

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER UNDER SECTION 243(1) OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*,  
R.S.O. 1990, c. C.43 AS AMENDED**

**HUK 10 LIMITED**

**Applicant**

**- and -**

**HMV CANADA INC.**

**Respondent**

**MOTION RECORD  
(Returnable June 19, 2017)**

Date: June 9, 2017

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**(Updated as of June 9, 2017)**

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# INDEX

## INDEX

**TAB:**

1. Notice of Motion (returnable June 19, 2017)  
Schedule “A” Draft Distribution Order
2. Frist Report of the Court-Appointed Receiver, Richter Advisory Group Inc., dated June 9, 2017  
Appendix “A” Receivership Order dated January 27, 2017  
Appendix “B” Approval Order dated January 27, 2017  
Appendix “C” Redacted Agency Agreement dated January 26, 2017  
Appendix “D” Report of the Proposed Receiver dated January 26, 2017  
Appendix “E” Summary of Repudiation Notices  
Appendix “F” Letter from WeirFoulds LLP to Receiver dated June 6, 2017  
Appendix “G” Affidavit of Pritesh Patel, sworn June 8, 2017 re: Fees of Richter Advisory Group Inc.  
Appendix “H” Affidavit of Evan Stitt, sworn June 8, 2017 re: Fees of Gowling WLG (Canada) LLP

# TAB 1

Court File No.: CV-17-11674-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER UNDER SECTION 243(1) OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*,  
R.S.O. 1990, c. C.43 AS AMENDED**

**HUK 10 LIMITED**

**Applicant**

**- and -**

**HMV CANADA INC.**

**Respondent**

**NOTICE OF MOTION  
(Returnable June 19, 2017)**

Richter Advisory Group Inc. (“**Richter**”), in its capacity as the Court-appointed receiver (the “**Receiver**”), without security, of the property, assets, operations, and undertaking (collectively the “**Property**”) of HMV Canada Limited (“**HMV**”) will make a motion to a Judge presiding over the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) on Monday, June 19<sup>th</sup>, 2017, at 8:30 a.m. or as soon after that time as the motion may be heard, at 330 University Avenue, Toronto, Ontario.

**PROPOSED METHOD OF HEARING:** The motion is to be heard orally.

**THE MOTION IS FOR:**

1. An Order substantially in the form attached hereto as **Schedule “A”**:
  - (a) approving the Pre-Filing Report of the Receiver dated January 26, 2017 (the “**Pre-Filing Report**”) and the First Report of the Receiver dated June 9, 2017 (the

“**First Report**”) and the conduct, actions, and activities of the Receiver set out therein;

- (b) approving the interim statement of receipts and disbursements of the Receiver for the period from January 27, 2017 to June 5, 2017 (the “**Receiver’s Interim R&D Statement**”);
- (c) approving the fees and expenses of the Receiver for the period from January 16, 2017 to May 12, 2017 and the fees and expenses of its counsel Gowling WLG (Canada) LLP (“**Gowling WLG**”) for the period from January 4, 2017 to May 12, 2017;
- (d) discharging the charge (the “**Agent’s Charge**”) granted against the Property in favour of a contractual joint venture composed of Gordon Brothers Canada ULC and Merchant Retail Solutions ULC (collectively, the “**Agent**”), pursuant to the approval order issued by the Court on January 27, 2017 (the “**Approval Order**”);
- (e) discharging the charge (the “**Directors’ Charge**”) granted against the Property in favour of the directors and officers (the “**D&O**”) of HMV, pursuant to the order appointing the Receiver issued by this Court on January 27, 2017 (the “**Receivership Order**”);
- (f) authorizing and directing the Receiver to make an interim distribution in the amount of \$31,975,000 to HUK 10 Limited (“**HUK10**”), or to such person as HUK10 may direct, in respect of its secured claim against HMV (the “**HUK10 Distribution**”);

- (g) authorizing the Receiver to transfer to the Trustee (as defined below) the amount of \$50,000 (the “**Bankruptcy Administration Deposit**”) to provide the necessary funding for the respective administrative, professional, and other costs anticipated to be incurred by the Trustee in its administration of HMV’s bankruptcy proceedings; and
- (h) such further relief as may be required in the circumstances and that this Honourable Court deems just and equitable.

**THE GROUNDS FOR THE MOTION ARE:**

**Insolvency and Receivership Proceedings**

2. On January 27, 2017 (the “**Appointment Date**”), pursuant to the Receivership Order, on application by HUK10, the Receiver was appointed as receiver, without security, of the assets, undertakings, and property of HMV.
3. The Receivership Order contemplated that the Receiver would take possession and control of HMV’s treasury assets (the “**Treasury Assets**”) and all amounts due to HMV pursuant to the Agency Agreement. The Receivership Order further contemplated that the operation and management of HMV would continue to be controlled by its current directors and officers during the receivership proceedings.
4. Subsequent to the granting of the Receivership Order, the Court issued the Approval Order approving the agency agreement entered into among HMV, the Receiver and the Agent dated January 26, 2017 (the “**Agency Agreement**”), pursuant to which, among other things, the Agent was authorized to conduct a sale (the “**Liquidation Sale**”) of the Company’s inventory and furniture, fixtures and equipment.



**Agent's Charge**

5. The Approval Order provided for among other things, the granting of the Agent's Charge to secure payment of amounts owing to the Agent under the Agency Agreement.
6. The Liquidation Sale was completed on April 15, 2017. On or about April 17, 2017, the Agent and the Receiver jointly commenced the preparation of the final reconciliation of the Liquidation Sale (the "**Final Reconciliation**").
7. The Agent and the Receiver execute an agreement in respect of the Final Reconciliation on June 2, 2017, in which the Agent agreed to irrevocably release and discharge the Agent's Charge and authorized the Receiver to take such steps as required to have the Agent's Charge released and discharged by the Court.

**Directors' Charge**

8. The Receivership Order provided for the Directors' Charge in the maximum amount of \$750,000 subject to further Order of the Court charging the assets of HVM to indemnify the D&O for liabilities incurred by HVM that result in post-filing claims against the directors and officers in their personal capacities.
9. The remaining two (2) directors of HVM resigned on April 28, 2017. The Receiver understands all post-filing source deductions and sales taxes were remitted by HVM in the ordinary course since the Date of Appointment. Further, HVM made payment to all employees in the ordinary course in respect of wages and vacation pay earned from the Date of Appointment.

10. The D&O have consented to the termination of the Directors' Charge.

### **Interim Distribution**

11. The Receiver proposes making an interim distribution to HUK10 in the amount of \$31,975,000 (the "**Interim Distribution**"). The Receiver is satisfied that reserves planned to be maintained by the Receiver will leave sufficient funds in the estate to pay in full any and all amounts that rank, or may rank, in priority to HUK10, including professional fees subject to the Administration Charge.
12. The Receiver has been provided with a written opinion confirming the validity and enforceability of HUK10's security as against the Property across all provinces in Canada, and the perfection of the security interests created thereby, subject to standard assumptions, qualifications and limitations contained therein.

### **Bankruptcy Application**

13. By letter dated June 6, 2017 from counsel, WeirFoulds LLP, HUK10 advised the Receiver of its intention to bring an application with the Court seeking an order that HMV be adjudged bankrupt, naming Richter as trustee of HMV's bankrupt estate (in such proposed capacity, the "**Trustee**"), and sought the Receiver's consent to the lifting of the stay of proceedings in respect of HMV.
14. The Receiver consented to the lifting of the stay of proceedings. The Receiver is of the view that proceeding with a bankruptcy of HMV will facilitate and provide an orderly resolution of HMV's estate in accordance with the provisions of the BIA.
15. Provided the Court grants a bankruptcy order, HUK10 has agreed, in order to fund the bankruptcy, to the transfer of the Bankruptcy Administration Deposit from the proceeds

eligible to be distributed to HUK10 by the Receiver to the Trustee to fund the bankruptcy administration process.

**THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:**

1. The Pre-Filing Report;
2. The First Report;
3. The Affidavit of Pritesh Patel, sworn June 8, 2017;
4. The Affidavit of Evan Stitt, sworn June 8, 2017;
5. Such further and other material as counsel may advise and this Honourable Court may permit.

Date: June 9, 2017

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Court File No. CV-17-11674-00CL

**7 HUK 10 LIMITED**  
Applicant

v.

**HMV CANADA LIMITED**  
Respondents

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

(PROCEEDING COMMENCED AT TORONTO)

**NOTICE OF MOTION**

(Returnable June 19, 2017)

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as the Court-appointed receiver of HMV Canada Limited

# TAB 1A

## Schedule "A"

Court File No. CV-17-11674-00CL

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

<b>THE HONOURABLE REGIONAL</b>	)	<b>MONDAY, THE 19<sup>th</sup> DAY</b>
	)	<b>OF JUNE, 2017</b>
<b>SENIOR JUSTICE MORAWETZ</b>	)	

**HUK 10 LIMITED**

Applicant

- and -

**HMV CANADA INC.**

Respondent

**DISTRIBUTION ORDER**

**THIS MOTION** made by Richter Advisory Group Inc. ("**Richter**") in its capacity as receiver (the "**Receiver**") without security, of the undertaking, property, and assets (collectively, the "**Property**") of HMV Canada Inc. ("**HMV**") for an Order:

- (a) approving the Receiver's actions and activities as set out in the pre-filing report of the Receiver dated January 26, 2017 (the "**Pre-Filing Report**") and the First Report of the Receiver dated June 9, 2017 (the "**First Report**");
- (b) approving the interim statement of receipts and disbursements of the Receiver for the period from January 27, 2017 to June 5, 2017 (the "**Receiver's Interim R&D Statement**");
- (c) approving the fees and expenses of the Receiver for the period from January 16, 2017 to May 12, 2017 and the fees and expenses of its counsel Gowling WLG (Canada) LLP ("**Gowling WLG**") for the period from January 4, 2017 to May 12, 2017;
- (d) discharging the charge (the "**Agent's Charge**") granted against the Property in favour of a contractual joint venture composed of Gordon Brothers Canada ULC and Merchant Retail Solutions ULC, pursuant to the approval order issued by this Court on January 27, 2017;

- (e) discharging the charge (the “**Directors’ Charge**”) granted against the Property in favour of the directors and officers of HMV, pursuant to the order appointing the Receiver issued by this Court on January 27, 2017;
- (f) authorizing and directing the Receiver to make an interim distribution in the amount of \$31,975,000 to HUK 10 Limited (“**HUK10**”), or to such person as HUK10 may direct, in respect of its secured claim against HMV (the “**HUK10 Distribution**”); and
- (g) authorizing the Receiver, to transfer to Richter in its capacity as trustee in bankruptcy of HMV (in such capacity, the “**Trustee**”), the amount of \$50,000 (the “**Bankruptcy Administration Deposit**”), to provide the necessary funding for the respective administrative, professional, and other costs anticipated to be incurred by the Trustee in its administration of HMV’s bankruptcy proceedings;

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

**ON READING** the Pre-Filing Report, the First Report, the fee affidavits of the Receiver and its counsel Gowling WLG as to their respective fees and disbursements (together, the “**Fee Affidavits**”), and on hearing the submissions of counsel for the Receiver, counsel to HUK10, and those other parties listed on the Counsel Slip, no one appearing for any other person on the Service List, although properly served as appears from the Affidavit of Service of [NAME] sworn June 9, 2017, filed:

#### **APPROVAL OF ACTIVITIES, R&D AND FEES**

1. **THIS COURT ORDERS** that the Pre-Filing Report and First Report, and the conduct, actions, and activities of the Receiver as set out therein, are hereby approved.
2. **THIS COURT ORDERS** that the Receiver’s Interim R&D Statement is hereby approved.
3. **THIS COURT ORDERS** that the fees and disbursements of the Receiver for the period from January 16, 2017 to May 12, 2017, and the fees and expenses of Gowling WLG for the period from January 4, 2017 to May 12, 2017, as set out in the First Report and the Fee Affidavits are hereby approved.

#### **AGENT’S AND DIRECTORS’ CHARGES**

4. This Court Orders that the Agent’s Charge and the Directors’ Charge are hereby discharged, extinguished, and released and shall be of no further force or effect.

**DISTRIBUTION**

5. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to make the HUK10 Distribution.

**BANKRUPTCY APPLICATION**

6. **THIS COURT ORDERS** that the Receiver is hereby authorized to transfer to the Trustee the Bankruptcy Administration Deposit.

**GENERAL**

7. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

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**HUK 10 LIMITED**  
Applicant

v.

**HMV CANADA LIMITED**  
Respondents

*ONTARIO*  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**  
  
(PROCEEDING COMMENCED AT TORONTO)

**DISTRIBUTION ORDER**  
**(June 19, 2017)**

**GOWLING WLG (CANADA) LLP**  
Barristers and Solicitors  
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Lawyers for Richter Advisory Group Inc. in its capacity as the  
Court-appointed receiver of HMV Canada Limited

# TAB 2

**Court File No. CV-17-11674-00CL**

**HMV CANADA INC.**

**FIRST REPORT OF THE RECEIVER**

**JUNE 9, 2017**

Court File No. CV-17-11674-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**BETWEEN:**

**HUK 10 LIMITED**

Applicant

- and -

**HMV CANADA INC.**

Respondent

**APPLICATION UNDER section 243 of the *Bankruptcy and Insolvency Act*,  
R.S.C. 1985, c. B-3, as amended, and under section 101 of the  
*Courts of Justice Act*, R.S.O. 1990, c. C.43**

**FIRST REPORT OF RICHTER ADVISORY GROUP INC.  
IN ITS CAPACITY AS RECEIVER OF  
HMV CANADA INC.**

**JUNE 9, 2017**

## TABLE OF CONTENTS

I. INTRODUCTION .....	4
II. PURPOSE OF REPORT .....	5
III. QUALIFICATIONS .....	6
IV. BACKGROUND .....	6
THE LIQUIDATION SALE .....	6
LEASED PREMISES .....	9
SUPPLIER CLAIMS .....	10
EMPLOYEES .....	13
POWERS OF THE RECEIVER .....	15
V. RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS .....	16
VI. ACTIVITIES OF THE RECEIVER .....	19
VII. SECURITY REVIEW .....	21
SECURED INDEBTEDNESS TO HUK10 .....	21
SECURITY OPINION .....	24
VIII. PRIORITY CLAIMS .....	25
AGENT'S CHARGE .....	26
ADMINISTRATION CHARGE .....	26
DIRECTORS CHARGE .....	26
BIA CLAIMS .....	27
IX. BANKRUPTCY APPLICATION .....	28
X. PROPOSED INTERIM DISTRIBUTION .....	28
XI. REQUEST FOR APPROVAL OF FEES .....	29
XII. RECOMMENDATION .....	29

### APPENDICES

**APPENDIX "A"** – Receivership Order dated January 27, 2017

**APPENDIX "B"** – Approval Order dated January 27, 2017

**APPENDIX "C"** – Redacted Agency Agreement dated January 26, 2017

**APPENDIX "D"** – Report of the Proposed Receiver dated January 26, 2017 (without Exhibits)

**APPENDIX "E"** – Summary of Repudiation Notices

**APPENDIX "F"** – Letter from WeirFoulds LLP to the Receiver dated June 6, 2017

**APPENDIX "G"** – Affidavit of Pritesh Patel, sworn June 8, 2017 re: Fees of Richter Advisory Group Inc.

**APPENDIX "H"** – Affidavit of Evan Stitt, sworn June 8, 2017 re: Fees of Gowling WLG (Canada) LLP

## I. INTRODUCTION

1. On January 27, 2017 (the "Date of Appointment"), pursuant to an Order (the "Receivership Order") of the Ontario Superior Court of Justice (Commercial List) (the "Court"), Richter Advisory Group Inc. ("Richter") was appointed as receiver (the "Receiver") of the assets, undertakings, and properties (collectively, the "Property") of HMV Canada Inc. ("HMV" or the "Company") to exercise the powers and duties set out in the Receivership Order.
2. The Receivership Order was granted pursuant to an application made by HUK 10 Limited ("HUK10" or the "Lender"), pursuant to security held by HUK10 in the Property of the Company, including a general security agreement, representing a charge over all assets of HMV. A copy of the Receivership Order is attached hereto as **Appendix "A"**.
3. Subsequent to the granting of the Receivership Order, the Court issued an Order (the "Approval Order") approving the agency agreement entered into among the Company, the Receiver, and a contractual joint venture comprised of Gordon Brothers Canada ULC and Merchant Retail Solutions ULC (together, the "Agent") dated January 26, 2017 (the "Agency Agreement"), pursuant to which, among other things, the Agent was authorized to conduct a sale (the "Liquidation Sale") of the Company's inventory (the "Merchandise") and furniture, fixtures, and equipment (the "FF&E"). A copy of the Approval Order and a redacted copy of the Agency Agreement are attached hereto as **Appendix "B"** and **Appendix "C"**, respectively.
4. By letter dated June 6, 2017 from counsel to HUK10, WeirFoulds LLP, (the "June 6 Letter"), HUK10 advised the Receiver of its intention to bring an application before the Court seeking an order that HMV be adjudged bankrupt (the "Bankruptcy Application"), naming Richter as trustee of HMV's bankrupt estate (in such proposed capacity, the "Trustee"), and sought the Receiver's consent to the lifting of the stay of proceedings in respect of HMV. The Receiver provided its consent to the lifting of the stay of proceedings. The Receiver understands that the Bankruptcy Application will be heard contemporaneously with the Receiver's motion returnable before the Court on June 19, 2017.
5. Richter, in its capacity as proposed Receiver, previously filed with this Court a report (the "Pre-Filing Report") dated January 26, 2017, to provide this Court with information relating to, among other things, an overview of the Debtors' corporate structure and historical financial background along with details involving the Agency Agreement. A copy of the Pre-Filing Report (without appendices) is attached hereto as **Appendix "D"**.

## II. PURPOSE OF REPORT

6. The purpose of this first report (the "First Report") is to:
  - a) provide this Court with an update regarding the Company's operations since the Date of Appointment, including matters related to:
    - (i) the Liquidation Sale conducted pursuant to the Agency Agreement and the Approval Order;
    - (ii) repudiation notices issued by HMV in respect of its leased locations;
    - (iii) demands received from certain of the Company's suppliers for repossession of goods pursuant to section 81.1 of the BIA and the Receiver's administration thereof; and
    - (iv) employees of HMV.
  - b) report on the activities of the Receiver since the Pre-Filing Report;
  - c) report on the Receiver's statement of receipts and disbursements for the period from the Date of Appointment to June 5, 2017 (the "Interim R&D");
  - d) report on the Receiver's review of the validity and enforceability of the Lender's security in respect of the Property and the opinion thereon of the Receiver's independent legal counsel, Gowling WLG (Canada) LLP ("Gowling WLG");
  - e) report on the accounts of the Receiver and Gowling WLG to date; and
  - f) recommend that this Court issue an order:
    - (i) approving the Pre-Filing Report and the First Report, and the actions, activities, and conduct of the Receiver set out therein;
    - (ii) approving the Interim R&D;
    - (iii) terminating the Agent's Charge (as defined in the Receivership Order);
    - (iv) terminating the Directors Charge (as defined in the Receivership Order);
    - (v) authorizing the Receiver, should the Court grant the Bankruptcy Application, to transfer to the Trustee, the amount of \$50,000 for HMV's bankruptcy estate (the "Bankruptcy Administration Deposit"), to provide the necessary funding for the respective administrative, professional, and other costs incurred by the Trustee in its administration of HMV's bankruptcy proceedings;

- (vi) authorizing and directing the Receiver to make an interim distribution to HUK10, or as HUK10 may direct, in respect of its secured claim against the Property in the amount of \$31,975,000; and
- (vii) approving the accounts of the Receiver and its counsel, as set out in this First Report.

### III. QUALIFICATIONS

7. In preparing this First Report, the Receiver has relied upon unaudited financial information prepared by the Company's representatives, the Company's books and records, and discussions with the Company's representatives, its legal counsel and the Lender (collectively, the "Information").
8. In accordance with industry practice, except as described in this First Report:
  - a) Richter has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
  - b) future-oriented financial information relied upon in preparing this First Report is based on management's assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material.
9. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Receivership Order, the Approval Order, or the Agency Agreement.
10. Unless otherwise noted, all monetary amounts contained in this First Report are expressed in Canadian dollars.

### IV. BACKGROUND

#### THE LIQUIDATION SALE

11. Following the issuance of the Approval Order, the Agent commenced the liquidation of the Merchandise and FF&E on January 28, 2017 (the "Sale Commencement Date") at all of the Company's 102 leased retail stores (collectively the "Closing Stores" and each a "Closing Store") in Canada. The Receiver understands HMV provided assistance to the Agent to transfer all Merchandise located at the Company's two (2) leased warehouse and distribution centers in Mississauga, Ontario (the "HMV Warehouses") to the Closing Stores. Additionally, HMV assisted the Agent in acquiring and distributing the Additional Merchandise for the Liquidation Sale, which the Agent and HMV procured and distributed in accordance with the Sale Guidelines.



12. Subsequent to the Sale Commencement Date, and in accordance with the Agency Agreement, the Agent made payment to the Receiver in the amount of \$20.4 million, representing 85% of the net minimum guarantee (the "NMG") on the Merchandise (the "Initial Guaranty Payment"), calculated based upon the Merchandise Threshold, being the lower end of the permitted range of the Cost Value of Merchandise. From the funds paid by the Agent on account of the Initial Guaranty Payment, \$3.6 million (the "Escrow Amount") was held by the Receiver, in a separate trust account, pending completion of the final reconciliation provided for in the Agency Agreement. The remaining portion of the NMG was to be paid by the Agent to the Receiver following the final determination of the Cost Value of the Merchandise at the end of the Liquidation Sale, as described in greater detail below.
13. For each Closing Store, the Agent was required to reimburse the Company for operating costs incurred in conducting the Liquidation Sale (the "Expenses"), including but not limited to, wages, benefits, occupancy and other store operating costs, all subject to thresholds set forth in the Agency Agreement, from the Sale Commencement Date up to the applicable Vacate Date (as defined below). The Agent effected such reimbursements as part of the weekly reconciliations prepared between the Agent, HMV, and the Receiver, as described below.
14. The Agent provided regular updates to the Company and the Receiver on the status of the Liquidation Sale. Prior to the Sale Commencement Date, the Agent advised the Company and the Receiver that it would not establish its own Agency Accounts and that the proceeds ("Proceeds") from the sale of Merchandise would continue to be deposited to the Company's existing bank accounts, over which the Receiver had possession and control, and transferred to the Agent upon written request, subject to review and approval by the Receiver. On a weekly basis, the Agent, the Receiver, and the Company jointly prepared a reconciliation of the prior week's receipt of Proceeds and disbursement of Expenses related to the Liquidation Sale, including the proceeds from the sale of any FF&E and Additional Merchandise. Upon review and approval by the Receiver, the Company would transfer the net of any unremitted Proceeds less Expenses owing to the Agent pursuant to the weekly reconciliation.
15. Pursuant to the Agency Agreement, the Agent was required to complete the Liquidation Sale and vacate each Closing Store on or before April 30, 2017 (the "Outside Vacate Date"); however, the Agent, at its sole discretion, could elect to vacate any Closing Store prior to the Outside Vacate Date by providing the Company with at least ten (10) days' advance written notice (each a "Vacate Notice") thereof (as to each such Closing Store, as applicable, the "Vacate Date"). The Agent commenced the Liquidation Sale at all of the Closing Stores on January 28, 2017. On February 15, 2017, the Agent provided the Company and the Receiver with its first Vacate Notice outlining its intention to vacate certain Closing Stores effective

March 1, 2017. The Agent subsequently provided three (3) additional Vacate Notices to the Company and the Receiver as it began to consolidate the Merchandise in March and April.

16. As described in greater detail below, upon receipt of a Vacate Notice, HMV issued a corresponding Notice of Repudiation of a Commercial Lease (each a "**Repudiation Notice**") to the landlord in respect of each Closing Store to coincide with the applicable Vacate Date, where appropriate and practicable, in accordance with the terms of the Receivership Order.
17. The Liquidation Sale was completed on April 15, 2017 (the "**Sale Termination Date**") upon the Agent vacating the final two (2) HMV store locations. The Receiver is of the view that the Agent conducted the Liquidation Sale in accordance with the Agency Agreement and the Sale Guidelines, and no material issues have been formally reported by any of the landlords of the Closing Stores as at the date of this First Report.
18. Following the Sale Termination Date, the Agent, the Company, and the Receiver, jointly prepared a reconciliation of the aggregate Cost Value and Retail Price of the Merchandise based on the Gross Rings method. Following discussions, the Agent, the Company, and the Receiver reached an agreement on the determination of the Cost Value of the Merchandise, which resulted in an additional amount owed by the Agent to the Company under the NMG of approximately \$4.2 million (the "**Balance of Guaranteed Amount**"). Payment of the Balance of the Guaranteed Amount would be effected as part of the Final Reconciliation (as defined below).
19. On or about April 17, 2017, the Agent and the Receiver jointly commenced the preparation of the final reconciliation of the Liquidation Sale, including, without limitation, a summary of the Proceeds, Expenses, and the Net FF&E Proceeds (the "**Final Reconciliation**"). As per the Final Reconciliation, the Proceeds from the Merchandise (and the Additional Merchandise) exceeded the sum of (i) the Guaranteed Amount, and (ii) the Expenses (including the cost of the Additional Merchandise) by approximately \$4.2 million. After deducting for the Agent's Fee of \$1.4 million, the remaining balance of Proceeds was \$2.8 million (the "**Sharing Amount**"). As such, the Sharing Amount was to be shared 50% to the Agent and 50% to the Company (the "**Company's Sharing Amount**") in accordance with the Agency Agreement.
20. After negotiations, the Agent and the Receiver reached a resolution on all outstanding issues, and the Agent and the Receiver, on behalf of itself and HMV, signed off on the Final Reconciliation on June 2, 2017 (the "**Final Reconciliation Agreement**"). Pursuant to the Final Reconciliation Agreement, the Escrow Amount (including any accrued interest) was released to the Receiver and deposited by the Receiver to its estate account on June 5, 2017. On June 2, 2017, the Agent made payment to the Receiver on the net amounts owing to HMV on account of the Balance of the Guaranteed Amount, the Company's Sharing

Amount, and any amounts owing to the Agent pursuant to the Final Reconciliation. Further, the Letters of Credit provided by the Agent to HMV and the Receiver under the Agency Agreement (in support of its obligations) were cancelled by the Receiver on or about June 5, 2017.

#### LEASED PREMISES

21. As noted above, the Company maintained all of its real property leases as at the Sale Commencement Date, including the Closing Stores, the HMV Warehouses, and the Company's head office located at 5401 Eglinton Avenue West in Toronto, Ontario (the "Head Office").
22. The Company was current in respect of rent obligations to its landlords for January 2017, except for certain landlords where monthly rent was based on a percentage of sales, which the Company reconciled and paid after the Date of Appointment in accordance with the applicable lease arrangements. Pursuant to the Receivership Order, the Company made payment to landlords for the Closing Stores (save and except any component of rent based on a percentage of prior period sales in accordance with the underlying Closing Store lease) and the Head Office on February 1, 2017 in respect of rent for the entire month of February 2017. Commencing on March 1, 2017, HMV made payment to the landlords in respect of rent for the Closing Stores and the Head Office on a semi-monthly basis, in advance, up to and including the Vacate Date for the respective leased premises.
23. For the HMV Warehouses, the Company made payment to the landlord in respect of half of the February rent as it was the Company's intention to deliver a Repudiation Notice and surrender prior to the end of the month. On February 8, 2017, HMV delivered Repudiation Notices to the landlord for the HMV Warehouses, each with an effective surrender date of February 22, 2017. On or about this date, HMV contacted the landlord regarding the return of a security deposit in the amount of \$24,578 held by the landlord in respect of one (1) of the HMV Warehouses. The Receiver understands the landlord refused to return the security deposit and advised HMV it would retain the funds on account of damages by HMV to the HMV Warehouses. The Receiver understands the landlord did not provide any evidence to HMV in respect of the alleged damages caused by HMV and the actual costs incurred by the landlord in respect of remediating such damages to the HMV Warehouses. Further, the landlord inquired with HMV regarding the status of the balance of rent for February owing up to February 22, 2017, which HMV advised would be paid upon release of the security deposit, or alternatively, net against the security deposit by the landlord before returning the balance to HMV. The Receiver understands neither the landlord nor HMV took any further steps to collect the respective amounts owed to either party in respect of the HMV Warehouses. The Receiver is currently considering what further steps the Receiver may take in connection with the recovery of the net balance of the security deposit held by the landlord for the HMV Warehouses.

24. On February 15, 2017, HMV issued Repudiation Notices in respect of five (5) Closing Stores, all with an effective surrender date of March 1, 2017. Over the next 45 days, HMV issued Repudiation Notices in respect of all remaining Closing Stores with effective surrender dates to coincide with the applicable Vacate Date provided by the Agent, as follows:
- a) 33 Closing Stores vacated and surrendered between March 14-15;
  - b) 29 Closing Stores vacated and surrendered between March 27-30; and
  - c) 35 Closing Stores vacated and surrendered between April 9-15.
25. The Receiver understands the Company provided each landlord of a Closing Store with at least fifteen (15) days notice prior to the effective surrender date as required by the Receivership Order. On the effective surrender date for each Closing Store, the Company also emailed each landlord to confirm the surrender and vacation of the applicable Closing Store as set out in the applicable Repudiation Notice. The Receiver understands the Company did not receive any formal responses or objections to the Repudiation Notices or subsequent confirmation emails from any of the landlords. As at April 16, 2017, the Company no longer maintained leases in respect of any Closing Store.
26. On April 12, 2017, HMV delivered a Repudiation Notice to the landlord of the Head Office with an effective surrender date of April 28, 2017. The Receiver understands the Company did not receive any formal response or objection from the Head Office landlord to the Repudiation Notice. After surrendering and vacating the Head Office on April 28, 2017, HMV was no longer a party to any real property leases. Attached hereto as Appendix "E" is a summary of Repudiation Notices issued by the Company, including the date of issue and the effective surrender date for each real property lease.

#### **SUPPLIER CLAIMS**

27. Subsequent to the granting of the Receivership Order, fifteen (15) of HMV's suppliers delivered to the Receiver demands for repossession of goods pursuant to section 81.1 of the BIA (each an "81.1 Claim"). Upon receipt of an 81.1 Claim, the Receiver immediately advised the Agent and HMV of the demand and made commercially reasonable efforts to determine the location and track the movement and/or sale of any goods properly identified on the 81.1 Claim, pending completion of the Receiver's review to determine the validity of the 81.1 Claim.
28. A summary of the 81.1 Claims received is presented below:

Supplier	Date of Claim <sup>(1)</sup>	Claim Amount <sup>(2)</sup>	Currency
<i>Accepted Claims:</i>			
Atlantic Packaging Products Ltd.	30-Jan-17	\$ 6,590	CAD
<i>Disallowed Claims:</i>			
Danawares Corp.	07-Feb-17	\$ 20,398	CAD
Crojack Capital Inc.	14-Feb-17	\$ 12,600	USD
<i>Settled Claims:</i>			
Entertainment One Limited Partnership	27-Jan-17	\$ 28,913	CAD
Sony Pictures Home Entertainment Canada Ltd.	27-Jan-17	\$ 131,880	CAD
Twentieth Century Fox Home Entertainment Canada Ltd.	30-Jan-17	\$ 148,899	CAD
Sony Music Entertainment Canada, Inc.	30-Jan-17	\$ 654,697	CAD
Warner Bros. Home Entertainment Group	30-Jan-17	\$ 271,799	CAD
Musque Select Inc.	31-Jan-17	\$ 127,951	CAD
Outside Music Distribution Inc.	31-Jan-17	\$ 30,382	CAD
ION Audio, LLC	02-Feb-17	\$ 44,590	USD
Happy Plugs Inc.	02-Feb-17	\$ 8,475	USD
Naxos of Canada Ltd.	08-Feb-17	\$ 11,839	CAD
Cohen Hazan Group LLC	09-Feb-17	\$ 33,629	USD
Book Depot Partnership	10-Feb-17	\$ 7,246	CAD

**Notes:**

(1) In certain circumstances, refers to date in which supplier initially advised the Receiver of its intention to assert a 81.1 Claim, which may have been prior to the date noted on the Form 75.

(2) As filed by the supplier.

29. Based on a review of the supporting documentation, the Receiver concluded that the 81.1 Claim delivered by Atlantic Packaging Products Ltd. ("Atlantic") was valid and the Receiver invited Atlantic to attend at the HMV Warehouses to retrieve such goods, at its own expense. Atlantic arranged to pick up the goods subject to its 81.1 Claim from the HMV Warehouses on February 9, 2017.
30. The Receiver, upon its review and investigation, concluded that the following 81.1 Claims were not valid:
- Danawares Corp. ("Danawares") – the goods identified on the 81.1 Claim were not in the possession of HMV or the Receiver as at the time when the demand was presented. As such, the Receiver delivered written notice to Danawares disallowing its 81.1 Claim; and
  - Crojack Capital Inc. ("Crojack") – Crojack did not present its 81.1 Claim within the 15 days of the Date of Appointment and as such, Crojack's right to repossess the goods outlined in the 81.1 Claim expired. Accordingly, the Receiver delivered written notice to Crojack's counsel disallowing its 81.1 Claim.
31. For the remaining 81.1 Claims, it was not practical or feasible in the circumstances to identify, segregate, and remove all goods identified on these 81.1 Claims from store shelves without causing a material disruption to the Liquidation Sale. Further, the time and expense to the applicable supplier of retrieving its

goods would have been significant as the items were dispersed at the Closing Stores across Canada. As such, HMV and the respective supplier, in consultation with the Receiver and the Lender, sought to reach a monetary settlement in connection with these 81.1 Claims (each a "Settled 81.1 Claim", and each supplier, a "Settling Supplier"). The Receiver, based upon its review and investigation, concluded that a portion of each Settled 81.1 Claim was valid pursuant to the provisions of the BIA.

32. After negotiations, HMV and the Receiver entered into settlement and release agreements with each Settling Supplier whereby each such Settling Supplier would accept the settlement amount (noted in the table above) as full and final payment in connection with its 81.1 Claim. The Receiver is of the view that the terms of each Settled 81.1 Claim were fair and reasonable in the circumstances and in all cases the settlement amount was less than the portion of the 81.1 Claim determined to be valid by the Receiver.
33. The 81.1 Claim asserted by Sony Pictures Home Entertainment Canada Ltd. ("SPHEC") included a demand that the Receiver refrain from selling or permitting the sale of any copies of a certain new release film (the "New Release") until such time as SPHEC repossessed its property or waived its right to do so. Accordingly, the Receiver gave direction to HMV on January 28, 2017, to make commercially reasonable efforts to have copies of the New Release remaining in HMV's possession identified, removed from store shelves, segregated, and placed in storage until further direction from the Receiver. The Receiver understands that the New Release product represented approximately 40% of the SPHEC 81.1 Claim amount. The Receiver, upon its review and investigation, advised SPHEC that neither HMV nor the Receiver had any interest in the New Release product held by HMV and invited SPHEC to retrieve such goods, at its own cost and liability, from the Closing Stores. After discussions, HMV, the Receiver, and SPHEC entered into an agreement on February 10, 2017 whereby SPHEC elected to retrieve the New Release product located at 21 of the Closing Stores on or before March 12, 2017, after which any copies remaining in HMV's possession would be deemed abandoned by SPHEC and could be included in the Liquidation Sale. On March 7, 2017, SPHEC advised HMV that it was abandoning any of the remaining New Release product and that all such abandoned goods could be included in the Liquidation Sale.
34. In addition to the 81.1 Claims, on January 30, 2017 HoMedics USA, LLC d.b.a. HoMedics Group Canada and The House of Marley, LLC (collectively, "HoMedics") delivered a demand (the "HoMedics Demand") to the Receiver in respect of certain inventory (the "Consignment Goods") which was in the possession of HMV on the Date of Appointment but subject to a consignment arrangement between HoMedics and HMV. Subsequent to the receipt of the HoMedics Demand, the Receiver gave direction to HMV to make commercially reasonable efforts to have the Consignment Goods in HMV's possession identified, removed from store shelves, segregated, and placed in storage until further direction by the Receiver. The Receiver, based on its review of the supporting documentation, concluded that the supply arrangements between

HoMedics and HMV were in fact true consignments. After negotiations, HMV, the Receiver, and HoMedics entered into an agreement on February 15, 2017 whereby HoMedics was permitted to retrieve the Consignment Goods from the Closing Stores, at its own cost and liability, on or before February 28, 2017, after which the Consignment Goods remaining in HMV's possession, if any, would be deemed to be abandoned by HoMedics and could be included in the Liquidation Sale. The Receiver understands HoMedics retrieved the Consignment Goods and took no further steps in connection with the HoMedics Demand.

#### EMPLOYEES

35. As at the Date of Appointment, HMV employed approximately 1,280 individuals across Canada, the majority of which were part-time employees at the Closing Stores. The Company's workforce was not unionized and the Company did not maintain a pension plan.
36. As noted in the Pre-Filing Report, the majority of the Company's employees were owed accrued wages for the pre-filing period from January 22, 2017 to January 26, 2017 (the "Stub Period Wages") as at the Date of Appointment. Subsequent to the Date of Appointment, the Receiver, with the approval of the Lender, provided sufficient funding to the Company to pay the Stub Period Wages, in the ordinary course, to all employees. In addition, the Receiver understands the Company maintained all existing benefit plans for its employees during the Liquidation Sale, including honouring vacation requests from employees for vacation entitlements earned outside of the six-month period prior to the Date of Appointment, subject to staffing needs at the Closing Stores. The honouring of vacation requests was necessary to maintain the cooperation of the HMV employees at the Closing Stores during the Liquidation Sale.
37. On the Date of Appointment, the Company terminated a number of its employees at the Head Office as the positions were not required for the Liquidation Sale. On or about February 9, 2017, the Company also terminated all remaining employees at the HMV Warehouses. Additional Head Office employees were subsequently terminated during the receivership proceedings as the Company deemed appropriate, all of whom received written notice in advance of their effective date of termination. The last Head Office employees were terminated effective April 28, 2017 upon surrender of the lease for the Head Office.
38. The Company maintained the majority of its workforce at the Closing Stores up to the Vacate Date for the applicable Closing Store. Employees were paid in the ordinary course up to the last day worked for their respective Closing Store, including any vacation accrued subsequent to the Date of Appointment. In addition, certain full-time employees at the Closing Stores received performance incentive payments of up to 10% of base wages earned during the Liquidation Sale under an Agent-approved employee incentive plan pursuant to the Agency Agreement. Upon receipt of a Vacate Notice from the Agent, HMV provided

written notice of termination to employees at the applicable Closing Store(s), which notice period the Receiver understands was generally between 10 and 15 days. The last of the remaining Closing Store employees were terminated effective April 15, 2017 upon closure of HMV's final two (2) stores in Toronto and Edmonton.

39. Subsequent to an employee's termination, the Company issued a record of employment on behalf of the employee to Service Canada and worked with the Receiver to provide the information necessary for the Receiver to comply with the provisions of the *Wage Earner Protection Program Act (Canada)* ("WEPPA"). Based on the books and records of HMV, the Receiver filed a proof of claim on behalf of all employees (including those whose employment ended prior to the Date of Appointment) in accordance with the provisions of WEPPA, its regulations and the applicable labour standards legislation in the province of employment, a copy of which was provided to each employee. Additionally, the Receiver established telephone hotlines, a general email address and a "Frequently Asked Questions" section on its website, in both French and English, in order to proactively provide employees with information in regards to WEPPA and respond to employee inquiries on a timely basis.
40. Given the scale of HMV's operations and the number of affected employees, the Receiver contacted Service Canada after the issuance of the Receivership Order to agree on a protocol for the administration and submission of employee claims pursuant to WEPPA. As employee terminations would occur on a rolling basis, Service Canada agreed to extend the application deadline for WEPPA claims to 56 days from the date of termination rather than 56 days from the Date of Appointment. Further, Service Canada advised the Receiver to submit applications on a periodic basis during the receivership proceedings rather than wait until all employees of HMV had been terminated. As at the date of this First Report, the Receiver had submitted approximately 1,350 applications to Service Canada in respect of employee entitlements pursuant to WEPPA. The Receiver is not aware of any additional applications to be filed in respect of employee claims pursuant to WEPPA as at the date of this First Report. In the event the Receiver is advised of any further applications, the Receiver will attend to the administration of WEPPA in accordance with its duties.
41. On March 9, 2017, the Receiver was contacted by Koskie Minsky LLP ("Koskie") who advised that they acted on behalf of approximately 20-30 current and/or former HMV employees in respect of employee rights and entitlements for severance and termination pay. Koskie had proposed serving as representative counsel for all employees of HMV (the "Proposed Rep Counsel"). As Proposed Rep Counsel, Koskie's fees would be paid out of the estate, subject to a cap, or be secured by a Court-ordered charge as against the Property.



42. The Receiver, its counsel and Koskie subsequently engaged in a number of discussions regarding Koskie's proposed mandate, which the Receiver understood would primarily consist of assisting employees with questions about their employment-related rights and obligations in relation to the receivership proceedings of HMV, including establishing a dedicated bilingual website, telephone line and email address, and assisting employees in filing their proofs of claim (collectively the "Proposed Mandate"). The Receiver discussed the Proposed Mandate with the Company and the Lender, and the Lender ultimately advised it would not support the appointment of Koskie as the Proposed Rep Counsel. The Receiver was of the view that the Proposed Mandate was largely duplicative of the statutory duties and responsibilities of the Receiver. On April 21, 2017, the Lender and the Receiver, through their respective counsel, advised Koskie that neither party would support the appointment of Koskie as Proposed Rep Counsel. The Receiver has not had any subsequent discussions and/or formal correspondence from Koskie regarding the Proposed Rep Counsel appointment as at the date of this First Report.

#### **POWERS OF THE RECEIVER**

43. The Receivership Order contemplated that the Receiver would take possession and control of the Company's treasury assets and all amounts due to the Company pursuant to the Agency Agreement, and the Company was required to remain in possession and control of the remaining assets, including the Merchandise and the FF&E. Further, the Receivership Order contemplated that the operation and management of the Company would continue to be controlled by its current directors and officers during the receivership proceedings.
44. The Receiver notes that the Receivership Order also empowered and authorized, but did not obligate, the Receiver to take an expanded role in keeping with the customary powers conferred in receiverships with a view to providing the Receiver with the flexibility to exercise its discretion and address issues and engage in activities in a timely fashion as requirements arise.
45. On April 28, 2017, with the Liquidation Sale complete and no remaining operations or employees, the remaining two (2) directors of HMV tendered their respective resignations effective immediately. Accordingly, the Receiver expanded its role and exercised its permissive powers granted pursuant to the Receivership Order to conclude, among other things, the Company's obligations with respect to the Agency Agreement and Final Reconciliation.

