the cost of the Additional Merchandise (the "Agent's Fee") (collectively, the "Sharing Threshold"), then all remaining Proceeds of such Sale shall be shared as follows: (iv) █ and (v) thereafter the remaining Proceeds of such Sale shall be shared █ percent (█%) to Merchant (the "Merchant's Sharing Recovery Amount") and █ percent (█%) to Agent (the "Agent's Sharing Recovery Amount"). To the extent that Merchant is entitled to receive a portion of the remaining Proceeds set forth in Section 3.1(d)(iv) or any Merchant's Sharing Recovery Amount from the Proceeds, Agent shall pay the Merchant's Sharing Recovery Amount in accordance with Section 3.3(d) hereof.
- (e) Agent shall also be entitled to receive a commission on the FF&E Proceeds, if any, as provided for in Section 14 hereof.
- (f) Agent shall pay to Merchant the Guaranteed Amount, the Merchant's First Portion of Sharing Recovery Amount, the Merchant's Sharing Recovery Amount, if any, and the Net FF&E Proceeds in the manner and at the times specified in Section 3.3 below.
- (g) Subject to Section 3.3(e) below, if and to the extent that Agent or Merchant over-funds any amounts due to the other hereunder, then Merchant or Agent, as applicable, agrees to promptly reimburse (by no later than the next weekly reconciliation contemplated by Section 3.6) such over-payment amounts to Agent or Merchant, as applicable, to the extent such amount is not disputed by the other. If such over-payment amount is disputed by Merchant or Agent, then Merchant or Agent, as applicable, shall reimburse such over-payment amount to the other, if any, no later than five (5) days following the date on which such dispute is resolved pursuant to this Agreement.
- (h) Subject to Section 3.3 below, to ensure accurate sales audit functions, as well as accurate calculations of the Merchant's Sharing Recovery Amount, Agent shall be

required to utilize Merchant's existing point-of-sale system for recording all sales of Merchandise in the Closing Stores.

- (i) The Guaranty Percentage has been established based upon the assumption that aggregate Cost Value of the Merchandise included in the Sale is not less [REDACTED] dollars (\$ [REDACTED]) (the "Merchandise Threshold") and is not more than [REDACTED] (\$ [REDACTED]) (the "Merchandise Ceiling"). To the extent that the aggregate Cost Value of the Merchandise included in the Sale is less than the Merchandise Threshold, or higher than the Merchandise Ceiling, the Guaranty Percentage shall be adjusted, on a pro rata basis, in accordance with Exhibit 3.1(i) hereto, as and where applicable.
- (j) The Guaranty Percentage has also been established based upon the assumption that the Cost Value-to-Retail Price relationship of the Merchandise (Cost Value divided by Retail Price) (the "Cost Factor") shall not be greater than [REDACTED] percent ([REDACTED]%) (the "Cost Factor Threshold"). If the Cost Factor is greater than the Cost Factor Threshold, the Guaranty Percentage shall be adjusted downward in accordance with Exhibit 3.1(j) attached hereto. For the purposes of this Agreement, "Retail Price" means the lower of (i) lowest ticketed, marked, shelf, or other file price as reflected in Merchant's books and records for such item of Merchandise or (ii) the current selling price (other than temporary POS prices) for such item of Merchandise, or (iii) the current retail or aged price, as applicable, for each item of Merchandise, as reflected in the Merchant's Perpetual Inventory File; provided, however, that the Retail Price shall not be adjusted for Excluded Price Adjustments. If an item of Merchandise has more than one ticketed price, or if multiple items of the same SKU are ticketed at different prices, or have a different PLU price (other than temporary POS prices), the lowest ticketed, marked or PLU price (other than temporary POS prices) on any such item shall prevail for such item or for all such items within the same SKU, as the case may be, that are located within the same location (as the case may be, the "Lowest Location Price"), unless it is reasonably determined by Merchant and Agent that the applicable Lowest Location Price was mismarked or such item was priced because it was damaged or marked as "as is," in which case the higher price shall control; provided, however, in determining the Lowest Location Price with respect to any item of Merchandise at a Store, the Lowest Location Price shall be determined based upon the lowest ticketed, marked or PLU price (other than temporary POS prices) for such item on a per Store basis. No adjustment to Retail Price shall be made with respect to different ticketed price, marked price, or PLU prices (other than temporary POS prices) for items located in different Stores. For purposes of this Agreement, the Cost Factor shall be calculated by dividing the aggregate Cost Value of the Merchandise by the aggregate Retail Price of the Merchandise.
- (k) The adjustments to the Guaranty Percentage contemplated by Exhibit 3.1(i) and Exhibit 3.1(j) shall be independent and cumulative.
- (l) On the Sale Commencement Date, Agent and Merchant shall confirm the amount of cash in the registers at the Closing Stores as of the Sale Commencement

Date ("Cash in Registers"). An actual count of such cash shall be conducted by Agent and Merchant at the start of the Sale Commencement Date prior to any transactions. The Cash in Registers shall be made available for use by Agent during the Sale and the Agent shall pay the Merchant an amount equal to the Cash in Registers on the Final Reconciliation.

3.2 Remaining Merchandise. Provided that no Event of Default has occurred and continues to exist on the part of Agent, and after all payments are made to Merchant as required hereunder, all Merchandise remaining, if any, at the Sale Termination Date (the "Remaining Merchandise") shall become the property of Agent free and clear of all Encumbrances, provided, however, that all proceeds received by Agent from the disposition shall nevertheless constitute Proceeds for the purposes of this Agreement. Notwithstanding the foregoing, Agent shall use commercially reasonable efforts and act in good faith to dispose of all of the Merchandise during the Sale Term.

3.3 Time of Payments.

- (a) Payment of Guaranteed Amount. Within two (2) Business Days following the date the Approval Order is issued by the Court in form and substance reasonably satisfactory to the Agent (the "Payment Date"), Agent shall pay to an account designated by Merchant an amount equal to [REDACTED] percent ([REDACTED]%) of the estimated Guaranteed Amount (the "Initial Guaranty Payment") calculated based upon the Merchandise Threshold of the Cost Value of the Merchandise in the Closing Stores and the Distribution Centre on the Sale Commencement Date set out in Section 3.1(i) attributable to the Merchandise, (the "Threshold Guaranteed Amount"), less the Deposit (which Deposit shall be credited against the Initial Guaranty Payment on the Payment Date). Such payment shall be made to Merchant by wire transfer to an account designated by Merchant, and the Agent shall notify the Merchant of the initiation of the wire transfer. The Sale shall not commence until the Initial Guaranty Payment has been received by Merchant (unless the Approval Order is granted on June 13, 2016 after noon Eastern time in which case the Agent may commence the Sale on June 14, 2016 notwithstanding that the Initial Guaranty Payment has not been received by the Merchant (but for greater certainty in such case the Agent shall pay the Initial Guaranty Payment within two (2) Business Days following the date of the Approval Order as set out above in this Section 3.3(a)).
- (b) Payment of Balance of Guaranteed Amount. The balance of the Guaranteed Amount, if any, shall be paid by Agent to Merchant by wire transfer to the account designated by Merchant on the second Business Day following the issuance of the final certified report of the aggregate Cost Value of the Merchandise by the Inventory Taking Service (the "Final Inventory Report"), after review, reconciliation and verification thereof by Merchant and Agent. For the purposes of this Agreement, "Business Day" means any day excluding a Saturday, Sunday or statutory holiday in the Province of Ontario.
- (c) Payments in respect of Merchant's Sharing Recovery Amount and Net FF&E Proceeds. Agent shall pay to Merchant all amounts on account of the Merchant's

First Portion of Sharing Recovery Amount, the Merchant's Sharing Recovery Amount, if any, as part of the Final Reconciliation pursuant to Section 3.6(b), and the Agent shall pay to Merchant all amounts owed to the Merchant on account of the Net FF&E Proceeds, if any, as part of the weekly reconciliation conducted pursuant to Section 3.6(a).

- (d) Payments to Agent. Subject to payment of the Guaranteed Amount, Expenses, a portion of the remaining Proceeds, if any, as set forth in Section 3.1(d)(iv), Merchant's Sharing Recovery Amount, if any, and all other amounts payable to Merchant from Proceeds hereunder, Agent shall retain from Proceeds, as its compensation for services rendered to Merchant hereunder, the Agent's Fee, plus Agent's Sharing Recovery Amount, if any. Agent shall also be entitled to receive the FF&E Commission. Agent shall be entitled to receive, and retain from the Proceeds, any applicable sales, excise, consumption or use, or similar taxes or any other government charges (other than taxes on income), including GST and QST, ("Sales Taxes") payable by Merchant on any compensation or fees for services received by Agent under this Agreement, including the Agent's Fee, the Agent's Sharing Recovery Amount and the FF&E Commission. Such Sales Taxes shall be payable by the Merchant to the Agent in addition to the compensation received by the Agent. "GST" means any goods and services or harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada). "QST" means any Quebec sales tax imposed under Title I of an *Act respecting the Quebec Sales Tax* (Quebec).
- (e) Over-Funding by Agent. In the event that the verified reconciliation of the Final Inventory Report indicates that the Initial Guaranty Payment exceeds the Guaranteed Amount (with the amount of such excess being the "Adjustment Amount"), Merchant shall remit such Adjustment Amount to Agent within five (5) Business Days after the Final Inventory Report has been issued. Merchant acknowledges that the Adjustment Amount will be an expenditure or liability of the Merchant secured by the Agent's Charge granted by Order of the Court.
- (f) Timing of Wire Transfer Payments. All amounts required to be paid by Agent or Merchant under any provision of this Agreement shall be made by wire transfer of immediately available funds which shall be wired by Agent or Merchant, as applicable, no later than 2:00 p.m. (in the time zone in which the wire is being initiated) on the date that such payment is due and the Agent shall notify the Merchant of the initiation of the wire transfer; provided, however, that all of the information necessary to complete the wire transfer has been received by Agent or Merchant, as applicable, by 11:00 a.m. on the date that such payment is due. In the event that the date on which any such payment is due is not a Business Day, then such payment shall be made by wire transfer on the next Business Day. Notwithstanding any of the foregoing, the Initial Guaranty Payment must be actually received by Merchant prior to the Sale commencing pursuant to Section 6.1 hereof.
- (g) Set-Off. Merchant agrees that if at any time during the Sale Term, Agent holds any amounts due to Merchant hereunder, Agent, may in its discretion, offset such amounts being held by Agent against any undisputed amounts due and

owing by, or required to be paid by Merchant under this Agreement. Merchant may, in its discretion, offset any amounts held by Merchant against any undisputed amounts due and owing by, or required to be paid by Agent under this Agreement. Any such setoffs shall be reconciled and accounted for as part of the weekly reconciliation.

3.4

Inventory Taking.

- (a) Subject to the provisions of this paragraph, the parties have agreed to use the current book value of inventory as of the Sale Commencement Date, to determine the aggregate Cost Value of the Merchandise located in the Closing Stores on the Sale Commencement Date in accordance with this Agreement. In order to test the validity of the aggregate Cost Value of the Merchandise as reflected on Merchant's current books and records, subject to the availability of the Inventory Taking Service, on or within ten (10) days of the issuance of the Approval Order (the "Inventory Completion Date"), Agent shall use its reasonable efforts to cause to be taken a SKU level Retail Price physical inventory on a style and colour basis (the "Inventory Taking") of the Merchandise located in the Closing Stores (the date of the Inventory Taking at each Closing Store shall be referred to as the "Inventory Date" for such Closing Store). Merchant and Agent shall jointly employ a mutually acceptable inventory taking service (the "Inventory Taking Service") to conduct the Inventory Taking in accordance with procedures set forth on Exhibit 3.4(a) annexed hereto.
- (b) As an Expense, Agent shall be responsible for █████ percent (████%) of (i) the fees and expenses of the Inventory Taking Service and (ii) Base Payroll accruing during the Inventory Taking for Retained Employees who work at the Closing Stores during the Inventory Taking in such Closing Stores, and Merchant shall pay the remaining █████ percent (████%) of the fees and expenses of the Inventory Taking Service and related payroll costs. Except for the Inventory Taking costs provided for in the immediately preceding sentence in respect of allocation, Merchant and Agent shall each bear all other of their respective costs and expenses relative to the Inventory Taking. Merchant, Agent, and Monitor may each have representatives present during the Inventory Taking and each shall have the right to review and verify the listing and tabulation of the Inventory Taking. Merchant agrees that, the Inventory Taking in each of the Closing Stores shall be conducted either after or during normal Closing Store hours. Merchant and Agent agree to cooperate with each other to conduct the Inventory Taking at such times as would minimize disruption to the Sale. Merchant and Agent further agree that until the Inventory Taking is completed in each of the Closing Stores, neither Merchant nor Agent shall: (x) other than with respect to sales of Merchandise in the ordinary course as part of the Sale at the Closing Stores, transfer any Merchandise to or from any of Closing Stores, so as to make any such items unavailable for counting as part of the Inventory Taking, and/or (y) remove any hang tags, price tickets or inventory control tags affixed to any Merchandise. Merchant and Agent agree that they will, and agree to cause their respective representatives to, cooperate and assist in the preparation and

calculation of the aggregate Cost Value of the Merchandise included in the Sale, including, without limitation, making available, to the extent necessary books, records, work papers and personnel.

- (c) The Inventory Taking including, but not limited to, the determination of the aggregate Cost Value of the Merchandise, shall be reconciled by Merchant and Agent within fourteen (14) days after its completion and Agent and Merchant shall use their reasonable efforts to accomplish such reconciliation within such fourteen (14) day period; provided, further, that the Final Inventory Report shall be completed not later than thirty (30) days after the Sale Commencement Date. In the event there is any dispute with respect to the reconciliation of the aggregate Cost Value of the Merchandise following completion of the Inventory Taking, then any such dispute shall be resolved in the manner at the times set forth in Section 3.6(c) hereof.
- (d) With respect to Merchandise at Merchant's distribution centre located at 388 Applewood Crescent, Vaughan, ON, L4K 4B4 (the "Distribution Centre") on the Sale Commencement Date and on-order Merchandise on the Sale Commencement Date that is received at the Closing Stores after the Inventory Taking and in accordance with a mutually agreed allocation plan, such Merchandise shall be counted as such inventory leaves the distribution centre in accordance with the procedures and instructions to be mutually agreed by Merchant and Agent, which procedures shall determine the aggregate Cost Value of such Merchandise. The number of cartons of such Merchandise shall be counted and reconciled within five (5) business days after receipt of such goods in the Closing Stores in accordance with the procedures and instructions as agreed and absent prior notification and agreement of Merchant, Agent's failure to report any variance between the received shipment from the respective shipping documents (each a "Shipping Variance"), within such five (5) business day period, shall (absent manifest error) result in such receipts being deemed confirmed received consistent with the applicable shipping documents. Merchant shall have five (5) Business Days to verify a timely issued Shipping Variance (each a "Shipping Variance Response"), and absent prior notification and agreement of Agent, Merchant's failure to respond to an asserted Shipping Variance within such five (5) business day period shall (absent manifest error) result in such Shipping Variance being deemed valid. If Merchant timely issues a Shipping Variance Response that disputes the asserted Shipping Variance, Merchant and Agent shall cooperate with each other to verify and resolve such dispute. The Agent and Merchant agree that they will, and agree to cause their respective representatives to, cooperate and assist in the preparation and the calculation of the aggregate Cost Value of the Merchandise included in the Sale, including, without limitation, making available to the extent necessary, books, records, work papers and personnel.

3.5 Gross Rings. For the period from the Sale Commencement Date until the Inventory Date for each Closing Store (the "Gross Rings Period"), Merchant and Agent shall jointly keep (a) a strict count of all gross cash register receipts less applicable Sales Taxes but excluding any prevailing discounts and (b) cash reports of sales at the Closing Stores to determine the actual Cost Value of the Merchandise sold by SKU and Retail Price ("Gross

Rings”) during the Gross Rings Period. All such records and reports shall be made available to Merchant and Agent during regular business hours upon reasonable notice. Any Merchandise included in the Sale using the Gross Rings shall be included in Merchandise using the Gross Rings method, and as soon as determinable and in no event later than with the payment of the balance of the Guaranteed Amount pursuant to Section 3.3(c) hereof

3.6 Reconciliation.

- (a) Weekly Reconciliation. On each Thursday during the Sale Term, commencing on the second Thursday after the Sale Commencement Date, Merchant and Agent shall cooperate to jointly prepare a reconciliation of the weekly Proceeds of the Sale, Expenses and Net FF&E Proceeds and any other Sale related items that either party may reasonably request, in each case for the prior week or partial week (i.e. Sunday through Saturday), all pursuant to procedures agreed upon by Merchant and Agent.
- (b) Final Reconciliation. Within thirty (30) days after the Sale Termination Date, Merchant and Agent shall jointly prepare a final reconciliation of the Sale, including, without limitation, a summary of Proceeds, Expenses, Net FF&E Proceeds, Sales Taxes and any other accounting required hereunder (the “Final Reconciliation”). Within five (5) days of completion of the Final Reconciliation, Agent shall pay to Merchant, or Merchant shall pay to Agent, as the case may be, any and all amounts due to the other pursuant to the Final Reconciliation, whether such amounts are disputed or not, plus, in the case of disputed amounts, a reasonable estimate of interest to be accrued on such disputed amounts for a period of three (3) months. Merchant or Agent, as the case may be, shall hold any disputed amounts in trust pending resolution of the dispute by agreement of the parties or as determined in the manner set out in Section 3.6(c) below. During the Sale Term, and until all of Agent’s obligations under this Agreement have been indefeasibly satisfied in full, Merchant and Agent shall have reasonable access to Merchant’s and Agent’s records with respect to the Merchandise, Proceeds, Net FF&E Proceeds, Sales Taxes and Expenses to review and audit such records relating to the Sale.
- (c) Dispute Resolution. In the event that there is any dispute with respect to the Final Reconciliation or the determination of the aggregate Cost Value of the Merchandise as reflected in the Final Inventory Report or with respect to any other matters arising from or related to this Agreement, such dispute shall be promptly (and in no event later than the third Business Day following the request by either Merchant or Agent) submitted to the Court for resolution.