## V. RECEIVER'S STATEMENT OF RECEIPTS AND DISBURSEMENTS

46. In accordance with the Agency Agreement, Proceeds from the sale of Merchandise and Expenses incurred as part of the Liquidation Sale were for the account of the Agent, and therefore are not reflected in the Interim R&D. Accordingly, any sales taxes collected or paid in respect of Proceeds or Expenses were also omitted as these amounts were remitted in ordinary course by either HMV or the Agent, as applicable.
47. The receipts presented in the Interim R&D are in respect of the Treasury Assets (as defined in the Receivership Order). The disbursements are presented net of any reimbursement from the Agent, and primarily consist of costs incurred by the Company or the Receiver that were not subject to reimbursement pursuant to the Agency Agreement including, but not limited to:
- a) costs in respect of the Head Office or the HMV Warehouses;
  - b) any Expense incurred by the Company where the actual amount was in excess of the reimbursement thresholds set forth in the Agency Agreement;
  - c) Central Services Expenses such as HMV's point-of-sale, inventory control, payroll, accounting, information technology services and systems;
  - d) professional fees incurred as part of these receivership proceedings; and
  - e) HMV gift cards or loyalty points redeemed by customers for Merchandise
- (collectively (a) to (e) inclusive, hereinafter referred to as the "Non-Reimbursable Expenses").
48. The Receiver's Interim R&D is set out below:

**HMV Canada Inc.**
**Statement of Receipts and Disbursements**
**For the period January 27, 2017 to June 5, 2017**

<b>Receipts</b>		<b>Notes</b>
Guaranteed Amount	\$ 24,613,219	1
Company's Sharing Amount	1,419,084	1
Cash on hand at Date of Appointment	11,380,756	2
FF&E Proceeds (net)	550,121	3
Recovery of pre-filing taxes	626,689	4
Recovery of accounts receivable	124,304	5
Interest earned	76,144	
<b>Total Receipts</b>	<b>\$ 38,790,316</b>	
<b>Disbursements</b>		
Payroll and benefits	1,653,914	6,7
Occupancy costs	48,132	7
Other operating costs	31,601	7
Professional fees and disbursements	1,034,236	8
Pre-filing sales taxes	675,664	9
Gift card and loyalty redemptions	1,182,967	10
Sales taxes paid on disbursements	414,499	11
30 Day Goods payments	458,264	12
Bank charges / other fees	395	
<b>Total Disbursements</b>	<b>\$ 5,499,672</b>	
<b>Cash on hand</b>	<b>\$ 33,290,644</b>	

**Notes:**

1. Pursuant to the Agency Agreement and the Final Reconciliation Agreement.
2. Represents cash in the Company's bank accounts as at the Date of Appointment.
3. As per the Final Reconciliation. Amount shown is net of the Agent's FF&E Commissions (\$132k) and related out-of-pocket costs (73k).
4. Refund from CRA for Non-Resident Taxes paid by HMV in 2007 and 2010.
5. Recovery of prepaids and accounts receivable outside of the Liquidation Sale.
6. Includes the Stub Period Wages, wages and benefits for Head Office and HMV Warehouse employees, and benefits for Closing Store employees in excess of the thresholds set forth under the Agency Agreement.
7. Balances shown represent payments made by HMV or the Receiver to date, net of reimbursements received from the Agent for Expenses incurred during the Liquidation Sale.
8. Represents the fees and disbursements of the Receiver, Gowling WLG, and the Company's counsel, Aird & Berlis LLP.
9. Unremitted sales taxes (HST, GST and PST) for December 2016 and January 2017 that were paid by HMV after the Date of Appointment.
10. Represents the reimbursement to the Agent for HMV gift cards and loyalty points redeemed by customers for Merchandise and/or Additional Merchandise during the Liquidation sale.
11. Consists of sales taxes paid to the Agent in respect of the Agent's Fee, the FF&E Commissions, and the Agent's Sharing Amount pursuant to the Final Reconciliation, as well as disbursements paid by Receiver. This balance excludes sales taxes paid on disbursements by HMV.
12. Represents the Canadian-dollar equivalent of the aggregate settlement payments made in connection with the Settled 81.1 Claims.

49. As noted above, the Receiver had total receipts of approximately \$38.8 million, the majority of which relate to proceeds due to HMV pursuant to the Agency Agreement, namely the Guaranteed Amount of \$24.6 million, the Company's Sharing Amount of \$1.4 million and the FF&E Proceeds, net of the Agent's commission and costs, of approximately \$550,000. In addition, the Company had approximately \$11.4 million of cash on hand on the Date of Appointment, which amounts the Receiver transferred from the HMV account to the estate account immediately following the granting of the Receivership Order.
50. Total disbursements over the same period were approximately \$5.5 million, primarily consisting of:
- a) *Payroll and benefits (\$1.6 million)* – this amount includes payment of approximately \$0.6 million related to the Stub Period Wages and approximately \$0.1 million of benefit costs for full-time employees at Closing Stores that were in excess of the Benefits Cap as per the Agency Agreement. Additionally, the Company also incurred approximately \$0.9 million related to wages and benefits for employees at the Head Office and the HMV Warehouses, of which approximately \$0.2 million relates to incentive payments made to approximately 29 employees. The Receiver understands the Company offered incentive payments to certain key Head Office employees to retain these individuals as part of the Liquidation Sale. The Receiver understands the Lender was aware of the incentive amounts and approved the payments prior to release;
  - b) *Gift card and loyalty redemptions (\$1.2 million)* - Pursuant to the Agency Agreement, the Agent was entitled to accept outstanding HMV gift cards for the first 30 days after the Sale Commencement Date, however the Company was required to reimburse the Agent in cash for any amounts redeemed. In total, approximately \$1.0 million of gift cards were redeemed up to and including February 28, 2017, after which all functionality to process gift card transactions was disabled by HMV. In addition, HMV sponsored a customer rewards program, *purehmv*, in which members could redeem their points for discounts and/or merchandise. The Receiver understands *purehmv* points redemptions amounted to approximately \$0.2 million as at February 2, 2017, after which all functionality related to the program was disabled;
  - c) *Professional fees and disbursements (\$1.0 million)* – fees and disbursements of the Receiver (\$0.6 million), Gowling WLG (\$0.3 million) and the Company's counsel, Aird & Berlis LLP (\$0.1 million);
  - d) *Pre-filing sales taxes (\$0.7 million)* – relates to payment of unremitted HST, QST and PST as applicable for periods prior to the Date of Appointment. The Receiver understands the directors and officers of HMV required that these amounts be paid in ordinary course as part of their agreement to continue to serve in their capacities as directors and officers of HMV during the Liquidation Sale. The

Receiver understands the unremitted amounts could rank in priority to the Lender's security as against the Property as these amounts could be considered to be held in trust for the relevant taxing authorities and not form part of the Property. The Receiver understands the Lender was aware of the amounts and supported the payments prior to release; and

- e) *30 Day Goods (\$0.4 million)* – represents the Canadian-dollar equivalent of the aggregate settlement payments made in connection with the Settled 81.1 Claims.

51. As at June 5, 2017, the Receiver had cash on hand of approximately \$33.3 million.
52. The Receiver notes that the Interim R&D does not take into account approximately \$150,000 of accrued amounts owing to suppliers for certain Closing Store and Head Office operating expenses (the "Outstanding Obligations") such as occupancy costs, utilities, telecommunications, and security, some of which were reimbursed to the Company by the Agent as part of the Final Reconciliation. The Receiver is currently working with the respective vendors to reconcile the amounts and final billings and will make payment of the Outstanding Obligations in due course. The Receiver has made HUK10 aware of the Outstanding Obligations and has advised HUK10 that the Receiver will need to hold back \$150,000, among other holdbacks, from any distribution that is made to the Lender.
53. Other than pursuing the potential recovery of any unclaimed HST input tax credits paid during these proceedings and certain security deposits held by utility companies, the Receiver does not anticipate any additional material realizations from the Property as at the date of this First Report.

## VI. ACTIVITIES OF THE RECEIVER

54. The activities of the Receiver since the date of the Pre-Filing Report have included:
  - a) opening new bank accounts under the Receiver's name and taking possession and control over the Treasury Assets;
  - b) sending to all creditors on record the *Notice and Statement of Receiver* required under section 245(1) and 246(1) of the BIA;
  - c) assisting HMV in communications with its employees, landlords and suppliers with a view to minimizing disruption to the Closing Stores and the Liquidation Sale;
  - d) discussions with certain landlords, the Company and its counsel in respect of payment of post-filing rent and timing of issuance of Repudiation Notices;

- e) responding to inquiries from stakeholders, including addressing questions or concerns of parties who contacted the Receiver on the toll-free telephone hotlines and/or general email account established by the Receiver for these receivership proceedings;
- f) responding to inquiries from online and print media, as well as consumers, regarding the redemption of HMV gift cards and/or *purehmv* points;
- g) monitoring the receipt of Proceeds, FF&E Proceeds, and other amounts, as well as remittances of Proceeds to the Agent, and the payment of Expenses and Non-Reimbursable Expenses by HMV;
- h) corresponding with the Lender and its counsel regarding the status of the receivership proceedings and the Liquidation Sale;
- i) assisting the Company with its reporting and updates to the Lender in respect of receipts and disbursements;
- j) reviewing and responding to demands for repossession of goods received from suppliers, including the 81.1 Claims;
- k) determining the amounts owed to HMV's employees as at the Date of Appointment and liaising with Service Canada on the administration of WEPPA;
- l) working with the Company and the Agent as part of the periodic reconciliations of Proceeds and Expenses pursuant to the Agency Agreement;
- m) working with the Company and the Agent to calculate the Cost Value of Merchandise pursuant to the Agency Agreement;
- n) expanding its role and exercising its permissive powers granted pursuant to the Receivership Order to conclude, among other things, the Company's obligations with respect to the Agency Agreement and Final Reconciliation;
- o) working with the Agent to complete the Final Reconciliation and the Final Reconciliation Agreement;
- p) discussions and correspondence with Gowling WLG and the Company's counsel, Aird & Berlis LLP, on a number of matters relating to these receivership proceedings, including but not limited to the 81.1 Claims, the Final Reconciliation, the Proposed Rep Counsel, Repudiation Notices and the administration of WEPPA;
- q) discussions and correspondence with Gowling WLG in connection with the security review and opinion;
- r) arranging for the redirection of HMV's mail from the Head Office to the Receiver's offices;

- s) attending before this Court in respect of the Receivership Order and the Approval Order;
  - t) preparing this First Report; and
  - u) other matters pertaining to the administration of HMV's receivership proceedings.
55. To inform creditors and all other stakeholders, general information on these proceedings has been posted on the Receiver's website at [www.richter.ca/Folder/Insolvency-Cases/H/HMV-Canada-Inc](http://www.richter.ca/Folder/Insolvency-Cases/H/HMV-Canada-Inc). As noted above, the Receiver has also established dedicated toll-free hotlines for general creditor and employee inquiries, as well as a general email address to address specific questions or concerns from stakeholders with respect to these receivership proceedings.

## VII. SECURITY REVIEW

### SECURED INDEBTEDNESS TO HUK10

56. As outlined in the Pre-Filing Report, HMV's outstanding indebtedness to HUK10 was comprised of:
- a) direct indebtedness owing by HMV to HUK10 (the "Direct Indebtedness");
  - b) guarantees made by HMV in favour of HUK10 on the indebtedness owing by each of HMV Digital Holdings ULC ("HMV Digital"), HMV Pure Holdings ULC ("HMV Pure"), and HMV IP Holdings ULC ("HMV IP") to HUK10 (collectively, the "Guarantee Indebtedness"), as well as a guarantee made by HMV in favour of HUK10 in respect of the indebtedness owing by Wholesale Entertainment ULC ("Wholesale") to HUK10 (the "Wholesale Guarantee"); and
  - c) indebtedness owing by HMV to each of Retail Agents 230 Limited ("RAL 230") and HMV IP (collectively, the "Affiliate Indebtedness").
57. The Receiver notes that all of the HUK10 indebtedness was denominated in Pounds sterling (GBP), and that each of the borrowers with respect to such indebtedness agreed to indemnify HUK10 against any currency conversion losses incurred by HUK10 in relation to the payments made thereunder.
58. On December 22, 2016, the Company, HMV Digital, HMV Pure, HMV IP, RAL 230 and the Lender entered into an amendment and consolidation (the "Consolidation Agreement") as a result of certain defaults that occurred under the amended and restated loan agreement dated November 4, 2011. Pursuant to the Consolidation Agreement, each of HMV IP and RAL 230 agreed to assign all of their respective indebtedness owing by the Company and related security to the Lender, and the Lender agreed to forbear from exercising its rights and remedies and taking enforcement actions under its security until January 20, 2017 to allow HMV time to renegotiate its supply arrangements with its major suppliers on mutually agreeable terms.

59. As outlined in the affidavit of Mr. Christopher Emmott, a Director of HUK10 (the "Emmott Affidavit"), included in the receivership application materials filed with the Court by HUK10, the total outstanding indebtedness owed by HMV to HUK10 as at January 24, 2017 under the Direct Indebtedness, the Guarantee Indebtedness, the Wholesale Guarantee and the Affiliate Indebtedness (collectively the "HUK10 Indebtedness") was approximately \$36.9 million, as follows:

HMV Canada Inc. Summary of HUK 10 Indebtedness As at January 24, 2017 (in \$CAD 000s)			
	Amount	Termination Fee	Outstanding Balance
<b>Direct indebtedness</b>			
HMV Term Loans	\$ 14,662	\$ 3,308	\$ 17,970
HMV Procurement Fees	3,207	-	3,207
<b>Subtotal</b>	<b>\$ 17,869</b>	<b>\$ 3,308</b>	<b>\$ 21,177</b>
<b>Guaranteed indebtedness</b>			
HMV IP	\$ 1,515	\$ 620	\$ 2,135
HMV Pure	5,541	529	6,070
HMV Digital	2,566	389	2,954
Wholesale	-	496	496
<b>Subtotal</b>	<b>\$ 9,621</b>	<b>\$ 2,035</b>	<b>\$ 11,656</b>
<b>Affiliate Indebtedness</b>			
HMV IP	\$ 5,200	\$ -	\$ 5,200
230 Limited	929	-	929
<b>Subtotal</b>	<b>\$ 6,129</b>	<b>\$ -</b>	<b>\$ 6,129</b>
<b>Total</b>	<b>\$ 33,619</b>	<b>\$ 5,343</b>	<b>\$ 38,962</b>

60. As detailed above, approximately \$5.3 million of the total outstanding indebtedness was related to facility termination fees (the "Termination Fees") charged by the Lender to HMV on account of the Direct Indebtedness, the Guarantee Indebtedness and the Wholesale Guarantee, which Termination Fees were due and payable on January 24, 2017 when the Lender made demands for repayment of the HUK10 Indebtedness. Gowling WLG has reviewed the underlying loan documentation associated with the Termination Fees chargeable to HMV, HMV IP, HMV Pure, and HMV Digital and confirmed that the Termination Fees were charged in accordance with the terms of such loan documentation, at least insofar as the Termination Fees comprising the Direct Indebtedness and the Guarantee Indebtedness are concerned. The loan documentation relating to the Wholesale Guarantee (which would include provisions concerning the \$0.5 million Termination Fee relating thereto) has not been made available to the Receiver or Gowling WLG at this time, so no conclusion can be made concerning any Termination Fee associated with the Wholesale Guarantee at this time. Requests have been made to HUK10 for the relevant documentation, and once the received, the Receiver and its counsel will undertake a review prior to any



subsequent contemplated distribution being made by the Receiver to HUK10 on account of the indebtedness represented by the Wholesale Guarantee. For the purposes of the motion herein, the Receiver has excluded the Wholesale Guarantee from the HUK10 indebtedness as at May 31, 2017, as detailed below.

61. The Receiver notes that HMV did not publish audited financial statements for fiscal year ending December 31, 2016 nor did it prepare internal financial statements beyond November 30, 2016. However, subsequent to the Date of Appointment, HMV reconciled the amounts noted in the Emmott Affidavit as against the Company's books and records, and the Receiver understands HMV's calculations were consistent with the Emmott Affidavit, save and except for (i) the Termination Fees which were not accrued by HMV, HMV Pure, or HMV Digital on its books and records, and (ii) the guaranteed indebtedness of HMV IP and Wholesale, which books and records were maintained separate and apart from HMV.
62. The Receiver has reviewed the unaudited financial statements of HMV IP as at December 31, 2016 and January 31, 2017, and notes the amount in the Emmott Affidavit is consistent with HMV IP's internal financial statements, save and except for the facility termination fee which was not accrued by HMV IP.
63. On June 6, 2017, the Lender provided the Receiver with an updated account of the HUK10 Indebtedness (excluding the Wholesale Guarantee) as at May 31, 2017, which indicates an outstanding secured debt balance of approximately \$39.9 million, as follows:

HMV Canada Inc. Summary of HUK 10 Indebtedness As at May 31, 2017 (in \$CAD 000s)	
<b>Direct Indebtedness</b>	
HMV Term Loans	\$ 18,466
HMV Procurement Fees	3,207
<b>Subtotal</b>	<b>\$ 21,673</b>
<b>Guaranteed Indebtedness</b>	
HMV IP	\$ 2,308
HMV Pure	6,562
HMV Digital	3,194
<b>Subtotal</b>	<b>\$ 12,064</b>
<b>Affiliate Indebtedness</b>	
HMV IP	\$ 5,200
230 Limited	1,022
<b>Subtotal</b>	<b>\$ 6,222</b>
<b>Total</b>	<b>\$ 39,959</b>

64. The Receiver notes that the increase in the HUK10 Indebtedness was due to accrued interest and the impact of currency conversion (i.e. GBP to CAD) on certain of the amounts outstanding since January 24, 2017. The Receiver has also reviewed the May 31, 2017 HUK10 Indebtedness balances with the former CFO of HVM, whom has advised the Receiver the increased amount appears reasonable and consistent with his understanding of the underlying loan documentation.

#### SECURITY OPINION

65. The Receiver has obtained an independent legal opinion on HUK10's security from Gowling WLG, supported by separate independent legal opinions from law firms ("Additional Law Firms") arranged by Gowling WLG in those provinces where Gowling WLG does not have offices in Canada, namely from additional legal counsel in the Provinces of Saskatchewan, Manitoba and each of the Atlantic Provinces. In these opinions to the Receiver, Gowling WLG and each of the Additional Law Firms, as applicable, have opined that the security documents executed and delivered by HVM in favour of HUK10 are (i) valid and enforceable in accordance with the terms thereof, subject to the standard assumptions, qualifications and limitations contained in the opinion, and (ii) create a valid security interest and hypothec in the assets of HVM to secure the payment and performance of indebtedness and obligations owed to HUK10.
66. Such opinions also confirm that HUK10's security has been registered in all public offices where registration of such security interests and hypothecs is ordinarily necessary to perfect or render opposable the security interests and hypothecs created thereby. As a result, such security interests and hypothecs have been perfected and are opposable in all provinces.
67. Searches carried out by Gowling WLG and the Additional Law Firms (which are summarized in or accompany their respective opinions) confirm that the HUK10 registrations made against HVM are registered prior in time to all other registrants. Accordingly, but subject to the rights of any holders of purchase money security interests that have registered their security interests against HVM and that have otherwise complied with relevant statutory notice provisions necessary to obtain a purchase money priority, HUK10 has priority over all other registrants by virtue of order of registration.
68. Only one registration, namely that made by Xerox Canada Ltd. ("Xerox") and registered against HVM in Ontario, seemed plausible as a potential purchase money security interest capable of having priority over HUK10's registration. The Receiver investigated this registration and the nature of Xerox's claim against HVM and understands that Xerox discharged its registration on June 5, 2017. Accordingly, based on the above legal opinions, search results and order of registration, the Receiver understands that HUK10 has registered its security from HVM in all provinces, in priority to all other registrants, and that such registrations are in good standing.

69. During the course of their security review, Gowling WLG noted that some additional security ("Affiliate Security") had been provided by HMV to certain affiliates of HUK10, namely to HMV IP and to RAL 230, in order to secure the Affiliate Indebtedness, and that such Affiliate Security may have been provided to HMV IP and RAL 230 at a time when HMV was insolvent for the purposes of the BIA. It was felt that the provision of the Affiliate Security may become relevant because, prior to the commencement of the HMV receivership, HUK10 had obtained an assignment of the Affiliate Claims and Affiliate Security from HMV IP and RAL 230. The aggregate amount of the claims being asserted by HMV IP against HMV was \$5.2 million (as of May 31, 2017) and by RAL 230 against HMV was \$1.0 million (also as of May 31, 2017). To be clear, this Affiliate Security for the Affiliate Claims is separate and apart from the security that HMV had already provided directly to HUK10 (and which is discussed immediately above).
70. In case the Affiliate Security became relevant for purposes of distribution, the Receiver requested Gowling WLG to review it under Sections 95 and 96 of the BIA. Having done so, Gowling WLG provided the Receiver with a supplemental opinion to the effect that it was their view that a trustee in bankruptcy would not likely be successful upon any application to obtain an order declaring such Affiliate Security to be void in whole or in part under Section 95(1)(b) or Section 96(1)(b) of the BIA. As an additional aside, Gowling WLG also noted out that the defined terms of "Obligations" and "Indebtedness" contained in HUK10's direct security from HMV were sufficiently broad enough that the Affiliate Claims were, in the hands of HUK10 as assignee of such claims, already secured by HUK10's direct security from HMV, without requirement for resort to the Affiliate Security and regardless of the characterization of the Affiliate Security under Section 95(1)(b) or Section 96(1)(b) of the BIA.
71. Finally, the Receiver notes that the aggregate amount of HUK10's direct debt claims against HMV, namely the Direct Indebtedness and the Guarantee Indebtedness (which was \$33.7 million as of May 31, 2017) which are secured by HUK10's security is more than the estimated funds available for distribution (i.e., \$31,975,000, as set forth in paragraph 89 below), such that there is likely to be no payout in relation to the Affiliate Claims which have been assigned to HUK10 in any event.

## VIII. PRIORITY CLAIMS

72. The security granted by HMV in favour of HUK10 is subject to prior charges and security interests or claims in respect of the Property, which include:
- a) the Agent's Charge;
  - b) the Administration Charge;
  - c) the Directors Charge; and

- d) Statutory claims pursuant to the BIA (the "BIA Claims").

#### **AGENT'S CHARGE**

73. The Approval Order provided that the Agent be granted the Agent's Charge over the Merchandise, Proceeds and the FF&E Proceeds and the Agent's share of proceeds from the sale of Merchant Consignment Goods to secure payment of amounts owing to the Agent under the Agency Agreement, which charge would rank in priority to all Encumbrances.
74. As noted above, the Agent and the Receiver executed the Final Reconciliation Agreement on June 2, 2017, in which the Agent agreed to irrevocably release and discharge the Agent's Charge and authorized the Receiver to take such steps as required to have the Agent's Charge released and discharged by the Court. Accordingly, the Receiver is seeking this Court's approval to terminate the Agent Charge and the security interest therein.

#### **ADMINISTRATION CHARGE**

75. The Receivership Order provided for an Administration Charge in favour of the Receiver, the Receiver's counsel, and counsel to the Company (the "Insolvency Professionals") in an amount not to exceed \$750,000, subject to further Order of the Court, charging all of the Property as security for the professional fees and disbursements incurred both before and after the Date of Appointment.
76. As at May 12, 2017, the Insolvency Professionals have received payment for their fees and disbursements incurred as part of these receivership proceedings. As the administration of the receivership will continue for some time beyond the date of this First Report, the Receiver proposes to hold a reserve of \$500,000 (the "Administration Charge Reserve") as security for payment of the fees and disbursements of the Insolvency Professionals.

#### **DIRECTORS CHARGE**

77. The Receivership Order provided for a Directors Charge in the maximum amount of \$750,000 subject to further Order of the Court charging the assets of the Company to indemnify its directors and officers (the "D&O") for liabilities incurred by the Company that result in post-filing claims against the directors and officers in their personal capacities. As previously noted, the remaining two (2) directors of HMV resigned on April 28, 2017.
78. The Receiver understands all post-filing source deductions and sales taxes were remitted by the Company in the ordinary course since the Date of Appointment. Further, HMV made payment to all employees in the ordinary course in respect of wages and vacation pay earned from the Date of Appointment. As such, the

Receiver is not aware of any potential outstanding amounts that could give rise to a claim against the D&O under the Directors Charge.

79. The D&O, by their legal counsel, formally advised the Receiver that the D&O were satisfied that all post-filing liabilities that could be direct liabilities of the D&O were current as at the date of this First Report. We understand, based on our discussions with D&O counsel, the D&O consent to the termination of the D&O Charge and the security interest therein. Accordingly, the Receiver is seeking this Court's approval to terminate the Directors Charge and the security interest therein.

#### BIA CLAIMS

80. As previously noted, the Receiver has addressed all fifteen (15) of the 81.1 Claims received subsequent to the Date of Appointment, including making payment in connection with the Settled 81.1 Claims. Accordingly, the Receiver is of the view no reserve is required in respect of the 81.1 Claims.
81. The Receiver has reviewed the Company's books and records and has prepared an analysis of the potential claims which could be asserted by HMV's former employees pursuant to section 81.4 of the BIA (the "81.4 Claims"). Based on its review, the Receiver has concluded that the maximum amount of the 81.4 Claims is approximately \$515,000.
82. To the best of its knowledge, the Receiver has complied with its obligations under WEPPA and will continue to do so, as required, including providing information to Service Canada and the Company's former employees for the purpose of the administering claims pursuant to WEPPA. As at the date of this First Report, the Receiver has not settled any of the 81.4 Claims as it is anticipated subrogation letters will be filed by Service Canada pursuant to the provisions of WEPPA, whereby Service Canada will be subrogated to the rights of the former employees of HMV and, as such, the amount of the 81.4 Claims will be payable directly to Service Canada. As a result, the Receiver will maintain a reserve in the amount of \$515,000 (the "81.4 Claims Reserve") for the payment of the potential 81.4 Claims.
83. The Receiver understands that the Company did not provide a registered pension plan for its employees. Accordingly, the Receiver is not aware of any amounts that could be owing pursuant to section 81.6 of the BIA.
84. As at the date of this First Report, the Receiver is not aware of any claims, other than those noted above, that would rank in priority to the claims of HUK10 as against the Property, or the proceeds therefrom.

## IX. BANKRUPTCY APPLICATION

85. Pursuant to the June 6 Letter, HUK10 advised the Receiver of its intention to bring the Bankruptcy Application and sought the Receiver's consent to the lifting of the stay of proceedings in respect of HMV. A copy of the June 6 Letter is attached hereto as **Appendix "F"**. The Receiver consented to the lifting of the stay of proceedings and does not oppose the relief sought by HUK10. The Receiver is of the view that proceeding with a bankruptcy of the Company will facilitate and provide an orderly resolution of the Company's estate in accordance with the provisions of the BIA.
86. Should the Court grant the Bankruptcy Application, Richter has agreed to act as trustee in bankruptcy in respect of HMV, provided that it receives funding (there will be no material assets in the bankrupt estate). Provided the Court grants a bankruptcy order, HUK10 has agreed, in order to fund the bankruptcy, to the transfer of \$50,000 from the proceeds eligible to be distributed to HUK10 by the Receiver to the Trustee to fund the bankruptcy administration process.

## X. PROPOSED INTERIM DISTRIBUTION

87. As stated in this First Report, Gowling WLG has provided a written opinion to the Receiver confirming the validity and enforceability of the Lender's security as against the Property across all provinces in Canada, and the perfection of the security interests created thereby, subject to standard assumptions, qualifications and limitations contained therein.
88. The following table summarizes the amounts available for distribution to the Lender after providing for accrued obligations and reserves for estimated future costs and disbursements:

<b>HMV Canada Inc.</b> <b>Estimate of Amounts Available for Distribution</b> <b>As at June 5, 2017</b>	
<b>Cash on hand</b>	<b>33,290,644</b>
<b>Less Reserves:</b>	
Outstanding Obligations	(150,000)
Administration Charge Reserve	(500,000)
81.4 Claims Reserve	(515,000)
Bankruptcy Administration Deposit	(50,000)
Contingency	(100,544)
<b>Total Reserves</b>	<b>(1,315,544)</b>
<b>Estimated Funds Available for Distribution</b>	<b>31,975,000</b>

89. At this time, HUK10 is seeking an interim distribution from the Receiver in the amount of \$31,975,000 (the "Interim Distribution"). The Receiver is satisfied that the reserves noted in the table above will leave sufficient funds in the estate to pay in full any and all amounts that rank, or may rank, in priority to HUK10, including professional fees subject to the Administration Charge. The Receiver proposes that the Interim Distribution be made after the bankruptcy of the Company, subject to this Court granting the proposed bankruptcy order and the relief sought herein.

## **XI. REQUEST FOR APPROVAL OF FEES**

90. The Receiver, and its counsel, Gowling WLG have maintained detailed records of their professional time and disbursements since the Date of Appointment.
91. In accordance with the Receivership Order, the Receiver has been authorized to periodically pay its fees and disbursements, and that of its counsel, subject to approval by the Court.
92. The Receiver's professional fees incurred for services rendered from January 16, 2017 to May 12, 2017 amount to \$667,186.00, plus disbursements in the amount of \$8,660.01, each excluding applicable taxes. These amounts represent professional fees and disbursements not yet approved by the Court. Attached as Appendix "G" to this First Report is the affidavit of Pritesh Patel in respect of the fees and disbursements of the Receiver.
93. The fees of the Receiver's counsel, Gowling WLG, for services rendered from January 4, 2017 to May 12, 2017 total \$292,552.50, plus disbursements in the amount of \$14,986.08, each excluding applicable taxes. These amounts represent professional fees and disbursements not yet approved by the Court. Attached as Appendix "H" to this First Report is the affidavit of Evan Stitt in respect of the fees and disbursements of the Receiver's counsel.
94. The Receiver has reviewed the accounts of its legal counsel and confirms that the services reflected therein have been duly authorized and duly rendered and that, in the Receiver's opinion, the charges are fair and reasonable in the circumstances.

## **XII. RECOMMENDATION**

95. The Receiver recommends that this Court grant an order:
- a) approving the Pre-Filing Report and the First Report, and the actions, activities and conduct of the Receiver set out therein;
  - b) approving the Interim R&D;

- c) terminating the Agent's Charge and the Directors Charge;
- d) authorizing the Receiver, should the Court grant the Bankruptcy Application, to transfer to the Trustee, the Bankruptcy Administration Deposit, to provide the necessary funding for the respective professional and other costs incurred by the Trustee in its administration of HMV's bankruptcy proceedings;
- e) authorizing and directing the Receiver to make the Interim Distribution to HUK10, or to such entity as HUK10 may direct; and
- f) approving the accounts of the Receiver and its counsel, as set out in this First Report.



All of which is respectfully submitted on the 9<sup>th</sup> day of June, 2017.

**Richter Advisory Group Inc.**  
**as the Proposed Receiver of**  
**HMV Canada Inc.**  
**and not in its personal capacity**



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**Paul van Eyk, CPA, IFA, CIRP, LIT**  
Senior Vice-President



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**Pritesh Patel, CIRP, CFA, MBA**  
Vice-President

**HUK 10 LIMITED**

Applicant

- and -

**HMV CANADA INC.**

Respondent

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
PROCEEDINGS COMMENCED AT TORONTO**

**FIRST REPORT OF THE  
RECEIVER**

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**Lawyers for Richter Advisory Group Inc., in its capacity as  
Receiver of HMV Canada Inc.**

# TAB 2A

Court File No. CV-17-11674-00CL

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

THE HONOURABLE REGIONAL )

FRIDAY, THE 27th DAY

SENIOR JUSTICE MORAWETZ )

OF JANUARY, 2017

**HUK 10 LIMITED**

Applicant

- and -

**HMV CANADA INC.**

Respondent

**APPLICATION UNDER section 243(1) of the *Bankruptcy and Insolvency Act*,  
R.S.C. 1985, c. B-3, as amended, and under section 101 of the  
*Courts of Justice Act*, R.S.O. 1990, c. C.43**

**ORDER**  
**(Appointing Receiver)**

**THIS APPLICATION** made by HUK 10 Limited (the “**Applicant**”) for: (i) an Order (the “**Appointment Order**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “**BIA**”) and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the “**CJA**”) appointing Richter Advisory Group Inc. (“**Richter**”) as receiver (the “**Receiver**”) without security, of the assets, undertakings and properties of HMV Canada Inc. (the “**Debtor**”) comprising, acquired for, or used in relation to, the business carried on by the Debtor, and (ii) an Order (the “**Agency Agreement Approval Order**”) approving the agency agreement entered into among the Debtor, the Receiver and a contractual joint venture comprised of Gordon Brothers Canada ULC and Merchant Retail Solutions ULC (together, the “**Agent**”) dated January 26, 2017 (the “**Agency Agreement**”) and redacted copy of which is

attached as Appendix "A" to the report of Richter dated January 26, 2017 (the "**Pre-Appointment Report**"), pursuant to which, among other things, the Agent shall conduct a sale of, among others things, the Debtor's Merchandise and Owned FF&E (as such terms are defined in the Agency Agreement) (the "**Sale**") as agent for the Debtor and, as applicable, the Receiver, and approving the sale guidelines attached to the Agency Agreement which guidelines shall govern the Sale (the "**Sale Guidelines**"), was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Christopher Emmott sworn January 25, 2017, and the Exhibits thereto, and the Pre-Appointment Report and the Appendices thereto, and on hearing the submissions of counsel for the Applicant, counsel for the proposed Receiver, counsel for the Debtor, counsel for ~~the Agent~~ <sup>Primaris REIT</sup>, counsel for The Cadillac Fairview Corporation Limited, counsel for 20 Vic Management Inc., Morguard Investments and Ivanhoe Cambridge II Inc. and those other parties listed on the counsel slip, no one appearing for any other person although duly served as appears from the affidavit of service of Donna McEvoy sworn January 26, 2017, and on reading the consent of Richter to act as the Receiver,

#### **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Application, the Application Record and the Pre-Appointment Report is hereby abridged and that this Application is properly returnable today and hereby dispenses with further service thereof.

#### **APPOINTMENT**

2. **THIS COURT ORDERS** that, pursuant to section 243(1) of the BIA and section 101 of the CJA, Richter is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor comprising, acquired for or used in relation to the business (the "**Business**") carried on by the Debtor, including all proceeds thereof (the "**Property**").

3. **THIS COURT ORDERS** that subject to further Order of this Court, and subject to paragraph 5 hereof, the Debtor shall remain in possession and control of the Property and shall remain in day to day operation and control of the Business, subject at all times to the provisions of the Agency Agreement and the Sale Guidelines, and the Receiver shall not be or be deemed to

be in possession and control of the Property save and except as specifically provided for herein or pursuant to steps actually taken by the Receiver with respect to the Property under the permissive powers granted to the Receiver pursuant to paragraph 9 of this Order (the "**Permissive Powers**").

4. **THIS COURT ORDERS** that the Debtor shall be entitled to continue to utilize its central cash management system currently in place with Bank of Montreal ("**BMO**") or, with the prior written consent of the Receiver and the Agent, replace it with another substantially similar central cash management system (the "**Cash Management System**") and that BMO or any future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Debtor or Receiver of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, and shall be entitled to provide the Cash Management System without any liability in respect thereof to any person other than the Debtor, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unstayed and unaffected creditor with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System, and any recourse for such claims or expenses shall be limited to proceeds of the Merchant, which, for greater certainty, shall not include any proceeds to which the Agent is entitled under or pursuant to the Agency Agreement.

## **RECEIVER'S POWERS**

### **Mandatory Powers**

5. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to act at once in respect of and take possession and control of all of the Debtor's funds, cash, cash equivalents, investment items, treasury items, bank accounts, accounts with other financial institutions, including without limitation all proceeds generated by the Sale to which the Merchant is entitled under the Agency Agreement ("**Proceeds**") as and when remitted by the Agent, and for greater certainty such Proceeds shall include the Guaranteed Amount, the

Merchant's Sharing Recovery Amount, the Net FF&E Proceeds as such terms are defined in the Agency Agreement (collectively "**Treasury Assets**").

6. **THIS COURT ORDERS** that the Receiver is authorized and directed to remit to the Debtor sufficient funding from the Treasury Assets to operate the Business in accordance with the provisions of the Agency Agreement including, without limitation, to pay rent in full to the applicable landlords through to the Vacate Date for each Closing Store. Without limiting the foregoing, the Receiver is authorized and hereby directed to remit sufficient funds to the Debtor to enable the Debtor to pay the rent in full for the month of February, 2017 under each of the debtor's store, head office, distribution centres and other real property leases (the "**Leases**"), and the Debtor is hereby authorized and directed to remit payment of the February 2017 rent in full to the applicable landlords in accordance with the provisions of the respective Leases. Commencing on March 1, 2017, rent under all Leases (save and except any component of rent comprising percentage rent which shall be calculated and paid in accordance with the terms of the Lease) shall be paid by the Debtor ~~quarter~~ <sup>twice</sup> monthly in advance, up to and including the effective date of any notice of repudiation delivered by the ~~Receiver~~ <sup>Debtor</sup> to the relevant landlord, and the Receiver be and is hereby ~~authorized~~ <sup>authorized</sup> and directed to remit to the Debtor ~~sufficient~~ <sup>sufficient</sup> funding from Treasury Assets ~~on a weekly basis~~ to enable the Debtor to make such ~~weekly~~ <sup>in equal payments</sup> in advance rent payments in accordance herewith.

7. **THIS COURT ORDERS** that notwithstanding any term of this Order, but subject to the rights of the Receiver to repudiate, and any trustee in bankruptcy that may be appointed in respect of the Debtor, to disclaim, retain, or assign Leases:

(a) any charges created by this Order over the Leases shall only be a charge in the Debtor's interest in such Leases;

(b) except as expressly permitted by the terms of the Leases, none of the Leases shall be amended or varied or deemed to be amended or varied, in any way without obtaining the prior written consent of the applicable landlord or without further Order of this Court;

(c) the Debtor shall provide the relevant landlord(s) with at least ~~six~~ <sup>fifteen</sup> (15) days' prior notice of the intention to repudiate Lease (the "**Repudiation Notice Period**");

(d) if a notice of repudiation is delivered by the Debtor in respect of a Lease, then (a) during the Repudiation Notice Period, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Debtor, and if such repudiation is delivered while the Sale is ongoing and the Closing Store in question has not yet been vacated, the Agent, 24 hours' prior written notice, and (b) at the effective time of the repudiation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Debtor in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation <sup>if any,</sup> to mitigate any damages claimed in connection therewith.

8. **THIS COURT ORDERS** that the Debtor shall provide each of the relevant landlords with notice of the Debtor's intention to remove any fixtures from any leased premises at least six days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Debtor's, or in the case of the Closing Stores, the Agent's entitlement to remove any such fixture under the provisions of the Lease, such fixture shall remain on the premises and shall be dealt with as agreed between such landlord and the Debtor, or in the case of the Closing Stores, the Debtor, the Receiver and the Agent, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord. If the Debtor repudiates the Lease governing such leased premises it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the Repudiation Notice Period), and the repudiation of the Lease shall be without prejudice to the Debtor's, or in the case of the Closing Stores, the Debtor's, the Receiver's or the Agent's claim to the fixtures in dispute;

#### **Permissive Powers**

9. **THIS COURT ORDERS** that subject at all times to paragraph 5 above relating to Treasury Assets and Proceeds, the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized, but not obligated, to do any of the following where the Receiver considers it necessary or desirable:



- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor, excluding the Agency Agreement;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises, or other assets to continue the business of the Debtor or any parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the

name and on behalf of the Debtor, for any purpose pursuant to this Order or the Agency Agreement Approval Order;

- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to sell, convey, transfer, lease or assign any Property (other than the Leases) or any part or parts thereof not subject to the Agency Agreement out of the ordinary course of business, without the approval of this Court in respect of any transaction not exceeding \$25,000, provided that the aggregate consideration for all such transactions does not exceed \$200,000; and with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amounts set out above, and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.
- (k) to apply for any vesting order or other orders necessary to convey the Property (other than the Leases) or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (l) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (m) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property; and

- (n) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person.

10. **THIS COURT ORDERS** that, in carrying out its mandate and exercising the powers given to it under this and any other Orders of the Court, the Receiver shall conduct itself and administer the Property (including by exercising control over the Treasury Assets) in a manner that is consistent with, and will not cause or contribute to a breach or frustration of, the obligations of the Debtor and the Receiver under the Agency Agreement. Without limiting the foregoing and notwithstanding any other provision of this Order (including for certainty paragraph 20 of this Order) and any other Order of the Court, the Merchant and the Receiver are directed to administer all funds generated by the Sale, or that are to be received, remitted or paid by Merchant or Receiver under the Agency Agreement, in accordance with the provisions thereof, including, without limitation, section 4.7.

#### **DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER**

11. **THIS COURT ORDERS** that: (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control and shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

12. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data

storage media containing any such information (the foregoing, collectively, the “**Records**”) in that Person’s possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 10 or in paragraph 11 of this Order shall require the delivery of the Records, or the granting of access to the Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

13. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

**NO PROCEEDINGS AGAINST THE RECEIVER**

14. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

**NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY**

15. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or

with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

#### **NO EXERCISE OF RIGHTS OR REMEDIES**

16. **THIS COURT ORDERS** that all rights and remedies against the Debtor, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any "eligible financial contract" as defined in the BIA, and further provided that nothing in this paragraph shall: (i) empower the Receiver or the Debtor to carry on any business which the Debtor is not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtor from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

#### **NO INTERFERENCE WITH THE RECEIVER**

17. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtor, without written consent of the Receiver and the Agent or leave of this Court.

#### **CONTINUATION OF SERVICES**

18. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Debtor and/or Receiver, and that the Debtor and/or Receiver shall be entitled to the continued use of the Debtor's current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid in accordance with normal payment practices of the

Debtor or such other practices as may be agreed upon by the supplier or service provider and the Debtor, with the consent of the Agent, or as may be ordered by this Court.

#### **NO PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

19. **THIS COURT ORDERS** that no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Debtor with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Debtor whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, without first obtaining leave of the Court on not less than seven days' notice to the Service List in these proceedings.

#### **RECEIVER TO HOLD FUNDS**

20. **THIS COURT ORDERS** that, subject to paragraph 10 of this Order, all Treasury Assets or Proceeds received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the Sale or the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into (i) one or more of the Receiver's new accounts to be opened by the Receiver (the "**Post Receivership Accounts**"); or (ii) one of the Debtor's existing accounts with BMO which accounts shall be swept on a daily basis, or as soon as practicable, and the proceeds deposited into the Post Receivership Accounts, and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

#### **EMPLOYEES**

21. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Debtor may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including, any successor employer liabilities as provided for in section 14.06(1.2) of the BIA.

## **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

22. **THIS COURT ORDERS** that the Debtor shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Debtor after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

23. **THIS COURT ORDERS** that the directors and officers of the Debtor shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$750,000, as security for the indemnity provided in paragraph 20 of this Order. The Directors' Charge shall have the priority set out in paragraphs 32 and 34 herein.

24. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Debtor's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 21 of this Order.

## **PIPEDA**

25. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Debtor and Receiver shall be authorized to disclose personal information of identifiable individuals to the Agent and to its advisors, and the Agent is in turn authorized to disclose such personal information of identifiable individuals to potential purchasers, but only to the extent desirable or required to assist the Agent or potential purchasers with the Sale. The Agent and the prospective purchasers shall maintain and protect the privacy of such information and limit the use of such information to the conduct and evaluation of the Sale, and, in the case of prospective purchasers, if they do not complete a Sale, shall return all such information to the Agent or the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is

in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Agent or the Receiver, or ensure that all other personal information is destroyed.

#### **LIMITATION ON ENVIRONMENTAL LIABILITIES**

26. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

#### **LIMITATION ON THE RECEIVER'S LIABILITY**

27. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment, the carrying out of the provisions of this Order, or arising from the Debtor's operation of the Business, including any liability or obligation in respect of taxes, withholdings, interest, penalties or other like claims, save and except for any gross negligence or wilful misconduct on its part, and it shall have no obligations under sections 81.4(5) or 81.6(3) of the BIA. Nothing in this Order shall derogate from the protections afforded to the Receiver by section 14.06 of the BIA or by any other applicable legislation.