3.7 Control of Proceeds.

- (a) During the Sale Term, all Gross Sale Proceeds of the Sale (including credit card proceeds) of the Merchandise and Additional Merchandise shall be collected by Agent and deposited on a daily basis into Merchant’s existing accounts (the “Designated Merchant Accounts”) in trust for the Agent and the Merchant, as applicable; provided, however, that Canadian Imperial Bank of Commerce has agreed not to take any action with respect to such Gross Sale Proceeds deposited

into the Designated Merchant Accounts during the Sale Term or Merchant has obtained an order of the Court confirming same. Merchant shall request, cause to be paid, receive and hold, from time to time and until they are disbursed in accordance with this Agreement, all of the Gross Sale Proceeds in trust for the benefit of Agent and Merchant, as the case may be, for disbursement pursuant to this Agreement. No portion of the Gross Sale Proceeds which are to be paid over to Agent pursuant to this Agreement shall be subject to any Encumbrances. The Approval Order shall give effect to this Section.

- (b) From Gross Sale Proceeds, Merchant shall establish a holdback in the Designated Merchant Accounts in an amount equal to the Sales Taxes applicable to such Gross Sale Proceeds (the "Sales Tax Holdback"). Sales Taxes are to be remitted from the Sales Tax Holdback by Merchant pursuant to Section 8.3 hereof, as part of the weekly reconciliation conducted by the Parties pursuant to Section 3.6(a) hereof. Subject to the terms of this Agreement, if the Sales Tax Holdback exceeds the Sales Taxes that should have been charged and collected on the Sale, any surplus funds are to be released to an Agency Account (as defined below) from the Sales Tax Holdback.
- (c) Following the issuance of the Approval Order and commencing on the first Business Day following the payment by Agent of the Initial Guaranty Payment and on each Tuesday and Friday thereafter (or as soon thereafter as is practicable), during and following the Sale Term, Merchant shall promptly transfer or take all steps required by it to cause to be transferred, by wire fund transfers, all Gross Sale Proceeds deposited in the Designated Merchant Accounts (but, for clarity, not any other funds, including, without limitation, any proceeds of Merchant's inventory sold prior to the Sale Commencement Date, if any) less the Sales Tax Holdback and less the Merchant's Expenses (net of Sales Taxes charged to the Merchant in respect of such Merchant's Expenses) as agreed to in the weekly reconciliation, to one or more segregated trust account(s) established by Agent, dedicated solely for the deposit of the Proceeds and the disbursement of amounts payable to Agent hereunder (the "Agency Accounts"). For clarity, Proceeds received after 12:00 pm (Eastern Time) on the day of transfer will be remitted by the Merchant to the Agent on the next following day of transfer. Merchant shall promptly upon Agent's request execute and deliver all necessary documents to open and maintain the Agency Accounts. Agent shall exercise sole signatory authority and control with respect to the Agency Accounts; provided, however, that upon request from Merchant from time to time, Agent shall deliver to Merchant copies of all bank statements and other information relating to such accounts. Merchant shall not be responsible for and Agent shall pay as an Expense hereunder, all bank fee and charges, including wire transfer charges, related to the Agency Accounts, whether incurred during or after the Sale Term.
- (d) Permitted Disbursements from Agency Accounts. In addition to the remittance of Net FF&E Proceeds to Merchant in accordance with Section 14(b) hereof, the following disbursements are permitted to be made from the Agency Accounts after receipt by Merchant of payment by Agent of the Guaranteed Amount in full:
 - (i) after remittance of Net FF&E Proceeds to Merchant pursuant to Section 14(b) hereof if applicable, and payment/reimbursement of all Expenses for the applicable week (plus all applicable Sales Taxes charged and collected by the Agent on, or in respect of, such Expenses), payment in full to Agent of Agent's return of funds on

account of the Guaranteed Amount, as part of the weekly reconciliation conducted pursuant to Section 3.6(a) hereof, all Proceeds remaining in the Agency Accounts shall be released to Agent on account of the return of the Guaranteed Amount paid by Agent, up to the maximum of the Guaranteed Amount;

- (ii) after remittance of Net FF&E Proceeds to Merchant pursuant to Section 14(b) hereof if applicable, and payment/reimbursement of all Expenses for the applicable week (plus all applicable Sales Taxes charged and collected by the Agent on, or in respect of, such Expenses), payment in full to Agent of Agent's return of funds on account of the Guaranteed Amount, as part of the weekly reconciliation conducted pursuant to Section 3.6(a) hereof, all Proceeds remaining in the Agency Accounts shall be released to Agent on account of the Agent's Fee plus applicable Sales Taxes charged and collected by Agent on the Agent's Fee; and
- (iii) after remittance of the Net FF&E Proceeds pursuant to Section 14(b) hereof if applicable, payment/reimbursement of all Expenses for the Sale Term (plus all applicable Sales Taxes charged and collected by the Agent, on or in respect of, such Expenses), payment in full to Agent of Agent's return of funds on account of the Guaranteed Amount, and payment to Agent of the Agent's Fee and all Sales Taxes thereon in accordance with paragraph (ii) above, as part of the weekly reconciliation conducted pursuant to Section 3.6(a) of the Agency Agreement, all Proceeds remaining in the Agency Account shall be released to Merchant as to █████ percent (████%) of such remaining Proceeds (on account of Merchant's Sharing Recovery Amount), after deducting Sales Taxes charged and collected by Agent on the Agent's Sharing Recovery Amount and to Agent as to █████ percent (████%) of such remaining Proceeds (on account of Agent's Sharing Recovery amount) plus the Sales Taxes charged and collected by the Agent on the Agent's Sharing Recovery Amount.

Section 4. Payment of Expenses.

4.1 Expenses. Agent shall be unconditionally responsible for all Expenses incurred in conducting the Sale during the Sale Term that are not paid out of Proceeds, which expenses shall (i) in the case of Expenses incurred by the Merchant, the Expense shall be net of Sales Taxes and shall be paid from the Proceeds in the Designated Merchant Accounts prior to the transfer of Proceeds to the Agency Accounts as described in Section 3.7(c), or if such balance in the Designated Merchant Accounts is insufficient, by the Agent to the extent of the insufficiency; and (ii) in the case of Expenses incurred by the Agent after payment of the Guaranteed Amount, the Expenses shall be paid by the Agent from the Proceeds transferred to the Agency Accounts and if there is an insufficiency in the Agency Account, by the Agent directly; provided, however, that such Expenses shall not reduce the Guaranteed Amount). As used herein, "Expenses" shall mean all Closing Store level operating expenses of the Sale that arise or are incurred during the Sale Term (and in the case of the Expenses set forth in Sections 4.1(f), 4.1(q), 4.1(r), and 4.1(t) below, such expenses also include expenses incurred prior to or in connection with the Sale and are not confined to Closing Store level operating expenses of the Sale and in connection with Section 4.1(v) are not confined to Closing Store level operating expenses of the Sale) limited to the following (without duplication):

- (a) occupancy expenses for the Closing Stores on a per location and per diem basis through the Vacate Date (as defined in Section 6.2 hereof) in an amount equal to the per diem totals by Closing Store set forth on Exhibit 4.1(a) hereto (the "Occupancy Expenses");
- (b) remittances by Agent to Merchant of an amount equal to the Base Payroll for all Retained Employees used in conducting the Sale for actual days/hours worked during the Sale Term;
- (c) remittances by Agent to Merchant of any actual amounts paid by Merchant for benefits that accrue solely during and are referable to the Sale Term for Retained Employees used in the Sale (including, but not limited to, Canadian pension plan and Quebec pension plan payments, employment insurance premiums, employer health tax, health services fund payments, workers' compensation benefits and health care and insurance benefits, vacation pay accruing during the Sale Term (but not in arrears) and statutory holiday pay) but excluding Excluded Benefits, in an amount not to exceed █████ percent (████%) of the Base Payroll for each Retained Employee in the Closing Stores (the "Benefits Cap");
- (d) remittances by Agent to Merchant of any amounts payable by Merchant under an Agent approved employee incentive plan to eligible Retained Employees in an amount not to exceed █████ percent (████%) of the Base Payroll for each Retained Employee in the Closing Stores; as provided in Section 9.4 below;
- (e) all costs associated with Agent's on-site supervision of the Sale by Agent's employees or independent contractors and associated reasonable corporate travel costs (based on economy fares and reasonable hotels) and reasonable and customary bonuses;
- (f) all costs of signage and banners (interior and exterior) and in-store signs which are produced for the Sale, approved by Merchant pursuant to Section 8.1(d) hereof and in compliance with the Sales Guidelines, whether incurred prior to the Sale or during the Sale Term;
- (g) out-of pocket promotional costs incurred by Agent pursuant to the terms of this Agreement, including, without limitation, use of Agent's social media and Agent's website, sign walkers, advertising and direct mailings relating to the Sale;
- (h) cost of additional supplies used at the Closing Stores as may be required by Agent in the conduct of the Sale (excluding those supplies located at the Closing Stores on the Sale Commencement Date which may be used by Agent at no charge);
- (i) credit card and bank card fees, bank charges, chargebacks and discounts with respect to Merchandise sold in the Sale;
- (j) costs of processing moving, transferring or consolidating Merchandise between and among the Closing Stores and any and all costs, including delivery and freight costs, related to the processing, transfer and consolidation of Merchandise between and among such Closing Stores;

- (k) bank service charges (for Closing Store and Merchant corporate accounts), cheque guarantee fees, and bad cheque expenses, to the extent attributable to the Sale;
- (l) all Agent fees and charges required to comply with applicable laws in connection with the Sale;
- (m) Closing Stores' cash theft and other cash shortfalls in the cash registers;
- (n) postage, courier and overnight mail charges to and from or among the Closing Stores and head office (to the extent relating to the Sale);
- (o) █████ percent (████%) of each of (i) the fees of the Inventory Taking Service to conduct the Inventory Taking at the Closing Stores and (ii) the Base Payroll, plus overtime and commissions, if applicable, during the Inventory Taking for Retained Employees who work at the Closing Stores during the Inventory Taking in such Closing Stores;
- (p) Third Party payroll processing fees;
- (q) Agent's actual cost of capital, Letter of Credit fees and currency conversion expenses related to the Sale, including wire transfer and bank charges related to the payment of the Initial Guaranty Payment, with the cost of currency conversion expenses not to exceed US\$████;
- (r) Agent's reasonable out-of-pocket costs and expenses including but not limited to, travel, due-diligence, reasonable legal fees and expenses incurred in connection with the review of data, preparation, negotiation and execution of this Agreement, the Approval Order, Sales Guidelines and any ancillary documents incurred prior to the Sale Term, and in connection with the Sale, in an amount not to exceed \$████ unless otherwise agreed to by the Merchant;
- (s) pursuant to Section 9.1 hereof, which Agent in its discretion considers appropriate, and other miscellaneous Closing Store-level expenses incurred by Agent as approved by Merchant;
- (t) actual cost of Agent's insurance reasonably allocable to this Agreement and the transactions contemplated hereby required under Section 12.3 hereof;
- (u) all costs associated with the acquisition and sale of Additional Merchandise; and
- (v) Central Services Expenses in an amount equal to \$████ per week for each week during the Sale, which amount shall be paid weekly to Merchant.

For those Expenses set out in 4.1(e), 4.1(f) and 4.1(g) Agent shall provide Merchant with a good faith estimate of such Expenses and the parties acknowledge and agree that (a) the Agent has full decision making authority with respect to such Expenses and (b) that such estimates may not be representative of the final amounts of such Expenses and may be subject to change.

“Expenses” shall not include: (i) Excluded Benefits; (ii) any rent or other occupancy expenses other than Occupancy Expenses in accordance with Section 4.1(a) hereof; (iii) Central Services Expenses (except as provided in Section 4.1 or any expenses associated with any of the Distribution Centers); (iv) any costs, expenses or liabilities arising during the Sale Term in connection with the Sale of Merchandise, other than the Expenses listed above, all of which shall be paid by Agent or Merchant, as applicable, promptly when due during the Sale Term. For certainty, royalties under licenses shall be the responsibility of and paid by Merchant and shall not constitute an Expense payable by Agent. Additionally in the case of Expenses incurred by the Merchant, the Merchant shall only recover such Expenses net of applicable Sales Taxes. Notwithstanding anything herein to the contrary, to the extent that any Expense listed in Section 4.1 is also included on Exhibit 4.1(a), then Exhibit 4.1(a) shall control and such Expense shall not be double counted.

4.2 Certain Definitions.

As used in this Article 4 and this Agreement, the following terms have the following respective meanings:

“Base Payroll” means base hourly payroll, overtime and commissions and bonuses under the Agent approved employee incentive plan, but excluding bonuses, vacation pay and statutory holiday pay payable under Merchant’s compensation policy in effect as at the Sale Commencement Date.

“Central Services Expenses” means costs and expenses for Merchant’s central administrative services necessary for the Sale including, but not limited to (a) Merchant’s inventory control system, including inventory handling, data processing and reporting; (b) payroll system; (c) accounting system; (d) Merchant’s social media and Merchant’s website and (e) allocation systems for Merchandise.

“Excluded Benefits” means vacation days or vacation pay (other than as provided for in Section 4.1(b) hereof), sick days or sick leave, maternity leave benefits, disability benefits or other leaves of absence, termination or severance pay (including, without limitation, any notice or pay, in lieu of notice in accordance with provincial employment/labour standards, common law, or contract) and similar amounts, and all benefits in excess of the Benefits Cap provided for in Section 4.1(c) above. Excluded Benefits also means and includes any amounts payable for pension, profit sharing, bonus or other retirement, benefit or incentive plans other than those expressly described in Section 4.1(c) above.

“Third Party” means, with reference to any Expenses to be paid to a “third party”, a party that is not affiliated with or related to Merchant.

All Expenses incurred during each week (i.e., Sunday through Saturday) of the Sale Term shall be paid by Merchant out of Proceeds in the Designated Merchant Account or by Agent as set out in Section 4.1, immediately following the weekly reconciliation by Merchant and Agent pursuant to Section 3.6(a) above, based upon invoices and other documentation satisfactory to Agent, acting reasonably; provided, however, Agent shall be obligated to pre-fund any Occupancy Expenses and payroll-related expenses consistent with Merchant’s customary rent and payroll funding practices and timing, and Merchant shall reimburse Agent

in accordance with Section 3.1(f) any over-advance in respect of Occupancy Expenses for any Occupancy Expenses pre-funded by Agent in respect of a period after which Agent has vacated the Closing Store.

4.3 Security. In order to secure Agent's obligations under this Agreement to pay the balance of the Guaranteed Amount, on or prior to the Payment Date, Agent shall furnish Merchant, in form and substance and from an issuer reasonably acceptable to Merchant, an irrevocable standby letter of credit naming Merchant as beneficiary in the aggregate original face amount equal to the sum of ■■■% of the estimated Guaranteed Amount (the "Letter of Credit"). Upon the payment of the balance of the Guaranteed Amount by the Agent, the Letter of Credit shall be reduced to an amount that the parties mutually agree upon as an estimate of two weeks of Expenses. The Letter of Credit shall have an expiry date of no earlier than 60 days after the Sale Termination Date. Unless the parties shall have mutually agreed that they have paid all amounts contemplated by the Final Reconciliation under this Agreement (or the Court has determined that such payments have been made), then, at least five days after such date Merchant shall receive an amendment to the Letter of Credit solely extending (or further extending, as the case may be) the expiry date by at least 60 days. If Merchant fails to receive such amendment to the Letter of Credit no later than five days before the expiry date, then Merchant shall be permitted to draw the full amount under the Letter of Credit to hold as security for amounts that may become due and payable to Merchant. In the event that Agent, after receipt of five Business Days' written notice, fails to pay an undisputed portion of the amounts owing hereunder (include any Expenses), Merchant may draw on the Letter of Credit in an amount equal to the unpaid, past due amount owing.

Section 5. Merchandise

5.1 Merchandise Subject to this Agreement.

- (a) For purposes of this Agreement, including, without limitation, the calculation of the Guaranteed Amount, "Merchandise" shall mean: (i) all finished goods inventory, including display merchandise that is owned by Merchant and located at the Closing Stores or within the Distribution Centre, at the request of the Agent, as of the Sale Commencement Date; (ii) Defective Merchandise, (iii) Pre-Sale Returned Merchandise which is saleable as first quality merchandise and received during the Sale Term pursuant to Section 8.5 hereof; and (iv) merchandise subject to Gross Rings. Notwithstanding the foregoing, Merchandise shall not include: (1) goods which belong to sublessees, licensees or concessionaires of Merchant; (2) goods held by Merchant on memo, on consignment, or as bailee, unless otherwise agreed to by Merchant and Agent; (3) FF&E, including Owned FF&E, which are located in the Closing Stores; (4) Pre-Sale Returned Merchandise which is not saleable as first quality merchandise, whether returned during or after the Sale Term; (5) Excluded Defective Merchandise; (6) Additional Merchandise and (7) returned to vendor goods collectively, the "Excluded Merchandise"). For greater certainty, any inventory received by or delivered to the Closing Stores after the twenty-one (21) day period referred to in Section 3.1(a) (other than from a Closing Store) shall be valued in accordance with Section 3.1(b). As used in this Agreement the following terms have the respective meanings set forth below:

- (i) “Defective Merchandise” means any item of non-first quality inventory that is not saleable in its current physical condition, worn, faded, torn, soiled or affected by other similar defects rendering it not first quality and for greater certainty, excludes Excluded Defective Merchandise.
- (ii) “Excluded Defective Merchandise” shall mean (i) those items of Defective Merchandise that are not saleable in the ordinary course because they are so damaged or defective that they cannot reasonably be used for their intended purpose, including items missing a component of a set and mis-sized pairs and (ii) those items of Defective Merchandise for which Merchant and Agent cannot agree upon a Cost Value.

5.2 Valuation.

- (a) For purposes of this Agreement, “Cost Value” shall mean with respect to each item of Merchandise, the aggregate total of the actual SKU level cost on a style and colour basis for such item of Merchandise as reflected in Merchant’s due diligence materials identified as “2.10 JNY Inventory Detail by SKU as at May 14 2016.xlsx” provided by Merchant and any subsequent update (the “Cost Files”); provided, however, that the Cost Value of Defective Merchandise shall be dealt with in accordance with Section 5.2(d) below. If there is a discrepancy between “2.10 JNY Inventory Detail by SKU as at May 14 2016.xlsx” and any subsequent file, the lowest actual SKU level cost on a style and colour basis for such item of Merchandise as reflected in the Cost Files shall apply.
- (b) Merchant represents, and Agent acknowledges, that the Cost File is true and accurate reflection of the actual amounts paid by Merchant and is reliable for determining the Cost Value of any item of Merchandise.
- (c) For purposes of this Agreement, the term “Excluded Price Adjustments” means the following discounts or price adjustments offered by the Merchant: (i) point of sale discounts or similar adjustments regardless of duration on the Sale Commencement Date; (ii) employee discounts; (iii) member or customer appreciation points or coupons; (iv) multi-unit purchase discounts; (v) adjustments for damaged, defective or “as-is” items; (vi) “buy one get one” type discounts; (vii) customer savings pass discounts or bounce back coupons, (viii) obvious ticketing or marking errors; or customer specific, temporary, or employee non-product specific discounts or pricing accommodations; and (ix) point of sale discounts relating to the Fall 2015 clearance event by the Merchant as disclosed to the Agent by an email to the Agent on May 25, 2016.
- (d) For purposes of determining the Cost Value of Defective Merchandise, such Cost Value shall be mutually agreed to in Inventory Taking by Agent and Merchant.

5.3 Excluded Goods. Merchant shall retain all rights and responsibility for any goods not included as “Merchandise” hereunder, including, without limitation, the Excluded

Merchandise. If Merchant elects on the first day of the Sale Term, Agent shall accept those goods not included as "Merchandise" hereunder and as identified by Merchant for sale as "Merchant Consignment Goods". Election by the Merchant to include Merchant Consignment Goods in the Sale constitutes a representation and warranty by Merchant that it is entitled to sell such goods and to allocate the proceeds of such sale as provided for in this Agreement. The Agent shall retain [REDACTED] percent ([REDACTED]%) of the sale price (less one hundred percent (100%) of applicable Sales Taxes) for all sales of Merchant Consignment Goods, and Merchant shall receive [REDACTED] percent ([REDACTED]%) of the sale price, plus one hundred percent (100%) of applicable Sales Taxes in respect of such sales. Merchant shall receive its share of the receipts of sales of Merchant Consignment Goods on a weekly basis, immediately following the weekly reconciliation by Merchant and Agent pursuant to Section 3.6(a) hereof. If Merchant does not elect to have Agent sell such goods not included as Merchandise, then all such items will be removed by Merchant from the Closing Stores at its expense as soon as practicable after the date hereof. Except as expressly provided in this Section 5.3, Agent shall have no cost, expense or responsibility in connection with any goods not included in Merchandise, including but not limited to, sales commissions and percentage rent.

Section 6. Sale Term.

6.1 Term. The Sale shall commence at the Closing Stores on the first Business Day following the later of the date of issuance of the Approval Order and the payment of the Initial Guaranty Payment or forthwith as soon as is practicable thereafter, but in no event later than June 14, 2016 (the "Sale Commencement Date"), provided, however, that the Initial Guaranty Payment shall have been received by Merchant in accordance with Sections 3.3(a) hereof prior to the commencement of the Sale. If the Sales Commencement Date is not on or before June 14, 2016, then the Guaranty Percentage shall be reduced by [REDACTED] for each day after until the Sales Commencement Date (for example, [REDACTED]). Agent may on at least seven (7) days' notice to Merchant terminate the Sale at any Closing Store in its sole discretion. Notwithstanding, Agent shall complete the Sale and vacate each Closing Store's premises in favour of Merchant or its representative or assignee on or before September 22, 2016, unless otherwise: (a) extended by mutual agreement between Merchant and Agent, and with the consent of the affected landlord for such Closing Store(s) if the extension is proposed to go beyond the sale termination date provided for in the Sales Guidelines; or (b) accelerated by Agent on not less than [REDACTED] days' advance written notice to Merchant, (the "Sale Termination Date"). The period from the Sale Commencement Date to the Sale Termination Date shall be referred to herein as the "Sale Term".

6.2 Vacating the Closing Stores. Subject to the terms of Section 6.1 hereof, if Agent intends to vacate a Closing Store prior to the Sale Termination Date, Agent shall provide Merchant with not less than [REDACTED] days' advance written notice thereof (as to each such Closing Store, as applicable, the "Vacate Date"). [REDACTED]

[REDACTED] On each Vacate Date and on the Sale Termination Date (as applicable), Agent shall vacate each Closing Store in favor of Merchant or its representatives or assignee, remove all Remaining Merchandise (subject to the right to abandon, neatly in place, the FF&E unless otherwise directed by the Merchant in accordance with Section 14 hereof) and leave the applicable Closing Stores in an orderly and "broom swept" condition. Agent agrees that it shall be obligated to forthwith repair any damage caused by Agent (or any representative, agent or licensee thereof) to any Closing

Store, ordinary wear and tear excepted. Agent's obligations to pay Occupancy Expenses, for each Closing Store shall be limited to the period prior to and including the applicable Vacate Date for such Closing Store

. All assets of Merchant not used by Agent in the conduct of the Sale (e.g. FF&E, supplies, etc.) shall be returned by Agent to Merchant or left at the Closing Stores, as applicable, unless otherwise disposed of through no fault of Agent. Where reference is made in this Section 6 to vacating the Closing Stores, such shall mean vacating the Closing Stores, in favor of Merchant, its representatives or assignee and shall not mean vacating possession or disclaimer of lease in favor of the landlord or owner of the Closing Store premises, such lease being the property of Merchant.

Section 7. Sale Proceeds

7.1 Proceeds. For purposes of this Agreement, "Proceeds" shall mean the total amount (in dollars) of all sales of Merchandise and Additional Merchandise made under this Agreement, excluding Sales Taxes on such sales, and "Gross Sale Proceeds" shall mean Proceeds plus Sales Taxes on such sales. Notwithstanding anything herein to the contrary, "Proceeds" shall be exclusive of (i) Sales Taxes, and (ii) returns, allowances and customer credits. All proceeds of Merchant's insurance (net of any deductible) directly attributable to loss or damage to Merchandise or loss of cash arising from events occurring during the Sale Term shall constitute Proceeds under this Agreement. Proceeds shall also include any and all proceeds received by Agent from the disposition of unsold Merchandise at the end of the Sale whether through salvage, bulk sale or otherwise. Agent shall have the right (but not the obligation) during the Sale Term to use Merchant's depository accounts for cash Proceeds relating solely to the Sale.

7.2 Credit Card Proceeds. Agent shall have the right (but not the obligation) during the Sale Term to use Merchant's credit card facilities (including Merchant's credit card terminals and processor(s), credit card processor coding, merchant identification number(s) and existing bank accounts) for credit card Proceeds relating solely to the Sale (collectively, the "Credit Card Processing Facilities"); provided, however, Agent shall have the right to obtain Agent's own merchant identification numbers and bank accounts following the payment of the Initial Guaranty Payment on the Sale Commencement Date and all other amounts payable to Merchant on such date. To the extent that Agent uses Merchant's existing Credit Card Processing Facilities, Agent shall comply with all of Merchant's existing agreements with persons providing such Credit Card Processing Facilities. To the extent Agent so elects, Merchant shall exercise commercially reasonable efforts to assist Agent in obtaining such merchant identification number and bank accounts and shall update their systems to recognize and accept such merchant identification numbers and Merchant shall process credit card transactions on behalf of Agent and for Agent's account, applying customary practices and procedures. To the extent available, Agent shall have the right to accept Merchant's proprietary card. Without limiting the foregoing, Merchant shall cooperate with Agent to down-load data from all credit card terminals each day during the Sale Term and to effect settlement with Merchant's credit card processor(s) and shall take such other actions necessary to process credit card transactions on behalf of Agent under Merchant's identification number(s). Merchant shall not be responsible for and Agent shall pay as an Expense hereunder, all credit card fees, charges

and chargebacks related to the Sale, whether received during or after the Sale Term. For greater certainty, the FF&E Proceeds do not constitute "Proceeds" as such term is defined herein.

Section 8. Conduct of the Sale.

8.1 Rights of Agent. Subject to the issuance of Approval Order by the Court, Agent shall be permitted to conduct the Sale throughout the Sale Term in a manner consistent with (a) applicable laws and regulations, (b) the leases and other occupancy agreements relating to the Closing Stores, except as amended by Court order or agreement of the applicable landlord, (c) the sales guidelines annexed hereto as Exhibit 8.1, as the same may be modified and approved by the Court, subject to Agent's approval, acting reasonably ("Sales Guidelines") and (d) the terms of this Agreement. In addition to any other rights granted to Agent hereunder, in conducting the Sale, Agent, in the exercise of its sole discretion, but expressly subject in all cases to the restrictions set out above and subject to the issuance of the Approval Order, shall have the right:

- (a) to establish Closing Stores' hours, which are consistent with the terms of applicable leases, mortgages or other occupancy agreements and local laws or regulations;
- (b) subject to Section 3.3 hereof and the terms of the Approval Order, to use without charge during the Sale Term (except where otherwise designated as an Expense pursuant to Section 4.1 hereof), all Owned FF&E and other FF&E, advertising materials, Merchant website, Merchant social media accounts (but for greater certainty, the costs or amounts payable to third parties relating to an email blast out of the ordinary course of business shall be an Expense), bank accounts, Closing Store level customer lists and mailing lists, Closing Store level (and to the extent available, corporate) point of sale systems and equipment and computer hardware and software, existing supplies located at the Closing Stores, intangible assets (including Merchant's names, logos, trademarks and tax identification numbers, as well as all licenses and other rights the Merchant has to use the names, logos, and trademarks of third parties), Closing Stores' keys, case keys, security codes, and safe and lock combinations required to gain access to and operate the Closing Stores, and any other assets of Merchant located at the Closing Stores (whether owned, leased, or licensed) consistent with applicable terms of leases or licenses. Agent shall exercise due care and return to Merchant immediately at the end of the Sale (or leave in the vacated Stores) all materials and supplies except materials or supplies expended;
- (c) subject to Section 3.3 hereof and the terms of the Approval Order, to use without charge (except as otherwise provided in Section 4.1 hereof) all of the Merchant's assets located at the Closing Stores or used in the ordinary course of business at the Closing Stores, including but not limited to Merchant's central office facilities, POS systems, central administrative services and personnel to process payroll, perform MIS and provide other central office services necessary for the Sale to the extent that such services are normally provided by Merchant in house at no cost to the Agent (except as otherwise provided in Section 4.1 hereof) and the Merchant has the obligation to provide

such facilities, systems, services and personnel; provided, however, that in the event Agent requests Merchant to provide services other than those normally provided to the Closing Stores and relating to the sale of Merchandise by Merchant in the ordinary course of business and as expressly contemplated by this Agreement, Agent shall be responsible to reimburse Merchant for actual incremental cost of such services incurred by Merchant as an Expense of the Sale hereunder;

- (d) to establish Sale prices and implement advertising, signage (including exterior banners and signs), and promotional programs consistent with the sale theme described herein, and as otherwise provided in the Approval Order and the Sales Guidelines, as and where applicable (including, without limitation, by means of media advertising, A-frame, offsite signage and similar signage, and use of sign walkers); and
- (e) once the Inventory Taking has been completed at both the transferring Closing Store and the receiving Closing Store, to transfer as an Expense, Merchandise between and among the Closing Stores. :

8.2 Terms of Sales to Customers. Subject to Agent's compliance with applicable law, all sales of Merchandise will be "final sales" (and the same shall be printed or stamped on customer receipts) and "as is, where is" and all advertisements and sales receipts will reflect the same. Agent shall not warrant the Merchandise in any manner, but will, to the extent legally permissible, pass on all manufacturers' warranties to customers. All sales will be made only for cash or, nationally recognized bank credit and debit cards.

8.3 Sales Taxes. During the Sale Term, all Sales Taxes attributable to the sales of Merchandise as indicated on the Merchant's point of sale equipment shall be added to the sales price of Merchandise and collected by Agent at the time of sale on Merchant's behalf, and deposited in the Designated Merchant's Accounts. Provided that Agent has collected all Sales Taxes during the Sale and remitted the proceeds thereof to Merchant, Merchant shall promptly pay all Sales Taxes and file all applicable reports and documents required by the applicable taxing authorities. Merchant will be given access to the computation of gross receipts for verification of all such Sales Tax collections. Provided Agent performs its responsibilities in accordance with this Section 8.3, Merchant shall indemnify and hold harmless Agent from and against any and all costs, including, but not limited to, reasonable legal fees, investigation and legal expenses, assessments, claims, demands, actions, proceedings, fines or penalties which Agent sustains or incurs as a result or consequence of the failure by Merchant to promptly pay such taxes to the proper taxing authorities and/or the failure by Merchant to promptly file with such taxing authorities all reports and other documents required, by applicable law, to be filed with or delivered to such taxing authorities. If Agent fails to perform its responsibilities in accordance with this Section 8.3, and provided Merchant complies with its obligations in accordance with this Section 8.3, Agent shall indemnify and hold harmless Merchant from and against any and all costs including, but not limited to, reasonable legal fees, investigation and legal expenses, assessments, claims, demands, actions, proceedings, fines or penalties which Merchant sustains or incurs as a result or consequence of the failure by Agent to collect Sales Taxes, remit to Merchant, and/or, to the extent Agent is required hereunder to prepare reports and other documents, the failure by Agent to promptly deliver any and all reports and other

documents required to enable Merchant to file any requisite returns with such taxing authorities. These indemnities shall continue in full force and effect subsequent to and notwithstanding the expiration of termination of this Agreement.

8.4 Supplies. Agent shall have the right to use all existing supplies necessary to conduct the Sale (e.g., boxes, bags, twine, merchandise credits or the like) located at the Closing Stores at no charge to Agent. In the event that additional supplies are required in any of the Closing Stores during the Sale, the acquisition of such additional supplies shall be the responsibility of Agent as an Expense; provided, however, that Merchant shall assist Agent in obtaining supplies from Merchant's vendors at Merchant's cost.

8.5 Returns of Merchandise. During the Sale Term, and only at the Closing Stores, Agent shall accept returns of merchandise sold by Merchant prior to the Sale Commencement Date, if directed by Merchant (the "Pre-Sale Returned Merchandise"). To the extent that any item of Pre-Sale Returned Merchandise is saleable as first-quality merchandise and is received during the Sale Term, then such item shall be included in the Sale and as Merchandise at the Cost Value as adjusted by the prevailing discount as described in Section 3.1(b). To the extent that any item of Pre-Sale Returned Merchandise is returned is not saleable first quality merchandise or is received after the Sale Term, then such item shall form part of the Excluded Merchandise under this Agreement. The aggregate Cost Value of the Merchandise shall be increased by the applicable Cost Value of any Pre-Sale Returned Merchandise (as adjusted by the prevailing discount as described in Section 3.1(b)) included in Merchandise as provided for in this Section 8.5. Agent shall reimburse customers for Pre-Sale Returned Merchandise in the same tender as such item was purchased (as the case may be, the "Refund"). Merchant shall promptly reimburse Agent in cash for any Refunds Agent is required to issue to customers in respect of any Pre-Sale Returned Merchandise as part of the weekly reconciliation process. To the extent that Merchant is required to reimburse Agent for refunds to customers in respect of any Pre-Sale Returned Merchandise, such amounts shall not reduce Proceeds under this Agreement. Any Pre-Sale Returned Merchandise not included in Merchandise shall be disposed of by Agent in accordance with instructions received from Merchant or, in the absence of such instructions, returned to Merchant at the end of the Sale Term.

8.6 Gift Certificates. During the Sale Term, Agent shall be entitled to accept gift certificates, gift cards, or Merchandise credits issued by Merchant prior to the Sale Commencement Date if directed by Merchant. No gift certificates, gift cards or Merchandise credits shall be issued by Agent during the Sale Term. Merchant shall promptly reimburse Agent in cash in the amount of such gift certificates, gift cards or merchandise cards so honoured.

8.7 Force Majeure. If any casualty, act of terrorism, or act of God (excluding a snow or ice storm) prevents or substantially inhibits the conduct of business in the ordinary course at any Closing Store for more than three (3) days, such Closing Store and the Merchandise located at such Closing Store shall, in Agent's discretion, be eliminated from the Sale and considered to be deleted from this Agreement as of the date of such event, and Agent and Merchant shall have no further rights or obligations hereunder with respect thereto; provided, however, that (i) subject to the terms of Section 7.1 above, the proceeds of any insurance attributable to such Merchandise shall constitute Proceeds hereunder, and (ii) the Guaranteed Amount shall be reduced to account for any Merchandise eliminated from the Sale which is not

the subject of insurance proceeds, and Merchant, shall reimburse Agent for the amount the Guaranteed Amount is so reduced prior to the end of the Sale Term. Merchant's obligation to reimburse Agent shall be deemed to be an overpayment and the obligation to reimburse same to Agent shall be secured by the Agent's Charge.

8.8 Merchant's Right to Monitor. In addition to Merchant's right to review Agent's books and records relating to the Sale under Section 3.6(b), Merchant shall have the right to monitor the Sale and activities attendant thereto and to be present in the Closing Stores during the hours when the Closing Stores are open for business; provided, however, that Merchant's presence does not unreasonably disrupt the conduct of the Sale. Merchant shall also have a right of access to the Closing Stores at any time in the event of an emergency situation and shall promptly notify Agent of such emergency.

Section 9. Employee Matters.