## RECEIVER'S ACCOUNTS

28. **THIS COURT ORDERS** that the Receiver, counsel to the Receiver, and counsel to the Debtor shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver, counsel to the Receiver and counsel to the Debtor shall be entitled to and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed the amount of \$750,000 in the aggregate unless further ordered by the Court, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 32 through 34. For clarity, counsel to the Debtor's access to the Administration Charge is solely for fees incurred and accrued on and after the date of this Order.

29. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

30. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel and counsel to the Debtor, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

## FUNDING OF THE RECEIVERSHIP

31. **THIS COURT ORDERS** that the Receiver, in consultation with the Agent and HUK 10 shall be at liberty and it is hereby empowered to utilize the funds in the Post Receivership Accounts from time to time for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, and funding the Debtor's operation of the Business in accordance with the provisions of the Agency Agreement, including interim expenditures.

## VALIDITY AND PRIORITY OF CHARGES

32. **THIS COURT ORDERS** that the priorities of the Administration Charge, the Director's Charge and the Agents Charge as provided in the Agency Agreement Approval Order, as between them, shall be as follows:

First - the Agent's Charge

Second – the Administration Charge up to \$750,000

Third – the Directors Charge up to \$750,000

33. **THIS COURT ORDERS** that the filing, registration, or perfection of the Administration Charge, the Directors Charge, and the Agent's Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

34. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property in priority to any security interests of the Applicant as well as all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise, which are properly perfected security interests as of the date of this Order in favour of any other Person but subject to sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.

35. **THIS COURT ORDERS** that any Charge created by this Order over Leases of real property in Canada shall only be a Charge in the Debtor's interest in such Lease.

## SERVICE AND NOTICE

36. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute

an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL “ <http://www.richter.ca/Folder/Insolvency-Cases/H/HMV-Canada-Inc>” .

37. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the intended recipient at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

#### **GENERAL**

38. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder and is hereby authorized and empowered, but not obligated, to cause the Debtor to make an assignment in bankruptcy and that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtor.

39. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United Kingdom or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

40. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located,

for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

41. **THIS COURT ORDERS** that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

42. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.



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ON / BOOK NO:  
LE / DANS LE REGISTRE NO:  
JAN 27 2017

PER / PAR: 

JPM

8(A) This Court orders that

no lease shall be assigned or sold without the applicable landlord's consent and where such consent has not been obtained the debtor shall repudiate such lease in accordance with the terms of this Order and the Approval Order-Agency Agreement Order dated Jan. 27, 2017 and such repudiation shall be without prejudice to any and all rights that the landlord(s) may have arising as a result of the repudiation.

JPM

HUK 10 LIMITED

- and -  
Applicant

HMV CANADA INC.

Court File No. CV-17- 11674-00CL

Respondent

62

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

PROCEEDINGS COMMENCED AT TORONTO

**ORDER  
(APPOINTING RECEIVER)**

**WEIRFOULDS LLP**  
Barristers & Solicitors  
TD Bank Tower  
66 Wellington Street West  
Toronto, Ontario M5K 1B7

**EDMOND F.B. LAMEK – LSUC No. 33338U**

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Lawyers for the Applicant,  
HUK 10 Limited

**TAB 2B**

Court File No. CV-17-11674-00CL

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

THE HONOURABLE REGIONAL )

FRIDAY, THE 27<sup>TH</sup> DAY

)

SENIOR JUSTICE MORAWETZ )

OF JANUARY, 2017

**HUK 10 LIMITED**

Applicant

- and -

**HMV CANADA INC.**

Respondent

**APPLICATION UNDER section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended, and section 101 of the Courts of Justice Act, R.S.O. 1990, c. C.43, as amended**

**APPROVAL ORDER – AGENCY AGREEMENT**

**THIS MOTION** made by HUK 10 LIMITED for an Order, inter alia, (i) approving the transaction contemplated under the agency agreement entered into between a contractual joint venture composed of Gordon Brothers Canada ULC and Merchant Retail Solutions ULC (together, the “**Agent**”), as agent, HMV Canada Inc. (the “**Debtor**” or the “**Merchant**”), and Richter Advisory Group Inc., solely in its capacity as Court-appointed receiver of the Company (in such capacity, “**Richter**”), provided Richter is so appointed by this Court, dated January 26, 2017 (the “**Agency Agreement**”), and for certain related relief, and (ii) the granting of the Agent’s Charge (as defined below) was heard this day at 330 University Avenue, Toronto, Ontario.





**ON READING** the affidavit of Chris Emmott sworn January 24, 2017, and the Exhibits thereto, the pre-filing report of Richter to be filed by Richter in its capacity as proposed Receiver (the "**Pre-Appointment Report**"), and on hearing the submissions of counsel for HUK 10, counsel for Richter, counsel for the Debtor, counsel for ~~the Agent~~ <sup>Primaris REIT</sup>, counsel for ~~Cadillac Fairview~~ <sup>THE</sup> Corporation Limited, counsel for 20 Vic Management Inc., Morguard Investments and Ivanhoe Cambridge II Inc., and those other parties listed on the counsel slip, no one appearing for any other person although duly served as appears from the affidavit of service of Donna McEvoy sworn January 25, 2017,

### **SERVICE AND DEFINITIONS**

1. **THIS COURT ORDERS** that the time for service of the Notice of Application, the Application Record and the Pre-Appointment Report is hereby abridged and that this Application is properly returnable today and that service, including form, manner and time that such service was actually effected on all parties, is hereby validated, and where such service was not effected such service is hereby dispensed with.
2. **THIS COURT ORDERS** that any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Appointment Order in these proceedings dated January 27, 2016 (the "**Appointment Order**") and the Agency Agreement, including the schedules thereto, as applicable.

### **APPROVAL OF AGENCY AGREEMENT**

3. **THIS COURT ORDERS** that the Agency Agreement, and the Sale Guidelines attached hereto as Schedule "A" (the "**Sale Guidelines**"), and the transactions contemplated therein and thereunder are hereby approved, authorized and ratified and that the execution of the Agency Agreement by each of the Debtor and Richter is hereby approved, authorized and ratified with such minor amendments to which the Debtor, Richter and the Agent may agree in writing. Subject to the provisions of this Order, the Debtor and Richter are hereby authorized and directed to comply with and perform the provisions of the Agency Agreement and take any and all actions as may be necessary or desirable to implement the Agency Agreement and each of the transactions contemplated therein. Without limiting the foregoing, the Debtor and Richter are authorized to execute, comply with and perform any other agreement, contract, deed or any other

document, or take any other action, which could be required or be useful to give full and complete effect to the Agency Agreement.

4. **THIS COURT ORDERS** that subject to the terms of the Agency Agreement, the Agent is authorized to conduct the Sale in accordance with this Order, the Agency Agreement and Sale Guidelines and to advertise and promote the Sale within the Closing Stores in accordance with the Sale Guidelines. If there is a conflict between this Order, the Agency Agreement and the Sale Guidelines, the order of priority of documents to resolve such conflict is as follows: (i) this Order, (ii) the Sale Guidelines, and (iii) the Agency Agreement.

5. **THIS COURT ORDERS** that, the Agent, in its capacity as agent, is authorized to market and sell the Merchandise, Merchant Consignment Goods, any Additional Merchandise and Owned FF&E in accordance with the Sale Guidelines, 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 on or prior to the date 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 and the Director's Charge, and any other charges hereafter granted by this Court in these proceedings, and all Claims, charges, security interests or liens evidenced by registration pursuant to the *Personal Property Security Act* (Ontario) or any other personal or removable property registration system (all such Claims, charges, security interests and liens collectively referred to herein as "**Encumbrances**"), which Encumbrances, subject to this Order and the Appointment Order, will attach instead to the Guaranteed Amount and other amounts received by Richter pursuant to the Agency Agreement, in the same order and priority as they existed against the sold assets on the Sale Commencement Date.

6. **THIS COURT ORDERS** that subject to the terms of this Order, the Appointment Order the Sale 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 the Merchant 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 Merchant's and Richter's stay of proceedings provided for under the Appointment Order, provided that any such stay of proceedings shall not be lifted or suspended without the written consent of the Agent or leave of this Court.

7. **THIS COURT ORDERS** that until the applicable Vacate Date for each Closing Store (which shall in no event be later than April 30, 2017), the Agent shall have access to the Closing Stores in accordance with the applicable leases and the Sale Guidelines on the basis that the Agent is an agent of the Merchant and Richter, as applicable, and the Merchant and Richter, as applicable, have granted the right of access to the Closing Stores to the Agent. To the extent that the terms of the applicable leases are in conflict with any term of this Order or the Sale Guidelines, the terms of this Order and the Sale 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 the Merchant's leased locations. Nothing contained in this Order or the Sale Guidelines shall be construed to create or impose upon the Merchant, Richter 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 paragraph 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 Sale Guidelines, the Agent, as agent for the Merchant, is authorized to advertise and promote the Sale, without further consent of any Person other than the Merchant and Richter as provided under the Agency Agreement or a Landlord as provided under the Sale Guidelines.

10. **THIS COURT ORDERS** that until the Sale Termination Date, the Agent shall have the right to use, without interference by any intellectual property licensor the Merchant's trademarks and logos, as well as all licenses and rights granted to the Merchant 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 in accordance with the terms of the Agency Agreement, the Sale Guidelines, and this Order.

11. **THIS COURT ORDERS** that upon delivery of a Receiver's certificate to the Agent substantially in the form attached as Schedule "B" hereto (the "**Receiver's Certificate**") and subject to payment in full by the Agent to Richter of the unpaid portion, if any, of the Guaranteed Amount, Net FF&E Proceeds, any Merchant Sharing Recovery Amount, and all other amounts due to the Merchant and Richter under the Agency Agreement, all of the Merchant'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, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Remaining Merchandise shall be expunged and discharged as against the Remaining Merchandise upon the delivery of the Receiver's Certificate to the Agent; provided however that nothing herein shall discharge the obligations of the Agent pursuant to the Agency Agreement, or the rights or claims of the Merchant or Richter 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 Merchant's Designated Deposit Accounts. The Agent shall comply with the Agency Agreement and the Sale Guidelines regarding the removal and/or sale of any FF&E.

12. **THIS COURT ORDERS AND DIRECTS** Richter to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

#### **AGENT LIABILITY**

13. **THIS COURT ORDERS** that the Agent shall act as an agent to the Merchant and Richter, as applicable, and that it shall not be liable for any claims against the Merchant other than as expressly provided in the Agency Agreement (including the Agent's indemnity obligations thereunder) or the Sale 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 the Merchant's employees (including the

Retained Employees) located at the Closing Stores or any other property of the Merchant;

- (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) The Merchant 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 Centers during and after the term of the Agency Agreement, or otherwise in connection with the Sale, except in accordance with the Agency Agreement.

14. **THIS COURT ORDERS** that to the extent the Landlords (or any of them) have claims against the Merchant arising solely out of the conduct of the Agent in conducting the Sale for which the Merchant has claims against the Agent under the Agency Agreement, the Merchant shall be deemed to assign 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 Richter, Merchant or any trustee in bankruptcy of Merchant. The claims of the Agent pursuant to the Agency Agreement and under the Agent’s Charge shall be treated as unaffected and shall not be compromised or arranged pursuant to any plan of arrangement or compromise filed by or in respect of the Merchant under the *Companies’ Creditors Arrangement Act (Canada)* (“**CCAA**”) or any proposal filed by or in respect of the Merchant under the *Bankruptcy and Insolvency Act (Canada)* (the “**BIA**”).

16. **THIS COURT ORDERS** that the Merchant and Richter are hereby authorized and directed, in accordance with the Agency Agreement, to remit and pay all amounts that become due to the Agent thereunder.

17. **THIS COURT ORDERS** that Richter shall hold the Escrow Amount (as defined in the Agency Agreement) in escrow, in a separate trust account, pending completion of the Final Reconciliation (as such term is defined in the Agency Agreement) in accordance with the terms of the Agency Agreement, which Escrow Amount shall be released in accordance with the agreed Final Reconciliation or, in the absence of agreement between the Agent and Richter, upon further Order of the Court made on notice to Richter and the Agent.

18. **THIS COURT ORDERS** that no Encumbrances shall attach to any amounts remitted or payable or to be credited or reimbursed to, or retained by, the Agent pursuant to the Agency Agreement, including, without limitation, the Proceeds thereunder or any amounts to be reimbursed by the Merchant or Richter to the Agent pursuant to the Agency Agreement, and Merchant or Richter will pay such amounts to the Agent within five (5) Business Days after the Agent's written request for such reimbursement, and 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.

19. **THIS COURT ORDERS** that if the Merchant (a) fails to comply with any of its obligations under the Agency Agreement, this Order or the Sale Guidelines and, if curable, such failure is not cured within two business days of delivery of notice thereof by the Agent to the Merchant and Richter; or (b) the Merchant is prevented, by the making of an assignment in bankruptcy, the issuance of a bankruptcy order, by legislation or order of any court, or otherwise, from complying with any of its obligations under the Agency Agreement, this Order or the Sale Guidelines; then Richter shall and shall be deemed to have assumed the obligations of the Merchant under the Agency Agreement, this Order and the Sale Guidelines and be bound by the terms thereof, and shall take all steps necessary, including by exercise of all applicable Permissive Powers, to carry out and perform the obligations of the Merchant under the Agency Agreement, this Order and the Sale Guidelines.

## DESIGNATED DEPOSIT ACCOUNTS

20. **THIS COURT ORDERS** that no Person, including BMO, shall take any action, including any collection or enforcement steps, with respect to amounts deposited into the Designated Deposit Accounts or the Post-Receivership Accounts, or the Sales Tax Account pursuant to the Agency Agreement, including any setoff, collection or enforcement steps, in relation to any Proceeds or FF&E Proceeds, that are payable to the Agent or in relation to which the Agent has a right of reimbursement or payment under the Agency Agreement.

21. **THIS COURT ORDERS** that amounts deposited in the Designated Deposit Accounts pursuant to the Agency Agreement including Proceeds and FF&E Proceeds shall be and be deemed to be held in trust for the Merchant 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 amounts, 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 the Merchant or Richter.

## AGENT'S CHARGE AND SECURITY INTEREST

22. **THIS COURT ORDERS** that subject to the receipt by Richter of the Initial Guaranty Payment, the Agent be and is hereby granted a charge (the "**Agent's Charge**") on all of the Merchandise, Proceeds, the FF&E Proceeds and the Agent's share of the proceeds from the sale of Merchant Consignment Goods as security for all of the obligations of the Merchant and Richter 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.

## PRIORITY OF CHARGES

23. **THIS COURT ORDERS** that the priorities of the Agent's Charge, the Administration Charge and the Directors' Charge, as among them, shall be as set out in the Appointment Order.

24. **THIS COURT ORDERS** that neither the Merchant nor Richter shall grant or suffer to exist any Encumbrances over any Merchandise, Proceeds, FF&E Proceeds and the Agent's share

of the proceeds from the sale of Merchant Consignment Goods that rank in priority to, or *pari passu* with the Agent's Charge.

25. **THIS COURT ORDERS** that the Agent's Charge shall constitute a mortgage, hypothec, security interest, assignment by way of security and charge over the Merchandise, Proceeds, FF&E Proceeds and the Agent's share of the proceeds from the sale of Merchant Consignment Goods and, if any, shall rank in priority to all other Encumbrances of or in favour of any Person.

26. **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 BIA, in respect of the Merchant, or any bankruptcy order made pursuant to any such applications; (c) any assignment in bankruptcy made in respect of the Merchant; (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 which binds the Merchant:

- (a) 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,
- (b) the Agent's Charge, and
- (c) Assigned Landlord Rights,

shall be binding on any trustee in bankruptcy that may be appointed in respect to the Merchant and shall not be void or voidable by any Person, including any creditor of the Merchant, 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**

27. **THIS COURT ORDERS AND DECLARES** that the transactions contemplated under the Agency Agreement and any transfer of Remaining Merchandise shall be exempt from the application of *Bulk Sales Act* (Ontario) and any other equivalent federal or provincial legislation.

28. **THIS COURT ORDERS** that, without limiting the provisions of the Appointment Order, the Merchant and Richter are authorized and permitted to transfer to the Agent personal information in each's custody and control, and Agent is permitted to use and disclose such personal information subject to and in accordance with the terms of the Agency Agreement.

**GENERAL**

29. **THIS COURT ORDERS** that Richter may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.


30. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

31. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United Kingdom or in the United States to give effect to this Order and to assist Richter, the Merchant and their agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist Richter and its agents in carrying out the terms of this Order.

32. **THIS COURT ORDERS** that Richter be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that Richter is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

33. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to Richter, the Merchant, and Agent and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

34. **THIS COURT ORDERS AND DECLARES** that Confidential Appendices "1" and "2" to the Receiver's Pre-Appointment Report be sealed pending further Order of this Court.



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

JAN 27 2017

PER / PAR: 

**SCHEDULE A  
SALE GUIDELINES**

The following procedures shall apply to the Sale to be conducted at the Closing Stores of HMV Canada Inc. (the "**Merchant**"). All terms not herein defined shall have the meaning set forth in the Agency Agreement, dated as of January 25, 2017, between Gordon Brothers Canada ULC and Merchant Retail Solutions ULC (together, the "**Agent**") the Merchant, and Richter Advisory Group Inc. solely in its capacity as Court-appointed receiver of the Company (in such capacity, "**Richter**") provided so appointed by the Court.

1. Except as otherwise expressly set out herein, and subject to: (i) the Approval Order or any further Order of the Court; (ii) any subsequent written agreement between the Merchant or Richter and the applicable landlord(s) (individually, a "**Landlord**" and, collectively, the "**Landlords**") and approved by the 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 Richter 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 Closing Store. The Sale at the Closing Stores shall end by no later than April 30, 2017. Any Rent payable under the respective Leases shall be paid as provided in the Appointment 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. The Agent may advertise the Sale at the Closing Stores as a "store closing", "everything on sale", "everything must go", 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" sale 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 Richter, 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 and the applicable Landlord shall notify the Agent and the Company of any requirement for such signage to otherwise comply with the terms of the Lease and/or the Sale Guidelines and where the provisions of the Lease conflicts with these Sale Guidelines, these Sale 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 or the

Landlord requests in writing that the banner are not to be used, no banner shall be used absent further Order of the Court, which may be sought on an expedited basis on notice to the Landlord. 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 facade 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. If a Landlord is concerned with "store closing" signs being placed in the front window of a Closing Store or with the number or size of the signs in the front window, the Agent and the Landlord will discuss the Landlord's concerns and work to resolve the dispute.

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, subject to the Agent's right to abandon FF&E in accordance with sections 7.2 15(a) of the Agency Agreement. No property of any Landlord of a Closing Store shall be removed or sold during the Sale. No permanent fixtures (other than the 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 repudiated by Richter 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 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 the Agent or by third party purchasers of Owned FF&E from the 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 or directed by the Landlord 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 to between the Merchant, Richter, the Agent and such Landlord, or by further Order of the Court upon a motion by Richter on at least two (2) days' notice to such Landlord. If the Merchant or Richter has repudiated the Lease governing such Closing Store in accordance with the Appointment 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 Appointment Order), and the repudiation of the Lease shall be without prejudice to Richter's or the Merchant's or the Agent's claim to the FF&E in dispute.

12. If a notice of repudiation is delivered pursuant to the Appointment 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 repudiation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Merchant, Richter and the Agent 24 hours' prior written notice; and (b) at the effective time of the repudiation, 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 the Agent's consent, neither the Merchant nor Richter shall seek to repudiate any Lease of a Closing Store prior to the earlier of (i) the applicable Vacate Date for such Closing Store and (ii) April 30, 2017.

13. The Agent and its agents and representatives shall have the same access rights to the Closing Stores as the Merchant and Richter 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 Agent, the Merchant and, where appropriate, Richter, shall not conduct any auctions of Merchandise or FF&E at any of the Closing Stores.

CDN \$ 579,000 at cost

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 \$6.5 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 Dylan Chochla at Fasken Martineau DuMoulin LLP who may be reached by phone at 416.868.3425 or email at dchochla@fasken.com. If the parties are unable to resolve the dispute between themselves, the Landlord or Richter 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, 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, Richter, 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 Sale Guidelines).

**SCHEDULE B**  
**FORM OF RECEIVER'S CERTIFICATE**

Court File No. CV-17-11674-00CL

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

**HUK 10 LIMITED**

Applicant

- and -

**HMV CANADA INC.**

Respondent

**APPLICATION UNDER section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended, and section 101 of the Courts of Justice Act, R.S.O. 1990, c. C.43, as amended**

**RECEIVER'S CERTIFICATE**

**RECITALS**

All undefined terms in this Receiver's Certificate have the meanings ascribed to them in the Agency Agreement entered into between a contractual joint venture composed of Gordon Brothers Canada ULC and Merchant Retail Solutions ULC (together, the "**Agent**"), as agent, and HMV Canada Inc. (the "**Merchant**"), and Richter Advisory Group Inc., solely in its capacity as Court-appointed receiver of the Company (in such capacity, "**Richter**") on January <\*>, 2017, a copy of which is attached as Appendix <\*> to the Pre-Appointment Report of Richter dated January <\*>, 2017.

Pursuant to an Order of the Court dated January 27, 2017, the Court ordered that all of the Remaining Merchandise vest absolutely in the Agent, free and clear of and from any and all claims and encumbrances, upon the delivery by Richter to the Agent of a certificate certifying that (i) the Sale has ended, and (ii) the Guaranteed Amount, the Expenses, Net FF&E Proceeds, any Merchant Sharing Recovery Amount, and all other amounts due to the Merchant and Richter under the Agency Agreement have been paid in full to the Merchant.

**RICHTER ADVISORY GROUP INC.**, in its capacity as Court-appointed Receiver in the BIA receivership proceedings of the Merchant certifies that it has been informed by the Agent and the Merchant that:

- i. The Sale has ended.
- ii. The Guaranteed Amount, Net FF&E Proceeds, any Merchant Sharing Recovery Amount, and all other amounts due to the Merchant and Richter under the Agency Agreement have been paid in full.
- iii. The Remaining Merchandise includes the Merchandise listed on Appendix "A" hereto.

DATED as of this \_\_\_\_ day of \_\_\_\_\_, 2017.

**RICHTER ADVISORY GROUP INC., in its  
capacity as Court-appointed Receiver of HMV  
Canada Inc. and not in its personal capacity**

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APPENDIX "A"

LIST OF REMAINING MERCHANDISE

27969800.4  
10075149.1

**HUK 10 LIMITED**

- and -

**HMV CANADA INC.**

Applicant

Respondent

81

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

PROCEEDINGS COMMENCED AT TORONTO

**ORDER  
(APPROVING AGENCY AGREEMENT)**

**WEIRFOULDS LLP**  
Barristers & Solicitors  
TD Bank Tower  
66 Wellington Street West  
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Lawyers for the Applicant,  
HUK 10 Limited

**TAB 2C**

## AGENCY AGREEMENT

This Agency Agreement (the “**Agreement**”) is made as of January 26, 2017, by and between a contractual joint venture composed of Gordon Brothers Canada ULC and Merchant Retail Solutions ULC (together, the “**Agent**”), as agent, and HMV Canada Inc. (the “**Company**” or the “**Merchant**”), and Richter Advisory Group, Inc., solely in its capacity as Court-appointed receiver of the Company (in such capacity, “**Richter**”), provided so appointed by the Court (as hereinafter defined).

### RECITALS

WHEREAS HUK 10 Limited (“**HUK10**”), as a secured creditor of the Company, intends to apply to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) for (i) an order (the “**Appointment Order**”) pursuant to section 243 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (“**BIA**”), and section 101 of *Courts of Justice Act*, RSO 1990, c C.43, as amended (“**CJA**”) seeking, among other things, the appointment of Richter as receiver, without security, of the Company so that the Sale (as defined below) may commence on or about February 4, 2017, and (ii) the Approval Order (as hereinafter defined);

AND WHEREAS the Appointment Order will provide that the Company benefits from a stay of proceedings against the Company’s business and property, as well as other protections in the proceedings under the BIA (the “**Receivership Proceedings**”) in favour of both the Company and Richter;

AND WHEREAS on the date hereof, the Merchant operates 102 retail stores across Canada in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Newfoundland and Labrador, and Prince Edward Island;

AND WHEREAS as part of the Receivership Proceedings, the Merchant wishes to engage the Agent as its exclusive agent for the limited purposes of (a) selling, by conducting a “store closing,” “sale on everything,” “everything must go,” or other mutually agreed similarly themed sale (the “**Sale**”), all of the Merchandise (as hereinafter defined) from all of Merchant’s retail store locations identified in **Exhibit IA** annexed hereto (collectively, the “**Closing Stores**”) and each a “**Closing Store**”) and Merchant’s distribution centres identified in **Exhibit 1B** annexed hereto (collectively, the “**Distribution Centres**”); and (b) subject to Section 15 hereof, disposing of the Merchant’s owned furniture, trade fixtures and equipment (collectively, “**Owned FF&E**”) located at the Closing Stores, Distribution Centres, and Merchant’s corporate office, subject to the terms and conditions set forth herein;

AND WHEREAS the Agent is willing to serve as the Merchant’s exclusive agent to conduct the Sale in accordance with the terms and conditions of this Agreement and subject to the issuance of the Approval Order including the Sale Guidelines, both in form and substance satisfactory to the Agent, the Approval Order and the Sale Guidelines;

AND WHEREAS, if Richter exercises any of the powers given to it in the Appointment Order or any other Order of the Court that relates to the conduct of the Sale, the Agent is willing to serve as Richter’s exclusive agent, to the extent necessary, to conduct the Sale in accordance with the terms and conditions of this Agreement and, subject to the issuance of the Approval

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Order including the Sale Guidelines, both in form and substance satisfactory to the Agent, the Approval Order and the Sale Guidelines;

AND WHEREAS each of the Agent, the Merchant and Richter agrees and acknowledges that the entering into of this Agreement by the Merchant and Richter is subject to the approval of the Court and that should the Appointment Order and the Approval Order (as hereinafter defined) not be issued by the Court, 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, the Agent, the Merchant and Richter hereby agree as follows:

**Section 1. Cash Management**

1.1 Each of the parties hereto hereby acknowledges and agrees that, upon the issuance of the Appointment Order, Richter has been appointed by the Court pursuant to the terms of the Appointment Order to, among other things, monitor and administer the Merchant's cash and cash management systems. Any and all references herein relating to payments to be made by the Merchant under this Agreement or the receipt of any payments and/or deposits to be paid to the Merchant by the Agent or to which payment(s) the Merchant is entitled shall be made to or effected at the direction of and shall be under the control and supervision of Richter at all times, including, but not limited to, the payments described in Sections 3 and 4 below.

1.2 Richter shall take such reasonable steps, subject to compliance with its Court ordered duties and statutory obligations, as are necessary to facilitate the Merchant's need to fulfill its obligations under this Agreement and to allow the Merchant to carry on business in the ordinary course, as modified by and subject to the Appointment Order, the Approval Order, the Sale Guidelines, and this Agreement. The parties shall cooperate to effect the purpose, spirit, and the terms of this Agreement.

**Section 2. Appointment of Agent**

2.1 Appointment of Agent to Conduct Sale. Subject to approval of the Court, Merchant hereby appoints Agent, and Agent hereby agrees to serve, as Merchant's exclusive agent for the limited purpose of conducting the Sale in accordance with the terms and conditions of this Agreement and upon issuance, the Approval Order and the Sale Guidelines. Neither Merchant, nor Richter, 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 February 2, 2017 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.

2.2 Appointment of Agent to Administer Proceeds. Subject to approval by the Court, if Richter exercises any of the powers given to it in the Appointment Order or any other Order of the Court that relates to the conduct of the Sale, Richter hereby appoints Agent, and Agent hereby agrees to serve, as Richter's exclusive agent, to the extent necessary, to conduct the Sale in accordance with the terms and conditions of this Agreement.

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2.3 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 or Richter, that would have the effect of creating any obligation or liability, present or contingent, on behalf of or for the account of Merchant or Richter without Merchant's and Richter's prior written consent.

2.4 Additional Merchandise. [REDACTED] [REDACTED] additional inventory of like nature, quality, and appropriate mix to include in the Sale ("**Additional Merchandise**") [REDACTED] [REDACTED] provided that: (i) the Additional Merchandise will not exceed \$ [REDACTED] at cost in the aggregate, and (ii) the Additional Merchandise will be distributed among the Closing Stores such that no Closing Store will receive more than [REDACTED] of the Additional Merchandise. Additional Merchandise may be sold in accordance with and subject to the Sale Guidelines.

**Section 3. Approval Order**

3.1 Approval Order. Concurrent to the motion seeking the Appointment Order, HUK10 will bring a motion to obtain an order of the Court, in substantially the form attached hereto as **Exhibit 3.1** (the "**Approval Order**") authorizing the Merchant and Richter 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 the Merchant, Richter, and the Agent, acting reasonably, and shall provide, among other things, that:

- (a) the terms of this Agreement, including the Sale Guidelines, and each of the transactions contemplated hereby, including the Sale, are approved;
- (b) Merchant, Agent, and Richter shall be authorized to take any and all actions as may be necessary or desirable to implement this Agreement, administer and keep safe the Proceeds, and each of the transactions contemplated hereby;
- (c) Agent shall be entitled to sell all Merchandise and, subject to Section 15, 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 HUK10, or any other lender, and the charges granted by the Court (collectively, "**Encumbrances**"), which Encumbrances will attach instead to the Guaranteed Amount 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;

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- (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 Appointment Order, the Approval Order and the Sale Guidelines approved by the Court;
- (f) subject to compliance by Merchant and Agent with this Agreement, the Appointment Order, the Approval Order and the Sale Guidelines, all utilities, landlords, creditors, any successor or assignee of Merchant under any and all leases relating to the Closing Stores or Distribution Centres 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) 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, the Approval Order, and the Sale Guidelines;
- (h) 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 FF&E Proceeds 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 and Richter 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 Initial Guaranteed Payment, 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 senior to all Encumbrances save except to the extent of any unpaid portion of the Guaranteed Amount, the Merchant's Share Recovery Amount, Net FF&E

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Proceeds, and Merchant's share of the proceeds from the sale of Merchant Consignment Goods due to Merchant hereunder (the "**Unpaid Merchant's Entitlements**");

- (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 including Richter for all purposes.
- (i) 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 Richter or any 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 4.2 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;
- (j) 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
- (k) the transaction contemplated in this Agreement is exempt from the *Bulk Sales Act* (Ontario).

**Section 4. Guaranteed Amount and Other Payments.****4.1 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 receiver of the Merchant, in trust, by certified cheque, bank draft, or wire transfer to the account specified by Richter, in the amount equal to [REDACTED] percent ([REDACTED]) 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



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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 promptly repaid by the Merchant or Richter 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 (the "**Guaranteed Amount**"). The Guaranteed Amount will be calculated based upon the aggregate Cost Value of the Merchandise as determined by (i) the aggregate Cost Value of the Merchandise subject to Gross Rings (as calculated below); and (ii) any other adjustments to Cost Value as expressly contemplated by this Agreement. 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 6 hereof.
- (c) Merchandise received at the Closing Stores after the 10<sup>th</sup> day following the Sale Commencement Date, but prior to the Receipt Deadline shall be included in the Sale as Merchandise and valued independently at the Cost Value and Retail Price of each good multiplied by the inverse of the prevailing Sale discount for each such good at the time of receipt at the Closing Store. For greater clarity, by way of example, if Merchandise is received on the fifteenth (15<sup>th</sup>) 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 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 sold within the Sale (the "**Agent's Fee**") (collectively, the "**Sharing Threshold**"), then all 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 any Merchant's Sharing Recovery Amount from the Proceeds, Agent shall pay the Merchant's Sharing Recovery Amount in accordance with Section 4.3(d) hereof.
- (e) Agent shall also be entitled to receive a commission on the FF&E Proceeds, if any, as provided for in Section 15 hereof.
- (f) Agent shall pay to Merchant the Guaranteed Amount, the Merchant's Sharing Recovery Amount, if any, the Net FF&E Proceeds in the manner and at the times specified in Section 4.3 below.
- (g) Subject to Section 4.3(e) below, if and to the extent that Agent or Merchant overfunds any amounts due to the other hereunder, then Merchant or Agent, as applicable, agrees to promptly reimburse (by no later than the next weekly

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reconciliation contemplated by Section 4.6) 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 4.3 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 than [REDACTED] dollars [REDACTED] (the "**Merchandise Threshold**") and is not more than [REDACTED] dollars (\$ [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 Guarantee Percentage shall be adjusted, on a *pro rata* basis, in accordance with **Exhibit 4.1(i)** hereto, as and where applicable.
- (j) The Guaranty Percentage has also been established based upon the assumption that the aggregate Cost Value-to-Retail Price relationship of the Merchandise (aggregate Cost Value divided by aggregate 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 4.1(j)** attached hereto. For the purposes of this Agreement, "**Retail Price**" means the lower of (i) lowest ticketed, marked, shelf, hang-tag, stickered, hard-marked, multi-unit purchase discount, or "buy one get one" type price, (ii) current retail or aged price as reflected in the Cost Files, or (iii) other file price reflected in Merchant's books and records for such item of Merchandise; provided, however, that the Retail Price shall not be adjusted for Excluded Price Adjustments. For purposes of calculating Retail Price, if an item of Merchandise of the same SKU has more than one ticketed price, marked price, shelf price, hang-tag price, stickered price, or other hard-marked price, or if multiple items of the same SKU have different ticketed prices, marked prices, shelf prices, hang-tag prices, stickered prices, or other hard-marked price, the lowest ticketed, marked, shelf, hang-tag, stickered, or other hard-marked price 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, shelf, hang-tag, stickered,

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hard-marked, multi-unit purchase discounts, “buy one get one” type discounts or PLU price for such item on a per Store basis. No adjustment to Retail Price shall be made with respect to different ticketed price, marked price, shelf, hang-tag, stickered, hard-marked, multi-unit purchase discounts, “buy one get one” type discounts or PLU prices for items located in different Closing 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 4.1(i)** and **Exhibit 4.1(j)** shall be independent and cumulative.
- (l) On the Sale Commencement Date, or as soon as practically possible, 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.

4.2 **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.

4.3 **Time of Payments.**

- (a) **Payment of Guaranteed Amount.** On or before the next Business Day following the date the Approval Order is issued by the Court (the **“Payment Date”**), Agent shall pay to an account designated by Merchant and approved by Richter an amount equal to [REDACTED] percent [REDACTED] of the estimated Guaranteed Amount (the **“Initial Guaranty Payment”**) calculated based upon the estimated Cost Value of the Merchandise in the Closing Stores and the Distribution Centres on the Sale Commencement Date (based upon Merchant’s books and records maintained in the ordinary course as of the date immediately preceding the Payment Date), 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 approved by Richter. From the funds paid on account of the Initial Guaranty Payment, an amount equal to [REDACTED] percent [REDACTED] of the estimated Guaranteed Amount (the **“Escrow Amount”**) shall be held by Richter, in escrow, in a separate trust account, pending completion of the Final Reconciliation provided for in Section 4.6(b) below, which Escrow Amount shall be released in accordance with the

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agreed Final Reconciliation or, in the absence of agreement between the Agent and Richter, upon further Order of the Court made on notice to Richter and the Agent.

- (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 and approved by Richter upon completion of the Final Reconciliation provided for in Section 4.6(b) below. Notwithstanding the foregoing, if and when ██████ percent (████) of the estimated Cost Value of the Merchandise has been rung through using Gross Rings (the “**Funding Threshold**”), Agent will then, beginning with the next subsequent weekly reconciliation under Section 4.6(a), remit to Merchant an amount equal to ██████ percent ██████ of the Cost Value of Merchandise sold during in that week in excess of the Funding Threshold. 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, following approval by Richter, all amounts on account of the Merchant’s Sharing Recovery Amount, if any, as part of the Final Reconciliation pursuant to Section 4.6(b), and the Agent shall pay to Merchant, following approval by Richter, 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 4.6(a).
- (d) Payments to Agent. Subject to payment of the Guaranteed Amount, Expenses, 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 Agent funds or pays all or any portion of the Merchant’s obligations under this Agreement, and such funding or payment cannot be recovered by the Agent under Section 4.3(g) as an offset or otherwise, and as a result of such funding or payment, the Merchant received more value than the Merchant would have otherwise received under this Agreement had Agent not funded or paid such obligations, Merchant, subject to the approval of

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Richter, (or Richter, if applicable) shall pay all such funded or paid amounts to Agent within five (5) Business Days of Agent's request. If and to the extent Agent over-funds any amounts in respect of the Guaranteed Amount hereunder, and such over-funding cannot be recovered by the Agent from Merchant under Section 4.3(g) as an offset or otherwise, then Merchant, subject to the approval of Richter, (and Richter, if applicable) agree to reimburse any undisputed portion of such overfunded amount in respect of the Guaranteed Amount to Agent within five (5) Business Days of written demand thereof by Agent. In the event Agent and Merchant cannot agree within five (5) Business Days of Agent's request as to the amount to be reimbursed or the party from whom such reimbursement is required to be made, Agent shall be entitled to file a motion with the Court seeking payment of the undisputed portion of the reimbursable amount hereunder, and Merchant (or Richter if applicable) agree that they shall be bound by the final determination of the Court as to such matter.

- (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, subject to approval by Richter, no later than 2:00 p.m. (Eastern Time) on the date that such payment is due; 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. (Eastern Time) 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.
- (g) Set-Off. Merchant agrees that if at any time during the Sale Term, Agent holds any amounts due to Merchant hereunder, notwithstanding the provisions of any Order of the Court, 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.

4.4 [Reserved].

4.5 Gross Rings. For the period from the Sale Commencement Date until the Vacate 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 ("Gross Rings") and (b) cash reports of sales at the Closing Stores. Register receipts shall show for each item sold the actual Cost Value and Retail Price for such item and the markdown or discount, if any, specifically granted by Agent in connection with such Sale. Agent shall pay that portion of the Guaranteed Amount calculated on the Gross Rings basis, to account for shrinkage, on the basis of ██████% of the aggregate Cost Value of the Merchandise sold during the Gross Rings Period. All such records and reports shall be made available to Merchant and Agent and Richter during regular business hours upon reasonable

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notice. Any Merchandise included in the Sale using the Gross Rings shall be included in Merchandise.

**4.6 Reconciliation.**

- (a) Weekly Reconciliation. On each Thursday during the Sale Term, commencing on the second Thursday after the Sale Commencement Date, Merchant, Agent, and Richter 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, Agent, and Richter.
- (b) Final Reconciliation. Within thirty (30) days after the Sale Termination Date, Merchant and Agent shall jointly prepare a final reconciliation of the Sale for review and approval by Richter, 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 and Richter's review and approval of the Final Reconciliation, Agent shall pay to Merchant, or Merchant or Richter shall pay to Agent, as the case may be, any and all undisputed amounts due to the other pursuant to the Final Reconciliation. Merchant, Richter 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 4.6(c) below. During the Sale Term, and until all of Merchant's, Richter's and Agent's obligations under this Agreement have been indefeasibly satisfied in full, Merchant, Agent, and Richter 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 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, Agent, or Richter) submitted to the Court for resolution.

**4.7 Control of Proceeds.** All Proceeds shall be controlled by Agent in the manner provided for below.

- (a) Agent may (but shall not be required to) establish its own accounts (including without limitation credit card accounts and systems), dedicated solely for the deposit of the Proceeds and the disbursement of amounts payable to Agent hereunder (the "**Agency Accounts**"), and Merchant shall promptly, upon Agent's reasonable request, execute and deliver all necessary documents to open and maintain the Agency Accounts; provided, however, Agent shall have the right, in its sole and absolute discretion, to continue to use Merchant's Designated Deposit

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Accounts (as defined below) as the Agency Accounts in which case Merchant's Designated Deposit Accounts shall be deemed to be Agency Accounts. Subject to Agent's compliance with all representations, warranties and covenants herein, Agent shall exercise sole signatory authority and control with respect to the Agency Accounts. The Agency Accounts shall be dedicated solely to the deposit of Proceeds and other amounts contemplated by this Agreement and the distribution of amounts payable hereunder; provided that, in the event (a) Agent elects to continue to use Merchant's Designated Deposit Accounts (defined below) as the Agency Accounts, and (b) such accounts have amounts deposited therein by Merchant that do not constitute proceeds and/or other amounts contemplated by this Agreement, then Merchant and Agent shall cooperate with each other to establish and implement appropriate steps and procedures to accomplish a daily reconciliation, and remittance to Merchant and Agent, as their interests may appear, of any Proceeds (including credit card Proceeds), and other amounts contemplated by this Agreement. Upon request, Agent shall deliver to Merchant and/or Richter copies of all bank statements and other information relating to such accounts. Neither the Merchant nor Richter shall be responsible for, and Agent shall pay as an Expense hereunder, all bank fees and charges, including wire transfer charges, related to the Sale and the Agency Accounts, whether received during or after the Sale Term. Upon Agent's notice to Merchant and Richter of Agent's designation of the Agency Accounts (other than Merchant's Designated Deposit Accounts), all Proceeds of the Sale (including credit card Proceeds) shall be deposited into the Agency Accounts, subject to the review and approval by Richter. For clarity, Richter shall not be responsible for any Expense, fees, or costs hereunder and all Expense, fees, and costs hereunder shall be born by Merchant and Agent, as applicable.

- (b) Agent shall have the right to use Merchant's credit card facilities, including Merchant's credit card terminals and processor(s), credit card processor coding, Merchant's identification number(s) and existing bank accounts for credit card transactions relating solely to the Sale. In the event that Agent elects to use Merchant's credit card facilities, Merchant shall process credit card transactions on behalf of Agent and for Agent's account, applying customary practices and procedures. Without limiting the foregoing, Merchant shall cooperate with Agent to download data from all credit card terminals each day during the Sale Term 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). At Agent's request, Merchant shall cooperate with Agent to establish Merchant's identification numbers under Agent's name to enable Agent to process all such credit card Proceeds for Agent's account. Neither Merchant nor Richter shall 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. Agent shall not be responsible for, as an Expense or otherwise, any credit card fees, charges, or chargebacks that do not relate to the Sale, whether received prior to, during or after the Sale Term.

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- (c) Unless and until Agent establishes its own Agency Accounts (other than Merchant's Designated Deposit Accounts), all Proceeds and other amounts contemplated by this Agreement (including credit card Proceeds), shall be collected by Merchant and deposited on a daily basis into depository accounts designated by, and owned and in the name of, Merchant for the Closing Stores, which accounts shall be designated solely for the deposit of Proceeds and other amounts contemplated by this Agreement (including credit card Proceeds), and the disbursement of amounts payable to or by Agent hereunder (the "**Designated Deposit Accounts**"). Merchant hereby grants to Agent a first priority Charge solely upon such amounts that constitute Proceeds (or other amounts contemplated hereunder) deposited in each Designated Deposit Account from and after the Sale Commencement Date. If, notwithstanding the provisions of this section, Merchant or Richter receives or otherwise has dominion over or control of any Proceeds or other amounts due to Agent, Merchant or Richter shall be deemed to hold such Proceeds and other amounts due to Agent "in trust" for Agent and shall not commingle Proceeds or other amounts due to Agent with any of Merchant's other funds or deposit such Proceeds or other amounts in any account except a Designated Deposit Account or as otherwise instructed by Agent.
- (d) On each business day, Merchant shall promptly pay to Agent by wire funds transfer all funds in the Designated Deposit Accounts (including, without limitation, Proceeds, Proceeds from credit card sales, and all other amounts) deposited into the Designated Deposit Accounts for the prior day(s) without any offset or netting of Expenses or other amounts that may be due to Merchant. Agent shall have ten (10) calendar days after the date of each such payment by Merchant to notify Merchant and Richter of any shortfall in such payment, in which case, Merchant or Richter shall promptly pay to Agent funds in the amount of such shortfall.
- (e) From Gross Sale Proceeds, Merchant shall establish a holdback in an amount equal to the Sales Taxes applicable to such Gross Sale Proceeds (the "**Sales Tax Holdback**") and shall deposit such holdback into a segregated account designated by Merchant and Agent solely for the purpose thereof (the "**Sales Tax Account**"). Sales Taxes are to be remitted from the Sales Tax Holdback in the Sales Tax Account by Merchant pursuant to Section 9.3 hereof, as part of the weekly reconciliation conducted by the Parties pursuant to Section 4.6(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 the Agent from the Sales Tax Holdback.