9.1 Merchant's Employees. Merchant shall use commercially reasonable efforts to make available and Agent may use Merchant's store-level employees in the conduct of the Sale to the extent Agent in its sole discretion deems expedient. Agent may recommend to Merchant the selection and scheduling of the number and type of Merchant's employees to assist with the conduct of the Sale. Merchant shall use commercially reasonable efforts (which shall not include payment of any additional amounts above current employee compensation) to make all of Merchant's employees at the Closing Stores available to Agent for the Sale. Agent shall assist Merchant in identifying any such store-level employees to be used in connection with the Sale (each such employee, a "Retained Employee") prior to the Sale Commencement Date. Notwithstanding the foregoing, Merchant's employees shall at all times remain employees of Merchant and shall not be considered or deemed to be employees of Agent. Merchant and Agent agree that except to the extent that the amount of wages and benefits of Retained Employees constitute Expenses to be reimbursed by Agent to Merchant hereunder, nothing contained in this Agreement and none of Agent's actions taken in respect of the Sale shall be deemed to constitute an assumption by Agent of any of Merchant's obligations relating to any of Merchant's employees including, without limitation, Excluded Benefits, notice and other termination type claims and obligations, or any other amounts required to be paid by statute or law; nor shall Agent become liable under any employment agreement or be deemed a related, joint or successor employer with respect to any of such employees. Agent shall use commercially reasonable efforts to comply in the conduct of the Sale with all of Merchant's employee rules, regulations, guidelines and policies which have been provided to Agent in writing. Merchant shall not, without the prior consent of Agent, raise the salary or wages or increase the benefits for, or pay any bonuses or other extraordinary payments to, any of the Retained Employees prior to the Sale Termination Date. If the number of Retained Employees made available to Agent pursuant to this Section 9.1 is insufficient to effectively run the Sale as determined by Agent in its sole discretion, Agent may request that Merchant engage additional temporary contract personnel on a per diem basis, and Merchant shall use reasonable commercial efforts to fulfill such request. If Merchant fails to facilitate the engagement of sufficient Retained Employees and temporary contract personnel as requested by Agent hereunder, Agent may engage such temporary personnel and all related costs and expenses shall constitute Expenses of Agent under this Agreement.

9.2 Termination of Employees By Merchant. All responsibility for hiring and firing and supervision of the conduct of the Retained Employees shall rest with Merchant. Agent may in its discretion stop using any Retained Employee at any time during the Sale. In the event Agent determines to discontinue its use of any Retained Employee in connection with the conduct of the Sale, Agent will provide written notice to Merchant at least seven (7) days prior thereto, except for discontinuance of use "for cause" (such as dishonesty, fraud or breach of employee duties), in which event no prior notice to Merchant shall be required, provided Agent shall notify Merchant as soon as practicable prior to such discontinuance of use so that Merchant can coordinate the termination of such Retained Employee and Agent shall provide Merchant with all supporting documents or information so that Merchant can arrange for the termination of such Retained Employee. From and after the date of this Agreement and until the Sale Termination Date, Merchant shall not transfer or terminate Retained Employees (except "for cause") without Agent's prior consent (which consent shall not be unreasonably withheld).

9.3 Payroll Matters. During the Sale Term, Merchant shall process and pay the Base Payroll, commissions, and all related payroll taxes, worker's compensation, employment and unemployment insurance, and benefits, including accruing vacation pay (but not arrears) for all Retained Employees or temporary contract personnel to be reimbursed by Agent as per Section 4.1 hereof (except for employees and independent contractors hired by Agent) in accordance with its usual and customary procedures.

9.4 Employee Incentive Plan. Agent shall have the right to elect to pay, as an Expense, retention bonuses (each an "Incentive Plan") (which bonuses shall be inclusive of payroll taxes but as to which no benefits shall be payable), up to a maximum aggregate amount equal to █████ percent (████%) of aggregate Base Payroll, to selected Retained Employees who do not voluntarily leave employment and are not terminated "for cause". Subject only to limitation of █████ percent (████%) of aggregate Base Payroll, the actual amount of the Incentive Plan to be paid to any Retained Employee shall be in an amount to be determined by Agent, and shall be payable within thirty (30) days after the Sale Termination Date, and shall be processed through Merchant's payroll system. Agent shall provide Merchant with a copy of Agent's Incentive Plan at least one (1) Business Day prior to its implementation.

Section 10. Conditions Precedent.

The willingness of Merchant and Agent to enter into the transactions contemplated under this Agreement is directly conditioned upon the satisfaction of the following conditions at the time or during the time periods indicated, unless specifically waived in writing by the applicable party:

- (a) All representations and warranties of Merchant and Agent hereunder shall be true and correct in all material respects and no Event of Default shall have occurred at and as of the date hereof and as of the Sale Commencement Date;
- (b) On or before the Outside Date, the Court shall have issued the Approval Order, in a form and substance acceptable to Merchant and Agent, acting reasonably, and the Approval Order shall not have been stayed, varied, or vacated nor shall an application to restrain or prohibit the completion of the Sale be pending.

Section 11. Representations, Warranties, Covenants and Acknowledgements.

11.1 Merchant's Representations, Warranties and Covenants. Merchant hereby represents, warrants and covenants to Agent as follows:

- (a) Merchant (i) is a corporation duly incorporated under the laws of the Province of Ontario, and (ii) is and during the Sale Term will continue to be, duly authorized, and qualified to do business and in good standing in each jurisdiction where the nature of its business or properties requires such qualification, including all jurisdictions in which the Closing Stores are located, except, in each case, to the extent that the failure to be in good standing or so qualified could not reasonably be expected to have a material adverse effect on the ability of Merchant to execute and deliver this Agreement and perform fully its obligations hereunder. Merchant has all requisite corporate power and authority to own, lease and operate the assets and properties of Merchant and to carry on Merchant's business as presently conducted.
- (b) Subject to the issuance of the Approval Order and pursuant to the order of the Court: (i) Merchant has the right, power and authority to execute and deliver this Agreement and each other document and agreement contemplated hereby (collectively, together with this Agreement, the "Agency Documents") and to perform the obligations of Merchant thereunder; (ii) all necessary action has been taken by or on behalf of Merchant to authorize the execution and delivery by Merchant of the Agency Documents and no further consent or approval is required for Merchant to enter into and deliver the Agency Documents, to perform the obligations thereunder, and to consummate the Sale; (iii) each of the Agency Documents has been duly executed and delivered by or on behalf of Merchant and constitutes the legal, valid and binding obligation of Merchant enforceable in accordance with its terms; (iv) no court order or decree of any federal, state, local, or provincial governmental authority or regulatory body is in effect that would prevent or materially impair, or is required for Merchant's consummation of, the transactions contemplated by this Agreement; (v) no consent of any third party which has not been obtained is required to consummate the transactions contemplated by this Agreement, other than as shall be obtained prior to the Sale Commencement Date; and (vi) no contract or other agreement to which Merchant is a party or by which Merchant is otherwise bound will prevent or materially impair the consummation of the Sale and the other transactions contemplated by this Agreement.
- (c) Merchant owns, and will own at all times during the Sale Term, good and marketable title to all of the Merchandise and Owned FF&E to be included in the Sale, free and clear of all Encumbrances of any nature, other than the Encumbrances listed on Exhibit 11.1(c) (the "Existing Liens") and any applicable statutory liens. Merchant shall not create, incur, assume or suffer to exist any Encumbrance upon or with respect to any of the Merchandise or the Proceeds, in each case, except for the Agent's Charge, the other charges created pursuant to the Initial Order (the "Other CCAA Charges") and the Existing Liens provided however, that (i) the Existing Liens and (ii) the Other CCAA Charges shall both

be subordinate to the Agent's Charge except with respect to the Unpaid Merchant's Entitlements.

- (d) Merchant has maintained its pricing files (including the Cost File) in the ordinary course of business and prices charged to the public for goods are the same in all material respects as set forth in such pricing files for the periods indicated therein (without consideration of any point of sale markdowns), and all pricing files and the Cost File and all records relating thereto are true and accurate in all material respects as to the actual cost recognized on Merchant's books and records for the goods referred to therein and as to the selling prices to the public for such goods, without consideration of any point of sale markdowns, as of the dates and for the periods indicated therein. Merchant represents that (i) the ticketed prices of all items of Merchandise do not and shall not include any Sales Taxes and (ii) all cash registers located at the Closing Stores are programmed to correctly compute all Sales Taxes required to be paid by the customer under applicable law, as such calculations have been identified to Merchant by its retained service provider.
- (e) From execution of this Agreement until the Sale Commencement Date, Merchant shall ticket or mark all items of inventory received at the Closing Stores prior to the Sale Commencement Date in a manner consistent with similar Merchandise located at the Closing Stores. To the extent Merchandise is not pre-ticketed prior to its receipt in the Closing Stores, Agent shall be responsible for ticketing Merchandise transferred from other Closing Stores pursuant to Section 2.4. The removal from such merchandise of any sale stickers or other markings indicating items are on sale prior to the Sale Commencement Date, if any, will be done in the ordinary course of Merchant's business. From May 2, 2016 to the Sale Commencement Date, the Merchant has not and will not take additional permanent markdowns. From June 3, 2016 to the Sale Commencement Date, the Merchant has not and shall not conduct special sales and discounts (other than the sale promotion that occurred on June 4 and 5, 2016 as disclosed to the Agent on or prior to June 3, 2016).
- (f) Merchant will continue to provide Agent reasonable access to all pricing and cost files, computer hardware, software and data files, inter-stores transfer logs, markdown schedules, invoices, style runs and all other documents relative to the price, mix and quantities of inventory located at the Closing Stores for the duration of the Sale Term.
- (g) During the Sale Term, Merchant agrees that any distribution to secured creditors shall be subject to reimbursement agreements binding upon such secured creditors unless otherwise agreed to by the Agent.
- (h) To the best of Merchant's knowledge, all Merchandise is in compliance with all applicable federal, state, provincial or local product safety laws, rules and standards. Merchant shall provide Agent with its historic policies and practices, if any, regarding product recalls prior to the Sale Commencement Date.

- (i) Subject to the provisions of the Initial Order, the Approval Order and the terms of this Agreement, throughout the Sale Term, Agent shall have the right to and the Merchant shall provide the unencumbered use and occupancy of, and peaceful and quiet possession of, each of the Closing Stores, the assets currently located at the Closing Stores and the utilities and other services provided at the Closing Stores. Merchant shall, throughout the Sale Term, and to the extent within its control, maintain in good working order, condition and repair all cash registers, heating systems, air conditioning systems, and all other mechanical devices necessary for the conduct of the Sale at the Closing Stores.
- (j) Except any amounts owing relating to the period prior to the commencement of the CCAA Proceedings that are stayed as a result of the commencement of the CCAA Proceedings and absent a bona fide dispute, throughout the Sale Term, Merchant shall remain current on all expenses and payables necessary for the conduct of the Sale (other than expenses for which the failure to pay on a current basis do not impact the Sale).
- (k) From April 1, 2016, Merchant has not marked up or raised (and from the date hereof until the Sales Commencement Date shall not mark up or raise) the price of any items of Merchandise, and will provide Agent with an updated price file for each promotion on no less than a weekly basis. In addition, Merchant will not remove or alter any tickets or any indicia of clearance merchandise unless any such Merchandise was erroneously ticketed. No such Merchandise has been ticketed or marketed in contemplation of the Sale. Merchant has not and shall not purchase or transfer to or from the Closing Stores any merchandise or goods outside the ordinary course in anticipation of the Sale or of the Inventory Taking. Merchant has not taken, and shall not throughout the Sale Term take, any action, the result of which is to materially increase the cost of operating the Sale including, without limitation, increasing salaries, wages or other amounts payable to employees, except to the extent that an employee was due an annual raise.
- (l) Merchant is not party to any collective bargaining agreements with its employees at the Closing Stores and no labour unions represent Merchant's employees at the Closing Stores and as at the date of this Agreement, there are no strikes, work stoppages or other labour disruptions affecting the Closing Stores or Merchant's central office facilities.
- (m) Except as otherwise provided for in the Initial Order, the Merchant agrees to operate its business at the Closing Stores in all respects from the date of this Agreement to the date of issuance of the Approval Order in the ordinary course.
- (n) Merchant has provided and will continue to provide Agent with all available sales, financial, inventory and other information that Agent has requested and hereafter may request relevant to the transaction contemplated under this Agreement to the extent that such information is in the Merchant's possession.
- (o) Merchant is current with respect to the payment of its payroll obligations and has accrued for vacation pay payments.

11.2 Agent's Representations, Warranties and Covenants. Agent hereby represents, warrants and covenants in favor of Merchant as follows:

- (a) Agent is (i) an unlimited liability company, duly and validly existing and in good standing under the laws of the Ontario of its organization, (ii) has all requisite power and authority to carry on its business as presently conducted in the jurisdictions where the Closing Stores are located and to consummate the transactions contemplated hereby and (iii) is and during the Sale Term will continue to be duly authorized and qualified to do business, and in good standing, in each jurisdiction where the nature of its business or properties requires such qualification.
- (b) Agent has the right, power and authority to execute and deliver each of the Agency Documents to which it is a party and to perform its obligations thereunder. Agent has taken all necessary actions required to authorize the execution, delivery, and performance by Agent of the Agency Documents, and no further consent or approval is required on the part of Agent for Agent to enter into and deliver the Agency Documents and to perform its obligations thereunder and to consummate the Sale. Each of the Agency Documents has been duly executed and delivered by Agent and constitutes the legal, valid and binding obligation of Agent enforceable in accordance with its terms. No court order or decree of any federal, provincial, state or local governmental authority or regulatory body is in effect that would prevent or impair or is required for Agent's consummation of the transactions contemplated by this Agreement, and no consent of any Third Party which has not been obtained is required therefor other than as provided herein. No contract or other agreement to which Agent is a party or by which Agent is otherwise bound will prevent or impair the consummation of the transactions contemplated by this Agreement.
- (c) No action, arbitration, suit, notice, or legal administrative or other proceeding before any court or governmental body has been instituted by or against Agent, or has been settled or resolved, or to Agent's knowledge, has been threatened against or affects Agent, which questions the validity of this Agreement or any action taken or to be taken by Agent in connection with this Agreement, or which if adversely determined, would have a material adverse effect upon Agent's ability to perform its obligations under this Agreement.
- (d) The Sale shall be conducted in compliance with the terms of this Agreement, the Sales Guidelines and the Approval Order.

Section 12. Insurance.

12.1 Merchant's Liability Insurance. Merchant shall continue, at its expense, until the Sale Termination Date, in such amounts as it currently has in effect, or such other amounts as may be agreed to by the Merchant and the Agent, all of its liability insurance policies including, but not limited to, products liability, comprehensive public liability, auto liability and umbrella liability insurance, covering injuries to persons and property in, or in connection with Merchant's operation of the Closing Stores, and shall cause Agent to be named an additional named insured with respect to all such policies. Prior to the Sale Commencement

Date, Merchant shall, on a reasonable efforts basis, deliver to Agent certificates evidencing such insurance setting forth the duration thereof and naming Agent as an additional named insured, in form reasonably satisfactory to Agent. All such policies shall, on a reasonable efforts basis, require at least thirty (30) days' prior notice to Agent of cancellation, non-renewal or material change. In the event of a claim under any such policies Merchant shall be responsible for the payment of all deductibles, retentions or self-insured amounts to the extent said claim arises from or relates to the alleged acts or omissions of Merchant or its employees, agents (other than Agent's employees), or independent contractors (other than Agent and independent contractors hired by Agent in conjunction with the Sale).

12.2 Merchant's Casualty Insurance. Merchant shall continue until the Sale Termination Date, in such amounts as it currently has in effect, fire, flood, theft and extended coverage casualty insurance covering the Merchandise in a total amount equal to no less than the Cost Value thereof, which coverage shall be reduced from time to time to take into account the sale of Merchandise. In the event of a loss to the Merchandise on or after the date of this Agreement, the proceeds of such insurance attributable to the Merchandise (net of any deductible to be paid by Merchant) shall constitute Proceeds. Prior to the Sale Commencement Date, Merchant shall, on a reasonable efforts basis, deliver to Agent certificates evidencing such insurance setting forth the duration thereof and naming Agent as additional named insured, in form and substance reasonably satisfactory to Agent. All such policies shall, on a reasonable efforts basis, require at least thirty (30) days prior notice to Agent of cancellation, non-renewal or material change. Merchant shall not make any change in the amount of any deductibles or self-insurance amounts prior to the Sale Termination Date, without Agent's prior written consent.

12.3 Agent's Insurance. Agent shall maintain as an Expense throughout the Sale Term in such amounts as it currently has in effect, comprehensive public liability and automobile liability insurance policies covering injuries to persons and property in or in connection with Agent's agency at the Closing Stores and shall cause Merchant to be named an additional insured with respect to such policies. Prior to the Sale Commencement Date, Agent shall deliver to Merchant certificates evidencing such insurance policies, setting forth the duration thereof and naming Merchant as an additional insured, in form and substance reasonably satisfactory to Merchant. In the event of a claim under such policies Agent shall be responsible for the payment of all deductibles, retentions or self-insured amounts thereunder, to the extent said claim arises from or relates to the alleged acts or omissions of Agent or Agent's employees, agents or independent contractors.

12.4 Worker's Compensation Insurance. Merchant shall continue to pay until the Sale Termination Date appropriate worker's compensation insurance (including employer liability insurance) covering all Retained Employees in compliance with all statutory requirements.

12.5 Risk of Loss. Without limiting any other provision of this Agreement, Merchant acknowledges that Agent is conducting the Sale on behalf of Merchant solely in the capacity of an agent, and that in such capacity (i) Agent shall not be deemed to be in possession or control of the Closing Stores or the assets located therein or associated therewith, or of Merchant's employees located at the Closing Stores, and (ii) except as expressly provided in this Agreement, Agent does not assume any of Merchant's obligations or liabilities with respect to any of the foregoing. Agent shall not be deemed to be a successor employer. Merchant and Agent agree that, subject to the terms of this Agreement,

Merchant shall bear all responsibility for liability claims of customers, employees and other persons arising from events occurring at the Closing Stores during and after the Sale Term, except to the extent any such claim arises from the acts or omissions of Agent or its supervisors, agents, independent contractors, or employees (an "Agent Claim"). In the event of any liability claim other than an Agent Claim, Merchant shall administer such claim and shall present such claim to Merchant's liability insurance carrier in accordance with Merchant's policies and procedures existing immediately prior to the Sale Commencement Date, and shall provide a copy of the initial documentation relating to such claim to Agent at the address listed in this Agreement. To the extent that Merchant and Agent agree that a claim constitutes an Agent Claim or the parties cannot agree whether a claim constitutes an Agent Claim, each party shall present the claim to its own liability insurance carrier, and a copy of the initial claim documentation shall be delivered to the other party to the foregoing address.

Section 13. Indemnification.

13.1 Merchant Indemnification. Merchant shall indemnify and hold Agent and its officers, directors, employees, agents and independent contractors (collectively, "Agent Indemnified Parties") harmless from and against all claims, demands, penalties, losses, liability or damage, including, without limitation, reasonable legal fees and expenses (each, a "Merchant Indemnified Claim"), asserted directly or indirectly against an Agent Indemnified Party resulting from, or related to:

- (a) Merchant's material breach of or failure to comply with any applicable local, state, provincial, or federal laws or regulations, or any of its agreements, covenants, representations and warranties contained in the Agency Documents;
- (b) any harassment, discrimination or violation of any laws or regulations or any other unlawful, tortious or otherwise actionable treatment of any customers, employees or agents of Agent by Merchant or any of its employees, agents, independent contractors or other officers, directors or representatives of Merchant;
- (c) any claims by any party engaged by Merchant as an employee or independent contractor arising out of such employment or by Retained Employees;
- (d) subject to Agent's performance and compliance with its obligations pursuant to Section 4.1(b), 4.1(c) and Section 9 hereof, any failure by Merchant to pay its employees any wages, salaries or benefits due to such employee during the Sale Term or other claims asserted against Agent by Merchant's employees resulting from Merchant's (and not Agent's) treatment of its employees;
- (e) subject to Agent's compliance with its obligations under Section 8.3 hereof, any failure by Merchant to pay any Sales Taxes to the proper taxing authorities or to properly file with any taxing authorities any reports or documents required by applicable law to be filed in respect thereof;

- (f) the gross negligence (including omissions) or willful misconduct of Merchant or any of its officers, directors, employees, agents (other than Agent) or representatives;
- (g) expense incurred by the Agent due to any failure of the Merchant to supply the central administrative services (as described in Section 4.2) necessary for the Sale; and

if GST is deemed to be collected by Agent in respect of the indemnified amount, the amount of indemnification shall be increased so that Agent receives the same net amount, after deducting any such GST deemed to be collected upon receipt of the increased amount, that it would have received had GST not been deemed to be collected in respect of the indemnified amount. If GST is not deemed to be collected by Agent, but GST is payable by Merchant to Agent in respect of the indemnified amount, then such GST is payable by Merchant to Agent in addition to the indemnified amount. The foregoing applies *mutatis mutandis* to the application of QST.

Notwithstanding the foregoing, Merchant shall not indemnify the Agent Indemnified Parties from and against any claims, demands, penalties, losses, liability or damage, including, without limitation, reasonable legal fees and expenses arising from or contributed to by Agent's grossly negligent or willful wrongful acts or omissions.

13.2 Agent Indemnification. Agent shall indemnify and hold Merchant and its officers, directors, employees, agents and representatives (the "Merchant Indemnified Parties") harmless from and against all claims, demands, penalties, losses, liability or damage, including, without limitation, reasonable legal fees and expenses, asserted directly or indirectly against a Merchant Indemnified Party resulting from, or related to:

- (a) Agent's material breach of or failure to comply with any local, state, provincial or federal laws or regulations, or any of its agreements, covenants, representations or warranties contained in this Agreement or other Agency Document and any order of the Court relating to the Sale;
- (b) any harassment, discrimination or violation of any laws or regulations or any other unlawful, tortious or otherwise actionable treatment of any customers, employees or agents of Merchant by Agent or any of its employees, agents, independent contractors or other officers, directors or representatives of Agent;
- (c) any claims by any party engaged by Agent as an employee or independent contractor arising out of such engagement;
- (d) any Sales Tax assessments (and penalties and interest arising therefrom or in respect thereof) in the event that Agent uses any system other than Merchant's point of sale system to compute Sales Taxes relating to the Sale as described in Section 8.3; and
- (e) the gross negligence (including omissions) or willful misconduct of Agent or any of its officers, directors, employees, agents or representatives.

provided, however, that Agent shall not indemnify the Merchant Indemnified Parties from and against any claims, demands, penalties, losses, liability or damage, including, without limitation, reasonable legal fees and expenses arising from or contributed to by Merchant's grossly negligent or willful wrongful acts or omissions. The foregoing indemnity is supplemental to and

does not replace any of the other indemnities in this Agreement given by Agent, including, without limitation, the indemnities of Agent contained in Section 8.3 hereof.

Section 14. Fixtures.

- (a) With respect to Owned FF&E located in the Closing Stores and the Distribution Centre, other than the Non FF&E Stores, subject to the provisions of the Initial Order, Agent shall have the exclusive right to dispose of all of the Owned FF&E located in the Closing Stores and the Distribution Centre. Agent shall be entitled to receive (i) a commission equal to [REDACTED] (the "FF&E Commission") of the proceeds from the sale of such Owned FF&E (net of Sales Taxes), plus (ii) reimbursement by Merchant of Agent's out of pocket expenses related to the disposition of the Owned FF&E which are not duplicative of the Expenses set out in Section 4.1 and are in accordance with a budget mutually agreed upon between Merchant and Agent. As of the Sale Termination Date, Agent may abandon, in place, in a neat and orderly manner any unsold Owned FF&E at the Closing Stores and the Distribution Centre. The removal of any sold Owned FF&E shall be done in a manner consistent with the Sales Guidelines.
- (b) All gross proceeds from the disposition of the Owned FF&E at the Closing Stores and the Distribution Centre (collectively, the "Gross FF&E Proceeds"), shall be deposited by Agent in the Designated Merchant Accounts for transfer to the Agency Accounts. From the Gross Sale Proceeds deposited into the Agency Accounts from time to time, Agent shall establish a holdback (the "FF&E Holdback") in the Agency Account in an amount equal to the Gross FF&E Proceeds, less the applicable FF&E Commission and applicable Sales Taxes subject to the Sales Tax Holdback in accordance with Section 3.7(b) hereof (being the "Net FF&E Proceeds"). Net FF&E Proceeds are to be remitted from the FF&E Holdback to Merchant pursuant to Section 3.3(d) hereof, as part of the weekly reconciliation conducted by the Parties pursuant to Section 3.6(a) of this Agreement.

Section 15. Events of Default.

The following shall constitute "Events of Default" hereunder:

- (a) Merchant or Agent shall fail to perform any of their respective material obligations hereunder, if such failure remains uncured seven (7) days after receipt of written notice thereof;
- (b) Any representation or warranty made by Merchant or Agent proves untrue in any material respect as of the date; or
- (c) Subject to Section 8.7, the Sale is terminated or materially interrupted or impaired at any Closing Store for any reason other than (i) an Event of Default by Agent; or (ii) any other material breach or action by Agent not authorized under this Agreement.

In the event of an Event of Default, the non-defaulting Party in the case of an Event of Default under subsection (a) or (b) or Agent in the case of subsection (c) may, in its discretion, elect to terminate this Agreement upon seven (7) Business Days' written notice to the other Party and

pursue any and all rights and remedies and damages resulting from such Event of Default hereunder.

Section 16. Miscellaneous.

16.1 Notices. All notices and communications provided for pursuant to this Agreement shall be in writing, and sent by hand, by facsimile, electronic (PDF) transmission or courier delivery, as follows:

If to Agent: GA RETAIL CANADA, ULC
21860 Burbank Blvd., Suite 300
Woodland Hills, CA 91367
Attn.: Scott K. Carpenter
Tel: (818) 884-3737
Fax: (818) 746-9170
Email: scarpenter@greatamerican.com

With a mandated copy (which shall not constitute notice) to:

MCMILLAN LLP
Brookfield Place, 181 Bay Street, Suite 4400
Toronto, ON M5J 2T3
Attn: Christopher Garrah
Tel: (416) 307-4211
Fax: (416) 865-7048
Email: christopher.garrah@mcmillan.ca

If to Monitor: Richter Advisory Group Inc.
181 Bay Street Suite 3320
Toronto, ON
M5J 2T3
Attn.: Gilles Benchaya
Tel: 514-934-3496
Email: GBenchaya@richterconsulting.com
Attn.: Andrew Adessky
Tel: 514-934-3513
Email: AAdessky@richter.ca

With a mandated copy (which shall not constitute notice) to:

Cassels Brock & Blackwell LLP
Suite 2100, Scotia Plaza
40 King Street West
Toronto, ON
M5H 3C2
Attn.: Jane Dietrich
Tel: 416-860-5223
Fax: 416-640-3144
Email: jdietrich@casselsbrock.com

If to Merchant:

2473304 Ontario Inc.
388 Applewood Crescent
Vaughan ON L4K 4B4
Attn: Mark Sun
Tel: (416) 780-2163
Fax: (416) 780-2158
Email: msun@graftonfraser.com

With a mandated copy (which shall not constitute notice) to:

Fasken Martineau DuMoulin LLP
Attn: Stuart Brotman
Tel: 416.865.5419
Fax: 416.364.7813
Email: sbrotman@fasken.com

16.2 Governing Law; Consent to Jurisdiction. This Agreement shall be governed and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to conflicts of laws principles thereof. The parties hereto agree that the Court shall retain exclusive jurisdiction to hear and finally determine any disputes arising from or under this Agreement, and by execution of this Agreement each party hereby irrevocably accepts and submits to the jurisdiction of such Court with respect to any such action or proceeding and to service of process by certified mail, return receipt requested to the address listed above for each party.

16.3 Amendments. This Agreement may not be modified except in a written instrument executed by each of the parties hereto.

16.4 No Waiver. No consent or waiver by any party, express or implied, to or of any breach or default by the other in the performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligation of such party. Failure on the part of any party to complain of any act or failure to act by the other party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder.

16.5 Successors and Assigns; Merchant's Authority. This Agreement shall inure to the benefit of and be binding upon Merchant and Agent, including, but not limited to, any trustee in bankruptcy or receiver or interim receiver thereof; provided, however, that this Agreement may not be assigned by either Party without the prior written consent of the other Party; provided that the Agent may assign its rights under this Agreement collaterally to its lender as security. Notwithstanding anything to the contrary herein, to the extent that Merchant sells Merchant's business and/or assigns or otherwise transfers its right, title and interest in and under any of the leases for any of the Closing Stores, any such assignment or transfer shall be subject to the terms of this Agreement and shall contain an express provision that such assignee or transferee shall not interfere with Agent's conduct of the Sale and/or rights to occupy the Closing Stores as provided herein.

16.6 Subcontractors. Agent may utilize the services of subcontractors and or licensees in connection with the performance of its obligations hereunder.

16.7 Confidentiality. The terms of this Agreement, together with all information and documentation provided by the Merchant to the Agent pursuant to this Agreement, shall be confidential and subject to the terms and conditions of the confidentiality agreement between the Merchant and B. Riley & Co., LLC, an affiliate of the Agent dated April 22, 2016, except for disclosures which may be required by law or as Merchant considers appropriate, acting reasonably and in consultation with Agent, in connection with obtaining the Approval Order. Agent acknowledges and agrees that in connection with Merchant's application for the Approval Order, Merchant will file a copy of this Agreement with the pricing information redacted and without Exhibit 4.1(a) to this Agreement and will seek an order sealing an unredacted copy of this Agreement, including such Exhibits.

16.8 Execution in Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one agreement. This Agreement may be executed by facsimile or other electronic transmission, and such facsimile or electronic signature shall be treated as an original signature hereunder.

16.9 Section Headings. The headings of sections of this Agreement are inserted for convenience only and shall not be considered for the purpose of determining the meaning or legal effect of any provisions hereof.

16.10 Survival. All representations, warranties, covenants, agreements and indemnities made herein, by the parties hereto, shall be continuing, shall be considered to have been relied upon by the parties and shall survive the execution, delivery and performance of this Agreement.

16.11 Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the matters contemplated hereby and supersedes and cancels all prior agreements, including, but not limited to, all proposals, letters of intent or representations, written or oral, with respect thereto.

16.12 Choice of Language. The parties have specifically required that this Agreement and all related documents be drafted and executed in English. *Les parties aux présentes ont formellement demandé à ce que la présente convention et tous les documents auxquels celle-ci réfère soient rédigés et signés en langue anglaise.*

16.13 Further Assurances. The Merchant and the Agent shall each execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, at the cost and expense of the requesting party, such instruments and take such other actions as may be

necessary or advisable to carry out their obligations under this Agreement, or any document, certificate or other instrument delivered pursuant hereto or thereto or required by applicable law.

16.14 Currency. Unless otherwise specified, all references to monetary amounts refer to Canadian dollars.

[SIGNATURES NEXT PAGE]

IN WITNESS WHEREOF, Agent and Merchant have executed this Agreement as of the day and year first written above.

GA Retail Canada, ULC

By: _____

Name: *Alan N. Forman*

Title: *EVP & CO*

2473304 Ontario Inc.

By: _____

Name: Mark Sun

Title: Vice President and CFO

IN WITNESS WHEREOF, Agent and Merchant have executed this Agreement as of the day and year first written above.

GA Retail Canada, ULC

By: _____

Name:

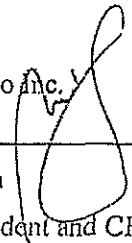
Title:

2473304 Ontario Inc.

By: _____

Name: Mark Sun

Title: Vice President and CFO

A handwritten signature in black ink, appearing to be 'Mark Sun', is written over the signature line for 2473304 Ontario Inc. The signature is stylized and loops back.

Jones of NY (CAD)
Store List
Exhibit 1A

Str	Name/Mall	Loc Type	Address	City	Province	Zip	US / CA	Gross S.F.
345	Willow Park Village Shopping Centre	Strip Centre	10816 Macleod Trail SE, Suite 488	Calgary	AB	T2J 5N8	CA	3,640
347	7771 Alderbridge Way	Strip Centre	7771 Alderbridge Way, Suite 110	Richmond	BC	V6X 2A4	CA	4,592
348	Westwood Shopping Centre	Strip Centre	2748 Lougheed Hwy, Suite 108	Port Coquitlam	BC	V3B 6P2	CA	3,991
349	Queensborough Shopping Centre	Strip Centre	805 Boyd Street, Unit H110	New Westminster	BC	V3M 5X2	CA	3,714
350	Smart Centres Winnipeg	Strip Centre	1659 Kenaston Blvd., Suite 2	Winnipeg	MB	R3P 2M4	CA	4,138
351	Chain Lake Plaza	Strip Centre	201 Chain Lake Drive, Suite 7	Halifax	NS	B3S 1C8	CA	4,487
352	Cookstown Outlet Mall	Mall	3311 County Road 89	Cookstown	ON	L0L 1L0	CA	3,592
353	St. Jacobs Outlet Mall	Indoor Strip Centre	25 Benjamin Road, Unit 38	Waterloo	ON	N2V 2G8	CA	3,141
354	Kings Crossing Fashion Outlet	Strip Centre	101 Dalton Avenue, Unit B5	Kingston	ON	K7K 0C5	CA	4,061
355	Windsor Crossing Premium Outlet	Strip Centre	1555 Talbot Road	Windsor	ON	N9H 2N2	CA	2,702
356	Canada One Factory Mall	Strip Centre	7500 Lundy's Lane, Suite B2	Niagara Falls	ON	L2G 1G8	CA	3,508
357	Kingsway Mills Shopping Centre	Strip Centre	4195 Dundas Street West	Etobicoke	ON	M8X 1Y4	CA	4,401
358	Landmark Mall	Strip Centre	3500 Fairview Street, Suite 2	Burlington	ON	L7N 2R5	CA	4,000
359	Pickering Home & Leisure Centre	Strip Centre	1755 Pickering Pkwy, Suite 28	Pickering	ON	L1V 5K6	CA	3,636
360	Wonderland Corners	Strip Centre	735 Wonderland Road North	London	ON	N6H 4L1	CA	4,917
361	Kanata Entertainment Centrum	Strip Centre	790 Kanata Avenue, Suite M1A	Kanata	ON	K2T 1H8	CA	3,755
362	Newmarket Shopping Centre	Strip Centre	17725 Yonge Street North	Newmarket	ON	L3Y 7C1	CA	3,917
363	Oakville Town Centre	Strip Centre	290 North Service Road West	Oakville	ON	L6M 2S2	CA	3,789
364	Lawrence Plaza	Strip Centre	526 Lawrence Ave West	North York	ON	M6A 1A1	CA	3,200
365	At Family Brown Lane	Strip Centre	1667 Merivale Road	Nepean	ON	K2G 3K2	CA	3,347
366	Orleans	Strip Centre	2002 Mer Bleue Road, Suite 10	Orleans	ON	K4A 0G2	CA	3,650
367	Empire Theatre Bolton	Strip Centre	196 McEwan Drive East	Bolton	ON	L7E 4E5	CA	3,293
368	Heartland Town Centre	Strip Centre	5875 Rodeo Drive, Unit 5	Mississauga	ON	L5R 4C1	CA	5,534
369	Wellington Southdale Centre	Strip Centre	981 Wellington Road	London	ON	N6E 3A9	CA	3,293
370	Richmond Green Marketplace	Strip Centre	10 John Birchall Road, A6, Unit 3	Richmond Hill	ON	L4S 0B2	CA	3,634
371	Sunrise Shopping Centre	Strip Centre	1400 Ottawa Street South, Suite B17	Kitchener	ON	N2E 4G2	CA	3,724
372	Knowlton	Free Standing	45 Lakeside Ch	Knowlton	QC	J0E 1V0	CA	2,590
373	Les Factoreries Saint Sauveur	Free Standing	105 K Guindon Av	Saint Sauveur	QC	J0R 1R6	CA	3,606
374	RioCan Centre - Kirkiand	Strip Centre	3280 Jean-Yves Rue	Kirkland	QC	H9J 2R6	CA	4,920
375	Promenades Hudson	Strip Centre	3187 Harwood Route, Unit A	Vaudreuil-Dorion	QC	J7V 8P2	CA	1,827
376	Promenades Tremblant	Strip Centre	2505 De L'Aulnaie Rue, Suite B108	Mont Tremblant	QC	J8E 0E5	CA	3,731
377	Mega Centre	Strip Centre	3120 De La Gare Boul, Unit 118	Vaudreuil-Dorion	QC	J7V 0J5	CA	4,193
378	Quartier Dix30	Strip Centre	9365 Leduc Boul, Suite 15	Brossard	QC	J4Y 0A5	CA	4,059
380	Head Office	Free Standing- Home Office Store	4544 Gordon Road, Suite 1, Bldg 24	Regina	SK	S4W 0B7	CA	4,762
381*	Centre on Barton (regular store Located in DC)	Strip Centre	388 Applewood Crescent	Vaughan	ON	L4K 4B4	CA	10,000
382*	Centre on Barton (warehouse store Located in DC)	Strip Centre	388 Applewood Crescent	Vaughan	ON	L4K 4B4	CA	20,000
383	1259 Barton Street East	Strip Centre	1259 Barton Street East	Hamilton	ON	L8H 2V4	CA	3,580

* Stores 381 (regular JNY store) and 382 (warehouse store) are located in the same building (separate entrance) as the Applewood DC . They are not connected through the interior of the building. To go from one to the other a customer would need to go through the exterior doors.