**Section 5. Payment of Expenses**

5.1 Expenses. Agent shall be unconditionally responsible for the payment of all Expenses out of Proceeds (or from Agent's own accounts if and to the extent there are insufficient Proceeds) incurred in conducting the Sale during the Sale Term and such Expenses shall not reduce the Guaranteed Amount. As used herein, "**Expenses**" shall mean all Closing Store level operating



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expenses of the Sale that arise or are incurred during the Sale Term (and in the case of the Expenses set forth in Sections 5.1(f), 5.1(q), 5.1(r), and 5.1(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 5.1(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, per category, and *per diem* basis through the Vacate Date (as defined in Section 6.2 hereof) in an amount up to the respective per diem totals by Closing Store set forth on **Exhibit 5.1(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 [REDACTED] percent [REDACTED] 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 [REDACTED] percent [REDACTED] of the Base Payroll for each Retained Employee in the Closing Stores; as provided in Section 10.4 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), third party payroll costs, and reasonable and customary deferred compensation;
- (f) all costs of signage and banners (interior and exterior) and in-store signs which are produced for the Sale, in compliance with the Sale Guidelines;
- (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);

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- (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) [Reserved];
- (p) Third Party payroll processing fees;
- (q) Agent's actual cost of capital, including Letter of Credit fees;
- (r) Agent's reasonable out-of-pocket costs and expenses including but not limited to, reasonable legal fees and expenses incurred in connection with the review of data, preparation, negotiation and execution of this Agreement and any ancillary documents, and in connection with the Sale in an amount not to exceed \$ [REDACTED] unless otherwise agreed to by the Merchant and approved by Richter;
- (s) pursuant to Section 10.1 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 13.3 hereof;
- (u) the actual cost and expenses of providing such additional services which Agent deems appropriate for the Sale; and
- (v) Central Services Expenses in an amount equal to \$ [REDACTED] per week for each week during the Sale, which amount shall be paid weekly to Merchant.

For those Expenses set out in 5.1(e), 5.1(f) and 5.1(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

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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 5.1(a) hereof; (iii) Central Services Expenses (except as provided in Section 5.1); (iv) any expenses associated with any of the Distribution Centres; (v) any fees or expenses owed to or incurred by Richter; or (v) 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 5.1 is also included on **Exhibit 5.1(a)**, then **Exhibit 5.1(a)** shall control and such Expense shall not be double counted.

## 5.2 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 for the Sale including, but not limited to (a) Merchant’s POS and inventory control systems, including inventory handling, data processing and reporting, and store level information; (b) payroll system and processing and human resources; (c) accounting systems, MIS services, asset protection services, operations, cash and inventory reconciliations; (d) Merchant’s social media and Merchant’s website, including updates and maintenance and email preparation and distribution (e) allocation systems for Merchandise.

“**Excluded Benefits**” means vacation days or vacation pay, 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 5.1(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 5.1(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.

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All Expenses incurred during each week (i.e., Sunday through Saturday) of the Sale Term shall be paid by Agent to or on behalf of Merchant, or paid by Merchant or Richter and thereafter reimbursed by Agent as provided for herein, as set out in Section 5.1, immediately following the weekly reconciliation by Merchant and Agent pursuant to Section 4.6(a) above, based upon invoices and other documentation satisfactory to Agent, acting reasonably; provided, however, Agent shall be obligated to pre-fund Occupancy Expenses for the month of February 2017 and payroll-related expenses consistent with Merchant's customary payroll funding practices and timing. Merchant shall reimburse Agent in accordance with Section 4.1(g) 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.

5.3 Security. In order to secure Agent's obligations under this Agreement to pay the balance of the Guaranteed Amount, within one business day following 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 and Richter as beneficiary in the aggregate original face amount equal to the sum of [REDACTED] percent [REDACTED] of the estimated Guaranteed Amount (the "Letter of Credit"). As and when the Agent pays the balance of the Guaranteed Amount pursuant to Section 4.3(b), the Letter of Credit shall be reduced, from time to time, to an amount that the parties mutually agree upon, but in any event, not less than an estimate of three 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 6. Merchandise****6.1 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 new, finished, first-quality goods inventory that is owned by Merchant and located at the Closing Stores as of the Sale Commencement Date; (ii) Defective Merchandise, (iii) all Distribution Centre Merchandise and In-Transit Merchandise received at the Closing Stores no later than the tenth (10th) day after the Sale Commencement Date, provided that if such goods are received at the Closing Stores after such 10 day period, but on or before the thirtieth (30th) day after the Sale Commencement Date (the "Receipt Deadline"), such goods shall be included in the Sale as Merchandise subject to the adjustment in Section 4.1(c); and (iv) Pre-Sale Returned Merchandise which is saleable as first quality merchandise and received

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during the Sale Term pursuant to Section 9.5 hereof. Notwithstanding the foregoing, Merchandise shall not include: (1) goods held by Merchant on memo, on consignment, or as bailee, unless otherwise agreed to by Merchant and Agent or which belong to sublessees, licensees, department lessees, or concessionaires of Merchant; (2) Pre-Sale Returned Merchandise which is not saleable as first quality merchandise and would otherwise have been Excluded Defective Merchandise, whether returned during or after the Sale Term; (3) Excluded Defective Merchandise; and (4) any Distribution Centre Merchandise and In-Transit Merchandise received after the Receipt Deadline (collectively, the “**Excluded Merchandise**”). As used in this Agreement the following terms have the respective meanings set forth below:

- (i) “**Defective Merchandise**” means any item which is not finished, first quality inventory that is saleable in the ordinary course. Examples of Defective Merchandise include but are limited to goods that are used, damaged, defective, scratched, dented, on display, out of box, out of season, related to a holiday outside of the Sale Term, 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; (ii) items that are missing a component, mismatched, parts, typically sold as a set which are incomplete, mis-sized pairs, or gift with purchase items not ordinarily sold separately; (iii) goods with an expiration, sell by, or similar date that is prior to or during the Sale Term, including out-of-date newspapers, periodicals, or magazines; and (iv) those items of Defective Merchandise for which Merchant and Agent cannot agree upon a Cost Value.
- (iii) “**Distribution Centre Merchandise**” means any item of Merchandise located at Merchant’s Distribution Centres and reflected in the Cost Files.
- (iv) “**In-Transit Merchandise**” means items of inventory that were ordered by Merchant in the ordinary course of business as identified on **Exhibit 6.1(a)(iv)** to be provided prior to the Sale Commencement Date, which inventory was in-transit to the Closing Stores or Distribution Centres as of the Sale Commencement Date.

## 6.2 Valuation.

- (a) For purposes of this Agreement, “**Cost Value**” shall mean with respect to each item of Merchandise, the lower of the lowest of (i) the actual cost; (ii) the cost as reflected in the column named “Std Cost” in the merchandise file named “Inventory by SKU – December 2016 REVISED.mdb” and any other due diligence files or subsequent update (the “**Cost Files**”) or (iii) the Retail Price;

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provided, however, that the Cost Value of Defective Merchandise shall be dealt with in accordance with Section 6.2(d) below. If there is a discrepancy between the merchandise file named "Inventory by SKU – December 2016 REVISED.mdb" and any subsequent file in the Cost Files, the lowest actual SKU level cost for such item of Merchandise as reflected in the Cost Files shall apply.

- (b) Merchant represents, and Agent acknowledges, that the Cost Files do not account for any Excluded Pricing Adjustments, and no such adjustments shall be taken into account in 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) adjustments for damaged, defective or "as-is" items; and (iv) ticketing or marking errors; or customer specific, temporary, or employee non-product specific discounts or pricing accommodations.
- (d) For purposes of determining the Cost Value of Defective Merchandise, such Cost Value shall be mutually agreed to by Agent and Merchant. If Agent and Merchant are unable to mutually agree on the Cost Value of any one or more items of Defective Merchandise, such items shall be Excluded Defective Merchandise.

6.3 **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, and provided Merchant and Agent have mutually agreed on price and means to sell such items, 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 [REDACTED] percent [REDACTED] of applicable Sales Taxes) for all sales of Merchant Consignment Goods, and Merchant shall receive [REDACTED] percent [REDACTED] of the sale price, plus [REDACTED] percent [REDACTED] 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 4.6(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 6.3, 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.

**Strictly Confidential****Section 7. Sale Term**

7.1 Term. The Sale shall commence at the Closing Stores on the first day following issuance of the Approval Order, but in no event later than February 4, 2017 absent Agent's express written consent (the "**Sale Commencement Date**"). Agent shall complete the Sale and vacate each Closing Store's premises in favour of Merchant or its representative or assignee on or before April 30, 2017 (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**." Agent may on at least seven (7) days' notice to Merchant earlier terminate the Sale at any Closing Store in its sole discretion. If Agent intends to vacate a Closing Store prior to the Sale Termination Date, Agent shall provide Merchant with not less than seven (7) days' advance written notice thereof (as to each such Closing Store, as applicable, the "**Vacate Date**") For greater certainty, the Vacate Date shall not be later than the Sale Termination Date and it being understood that the Agent's obligations to pay all Expenses, including Occupancy Expenses and all accrued and unpaid Expenses that become due and payable after the Sale Term, for each Store subject to a Vacate Notice shall continue until the applicable Vacate Date for such Store; provided, however, that, with respect to Occupancy Expenses, the Agent's obligations to pay all Occupancy Expenses for each Store shall continue until the 15<sup>th</sup> of a calendar month if the Vacate Notice applicable to each such Store is provided on or before the 8<sup>th</sup> day of such calendar month.

7.2 Vacating the Closing Stores. Subject to the terms of Section 7.1 hereof, 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) 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 7 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 8. Sale Proceeds**

8.1 Proceeds. For purposes of this Agreement, "**Proceeds**" shall mean the total amount (in dollars) of (i) all sales of Merchandise excluding Sales Taxes on such sales; (ii) 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; and (iii) all proceeds from the disposition of Remaining Merchandise. "**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.

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8.2 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 9. Conduct of the Sale**

9.1 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 sale guidelines annexed hereto as **Exhibit 9.1**, as the same may be modified and approved by the Court, subject to Agent's approval, acting reasonably ("**Sale 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, 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 4.3 hereof and any requisite consents, to use without charge during the Sale Term (except where otherwise designated as an Expense pursuant to Section 5.1 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, 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



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supplies located at the Closing Stores, intangible assets (including Merchant's names, logos, trademarks and tax identification numbers), 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 4.3 hereof, to use without charge (except as otherwise provided in Section 5.1 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 5.1 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 Sale 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) to transfer as an Expense, Merchandise between and among the Closing Stores.

9.2 Terms of Sales to Customers. Subject to Agent's compliance with the Approval Order and Sale Guidelines, all sales of Merchandise, and Owned FF&E 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 or Owned FF&E 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.

9.3 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 Merchant's Designated Deposit Accounts for further deposit into the Sales Tax Account. Provided that Agent has collected all Sales Taxes during the Sale and remitted the

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proceeds thereof to Merchant, Agent shall have no further obligation to Merchant, Richter, HUK10, any other lender, any taxing authority, or any other party. 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 9.3, 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 9.3, and provided Merchant complies with its obligations in accordance with this Section 9.3, 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. Without limiting the generality of this Section 9.3(a), it is hereby agreed that, as Agent is conducting the Sale solely as agent for the Merchant, various payments that this Agreement contemplates that one party may make to the other party (including the payment by Agent of the Guaranteed Amount) do not represent the sale of tangible personal property and, accordingly, are not subject to Sales Taxes.

9.4 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.

9.5 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: (i) in accordance with Merchant's return/exchange policy in effect at the time of such purchase; and (ii) only for the first twenty-one (21) days after the Sale Commencement Date (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 4.1(c). 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 4.1(c)) included in Merchandise as provided for in this Section 9.5. Agent shall reimburse

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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.

9.6 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 for the first thirty (30) days after the Sale Commencement Date. 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.

9.7 Force Majeure. If any casualty, act of war or 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 five (5) 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 8.1 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.

9.8 Merchant’s Right to Monitor. In addition to Merchant’s right to review Agent’s books and records relating to the Sale under Section 4.6(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.

9.9 Richter’s Right to Monitor. In addition to Richter’s right to review Agent’s books and records relating to the Sale under Section 4.6(b), Richter shall have the right but not the obligation 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 Richter’s presence does not unreasonably disrupt the conduct of the Sale. Richter 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

**Strictly Confidential****Section 10. Employee Matters**

10.1 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 10.1 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.

10.2 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).

**Strictly Confidential**

10.3 Payroll Matters. During the Sale Term, Merchant shall process and pay any amounts such as 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 that may be reimbursed by Agent as per Section 5.1 hereof (except for employees and independent contractors hired by Agent) in accordance with its usual and customary procedures.

10.4 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 11. Conditions Precedent**

The willingness of Merchant and Agent to enter into the transactions contemplated under this Agreement and Richter to acknowledge and agree to the terms of this Agreement is directly conditional 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 Appointment Order and the Approval Order, in a form and substance acceptable to Merchant, Agent, and Richter all acting reasonably, and the Appointment Order and 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 12. Representations, Warranties, Covenants and Acknowledgements**

12.1 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

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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; and (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.
- (c) Merchant has maintained its pricing files (including the Cost Files) 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 Files 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.
- (d) From execution of this Agreement until the Sale Commencement Date, Merchant has and shall continue to ticket or mark all items of inventory received at the Closing Stores prior to the Sale Commencement Date in a manner consistent with Merchant's ordinary course past practice and policies relative to pricing and marking inventory. Merchant shall be responsible for ticketing Merchandise to be transferred to the Closing Stores during the Sale Term. Merchant shall not remove from merchandise any sale stickers or other markings indicating items are on sale prior to the Sale Commencement Date, and have not raised, and will not raise, prices of any Merchandise in contemplation of the Sale. From January 1, 2017 to the Sale Commencement Date, the Merchant has not and will not take additional permanent markdowns.

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- (e) 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, and will provide the services that constitute the Central Services Expenses for the duration of the Sale Term.
- (f) Subject to the provisions of the Appointment 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 FF&E 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.
- (g) 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.
- (h) 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.
- (i) Except as otherwise provided for in the Appointment Order, the Merchant agrees to operate its business at the Closing Stores in all respects from the date of this Agreement to the Sale Commencement Date in the ordinary course.
- (j) 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.
- (k) Since January 1, 2017, Merchant has operated, and, absent a *bona fide* dispute, through the Sale Commencement Date, Merchant covenants to continue to operate, the Closing Stores in all material respects in the ordinary course of business including without limitation by: (i) selling inventory during such period at customary prices consistent with the ordinary course of business; (ii) not promoting or advertising any sales or in-store promotions (including POS promotions) to the public outside of the Merchant's ordinary course of business; (iii) except as may occur in the ordinary course of business, not returning inventory to vendors and not transferring inventory or supplies out of or to the Closing Stores; (iv) except as may occur in the ordinary course of business, not

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making any management personnel moves or changes at the Closing Stores. Prior to the Sale Commencement Date, Merchant shall not offer any promotions or discounts at any of the Closing Stores, or at Merchant's retail locations (other than the Closing Stores) to the extent there are any such other locations, except as detailed on **Exhibit 12.1(k)**.

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

- (a) Each of the entities comprising the contractual joint venture that is the Agent hereunder is (i) a unlimited liability company, duly and validly existing and in good standing under the laws of the province 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 Sale Guidelines and the Approval Order.



**Strictly Confidential****Section 13. Insurance**

13.1 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, commercial general liability, 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).

13.2 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.

13.3 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, as an Expense, 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.

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13.4 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.

13.5 Risk of Loss. Without limiting any other provision of this Agreement, each of Richter and 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. Richter, 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 related to the Sale 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 14. Indemnification**

14.1 Merchant Indemnification to Agent. 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, asserted directly or indirectly against an Agent Indemnified Party resulting from, or related to:

- (a) subject to Agent's performance and compliance with its obligations pursuant to Section 5.1(b), 5.1(c) and Section 10 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;
- (b) subject to Agent's compliance with its obligations under Section 9.3 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;
- (c) the gross negligence (including omissions) or willful misconduct of Merchant or any of its officers, directors, employees, agents (other than Agent) or representatives;

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14.2 Merchant Indemnification to Richter. Merchant shall indemnify and hold Richter and its officers, directors, employees, agents and independent contractors (collectively, “**Richter 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 an Richter Indemnified Party resulting from, or related to:

- (a) 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 Richter by Merchant’s employees resulting from Merchant’s (and not Richter’s) treatment of its employees;
- (b) 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;
- (c) the gross negligence (including omissions) or willful misconduct of Merchant or any of its officers, directors, employees, agents (other than Richter) or representatives;

14.3 Agent Indemnification to Merchant. Agent shall indemnify and hold Merchant and its officers, directors, employees, agents and representatives (“**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 9.3; and
- (e) the gross negligence (including omissions) or willful misconduct of Agent or any of its officers, directors, employees, agents or representatives.

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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 9.3 hereof.

14.4 [Reserved]

**Section 15. Fixtures**

- (a) With respect to Owned FF&E, subject to the provisions of the Approval Order, Agent shall have the exclusive right to dispose of all of the Owned FF&E. Agent shall be entitled to receive (i) a commission equal to [REDACTED] percent [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 5.1 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 and any FF&E. The removal of any sold Owned FF&E shall be done in a manner consistent with the Sale Guidelines.
- (b) All gross proceeds from the disposition of the Owned FF&E (collectively, the “**Gross FF&E Proceeds**”), shall be deposited in accordance with Section 4.7 above. From the Gross Sale Proceeds, 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 4.7(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 4.3(c) hereof, as part of the weekly reconciliation conducted by the Parties pursuant to Section 4.6(a) of this Agreement.
- (c) If Merchant elects to have Agent sell the Owned FF&E on a guaranteed basis, Merchant and Agent shall use good faith efforts to mutually agree upon the guaranteed amount (the “**Additional Guaranteed Amount**”) on account of the sale of the Owned FF&E, which Additional Guaranteed Amount shall be paid by Agent on the Payment Date or within two (2) business days after mutual agreement with respect to such Additional Guaranteed Amount. In consideration for the payment of the Additional Guaranteed Amount, Agent shall be authorized to sell the Owned FF&E and retain all Gross FF&E Proceeds (net only of Sales Taxes) from the sale of all Owned FF&E for Agent’s sole and exclusive benefit. Agent shall have the right to abandon any unsold Owned FF&E or FF&E, as provided herein.

**Section 16. Events of Default**

The following shall constitute “**Events of Default**” hereunder:

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- (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 9.7, 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 the 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 17. Miscellaneous**

17.1 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:

Gordon Brothers Canada ULC  
c/o Gordon Brothers Group, LLC  
800 Boylston Street  
27th Floor  
Boston, MA 02199  
Attention: Mackenzie Shea, Associate General Counsel  
Email: [mshea@gordonbrothers.com](mailto:mshea@gordonbrothers.com)

and

Merchant Retail Solutions ULC  
c/o Hilco Merchant Resources, LLC  
5 Revere Drive  
Suite 206  
Northbrook, IL 60062  
Attention: Ian Fredericks  
Email: [ifredericks@hilcoglobal.com](mailto:ifredericks@hilcoglobal.com)

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

Agent's Canadian counsel      Fasken Martineau DuMoulin LLP  
Bay Adelaide Centre  
333 Bay Street, Suite 2400  
Toronto, ON M5H 2T6  
Attn.: Stuart Brotman/Natasha De Cicco  
Email: [sbrotman@fasken.com/ndecicco@fasken.com](mailto:sbrotman@fasken.com/ndecicco@fasken.com)

If to Receiver:                      Richter Advisory Group Inc.  
181 Bay Street,  
33rd Floor  
Toronto, ON M5J 2T3  
Attn.: Pritesh Patel  
  
Tel: 416-642-9421  
Fax: 416-488-3765  
Email: [ppatel@richter.ca](mailto:ppatel@richter.ca)

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

Gowling WLG  
1 First Canadian Place  
100 King Street West  
Suite 1600  
Toronto, ON M5X 1G5  
Attn.: David F.W. Cohen & Frank Lamie  
  
Tel: 416-369-6667 / 416-862-3609  
Email: [david.cohen@gowlingwlg.com](mailto:david.cohen@gowlingwlg.com) /  
[frank.lamie@gowlingwlg.com](mailto:frank.lamie@gowlingwlg.com)

If to Merchant:                      HMV Canada Inc.  
5401 Eglinton Avenue West,  
Suite 110  
Etobicoke, ON M9C 5K6  
Attn.: Nick Williams  
  
Email: [nwilliams@hmv.ca](mailto:nwilliams@hmv.ca)

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

Aird & Berlis LLP  
Brookfield Place  
181 Bay Street, Suite 1800  
Toronto, ON M5J 2T9  
Attn.: Steven Graff

Email: [sgraff@airdberlis.com](mailto:sgraff@airdberlis.com)

17.2 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.

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

17.4 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.

17.5 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.

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

17.7 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 agreements between the Merchant and the Agent, 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

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the pricing information redacted and without **Exhibit 5.1(a)** to this Agreement and will seek an order sealing an unredacted copy of this Agreement, including such Exhibits.

17.8 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.

17.9 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.

17.10 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.

17.11 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.

17.12 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.*

17.13 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.

17.14 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.

**AGENT**

**GORDON BROTHERS CANADA ULC**

By: \_\_\_\_\_  
Name:  
Title:

**MERCHANT RETAIL SOLUTIONS ULC**

By: \_\_\_\_\_  
Name:  
Title:

**MERCHANT**

**HMV CANADA INC.**

By: \_\_\_\_\_  
Name:  
Title:

ACKNOWLEDGED AND AGREED by the undersigned with effect as of the date first referred to above.

**RICHTER ADVISORY GROUP INC.**, solely in its capacity as Court-appointed receiver of the assets, undertakings and properties of HMV Canada Inc., provided so appointed by the Court, and not in its corporate or personal capacity

By: \_\_\_\_\_  
Name:  
Title:

**Strictly Confidential****Exhibits**

1A	Closing Stores
1b	Distribution Centres
3.1	Approval Order
4.1(i)	Merchandise Threshold
4.1(j)	Cost Factor
5.1(a)	Occupancy Expenses
6.1(a)(iv)	In-Transit Merchandise*
9.1	Sale Guidelines
12.1(k)	Promotional Activity

\*to be provided prior to Sale Commencement Date

**TAB 2D**

Court File No. CV-1711674

**HMV CANADA INC.**

**REPORT OF THE PROPOSED RECEIVER**

**JANUARY 26, 2017**

Court File No. CV-1711674

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

BETWEEN:

**HUK 10 LIMITED**

Applicant

- and -

**HMV CANADA INC.**

Respondents

**APPLICATION UNDER section 243 of the *Bankruptcy and Insolvency Act*,  
R.S.C. 1985, c. B-3, as amended, and under section 101 of the  
*Courts of Justice Act*, R.S.O. 1990, c. C.43**

**REPORT OF RICHTER ADVISORY GROUP INC.  
IN ITS CAPACITY AS PROPOSED RECEIVER OF  
HMV CANADA INC.**

**JANUARY 26, 2017**

## TABLE OF CONTENTS

I. INTRODUCTION.....	4
II. PURPOSE OF REPORT.....	4
III. QUALIFICATIONS .....	5
IV. BACKGROUND.....	5
COMPANY OVERVIEW.....	5
CORPORATE STRUCTURE .....	6
COMPANY’S FORBEARANCE AGREEMENT .....	8
MAJOR SUPPLIER NEGOTIATION PROCESS.....	8
V. FINANCIAL POSITION .....	9
HISTORICAL OPERATING RESULTS .....	9
ABILITY TO CONTINUE AS A GOING CONCERN .....	11
VI. CREDITORS .....	11
BANK OF MONTREAL .....	11
HUK10.....	12
OTHER PPSA REGISTRANTS .....	13
POTENTIAL PRIORITY CLAIMS .....	13
UNSECURED TRADE CREDITORS .....	14
VII. THE LIQUIDATION AGENCY AGREEMENT .....	15
PRE-FILING SOLICITATION PROCESS .....	15
PROPOSED LIQUIDATION AGENCY AGREEMENT.....	16
VIII. COURT-ORDERED CHARGES.....	20
ADMINISTRATION CHARGE .....	20
DIRECTORS’ & OFFICERS’ CHARGE .....	20
AGENT’S CHARGE .....	20
SUMMARY AND PROPOSED RANKING OF THE COURT ORDERED CHARGES .....	21
IX. RECEIVER’S PROPOSED MANDATE AND POWERS UNDER THE RECEIVERSHIP ORDER .....	21
X. RECOMMENDATION .....	22

### APPENDICES

**APPENDIX “A”** – HMV ORGANIZATION CHART

**APPENDIX “B”** – REDACTED LIQUIDATION AGENCY AGREEMENT DATED JANUARY 26, 2017

### CONFIDENTIAL APPENDICES

**CONFIDENTIAL APPENDIX “1”** – SUMMARY OF OFFERS

**CONFIDENTIAL APPENDIX “2”** – UNREDACTED LIQUIDATION AGENCY AGREEMENT

## I. INTRODUCTION

1. Richter Advisory Group Inc. ("**Richter**") understands that an application will be made before the Ontario Superior Court of Justice (Commercial List) (the "**Court**") by the HUK 10 Limited ("**HUK10**" or the "**Lender**") for an order (the "**Receivership Order**") appointing Richter as receiver, pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), and section 101 of the *Courts of Justice Act* R.S.O. 1990 c. C.43, as amended (in such capacity, the "**Receiver**"), without security, of all the assets, properties and undertakings (the "**Property**") of HMV Canada Inc. ("**HMV**" or the "**Company**") to exercise the powers and duties set out in the Receivership Order.
2. Richter was previously retained by HMV to act as a financial advisor to the Company to assist with establishing contingency plans given its liquidity situation, and to work with the Company's Lender as appropriate.
3. Richter is a licensed trustee within the meaning of section 2 of the BIA and has consented to act as Receiver in these proceedings. We are writing this report in Richter's capacity as Proposed Receiver of HMV (in such capacity, the "**Proposed Receiver**") with a view to assisting the Court and the Company's stakeholders.

## II. PURPOSE OF REPORT

4. The purpose of this report (the "**Report**") is to:
  - a) Provide this Court with:
    - (i) an overview of the Company, including its corporate structure and operations;
    - (ii) an overview of the Company's historical financial performance;
    - (iii) information on the Company's debt structure;
    - (iv) information on the Company's current financial position and liquidity; and
    - (v) the proposed Administration Charge, the Directors' & Officers' Charge and the Agent's Charge (as such terms are defined herein).
  - b) Summarize the key terms of the proposed agreement (the "**Liquidation Agency Agreement**") to be entered into among HMV, the Receiver and a contractual joint venture between Gordon Brothers Canada ULC and Merchant Retail Solutions ULC (together, the "**Agent**"), in which the Agent will liquidate substantially all of the Company's inventory (the "**Merchandise**") and the Company's furniture, fixtures and equipment (the "**FF&E**");
  - c) Summarize the mandate and powers that are being sought for the Receiver under the Receivership Order; and

- d) Recommend that, in the event this Court appoints Richter as Receiver, the Court issue an order (the “Approval Order”):
- (i) Approving the Liquidation Agency Agreement and authorizing and directing the Receiver and the Company to execute such documents and take such additional steps as are necessary to complete the transaction;
  - (ii) Approving the terms of the Administration Charge, the Directors’ & Officers’ Charge and the Agent’s Charge, and proposed priority rankings of such charges; and
  - (iii) Sealing the Confidential Appendices to prevent this information from becoming publicly available pending further order of this Court.

### III. QUALIFICATIONS

5. In preparing this Report, the Proposed Receiver has relied upon unaudited financial information prepared by the Company’s representatives, the Company’s books and records, and discussions with the Company’s representatives, its legal counsel and the Lender (collectively, the “Information”).
6. In accordance with industry practice, except as described in this Report:
- a) Richter has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
  - b) future-oriented financial information relied upon in preparing this Report is based on management’s assumptions regarding future events. Actual results achieved may vary from this information and these variations may be material.
7. Unless otherwise noted, all monetary amounts contained in this Report are expressed in Canadian dollars.

### IV. BACKGROUND

#### COMPANY OVERVIEW

8. With decades of global retailing history, HMV is one of Canada’s leading audio and visual entertainment retailers, specializing in music, DVD, Blu-ray, and other media-related products. Established in 1986, HMV has grown from a small retail music chain to become one of Canada’s market leaders with 102 stores across Canada, as well as an e-commerce site, [www.hmv.ca](http://www.hmv.ca).
9. The Company originated as a subsidiary of the U.K.- based HMV Retail Ltd. HMV launched its Canadian retail operations in 1986 with the opening of its first store in Mississauga, Ontario. For 20 consecutive years after its founding, HMV received the Canadian music industry’s award for music retailer of the year.



10. On or about June 27, 2011, HMV Retail Ltd. sold the Company and the assigned the rights to the “HMV” brand in Canada to U.K.-based Hilco Capital Limited (“**Hilco Capital**”), an affiliate of the Lender. In response to the growing popularity of digital entertainment and streaming services, Hilco Capital assisted the Company in expanding its product mix to include non-media merchandise, and provided other financial and operational advice and support.
11. The Company’s corporate head office is located at leased premises on 5401 Eglinton Ave in Toronto, Ontario (the “**Head Office**”). In addition, the Company also maintains two leased warehouse and distribution centers in Mississauga, Ontario to handle retail store replenishment and e-commerce fulfillment. As previously noted, HMV had 102 retail stores operating from leased premises throughout Canada, the largest of which measures 30,000 square feet, broken down by province as follows:

<b>HMV Canada Inc.</b>	
Store Count by Province	
As at December 31, 2016	
Province	Store Count
Alberta	20
British Columbia	10
Manitoba	4
New Brunswick	3
Newfoundland	1
Nova Scotia	2
Ontario	34
Quebec	24
Saskatchewan	4
<b>Total</b>	<b>102</b>

*Source: Management prepared information*

12. As at January 21, 2017, HMV employed approximately 1,340 individuals across Canada, comprised of 1,242 employees at its retail locations, 18 employees in warehousing and distribution, and 80 in head office, e-commerce and administration functions. HMV’s workforce is not unionized and the Company does not maintain a pension plan.

## **CORPORATE STRUCTURE**

13. HMV was incorporated under the *Business Corporations Act* (Ontario). The Company is also registered extra-provincially to carry on business in Alberta, British Columbia, Saskatchewan, Manitoba, Quebec, New Brunswick, Nova Scotia, Newfoundland and Labrador and Prince Edward Island. HMV’s parent company is U.K.-based Barraud Holdings Limited (“**Barraud**”), an indirect subsidiary of Hilco Capital. The Company’s affiliates in Canada include HMV Digital Holdings ULC (“**HMV Digital**”) and HMV Pure Holdings

ULC (“**HMV Pure**”), both of which are indirect subsidiaries of Barraud, as well as HMV IP Holdings ULC (“**HMV IP**”). The Company’s organizational chart is attached hereto as **Appendix “A”**.

#### ***HMV Digital***

14. In an attempt to stay competitive in the marketplace, HMV launched a subscription-based, streaming digital music service in December 2012, called “The Vault”. The Vault was subsequently replaced with “HMV Digital”, an online music store featuring an extensive digital catalogue of songs to buy individually or as complete albums, either through [www.hmvdigital.ca](http://www.hmvdigital.ca) or the HMV Digital mobile app.
15. HMV Digital is a British Columbia incorporated unlimited liability company with its registered office at 1800 – 355 Burrard Street, Vancouver, British Columbia. Based on information provided by the Company, the Proposed Receiver understands that HMV Digital has no employees and no material assets.

#### ***HMV Pure***

16. HMV Pure is the Company’s customer rewards program, in which members earn points for every dollar spent in store or online, which can be redeemed for in-store discounts, music downloads, and special gift items, as well as opportunities to enter exclusive members-only contests.
17. HMV Pure is a British Columbia incorporated unlimited liability company with its registered office at 1800 – 355 Burrard Street, Vancouver, British Columbia. Based on information provided by the Company, the Proposed Receiver understands that HMV Pure has no employees and no material assets.

#### ***HMV IP***

18. The Proposed Receiver understands HMV IP holds the intellectual property rights to the “HMV” brand in Canada. The Proposed Receiver further understands that the Company pays royalty and licensing fees to HMV IP for use of certain intellectual property pursuant to the terms of a sub-sublicense agreement dated June 26, 2011 (the “**Sub-Sublicense Agreement**”) entered into between HMV IP and the Company. Pursuant to the Sub-Sublicense Agreement, the Company is permitted to manage, operate and carry on its business in Canada using the “HMV” name.
19. The Company has outstanding secured indebtedness owing to HMV IP as a result of the non-payment of royalty and licensing fees to HMV IP since November 2014.
20. As described in greater detail below, HMV has guaranteed the indebtedness, liabilities and obligations of each of HMV IP, HMV Digital and HMV Pure (collectively the “**Related Companies**”) owing to the Lender, in accordance with the terms of a guarantee dated December 28, 2011 (the “**Guarantee**”). As noted above, the Related Companies are not subject to these receivership proceedings as the Related Companies have no material assets.

21. Further background information about HMV, including its causes of financial difficulties and insolvency, is provided in the affidavit of Mr. Christopher Emmott, a Director of HUK10 (the “**Emmott Affidavit**”), included in the receivership application materials filed with the Court by HUK10.

#### **COMPANY’S FORBEARANCE AGREEMENT**

22. The Proposed Receiver understands that the Lender has provided accommodations to the Company in order to sustain operations and meet obligations. A summary of these accommodations are as follows:
- a) The Lender continued to advance additional funds to HMV to fund operating losses over the past two years. Between December 2011 and December 2014, the average loan balance owing by HMV to HUK10 was approximately \$11 million, whereas between December 2014 and December 2016, the average loan balance increased significantly to \$26 million; and
  - b) Deferral of all cash payments on account of the HUK10 Indebtedness (as defined herein), including principal repayments, interest, royalties, licensing and other fees, since November 2014.
23. The Proposed Receiver understands that the Company and the Lender entered into an amendment and consolidation agreement on December 22, 2016 (the “**Consolidation Agreement**”) as a result of certain defaults that occurred under the amended and restated loan agreement dated November 4, 2011 (the “**HUK10 Loan Agreement**”). As referenced in the Emmott Affidavit, and discussed below, the Lender, without waiving the defaults, agreed to forbear from taking any action in connection with the defaults until January 20, 2017 to allow the Company time to facilitate the Major Supplier Negotiations (as defined herein).

#### **MAJOR SUPPLIER NEGOTIATION PROCESS**

24. The Proposed Receiver understands that HMV purchases the majority of its physical media inventory from the major music labels and media studios (the “**Major Suppliers**”). As noted below, the Company owed the Major Suppliers approximately \$56 million in total as at December 31, 2016.
25. During the final weeks of December 2016 and the first few weeks of January 2017, the Proposed Receiver understands that the Company and the Lender engaged in good faith discussions with the Major Suppliers (the “**Major Supplier Negotiations**”) in an effort to renegotiate existing supply arrangements. The intent of these negotiations was to provide HMV with liquidity and gross margin improvement going forward to allow it to continue operations. Unfortunately, the Company was unable to reach an agreement with the Major Suppliers, on mutually acceptable terms, that would allow the Company to address its immediate cash flow needs.

26. As such, HUK10 demanded payment of all obligations owing to it by the Company by way of letter dated January 24, 2017 (the “**Demand Letter**”), and that day HUK10 also issued its Notice of Intention to Enforce Security pursuant to section 244(1) of the BIA to the Company. Concurrently with the delivery of the Demand Letter, HUK10 also issued demand letters to each of HMV IP, HMV Digital and HMV Pure in respect of their respective indebtedness to HUK10, which indebtedness was guaranteed by HMV as previously noted.
27. On January 24, 2017, HMV, as well as each of HMV IP, HMV Digital and HMV Pure, consented by way of letter to the enforcement by the Lender.

## V. FINANCIAL POSITION

### HISTORICAL OPERATING RESULTS

28. The Company’s most recent year-to-date (“**YTD**”) financial statements are presented for the eleven month period ending November 30, 2016.
29. Set out below is a summary of the Company’s income statement for: (i) the fiscal period ending December 28, 2013 (“**FY13**”); (ii) the fiscal period ending December 27, 2014 (“**FY14**”); (iii) the fiscal period ending January 2, 2016 (“**FY15**”); and (iv) the most recent year-to-date (“**YTD**”) period ending November 30, 2016 (unaudited) (“**FY16**”):

<b>HMV Canada Inc.</b>				
Income Statement				
(\$000s)				
	Eleven months ended November 30, 2016	Year ended January 2, 2016	Year ended December 27, 2014	Year ended December 28, 2013
<b>Sales</b>	\$ 147,705	\$ 214,424	\$ 225,176	\$ 245,084
Cost of goods sold	89,438	128,493	135,204	150,070
Other cost of sales	3,144	4,196	3,700	3,332
<b>Gross profit</b>	<b>\$ 55,123</b>	<b>\$ 81,735</b>	<b>\$ 86,272</b>	<b>\$ 91,682</b>
<b>Expenses</b>				
Store, head office and other administrative	\$ 68,457	\$ 87,790	\$ 90,342	\$ 94,381
Interest	2,115	2,490	2,466	1,832
Write-down of property, plant and equipment	-	316	-	126
Store closures costs	524	142	126	360
<b>Total expenses</b>	<b>\$ 71,096</b>	<b>\$ 90,738</b>	<b>\$ 92,934</b>	<b>\$ 96,699</b>
Loss before income taxes	(15,973)	(9,003)	(6,662)	(5,017)
Provision for income taxes	-	-	-	240
<b>Net loss for the period</b>	<b>\$ (15,973)</b>	<b>\$ (9,003)</b>	<b>\$ (6,662)</b>	<b>\$ (4,777)</b>
<b>EBITDA</b>	<b>\$ (12,439)</b>	<b>\$ (3,938)</b>	<b>\$ (1,629)</b>	<b>\$ 261</b>

Note: Fiscal year of Company ends on the Saturday of the final week in a calendar year.

Source: Management internal financials & audited financial statements

30. The income statement summary above reflects the following:

- a) the Company's revenues declined each year between FY13 and FY15, and are projected to further decrease to approximately \$190 million for FY16;
- b) net losses total approximately \$20 million between FY13 and FY15, and the Company is projected to incur another loss in FY16;
- c) the Company generated EBITDA losses in each of FY14 and FY15, and this trend is projected to continue in FY16; and
- d) despite store closures and cost reduction initiatives, such as headcount rationalization and renegotiating store rent expenses, the Company has not been able to reduce its operating costs to offset the decline in revenues.

31. Set out below is a summary of the Company's unaudited balance sheet as at November 30, 2016:

<b>HMV Canada Inc.</b>			
Balance Sheet			
As at November 30, 2016			
(\$000s)			
<b>ASSETS</b>		<b>LIABILITIES AND SHAREHOLDER'S DEFICIENCY</b>	
<b>Current</b>		<b>Current</b>	
Cash and cash equivalents	\$ 5,913	Accounts payable and accrued liabilities	\$ 75,724
Accounts receivable, net	\$ 1,303	Sales taxes payable	\$ -
Inventory	\$ 56,553	Income taxes payable	\$ 458
Prepaid expenses	\$ 126	Debt	\$ 55,643
<b>Total current assets</b>	<b>\$ 63,895</b>	<b>Total current liabilities</b>	<b>\$ 131,825</b>
<b>Non-current assets</b>		<b>SHAREHOLDER'S DEFICIENCY</b>	
Property, plant and equipment, net	\$ 4,137	Share capital	\$ 30,000
Intangible assets, net	\$ -	Contributed surplus	\$ 12,323
		Deficit	\$ (106,116)
<b>Total assets</b>	<b>\$ 68,032</b>	<b>Total shareholder's deficiency</b>	<b>\$ (63,793)</b>
		<b>Total liabilities and shareholder's deficiency</b>	<b>\$ 68,032</b>

Source: Management prepared information

32. The Company's internal financial statements as at November 30, 2016 reflect that:

- a) the book value of HMV's current liabilities (approximately \$132 million) significantly exceeds the book value of its current assets (approximately \$64 million). Even if the Company's outstanding indebtedness was excluded, HMV would still have a negative working position of approximately \$12 million;
- b) the Company had an accumulated retained earnings deficit of approximately \$106 million; and
- c) the Company is insolvent on a balance sheet basis.

## ABILITY TO CONTINUE AS A GOING CONCERN

33. The Proposed Receiver understands that the Company's financial results YTD continue to be a concern. The Proposed Receiver is of the view that HMV will continue to experience challenges in operating as a going concern due to the following:
- a) the Company and the Major Suppliers were unable to reach an agreement, on mutually acceptable terms, to sustain HMV's operations and support a recovery. Not having come to satisfactory arrangements with the Major Suppliers, the Company is projected to incur another loss in 2017 and require at least an additional \$5 million to sustain operations. As noted above, the Lender is not prepared to continue to advance additional funds to the Company on that basis. The Lender is the Company's primary source of liquidity and a withdrawal of its support, would result in a material adverse change for the Company;
  - b) The Lender has supported the Company with additional financing since December 2014, and has agreed to defer cash payments, including scheduled principal and interest payments since November 2014. The Company currently lacks sufficient liquidity to address normal operating costs along with servicing its debt obligations owing to the Lender. In addition, there is no indication that HMV will be able to secure alternative financing to repay HUK10 in full, given its recent financial results and financial position; and
  - c) The Major Suppliers have all essentially stopped supplying inventory to the Company, and with no viable alternative supply arrangement, the Company could run out of inventory in the near future.

## VI. CREDITORS

### BANK OF MONTREAL

34. The Bank of Montreal ("**BMO**") provided a \$30 million (subsequently reduced to \$25 million) revolving asset-based facility to HMV pursuant to a credit agreement dated December 22, 2014, as amended by a first amending agreement dated December 15, 2016 (the "**BMO Facility**"). As security for its advances under the BMO Facility, BMO was granted a first-ranking security interest in the Property, in priority to HUK10.
35. The Proposed Receiver understands the BMO Facility originally expired in December 2016, but BMO granted a short three month extension to March 2017, at which point the Company could extend for an additional two year period, subject to certain conditions being met including an agreement with the Major Suppliers and an additional \$2 million working capital injection by HUK10.

36. As at the date of this Report, the Proposed Receiver understands that the Company has terminated the BMO Facility. The Proposed Receiver understands that the Company is working with BMO to obtain the necessary discharges and releases of BMO's security.