EXHIBIT 2.1

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) [*], THE [*]
)
) DAY OF JUNE, 2016
)

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 2473304 ONTARIO INC. (the "Applicant")

APPROVAL ORDER – AGENCY AGREEMENT

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, approving: (i) the transactions contemplated under the Agency Agreement entered into between the Applicant and GA Retail Canada, ULC (the "Agent") on June __, 2016 (the "Agency Agreement") and certain related relief; and (ii) the granting of the Agent's Charge and Security Interest (as defined below), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion of the Applicant, the Affidavit of ___ sworn on June __, 2016 including the exhibits thereto (the "___ Affidavit"), and the ___ Report (the "**Monitor's ___ Report**") of Richter Advisory Group Inc., in its capacity as Monitor (the "**Monitor**"), filed, and on hearing the submissions of respective counsel for the Applicant, the Monitor, the Agent, and such other counsel

as were present, no one else appearing although duly served as appears from the Affidavits of Service, filed:

SERVICE AND DEFINITIONS

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Initial Order and the Agency Agreement, as applicable.

APPROVAL OF THE AGENCY AGREEMENT

3. **THIS COURT ORDERS** that the Agency Agreement, including the Sales Guidelines attached hereto as Schedule "A" (the "**Sales Guidelines**"), and the transactions contemplated thereunder are hereby approved, authorized and ratified and that the execution of the Agency Agreement by Applicant is hereby approved, authorized, and ratified with such minor amendments as Applicant (with the consent of the Monitor) and the Agent may agree to in writing. Subject to the provisions of this Order and the Initial Order, Applicant is hereby authorized and directed to take any and all actions, including, without limitation, execute and deliver such additional documents, as may be necessary or desirable to implement the Agency Agreement and each of the transactions contemplated therein.

THE SALE

4. **THIS COURT ORDERS** that subject to receipt of the Initial Guaranty Payment by the Applicant in accordance with the Agency Agreement, the Agent is authorized to conduct the Sale in accordance with this Order, the Agency Agreement and the Sales Guidelines and to advertise and promote the Sale within the Closing Stores in accordance with the Sales Guidelines. If there is a conflict between this Order, the Agency Agreement and the Sales Guidelines, the order of priority of documents to

resolve such conflicts is as follows: (1) the Order; (2) the Sales Guidelines; and (3) the Agency Agreement.

5. **THIS COURT ORDERS** that, the Agent, in its capacity as agent of Applicant, is authorized to market and sell the Merchandise, the Additional Merchandise, the Merchant Consignment Goods and the Owned FF&E, free and clear of all liens, claims, encumbrances, security interests, mortgages, charges, trusts, deemed trusts, executions, levies, financial, monetary or other claims, whether or not such claims have attached or been perfected, registered or filed and whether secured, unsecured, quantified or unquantified, contingent or otherwise, whensoever and howsoever arising, and whether such claims arose or came into existence prior to the date of this Order or came into existence following the date of this Order, (in each case, whether contractual, statutory, arising by operation of law, in equity or otherwise) (all of the foregoing, collectively "**Claims**"), including, without limitation the Administration Charge, the Directors' Charge, and the ABL Lender's DIP Charge, and any other charges hereafter granted by this Court in these proceedings (collectively, the "**CCAA Charges**"), and all Claims, charges, security interests or liens evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal or movable property registration system (all of such Claims, charges (including the CCAA Charges), security interests and liens collectively referred to herein as "**Encumbrances**"), which Encumbrances will attach instead to the Guaranteed Amount and any other amounts due and payable by the Agent to the Applicant under the Agency Agreement, in the same order and priority as they existed on the Sale Commencement Date.

6. **THIS COURT ORDERS** that subject to the terms of this Order, the Initial Order, the Sales Guidelines and the Agency Agreement, the Agent shall have the right to enter and use the Closing Stores and all related store services and all facilities and all furniture, trade fixtures and equipment, including the FF&E, located at the Closing Stores, and other assets of Applicant as designated under the Agency Agreement, for the purpose of conducting the Sale and for such purposes, the Agent shall be entitled to

the benefit of the Applicant's stay of proceedings provided under the Initial Order, as such stay of proceedings may be extended by further Order of the Court.

7. **THIS COURT ORDERS** that until the applicable Vacate Date for each Closing Store (which shall in no event be later than September 22, 2016), the Agent shall have access to the Closing Stores in accordance with the applicable leases and the Sales Guidelines on the basis that the Agent is an agent of Applicant and Applicant has granted the right of access to the applicable Closing Store to the Agent. To the extent that the terms of the applicable leases are in conflict with any term of this Order or the Sales Guidelines, the terms of this Order and the Sales Guidelines shall govern.

8. **THIS COURT ORDERS** that nothing in this Order shall amend or vary, or be deemed to amend or vary the terms of the leases for Applicant's leased Closing Stores. Nothing contained in this Order or the Sales Guidelines shall be construed to create or impose upon Applicant or the Agent any additional restrictions not contained in the applicable lease or other occupancy agreement.

9. **THIS COURT ORDERS** that except as provided for in Section 4 hereof in respect of the advertising and promotion of the Sale within the Closing Stores, subject to, and in accordance with this Order, the Agency Agreement and the Sales Guidelines, the Agent, as agent for Applicant, is authorized to advertise and promote the Sale, without further consent of any Person other than Applicant and the Monitor as provided under the Agency Agreement or a Landlord as provided under the Sales Guidelines.

10. **THIS COURT ORDERS** that the Agent shall have the right to use, without interference by any intellectual property licensor, the Applicant's trademarks and logos, as well as all licenses and rights granted to the Applicant to use the trade names, trademarks, and logos of third parties, relating to and used in connection with the operation of the Closing Stores solely for the purpose of advertising and conducting the Sale of the Merchandise and the Remaining Merchandise in accordance with the terms of the Agency Agreement, the Sales Guidelines, and this Order, provided that

the Agent provides the Applicant with a copy of any advertising prior to its use in the Sale.

11. **THIS COURT ORDERS** that upon delivery of a Monitor's certificate to the Agent substantially in the form attached as Schedule "B" hereto, (the "**Monitor's Certificate**") and subject to payment in full by the Agent to Applicant of the Guaranteed Amount, the Expenses, Merchant's First Portion of Sharing Recovery Amount, any Merchant's Sharing Recovery Amount, and all other amounts payable to Applicant under the Agency Agreement, all of Applicant's right, title and interest in and to any Remaining Merchandise, shall vest absolutely in the Agent, free and clear of and from any and all Claims, including without limiting the generality of the foregoing, the Encumbrances, and such Encumbrances will attach instead to the Guaranteed Amount, and all other amounts due and payable to the Applicant under the Agency Agreement, in the same order and priority as they existed on the Sale Commencement Date. Nothing in this paragraph 11 shall discharge the obligations of the Agent pursuant to the Agency Agreement, or the rights or claims of Applicant in respect thereof including, without limitation, the obligations of the Agent to account for and remit the proceeds of sale of the Remaining Merchandise to the Designated Merchant Accounts.

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

AGENT LIABILITY

13. **THIS COURT ORDERS** that the Agent shall act solely as an agent to Applicant and that it shall not be liable for any claims against Applicant other than as expressly provided in the Agency Agreement (including the Agent's indemnity obligations thereunder) or the Sales Guidelines. More specifically:

- (a) the Agent shall not be deemed to be an owner or in possession, care, control or management of the Closing Stores, of the assets located therein or associated therewith or of Applicant's employees (including the

Retained Employees) located at the Closing Stores or any other property of Applicant;

- (b) the Agent shall not be deemed to be an employer, or a joint or successor employer or a related or common employer or payor within the meaning of any legislation governing employment or labour standards or pension benefits or health and safety or other statute, regulation or rule of law or equity for any purpose whatsoever, and shall not incur any successorship liabilities whatsoever; and
- (c) Applicant shall bear all responsibility for any liability whatsoever (including without limitation losses, costs, damages, fines or awards) relating to claims of customers, employees and any other persons arising from events occurring at the Closing Stores and at the Distribution Centre during and after the Sale Term in connection with the Sale, except in accordance with the Agency Agreement.

14. **THIS COURT ORDERS** to the extent the Landlords (or any of them) may have a claim against Applicant arising solely out of the conduct of the Agent in conducting the Sale for which Applicant has claims against the Agent under the Agency Agreement, Applicant shall be deemed to have assigned free and clear such claims to the applicable Landlord (the "**Assigned Landlord Rights**").

AGENT AN UNAFFECTED CREDITOR

15. **THIS COURT ORDERS** that the Agency Agreement shall not be repudiated, resiliated or disclaimed by Applicant nor shall the claims of the Agent pursuant to the Agency Agreement and under the Agent's Charge and Security Interest (as defined in this Order) be compromised or arranged pursuant to any plan of arrangement or compromise among Applicant and its creditors (a "**Plan**"). The Agent shall be treated as an unaffected creditor in these proceedings and under any Plan.

16. **THIS COURT ORDERS** that Applicant is hereby authorized and directed to remit, in accordance with the Agency Agreement, all amounts that become due to the Agent thereunder.

17. **THIS COURT ORDERS** that, except for Encumbrances on the Subordinated Amount as set for in paragraph 20, no Encumbrances shall attach to any amounts payable or to be credited or reimbursed to, or retained by, the Agent pursuant to the Agency Agreement, including, without limitation, any amounts to be reimbursed by Applicant to the Agent pursuant to the Agency Agreement, and Applicant will pay such amounts to the Agent in accordance with the Agency Agreement, and, except for Encumbrances on the Subordinated Amount as set for in paragraph 20, at all times the Agent will retain such amounts, free and clear of all Encumbrances, notwithstanding any enforcement or other process or Claims, all in accordance with the Agency Agreement.

DESIGNATED MERCHANT ACCOUNTS

18. **THIS COURT ORDERS** that no Person shall take any action, including any collection or enforcement steps, with respect to Gross Sale Proceeds and the Gross FF&E Proceeds deposited into the Designated Merchant Accounts pursuant to the Agency Agreement.

19. **THIS COURT ORDERS** that Gross Sale Proceeds and the Gross FF&E Proceeds deposited in the Designated Merchant Accounts by or on behalf of the Agent or Applicant pursuant to the Agency Agreement shall be and be deemed to be held in trust for Applicant and the Agent, as the case may be, and, for clarity, no Person shall have any claim, ownership interest or other entitlement in or against such Gross Sale Proceeds and Gross FF&E Proceeds , including, without limitation, by reason of any claims, disputes, rights of offset, set-off, or claims for contribution or indemnity that it may have against or relating to Applicant.

AGENT'S CHARGE AND SECURITY INTEREST

20. **THIS COURT ORDERS** that subject to the receipt by Applicant of the Initial Guaranty Payment, the Agent be and is hereby granted a charge (the "**Agent's Charge and Security Interest**") on all of the Merchandise, the Additional Merchandise, the Proceeds, the Gross FF&E Proceeds (to the extent of the FF&E Commission and the Applicant's out-of-pocket expenses related to the disposition of the Owned FF&E as set out in the Agency Agreement) and, if any, the proceeds of the Merchant Consignment Goods (to the extent of the commission payable to Agent with respect thereto) as security for all of the obligations of Applicant to the Agent under the Agency Agreement, including, without limitation, all amounts owing or payable to the Agent from time to time under or in connection with the Agency Agreement, which charge shall rank in priority to all Encumbrances; provided, however, that the Agent's Charge and Security Interest shall be junior and subordinate to all Encumbrances, but solely to the extent of any unpaid portion of the Unpaid Merchant's Entitlements due to Applicant under the Agency Agreement (the "**Subordinated Amount**").

PRIORITY OF CHARGES

21. **THIS COURT ORDERS** that the priorities of the Agent's Charge and Security Interest, the Administration Charge, the Directors' Charge, and the ABL Lender's DIP Charge, over the property so charged by them, as among them, shall be as follows:

First - The Agent's Charge and Security Interest (but only in respect of the Merchandise, the Additional Merchandise, the Proceeds, the Gross FF&E Proceeds (to the extent of the FF&E Commission and the Applicant's out-of-pocket expenses related to the disposition of the Owned FF&E as set out in the Agency Agreement) and, if any, the proceeds of the Merchant Consignment Goods (to the extent of the commission payable to the Agent with respect thereto)); provided, however, that the Subordinated Amount, shall be subordinated in accordance with paragraph 20;

Second – The Administration Charge;

Third - ABL Lender's DIP Charge; and

Fourth - Directors' Charge.

22. **THIS COURT ORDERS** that the filing, registration, recording or perfection of the Agent' s Charge and Security Interest shall not be required; and upon receipt of the Initial Guaranty Payment, the Agent' s Charge and Security Interest shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered or perfected prior or subsequent to the Agent' s Charge and Security Interest coming into existence, notwithstanding any failure to file, register or perfect any such Agent' s Charge and Security Interest. Absent the Agent's written consent or further Order of this Court (on notice to the Agent), Applicant shall not grant or suffer to exist any Encumbrances over any Merchandise, Additional Merchandise, Proceeds, Gross FF&E Proceeds (to the extent of the FF&E Commission and the Applicant's out-of-pocket expenses related to the disposition of the Owned FF&E as set out in the Agency Agreement) and, if any, the proceeds of the Merchant Consignment Goods (to the extent of the commission payable to the Agent with respect thereto) that rank in priority to, or *pari passu* with the Agent's Charge and Security Interest.

23. **THIS COURT ORDERS** that the Agent's Charge and Security Interest shall constitute a mortgage, hypothec, security interest, assignment by way of security and charge over the Merchandise, the Additional Merchandise, the Proceeds, the Gross FF&E Proceeds (to the extent of the FF&E Commission and the Applicant's out-of-pocket expenses related to the disposition of the Owned FF&E as set out in the Agency Agreement) and the proceeds of the Merchant Consignment Goods (to the extent of the commission payable to the Agent with respect thereto) and, other than in relation to the Subordinated Amount, shall rank in priority to all other Encumbrances of or in favour of any Person.

24. **THIS COURT ORDERS** that notwithstanding (a) the pendency of these proceedings; (b) any application for a bankruptcy order now or hereafter issued

pursuant to the *Bankruptcy and Insolvency Act* ("**BIA**") in respect of Applicant or any bankruptcy order made pursuant to any such applications; (c) any assignment in bankruptcy made in respect of Applicant; (d) the provisions of any federal or provincial statute; 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, mortgage, security agreement, debenture, sublease, offer to lease or other document or agreement (collectively "**Agreement**") which binds Applicant:

- (i) the Agency Agreement and the transactions and actions provided for and contemplated therein, including without limitation, the payment of amounts due to the Agent thereunder and any transfer of Remaining Merchandise,
- (ii) the Agent's Charge and Security Interest, and
- (iii) Assigned Landlord Rights,

shall be binding on any trustee in bankruptcy that may be appointed in respect to Applicant and shall not be void or voidable by any Person, including any creditor of Applicant, nor shall they, or any of them, constitute or be deemed to be a preference, fraudulent conveyance, transfer at undervalue or other challengeable reviewable transaction, under the BIA or any applicable law, nor shall they constitute oppressive or unfairly prejudicial conduct under any applicable law.

BULK SALES ACT AND OTHER LEGISLATION

25. **THIS COURT ORDERS AND DECLARES** that the transactions contemplated under the Agency Agreement and the transfer of any Remaining Merchandise shall be exempt from the application of the *Bulk Sales Act* (Ontario) and any other equivalent federal or provincial legislation.

GENERAL

26. **THIS COURT ORDERS** that upon receipt of the Initial Guaranty Payment, the Applicant shall transfer the initial Guaranty Payment to the Monitor and the Monitor shall hold the Initial Guaranty Payment in trust for the Applicant in an account opened at a Canadian chartered bank for this purpose, subject to further Order of the Court authorizing and directing the distribution of the Initial Guaranty Payment.

27. **THIS COURT ORDERS** that the Applicant is hereby authorized to transfer on a regular basis, as determined is appropriate in consultation with the Monitor, to an account of the Monitor a portion of the proceeds from the Sale to which the Applicant is entitled under the Agency Agreement in an amount required to pay sales taxes owing by the Applicant that are applicable to such proceeds of the Sale (the "**Sales Taxes**") and the Monitor is hereby authorized to hold such funds and transfer such funds to the Applicant for payment by the Applicant of such Sales Taxes as required pursuant to applicable law.

28. **THIS COURT ORDERS** that the Applicant is hereby authorized to transfer on a regular basis, as determined is appropriate in consultation with the Monitor, to an account of the Monitor the Net FF&E Proceeds from the disposition of the Owned FF&E and the Monitor is hereby authorized to hold such funds in trust for the Applicant in an account opened at a Canadian chartered bank for this purpose, subject to further Order of the Court authorizing and directing the distribution of such Net FF&E Proceeds. Any distribution of Net FF&E Proceeds shall be net of the out of pocket expenses related to the disposition of such Owned FF&E reimbursed by the Applicant in accordance with the Agency Agreement and approved by the Monitor.

29. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

30. **THIS COURT HEREBY REQUESTS** the aid and recognition of any Court, tribunal, regulatory or administrative bodies, having jurisdiction in Canada or in the United States of America, to give effects to this Order and to assist 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 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 Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

[Justice]

SCHEDULE A
SALES GUIDELINES

The following procedures shall apply to the Sale to be conducted at the Closing Stores of 2473304 Ontario Inc. (the "Merchant"). All terms not herein defined shall have the meaning set forth in the Agency Agreement by and between GA Retail Canada, ULC (the "Agent") and the Merchant dated as of June 6, 2016 (the "Agency Agreement").

1. Except as otherwise expressly set out herein, and subject to: (i) the Approval Order or any further Order of the Court; or (ii) any subsequent written agreement between the Merchant and the applicable landlord(s) (individually, a "Landlord" and, collectively, the "Landlords") and approved by Agent, or (iii) as otherwise set forth herein, the Sale shall be conducted in accordance with the terms of the applicable leases/or other occupancy agreements to which the affected landlords are privy for each of the affected Closing Stores (individually, a "Lease" and, collectively, the "Leases"). However, nothing contained herein shall be construed to create or impose upon the Merchant or the Agent any additional restrictions not contained in the applicable Lease or other occupancy agreement.
2. The Sale shall be conducted so that each of the Closing Stores remain open during their normal hours of operation provided for in the respective Leases for the Closing Stores until the respective Vacate Date of each Store. The Sale at the Closing Stores shall end by no later than September 22, 2016. Rent payable under the respective Leases shall be paid as provided in the Initial Order.
3. The Sale shall be conducted in accordance with applicable federal, provincial and municipal laws and regulations, unless otherwise ordered by the Court.
4. All display and hanging signs used by the Agent in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. Subject to the terms of the Agency Agreement, and notwithstanding anything to the contrary contained in the Leases, the Agent may advertise the Sale at the Closing Stores as a "everything on sale", "everything must go", "store closing" or similar theme sale at the Closing Stores (provided however that no signs shall advertise the Sale as a "bankruptcy", a "going out of business" or a "liquidation" sale it being understood that the French equivalent of "clearance" is "liquidation" and is permitted to be used). Forthwith upon request from a Landlord, the Landlord's counsel, the Merchant or the Monitor, the Agent shall provide the proposed signage packages along with the proposed dimensions and number of signs (as approved by the Merchant pursuant to the Agency Agreement) by e-mail or facsimile to the applicable Landlords or to their counsel of record. Where the provisions of the Lease conflict with these Sales Guidelines, these Sales Guidelines shall govern. The Agent shall not use neon or day-glow or handwritten signage (unless otherwise contained in the sign package, including "you pay" or "topper" signs). In addition, the Agent shall be permitted to utilize exterior banners/signs at stand alone or strip mall Closing Stores or

enclosed mall Closing Stores with a separate entrance from the exterior of the enclosed mall, provided, however, that where such banners are not permitted by the applicable Lease and the Landlord requests in writing that the banners are not to be used, no banners shall be used absent further Order of the Court, which may be sought on an expedited basis on notice to the Service List. Any banners used shall be located or hung so as to make clear that the Sale is being conducted only at the affected Closing Store and shall not be wider than the premises occupied by the affected Closing Store. All exterior banners shall be professionally hung and to the extent that there is any damage to the façade of the premises of a Closing Store as a result of the hanging or removal of the exterior banner, such damage shall be professionally repaired at the expense of the Agent.

5. The Agent shall be permitted to utilize sign walkers and street signage; provided, however, such sign walkers and street signage shall not be located on the shopping centre or mall premises.
6. Conspicuous signs shall be posted in the cash register areas of each Closing Store to the effect that all sales are "final".
7. The Agent shall not distribute handbills, leaflets or other written materials to customers outside of any of the Closing Stores on any Landlord's property, unless permitted by the applicable Lease or, if distribution is customary in the shopping centre in which the Closing Store is located. Otherwise, the Agent may solicit customers in the Closing Stores themselves. The Agent shall not use any giant balloons, flashing lights or amplified sound to advertise the Sale or solicit customers, except as permitted under the applicable Lease, or agreed to by the Landlord.
8. At the conclusion of the Sale in each Closing Store, the Agent shall arrange that the premises for each Closing Store are in "broom-swept" and clean condition, and shall arrange that the Closing Stores are in the same condition as on the commencement of the Sale, ordinary wear and tear excepted. No property of any Landlord of a Closing Store shall be removed or sold during the Sale. No permanent fixtures (other than Owned FF&E for clarity) may be removed without the Landlord's written consent unless otherwise provided by the applicable Lease. Subject to the foregoing, the Agent shall vacate the Closing Stores in accordance with the terms and conditions of the Agency Agreement. Any fixtures or personal property left in a Closed Store after it has been vacated by the Agent or in respect of which the applicable Lease has been disclaimed by the Merchant shall be deemed abandoned, with the applicable Landlord having the right to dispose of the same as the Landlord chooses, without any liability whatsoever on the part of the Landlord.
9. Subject to the terms of paragraph 8 above, the Agent may sell Owned FF&E which is located in the Closing Stores during the Sale. The Merchant and the Agent may advertise the sale of Owned FF&E consistent with these guidelines

on the understanding that any Landlord may require that such signs be placed in discreet locations within the Closing Stores acceptable to the Landlord, acting reasonably. Additionally, the purchasers of any Owned FF&E sold during the Sale shall only be permitted to remove the Owned FF&E either through the back shipping areas designated by the Landlord, or through other areas after regular store business hours, or through the front door of the Store during Store business hours if the Owned FF&E can fit in a shopping bag, with Landlord's supervision as required by the Landlord. The Agent shall repair any damage to the Closing Stores resulting from the removal of any FF&E by Agent or by third party purchasers of Owned FF&E from Agent.

10. The Agent shall not make any alterations to interior or exterior Closing Store lighting, except as authorized pursuant to the applicable Lease. The hanging of exterior banners or other signage, where permitted in accordance with the terms of these guidelines, shall not constitute an alteration to a Closing Store.
11. The Agent hereby provides notice to the Landlords of the Agent's intention to sell and remove FF&E from the Closing Stores. The Agent will arrange with each Landlord represented by counsel on the service list and with any other Landlord that so requests, a walk through with the Agent to identify the FF&E subject to the sale. The relevant Landlord shall be entitled to have a representative present in the Closing Store to observe such removal. If the Landlord disputes the Agent's entitlement to sell or remove any FF&E under the provisions of the Lease, such FF&E shall remain on the premises and shall be dealt with as agreed between the Merchant, the Agent and such Landlord, or by further Order of the Court upon application by the Merchant on at least two (2) days' notice to such Landlord. If the Merchant has disclaimed or resiliated the Lease governing such Closing Store in accordance with the CCAA and the Initial Order, it shall not be required to pay rent under such Lease pending resolution of any such dispute (other than rent payable for the notice period provided for in the CCAA and the Initial Order), and the disclaimer or resiliation of the Lease shall be without prejudice to the Merchant's or Agent's claim to the FF&E in dispute.
12. If a notice of disclaimer or resiliation is delivered pursuant to the CCAA and the Initial Order to a Landlord while the Sale is ongoing and the Closing Store in question has not yet been vacated, then: (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Merchant and the Agent 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 Closing Store without waiver of or prejudice to any claims or rights such landlord may have against the Merchant in respect of such Lease or Closing Store, provided that nothing herein shall relieve such Landlord of its obligation to mitigate any damages claimed in connection therewith. Absent Agent's consent, Merchant shall not seek to disclaim or resiliate any Lease of a Closing Store prior to the earlier of (i) the applicable Vacate Date for such Closing Store and (ii) September 22, 2016.

13. The Agent and its agents and representatives shall have the same access rights to the Closing Stores as the Merchant under the terms of the applicable Lease, and the Landlords shall have the rights of access to the Closing Stores during the Sale provided for in the applicable Lease (subject, for greater certainty, to any applicable stay of proceedings).
14. The Merchant and the Agent shall not conduct any auctions of Merchandise or Owned FF&E at any of the Closing Stores.
15. The Agent shall be entitled to include in the Sale the Additional Merchandise, to the extent permitted under the Agency Agreement; provided that: (i) the Additional Merchandise will not exceed \$1.5 million at cost in the aggregate; (ii) the Additional Merchandise will be distributed among the Closing Stores such that no Closing Store will receive more than 15% of the Additional Merchandise; and (iii) the Additional Merchandise is of like kind and category and no lesser quality to the Merchandise, and consistent with any restriction on usage of the Closing Stores set out in the applicable Leases.
16. The Agent shall designate a party to be contacted by the Landlords should a dispute arise concerning the conduct of the Sale. The initial contact person for Agent shall be Steven Smith, SVP of Financial Operations who may be reached by phone at (818) 264-5446 or email at ssmith@greatamerican.com. If the parties are unable to resolve the dispute between themselves, the Landlord or Merchant shall have the right to schedule a "status hearing" before the Court on no less than two (2) days written notice to the other party or parties, during which time the Agent shall cease all activity in dispute other than activity expressly permitted herein, pending the determination of the matter by the Court; provided, however, subject to para. 4 of these Sales Guidelines, that if a banner has been hung in accordance with these Sale Guidelines and is thereafter the subject of a dispute, the Agent shall not be required to take any such banner down pending determination of the dispute.
17. Nothing herein is, or shall be deemed to be a consent by any Landlord to the sale, assignment or transfer of any Lease, or to grant to the Landlord any greater rights than already exist under the terms of any applicable Lease.
18. These Sale Guidelines may be amended by written agreement between the Merchant, the Agent and any applicable Landlord (provided that such amended Sale Guidelines shall not affect or bind any other Landlord not privy thereto without further Order of the Court approving the amended Sales Guidelines).

SCHEDULE 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 2473304 ONTARIO INC. (the
"Applicant")**

MONITOR'S CERTIFICATE

RECITALS

Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Agency Agreement entered into between 2473304 ONTARIO INC. (the "**Applicant**") and GA Retail Canada, ULC (the "**Agent**") on _____, a copy of which is attached as Exhibit ___ to the Affidavit of ___ dated ___.

Pursuant to an Order of the Court dated ___, the Court ordered that all of the Remaining Merchandise shall vest absolutely in the Agent, free and clear of and from any and all claims and encumbrances, upon the delivery by the Monitor to the Agent of a certificate certifying that (i) the Sale has ended, and (ii) the Guaranteed Amount, the Expenses, any Merchant's Sharing Recovery Amount, and all other amounts due and payable to Applicant under the Agency Agreement have been paid in full to the Applicant.

RICHTER ADVISORY GROUP INC., in its capacity as Court-appointed Monitor in the *Companies' Creditors Arrangement Act* proceedings of the Applicant certifies that it has been informed by the Agent and Applicant that:

The Sale has ended.

The Guaranteed Amount, the Expenses, any Merchant's Sharing Recovery Amount, and all other amounts due and payable to Applicant under the Agency Agreement have been paid in full to the Applicant.

DATED as of this ● day of ●, 2016.

RICHTER ADVISORY GROUP INC.,
solely in its capacity as Court-
appointed Monitor of 2473304
ONTARIO INC.. and not in its personal
capacity

By: _____
Name:
Title:

Jones of NY (CAD)
Exhibit 3.1(i)

Merchandise Ceiling (CAD\$000's)

REDACTED

Cost Factor Threshold (as % of Retail Price)

REDACTED

Exhibit 3.4(a)

INVENTORY TAKING INSTRUCTIONS

Merchant and Agent shall jointly employ WIS International, RGIS, LLC or another mutually acceptable inventory taking service (the “**Inventory Taking Service**”) to conduct the Inventory Taking.

Between _____, 2016 and _____, 2016, Merchant and Agent shall cause to be taken an UPC level Retail Price physical inventory on a SKU style and colour basis (the “**Inventory Taking**”) of the Merchandise located in the Closing Stores. (The date of the Inventory Taking at each Closing Store shall be referred to as the “**Inventory Date**” for such Closing Store).

The Inventory Taking will be conducted during or after regular business hours, resulting in minimal or no disruption to the sale process and customer experience.

Merchant and Agent may each have representatives present during the Inventory Taking and each shall have the right to review and verify the listing and tabulation of the Inventory Taking. A schedule of dates and times for the Inventory Taking at each Closing Store will be prepared by Agent, in consultation with Merchant. The Inventory Taking will proceed at the scheduled date and time, subject only to the presence of the Inventory Taking Service personnel conducting the Inventory Taking, regardless of the attendance or absence of any other party.

Merchant and Agent agree that until the Inventory Taking is completed in each of the Closing Stores, neither Merchant nor Agent shall, other than with respect to sales of Merchandise in the ordinary course as part of the Sale at the Closing Stores, transfer any Merchandise to or from any of Closing Stores, so as to make any such items unavailable for counting as part of the Inventory Taking, and/or remove any hang tags, price tickets or inventory control tags affixed to any Merchandise.

Merchant and Agent agree to cooperate with each other to conduct the Inventory Taking commencing at the scheduled time. Merchant and Agent agree that they will, and agree to cause their respective representatives to, cooperate and assist in the preparation and calculation of the aggregate Cost Value of the Merchandise included in the Sale, including, without limitation, making available, to the extent necessary books, records, work papers and personnel.

The Inventory Taking, including, but not limited to, the determination of the aggregate Cost Value of the Merchandise, shall be reconciled by Merchant and Agent within fourteen (14) days after its completion, and Agent and Merchant shall use their reasonable efforts to accomplish such reconciliation within such fourteen (14) day period.

The final certified inventory report shall be completed not later than thirty (30) days after the Sale Commencement Date.

Jones of NY (CAD)
Exhibit 4.1(a)
Occupancy Per Diem

REDACTED

EXHIBIT 8.1

SALES GUIDELINES

The following procedures shall apply to the Sale to be conducted at the Closing Stores of 2473304 Ontario Inc. (the "Merchant"). All terms not herein defined shall have the meaning set forth in the Agency Agreement by and between GA Retail Canada, ULC (the "Agent") and the Merchant dated as of June 6, 2016 (the "Agency Agreement").

1. Except as otherwise expressly set out herein, and subject to: (i) the Approval Order or any further Order of the Court; or (ii) any subsequent written agreement between the Merchant and the applicable landlord(s) (individually, a "Landlord" and, collectively, the "Landlords") and approved by Agent, or (iii) as otherwise set forth herein, the Sale shall be conducted in accordance with the terms of the applicable leases/or other occupancy agreements to which the affected landlords are privy for each of the affected Closing Stores (individually, a "Lease" and, collectively, the "Leases"). However, nothing contained herein shall be construed to create or impose upon the Merchant or the Agent any additional restrictions not contained in the applicable Lease or other occupancy agreement.
2. The Sale shall be conducted so that each of the Closing Stores remain open during their normal hours of operation provided for in the respective Leases for the Closing Stores until the respective Vacate Date of each Store. The Sale at the Closing Stores shall end by no later than September 22, 2016. Rent payable under the respective Leases shall be paid as provided in the Initial Order.
3. The Sale shall be conducted in accordance with applicable federal, provincial and municipal laws and regulations, unless otherwise ordered by the Court.
4. All display and hanging signs used by the Agent in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. Subject to the terms of the Agency Agreement, and notwithstanding anything to the contrary contained in the Leases, the Agent may advertise the Sale at the Closing Stores as a "everything on sale", "everything must go", "store closing" or similar theme sale at the Closing Stores (provided however that no signs shall advertise the Sale as a "bankruptcy", a "going out of business" or a "liquidation" sale it being understood that the French equivalent of "clearance" is "liquidation" and is permitted to be used). Forthwith upon request from a Landlord, the Landlord's counsel, the Merchant or the Monitor, the Agent shall provide the proposed signage packages along with the proposed dimensions and number of signs (as approved by the Merchant pursuant to the Agency Agreement) by e-mail or facsimile to the applicable Landlords or to their counsel of record. Where the provisions of the Lease conflict with these Sales Guidelines, these Sales Guidelines shall govern. The Agent shall not use neon or day-glow or handwritten signage (unless otherwise contained in the sign package, including "you pay" or "topper" signs). In addition, the Agent shall be permitted to utilize exterior banners/signs at stand alone or strip mall Closing Stores or

enclosed mall Closing Stores with a separate entrance from the exterior of the enclosed mall, provided, however, that where such banners are not permitted by the applicable Lease and the Landlord requests in writing that the banners are not to be used, no banners shall be used absent further Order of the Court, which may be sought on an expedited basis on notice to the Service List. Any banners used shall be located or hung so as to make clear that the Sale is being conducted only at the affected Closing Store and shall not be wider than the premises occupied by the affected Closing Store. All exterior banners shall be professionally hung and to the extent that there is any damage to the façade of the premises of a Closing Store as a result of the hanging or removal of the exterior banner, such damage shall be professionally repaired at the expense of the Agent.

5. The Agent shall be permitted to utilize sign walkers and street signage; provided, however, such sign walkers and street signage shall not be located on the shopping centre or mall premises.
6. Conspicuous signs shall be posted in the cash register areas of each Closing Store to the effect that all sales are "final".
7. The Agent shall not distribute handbills, leaflets or other written materials to customers outside of any of the Closing Stores on any Landlord's property, unless permitted by the applicable Lease or, if distribution is customary in the shopping centre in which the Closing Store is located. Otherwise, the Agent may solicit customers in the Closing Stores themselves. The Agent shall not use any giant balloons, flashing lights or amplified sound to advertise the Sale or solicit customers, except as permitted under the applicable Lease, or agreed to by the Landlord.
8. At the conclusion of the Sale in each Closing Store, the Agent shall arrange that the premises for each Closing Store are in "broom-swept" and clean condition, and shall arrange that the Closing Stores are in the same condition as on the commencement of the Sale, ordinary wear and tear excepted. No property of any Landlord of a Closing Store shall be removed or sold during the Sale. No permanent fixtures (other than Owned FF&E for clarity) may be removed without the Landlord's written consent unless otherwise provided by the applicable Lease. Subject to the foregoing, the Agent shall vacate the Closing Stores in accordance with the terms and conditions of the Agency Agreement. Any fixtures or personal property left in a Closed Store after it has been vacated by the Agent or in respect of which the applicable Lease has been disclaimed by the Merchant shall be deemed abandoned, with the applicable Landlord having the right to dispose of the same as the Landlord chooses, without any liability whatsoever on the part of the Landlord.
9. Subject to the terms of paragraph 8 above, the Agent may sell Owned FF&E which is located in the Closing Stores during the Sale. The Merchant and the Agent may advertise the sale of Owned FF&E consistent with these guidelines

on the understanding that any Landlord may require that such signs be placed in discreet locations within the Closing Stores acceptable to the Landlord, acting reasonably. Additionally, the purchasers of any Owned FF&E sold during the Sale shall only be permitted to remove the Owned FF&E either through the back shipping areas designated by the Landlord, or through other areas after regular store business hours, or through the front door of the Store during Store business hours if the Owned FF&E can fit in a shopping bag, with Landlord's supervision as required by the Landlord. The Agent shall repair any damage to the Closing Stores resulting from the removal of any FF&E by Agent or by third party purchasers of Owned FF&E from Agent.

10. The Agent shall not make any alterations to interior or exterior Closing Store lighting, except as authorized pursuant to the applicable Lease. The hanging of exterior banners or other signage, where permitted in accordance with the terms of these guidelines, shall not constitute an alteration to a Closing Store.
11. The Agent hereby provides notice to the Landlords of the Agent's intention to sell and remove FF&E from the Closing Stores. The Agent will arrange with each Landlord represented by counsel on the service list and with any other Landlord that so requests, a walk through with the Agent to identify the FF&E subject to the sale. The relevant Landlord shall be entitled to have a representative present in the Closing Store to observe such removal. If the Landlord disputes the Agent's entitlement to sell or remove any FF&E under the provisions of the Lease, such FF&E shall remain on the premises and shall be dealt with as agreed between the Merchant, the Agent and such Landlord, or by further Order of the Court upon application by the Merchant on at least two (2) days' notice to such Landlord. If the Merchant has disclaimed or resiliated the Lease governing such Closing Store in accordance with the CCAA and the Initial Order, it shall not be required to pay rent under such Lease pending resolution of any such dispute (other than rent payable for the notice period provided for in the CCAA and the Initial Order), and the disclaimer or resiliation of the Lease shall be without prejudice to the Merchant's or Agent's claim to the FF&E in dispute.
12. If a notice of disclaimer or resiliation is delivered pursuant to the CCAA and the Initial Order to a Landlord while the Sale is ongoing and the Closing Store in question has not yet been vacated, then: (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Merchant and the Agent 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 Closing Store without waiver of or prejudice to any claims or rights such landlord may have against the Merchant in respect of such Lease or Closing Store, provided that nothing herein shall relieve such Landlord of its obligation to mitigate any damages claimed in connection therewith. Absent Agent's consent, Merchant shall not seek to disclaim or resiliate any Lease of a Closing Store prior to the earlier of (i) the applicable Vacate Date for such Closing Store and (ii) September 22, 2016.

13. The Agent and its agents and representatives shall have the same access rights to the Closing Stores as the Merchant under the terms of the applicable Lease, and the Landlords shall have the rights of access to the Closing Stores during the Sale provided for in the applicable Lease (subject, for greater certainty, to any applicable stay of proceedings).
14. The Merchant and the Agent shall not conduct any auctions of Merchandise or Owned FF&E at any of the Closing Stores.
15. The Agent shall be entitled to include in the Sale the Additional Merchandise, to the extent permitted under the Agency Agreement; provided that: (i) the Additional Merchandise will not exceed \$1.5 million at cost in the aggregate; (ii) the Additional Merchandise will be distributed among the Closing Stores such that no Closing Store will receive more than 15% of the Additional Merchandise; and (iii) the Additional Merchandise is of like kind and category and no lesser quality to the Merchandise, and consistent with any restriction on usage of the Closing Stores set out in the applicable Leases.
16. The Agent shall designate a party to be contacted by the Landlords should a dispute arise concerning the conduct of the Sale. The initial contact person for Agent shall be Steven Smith, SVP of Financial Operations who may be reached by phone at (818) 264-5446 or email at ssmith@greatamerican.com. If the parties are unable to resolve the dispute between themselves, the Landlord or Merchant shall have the right to schedule a "status hearing" before the Court on no less than two (2) days written notice to the other party or parties, during which time the Agent shall cease all activity in dispute other than activity expressly permitted herein, pending the determination of the matter by the Court; provided, however, subject to para. 4 of these Sales Guidelines, that if a banner has been hung in accordance with these Sale Guidelines and is thereafter the subject of a dispute, the Agent shall not be required to take any such banner down pending determination of the dispute.
17. Nothing herein is, or shall be deemed to be a consent by any Landlord to the sale, assignment or transfer of any Lease, or to grant to the Landlord any greater rights than already exist under the terms of any applicable Lease.
18. These Sale Guidelines may be amended by written agreement between the Merchant, the Agent and any applicable Landlord (provided that such amended Sale Guidelines shall not affect or bind any other Landlord not privy thereto without further Order of the Court approving the amended Sales Guidelines).

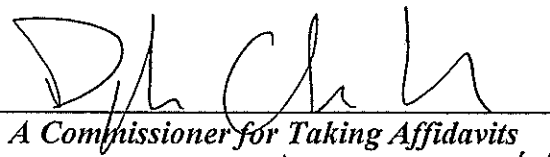
Exhibit 11.1(c) - Existing Liens

1. Registration No. 20151002 1709 1462 8104 filed under the Ontario *Personal Property Security Act* (the “ON PPSA”);
2. Registration No. 20151211 1112 1590 9309 filed under the ON PPSA;
3. Registration No. 20160208 1552 1590 2961 filed under the ON PPSA;
4. Registration No. 15121123972 filed under the Alberta *Personal Property Security Act* (the “AB PPSA”);
5. Registration No. 16020824329 filed under the AB PPSA;
6. Registration No. 16020824361 filed under the AB PPSA;
7. Registration having Base Registration No. 006238J filed under the British Columbia *Personal Property Security Act* (the “BC PPSA”);
8. Registration having Base Registration No. 103129J filed under the BC PPSA;
9. Registration No. 301426711 filed under the Saskatchewan *Personal Property Security Act* (the “SK PPSA”);
10. Registration No. 301445539 filed under the SK PPSA;
11. Registration No. 201602373709 filed under the Manitoba *Personal Property Security Act* (the “MB PPSA”);
12. Registration No. 201523727309 filed under the MB PPSA;
13. Registration No. 25333881 filed under the Nova Scotia *Personal Property Security Act* (the “NS PPSA”);
14. Registration No. 25531898 filed under the NS PPSA;
15. Registration No. 16-0173491-0001 filed under the Quebec Register of Personal and Movable Real Rights (the “QC RPMRR”); and
16. Registration No. 16-0112102-0001 filed under the QC RPMRR.

Tab 0

THIS IS EXHIBIT "O"

*referred to in the Affidavit of
Mark Sun sworn before me this
6th day of June 2016*


A Commissioner for Taking Affidavits

Dylan Chochk

2473304 Ontario Inc.

Cash Flow Forecast For the Period May 29 to July 16, 2016

(\$000's)	04-Jun-16	11-Jun-16	18-Jun-16	25-Jun-16	02-Jul-16	09-Jul-16	16-Jul-16	Total
Receipts								
Gross Receipts	619	530	8,237	-	-	-	-	9,386
Rent Recovery	-	-	-	48	95	95	95	334
	<u>619</u>	<u>530</u>	<u>8,237</u>	<u>48</u>	<u>95</u>	<u>95</u>	<u>95</u>	<u>9,720</u>
Disbursements								
Rent	(536)	-	-	-	(536)	-	-	(1,072)
Store Expenses & Other	(94)	(46)	(11)	(75)	(238)	(25)	(11)	(500)
Payroll	(60)	(306)	(59)	(139)	(84)	-	(59)	(708)
Sales Tax	(76)	-	-	-	(150)	-	-	(226)
Interest	(29)	-	-	-	(44)	-	-	(73)
Deposits	-	(100)	-	-	-	-	-	(100)
Professional Fees	(435)	(231)	(152)	(102)	(149)	(119)	(90)	(1,277)
	<u>(1,229)</u>	<u>(683)</u>	<u>(221)</u>	<u>(317)</u>	<u>(1,202)</u>	<u>(144)</u>	<u>(160)</u>	<u>(3,956)</u>
Net Cash Flow	\$ (610)	\$ (153)	\$ 8,015	\$ (269)	\$ (1,106)	\$ (49)	\$ (65)	\$ 5,764
Opening Loan	6,925	7,535	7,688	7,696	7,965	1,548	1,597	6,925
Net Cash Flow	610	153	(8,015)	269	1,106	49	65	(5,764)
Transfer to/(from) Monitor Escrow Acct	-	-	8,023	-	(7,523)	-	-	500
Revolver	\$ 7,535	\$ 7,688	\$ 7,696	\$ 7,965	\$ 1,548	\$ 1,597	\$ 1,662	\$ 1,662
Opening Monitor Escrow Acct	-	-	-	8,023	8,023	500	500	-
Transfer in/(out)	-	-	8,023	-	(7,523)	-	-	500
Monitor Escrow Acct - Closing	\$ -	\$ -	\$ 8,023	\$ 8,023	\$ 500	\$ 500	\$ 500	\$ 500

Mark Sun, CFO

CANADA
Province of Ontario
District of: Ontario
Court No.:

SUPERIOR COURT
(Commercial List)
Companies' Creditors Arrangement Act
RSC 1985, c C-36, as amended

Report on Cash-Flow Statement by the Debtor Company
(Paragraph 10(2)*b* of the Act)

In the matter of the Petition for the Issuance of an Initial Order
(Articles 4, 5 and 11 of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 ("CCAA")
with respect to

2473304 Ontario Inc.
Of the City of Vaughan
In the Province of Ontario

The management of 2473304 Ontario Inc. has developed the assumptions and prepared the attached statement of projected cash flow of the debtor company, as of June 3, 2016, consisting of the period from May 29 to July 16, 2016.

The hypothetical assumptions are reasonable and consistent with the purpose of the projections described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the debtor company and provide a reasonable basis for the projections. All such assumptions are disclosed in the notes attached.

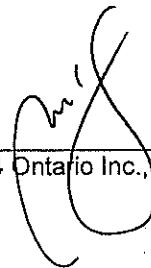
Since the projections are based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto, in the Province of Ontario, this 6th day of June 2016.

Mark G. Sun, CFO, Vice-President
Name and title of signing officer

2473304 Ontario Inc., Debtor company



Report on Cash-Flow Statement by the Debtor Company - Attachment
(Paragraph 10(2)b) of the Act)

In the matter of the Petition for the Issuance of an Initial Order
(Articles 4, 5 and 11 of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 ("CCAA")
with respect to

2473304 Ontario Inc.
Of the City of Vaughan
In the Province of Ontario

Purpose:

("2473304 Ontario Inc." or the "Company") is filing a Petition for the Issuance of an Initial Order pursuant to the *Companies' Creditors Arrangement Act* on June 6, 2016.

The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of 2473304 Ontario Inc. for the period from May 29 to July 16, 2016, relating to the filing of a Petition for the Issuance of an Initial Order under the *Companies' Creditors Arrangement Act* on June 6, 2016. This Statement of Projected Cash Flow has been prepared by the management based on available financial information at that date in accordance with Section 10(2)b) of the *Companies' Creditors Arrangement Act*. Readers are cautioned that this information may not be appropriate for other purposes.

Projection Notes:

The Statement of Projected Cash-Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period from May 29 to July 16, 2016, considering the economic conditions that are considered the most probable by Management. As the cash-flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

Assumptions:

(a) Projected Net Operating Receipts

- The projected Net operating receipts are based on ongoing trading and reflect the impact of a proposed Agency Agreement between 2473304 Ontario Inc. and GA Retail Canada, ULC ("Agency Agreement") to conduct an orderly wind-down of the operations of 2473304 Ontario Inc., the whole based on management's best estimate and historical data.

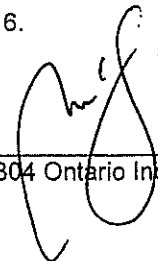
(b) Projected Cash Disbursements

- The projected cash disbursements are based on historical data and the entering into of the Agency Agreement.
- Restructuring fees include the fees of the Monitor and its counsel as well as the fees of the Company's professionals.

Dated at Toronto, in the Province of Ontario, this 6th day of June 2016.

Mark G. Sun, CFO, Vice-President
Name and title of signing officer

2473304 Ontario Inc., Debtor company



CANADA
Province of Ontario
District of: Ontario
Court No.:

SUPERIOR COURT
(Commercial List)
Companies' Creditors Arrangement Act
RSC 1985, c C-36, as amended

Proposed Monitor's Report on Cash-Flow Statement
(Paragraph 10(2)b) of the Act)

In the matter of the Petition for the Issuance of an Initial Order
(Articles 4, 5 and 11 of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 ("CCAA")
with respect to

2473304 Ontario Inc.
Of the City of Vaughan
In the Province of Ontario

The attached statement of projected cash flow of 2473304 Ontario Inc., as of June 3, 2016 consisting of the period from May 29 to July 16, 2016 has been prepared by the management of the insolvent person for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by the management and employees of the debtor company. 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 projection. We have also reviewed the support provided by management for the probable assumptions and preparation and presentation of the projection.

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 projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection 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 projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at Montréal, in the Province of Québec, this 6th day of June 2016.

Richter Advisory Group Inc. – Proposed Monitor
Per:



Andrew Adessky, CPA, CA, CIRP
1981 McGill College Avenue, 12th Floor
Montréal QC H3A 0G6
Telephone: 514.934.3440 Facsimile: 514.934.3504

CANADA
Province of Ontario
District of: Ontario
Court No.:

SUPERIOR COURT
(Commercial List)
Companies' Creditors Arrangement Act
RSC 1985, c C-36, as amended

Proposed Monitor's Report on Cash-Flow Statement - Attachment
(Paragraph 10(2)b) of the Act)

In the matter of the Petition for the Issuance of an Initial Order
(Articles 4, 5 and 11 of the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 ("CCAA")
with respect to

2473304 Ontario Inc.
Of the City of Vaughan
In the Province of Ontario

Purpose:

("2473304 Ontario Inc." or the "Company") is filing a Petition for the Issuance of an Initial Order pursuant to the *Companies' Creditors Arrangement Act* on June 6, 2016.

The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of 2473304 Ontario Inc. for the period from May 29 to July 16, 2016 relating to the filing of a Petition for the Issuance of an Initial Order under the *Companies' Creditors Arrangement Act* on June 6, 2016. This Statement of Projected Cash Flow has been prepared by the management based on available financial information at that date in accordance with Section 10(2)b) of the *Companies' Creditors Arrangement Act*. Readers are cautioned that this information may not be appropriate for other purposes.

Projection Notes:

The Statement of Projected Cash-Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period May 29 to July 16, 2016 considering the economic conditions that are considered the most probable by Management.

As the cash-flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

Assumptions:

(a) Projected Net Operating Receipts

- The projected Net operating receipts are based on ongoing trading and reflect the impact of a proposed Agency Agreement between 2473304 Ontario Inc. and GA Retail Canada, ULC ("Agency Agreement") to conduct an orderly wind-down of the operations of 2473304 Ontario Inc., the whole based on management's best estimate and historical data.

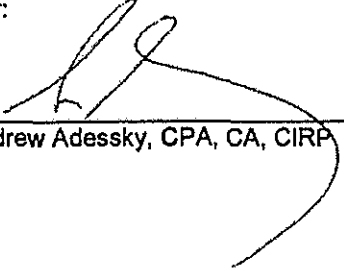
(b) Projected Cash Disbursements

- The projected cash disbursements are based on historical data and the entering into of the Agency Agreement.
- Restructuring fees include the fees of the Monitor and its counsel as well as the fees of the Company's professionals.

Dated at Montréal, in the Province of Québec, this 6th day of June 2016.

Richter Advisory Group Inc. – Proposed Monitor

Per:

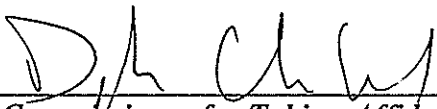


Andrew Adessky, CPA, CA, CIRP

EXHIBIT "P"

THIS IS EXHIBIT "P"

*referred to in the Affidavit of
Mark Sun sworn before me this
6th day of June 2016*



A Commissioner for Taking Affidavits
Dylar Chocho

June 6, 2016

This is to advise that Richter Advisory Group Inc. hereby consents to act as Monitor under the *Companies' Creditors Arrangement Act* for the Plan of compromise and arrangement of 2473304 Ontario Inc.

Yours very truly,

Richter Advisory Group Inc.
Proposed Monitor



Andrew Adesky, CPA, CA, CIRP

T. 514.934.3513
aadesky@richter.ca

Richter Groupe Conseil Inc.
Richter Advisory Group Inc.
1981 McGill College
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Montréal, Toronto



Court File No.: CV-16-11419-00CL

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 2473304 ONTARIO INC.,
c.o.b. JONES NEW YORK

(the "Applicant")

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

Proceedings commenced in Toronto

**AFFIDAVIT OF MARK SUN
(INITIAL ORDER)
(SWORN JUNE 6, 2016)**

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Bay Adelaide Centre, Box 20
Toronto, ON M5H 2T6

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dchochla@fasken.com

Lawyers for the Applicant, 2473304 Ontario Inc.

Court File No.: CV-16-11419-00CL

**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 2473304 ONTARIO INC.**

(the "Applicant")

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced in Toronto

**APPLICATION RECORD
Volume 3 of 3**

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Toronto, ON M5H 2T6

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Lawyers for Applicant, 2473304 Ontario Inc.