#### HUK10

37. The Company's outstanding direct indebtedness owing to the Lender (the "**Direct Indebtedness**") consisted of the following:
- a) certain term loans extended to HMV by HUK10 pursuant to the HUK10 Loan Agreement; and
  - b) certain procurement fees rendered by HUK10 pursuant to the terms of an amended and restated negotiation services agreement dated January 7, 2014.
38. In addition to the Direct Indebtedness, the Company also guaranteed the indebtedness of the Related Companies pursuant to the Guarantee (the "**Guarantee Indebtedness**"):
- a) amounts advanced to HMV IP by HUK10 pursuant to a loan agreement made between HMV IP and HUK10 dated February 27, 2012;
  - b) amounts advanced to HMV Pure by HUK10 pursuant to a loan agreement made between HMV Pure and HUK10 dated February 27, 2012; and
  - c) amounts advanced to HMV Digital by HUK10 pursuant to a loan agreement made between HMV Digital and HUK10 dated February 27, 2012.
39. The Company was also indebted to each of HMV IP and Retail Agents 230 Limited ("**230 Limited**") pursuant to certain agreements and arrangements entered into with HMV. The Proposed Receiver understands that pursuant to the Consolidation Agreement, each of HMV IP and 230 Limited agreed to assign all of their respective indebtedness owing by the Company and related security to the Lender (the "**Assigned Indebtedness**", and together with the Guarantee Indebtedness and Direct Indebtedness, the "**HUK10 Indebtedness**").
40. The table below provides a summary of the HUK10 Indebtedness as at January 24, 2017:

<b>HMV Canada Inc.</b>	
Summary of HUK 10 Indebtedness	
As at January 24, 2017	
(\$000s)	
<u>Direct Indebtedness</u>	
HUK 10 Loan Agreement	\$ 17,970
Procurement Fees	3,207
<u>Guaranteed Indebtedness</u>	
HMV IP	\$ 2,135
HMV Pure	6,070
HMV Digital	2,954
HMV Wholesale Facility	496
<u>Assigned Indebtedness</u>	
HMV IP	\$ 5,200
230 Limited	929
<b>Total</b>	<b>\$ 38,961</b>

Source: Emmott Affidavit

41. The Proposed Receiver understands that the HUK10 Indebtedness is secured by a general security agreement and a movable hypothec representing a charge over all assets of HMV, subject to the security created by HMV in favour of BMO under the BMO Facility.

#### **OTHER PPSA REGISTRANTS**

42. In addition to the secured claims of the Lender pursuant to the HUK10 Indebtedness, the search report of prepared by the Lender's legal counsel of registrations filed under the applicable Personal Property Security Registry and/or Register of Personal and Movable Real Rights and reflects that certain financing and equipment lessors have registered a security interests against the Company.

#### **POTENTIAL PRIORITY CLAIMS**

43. Based on information provided by the Company, the Proposed Receiver understands that potential priority claims could total up to approximately \$2.2 million as at January 21, 2017, and are comprised of the following:



<b>HMV Canada Inc.</b>	
Estimated Priority Claims	
As at January 21, 2017	
(000's)	
Gross Wages and Salary	515
Vacation Pay	1,069
Sales Taxes Due	577
	<b>\$ 2,161</b>

*Source: Management prepared estimates*

44. The Proposed Receiver understands that the Company was current on all payments to government authorities for sales taxes and source deductions that were due and payable as at the date of this Report, and the above amounts, with the exception of vacation pay for the most part, represent estimates for amounts accrued since the Company's last payment date.
45. As noted above, HMV employed approximately 1,340 individuals across Canada and the Proposed Receiver understands the Company's bi-weekly payroll was approximately \$1 million on average. The Proposed Receiver understands that the \$515,000 estimate for wages represents the gross wages accrued for the stub period since the Company's last payroll run for pay period ending January 21, 2017 (the "**Stub Period Wages**"). The Proposed Receiver understands that the Lender supports the payment of the Stub Period Wages by the Receiver out of proceeds from the Property in the ordinary course for all employees, even those not retained during these proceedings.
46. If appointed as Receiver, the Proposed Receiver will comply with the provisions of the Wage Earner Protection Program Act subsequent to its appointment.

#### **UNSECURED TRADE CREDITORS**

47. The Proposed Receiver understands that the Company had total unsecured trade payables owing of approximately \$64 million as at January 24, 2017, of which approximately \$52 million was related to the Major Suppliers.
48. The Proposed Receiver understands that the Company was current in respect of obligations to its landlords for January 2017, except for certain landlords where monthly rent is based on a percentage of sales, which the Proposed Receiver understands is being reconciled by the Company in accordance with the applicable lease arrangements. The proposed Receivership Order contemplates authorizing the remittance of sufficient funds to the Company to enable the Company to pay the rent in full for the month of February 2017 under each of the Debtor's stores, Head Office, and other real property leases.

## VII. THE LIQUIDATION AGENCY AGREEMENT

### PRE-FILING SOLICITATION PROCESS

49. As noted above, HVM previously retained Richter in December 2016 to assist the Company with assessing strategic options given its liquidity situation, which included the potential for net orderly liquidation of the Company's inventory and assets, as a contingency should the Major Supplier Negotiations fail to achieve an acceptable result. Richter's services included:
- a) identifying and approaching parties, on a confidential basis, to solicit liquidation proposals for the Company's inventory and fixed assets (the "**Pre-Filing Solicitation Process**");
  - b) preparing a non-disclosure agreement ("**NDA**") and an electronic data-room (the "**Data Room**");
  - c) coordinating due diligence requests from Interested Parties (as defined herein); and
  - d) analyzing and negotiating offers.
50. A summary of the Pre-Filing Solicitation Process and its results are as follows:
- a) beginning on December 30, 2016, Richter contacted a total of 8 prospective interested parties (the "**Interested Parties**"), all of which were liquidators, to advise of the opportunity to present a proposal to in connection with this transaction opportunity. The Interested Parties were advised that the Company would consider an agency agreement and/or a consulting agreement, provided that such offers were binding;
  - b) Richter, with the assistance of the Company, prepared the Data Room, which contained corporate, financial and information relating to the Company's inventory and fixed assets, to assist Interested Parties in completing their primary due diligence;
  - c) all of the Interested Parties executed an NDA to obtain access to the Data Room;
  - d) throughout the course of the Pre-Filing Solicitation Process, Richter, with the assistance of the Company, facilitated due diligence efforts by, among other things, responding to queries from the Interested Parties regarding the Company's inventory and assets, and updating the Data Room as new information became available;
  - e) Richter deposited in the Data Room a form of consulting agreement and a form of agency agreement on January 10 and January 11, 2017, respectively, on which Interested Parties were required to submit binding offers (the "**Offers**");
  - f) Interested Parties were required to submit Offers to Richter by 5pm EST on January 13, 2017, which date was subsequently extended by the Company to 12pm EST on January 17, 2017 (the "**Bid**");

**Deadline**). In total, 4 Offers were received from 2 of the Interested Parties (the “**Offerors**”) prior to the Bid Deadline, with each of the Offerors submitting both an agency agreement, including a net minimum guarantee, and a consulting agreement.

- g) based upon the review by the Company and the Lender, in consultation with Richter, the Company advised Richter to engage in discussions with the Offerors in connection with the agency agreement Offers, and request that each of the Offerors submit their best and final bid to Richter on or before 4PM EST January 23, 2017 (the “**Final Offers**”). Filed with this Court on a sealed and confidential basis as **Confidential Appendix “1”**, a summary of the material terms of the Final Offers received (the “**Final Offers Summary**”), which is the subject of a request for a sealing order from this Court pending closing of the Liquidation Agency Agreement or upon further order of this Court. In view of the sensitive commercial information contained in the Final Offers Summary, the disclosure of which would cause prejudice to the Offerors, and may further affect the parties obligations and rights under the Pre-Filing Solicitation Process and otherwise, the Final Offers Summary will be provided to the Court prior to the return of the within application in a sealed envelope; and
  - h) following an analysis of the Final Offers by the Company and the Lender, in consultation with Richter, the Final Offer submitted by the Agent was selected as the superior bid. The Company, the Proposed Receiver, the Agent, and their respective counsels, entered into negotiations immediately to finalize an agreement, which ultimately resulted in the Liquidation Agency Agreement, as discussed in greater detail below.
51. The Proposed Receiver notes that certain parties were not contacted by Richter as part of the Pre-Filing Solicitation Process due to concerns raised by the Company regarding potential conflicts of interest inherent with these parties. As the Pre-Filing Solicitation Process was run concurrently with the Major Supplier Negotiations, the Company wanted to ensure confidentiality regarding its contingency planning so as not jeopardize its Major Supplier Negotiations. The Proposed Receiver is of the view that the Interested Parties contacted as part of the Pre-Filing Solicitation Process all have extensive knowledge and experience in retail liquidations of this size and scale, and as such, the market was appropriately canvassed.

#### **PROPOSED LIQUIDATION AGENCY AGREEMENT**

52. The Proposed Receiver understands from discussions with the Company and the Lender that an orderly liquidation of the Company’s inventory and assets would likely result in the highest proceeds, based on the following:

- a) the market for the sale of physical media in Canada is in significant decline and it is unlikely that a prospective purchaser would be interested in acquiring the Company's existing business or that the Company would be able to secure alternative financing to repay the HUK10 Indebtedness; and
  - b) any of the names, marks, or other intellectual property associated with the "HMV" name are licensed from HMV IP, and the Proposed Receiver understands HMV IP would not support the sale and/or otherwise transfer of the license.
53. Attached hereto as **Appendix "B"** is a redacted copy of the Liquidation Agency Agreement (without Exhibits) substantially in the form anticipated to be executed by the parties. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Liquidation Agency Agreement. Filed with this Court on a sealed and confidential basis as **Confidential Appendix "2"** is an unredacted copy of the Liquidation Agency Agreement (with Exhibits) substantially in the form anticipated to be executed by the parties. The Proposed Receiver, the Company and the Agent are currently conducting the final negotiations and revisions of the commercial terms of the Liquidation Agency Agreement. Once finalized and executed, the signed version of the Liquidation Agency Agreement will be provided to the Court on a sealed and confidential basis. In view of the sensitive commercial information and confidentiality obligations contained in the Liquidation Agency Agreement and its Exhibits, the disclosure of which would cause prejudice to the Company, its creditors, and stakeholders, the Liquidation Agency Agreement and its Exhibits is the subject of a request for a sealing order from this Court, and the unredacted copy of the Liquidation Agency Agreement and the Exhibits thereto will be provided to the Court prior to the return of the within application in a sealed envelope.
54. Below is a summary of certain of the material terms of the Liquidation Agency Agreement:
- a) the Agent is a contractual joint venture composed of Gordon Brothers Canada ULC and Merchant Retail Solutions ULC, an affiliate of the Lender;
  - b) the Sale will commence following the approval of the Liquidation Agency Agreement, but no later than February 4, 2017 (the "**Sale Commencement Date**") and to end no later than April 30, 2017 (the "**Sale Termination Date**");
  - c) the Agent has provided a net minimum guarantee ("**NMG**") based on the aggregate Cost Value of the Merchandise, subject to adjustment if:
    - (i) the aggregate Cost Value of the Merchandise is less than Merchandise Threshold or greater than the Merchandise Ceiling;
    - (ii) the Cost Value of the Merchandise as a percentage of the Retail Price of the Merchandise exceeds the Cost Factor Threshold.

- d) the Agent will pay a portion of the NMG (the “**Initial Guaranty Payment**”) immediately following the issuance and entry of the Approval Order, with the remaining balance to be paid by the Agent following completion of the Final Reconciliation;
- e) the Agent will be responsible for the expenses in conducting the Sale (the “**Expenses**”), including but not limited to, store-level operating expenses such as payroll, rent, advertising and promotional costs, as well as certain head office costs;
- f) after payment by the Agent of the NMG and the Expenses, the Agent is entitled to a fee (the “**Agent’s Fee**”) being a percentage of the aggregate Cost Value of the Merchandise;
- g) in the event that the Proceeds of the Sale exceed the sum of the NMG, the Expenses and the Agent’s Fee, the Company and the Agent will share the excess based on the terms set out in the Liquidation Agency Agreement;
- h) Agent and Company shall, in good faith, negotiate mutually agreeable terms and conditions upon which the parties will procure additional inventory of like nature, quality, and appropriate mix to include in the Sale (the “**Additional Merchandise**”) and upon the appropriate treatment of the costs of acquiring such Additional Merchandise as an expense and the appropriate sharing of the gross margin earned on such Additional Merchandise provided that the Additional Merchandise will not exceed \$6.5 million at cost in the aggregate and that the Additional Merchandise will be distributed among the Closing Stores such that no Closing Store will receive more than 15% of the Additional Merchandise;
- i) the Sale will be conducted in accordance with the sale guidelines (the “**Sale Guidelines**”) attached to the Approval Order, and shall include:
  - (i) the Sale will be conducted in accordance with the terms of the applicable leases or other occupancy agreements, except as provided for in the Approval Order or any further Order of the Court, or any written agreement between the Company or Receiver and the applicable landlord;
  - (ii) the Sale shall be conducted so that each of the stores remain open during their normal hours of operation provided in their respective leases;
  - (iii) the Sale shall end by no later than the Sale Termination Date;
  - (iv) 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. No signs shall advertise the Sale as a “bankruptcy”, a “going out of business” or a “liquidation” sale;

- (v) At the conclusion of the Sale in each Closing Store, the Agent shall arrange that the premises for each Closing Store is in "broom-swept" and clean condition, and shall arrange that the Closing Stores are in the same condition as on the Sale Commencement Date, ordinary wear and tear excepted;
  - (vi) the Agent shall be entitled to include in the Sale the Additional Merchandise, subject to certain limitations; and
  - (vii) the Agent, the Company and, where appropriate, the Receiver, shall not conduct any auctions of Merchandise or FF&E at any of the Closing Stores.
- j) the reconciliation of Proceeds and Expenses shall take place between the Agent, the Company and the Receiver on a weekly basis, with a final reconciliation to occur within 30 days of the Sale Termination Date;
  - k) the Agent will have the exclusive right to sell the FF&E and the Agent shall be entitled to receive a commission of the sale proceeds, plus reimbursement of the Agent's out of pocket costs related to such disposition which are not duplicative of the Expenses; and
  - l) the only material condition precedent to the Liquidation Agency Agreement is the Court granting the Approval Order.
55. The form of Approval Order in respect of the Liquidation Agency Agreement includes the following provisions:
- a) that the Sale be conducted in accordance with the Sales Guidelines attached to the Approval Order as is typical in Court-approved retail liquidations;
  - b) requiring that Gross Sale Proceeds and Gross FF&E Proceeds be deposited into certain designated accounts; and
  - c) granting the Agent a charge (the "**Agent's Charge**") over the Merchandise, Proceeds and the FF&E Proceeds and the Agent's share of proceeds from the sale of Merchant Consignment Goods to secure payment of amounts owing to the Agent under the Liquidation Agency Agreement.
56. Based on the experience of the Proposed Receiver with other retail insolvency liquidations, it is the view of the Proposed Receiver that the terms and conditions of the Liquidation Agency Agreement and the Approval Order are consistent with general market conditions.

## VIII. COURT-ORDERED CHARGES

### ADMINISTRATION CHARGE

57. The proposed Receivership Order provides for a first ranking charge in favour of the Receiver, the Receiver's counsel, and counsel to the Company (the "**Insolvency Professionals**") in an amount not to exceed \$750,000, subject to further Order of the Court, charging all of the Property as security for the professional fees and disbursements incurred both before and after the date of these receivership proceedings (the "**Administration Charge**").
58. The Company was provided the Insolvency Professionals with minimal retainer fees for their services in connection with these receivership proceedings. The quantum of the Administration Charge sought was determined in consultation with the Lender, which supports the Administration Charge. The creation of the Administration Charge is commonplace in similar proceedings as is the proposed priority of the Administration Charge.

### DIRECTORS' & OFFICERS' CHARGE

59. The proposed Receivership Order provides for a charge in the maximum amount of \$750,000 subject to further Order of the Court charging the assets of the Company to indemnify its directors and officers for liabilities incurred by the Company that result in post-filing claims against the directors and officers in their personal capacities (the "**Directors' & Officers' Charge**").
60. As noted in the Emmott Affidavit, the proposed Receivership Order leaves a large degree of control over the Company to the current directors and officers to effect the proposed liquidation pursuant to the Liquidation Agency Agreement.
61. The amount of the Directors' & Officers' Charge was determined by taking into consideration employee payroll and related expenses (including source deductions), vacation pay and sales taxes. As noted in the Emmott Affidavit, the Lender supports the Directors' & Officers' Charge.

### AGENT'S CHARGE

62. As noted above, the Liquidation Agency Agreement, if approved, provides that the Agent will be granted the Agent's Charge over the Merchandise, Proceeds and the FF&E Proceeds and the Agent's share of proceeds from the sale of Merchant Consignment Goods to secure payment of amounts owing to the Agent under the Liquidation Agency Agreement.

**SUMMARY AND PROPOSED RANKING OF THE COURT ORDERED CHARGES**

63. It is contemplated that the priorities of the charges sought by the Lender (collectively, the “Charges”) will be as follows:
- a) First – the Agent’s Charge;
  - b) Second – Administration Charge; and
  - c) Third – the Directors’ & Officers’ Charge.
64. The Receivership Order provides that the Charges will rank in priority to the security interests of HUK10 as well as all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise, which are properly perfected security interests as of the date of the Receivership Order.
65. The Proposed Receiver believes that the Charges and rankings are required and reasonable in the circumstances of these receivership proceedings in order to achieve an orderly and efficient liquidation of the Company’s assets and accordingly, supports the granting and the proposed ranking of the Charges.

**IX. RECEIVER’S PROPOSED MANDATE AND POWERS UNDER THE RECEIVERSHIP ORDER**

66. The proposed Receivership Order contemplates that the Receiver shall take possession and control over the Company’s treasury assets and all amounts due to the Company pursuant to Liquidation Agency Agreement, and the Company shall remain in possession and control of the remaining assets, including the Merchandise and the FF&E. Further, the proposed Receivership Order contemplates that the operation and management of the Company will continue to be controlled by its current directors and officers during the receivership proceedings. The Lenders have requested this structure as the directors and officers have intimate knowledge of the Company’s business and operations and have previously overseen the closing of certain of the Company’s stores across Canada. As noted in the Emmott Affidavit, the directors and officers of the Company have worked closely with HUK10 over the past five years and are intimately familiar with the Company’s business and operations and have a unique skill set and knowledge of the industry which will allow the Company, with the assistance of the Receiver and the Agent, to conduct an orderly liquidation of the Company’s assets in the most efficient manner.
67. The Proposed Receiver notes that the proposed Receivership Order empowers and authorizes, but does not obligate, the Receiver to take an expanded role in keeping with the customary powers conferred in receiverships with a view to providing the Receiver with the flexibility to exercise its discretion and address issues and engage in activities in a timely fashion as requirements arise.



68. Provided the Receivership Order is granted, in addition to mailing notice of the Receiver's appointment pursuant to section 246(1) of the BIA, the Receiver will setup a website to post periodic updates and Court materials, as well as establish an information hotline(s) in the event creditors, suppliers, employees or other stakeholders require additional information with respect to these proceedings.

## **X. RECOMMENDATION**

69. Provided this Court issues the Receivership Order, the Proposed Receiver recommends that this Court grant the Approval Order for the following reasons:
- a) the market for the sale of physical media in Canada is in significant decline and it is unlikely that a prospective purchaser would be interested in acquiring the Company's business or that the Company would be able to secure alternative financing to repay the HUK10 Indebtedness;
  - b) any of the names, marks, or other intellectual property associated with the "HMV" name are licensed from HMV IP and such license has or will be terminated, effectively foreclosing the possibility of any sort of going concern sale of the Company's business;
  - c) the Pre-Filing Solicitation Process facilitated by Richter and the Company was commercially reasonable, involved the participation of multiple interested parties, and sufficiently canvassed the market;
  - d) the contemplated Liquidation Agency Agreement represents the best and highest Offer received;
  - e) the Company's lack of liquidity substantially eliminates an opportunity to further market the assets without putting the Liquidation Agency Agreement at risk; and
  - f) HUK10 is the only creditor with a present economic interest in the Property, and any further marketing efforts, in the Receiver's view, are not likely to result in realizations in excess of the HUK10 Indebtedness.
70. Provided this Court sees fit to issue the Receivership Order, upon such issuance of the order appointing the Receiver, and the Approval Order approving the Liquidation Agency Agreement, the Receiver shall forthwith enter into the Liquidation Agency Agreement and carry out the liquidation contemplated therein.

All of which is respectfully submitted on the 26<sup>th</sup> day of January, 2017.

**Richter Advisory Group Inc.**  
**as the Proposed Receiver of**  
**HMV Canada Inc.**  
**and not in its personal capacity**



---

**Paul van Eyk, CA·CIRP, CA·IFA**  
**Senior Vice-President**



---

**Pritesh Patel, CIRP, CFA, MBA**  
**Vice-President**

**HUK 10 LIMITED**

Applicant

- and -

**HMV CANADA INC.**

Respondent

Court File No. CV-17-11674-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
PROCEEDINGS COMMENCED AT TORONTO**

**PRE-FILING REPORT OF THE  
PROPOSED RECEIVER**

**GOWLING WLG (CANADA) LLP**  
1 First Canadian Place, Suite 1600  
100 King Street West  
Toronto, Ontario M5X 1G5

**David F.W. Cohen**  
Tel: (416) 369-6667 / Fax: (416) 862-7661  
Email: [david.cohen@gowlings.com](mailto:david.cohen@gowlings.com)

**Frank D. Lamie**  
Tel: (416) 862-3609 / (416) 862-7661  
Email: [frank.lamie@gowlings.com](mailto:frank.lamie@gowlings.com)

**Lawyers for Richter Advisory Group Inc., in its capacity as  
proposed Receiver of HMV Canada Inc.**

# TAB 2E

Summary of Lease Repudiation Notices

145

Store #	Store Name	Landlord	Management Company	Repudiation Notice Date	Surrender Date
700	Warehouse - 5680 – 5684 Ambler Drive	Kamato Holdings Limited	Park Property/Sagitta Group	8-Feb-17	22-Feb-17
701	Warehouse - 1044 Ronsa Ct	Kamato Holdings Limited	Park Property/Sagitta Group	8-Feb-17	22-Feb-17
860	Grande Place des Bois-Francis	Montez (Victoriaville) Realty Inc.	Cogir Mgmt. Corp.	15-Feb-17	1-Mar-17
940	Tsawwassen Mills	Guildford Town Centre Limited Partnership	Ivanhoe Cambridge	15-Feb-17	1-Mar-17
935	Prairie Mall	Revenue Properties Company Limited and Prairie Mall Building Limited	Morguard Investments Ltd.	15-Feb-17	1-Mar-17
936	Peter Pond Mall	Peter Pond Portfolio Inc.	Primaris Management Inc.	15-Feb-17	1-Mar-17
954	Terrebonne	Centre Commercial Terrebonne Ltd	Westcliff Management Ltd.	15-Feb-17	1-Mar-17
905	McAllister Place	McAllister Place Holdings Inc.	Primaris Management Inc.	28-Feb-17	14-Mar-17
879	Mapleview Mall	Canapen (Halton) Limited and Ivanhoe Cambridge II Inc	Ivanhoe Cambridge II Inc.	28-Feb-17	14-Mar-17
872	Intercity Shopping Centre	MIL ITF HOOPP Realty Inc. (Intercity)	Morguard Investments Ltd.	28-Feb-17	14-Mar-17
873	Cambridge Centre	Morguard Real Estate Investment Trust	Morguard Investments Ltd.	28-Feb-17	14-Mar-17
906	Regent Mall	Regent Mall Holdings Inc.	Primaris Management Inc.	28-Feb-17	14-Mar-17
823	Sherway Gardens	Ontrea Inc, by its duly authorised agent The Cadillac Fairview Corporation	Cadillac Fairview	28-Feb-17	14-Mar-17
891	Masonville Place	CF/Realty Holdings Inc	Cadillac Fairview	28-Feb-17	14-Mar-17
907	Champlain Place	The Cadillac Fairview Corporation Ltd	Cadillac Fairview	28-Feb-17	14-Mar-17
921	New Sudbury Centre	MIL ITF HOOPP Realty Inc. (Sudbury)	Morguard Investments Ltd.	28-Feb-17	14-Mar-17
806	Galeries De La Capitale	9257-4748 Quebec Inc. and Montez L'Outaouais Inc.	OPGI Mgmt. Ltd. Partnership	28-Feb-17	14-Mar-17
858	Orchard Park Shopping Centre	Orchard Park Shopping Centre Holdings Inc	Primaris Mgmt.itf Orchard Park	28-Feb-17	14-Mar-17
908	Midtown Plaza	Midtown Plaza Inc.	20 Vic Mgmt	28-Feb-17	14-Mar-17
920	Quinte Mall	HOOP Realty Inc.	20 Vic Mgmt	28-Feb-17	14-Mar-17
932	Halifax Shopping Centre	OPB Realty Inc	20 Vic Mgmt	28-Feb-17	14-Mar-17
922	Eastgate Square	Eastgate Square GP Inc.	Bentall Kennedy (Canada) LP	28-Feb-17	14-Mar-17
828	Fairview Pointe Claire	Fairview Pointe Claire Leasholds Inc	Cadillac Fairview	28-Feb-17	14-Mar-17
925	Carrefour Richelieu	Montez Income Property Corporation	Carrefour Richelieu Realities (St. Jean) Ltd.	28-Feb-17	14-Mar-17
836	Les Rivières	Cominar Real Estate Investment Trust	Cominar Real Estate Investment Trust	28-Feb-17	14-Mar-17
934	Conestoga Mall	Ivanhoe Cambridge II Inc.	Ivanhoe Cambridge Inc.	28-Feb-17	14-Mar-17
939	Guildford Town Centre	Ivanhoe Cambridge Inc.	Ivanhoe Cambridge Inc.	28-Feb-17	14-Mar-17
938	Dufferin Mall	Dufferin Mall Holdings Inc.	Primaris Management Inc.	28-Feb-17	14-Mar-17
871	Place Du Royaume	Place du Royaume Inc and Montez Core Income Fund IV Ltd Partnership	Primaris Mgmt.itf Place de Royaume	28-Feb-17	14-Mar-17
918	Lloyd Mall	PFS Retail Two Inc. c/o Redcliff Mgmt. Inc.	Triovest Realty Advisors Inc.	28-Feb-17	14-Mar-17
804	Pickering Town Centre	OPB Realty Inc	20 Vic Mgmt	28-Feb-17	15-Mar-17
886	Erin Mills Town Centre	OPB (EMTC) Inc, c/o 20 Vic Management	20 Vic Mgmt	28-Feb-17	15-Mar-17
826	Fairview Park Mall	Fairview Park Leaseholds Inc	Cadillac Fairview	28-Feb-17	15-Mar-17
913	Rive Nord	Cominar Real Estate Investment Trust	Cominar Real Estate Investment Trust	28-Feb-17	15-Mar-17
893	Pine Centre	Morguard Real Estate Investment Trust	Morguard Investments Ltd.	28-Feb-17	15-Mar-17
862	Les Galeries de la Capitale	OPGI Management Limited Partnership	OPGI Management Limited Partnership	28-Feb-17	15-Mar-17
716	Medicine Hat Mall	Medicine Hat Mall Inc.	Primaris Mgmt Inc. re: Medicine Hat Mall	28-Feb-17	15-Mar-17
876	Millwoods Centre	Millwoods Centre Inc	RioCan Management Inc.	28-Feb-17	15-Mar-17
896	Georgian Mall	RioCan Holdings Inc.	RioCan Management Inc.	28-Feb-17	15-Mar-17
888	Mic Mac Mall	Mic Mac Mall Limited Partnership	Ivanhoe Cambridge II Inc	28-Feb-17	15-Mar-17
895	Pen Centre	OPB Realty Inc	20 Vic Mgmt	11-Mar-17	27-Mar-17
919	Londonderry Shopping Centre	Londonderry Shopping Centre Inc.	20 Vic Mgmt	11-Mar-17	27-Mar-17
923	Lansdowne Mall	Lansdowne Mall Inc	20 Vic Mgmt	11-Mar-17	27-Mar-17
809	Southland Mall	Gordon Road Property Holdings Inc	Arcturus-PM Trust Acct-SK RMMREIT	11-Mar-17	27-Mar-17
851	Willowbrook Shopping Centre	bclMC Realty Corporation c/o Bentall Retail Services LP	Bentall Kennedy (Canada) LP	11-Mar-17	27-Mar-17
781	Les Galeries D'Anjou	Les Galeries D'Anjou Leaseholds Inc	Cadillac Fairview	11-Mar-17	27-Mar-17
829	Market Mall	Market Mall Leaseholds Inc	Cadillac Fairview	11-Mar-17	27-Mar-17
875	Bayshore Mall	Bayshore Leaseholds Limited	Ivanhoe Cambridge II Inc.	11-Mar-17	27-Mar-17
899	Vaughan Mills	Ivanhoe Cambridge II Inc.	Ivanhoe Cambridge II Inc.	11-Mar-17	27-Mar-17
917	Quartier Dix30	4240073 Canada Inc.	Quartier Dix30 Mgmt. LP	11-Mar-17	27-Mar-17
722	Cornwall Centre	Cornwall Centre Inc	20 Vic Mgmt	13-Mar-17	28-Mar-17
926	Heritage Place	KS Heritage Place Inc	20 Vic Mgmt	13-Mar-17	28-Mar-17
830	Fairview Mall	Fairmall Leaseholds Inc	Cadillac Fairview	13-Mar-17	28-Mar-17
909	Carrefour Angrignon	Montez Income Property Corporation	Carrefour Richelieu Realities (Angrignon) Ltd.	13-Mar-17	28-Mar-17
931	Promenades Drummondville	Montez Income Property Corporation	Carrefour Richelieu Realities (St. Jerome) Ltd.	13-Mar-17	28-Mar-17
916	Galeries de Hull	Cominar Real Estate Investment Trust	Cominar Real Estate Investment Trust	13-Mar-17	28-Mar-17
937	1148 Robson Street	George Loh Ltd.	George Loh Ltd.	13-Mar-17	28-Mar-17
800	Southgate Centre	Ivanhoe Cambridge Inc.& OPB (Southgate) Inc.	Ivanhoe Cambridge II Inc.	13-Mar-17	28-Mar-17
933	CrossIron Mills	Ivanhoe Cambridge II Inc.	Ivanhoe Cambridge II Inc.	13-Mar-17	28-Mar-17
801	Square One Shopping Centre	OMERS Realty Mgmt. Corp.	OMERS Realty Mgmt. Corp.	13-Mar-17	28-Mar-17

Summary of Lease Repudiation Notices

146

Store #	Store Name	Landlord	Management Company	Repudiation Notice Date	Surrender Date
752	Chagnon	I G Investments Management as trustee for investors Real Property Fund	Westcliff Management Ltd.	13-Mar-17	28-Mar-17
927	Marlborough Mall	HOOP Realty Inc.	20 Vic Mgmt	13-Mar-17	29-Mar-17
930	Station Mall	Algoma Central Properties Inc.	Algoma Central Properties Inc.	13-Mar-17	29-Mar-17
756	Lime Ridge Mall	CF/Realty Holdings Inc	Cadillac Fairview	13-Mar-17	29-Mar-17
777	Rideau Centre	Viking Rideau Corporation	Cadillac Fairview	13-Mar-17	29-Mar-17
924	Carrefour du Nord	Montez Income Property Corporation	Carrefour Richelieu Realities (Drummondville) Ltd.	13-Mar-17	29-Mar-17
834	Lawson Heights	3934390 Canada Inc	Morguard Investments Ltd.	13-Mar-17	29-Mar-17
852	Coquitlam Shopping Centre	Pensionfund Realty Inc	Morguard Investments Ltd.	13-Mar-17	29-Mar-17
723	Bower Place	bclmc Realty Corp & Bower Place Corp	Bentall Kennedy (Canada) LP	13-Mar-17	30-Mar-17
866	Devonshire Mall	HOOP Realty Inc.	20 Vic Mgmt	27-Mar-17	9-Apr-17
767	Le Carrefour Laval	Le Carrefour Laval (2013) Inc	Cadillac Fairview	27-Mar-17	9-Apr-17
783	Place Fleur de Lys	Place Fleur de Lys GP. Inc	20 Vic Mgmt	27-Mar-17	10-Apr-17
835	Place Versailles Mall	Place Versailles Inc.	Place Versailles Inc.	27-Mar-17	10-Apr-17
869	Portage Place Mall	Portage Place Centre Inc.	Portage Place Centre Inc.	27-Mar-17	10-Apr-17
864	Cataraqui Town Centre	Cataraqui Holdings Inc and Montez Core Income Fund IV Ltd Partnership	Primaris Mgmt.itf Cataraqui Town Centre	27-Mar-17	10-Apr-17
863	Park Place Mall	Park Place Mall Holdings Inc	Primaris Mgmt.itf Park Place	27-Mar-17	10-Apr-17
772	Stone Road Mall	Stone Road Mall Holdings Inc	Primaris Mgmt.itf Stone Road Mall	27-Mar-17	10-Apr-17
726	Sunridge Mall	Sunridge Mall Holdings Inc	Primaris Mgmt.itf Sunridge Mall	27-Mar-17	10-Apr-17
821	TD Square	102382 Alberta Ltd. and 1260642 Alberta Ltd.	20 Vic Mgmt	27-Mar-17	11-Apr-17
861	Sherbrooke	Ivanhoe Cambridge - Carrefour de l'Estrie	Ivanhoe Cambridge Inc.	27-Mar-17	11-Apr-17
856	Oshawa Centre	Oshawa Centre Holdings Inc	Ivanhoe Cambridge II Inc.	27-Mar-17	11-Apr-17
890	Woodgrove Centre	Ivanhoe Cambridge II Inc.	Ivanhoe Cambridge II Inc.	27-Mar-17	11-Apr-17
827	St. Laurent Shopping Centre	713949 Ontario Limited	Morguard Investments Ltd.	27-Mar-17	11-Apr-17
897	Place Rosemere	Place Rosemere Inc	Morguard Investments Ltd.	27-Mar-17	11-Apr-17
747	Kingsway Garden Centre	Kingsway Garden Holdings Inc	Oxford Retail Group, a div. Of OMERS	27-Mar-17	11-Apr-17
718	Kildonan Place	Kildonan Place Ltd.	Primaris Mgmt Inc. re: Kildonan Place	27-Mar-17	11-Apr-17
803	Montreal Megastore	1001 Dominion Mgmt. Inc.	1001 Dominion Mgmt. Inc.	27-Mar-17	12-Apr-17
807	St. Vital Centre	OPB Realty Inc	20 Vic Mgmt	27-Mar-17	12-Apr-17
784	Place Laurier	Place Laurier Holdings Inc	Ivanhoe Cambridge II Inc.	27-Mar-17	12-Apr-17
859	Mayfair Shopping Centre	Mayfair Shopping Centre Limited Partnership	Ivanhoe Cambridge II Inc.	27-Mar-17	12-Apr-17
734	Bonnie Doon Shopping Centre	Bonnie Doon Shopping Centre (Holdings) Ltd	Morguard Investments Ltd.	27-Mar-17	12-Apr-17
837	Upper Canada Mall	Oxford Properties Retail Holdings II Inc. and CPPIB Upper Canada Mall Inc.	OPGI Management Ltd. LP	27-Mar-17	12-Apr-17
732	Southcentre Mall	Retail Holdings Inc. and Oxford Properties Retail Holding II Inc	Oxford Properties Group	27-Mar-17	12-Apr-17
854	Place D'Orleans	Place D'Orleans Holdings Inc	Primaris Mgmt.itf Place d'Orleans	27-Mar-17	12-Apr-17
759	Les Promenades St-Bruno	Les Promenades St-Bruno Leaseholds Inc	Cadillac Fairview	27-Mar-17	13-Apr-17
816	Polo Park	Ontrea Inc., By its duly authorised agent The Cadillac Fairview Corporation	Cadillac Fairview	27-Mar-17	13-Apr-17
892	Chinook Centre	Ontrea Inc.	Cadillac Fairview	27-Mar-17	13-Apr-17
914	South Edmonton Common	Cameron Corp and Grosvenor Canada Ltd	Cameron Corp.	27-Mar-17	13-Apr-17
898	Avalon Mall	Crombie Developments Inc	Crombie Properties	27-Mar-17	13-Apr-17
865	Metropolis at Metrotown	Ivanhoe Cambridge II Inc.	Ivanhoe Cambridge II Inc.	27-Mar-17	13-Apr-17
787	Bramalea City Centre	Morguard Corp. and Bramalea City Centre Equities Inc	Morguard Investments Ltd.	27-Mar-17	13-Apr-17
822	Scarborough Town Centre	Scarborough Town Centre Holding Inc	Oxford Properties Group	27-Mar-17	14-Apr-17
825	331/333 Yonge Street	Prime Properties Inc.	Keystone Building Management Inc.	27-Mar-17	15-Apr-17
814	West Edmonton Mall	West Edmonton Mall Property Inc	West Edmonton Mall Property Inc	27-Mar-17	15-Apr-17
603	#110 - 5401 Eglinton Ave West	Slate Asset Management LP	McCorm Management	12-Apr-17	28-Apr-17

**TAB 2F**

June 6, 2017

**Edmond Lamek**  
Partner  
T: 416-947-5042  
elamek@weirfoulds.com

VIA E-MAIL :  
frank.lamie@gowlingwlg.com

File 18149.00001

Gowling WLG  
100 King Street West Suite 1600  
Toronto Ontario  
M5X 1G5

Attention: Frank Lamie

Dear Mr. Lamie:

**Re: HMV Canada Inc. ("HMV Canada")**

I am writing to you in your capacity as counsel to Richter Advisory Group Inc. in its capacity as court appointed Receiver of the property, assets and undertaking of HMV Canada appointed pursuant to the Order of the Honourable Regional Senior Justice Morawetz made January 27, 2017 (the "Receivership Order"). As you are aware, WeirFoulds LLP is counsel to the Applicant in the receivership proceedings, HUK 10 Limited ("HUK 10").

I understand from HUK 10 that following the completion of the Receiver's reconciliation of the receipts generated by the liquidation of the HMV Canada inventory and furniture, fixtures and equipment, there will be a significant shortfall to HUK 10 in respect of its secured claim against HMV Canada.

In that regard, HUK 10 wishes to file an Application for Bankruptcy Order against HMV Canada, naming Richter Advisory Group Inc. as Trustee In Bankruptcy. Pursuant to paragraph 14 of the Receivership Order, there is a stay in place in respect of proceedings against or in respect of HMV Canada. Pursuant to paragraph 14, I am writing to you request the Receiver's written consent to the filing and pursuit of the Application for Bankruptcy Order against HMV Canada by HUK 10.



I look forward to hearing from you at your earliest opportunity.

Yours truly,

**WeirFoulds LLP**

A handwritten signature in black ink, appearing to read 'Edmond Lamek', with a long horizontal flourish extending to the right.

Edmond Lamek

EL/dm

10549363.1

**TAB 2G**

Court File No. CV-17-11674-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER UNDER SECTION 243(1) OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*,  
R.S.O. 1990, c. C.43 AS AMENDED**

HUK 10 LIMITED

Applicant

- and -

HMV CANADA INC.

Respondent

**AFFIDAVIT OF PRITESH PATEL  
(Sworn June 8, 2017)**

I, **PRITESH PATEL**, of the city of Toronto, in the Province of Ontario, **MAKE OATH AND SAY** that:

1. I am a Vice President of Richter Advisory Group Inc. ("**Richter**") and, as such, I have knowledge of the matters hereinafter deposed to except where stated to be on information and belief, in which case, I verily believe such information to be true.
2. By order (the "**Appointment Order**") of the Honourable Senior Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated January 27, 2017, Richter Advisory Group Inc. ("**Richter**") was appointed receiver (the "**Receiver**") without security, of the assets, undertakings and properties of HMV Canada Inc., pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended and section 101 of the *Courts of Justice Act*, R.S.O.1990, C. C.43, as amended.
3. Pursuant to the Appointment Order, the Receiver has provided services and incurred disbursements, in the amount of \$667,186.00 and \$8,660.01 (all excluding HST), respectively, in the period January 16, 2017 to May 12, 2017 (the "**Period**"). Richter was previously retained by HMV to act as a financial advisor to the Company to assist with establishing contingency plans

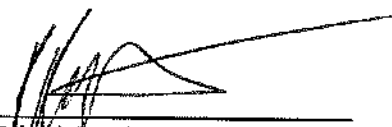
given its liquidity situation, and to work with the Company's Lender as appropriate. Attached hereto and marked as Exhibit "A" to this my Affidavit is a summary of all invoices rendered by the Receiver on a periodic basis during the Period (the "Accounts").

4. True copies of the Accounts, which include a fair and accurate description of the services provided along with hours and applicable rates claimed by the Receiver, are attached as Exhibit "B" to this my Affidavit.
5. Richter, in its capacity as Proposed Receiver, has previously filed one report with the Court (the "Report of the Proposed Receiver"). In addition, and contemporaneously with the filing of this Affidavit the Receiver is filing its second report to the Court (the "First Report"). Details of the activities undertaken and services provided by the Receiver in connection with the administration of the receivership proceedings are described in the First Report.
6. In the course of performing its duties pursuant to the Appointment Order, the Receiver's staff has expended a total of 1,811.5 hours during the Period. Attached as Exhibit "C" to this my Affidavit is a schedule setting out a summary of the individual staff involved in the administration of the receivership and the hours and applicable rates claimed by the Receiver for the Period. The average hourly rate billed by the Receiver during the Period is \$368.31.
7. The Receiver requests that this Court approve its Accounts for the Period, in the total amount of \$675,846.01 (excluding HST) for services rendered and recorded during the Period.
8. Gowling WLG (Canada) LLP ("Gowling WLG"), as independent legal counsel to the Receiver, have also rendered services and incurred disbursements throughout these proceedings in a manner consistent with the instructions of the Receiver and have prepared an affidavit with respect to the services rendered for the period from January 4, 2017 to May 12, 2017. The Receiver has reviewed the invoices rendered by Gowling WLG during this period and is satisfied that their activities were consistent with the instructions of the Receiver.
9. To the best of my knowledge, the rates charged by the Receiver and Gowling WLG are comparable to the rates charged for the provision of similar services by other accounting and law firms in downtown Toronto.
10. I verily believe that the fees and disbursements incurred by the Receiver and Gowling WLG are fair and reasonable in the circumstances.

11. This Affidavit is sworn in connection with a motion for an Order of this Court to, among other things, approve the fees and disbursements of the Receiver and Gowling WLG and for no other or improper purpose.

SWORN BEFORE ME at the City of )  
Toronto, in the Province of Ontario, )  
This 8 day of June, 2017 )

  
\_\_\_\_\_  
Commissioner for Taking Affidavits, etc )

  
\_\_\_\_\_  
Pritesh Patel

**Lalsha Marie Reddick, a Commissioner, etc.,  
Province of Ontario, while a Student-at-Law.  
Expires May 8, 2020.**

This is Exhibit "A" referred to in the Affidavit of  
Pritesh Patel, sworn before me  
this 8 day of June, 2017

  
Latisha Marie Reddick  
Commissioner for Taking Affidavits, etc


**Latisha Marie Reddick, a Commissioner, etc.,  
Province of Ontario, while a Student-at-Law:  
Expires May 8, 2020.**

Richter Advisory Group Inc.  
 in its capacity as Receiver of  
 HNV Canada Inc.  
 Statement of Accounts

Exhibit A

Invoice #	Period	Fees	Disbursements	Sub total	HST	Total
20401611	January 16, 2017 to February 3, 2017	148,031.25	-	148,031.25	19,244.06	167,275.31
20401661	February 4, 2017 to February 17, 2017	96,153.75	5,066.88	101,220.63	13,158.68	114,379.31
20401727	February 18, 2017 to March 17, 2017	148,902.50	325.00	149,227.50	19,399.58	168,627.08
20401804	March 18, 2017 to March 31, 2017	67,618.00	533.09	68,151.09	8,859.64	77,010.73
20401843	April 1, 2017 to April 14, 2017	72,695.75	1,493.43	74,189.18	9,644.59	83,833.77
20401940	April 15, 2017 to May 12, 2017	133,784.75	1,241.61	135,026.36	17,553.43	152,579.79
<b>Total</b>		<b>667,186.00</b>	<b>8,660.01</b>	<b>675,846.01</b>	<b>87,859.98</b>	<b>763,705.99</b>

This is Exhibit "B" referred to in the Affidavit of  
Pritesh Patel, sworn before me  
this 8 day of June, 2017

  
Commissioner for Taking Affidavits, etc

**Lataha Marie Reddick, a Commissioner, etc.,  
Province of Ontario, while a Student-at-Law.  
Expires May 8, 2020.**



# RICHTER

HMV Canada Inc.  
110-5401 Eglinton Avenue W  
Etobicoke, ON M9C 5K6

Date: 02/10/2017  
Invoice No.: 20401611  
Engagement No.: 2020827  
Payment Terms: Due on Receipt

Professional services rendered to February 3, 2017			\$ 148,031.25
	<b>Sub-Total</b>		<b>148,031.25</b>
	GST/HST #885435842 RT0001		19,244.06
	Application of retainer funds		-25,000.00
	<b>Total Due</b>	<b>CAD</b>	<b>\$ 142,275.31</b>

T. 416.488.2345

Richter Advisory Group Inc.  
181 Bay St., Suite 3320  
Bay Wellington Tower  
Toronto ON M5J 2T3  
www.richter.ca

Toronto, Montreal



Invoice No.: 20401611  
Date: 02/10/2017

**E**

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**Fees**

<b>Name</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Andrew Zageris	2.00	\$ 45.00	\$ 90.00
Ann Stremski	8.40	185.00	1,554.00
Caleigh Smith	3.00	350.00	1,050.00
Carol O'Donnell	34.10	185.00	6,308.50
Dale Millstein	62.00	285.00	17,670.00
Katherine Forbes	54.20	525.00	28,455.00
Martin Gilbert	0.50	425.00	212.50
Pascale Lareau	1.80	185.00	333.00
Patrick Lareau	10.10	425.00	4,292.50
Paul Van Eyk	38.25	625.00	23,906.25
Peter Rosenfeld	2.00	45.00	90.00
Pritesh Patel	119.50	525.00	62,737.50
Soazig Bourgne	7.20	185.00	1,332.00
	<b>343.05</b>		<b>\$ 148,031.25</b>

Invoice No.: 20401811  
 Date: 02/10/2017




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**Fee and Disbursement Details**

<b>Date</b>	<b>Name and Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
01/16/2017	Katherine Forbes Update inventory roll-forward, correspondence with company, liquidators.	1.20	\$ 525.00	\$ 630.00
01/16/2017	Paul Van Eyk Emails with counsel, discussion with Richter team.	0.25	625.00	156.25
01/16/2017	Dale Millstein Sent message via Firmex re bid deadline extension. Updated dataroom for client information received.	1.00	285.00	285.00
01/17/2017	Katherine Forbes Review of bids received and edits to offer summary.	3.60	525.00	1,890.00
01/17/2017	Pritesh Patel Review of offers received and discussion with Richter team on same. Edits and finalize offer summary and email to company and lender.	4.00	525.00	2,100.00
01/17/2017	Dale Millstein Preparation of offer comparison for agency bids and consulting bids received.	5.00	285.00	1,425.00
01/18/2017	Katherine Forbes Correspondence with liquidators, and internally on next steps. Calls with management to review bids received, and liquidators to clarify bids and update on status. Review of inventory information.	2.90	525.00	1,522.50
01/18/2017	Paul Van Eyk Discussion with P. Patel on offers received, next steps.	0.25	625.00	156.25
01/18/2017	Pritesh Patel Call with company to review offer summary and discussions on tolerances. Follow-up correspondence with Offeror re clarification on bids. Review of response and call on same. Analysis on SKU database re product mix.	3.50	525.00	1,837.50
01/19/2017	Katherine Forbes Calls and correspondence with management, liquidators. Internal planning discussions.	1.00	525.00	525.00
01/20/2017	Katherine Forbes Correspondence with company, review of inventory information. Internal planning discussions.	0.90	525.00	472.50
01/20/2017	Paul Van Eyk Discussion with counsel, review of emails, email to Gowlings, discussion with P. Patel.	1.75	625.00	1,093.75

Invoice No.: 20401611  
 Date: 02/10/2017

**E**

<b>Date</b>	<b>Name and Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
01/20/2017	Pritesh Patel Call with counsel re next steps. Call with Lender. Review of information from Aird & Berlis. Continue drafting Receiver's Report.	4.50	525.00	2,362.50
01/21/2017	Katherine Forbes Call with company, review of inventory information and correspondence with Company on same.	0.80	525.00	420.00
01/21/2017	Paul Van Eyk Calls with P. Patel, calls with Company and HUK10, review of documents.	2.00	625.00	1,250.00
01/21/2017	Pritesh Patel Call with company and lender to discuss next steps on bids. Circulate email to bidders. Review store rent profiles. Edits to Receiver's Report based on new information received.	3.50	525.00	1,837.50
01/22/2017	Katherine Forbes Internal calls and call with liquidator, review of latest inventory information.	0.90	525.00	472.50
01/22/2017	Pritesh Patel Call with bidder re final offer deadline. Continue drafting Receiver's Report.	4.50	525.00	2,362.50
01/23/2017	Katherine Forbes Internal planning re potential augment inventory in agency agreement, review of inventory information. Correspondence with liquidators. Various contingency planning matters.	8.00	525.00	4,200.00
01/23/2017	Paul Van Eyk Review of draft report, meeting with Company and lenders, calls with lawyers, discussion with P. Patel.	4.00	625.00	2,500.00
01/23/2017	Pritesh Patel Finalize draft of Report, edit based on comments from P. van Eyk. Review of Final Offers and meeting with management and Lender on same. Review of Agency Agreement and Exhibits and updates, emails to counsel and liquidator's counsel.	10.00	525.00	5,250.00
01/23/2017	Dale Millstein Preparation of final offer summary. Upload updated documents to data room, respond to client emails.	3.00	285.00	855.00
01/24/2017	Katherine Forbes	6.50	525.00	3,412.50

Invoice No.: 20401611  
 Date: 02/10/2017

**E**

<b>Date</b>	<b>Name and Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
	Review of revised draft of agency agreement submission, mark-up, and discussions with liquidators. Review of cost considerations in contingency planning. Meeting and follow-up correspondence with Management and Lender.			
01/24/2017	Paul Van Eyk Meeting with Company, Lender, discussion with Gowlings, review of draft materials, review and correspond to emails, discussions with P. Patel.	3.00	625.00	1,875.00
01/24/2017	Pritesh Patel Updates to Receiver's Report based on comments from counsel. Review of Orders, Agency Agreement, Sale Guidelines and Affidavit, and multiple calls with counsel on same. Meeting with Company and Lender on next steps.	13.00	525.00	6,825.00
01/24/2017	Dale Millstein Updated supporting tables and information for proposed Receivers report.	2.50	285.00	712.50
01/25/2017	Katherine Forbes Onsite work at the company, conference call with company and Gordon Brothers, and various follow-up. Agency agreements discussions with various parties.	7.00	525.00	3,675.00
01/25/2017	Paul Van Eyk Review of draft report, affidavit, orders, emails from various counsel, discussion with lawyers, counsel to GB, review of Agency Agreement edits.	5.25	625.00	3,281.25
01/25/2017	Pritesh Patel Review of application materials. Updates to Receiver's Report based on final Affidavit, priority payables, etc. Discussion with K. Forbes re discussions at Company.	10.00	525.00	5,250.00
01/25/2017	Dale Millstein Review and update to the Proposed Receivers Report (i.e. tables, numerical information and internal consistencies etc.). Attendance on call between the proposed Agent and Company.	5.50	285.00	1,567.50
01/26/2017	Katherine Forbes Correspondence with team and company, information requests to company for contingency planning purposes. Review of agency agreement mark-up. Calls with company, company counsel.	3.30	525.00	1,732.50
01/26/2017	Paul Van Eyk	8.00	625.00	5,000.00

Invoice No.: 20401811  
Date: 02/10/2017

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Date	Name and Description	Hours	Rate	Amount
01/26/2017	<p>Preparing for filing, conference calls, review of material, calls with counsel to Company, Lender, Proposed Receiver, discussions with Richter team.</p> <p>Pritesh Patel Finalize Report. Review Agency Agreement, discussions with liquidator on same. Call with counsel re status of service, comments on Orders and Agency Agreement. Call with counsels re Agency Agreement and indemnity. Call with counsel to landlords re Orders.</p>	14.00	525.00	7,350.00
01/26/2017	<p>Dale Millstein Review of Affidavit and updates to the Proposed Receivers Report for internal consistencies and factual statements. Format and compilation of the report appendices. Review of Agency Agreement for redaction.</p>	5.50	285.00	1,587.50
01/27/2017	<p>Patrick Lareau Letter to BMO for wire transfer. Discussion with K. Forbes and C. O'Donnell - WEPPA.</p>	2.10	425.00	892.50
01/27/2017	<p>Carol O'Donnell Prepare letter to bank, open new bank accounts. Misc. administration. Discussions with P. Patel. Review WEPPA with P. Lareau and Service Canada.</p>	4.90	185.00	906.50
01/27/2017	<p>Katherine Forbes Onsite work at the Company re Day 1 receivership activities, banking arrangements, supplier and employee issues.</p>	8.00	525.00	4,200.00
01/27/2017	<p>Paul Van Eyk Attendance in court, meetings with counsel, discussions with stakeholders.</p>	6.00	625.00	3,750.00
01/27/2017	<p>Pritesh Patel Attendance in Court in connection with appointment and approval orders. Coordinating sweep of BMO accounts. Calls with K. Forbes re creditor issues, outstanding cheques, etc. Review of 30 day goods claims, discussion with counsel. Call with N. Williams.</p>	8.50	525.00	4,462.50
01/27/2017	<p>Dale Millstein Manage the information request listing. Participate in meetings with Company management. Preparation of creditor listing for s245/246 notice.</p>	7.00	285.00	1,995.00
01/28/2017	<p>Paul Van Eyk Call with P. Patel, review of emails.</p>	1.75	625.00	1,093.75

Invoice No.: 20401811  
 Date: 02/10/2017



Date	Name and Description	Hours	Rate	Amount
01/28/2017	Pritesh Patel Review of correspondence from MSI. Call with counsel re 30 day goods claims, Sony claim re Inferno. Call with H. Berkley re Sony claim, emails with Agent on same.	1.00	525.00	525.00
01/30/2017	Patrick Lareau Discussion with M. Quenneville - WEPPA, Send court Order, discussion with C. O'Donnell and K. Forbes.	2.10	425.00	892.50
01/30/2017	Carol O'Donnell Discussions with D. Millstain regarding WEPPA. Discussion with K. Forbes regarding transfer of funds, escrow account. Review creditors list with D. Millstain. Verify bank for wire transfers, enter wire transfers.	4.50	185.00	832.50
01/30/2017	Carol O'Donnell Set up online banking and Ascend. Communication with P. Patel regarding bank accounts, misc. administration.	2.50	185.00	462.50
01/30/2017	Ann Stremski Arrange creditor list for import.	1.80	185.00	333.00
01/30/2017	Katherine Forbes Review of letter of credit and correspondence with counsel, banking arrangements and correspondence with Agent, C. O'Donnell. Internal communications re: employee issues.	2.10	525.00	1,102.50
01/30/2017	Paul Van Eyk Review of emails, set-up banking information, discussion with Gowlings & P. Patel.	1.00	625.00	625.00
01/30/2017	Pritesh Patel Attendance on site to meet with management team to discuss banking, reporting, etc. Multiple meetings re employee issues, reporting with Agent. Call with BMO re bank account & processing. Calls with creditors re proceedings. Review of 30 day goods claims.	9.00	525.00	4,725.00
01/30/2017	Dale Millstain Attend to creditor calls re receivership proceedings.	6.00	285.00	1,710.00
01/31/2017	Pascale Lareau Call Government for PST, QST and HST number, prepare document for Business Consent RC-59 with Revenue Canada.	1.50	185.00	277.50
01/31/2017	Patrick Lareau	2.40	425.00	1,020.00

Invoice No.: 20401611  
Date: 02/10/2017

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Date	Name and Description	Hours	Rate	Amount
	Discussion with K. Forbes and C. O'Donnell. Conference call with Service Canada re: procedures for WEPPA.			
01/31/2017	Carol O'Donnell Verify bank for wires, input deposits. Transfer funds from general trust to Receiver account. Conference call regarding WEPPA. Discussions with P. Lareau regarding info. required for preparation of WEPPA. Email regarding HST/PST.	4.50	185.00	832.50
01/31/2017	Carol O'Donnell Discussions with P. Patel re administration of file. Communication with BMO re Escrow account. Misc. administration.	2.50	185.00	462.50
01/31/2017	Ann Stremski Review calls and emails. Communication with P. Patel.	0.40	185.00	74.00
01/31/2017	Katherine Forbes Onsite work at the company. WEPPA calls with Service Canada, company counsel, C. O'Donnell, P. Lareau. Internal discussions re agency agreement expenses and reconciliations. Discussion with counsel re letter of credit.	3.70	525.00	1,942.50
01/31/2017	Katherine Forbes Review of 30 day goods claims received; follow-up and discussions with company re information to evaluate claims.	0.50	525.00	262.50
01/31/2017	Soazig Bourguine Prepare creditors labels, email to D. Millstein, research addresses.	2.00	185.00	370.00
01/31/2017	Paul Van Eyk Calls on WEPPA, discussion with P. Patel on 30 day goods claims, review of emails from counsel, discussion with A&B.	1.25	625.00	781.25
01/31/2017	Pritesh Patel Attendance on site to meet with Lender re 30 day goods claims. Review claims and numerous discussions with HMV team on same. Multiple meetings re employee issues, reporting with Agent. Call with payment processor. Calls with creditors re proceedings.	9.00	525.00	4,725.00
01/31/2017	Dale Millstein Attend to creditor calls re receivership proceedings.	7.00	285.00	1,995.00
01/31/2017	Caleigh Smith Review of agency agreement	0.50	350.00	175.00



Invoice No.: 20401811  
 Date: 02/10/2017

E

Date	Name and Description	Hours	Rate	Amount
02/01/2017	Pascale Lareau Prepare cheques.	0.30	185.00	55.50
02/01/2017	Patrick Lareau Discussion with Carol O'Donnell and Katherine Forbes - employee vacation. Communication with MAnon Quenneville WEPP and review information with Carol O'Donnell	3.50	425.00	1,487.50
02/01/2017	Carol O'Donnell Prepare property claim. Prepare wire transfer from general trust acct to HMV account. Communications with BMO re Escrow acct. Review of WEPPA with P. Lareau. Misc. administration.	4.50	185.00	832.50
02/01/2017	Ann Stremski Verify emails, communication with employee, communication with D. Millstein, update telephone tracking log.	0.40	185.00	74.00
02/01/2017	Katherine Forbes Call with P. Patel and H. Berkeley to discuss expenses as per the agency agreement. Review of company's letter to employees and correspondence with company counsel. Call with P. Pritesh on agency agreement matters.	1.30	525.00	682.50
02/01/2017	Paul Van Eyk Review of emails, correspondence with lender, review of 30 day goods emails, discussion with P. Patel.	1.75	625.00	1,093.75
02/01/2017	Pritesh Patel Calls with counsel re 30 day goods claims, discussions with HMV management and team on same. Call with Sony, counsel re claim. Attending to employee issues, funding of benefits, WEPP. Call with payment processor. Calls with creditors re proceedings.	9.00	525.00	4,725.00
02/01/2017	Dale Millstein Attend to creditor calls. Drafting Notice and Statement of the Receiver.	6.50	285.00	1,852.50
02/01/2017	Caleigh Smith Review of agency agreement re: treatment of HST and review of sample reconciliation.	1.50	350.00	525.00
02/02/2017	Carol O'Donnell Prepare creditor list. WEPPA issues, prepare FAQ's. Communications with BMO re escrow account, misc. administration.	5.90	185.00	1,091.50
02/02/2017	Ann Stremski	0.80	185.00	148.00

Invoice No.: 20401611  
 Date: 02/10/2017

E

Date	Name and Description	Hours	Rate	Amount
	Verification of phone calls received, communications with C. O'Donnell.			
02/02/2017	Katherine Forbes Review of WEPPA Q&A, call with Martin Gilbert and C. Smith re HST impact on agency agreement. Discussion with P. Patel re: various receivership matters. Discussion with company counsel re: WEPP matters.	1.60	525.00	840.00
02/02/2017	Martin Gilbert Call with C. Smith and K. Forbes re GST/HST and agency vs rebilling.	0.50	425.00	212.50
02/02/2017	Soazig Bourglne Draft of Estate Information Sheet, email to D. Millstein.	0.70	185.00	129.50
02/02/2017	Soazig Bourglne Review of Employee Addresses and Labels.	1.50	185.00	277.50
02/02/2017	Paul Van Eyk Review of emails, discussion with Gowlings, P. Patel.	1.00	625.00	625.00
02/02/2017	Pritesh Patel Attending to Atlantic 30 day goods claim. Calls with counsel re 30 day goods claims, discussions with HMV management and team on same. Multiple discussions with Agent re reporting. Meeting with HMV team re funding requirements. Edits to 245/246 notice.	8.00	525.00	4,200.00
02/02/2017	Dale Millstein Completed creditor calls. Continue drafting the Notice and Statement of the Receiver. Edits to Estate Information Summary.	6.50	285.00	1,852.50
02/02/2017	Caleigh Smith Internal call with tax team to discuss HST treatment and follow up	1.00	350.00	350.00
02/03/2017	Carol O'Donnell Update WEPPA FAQ's. Update Creditor list and receiver report. Comm. with Service Canada re regarding confirmation letter. Email and fax to bank for sweep of acct. Comm. with BMO re Escrow acct, open account in Ascend. Comm. with Creditors, Misc. admin	4.80	185.00	888.00
02/03/2017	Ann Stremski Communications with D. Millstein. Update creditor list and import into Ascend. Multiple calls with employees and creditors. Reply to emails, update log.	5.00	185.00	925.00
02/03/2017	Peter Rosenfeld Prepare mailings.	2.00	45.00	90.00

Invoice No.: 20401611  
 Date: 02/10/2017

E

Date	Name and Description	Hours	Rate	Amount
02/03/2017	Katherine Forbes Discussions with P. Patel re liquidation sales planning, Administrative receivership matters, including correspondence with Agent, C. O'Donnell, review of Notice of the receiver.	0.90	525.00	472.50
02/03/2017	Soazig Bourgine Review Notice & Statement of Receiver, Schedule A-B, email to all, labels landlords & creditors.	2.50	185.00	462.50
02/03/2017	Soazig Bourgine Changes to labels and EIS, various communications with D. Millstein.	0.50	185.00	92.50
02/03/2017	Andrew Zageris Prepare mailings.	2.00	45.00	90.00
02/03/2017	Paul Van Eyk Phone calls with P. Patel, review of emails.	1.00	625.00	625.00
02/03/2017	Pritesh Patel Finalize 245/248 Notice. Numerous discussions with HMV management re settlement of 30 day goods claims. Review of FF&E budget and discussions with Agent on same. Responding to inquiries from creditors. Attending to calls from employees re WEPPA.	8.00	525.00	4,200.00
02/03/2017	Dale Millstein Completed creditor calls. Updates to creditor list and schedules for Notice and Statement of the Receiver.	6.50	285.00	1,852.50
<b>Fees Total</b>		<b>343.05</b>		<b>\$ 148,031.25</b>

Invoice No.: 20401811  
 Date: 02/10/2017

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**Remittance Form**

HMV Canada Inc.  
 110-5401 Eglinton Avenue W  
 Etobicoke, ON M9C 5K6

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**Invoice Summary**

Sub-Total		<b>\$ 148,031.25</b>
GST/HST #685435842 RT0001		19,244.06
Application of retainer funds		-25,000.00
<b>Total Due</b>	<b>CAD</b>	<b>\$ 142,275.31</b>

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**Payment Options**

**Wire Transfer**      Toronto Dominion Bank  
 Commercial Banking Center  
 525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2  
 CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATT  
 USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTOR  
 Email payment details, including invoice number and amount paid to:  
 ClientService@richter.ca

**Cheques**            Payable to: Richter Advisory Group Inc.  
 Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

**Inquiries: please call our general line 416.498.2345 or e-mail ClientService@richter.ca**

T. 416.498.2345

Richter Advisory Group Inc.  
 181 Bay St., Suite 3320  
 Bay Wellington Tower  
 Toronto ON M5J 2T3  
 www.richter.ca

Toronto, Montreal

# RICHTER

HMV Canada Inc.  
110-6401 Eglinton Avenue W  
Etobicoke, ON M9C 5K5

Date: 02/27/2017  
Invoice No.: 20401661  
Engagement No.: 2020827  
Payment Terms: Due on Receipt

Professional services rendered to February 17, 2017		\$ 98,153.75
Disbursements		5,066.88
	<b>Sub-Total</b>	<b>101,220.63</b>
	GST/HST #885435842 RT0001	13,158.68
	<b>Total Due</b>	<b>CAD \$ 114,379.31</b>

T. 416.488.2345

Richter Advisory Group Inc.  
101 Bay St., Suite 3320  
Bay Wellington Tower  
Toronto ON M5J 2T3  
www.richter.ca

Toronto, Montreal



Invoice No.: 20401661  
Date: 02/27/2017




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**Fees**

<b>Name</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Andrew Zageris	5.00	\$ 45.00	\$ 225.00
Ann Stremekl	17.20	185.00	3,182.00
Caleigh Smith	40.50	350.00	14,175.00
Carol O'Donnell	39.60	185.00	7,326.00
Dale Millstein	40.00	285.00	11,400.00
Franca Sciascia	2.50	45.00	112.50
Katherine Forbes	7.20	525.00	3,780.00
Lyne Robert	1.00	45.00	45.00
Martin Gilbert	1.00	425.00	425.00
Pascale Lareau	0.20	185.00	37.00
Patrick Lareau	11.85	425.00	4,951.25
Paul Van Eyk	13.50	625.00	8,437.50
Peter Rosenfeld	4.00	45.00	180.00
Pritesh Patel	77.00	525.00	40,425.00
Scott Thomson	3.50	45.00	157.50
Soazig Bourgine	7.00	185.00	1,295.00
	<b>270.85</b>		<b>\$ 96,153.75</b>

**Disbursements**


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 Postage / Printing and Copying

\$ 5,066.88

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**\$ 5,066.88**

Invoice No.: 20401661  
Date: 02/27/2017

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**Fee and Disbursement Details**

Date	Name and Description	Hours	Rate	Amount
02/02/2017	Patrick Lareau Modification of TIF form, communication with Manon Quenneville WEPP and discussion with Carol O'Donnell - WEPP issues. Prepare list of landlord.	3.70	\$ 425.00	\$ 1,572.50
02/03/2017	Patrick Lareau Update WEPP FAQ's, translation. Communication with Service Canada - confirmation letter.	3.50	425.00	1,487.50
02/06/2017	Patrick Lareau Communication with creditor.	0.05	425.00	21.25
02/06/2017	Carol O'Donnell Prepare wire transfer for payroll. Communications with employees and creditors. Wire trsf from general trust acct to escrow account. Fax letter to BMO, verify bank for wire for wire trsf from BMO, enter, email to P. Patel. Administration of file.	5.40	185.00	999.00
02/06/2017	Carol O'Donnell Discussion with P. Patel. Update creditor list and form 87.	0.50	185.00	92.50
02/06/2017	Ann Stremski Respond to creditor calls and reply to creditor emails.	5.00	185.00	925.00
02/06/2017	Franca Sciascia Prepare mailing of s.245/246 Notice.	2.50	45.00	112.50
02/06/2017	Peter Rosenfeld Prepare mailing of s.245/246 Notice.	4.00	45.00	180.00
02/06/2017	Scott Thomson Prepare mailing of s.245/246 Notice.	3.50	45.00	157.50
02/06/2017	Katherine Forbes Review weekly settlement template, correspondence with company re in-transit schedule. Review of final draft notice and statement of the receiver.	0.90	525.00	472.50
02/06/2017	Soazig Bourgine Prepare supplementary list by email, email to P. Patel K. Forbes P. vanEyck, suppl labels, website posting & efilng.	1.50	185.00	277.50
02/06/2017	Soazig Bourgine Prepare mailing lists, affidavits.	1.00	185.00	185.00
02/06/2017	Lyne Robert Prepare mailing of s.245/246 Notice.	1.00	45.00	45.00
02/06/2017	Andrew Zageris Prepare mailing of s.245/246 Notice.	5.00	45.00	225.00

Invoice No.: 20401881  
 Date: 02/27/2017

**E**

<b>Date</b>	<b>Name and Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
02/06/2017	Paul Van Eyk Review of draft settlement language on 30 day goods, discussion with P. Patel.	2.00	625.00	1,250.00
02/06/2017	Pritesh Patel Attendance at HMV offices. Finalize 245 Notice. Meeting with HMV team re overhead expenses and budgets. Review and comment on 30 day goods settlement agreements. Discussion with counsel re Homedics. Attending to creditor inquiries, funding requests.	8.00	525.00	4,200.00
02/06/2017	Dale Millstein Responding to creditor calls and inquiries received through the HMV hotlines and following up with HMV team as required. Discussion with Richter team on any unresolved or escalated issues. Updates to creditor tracking log.	4.00	285.00	1,140.00
02/07/2017	Patrick Lareau Review s.245/246 notice.	0.50	425.00	212.50
02/07/2017	Carol O'Donnell Communications with Creditors and employees. Emails to D. Millstein. Update creditor list. Misc. administration re WEPP.	5.90	185.00	1,091.50
02/07/2017	Ann Stremski Calls from creditor re: their pure points; calls from employees re weppa; take messages and update telephone log	2.50	185.00	462.50
02/07/2017	Katherine Forbes Discussions with P. Patel and C. Smith each re: agency agreement, weekly reconciliation planning, and funding arrangements. Follow-up with Martin Gilbert. Call with management re: in-transit inventory, and review of related clause in agency agreement	1.10	525.00	577.50
02/07/2017	Soazig Bourguine Email to D. Millstein re: Filing of a receivership and reporting	0.10	185.00	18.50
02/07/2017	Soazig Bourguine Service List posted on website, postage form	0.30	185.00	55.50
02/07/2017	Paul Van Eyk Review of settlement agreement on Infamo, discussion with Gowlings, call with P. Patel.	1.50	625.00	937.50
02/07/2017	Pritesh Patel	8.00	525.00	4,200.00



Invoice No.: 20401861  
Date: 02/27/2017



Date	Name and Description	Hours	Rate	Amount
	Attendance at HMV offices. Review of 30 day goods analysis. Calls with creditors re claims, status of proceedings. Call with landlord for warehouses. Discussions with HMV and Agent re Inferno.			
02/07/2017	Dale Millstein Responding to creditor calls and inquiries received through the HMV hotlines and following up with HMV team as required. Discussion with Richter team on any unresolved or escalated issues. Updates to creditor tracking log.	4.00	285.00	1,140.00
02/07/2017	Caleigh Smith Review of agency agreement and weekly funding request.	1.25	350.00	437.50
02/08/2017	Patrick Lareau Review weppa notice.	0.50	425.00	212.50
02/08/2017	Patrick Lareau Discussion with Manon Quenneville - e-mail of confirmation re: severance and termination pay.	0.80	425.00	340.00
02/08/2017	Patrick Lareau Communication with OPC.	0.20	425.00	85.00
02/08/2017	Carol O'Donnell Instructions regarding WEPP notice, email to K. Forbes and P. Patel. Discuss and email copy of ADP wire to P. Patel. Respond to creditors emails and telephone message, update telephone log. Administration of file.	5.70	185.00	1,054.50
02/08/2017	Ann Stremski Return calls regarding weppa and record of employment.	0.30	185.00	55.50
02/08/2017	Katherine Forbes HST call with M. Gilbert, C. Smith, review of inventory in transit at sale commencement date, and correspondence with management.	0.90	525.00	472.50
02/08/2017	Martin Gilbert Reviewed Agency Agreement. Call with K. Forbes and C. Smith re: same.	1.00	425.00	425.00
02/08/2017	Soazig Bourguine Search of addresses, email to D. Millstein.	1.50	185.00	277.50
02/08/2017	Soazig Bourguine Website posting of the amended Service List.	0.20	185.00	37.00
02/08/2017	Paul Van Eyk Review of emails, discussion with Gowlings, discussion with P. Patel.	0.75	625.00	468.75
02/08/2017	Pritesh Patel	8.00	525.00	4,200.00

Invoice No.: 20401681  
 Date: 02/27/2017

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Date	Name and Description	Hours	Rate	Amount
	Attendance at HMV offices. Review disbursement request and discussion with Richter team on same. Calls with creditors re claims, status of proceedings. Meeting with HMV team re Agent reporting.			
02/08/2017	Dale Millstein Responding to creditor calls and inquiries received through the HMV hotlines and following up with HMV team as required. Discussion with Richter team on any unresolved or escalated issues. Updates to creditor tracking log.	4.00	285.00	1,140.00
02/08/2017	Caleigh Smith Meeting with HMV finance team to discuss weekly reconciliation, payment of weekly funding, review of information requests for GB reimbursement.	5.00	350.00	1,750.00
02/09/2017	Carol O'Donnell Discussion with P. Lareau and K. Forbes re: vacation pay. Communications with Creditors, update telephone log. File administration.	3.90	185.00	721.50
02/09/2017	Katherine Forbes Onsite work at the company, including meeting with management and Gordon Brothers on the process for weekly settlements. Call with company counsel and discussions with management regarding treatment of employee vacation and other matters.	3.50	525.00	1,837.50
02/09/2017	Katherine Forbes Calls with C. O'Donnell and P. Lareau re: WEPP, employee questions, and employee proofs of claim.	0.50	525.00	262.50
02/09/2017	Soazig Bourgine Supplementary mailing (Workers Compensation, Tax Centres), finalization of affidavit.	1.00	185.00	185.00
02/09/2017	Paul Van Eyk Attendance at HMV to meet management, meeting with P. Patel, review of wire transfer, call with management on vacation pay and HST.	2.50	625.00	1,562.50
02/09/2017	Pritesh Patel Attendance on at HMV offices. Call with counsel to MSI, ION re 30 day goods claims. Email to Homedics re demand, coordination with HMV team. Discussion with Richter team re Agent reporting. Sign-off and coordinate disbursement request.	8.00	525.00	4,200.00

Invoice No.: 20401661  
Date: 02/27/2017



Date	Name and Description	Hours	Rate	Amount
02/09/2017	Dale Millstein Completed creditor calls. Resolved shipping issue (Purolator).	4.00	285.00	1,140.00
02/09/2017	Caleigh Smith Review of funding request support, preparation of R&D, call with CRA re: trust exam.	2.25	350.00	787.50
02/10/2017	Patrick Lareau Communication with Service Canada, C. O'Donnell re: WEPPA.	1.50	425.00	637.50
02/10/2017	Carol O'Donnell Send document to translation for pure points. Respond to creditors emails and telephone calls, update telephone log.	4.90	185.00	906.50
02/10/2017	Ann Stremski Communication with creditors.	0.20	185.00	37.00
02/10/2017	Soazlg Bourguine Review of french translation.	0.20	185.00	37.00
02/10/2017	Paul Van Eyk Discussion with P. Patel on potential 30 day good claim, review of emails, admin.	1.75	625.00	1,093.75
02/10/2017	Pritesh Patel Attendance on at HMV offices. Calls with counsel to MSI re 30 day goods claims. Call with counsel to Oxford re status of proceedings. Meetings with HMV team re supplier claims, employee issues, banking. Discussions with Agent re funding, Homedics.	7.00	525.00	3,675.00
02/10/2017	Dale Millstein Responding to creditor calls and inquiries received through the HMV hotlines and following up with HMV team as required. Discussion with Richter team on any unresolved or escalated issues. Updates to creditor tracking log.	4.00	285.00	1,140.00
02/10/2017	Caleigh Smith Review of payroll and rent information as support for weekly rec, discussions re: cash situation, meeting with Agent.	3.25	350.00	1,137.50
02/13/2017	Patrick Lareau Modification to Q&A, information from Service Canada and discussion with C. O'Donnell re: WEPPA.	0.80	425.00	340.00
02/13/2017	Carol O'Donnell	4.50	185.00	832.50

Invoice No.: 20401661  
 Date: 02/27/2017

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Date	Name and Description	Hours	Rate	Amount
	Updated FAQ's and emailed to P.Patel. Update FAQ's on website. Verify information for wire, search for addresses online, email to P. Patel. Respond to emails and questions from Creditor. Update creditor log.			
02/13/2017	Katherine Forbes Correspondence with C. O'Donnell and responding to stakeholder inquiries.	0.30	525.00	157.50
02/13/2017	Soazig Bourgine Email to OSB re: filing of a receivership & reporting of duties, Ascend update, email to P. Patel, D. Millstein.	0.30	185.00	55.50
02/13/2017	Paul Van Eyk Review of 30 goods claim, signing documents, review of emails from Gowlings, discussion with P. Patel, discussion with HUK10.	2.00	625.00	1,250.00
02/13/2017	Pritesh Patel Attendance on site at HMV offices. Discussions with HMV team re cash reconciliation, banking, upcoming disbursement request and 30 day goods claims. Meeting with HUK10 to discuss status. Review and email to HoMedics re repossession	8.00	525.00	4,200.00
02/13/2017	Dale Millstein Responding to creditor calls and inquiries received through the HMV hotlines and following up with HMV team as required. Discussion with Richter team on any unresolved or escalated issues. Updates to creditor tracking log.	4.00	285.00	1,140.00
02/13/2017	Caleigh Smith R&D tracking, review of proceeds request.	4.00	350.00	1,400.00
02/14/2017	Pascale Lareau Complete bank reconciliation.	0.20	185.00	37.00
02/14/2017	Patrick Lareau Send estate number to Manon Quenneville at Service Canada.	0.10	425.00	42.50
02/14/2017	Carol O'Donnell Obtain quote for boxes and destruction of records. Prepare deposit. Communication with BMO to obtain interest rates for GIC's, discussions with P. Patel. Communications with creditors.	1.60	185.00	296.00
02/14/2017	Soazig Bourgine Filing of Receivership/Reporting of Duties posted on website, Ascend update.	0.30	185.00	55.50

Invoice No.: 20401861  
Date: 02/27/2017



Date	Name and Description	Hours	Rate	Amount
02/14/2017	Paul Van Eyk Review of 30 day good settlements, wire transfers, review of emails from C. O'Donnell, review of VM's, discussion with P. Patel.	1.25	625.00	781.25
02/14/2017	Pritesh Patel Attendance on site at HMV offices. Discussions with HMV team re IT backups, doc retention, and vacpay. Meeting with Agent re weekly reporting and final reconciliation. Review of settlement agreement re 30 day goods claims.	8.00	525.00	4,200.00
02/14/2017	Dale Millstein Responding to creditor calls and inquiries received through the HMV hotlines and following up with HMV team as required. Discussion with Richter team on any unresolved or escalated issues. Updates to creditor tracking log.	4.00	285.00	1,140.00
02/14/2017	Caleigh Smith Review of weekly disbursements requests, invoice review, creditor follow-up.	5.50	350.00	1,925.00
02/15/2017	Carol O'Donnell Verify bank, email to P. Patel regarding wire, update deposit, scan and save. Email to P. Patel re: Docu Depot, instructions to mail room. Prepare wire transfer for ADP. Misc. administration.	2.10	185.00	388.50
02/15/2017	Paul Van Eyk Review and sign agreements, discussion with P. Patel.	0.75	625.00	468.75
02/15/2017	Pritesh Patel Attendance on site at HMV offices. Correspondence with suppliers re 30 day goods claim settlements, discussions with HMV management and counsel on same. Email to HUK10 re taxes. Discussions with HMV team re store closures and landlord notifications.	8.00	525.00	4,200.00
02/15/2017	Dale Millstein Responding to creditor calls and inquiries received through the HMV hotlines and following up with HMV team as required. Discussion with Richter team on any unresolved or escalated issues. Updates to creditor tracking log.	4.00	285.00	1,140.00
02/15/2017	Caleigh Smith Preparation of R&D tracking, review of TForce invoices, meetings with HMV employees, meeting with GB, review of cash position.	7.00	350.00	2,450.00

Invoice No.: 20401661  
Date: 02/27/2017

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<b>Date</b>	<b>Name and Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
02/16/2017	Carol O'Donnell Prepare wire transfers for 30 days goods, enter and scan. Prepare instructions to the bank to purchase GIC's, email to P. Patel. Comm. with Creditors.	2.90	185.00	536.50
02/16/2017	Ann Stramski Return calls and reply to emails on 1-800 number.	3.00	185.00	555.00
02/16/2017	Paul Van Eyk Review of 30 day good claims, wire transfers, review of emails.	0.75	625.00	468.75
02/16/2017	Pritesh Patel Attendance on site at HMV offices. Responding to enquiries from creditors re status of proceedings, payments. Discussions with HMV team re store closure process, WEPPA. Correspondence re HoMedics. Discussions with C.Smith re weekly reconciliation.	8.00	525.00	4,200.00
02/16/2017	Dale Millstein Responding to creditor calls and inquiries received through the HMV hotlines and following up with HMV team as required. Discussion with Richter team on any unresolved or escalated issues. Updates to creditor tracking log.	4.00	285.00	1,140.00
02/16/2017	Caleigh Smith Review of HMV cash position, analysis of sales tax holdback, review of employee WEPPA schedule, HMV employee meetings	5.75	350.00	2,012.50
02/17/2017	Carol O'Donnell Communications with BMC regarding investment. Review WEPP notice. Comm. with Creditors. Misc. administration.	2.20	185.00	407.00
02/17/2017	Ann Stramski Reply to calls and emails; update tracking log; administration of emails and voice messages.	6.20	185.00	1,147.00
02/17/2017	Soazig Bourguine Emails to D. Millstein re: notice returned to sender, Notice returned to Mellor Croy.	0.40	185.00	74.00
02/17/2017	Soazig Bourguine Ascend update with new addresses.	0.20	185.00	37.00
02/17/2017	Paul Van Eyk Review of emails and 30 day claim docs.	0.25	625.00	156.25
02/17/2017	Pritesh Patel	6.00	525.00	3,150.00

Invoice No.: 20401661  
 Date: 02/27/2017



Date	Name and Description	Hours	Rate	Amount
	Attendance on site at HMV offices. Discussions with HMV team re 30 day goods claims, HoMedics. Review 30 day goods analysis. Call with suppliers re 30 day goods claims. Call with Oxford. Discussions with Agent re Sale.			
02/17/2017	Dale Millstein Responding to creditor calls and inquiries received through the HMV hotlines and following up with HMV team as required. Discussion with Richter team on any unresolved or escalated issues. Updates to creditor tracking log.	4.00	285.00	1,140.00
02/17/2017	Caleigh Smith Review of settlement statement and related costs, meetings with GB, review of utilities invoices	6.50	350.00	2,275.00
<b>Fees Total</b>		<b>270.85</b>		<b>\$ 96,153.75</b>
Date	Name and Description	Hours	Rate	Amount
02/06/2017	Printing and Copying 02/06/2017: 12 pages X 1,686 copies @ \$0.1 (Notice and statement of the receiver)			2,023.20
02/06/2017	Postage 02/06/2017: Postage: Notice to creditors (Notice and statement of the receiver)			3,001.44
02/09/2017	Postage 02/09/2017: Postage: Notice to creditors (Notice and statement of the receiver)			42.24
<b>Disbursements Total</b>				<b>\$ 5,066.88</b>

Invoice No.: 20401661  
Date: 02/27/2017

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**Remittance Form**

HMV Canada Inc.  
110-5401 Eglinton Avenue W  
Etobicoke, ON M9C 5K6

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**Invoice Summary**

Sub-Total		\$ 101,220.63
GST/HST #885435842 RT0001		13,158.68
<b>Total Due</b>	<b>CAD</b>	<b>\$ 114,379.31</b>

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**Payment Options**
**Wire Transfer**

Toronto Dominion Bank  
Commercial Banking Center  
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2

CAD Account no.: 5300836 Translt no.: 41601 Swift code: TDOMCATT  
USD Account no.: 7332090 Translt no.: 41601 Swift code: TDOMCATTTOR

Email payment details, including invoice number and amount paid to:  
ClientService@richter.ca

**Cheques**

Payable to: Richter Advisory Group Inc.  
Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

**Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca**

T. 416.488.2345

Richter Advisory Group Inc.  
181 Bay St., Suite 3320  
Bay Wellington Tower  
Toronto ON M5J 2T3  
www.richter.ca

Toronto, Montreal



**RICHTER**

HMV Canada Inc.  
 110-5401 Eglinton Avenue W  
 Etobicoke, ON M9C 5K6

Date: 03/22/2017  
 Invoice No.: 20401727  
 Engagement No.: 2020827  
 Payment Terms: Due on Receipt

Professional services rendered to March 17, 2017		\$ 148,902.50
Disbursements		325.00
	<b>Sub-Total</b>	<b>149,227.50</b>
	GST/HST #885435842 RT0001	19,399.58
	<b>Total Due</b>	<b>CAD \$ 168,627.08</b>

T. 416.488.2348

Richter Advisory Group Inc.  
 181 Bay St., Suite 3320  
 Bay Wellington Tower  
 Toronto ON M5J 2T3  
 www.richter.ca

Toronto, Montreal



Invoice No.: 20481727  
 Date: 03/22/2017

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**Fees**

<b>Name</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Adam Sherman	0.20	\$ 625.00	\$ 125.00
Ann Stremski	69.50	185.00	12,857.50
Caleigh Smith	148.00	350.00	51,800.00
Carol O'Donnell	33.70	185.00	6,234.50
Dale Millstein	22.00	285.00	6,270.00
Pascale Lareau	3.00	185.00	555.00
Patrick Lareau	10.80	425.00	4,590.00
Paul Van Eyk	6.20	625.00	3,875.00
Pritesh Patel	115.60	525.00	60,690.00
Soazig Bouquine	10.30	185.00	1,905.50
	<b>419.30</b>		<b>\$ 148,902.50</b>

**Disbursements**


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Bankers Boxes			\$ 325.00
			<b>\$ 325.00</b>

Invoice No.: 20401727  
Date: 03/22/2017




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**Fee and Disbursement Details**

Date	Name and Description	Hours	Rate	Amount
02/17/2017	Patrick Lareau Review notice of weppa.	0.20	\$ 425.00	\$ 85.00
02/20/2017	Carol O'Donnell Communicate with creditors.	0.20	185.00	37.00
02/20/2017	Ann Stremski Review incoming emails; update telephone tracker; communications with creditors and clients.	1.60	185.00	277.50
02/21/2017	Carol O'Donnell Prepare wire transfers online and manually. Scan and save. Communicate with Creditors. Communicate with BMO regarding investments. Email to P. Patel re: WEPP and notice. Administration of file.	1.70	185.00	314.50
02/21/2017	Soazig Bourguine Notice returned to new addresses.	0.20	185.00	37.00
02/21/2017	Paul Van Eyk Review of emails, wire transfer reviews.	0.50	625.00	312.50
02/21/2017	Pritesh Patel Correspondence with suppliers re 30 day goods settlements and coordinate payment with Richter team. Discussions with H. Berkley and counsel re warehouses. Review offer on FF&E and discussion with HMV and Agent on same.	8.00	525.00	4,200.00
02/21/2017	Dale Millstein Responding to creditor calls and inquiries received through the HMV hotlines and following up with HMV team as required. Discussion with Richter team on any unresolved or escalated issues. Updates to creditor tracking log.	4.00	285.00	1,140.00
02/21/2017	Caleigh Smith Creditor calls, utility / telecomm calls, R&D tracking, GB settlement support review.	8.00	350.00	2,800.00
02/22/2017	Carol O'Donnell Prepare wire transfers, update wire transfers. Communications with BMO re GIC's and US transfer. Prepare manual transfer and fax to bank. Communications with Creditors. Miscellaneous file administration.	3.20	185.00	592.00
02/22/2017	Ann Stremski Attending to emails and calls from creditors.	4.60	185.00	851.00
02/22/2017	Soazig Bourguine Translation of Weppa Notice, request to Versacom for review.	1.00	185.00	185.00

Invoice No.: 20401727  
 Date: 03/22/2017

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Date	Name and Description	Hours	Rate	Amount
02/22/2017	Adam Sherman Review/approve January 2017 bank rec.	0.20	625.00	125.00
02/22/2017	Pritesh Patel Review disbursement request. Calls and correspondence with suppliers re 30 day goods claims. Attending to inquiries from creditors re proceedings and payments.	3.00	525.00	1,575.00
02/22/2017	Dale Millstein Responding to creditor calls and inquiries received through the HMV hotlines and following up with HMV team as required. Discussion with Richter team on any unresolved or escalated issues. Updates to creditor tracking log.	4.00	285.00	1,140.00
02/22/2017	Caleigh Smith Creditor calls, review of weekly disbursement request and support.	8.00	350.00	2,800.00
02/23/2017	Carol O'Donnell Prepare wire transfer. Enter GICs. Miscellaneous file administration.	1.20	185.00	222.00
02/23/2017	Ann Stremski Return calls and reply to emails; administration of file.	5.80	185.00	1,073.00
02/23/2017	Soazig Bourgine Notice resend to new addresses, email to C. Smith.	0.30	185.00	55.50
02/23/2017	Paul Van Eyk Review of wire transfers, discussion with P. Patel, review of emails.	0.50	625.00	312.50
02/23/2017	Pritesh Patel Sign-off on disbursement request. Finalize settlements on remaining 30 day goods claims. Correspondence with Sony and HMV team re Inferno pickups. Attending to inquiries from creditors re proceedings and payments.	4.00	525.00	2,100.00
02/23/2017	Dale Millstein Responding to creditor calls and inquiries received through the HMV hotlines and following up with HMV team as required. Discussion with Richter team on any unresolved or escalated issues. Updates to creditor tracking log.	4.00	285.00	1,140.00
02/23/2017	Caleigh Smith Creditor calls, weekly disbursement request review, expense review for settlement.	8.00	350.00	2,800.00
02/24/2017	Carol O'Donnell	1.40	185.00	259.00

Invoice No.: 20401727  
 Date: 03/22/2017

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Date	Name and Description	Hours	Rate	Amount
	Communication with BMO regarding error in GICs, update Ascend, email GL to C. Smith.			
02/24/2017	Ann Stremski Returning calls and reply to emails; update tracking log.	2.80	185.00	518.00
02/24/2017	Soazig Bourguine Review of French and English Weppa Notice.	0.20	185.00	37.00
02/24/2017	Paul Van Eyk Meeting with Richter team, review of o/s items, discussion with P. Patel, review of claims.	1.50	625.00	937.50
02/24/2017	Pritesh Patel Discussion with H.Berkley re rent payment on March 1 store closures. Review of R&D and discussion with H.Berkley on same. Attending to inquiries from creditors re proceedings and payments. Review of employee data re WEPP.	8.00	525.00	4,200.00
02/24/2017	Dale Millstein Responding to creditor calls and inquiries received through the HMV hotlines and following up with HMV team as required. Discussion with Richter team on any unresolved or escalated issues. Updates to creditor tracking log.	4.00	285.00	1,140.00
02/24/2017	Caleigh Smith R&D tracking, Cash position review, Utility / Telecomm invoice review and followup.	8.00	350.00	2,800.00
02/27/2017	Patrick Lareau Review WEPPA notice in French. Send draft of Notice to Service Canada and discussion with C. O'Donnell.	1.00	425.00	425.00
02/27/2017	Carol O'Donnell Discussion with P. Patel regarding WEPP. Discussion on WEPP with P. Lareau.	0.50	185.00	92.50
02/27/2017	Ann Stremski Communications by phone and email; update tracking log and administration of file.	1.20	185.00	222.00
02/27/2017	Soazig Bourguine Weppa Notice translation email	0.10	185.00	18.50
02/27/2017	Pritesh Patel Responding to creditor inquiries. Discussion with HMV team re vacation, info. for WEPP. Discussions with Agent re FF&E sales. Finalize 30 day goods settlement with Happy Plugs. Review of preliminary disb. request. Discussion with H.Berkley re leases.	8.00	525.00	4,200.00

Invoice No.: 20401727  
Date: 03/22/2017

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Date	Name and Description	Hours	Rate	Amount
02/27/2017	Dale Millstein Responding to creditor calls and inquiries received through the HMV hotlines and following up with HMV team as required. Discussion with Richter team on any unresolved or escalated issues. Updates to creditor tracking log.	4.00	285.00	1,140.00
02/27/2017	Caleigh Smith Creditor calls, R&D preparation, payroll analysis.	8.00	350.00	2,800.00
02/28/2017	Patrick Lareau E-Mail from Service Canada - Manon Quenneville, modification on WEPPA Notice, discussion with C. O'Donnell.	2.50	425.00	1,062.50
02/28/2017	Carol O'Donnell Conference call with Patrick Lareau and Manon Quenneville from Service Canada.	0.50	185.00	92.50
02/28/2017	Ann Stremski Communications with creditors; update tracking log.	0.30	185.00	55.50
02/28/2017	Paul Van Eyk Review of emails.	0.20	625.00	125.00
02/28/2017	Pritesh Patel Responding to creditor inquiries. Review of store closure listing. Correspondence with Orkin re store closures. Discussion with T.Armstrong re gift certificates. Review and authorize funding request.	4.00	525.00	2,100.00
02/28/2017	Dale Millstein Responding to creditor calls and inquiries received through the HMV hotlines and following up with HMV team as required. Discussion with Richter team on any unresolved or escalated issues. Updates to creditor tracking log.	2.00	285.00	570.00
02/28/2017	Caleigh Smith Review of settlement statement, review of payroll allocation (Store level vs. Head office). Disbursement request review.	8.00	350.00	2,800.00
03/01/2017	Carol O'Donnell Discussions with P. Lareau and P. Patel regarding WEPP.	0.60	185.00	111.00
03/01/2017	Ann Stremski Reply to emails and calls; update tracking log.	2.50	185.00	462.50
03/01/2017	Paul Van Eyk Discussion with P.Patel, review of emails.	0.20	625.00	125.00

Invoice No.: 20401727  
 Date: 03/22/2017

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Date	Name and Description	Hours	Rate	Amount
03/01/2017	Pritesh Patel Responding to creditor inquiries. Discussions with hmv team re employee and store issues, store closure process. Meeting with Agent re store closures. Discussions with hmv team on additional information needed for WEPP.	8.00	525.00	4,200.00
03/01/2017	Caleigh Smith Disbursements review, respond to creditor calls, utilities account cancellations, review of WEPPA headcount, cash position review and wire transfer.	8.00	350.00	2,800.00
03/02/2017	Patrick Lareau Transfer payroll information with IDEA, update of summary, discussion with C. O'Donnell, modification of notice received from Service Canada.	4.10	425.00	1,742.50
03/02/2017	Carol O'Donnell Prepare wire transfers for 30 day goods, manual and online. Emails with BMO. Review payroll registers with P. Lareau. Email GL to C. Smith. Email C. Smith re vacation. Make changes to notice requested by Service Canada. Email to P. Patel.	4.10	185.00	758.50
03/02/2017	Ann Stramski Attending to emails and calls from creditors; communications with C. Smith.	4.50	185.00	832.50
03/02/2017	Soazig Bourguine Notice returned to new address (Vandor LLC). Ascend update.	0.20	185.00	37.00
03/02/2017	Paul Van Eyk Review of 30 day good settlements.	0.20	625.00	125.00
03/02/2017	Pritesh Patel Discussions with HMV team re inventory issues. Preparation of WEPP calculations for terminated employees. Discussions with Agent re store closures. Review of disbursement request and discussion with H.Berkley on same.	8.00	525.00	4,200.00
03/02/2017	Caleigh Smith Respond to creditor inquiries, review of store closure checklist and related meetings with HMV employees, calls to utility companies, review of invoices for disbursements.	8.00	350.00	2,800.00
03/03/2017	Patrick Lareau Review, Call and edits to WEPPA schedules.	3.00	425.00	1,275.00
03/03/2017	Carol O'Donnell	4.00	185.00	740.00

Invoice No.: 20401727  
Date: 03/22/2017

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Date	Name and Description	Hours	Rate	Amount
	Review WEPP schedule with P. Lareau, discussion with P. Patel. Update notice to employees. Discussion with Service Canada.			
03/03/2017	Ann Stremski Reply to creditor calls and emails; update tracking log.	5.00	185.00	925.00
03/03/2017	Soazig Bourgine Email to P. Patel re notice returned to us.	0.10	185.00	18.50
03/03/2017	Paul Van Eyk Review of wire transfer, discussion with P.Patel.	1.50	625.00	937.50
03/03/2017	Pritesh Patel Discussion with C.Smith and HMV team re discrepancies on WEPP schedule. Discussion with HMV team re inventory counts, defective merchandise. Responding to creditor inquiries. Calls with P.Lareau re revised WEPP schedule and calculations.	5.00	525.00	2,625.00
03/03/2017	Caleigh Smith Review of accrued vacation, review of employee headcount per WEPPA analysis, weekly settlement preparation and review, daily sales review, FF&E sales review.	8.00	350.00	2,800.00
03/06/2017	Pascale Lareau Bank reconciliation (2 bank accounts).	0.40	185.00	74.00
03/06/2017	Carol O'Donnell Communications with Manon Queneville regarding issues with WEPP. Conference call with Service Canada and P. Patel. Email with scenarios for WEPP to Service Canada. Review TIFF and mail merge.	4.10	185.00	758.50
03/06/2017	Ann Stremski Replies to emails and return calls; update tracking.	4.00	185.00	740.00
03/06/2017	Soazig Bourgine Format to Weppa Notice, Test Merge with Service Canada.	1.00	185.00	185.00
03/06/2017	Paul Van Eyk Review of emails and discussion with P.Patel on o/s issues.	0.50	625.00	312.50
03/06/2017	Pritesh Patel Meeting with N.Williams re inventory reconciliations and discussions with Agent on same. Review of WEPP calculation schedule from Montreal team. Call with Service Canada re WEPP. Responding to creditor inquiries.	4.50	525.00	2,362.50



Invoice No.: 20401727  
 Date: 03/22/2017



Date	Name and Description	Hours	Rate	Amount
03/06/2017	Caleigh Smith Respond to creditor inquiries, review of GB settlement and sales data reconciliation, review of sales tax account, payroll wire, follow-up on employee WEPPA differences.	8.00	350.00	2,800.00
03/07/2017	Carol O'Donnell Telephone and email communications with Creditors, update log. Review response from Service Canada regarding WEPP. Discussions with P. Patel.	2.80	185.00	518.00
03/07/2017	Ann Stremski Return calls and reply to emails; update tracking log.	3.00	185.00	555.00
03/07/2017	Soazig Bourgine Review of Card Holders message.	0.50	185.00	92.50
03/07/2017	Paul Van Eyk Review of emails.	0.10	625.00	62.50
03/07/2017	Pritesh Patel Review of updated employee info and discussions with C.Smith re WEPP calculation. Review of email from Service Canada and discussions with C.O'Donnell on same. Meetings with HMY team on defects, store closures, etc. Responding to creditor inquiries.	6.50	525.00	3,412.50
03/07/2017	Caleigh Smith Review of disbursements request, response to creditor inquiries, WEPPA schedule updates and reconciling differences.	8.00	350.00	2,800.00
03/08/2017	Carol O'Donnell Discussion with P. Patel regarding WEPP. Telephone calls to creditors, add creditors to creditors list, update schedule.	2.30	185.00	425.50
03/08/2017	Ann Stremski Return calls and reply to emails; add gift card holders to creditor list; update call tracking schedule.	3.00	185.00	555.00
03/08/2017	Ann Stremski Transfer funds and prepare entry.	0.10	185.00	18.50
03/08/2017	Soazig Bourgine Service List posted on website.	0.20	185.00	37.00
03/08/2017	Pritesh Patel	7.00	525.00	3,675.00

Invoice No.: 20401727  
Date: 03/22/2017

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Date	Name and Description	Hours	Rate	Amount
	Discussions with C.Smith re weekly disbursement request and cash reconciliation. Discussions with HMV team re upcoming store closures, employee terminations, etc. Update WEPP schedule for termination dates. Responding to creditor inquiries.			
03/08/2017	Caleigh Smith WEPP schedule updates, review of sales discrepancies, addressing creditor inquiries, utility account cancellations for store closures.	8.00	350.00	2,800.00
03/09/2017	Pascale Lareau Preparation P.O. for Docu-Dépôt invoice.	0.20	185.00	37.00
03/09/2017	Carol O'Donnell Email GLs to C. Smith. Review new schedule of WEPP. Miscellaneous file administration.	1.40	185.00	259.00
03/09/2017	Ann Stremski Return calls; reply to emails; add card holders to creditor list; update tracking log.	4.90	185.00	906.50
03/09/2017	Soazig Bourguin Changes to Weppa Notice (French).	0.20	185.00	37.00
03/09/2017	Paul Van Eyk Review of emails, discussion with Gowlings, discussion with P.Patel.	1.00	625.00	625.00
03/09/2017	Pritesh Patel Discussions with Agent re FF&E sales and inventory reconciliation. Discussions with N.Williams re cash and inventory reconciliations. Responding to creditor inquiries.	2.50	525.00	1,312.50
03/09/2017	Caleigh Smith R&D tracking and cash position reconciliation, review of disbursements, response to creditor inquiries.	8.00	350.00	2,800.00
03/10/2017	Carol O'Donnell Discussions with C. Smith regarding WEPP, review of file. Communication with Service Canada regarding filing online, instruct to staff regarding WEPP. Telephone calls with creditors.	2.10	185.00	388.50
03/10/2017	Ann Stremski Return calls; reply to emails; update tracking log.	2.00	185.00	370.00
03/10/2017	Ann Stremski Enter Receive Information with Service Canada; start entering employees.	2.00	185.00	370.00

Invoice No.: 20401727  
Date: 03/22/2017

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Date	Name and Description	Hours	Rate	Amount
03/10/2017	Pritesh Patel Review of weekly disbursement request, discussion with C.Smith on same. Discussions with Agent re weekly reconciliation, landlords. Responding to creditor inquiries. Call with Koskie Minsky re employees. Review of store closure #3, email notifications.	7.00	525.00	3,675.00
03/10/2017	Caleigh Smith Review of weekly disbursements, updates to settlement and review of allocation per agency agreement, response to creditor inquiries.	8.00	350.00	2,800.00
03/13/2017	Carol O'Donnell Transfer interest from general trust account to HMV account. Review of WEPP before mailing.	0.70	185.00	129.50
03/13/2017	Ann Stremski Entering employee information on Service Canada site; printing forms for mailing.	3.00	185.00	555.00
03/13/2017	Ann Stremski Communications with gift card holders, creditors and employees.	2.80	185.00	518.00
03/13/2017	Soazig Bourguine Weppa to Employees (labels, printing, mailing, affidavit).	2.00	185.00	370.00
03/13/2017	Pritesh Patel Responding to creditor inquiries. Review of vacation pay calculation on WEPP schedule with C.Smith and K.Horosko team. Discussions with HMV team re inventory variances. Discussions with N.Williams re Brinks issue.	5.00	525.00	2,625.00
03/13/2017	Caleigh Smith Creditor calls, cash position updates, HMV WEPPA schedule updates for missing information.	8.00	350.00	2,800.00
03/14/2017	Carol O'Donnell Communications with Creditors. Miscellaneous file administration.	0.90	185.00	166.50
03/14/2017	Ann Stremski Reply to emails and calls; update tracking log; enter gift card holders to creditor list.	5.00	185.00	925.00
03/14/2017	Pritesh Patel	6.00	525.00	3,150.00

Invoice No.: 20401727  
Date: 03/22/2017

E

Date	Name and Description	Hours	Rate	Amount
	Review correspondence from landlord re notice of repudiation and correspondence with counsels and HMV team on same. Discussions with Richter team re WEPP calculations. Call with landlord for head office re April rent. Responding to creditor inquiries.			
03/14/2017	Caleigh Smith Cancellation of services, updates to WEPPA schedule, review of sales information and discrepancies.	7.50	350.00	2,625.00
03/15/2017	Pascale Lareau Attending to WEPPA claims and packages.	2.40	185.00	444.00
03/15/2017	Carol O'Donnell Prepare WEPP, review mailing, telephone calls with Creditors. Miscellaneous file administration.	1.50	185.00	277.50
03/15/2017	Ann Stremski Calls from gift card holders to be put on creditor list; update creditor list and tracking schedule.	1.00	185.00	185.00
03/15/2017	Soazig Bourgine Weppa (labels, mailing to employees, affidavit).	2.00	185.00	370.00
03/15/2017	Pritesh Patel Call with counsels re proposed rep counsel. Correspondence with landlords re go forward rent payments. Attending to issue for 825 store. Review and discussions with C.Smith re R&D. Discussions with HMV management re employee issues, cash rec.	8.00	525.00	4,200.00
03/15/2017	Caleigh Smith Review of weekly disbursements, updates to R&D, creditor calls.	7.50	350.00	2,625.00
03/16/2017	Ann Stremski Communications with gift card holders and employees; add card holders to creditor list; update tracking schedule.	5.50	185.00	1,017.50
03/16/2017	Soazig Bourgine Attending to creditor calls.	1.00	185.00	185.00
03/16/2017	Pritesh Patel Meeting with HMV management to review R&D. Correspondence with landlords re March rent payments and information. Correspondence with suppliers re payment of post-filing invoices. Review of weekly disbursement request and discussion with C.Smith on same.	7.10	525.00	3,727.50
03/16/2017	Caleigh Smith	6.50	350.00	2,275.00

Invoice No.: 20401727  
 Date: 03/22/2017

E

Date	Name and Description	Hours	Rate	Amount
	Finalize disbursements review, settlement review, meetings with HMV employees, review of GB settlements and wires.			
03/17/2017	Carol O'Donnell Communications with Creditors.	0.50	185.00	92.50
03/17/2017	Ann Stremski Communications with gift card holders and employees; update tracking schedule; enter gift card holders on creditor list.	5.00	185.00	925.00
03/17/2017	Soazig Bourguine Attending to creditor calls, phone log update.	1.30	185.00	240.50
03/17/2017	Pritesh Patel Correspondence with H.Berkley re disbursements. Discussion with K.Horosko re reconciliation of cash deposits. Call with counsel re proposed rep counsel. Review of vacation pay analysis. Responding to creditor inquiries.	6.00	525.00	3,150.00
03/17/2017	Caleigh Smith Cancellation of service calls, review of daily sales and cash position, updates to WEPPA schedule for vacation taken to date, creditor calls.	6.50	350.00	2,275.00
<b>Fees Total</b>		<b>419.30</b>		<b>\$ 148,902.50</b>
<b>Date</b>	<b>Name and Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
02/28/2017	Bankers Boxes ordered to HMV offices for file retention.			\$ 325.00
<b>Disbursements Total</b>				<b>\$ 325.00</b>

Invoice No.: 20401727  
Date: 03/22/2017

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**Remittance Form**

HMV Canada Inc.  
110-5401 Eglinton Avenue W  
Etobicoke, ON M9C 5K6

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**Invoice Summary**

Sub-Total		\$ 149,227.50
GST/HST #885435842 RT0001		19,399.58
<b>Total Due</b>	<b>CAD</b>	<b>\$ 168,627.08</b>

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**Payment Options**
**Wire Transfer**

Toronto Dominion Bank  
Commercial Banking Center  
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2

CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATT  
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTOR

Email payment details, including invoice number and amount paid to:  
ClientService@richter.ca

**Cheques**

Payable to: Richter Advisory Group Inc.  
Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

**Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca**

T. 416.488.2345

Richter Advisory Group Inc.  
181 Bay St., Suite 3320  
Bay Wellington Tower  
Toronto ON M5J 2T3  
www.richter.ca

Toronto, Montreal

# RICHTER

HMV Canada Inc.  
110-5401 Eglinton Avenue W  
Etobicoke, ON M9C 5K6

Date: 04/11/2017  
Invoice No.: 20401804  
Engagement No.: 2020827  
Payment Terms: Due on Receipt

Professional services rendered to March 31, 2017		\$ 57,618.00
Disbursements		533.09
	<b>Sub-Total</b>	<b>58,151.09</b>
	GST/HST #885435842 RT0001	8,859.64
	<b>Total Due</b>	<b>CAD \$ 77,010.73</b>

T. 416.488.2345

Richter Advisory Group Inc.  
181 Bay St., Suite 3020  
Bay Wellington Tower  
Toronto ON M5J 2T3  
www.richter.ca

Toronto, Montreal



Invoice No.: 20401804  
 Date: 04/11/2017

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**Fees**

<b>Name</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Adam Sherman	0.90	\$ 625.00	\$ 562.50
Ann Stremski	27.60	185.00	5,106.00
Caleigh Smith	68.00	350.00	23,800.00
Carol O'Donnell	13.50	185.00	2,497.50
David Greenham	0.50	425.00	212.50
Patrick Lareau	6.90	425.00	2,932.50
Paul Van Eyk	5.45	625.00	3,406.25
Pritesh Patel	50.25	525.00	26,381.25
Soazig Bourguine	14.70	185.00	2,719.50
	<b>187.80</b>		<b>\$ 67,618.00</b>

**Disbursements**


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<b>Disbursements</b>	<b>\$ 533.09</b>
	<b>\$ 533.09</b>



Invoice No.: 20401894  
Date: 04/11/2017




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**Fee and Disbursement Details**

<b>Date</b>	<b>Name and Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
03/14/2017	Patrick Lareau Review and edits to WEPP Schedule.	1.50	\$ 425.00	\$ 637.50
03/15/2017	Patrick Lareau Review and edits to WEPP Schedule.	1.20	425.00	510.00
03/15/2017	Adam Sherman Review/approve bank rec. for February 2017, including discussion with Richter team re same. Email from creditor re gift cards, including email with P. Patel re same.	0.40	625.00	250.00
03/16/2017	Patrick Lareau Discussions with Richter team on WEPP Schedule.	1.00	425.00	425.00
03/16/2017	Adam Sherman Review/approve revised bank rec. (agency acct) for February 2017.	0.10	625.00	62.50
03/20/2017	Ann Stremski Communications with gift card holders; add them to creditor list; return calls and reply to emails.	5.20	185.00	962.00
03/20/2017	Soazig Bourgine Review of voice mails and emails to creditor hotlines, update of log book.	3.00	185.00	555.00
03/20/2017	Paul Van Eyk Review of emails.	0.20	625.00	125.00
03/20/2017	Pritesh Patel Responding to creditor inquiries. Review of vacation pay analysis and meeting with HMV management on same. Discussion with H. Berkley re inventory valuation and sale proceeds. Discussion with HMV team re bank deposits and records retention.	5.00	525.00	2,625.00
03/20/2017	Caleigh Smith Response to creditor calls, review of cleaning and maintenance invoices, records retention discussions, employee accrued vacation calculations, discussions regarding IT services and cancellations, call with City of Calgary, review of store cash floats.	8.00	350.00	2,800.00
03/21/2017	Ann Stremski Communications with gift card holders, employees and P. Patel.	3.00	185.00	555.00
03/21/2017	Soazig Bourgine Review of voice mails and emails to creditor hotlines, update of log book.	1.50	185.00	277.50
03/21/2017	Paul Van Eyk	1.00	625.00	625.00

Invoice No.: 20401804  
 Date: 04/11/2017



Date	Name and Description	Hours	Rate	Amount
	Update call with P. Patel, review of various emails, email to Gowlings, review of media inquiries.			
03/21/2017	Adam Sherman Emails from gift card holders. Emails/discussions with Richter team.	0.40	625.00	250.00
03/21/2017	Pritesh Patel Responding to creditor inquiries. Emails with counsels re vacation pay analysis and other issues. Discussion with HVM team re post-filing vacation and IT backups.	4.00	525.00	2,100.00
03/21/2017	Caleigh Smith Review of employee terminations listing and updates to WEPPA schedule, respond to creditor inquiries, review of weekly disbursements request.	8.00	350.00	2,800.00
03/22/2017	Ann Stremski Communications with gift card holders and employees; update tracking schedule; manage emails; add gift card holders to creditor list.	5.60	185.00	1,036.00
03/22/2017	Soazig Bourguine Review of voice mails and emails to creditor hotlines, update of log book.	1.50	185.00	277.50
03/22/2017	Paul Van Eyk Attendance at HVM for meeting with Richter team, review and correspond with HVM gift card complaints, review of emails.	3.00	625.00	1,875.00
03/22/2017	Pritesh Patel Responding to creditor inquiries and drafting response for gift card inquiries. Review of disbursement request and discussions with C.Smith on same.	4.00	525.00	2,100.00
03/22/2017	Caleigh Smith Follow-up on disbursements, calls to utility companies on invoice discrepancies, respond to creditor calls, respond to employee calls, review of sales tax analysis, call regarding WEPPA.	6.00	350.00	2,100.00
03/23/2017	Ann Stremski Reply to emails and calls; add gift card holders to creditor list.	2.80	185.00	518.00
03/23/2017	Soazig Bourguine Review of voice mails and emails to creditor hotlines, update of log book.	2.50	185.00	462.50
03/23/2017	Soazig Bourguine Email to P. Patel re returned Weppa Notice.	0.10	185.00	18.50

Invoice No.: 20401804  
Date: 04/11/2017



Date	Name and Description	Hours	Rate	Amount
03/23/2017	Caleigh Smith Calls with utility companies re account closures, updates to R&D, call with landlords and other creditors, review of occupancy per diem calculations.	7.00	350.00	2,450.00
03/24/2017	Ann Stremski Communications with gift card holders; add names to creditor list; update tracking log; reply to emails from creditors.	7.00	185.00	1,295.00
03/24/2017	Soazig Bourguine Review of voice mails and emails to creditor hotlines, update of log book.	0.50	185.00	92.50
03/24/2017	Pritesh Patel Responding to creditor inquiries. Review of post-filing vacation pay analysis. Discussion with HMV re store closures, inventory shrink issues, etc. Discussions with Agent on settlement, store closures. Emails with counsel re WEPP and vacation pay.	5.75	525.00	3,018.75
03/24/2017	Caleigh Smith Review of GB settlement and reconciliation of reimbursable expenses, respond to creditor inquiries, meetings with HMV team.	8.00	350.00	2,800.00
03/27/2017	Ann Stremski Communications with gift card holders and employees; update tracking schedule; add gift card holders to creditor list.	4.00	185.00	740.00
03/27/2017	Soazig Bourguine Review of voice mails and emails to creditor hotlines, update of log book. Service List posted on website.	2.50	185.00	462.50
03/27/2017	Paul Van Eyk Attendance at HMV for meeting with Richter team and review of outstanding items.	1.00	625.00	625.00
03/27/2017	Pritesh Patel Responding to creditor inquiries. Review of final store closure listing and notifications to vendors re termination of services. Meeting with HMV team re records retention. Review of vacation pay analysis and discussions with hmv team on same.	6.00	525.00	3,150.00
03/27/2017	Caleigh Smith Review of store closures, contacting utility companies to close accounts, call with City of Calgary re: store closures, review of term vacation pay, review of % rent calculations.	8.00	350.00	2,800.00
03/28/2017	Patrick Lareau	0.50	425.00	212.50

Invoice No.: 20401804  
Date: 04/11/2017



Date	Name and Description	Hours	Rate	Amount
	Responding to request from employee re WEPP.			
03/28/2017	Carol O'Donnell Telephone calls and emails with creditors. Add creditors to creditor list. Review WEPP for employee on maternity leave, email to C. Smith.	2.60	185.00	481.00
03/28/2017	Soazig Bourguine Review of voice mails and emails to creditor hotlines, update of log book.	1.80	185.00	333.00
03/28/2017	Pritesh Patel Discussions with HMV team re inventory valuations, return of equipment/paperwork from closing stores. Discussions with Agent re FF&E. Responding to creditor inquiries. Discussion with counsel re store signage.	6.00	525.00	3,150.00
03/28/2017	Caleigh Smith Review of mail received at Richter office, updates to WEPPA for vacation variances, review of GB settlement.	5.50	350.00	1,925.00
03/29/2017	Carol O'Donnell Update website with new FAQ's for WEPP. Telephone and email communications with Creditors. Add creditors to creditor list.	3.60	185.00	666.00
03/29/2017	Soazig Bourguine Review of voice mails and emails to creditor hotlines, update of log book. Creditors' List update and fax (Altus Group).	1.30	185.00	240.50
03/29/2017	Pritesh Patel Review rent calculation for April. Discussion with HMV team re banking. Responding to inquiries from creditors and employees. Emails with landlords re store signage. Finalize part-time vacation analysis.	7.00	525.00	3,675.00
03/29/2017	Caleigh Smith Communication with utilities companies re: account closures, respond to employee calls, review of weekly disbursement request, call with WCB, finalize settlement review and wire to GB.	8.00	350.00	2,800.00
03/30/2017	Patrick Lareau Review of updated WEPP Schedule.	0.70	425.00	297.50
03/30/2017	Carol O'Donnell Review WEPP schedule with C. Smith and P. Lareau. Communications with Creditors. Add Creditors to creditors list. Review POC, scan and save.	3.70	185.00	684.50
03/30/2017	Pritesh Patel	7.00	525.00	3,675.00

Invoice No.: 20401804  
 Date: 04/11/2017

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Date	Name and Description	Hours	Rate	Amount
	Review updated WEPP calculation for next submission. Call with ADP re payroll services. Discussion with HMV team on final store closures. Responding to inquiries from creditors and employees. Call with D.Greenham re data backups.			
03/30/2017	David Greenham Call with P. Patel re requirement for backup of company data.	0.50	425.00	212.50
03/30/2017	Caleigh Smith Cash position and R&D reconciliation, finalize weekly disbursements, finalize WEPPA submission for batch #3.	6.00	350.00	2,100.00
03/31/2017	Patrick Lareau Review of updated WEPP Schedule.	2.00	425.00	850.00
03/31/2017	Carol O'Donnell Review WEPP schedule, discussion with C. Smith. Communications with Creditors, add creditors to creditors list. Email to Docu Depot regarding document destruction and delivery date.	3.60	185.00	666.00
03/31/2017	Paul Van Eyk Review of emails, discussion with P. Patel.	0.25	625.00	156.25
03/31/2017	Pritesh Patel Discussion with HMV team re accounting records retention, fast card transactions, inventory reconciliation. Review of weekly disbursement request. Responding to inquiries from creditors and employees. Discussions with Agent re store closures.	5.50	525.00	2,887.50
03/31/2017	Caleigh Smith Cash position review, sales tax analysis to true up account, review of WEPPA differences.	3.50	350.00	1,225.00
<b>Fees Total</b>		<b>187.80</b>		<b>\$ 67,618.00</b>
Date	Name and Description	Hours	Rate	Amount
03/13/2017	Disbursements 2 boxes of paper for HMV office (Staples Business Advantage).			\$ 106.77
03/31/2017	Disbursements 1 box of paper for HMV office (Staples Business Advantage)			53.08
03/13/2017	Disbursements Postage: WEPPA Notice			116.16

Invoice No.: 20401804  
Date: 04/11/2017



<b>Date</b>	<b>Name and Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
03/15/2017	Disbursements Postage: WEPPA Notice			102.08
03/01/2017	Disbursements Costs for translation of WEPPA Notice to French			155.00
<b>Disbursements Total</b>				<b>\$ 533.08</b>

Invoice No.: 20401804  
Date: 04/11/2017

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**Remittance Form**

HMV Canada Inc.  
110-5401 Eglinton Avenue W  
Etobicoke, ON M9C 5K6

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**Invoice Summary**

<b>Sub-Total</b>		<b>\$ 68,151.09</b>
GST/HST #885435842 RT0001		8,859.64
<b>Total Due</b>	<b>CAD</b>	<b>\$ 77,010.73</b>

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**Payment Options**
**Wire Transfer**

Toronto Dominion Bank  
Commercial Banking Center  
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2

CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATT  
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTOR

Email payment details, including invoice number and amount paid to:  
ClientService@richter.ca

**Cheques**

Payable to: Richter Advisory Group Inc.  
Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

**Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca**

T. 416.488.2345

Richter Advisory Group Inc.  
181 Bay St., Suite 3320  
Bay Wellington Tower  
Toronto ON M5J 2T3  
www.richter.ca

Toronto, Montreal

**RICHTER**

HMV Canada Inc.  
 110-6401 Eglinton Avenue W  
 Etobicoke, ON M9C 5K6

Date: 04/24/2017  
 Invoice No.: 20401843  
 Engagement No.: 2020827  
 Payment Terms: Due on Receipt

Professional services rendered to April 14, 2017		\$ 72,895.75
Disbursements		1,493.43
	<b>Sub-Total</b>	<b>74,189.18</b>
	GST/HST #885435842 RT0001	9,644.59
	<b>Total Due</b>	<b>\$ 83,833.77</b>
		CAD

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 Bay Wellington Tower  
 Toronto ON M5J 2T3  
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Toronto, Montreal





Invoice No.: 20401843  
 Date: 04/24/2017

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**Fees**

<b>Name</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Ann Stremski	31.50	\$ 185.00	\$ 5,827.50
Caleigh Smith	59.75	350.00	20,912.50
Carol O'Donnell	16.80	185.00	3,108.00
Cindy Michaud	1.50	185.00	277.50
Damilola Adenuga-Taiwo	16.00	200.00	3,200.00
David Greenham	5.00	425.00	2,125.00
Franca Sciascia	0.50	45.00	22.50
Pascale Lareau	8.70	185.00	1,609.50
Patrick Lareau	4.35	425.00	1,848.75
Paul Van Eyk	5.00	625.00	3,125.00
Pritesh Patel	58.00	525.00	29,400.00
Soazig Bourguine	6.70	185.00	1,239.50
	<b>211.80</b>		<b>\$ 72,695.75</b>

**Disbursements**


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Disbursements		\$ 1,493.43
		<b>\$ 1,493.43</b>

Invoice No.: 20401843  
Date: 04/24/2017

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**Fee and Disbursement Details**

<b>Date</b>	<b>Name and Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
04/03/2017	Carol O'Donnell Review of WEPP. Discussion with P. Patel. Communications with Service Canada re WEPP. Communications with Creditors. Email GL to C. Smith.	1.40	\$ 185.00	\$ 259.00
04/03/2017	Ann Stremski Responding to phone calls from gift card holders; add them to creditor list; update tracking schedule.	4.00	185.00	740.00
04/03/2017	Soazig Bourgine Responding to messages on the HMV creditor hotlines.	0.60	185.00	111.00
04/03/2017	Pritash Patel Responding to creditor inquiries. Discussion with HMV re Service Canada inquiry. Discussion with N. Williams re wind-down agenda. Call with contractor re CODA services.	4.00	525.00	2,100.00
04/03/2017	Caleigh Smith Review of WEPPA batch #2 submission, response to creditor inquiries, telecomm cancellations tracking, payroll analysis review, disbursements tracking for weekly settlement.	8.00	350.00	2,800.00
04/04/2017	Pascale Lareau Data entry for WEPP transmission to Service Canada.	2.50	185.00	462.50
04/04/2017	Patrick Lareau Review updated WEPP batch #2 schedules.	1.50	425.00	637.50
04/04/2017	Carol O'Donnell Review and discussions with C. Smith, preparation of WEPP.	5.40	185.00	999.00
04/04/2017	Ann Stremski Communications with gift card holders and others; enter gift card holders to creditor list; update tracking schedule. Data entry for WEPP transmission to Service Canada.	1.00	185.00	185.00
04/04/2017	Ann Stremski Data entry for WEPP transmission to Service Canada.	3.00	185.00	555.00
04/04/2017	Cindy Michaud Data entry for WEPP transmission to Service Canada.	1.00	185.00	185.00
04/04/2017	Soazig Bourgine Data entry for WEPP transmission to Service Canada.	2.00	185.00	370.00

Invoice No.: 20401843  
 Date: 04/24/2017

E

Date	Name and Description	Hours	Rate	Amount
04/04/2017	Pritesh Patel Call with Koskle Minsky re proposed rep counsel. Revise vacation pay analysis by province and circulate to counsels. Meeting with HMV team re IT backups, document retention, inventory calculations. Call with Aird & Berlis re vacation pay analysis.	7.00	525.00	3,675.00
04/04/2017	David Greenham Assisting Richter team with data backup, etc., test of bringing the servers back up.	5.00	425.00	2,125.00
04/04/2017	Caleigh Smith Review of weekly disbursement request, updates to WEPPA schedule.	7.00	350.00	2,450.00
04/04/2017	Damilola Adenuga-Taiwo Requirement gathering for hand-over of HMV servers and data backups.	8.00	200.00	1,600.00
04/05/2017	Pascale Lareau Data entry for WEPP transmission to Service Canada.	3.50	185.00	647.50
04/05/2017	Patrick Lareau Review and discussions on WEPP batch #2 schedules.	0.80	425.00	340.00
04/05/2017	Carol O'Donnell Review and discussions with C. Smith, preparation of WEPP.	3.70	185.00	684.50
04/05/2017	Ann Stremski Data entry for WEPP transmission to Service Canada.	2.00	185.00	370.00
04/05/2017	Ann Stremski Communications with gift card holders and others; update creditor list; update tracking schedule. Data entry for WEPP transmission to Service Canada.	1.70	185.00	314.50
04/05/2017	Cindy Michaud Data entry for WEPP transmission to Service Canada.	0.50	185.00	92.50
04/05/2017	Soazig Bourguin Data entry for WEPP transmission to Service Canada.	1.00	185.00	185.00
04/05/2017	Pritesh Patel Call with Global Payments re release of reserve funds. Responding to creditor inquiries. Meeting with HMV and Agent re wind-down plan. Discussion with Agent re final reconciliation. Discussion with HMV team re AC failure.	7.00	525.00	3,675.00
04/05/2017	Caleigh Smith	8.00	350.00	2,800.00

Invoice No.: 20401843  
Date: 04/24/2017

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Date	Name and Description	Hours	Rate	Amount
	Compile support for disbursements, allocation of disbursements at store level for settlement, analysis of cash position.			
04/06/2017	Pascale Lareau Preparation of WEPP mailing.	2.30	185.00	425.50
04/06/2017	Pascale Lareau Bank reconciliation (2 bk accts). Preparation of WEPP mailing.	0.20	185.00	37.00
04/06/2017	Carol O'Donnell Discussions with Service Canada regarding WEPP. Discussion with P. Patel regarding WEPP. Mailing of WEPP.	2.40	185.00	444.00
04/06/2017	Ann Stremski Communications with gift card holders and enter their information on creditor list; update tracking schedule; administration of file. Preparation of WEPP mailing.	4.00	185.00	740.00
04/06/2017	Ann Stremski Preparation of WEPP mailing.	2.00	185.00	370.00
04/06/2017	Franca Sciascia Preparation of WEPP mailing.	0.50	45.00	22.50
04/06/2017	Soazig Bourgine Preparation of WEPP mailing.	3.00	185.00	555.00
04/06/2017	Paul Van Eyk Attendance at HMV, meeting with management and P.Patel.	2.50	625.00	1,562.50
04/06/2017	Pritesh Patel Responding to creditor inquiries. Correspondence with Orkin re invoices and store closures. Discussion with HMV team re document retention. Meeting with contractor re CODA downloads and review of information for FY17.	5.00	525.00	2,625.00
04/06/2017	Caleigh Smith Review of detailed TYCO invoice, meeting with GB, meetings with HMV employees, updates to R&D.	6.00	350.00	2,100.00
04/06/2017	Damilola Adenuga-Taiwo Drafting of audit program report	8.00	200.00	1,600.00
04/06/2017	Damilola Adenuga-Taiwo Drafting of audit program report	-8.00	200.00	-1,600.00
04/07/2017	Carol O'Donnell Communications with Creditors.	0.50	185.00	92.50
04/07/2017	Ann Stremski	3.00	185.00	555.00

Invoice No.: 20401843  
Date: 04/24/2017

E

Date	Name and Description	Hours	Rate	Amount
	Communications with gift card holders; adding them to creditor list; updating tracking schedule.			
04/07/2017	Paul Van Eyk Discussion with P.Patel on outstanding matters.	0.25	625.00	156.25
04/07/2017	Pritesh Patel Responding to creditor inquiries. Meeting with contractor re CODA downloads and review of information for FY17. Review of weekly disbursements and weekly settlement and discussions with C.Smith on same.	6.00	525.00	3,150.00
04/07/2017	Caleigh Smith Payment of disbursements, review of store floats, updates to R&D for cash position analysis.	5.75	350.00	2,012.50
04/10/2017	Ann Stremski Communications with gift card holders; update creditor list; update tracking schedule; administration of file.	2.80	185.00	518.00
04/10/2017	Paul Van Eyk Discussion with P.Patel on outstanding matters.	0.25	625.00	156.25
04/10/2017	Pritesh Patel Review receiver's R&D and discussion with C.Smith on same. Responding to creditor inquiries. Call with H.Berkley re weekly settlements.	3.00	525.00	1,575.00
04/10/2017	Caleigh Smith Analysis of Receiver's R&D and cash reconciliations.	4.50	350.00	1,575.00
04/11/2017	Pascale Lareau Preparation P.O. for Docu-Dépôt Invoice.	0.20	185.00	37.00
04/11/2017	Patrick Lareau WEPPA (Wage Earner Protection Program)	0.05	425.00	21.25
04/11/2017	Ann Stremski Prepare transfers in online banking; prepare entries for bank charges; update schedule.	0.10	185.00	18.50
04/11/2017	Ann Stremski Communications with gift card holders and employees; add creditors to list; update tracking schedule; administration of file. Prepare transfers in online banking; prepare entries for bank charges; update schedule.	3.70	185.00	684.50
04/11/2017	Soezig Bourguine Email to F.Pisciuneri re WEPP notice.	0.10	185.00	18.50
04/11/2017	Paul Van Eyk	1.00	625.00	625.00

Invoice No.: 20401843  
Date: 04/24/2017

E

Date	Name and Description	Hours	Rate	Amount
04/11/2017	Discussion with P.Patel on outstanding matters. Pritesh Patel Review of cash reconciliation and discussions with C.Smith on same. Meeting with HMV management re agency agreement issues, cash reconciliation, final store closures. Update cash to completion forecast. Preparation of PT benefits analysis.	9.00	525.00	4,725.00
04/11/2017	Caleigh Smith Telecomm disbursements review and allocation by store, review of prepaids, analysis of reimbursable costs vs. non-reimbursable, review of Brinks statement of account.	6.75	350.00	2,362.50
04/11/2017	Damilola Adenuga-Taiwo Defining File and E-mail backup procedures and hand-over of critical HMV servers.	8.00	200.00	1,600.00
04/12/2017	Carol O'Donnell Meet with creditor, telephone call, email P. Patel. Communications with Creditors.	0.50	185.00	92.50
04/12/2017	Ann Stremski Communications with gift card holders and employees; add gift card holders to creditor list; update tracking schedule; administration of file.	1.50	185.00	277.50
04/12/2017	Paul Van Eyk Emails with counsel.	1.00	625.00	625.00
04/12/2017	Pritesh Patel Discussion with HMV team on FT benefits analysis. Review of outstanding reconciliation issues under agency agreement. Responding to creditor inquiries. Follow-up with Agent on 803 fixture sale. Meeting with HUK10 re cash reconciliation.	8.00	525.00	4,200.00
04/12/2017	Caleigh Smith Respond to creditor inquiries, review of daily sales, compilation of information for final reconciliation.	7.25	350.00	2,537.50
04/13/2017	Patrick Lareau WEPPA (Wage Earner Protection Program)	2.00	425.00	850.00
04/13/2017	Carol O'Donnell Review of WEPP schedule. Discussions with C. Smith. Preparation of WEPP. Prepare wire transfer, scan and save.	2.90	185.00	536.50
04/13/2017	Ann Stremski	2.70	185.00	499.50

Invoice No.: 20401843  
 Date: 04/24/2017

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Date	Name and Description	Hours	Rate	Amount
	Communication with gift card holders and employees; prepare amended info sheet for employee.			
04/13/2017	Pritesh Patel Responding to creditor inquiries. Discussions with H.Berkley re sales taxes, weekly reconciliation issues, etc. Finalize disbursement request for funding. Meeting with Agent to discuss reconciliations on Agency Agreement.	7.00	525.00	3,675.00
04/13/2017	Caleigh Smith Calls with utilities companies re: account cancellations, compilation of information for final reconciliation, review of cash position, weekly disbursement review and payments, response to employee inquiries.	6.50	350.00	2,275.00
<b>Fees Total</b>		<b>211.80</b>		<b>\$ 72,695.75</b>
Date	Name and Description	Hours	Rate	Amount
03/31/2017	Disbursements Filebank charges for 5 Document Destruction Bins			\$ 235.00
04/04/2017	Disbursements Hard drive for data backup			102.75
04/05/2017	Disbursements Printing WEPPA Notice: 10 pages X 420 copies @ \$0.10			420.00
04/06/2017	Disbursements Postage: WEPPA Notice			735.68
<b>Disbursements Total</b>				<b>\$ 1,493.43</b>

Invoice No.: 20401843  
Date: 04/24/2017




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**Remittance Form**

HMV Canada Inc.  
110-5401 Eglinton Avenue W  
Etobicoke, ON M9C 5K6

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**Invoice Summary**

<b>Sub-Total</b>		<b>\$ 74,189.18</b>
GST/HST #885435842 RT0001		9,644.59
<b>Total Due</b>	<b>CAD</b>	<b>\$ 83,833.77</b>

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**Payment Options**

**Wire Transfer** Toronto Dominion Bank  
Commercial Banking Center  
525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2  
CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATT  
USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTTOR  
Email payment details, including invoice number and amount paid to:  
ClientService@richter.ca

**Cheques** Payable to: Richter Advisory Group Inc.  
Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3

**Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca**

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Toronto, Montreal



# RICHTER

HMV Canada Inc.  
110-5401 Eglinton Avenue W  
Etobicoke, ON M9C 5K6

Date: 05/18/2017  
Invoice No.: 20401940  
Engagement No.: 2020827  
Payment Terms: Due on Receipt

Professional services rendered to May 12, 2017		\$ 133,784.75
Disbursements		1,241.61
	<b>Sub-Total</b>	<b>135,026.36</b>
	GST/HST #885435842 RT0001	17,553.43
	<b>Total Due</b>	<b>CAD \$ 152,579.79</b>

T. 416.488.2345

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Bay Wellington Tower  
Toronto ON M5J 2T3  
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Toronto, Montreal



Invoice No.: 20401940  
 Date: 05/16/2017

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**Fees**

<b>Name</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Adam Sherman	0.30	\$ 625.00	\$ 187.50
Ann Stremski	56.90	185.00	10,526.50
Caleigh Smith	137.25	350.00	48,037.50
Carol O'Donnell	18.30	185.00	3,385.50
Cindy Michaud	11.50	185.00	2,127.50
Damilola Adenuga-Taiwo	5.00	200.00	1,000.00
David Greenham	0.50	425.00	212.50
Pascale Lareau	10.90	185.00	2,016.50
Patrick Lareau	2.50	425.00	1,062.50
Paul Van Eyk	3.55	625.00	2,218.75
Pritesh Patel	113.50	525.00	59,587.50
Soazig Bourgne	18.50	185.00	3,422.50
	<b>378.70</b>		<b>\$ 133,784.75</b>

**Disbursements**


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<b>Disbursements</b>		<b>\$ 1,241.61</b>
		<b>\$ 1,241.61</b>

Invoice No.: 20401840  
Date: 05/18/2017

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**Fee and Disbursement Details**

Date	Name and Description	Hours	Rate	Amount
04/17/2017	Carol O'Donnell Enter employee information on Service Canada site for WEPP.	4.50	\$ 185.00	\$ 832.50
04/17/2017	Ann Stremski Enter employee information on Service Canada site for WEPP.	5.00	185.00	925.00
04/17/2017	Soazig Bourgine Email to F. Pisciueneri re weppa notice back to him.	0.20	185.00	37.00
04/17/2017	Soazig Bourgine Prepare mailing labels for WEPP.	1.00	185.00	185.00
04/17/2017	Pritesh Patel Responding to inquiries from creditors and gift card holders. Review of final daily sales reporting from Agent and discussions with HMV team on same. Review and discussions with C.Smith re outstanding costs. Review payroll GL postings for Agent.	8.00	525.00	4,200.00
04/17/2017	Caleigh Smith Review of telecomm / security disbursements at store level. Billings to Gordon Brothers for occupancy per diem costs, review of credit card fees and bank charges.	8.00	350.00	2,800.00
04/18/2017	Carol O'Donnell Enter employee information on Service Canada site for WEPP.	3.50	185.00	647.50
04/18/2017	Ann Stremski Enter employee information on Service Canada site for WEPP.	3.50	185.00	647.50
04/18/2017	Cindy Michaud Enter employee information on Service Canada site for WEPP.	1.50	185.00	277.50
04/18/2017	Soazig Bourgine Weppa preparation of mailing (envelopes, printing).	1.00	185.00	185.00
04/18/2017	Soazig Bourgine Amendment mailed to S. Potvin.	0.30	185.00	55.50
04/18/2017	Pritesh Patel Preparation of employee benefits analysis for Agent. Responding to inquiries from creditors. Discussions with H. Berkley re insurance. Discussions with HMV team on document retention. Responding to inquiries from landlords re signage.	7.00	525.00	3,675.00

Invoice No.: 20401940  
Date: 05/18/2017

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Date	Name and Description	Hours	Rate	Amount
04/18/2017	Caleigh Smith Vendor follow-up for final bills, estimate for outstanding bills, review of ADP wire and benefit costs, correspondence with creditors.	7.50	350.00	2,625.00
04/19/2017	Carol O'Donnell Verify bank reconciliation for March 31, 2017.	0.10	185.00	18.50
04/19/2017	Carol O'Donnell Communications with Creditors.	0.30	185.00	55.50
04/19/2017	Ann Stremski Communication with gift card holders; update tracking schedule; add creditors to creditor list; administration of file.	4.50	185.00	832.50
04/19/2017	Cindy Michaud Enter employee information on Service Canada site for WEPP.	0.50	185.00	92.50
04/19/2017	Soazig Bourgine Weppa (mailing stuffing, printing).	2.00	185.00	370.00
04/19/2017	Pritesh Patel Call with Koskie Minsky re proposed mandate. Call with counsel to Sony re update on liquidation sale. Responding to inquiries from creditors. Update to employee benefits analysis to include 4/15 payroll. Meeting with HMV team re reporting variances.	6.00	525.00	3,150.00
04/19/2017	Caleigh Smith Review of Bell and Telus bills and account cancellations, correspondence with BLG on Bell costs, reconciliation of unpaid (held) disbursements.	7.50	350.00	2,625.00
04/20/2017	Carol O'Donnell Email to C. Smith regarding WEPP.	0.10	185.00	18.50
04/20/2017	Ann Stremski Communications with gift card holders and employees; update tracking schedule; administration of file.	3.20	185.00	592.00
04/20/2017	Pritesh Patel Discussion with HMV team re cost value and cost factor calculations. Meeting with Agent to discuss same and estimates for potential profit sharing. Update call with H.Berkley. Responding to vendors re timing of final payments.	8.00	525.00	4,200.00
04/20/2017	Caleigh Smith Respond to employee inquiries, review of WCB calculations and correspondence with provinces, correspondence with Brinks, estimates for remaining costs.	7.00	350.00	2,450.00

Invoice No.: 20401940  
Date: 05/19/2017

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Date	Name and Description	Hours	Rate	Amount
04/21/2017	Carol O'Donnell Discussion with P. Patel regarding WEPP, Company bank account, credit cards.	0.20	185.00	37.00
04/21/2017	Ann Stramski Communications with employees; communication with C. Smith to update employee address; update tracking schedule; administration of file.	4.30	185.00	795.50
04/21/2017	Soazig Bourguine Prepare Redirection of Mail, emails with finance, emails with P. Patel, phone call to Canada Post.	0.70	185.00	129.50
04/21/2017	Pritesh Patel Finalize benefits analysis and provide to Agent. Discussion with Agent re supervision and marketing costs, timing for outstanding reconciliations, etc. Update call with counsels re proposed employee rep mandate by Koskie Minsky.	8.00	525.00	4,200.00
04/21/2017	Caleigh Smith Review of unpaid invoices, review of cleaning and store supply expenses, review of % rent billings, updates to R&D based on final sales figures.	7.00	350.00	2,450.00
04/24/2017	Pascale Lareau Prepare documents for requesting a tax number to Service Canada and Revenu Quebec.	0.70	185.00	129.50
04/24/2017	Ann Stramski Communications with employees and gift card holders; update tracking schedule; administration of file.	2.30	185.00	425.50
04/24/2017	Paul Van Eyk Call with P. Patel on reconciliation, employee issues, o/s issues.	0.75	625.00	468.75
04/24/2017	Pritesh Patel Call with Richter team re server transfer. Discussions with Agent re Final Reconciliation and discussions with HMV team on same. Review of Agency Agreement and investigation into cost value issue. Review of cost value reconciliation from HMV team.	9.00	525.00	4,725.00
04/24/2017	David Greenham HMV: Call with P. Patel re logistics for server move.	0.50	425.00	212.50
04/24/2017	Caleigh Smith	7.50	350.00	2,625.00

Invoice No.: 20401940  
Date: 05/19/2017

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Date	Name and Description	Hours	Rate	Amount
	Compilation of information for final reconciliation, review of workers comp payments, communications with WCB, creditor inquiry follow-up.			
04/25/2017	Pascale Lareau Working on HST/GST number request for Receiver.	0.90	185.00	166.50
04/25/2017	Ann Stremski Communications with employees and gift card holders; add gift card holders to creditor list; resend weppa to employees with incorrect address; advice C. Smith of change of addresses; update tracking schedule; administration of file.	2.30	185.00	425.50
04/25/2017	Paul Van Eyk Update call with P. Patel.	0.20	625.00	125.00
04/25/2017	Pritesh Patel Responding to inquiries from creditors. Discussions with HMV team on final disbursements, bank reconciliations, final reconciliation. Call with Agent to discuss cost value reconciliation and draft email to HMV on same.	8.00	525.00	4,200.00
04/25/2017	Caleigh Smith Review of percentage rent calculations, updates to weekly settlement, telus bill review, follow up with vendors on outstanding bills.	8.00	350.00	2,800.00
04/26/2017	Carol O'Donnell Communication with Service Canada regarding employee claim. Amend employees WEPP claim. Communication with employee.	0.40	185.00	74.00
04/26/2017	Ann Stremski Communications with employees and gift card holders; mail paper forms for weppa; update tracking schedule; administration of file.	2.00	185.00	370.00
04/26/2017	Paul Van Eyk Update calls with P. Patel.	0.50	625.00	312.50
04/26/2017	Pritesh Patel Review of weekly disbursement run. Discussions with Agent on cost value reconciliation, review of revised estimates. Discussions with HMV team on account closures, payroll system, data backups.	8.00	525.00	4,200.00
04/26/2017	Caleigh Smith Review of utilities analysis, R&D updates, final reconciliation updates.	6.00	350.00	2,100.00

Invoice No.: 20401840  
Date: 05/15/2017

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Date	Name and Description	Hours	Rate	Amount
04/27/2017	Carol O'Donnell Verify claim filed by employee. Scan and save. Email C Smith address change. Meet with Mr. Hammache regarding sound system he did not pick up, communications with Ed Larsen of GB.	0.80	185.00	148.00
04/27/2017	Ann Stremski Communication with employees and C. Smith; update tracking schedule; administration of file.	3.00	185.00	555.00
04/27/2017	Pritesh Patel Coordinate pickup of boxes for document destruction and retention. Oversee removal of FF&E from HMV head office. Discussions with Agent re final reconciliation. Coordination with HMV team re banking authorizations, BI backups, sales tax payments.	8.00	525.00	4,200.00
04/27/2017	Caleigh Smith Meetings with HMV employees. IT tracking review, communications with Bell, follow up on outstanding utilities bills	6.50	350.00	2,275.00
04/27/2017	Damilola Adenuga-Taiwo Removal and transfer of HMV servers and equipment back to Richter office.	5.00	200.00	1,000.00
04/28/2017	Carol O'Donnell Fax letter to BMO.	0.10	185.00	18.50
04/28/2017	Ann Stremski Communication with employees and C. Smith; update tracking schedule; administration of file.	2.00	185.00	370.00
04/28/2017	Soazig Bourgine Schedule for returned mail (notice and weppa), email to P. Patel.	0.80	185.00	148.00
04/28/2017	Adam Sherman Review/approve bank recs for March 2017, including discussion/email with Richter team.	0.30	625.00	187.50
04/28/2017	Pritesh Patel Attendance onsite at HMV offices for landlord walkthrough and cleanup.	2.00	525.00	1,050.00
04/28/2017	Caleigh Smith Review of final reconciliation, preparation of final WEPPA submission.	7.00	350.00	2,450.00
05/01/2017	Carol O'Donnell Prepare wire transfer, update, scan and save. Emails. Verify bank for incoming wire transfer, update.	0.70	185.00	129.50

Invoice No.: 20401940  
 Date: 05/18/2017



Date	Name and Description	Hours	Rate	Amount
05/01/2017	Ann Stremski Communications with C. Smith regarding T4 and outstanding pay; communications with employees.	1.00	185.00	185.00
05/01/2017	Soazig Bourgine Update of schedule for mail returned to sender.	0.30	185.00	55.50
05/01/2017	Soazig Bourgine Weppa Notices returned to new addresses.	0.20	185.00	37.00
05/01/2017	Pritesh Patel Preparation and approval of disbursement request for payroll funding. Discussions with Global Payments regarding release of reserve. Review transactions in HMV account, coordinate sweep of funds from HMV account to estate account. Update to N. Williams.	4.00	525.00	2,100.00
05/01/2017	Caleigh Smith Review of payroll detailed analysis included in Final Reconciliation, funding of final pay, response to employee inquiries re missing T4s.	7.50	350.00	2,625.00
05/02/2017	Patrick Lareau Review calculations for final WEPP submission.	2.50	425.00	1,062.50
05/02/2017	Carol O'Donnell Preparation of WEPP submission to Service Canada.	2.80	185.00	518.00
05/02/2017	Ann Stremski Communication with employees and C. Smith; update tracking schedule.	2.50	185.00	462.50
05/02/2017	Ann Stremski Amend TIFF for employee re SIN number.	0.20	185.00	37.00
05/02/2017	Soazig Bourgine Weppa (review of addresses, format, labels, email to C. Smith).	1.50	185.00	277.50
05/02/2017	Pritesh Patel Review final WEPP schedule. Review transaction activity in HMV bank account. Review and respond to emails from Agent re final reconciliation.	3.00	525.00	1,575.00
05/02/2017	Caleigh Smith Review and tie-out final reconciliation to support provided to Agent, respond to creditor inquiries.	8.00	350.00	2,800.00
05/03/2017	Cindy Michaud	3.50	185.00	647.50



Invoice No.: 20401940  
 Date: 05/18/2017



Date	Name and Description	Hours	Rate	Amount
	Enter employee information on Service Canada site for WEPP.			
05/03/2017	Soazig Bourgine Weppa (printing, entering information into Service Canada System).	3.50	185.00	647.50
05/03/2017	Paul Van Eyk Discussion with P. Patel on final reconciliation.	0.50	625.00	312.50
05/03/2017	Pritesh Patel Call with Agent re outstanding issues on final reconciliation. Update call with N. Williams. Review of analysis on percentage rent and business taxes. Discussions with C. Smith on review of final reconciliation.	4.00	525.00	2,100.00
05/03/2017	Caleigh Smith Correspondence with Agent re missing items on reconciliation, detailed review of occupancy per diem.	7.50	350.00	2,625.00
05/04/2017	Pascale Lareau Enter employee information on Service Canada site for WEPP.	7.50	185.00	1,387.50
05/04/2017	Carol O'Donnell Enter employee information on Service Canada site for WEPP.	3.30	185.00	610.50
05/04/2017	Ann Stramski Enter employee information on Service Canada site for WEPP.	3.50	185.00	647.50
05/04/2017	Ann Stramski Verify and return calls; communication with C. Smith re Hydro.	0.80	185.00	148.00
05/04/2017	Cindy Michaud Enter employee information on Service Canada site for WEPP.	4.50	185.00	832.50
05/04/2017	Soazig Bourgine Enter employee information on Service Canada site for WEPP.	3.00	185.00	555.00
05/04/2017	Pritesh Patel Review of HMF bank account, updates to outstanding cheque list. Call with Agent on outstanding reconciliation issues. Preparation of benefits analysis for incentive payments, payroll costs for Agent.	2.50	525.00	1,312.50
05/04/2017	Caleigh Smith Correspondence with Agent re occupancy per diem calculations, other final reconciliation review, response to employee inquiries re: WEPP.	5.50	350.00	1,925.00

Invoice No.: 20401840  
Date: 05/18/2017

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Date	Name and Description	Hours	Rate	Amount
05/05/2017	Pascale Lareau Preparation of WEPP mailing.	1.80	185.00	333.00
05/05/2017	Ann Stremski Communications with employees; update tracking schedule.	6.00	185.00	1,110.00
05/05/2017	Soazig Bourgine Printing, mailing of WEPP Notices.	2.00	185.00	370.00
05/05/2017	Paul Van Eyk Discussion with P. Patel on o/s matters and closing issues.	0.50	625.00	312.50
05/05/2017	Pritesh Patel Respond to Service Canada request re employee information. Download of 2016 T4s. Correspondence with insurer re refund of premiums. Review emails from Agent on reconciliation.	1.50	525.00	787.50
05/05/2017	Caleigh Smith Review of % rent calculations, review of revised reconciliation.	3.50	350.00	1,225.00
05/08/2017	Carol O'Donnell Update interest, prepare bank reconciliation, email GL to P. Patel.	0.60	185.00	111.00
05/08/2017	Ann Stremski Prepare TIF for employees; prepare WEPP mailing to employees.	1.80	185.00	333.00
05/08/2017	Ann Stremski Communications with employees and gift card holders; update tracking schedule; save pdf's of early claims; administration of file.	1.70	185.00	314.50
05/08/2017	Cindy Michaud Prepare mailing of WEPP Notices	1.50	185.00	277.50
05/08/2017	Soazig Bourgine Mailing, affidavit.	2.00	185.00	370.00
05/08/2017	Paul Van Eyk Discussion with P. Patel on final reconciliation.	0.25	625.00	156.25
05/08/2017	Pritesh Patel Review of updated draft of final reconciliation and discussions with C. Smith on same. Email to Agent on unresolved issues and review of response on same. Review transactions in HMV account and update outstanding cheque listing.	5.00	525.00	2,625.00
05/08/2017	Caleigh Smith	8.00	350.00	2,800.00

Invoice No.: 20401940  
Date: 05/18/2017

E

Date	Name and Description	Hours	Rate	Amount
	Revised final reconciliation (payroll figures), preparation of contingency, review of HMV invoices.			
05/09/2017	Ann Stremski Communication with employees; resend Weppa to email address and new address; advice C. Smith of new address; update tracking schedule; administration of file.	0.80	185.00	148.00
05/09/2017	Pritesh Patel Numerous calls with Agent on outstanding issues. Update email to Lender and team on status of reconciliation. Responding to creditor inquiries. Emails with TSS landlord re property tax and insurance payments.	4.00	525.00	2,100.00
05/09/2017	Caleigh Smith Respond to WEPPA inquiries, review of HMV invoices, correspondence with vendors re final bills, calls with utilities companies.	7.00	350.00	2,450.00
05/10/2017	Carol O'Donnell Prepare deposit, scan and save. Email banking details to J. Petz.	0.20	185.00	37.00
05/10/2017	Ann Stremski Communications with employees; resend WEPP documents; advise C. Smith of address changes; update tracking schedule; prepare employee information forms; print and administration of file.	3.30	185.00	610.50
05/10/2017	Paul Van Eyk Discussion with P. Patel on final reconciliation.	0.25	625.00	156.25
05/10/2017	Pritesh Patel Responding to creditor inquiries. Review of transactions in HMV bank account. Prepare document storage file listing for Filebank.	3.50	525.00	1,837.50
05/10/2017	Caleigh Smith Review of TYCO billings, review of Telecomm bills and preparation of contingency estimate.	4.25	350.00	1,487.50
05/11/2017	Ann Stremski Bank reconciliation on 2 accounts; update term deposit schedule with 20 investments.	0.70	185.00	129.50
05/11/2017	Paul Van Eyk Discussion with P. Patel, review of emails.	0.50	625.00	312.50
05/11/2017	Pritesh Patel	6.50	525.00	3,412.50

Invoice No.: 20401940  
Date: 05/18/2017

E

Date	Name and Description	Hours	Rate	Amount
	Call with Agent re final reconciliations. Review of revised final reconciliation, including variance to previous draft and questions to Agent on same. Emails to Lender re status of reconciliations and projected payout.			
05/11/2017	Caleigh Smith Review of HMV sharing P&L and tie out to final reconciliation, review of telecomm invoices, follow up with vendors on over billings.	6.50	350.00	2,275.00
05/12/2017	Carol O'Donnell Communication with Service Canada re WEPP, amend TIFF and resubmit.	0.40	185.00	74.00
05/12/2017	Carol O'Donnell Telephone call with Service Canada regarding WEPP, amend TIFF.	0.30	185.00	55.50
05/12/2017	Ann Stremeki Communication with employees; update tracking schedule; administration of file; send weppa documents by email.	2.50	185.00	462.50
05/12/2017	Paul Van Eyk Review of emails.	0.10	625.00	62.50
05/12/2017	Pritesh Patel Responding to creditor inquiries. Review of draft project P&L from Agent and emails to Agent on same. Review of and edits to cash reconciliation with C. Smith. Email to Lender re status of reconciliations and projected realizations.	7.50	525.00	3,937.50
05/12/2017	Caleigh Smith Review of GB P&L and calculation of over reimbursements, review of invoices received, preparation of cheque requisition for funding.	7.50	350.00	2,625.00
<b>Fees Total</b>		<b>378.70</b>		<b>\$ 133,784.75</b>
Date	Name and Description	Hours	Rate	Amount
04/28/2017	Disbursements Vehicle Rental: Transport of IT equipment and documents from HMV Head office to Richter Toronto office.			\$ 121.79
04/26/2017	Disbursements Supplies: Office supplies for HMV and 2 external hard drives for data backup.			258.88

Invoice No.: 20401940  
Date: 05/18/2017

**E**

<b>Date</b>	<b>Name and Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
04/19/2017	Disbursements Copies: 6 pages X 300 copies @ \$0.10; Preuve de réclamation			180.00
04/19/2017	Disbursements Copies: 4 pages X 300 copies @ \$0.10; WEPPA Notice			120.00
04/19/2017	Disbursements Postage: WEPPA Notice			526.24
04/26/2017	Disbursements Supplies: 4 packs of stamps for HMV office.			34.70
<b>Disbursements Total</b>				<b>\$ 1,241.61</b>

Invoice No.: 20401940  
 Date: 05/18/2017

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**Remittance Form**

HMV Canada Inc.  
 110-5401 Eglinton Avenue W  
 Etobicoke, ON M9C 5K6

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**Invoice Summary**

<b>Sub-Total</b>		<b>\$ 135,026.36</b>
GST/HST #885435842 RT0001		17,553.43
<b>Total Due</b>	<b>CAD</b>	<b>\$ 152,579.79</b>

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**Payment Options**

**Wire Transfer** Toronto Dominion Bank  
 Commercial Banking Center  
 525 Av. Viger Ouest, Montréal (Qc) H2Z 0B2  
 CAD Account no.: 5300836 Transit no.: 41601 Swift code: TDOMCATT  
 USD Account no.: 7332090 Transit no.: 41601 Swift code: TDOMCATTOR  
 Email payment details, including invoice number and amount paid to:  
 ClientService@richter.ca

**Cheques** Payable to: Richter Advisory Group Inc.  
 Send to: 181 Bay Street, Suite 3320, Bay Wellington Tower, Toronto ON M5J 2T3


**Inquiries: please call our general line 416.488.2345 or e-mail ClientService@richter.ca**

T. 416.488.2345

Richter Advisory Group Inc.  
 181 Bay St., Suite 3320  
 Bay Wellington Tower  
 Toronto ON M5J 2T3  
 www.richter.ca

Toronto, Montreal

This is Exhibit "C" referred to in the Affidavit of  
Pritesh Patel, sworn before me  
this 8 day of June, 2017

  
Commissioner for Taking Affidavits, etc

**Latisha Marie Reddick, a Commissioner, etc.,  
Province of Ontario, while a Student-at-Law.  
Expires May 8, 2020.**

Richter Advisory Group Inc.  
in its capacity as Receiver of  
HMY Canada Inc.  
Statement of Accounts

## Exhibit C

<b>Staff member</b>	<b>Number of hours</b>	<b>Hourly rate</b>	<b>Amount</b>
<b>Senior Vice President</b>			
A.Sherman	1.40	\$ 625.00	\$ 875.00
P. Van Eyk	71.95	\$ 625.00	\$ 44,968.75
<b>Vice President</b>			
D.Greenham	6.00	\$ 425.00	\$ 2,550.00
K.Forbes	61.40	\$ 525.00	\$ 32,235.00
M.Gilbert	1.50	\$ 425.00	\$ 637.50
P.Lareau	46.30	\$ 425.00	\$ 19,677.50
P.Patel	531.85	\$ 525.00	\$ 279,221.25
<b>Associate</b>			
C.Smith	456.50	\$ 350.00	\$ 159,775.00
<b>Analyst</b>			
D.Adenuga-Taiwo	21.00	\$ 200.00	\$ 4,200.00
D.Millstein	124.00	\$ 285.00	\$ 35,340.00
<b>Administration</b>			
A.Stremski	211.10	\$ 185.00	\$ 39,053.50
A.Zageris	7.00	\$ 45.00	\$ 315.00
C.Michaud	13.00	\$ 185.00	\$ 2,405.00
C.O'Donnell	156.00	\$ 185.00	\$ 28,860.00
F.Sciascia	3.00	\$ 45.00	\$ 135.00
L.Robert	1.00	\$ 45.00	\$ 45.00
P.Lareau	24.60	\$ 185.00	\$ 4,551.00
P.Rosenfeld	6.00	\$ 45.00	\$ 270.00
S.Bourgine	64.40	\$ 185.00	\$ 11,914.00
S.Thomson	3.50	\$ 45.00	\$ 157.50
<b>Total</b>	<b>1,811.50</b>		<b>\$ 667,186.00</b>

Blended average hourly rate: 368.31



227

**HUK 10 LIMITED**  
- Applicant -

- and -

**HMV CANADA LIMITED**  
- Respondents -

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(Commercial List)**

(PROCEEDING COMMENCED AT TORONTO)

**AFFIDAVIT OF PRITESH PATEL**  
**(Sworn June 8, 2017)**

**GOWLING WLG (CANADA) LLP**  
Barristers and Solicitors  
1 First Canadian Place  
100 King Street West, Suite 1600  
Toronto, Ontario M5X 1G5

**David Cohen (LSUC #33195Q)**  
Tel: 416.369.6667  
Fax: (416) 862-7661  
Email: [david.cohen@gowlingwlg.com](mailto:david.cohen@gowlingwlg.com)

**Frank Lamie (LSUC #34845K)**  
Tel: (416) 862-3609  
Fax: (416) 862-7661  
Email: [Frank.Lamie@gowlingwlg.com](mailto:Frank.Lamie@gowlingwlg.com)

Lawyers for Richter Advisory Group Inc. in its capacity as the Court-appointed receiver of HMV Canada Limited

**TAB 2H**

Court File No. CV-17-11674-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER UNDER SECTION 243(1) OF THE *BANKRUPTCY AND  
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED**

**AND IN THE MATTER OF SECTION 101 OF THE *COURTS OF JUSTICE ACT*,  
R.S.O. 1990, c. C.43 AS AMENDED**

**HUK 10 LIMITED**

**Applicant**

**- and -**

**HMV CANADA INC.**

**Respondent**

**AFFIDAVIT OF EVAN STITT  
(Sworn June 8, 2017)**

**I, EVAN STITT**, of the city of Toronto, in the Province of Ontario, **MAKE OATH  
AND SAY:**

1. I am an associate at Gowling WLG (Canada) LLP (“**Gowling WLG**”) and as such have personal knowledge of the matters to which I hereinafter depose, except those matters that are based expressly upon information and belief, in which case, I verily believe such information to be true.

2. By order of the Honourable Senior Justice Morawetz of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated January 27, 2017, Richter Advisory Group Inc. was appointed receiver (the “**Receiver**”) of the property, assets and undertakings of HMV Canada Inc. (“**HMV**”) pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended and section 101 of the *Courts of Justice Act*, R.S.O.1990, C. C.43, as amended.

3. Gowling WLG has provided services as counsel to the Receiver and incurred disbursements thereon as described in detailed invoices dated February 15, 2017, February 24, 2017, March 29, 2017, April 5, 2017 and May 26, 2017, respectively, each of which are attached hereto and marked as Exhibit “**A**” (the “**Accounts**”).

4. The Accounts are a fair and accurate description of the services provided and the amounts charged by Gowling WLG for the period from January 4, 2017 through May 12, 2017. Annexed hereto and marked as Exhibit "B" is the timekeepers' summary of the partners, associates and staff whose time are recorded on the Accounts, including the hourly rates, hours billed and total fees (the "Summary of Accounts").
5. During the relevant period for the Accounts, Gowling WLG expended approximately 467 hours, for total fees of \$292,552.50, plus HST and disbursements, based on Gowling WLG's standard hourly billing rate in effect from time to time during the relevant period, as more particularly described in the Summary of Accounts. The hourly rates charged in the Accounts are the normal hourly rates charged by Gowling WLG for services rendered in respect of similar proceedings. The average hourly rate for Gowling WLG's professionals who provided legal counsel to the Receiver was \$454.25.
6. The disbursements listed in the Summary of Accounts are all *bona fides* disbursements incurred by Gowling WLG in providing legal services to the Receiver during the receivership proceedings.
7. Gowling WLG is requesting that its fees and disbursements be approved in the amount of \$333,488.39, inclusive of HST.
8. I swear this affidavit in support of the Receiver's motion for, among other things, the approval of the fees and disbursements of Gowling WLG as detailed in the Accounts and for no other or improper purpose.

SWORN before me at the City of Toronto, in the  
Province of Ontario, on June 8, 2017



Commissioner for Taking Affidavits

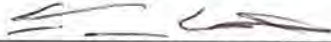
Thomas Gestner

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EVAN STITT

**THIS IS EXHIBIT "A" TO THE  
AFFIDAVIT OF EVAN STITT,  
SWORN BEFORE ME ON JUNE 8, 2017.**



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A Commissioner for Taking Affidavits

*Thomas Gerkin*

## Invoice

HMV Canada Inc.  
 c/o Richter Advisory Group Inc.  
 5401 Eglinton Ave W. Suite 110  
 Etobicoke ON M9C 5K6

February 15, 2017  
 INVOICE: 18627896

Our Matter: T1010530 / 212859  
 RE: Project Vinyl

		HST (13.0%)
<b>Fees for Professional Services</b>	<b>\$131,716.00</b>	\$17,123.08
Disbursements (Taxable)	826.90	
Disbursements (Non-Taxable)	8.00	
<b>Total Disbursements</b>	<b>834.90</b>	107.50
Total Fees and Disbursements	132,550.90	
Total Taxes	17,230.58	17,230.58
<b>Total Invoice</b>	<b>149,781.48</b>	
<b>Please remit balance due:</b>	<b>In Canadian Dollars</b>	<b>\$149,781.48</b>

D. F. W. Cohen      Signed for & on behalf of Gowling WLG (Canada) LLP

Our services are provided in accordance with our Standard Terms of Business ([www.gowlingwlg.com/TermsOfBusiness](http://www.gowlingwlg.com/TermsOfBusiness)), subject to any other written engagement agreement entered into between the parties.

**GOWLING WLG (CANADA) LLP**  
 1 First Canadian Place, 100 King Street West,  
 Suite 1600, Toronto, Ontario, M5X 1G5, Canada

T +1 (416) 862 7525  
[gowlingwlg.com](http://gowlingwlg.com)

Gowling WLG (Canada) LLP is a member of Gowling WLG, an international law firm which consists of independent and autonomous entities providing services around the world. Our structure is explained in more detail at [www.gowlingwlg.com/legal](http://www.gowlingwlg.com/legal)

February 15, 2017  
 INVOICE: 18627896

**Richter Advisory Group Inc.**  
**Our Matter: T1010530**  
**Project Vinyl**

**TO PROFESSIONAL SERVICES RENDERED on your behalf including:**

<b>Date</b>	<b>Hours</b>	<b>Timekeeper</b>	<b>Description</b>
04/01/2017	1.50	David F W Cohen	Attendance to consider structure and telephone call with debtor counsel
11/01/2017	1.10	Frank D. Lamie	Attendance to meeting with P. Patel; attendance to meeting with D. Cohen; attendance to research;
13/01/2017	0.30	Frank D. Lamie	Attendance to meeting with D. Cohen; attendance to correspondence and enclosure from D. Cohen; attendance to review material;
20/01/2017	0.80	David F W Cohen	Attendance to correspondence and telephone call
20/01/2017	4.70	Frank D. Lamie	Attendance to conference call with P. Patel; attendance to correspondence and enclosures from P. Patel; attendance to review material; attendance to meeting with D. Cohen; attendance to correspondence from P. Van Eyk; attendance to correspondence to D. Cohen, P. Patel, and P. Van Eyk; attendance to phone call with K. Plunkett; attendance to conference call with E. Lamek; attendance to correspondence and enclosure from E. Lamek; attendance to correspondence and enclosure to D. Cohen, P. Patel, and P. Van Eyk; attendance to further correspondence with D. Cohen; attendance to correspondence with L. Burden-Nixon; attendance to review material; attendance to research; attendance to review material; attendance to correspondence to D. Cohen; attendance to correspondence with D. Cohen; attendance to research; attendance to review material;
21/01/2017	3.10	Frank D. Lamie	Attendance to review numerous and various initial draft material, agreements, and related material;
22/01/2017	3.20	Frank D. Lamie	Attendance to review material; attendance to research;
23/01/2017	2.90	David F W Cohen	Attendance to preparation for conference call and telephone call relating to receivership; telephone call to P. van Eyk; telephone call with F. Lamie; review correspondence
23/01/2017	4.80	Thomas F. Gertner	Compiled and reviewed precedent orders: re appointment of agent; reviewed and provided comments re: agency agreement; meeting and various email correspondence with F. Lamie re: the same; performed research re: potential disclaimer of leases;
23/01/2017	11.60	Frank D. Lamie	Attendance to conference call with E. Lamek; attendance to conference call with P. Patel; attendance to meeting with and further instructions to T. Gertner; attendance to conference call with S. Graf, E. Lamek, D. Cohen, D. Nunes, A. Collins, and K. Plunkett, attendance to meeting with D.

Terms: due upon receipt  
 Interest at the rate of 0.8% per annum will be charged on all amounts not paid within one month from the date of this invoice  
 Errors and omissions excluded

February 15, 2017  
INVOICE: 18627896

Date	Hours	Timekeeper	Description
			Cohen; attendance to conference call with P. Patel; attendance to various meetings with and instructions to T. Gertner; attendance to review and revise material; attendance to various correspondence with and instructions to T. Gertner; attendance to correspondence and enclosures from T. Gertner; attendance to further correspondence and enclosures from T. Gertner; attendance to numerous and various correspondence and enclosures, comments, and material exchange with various counsel and Richter Team; attendance to review and revise material; attendance to various conference calls with various counsel and Richter Team; attendance to research;
24/01/2017	4.90	David F W Cohen	Attendance to correspondence; meeting with F. Lamie; review draft of Agency Agreement before released to Gorden Brothers; consider Landlord issues
24/01/2017	6.60	Thomas F. Gertner	Performed research re: appointment of agent and interaction with lease agreements; meeting and email correspondence with F. Lamie re: the same; prepared email memorandum re: the same; performed research re: employee termination and severance claims; prepared email memorandum re: the same; meeting and email correspondence with F. Lamie re: the same; reviewed and provided comments re: draft receiver's report, draft receivership order and draft approval and vesting order; conference call with F. Lamie, P. Patel re: draft receivership order;
24/01/2017	12.70	Frank D. Lamie	Attendance to conference call with P. Patel; attendance to review and revise material; attendance to correspondence and enclosures to E. Lamek et al.; attendance to conference call with D. Nunes; attendance to conference call with K. Plunkett; attendance to review material; attendance to correspondence to all counsel; attendance to further conference call with and comments to P. Patel; attendance to meeting with and comments from D. Cohen; attendance to meeting with T. Gertner; attendance to various conference call with P. Van Eyk; attendance to material and enclosures to P. Van Eyk; attendance to conference call with K. Plunkett; attendance to numerous and various correspondence and enclosures, comments, and material exchange with various counsel and Richter Team; attendance to review and revise material; attendance to various conference calls with various counsel and Richter Team; attendance to research;
25/01/2017	5.10	David F W Cohen	Attendance to review of draft document and telephone calls with client and F. Lamie
25/01/2017	3.90	Thomas F. Gertner	Prepared consent to act; reviewed and provided comments re: draft receivership order and draft agency approval agreement order; prepared template employee termination letters; reviewed and provided comments re: report of the

Terms: due upon receipt  
Interest at the rate of 0.8% per annum will be charged on all amounts not paid within one month from the date of this invoice  
Errors and omissions excluded



February 15, 2017  
 INVOICE: 18627896

Date	Hours	Timekeeper	Description
25/01/2017	16.10	Frank D. Lamie	<p>proposed receiver; prepared enclosure letter to RSJ Morawetz re: draft materials; various email correspondence with F. Lamie re: the same;</p> <p>Attendance to correspondence with E. Lamek; attendance to review various correspondence and enclosures from T. Gertner; attendance to various correspondence to P. Van Eyk et al.; attendance to correspondence with E. Lamek et al; attendance to correspondence with P. Patel, C. Cohen; attendance to review materials; attendance to conference call with P. Patel et al; attendance to further correspond with E. Lamek; attendance to various correspondence to S. Graf et al; attendance to further correspond with P. Patel: attendance to conference call with P. Patel; attendance to correspondence with C. Cooke; attendance to and instructions to D. Nunes; attendance to correspondence with E Lamek; attendance to correspond with K. Plunkett; attendance to various correspondence with K. Plunkett, et al; attendance to correspond with P. Patel; attendance to various correspondence with D. Nunes and E. Lamek; attendance and instructions to F. Sasso; attendance to review material; further attendance with K. Plunkett; further attendance to review material; further attendance with P. Van Eyk et al; further attendance to correspondence with P. Patel; further attendance and correspondence with D. Cohen; further attendance to review materials; further attendance with E. Lamek et al; further correspondence and instructions to T. Gertner; further various correspondence to P. Patel et al; further attendance and correspond to material; attendance to D. Nunes et al; further attendance to K. Plunkett et al; further review of material; attendance to conference call with P. Patel et al; attendance to further correspond with E. Lamek; attendance to instructions to T. Gertner; attendance to correspondence and enclosure from T. Gertner; attendance to review material; attendance to various correspondence to S. Graf et al; attendance to further correspond with P. Patel: attendance to conference call with P. Patel; attendance to correspondence with C. Cooke; attendance to and instructions to D. Nunes; attendance to correspondence with E Lamek; attendance to correspond with K. Plunkett; attendance to various correspondence with K. Plunkett, et al; attendance to correspond with P. Patel; attendance to various correspondence with D. Nunes and E. Lamek; attendance and instructions to F. Sasso; attendance to review material; further attendance with K. Plunkett; further attendance to review material; further attendance with P. Van Eyk et al; further attendance to correspondence with P. Patel; further attendance and correspondence with D. Cohen; further attendance to review materials; further attendance with E.</p>

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February 15, 2017  
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Date	Hours	Timekeeper	Description
26/01/2017	8.40	David F W Cohen	Lamek et al; further correspondence and instructions to T. Gertner; further various correspondence to P. Patel et al; further attendance and correspond to material; attendance to D. Nunes et al; further attendance to K. Plunkett et al; further review of material; further attendance to correspondence with E. Lamek; attendance to vairous correspondence to P. Van Eyk et al.; further attendance to further correspond with P. Patel; further attendance to conference call with P. Patel; further attendance to correspondence with C. Cooke; further attendance to and instructions to D. Nunes; further attendance to correspondence with E Lamek; further attendance to correspond with K. Plunkett;
26/01/2017	3.10	Thomas F. Gertner	Attendance to review court materials; telephone calls with client; telephone call to debtor counsel and receiver and to negotiations with buyer/agency; Email correspondence with the service list re: service of pre-filing report of the proposed receiver; email correspondence with the service list re: service of draft amended appointment order and draft agency agreement approval order; prepared drafts of appointment order and agency agreement approval order; prepared affidavit of service; prepared drafts of agency agreement; compiled exhibits to agency agreement; coordinated service of HMV IP Holdings ULC; various email correspondence and phone calls with J. Sapers re: the same; coordinated delivery of draft pre-filing report of the proposed receiver to RSJ Morawetz; email correspondence and meeting with S. Starkman re: the same; email correspondence with D. Torchetti re: delivery of finalized pre-filing report of the proposed receiver to RSJ Morawetz;
26/01/2017	15.50	Frank D. Lamie	Attendance to conference call with J. Dacks; attendance to correspond and instructions to T. Gertner; attendance and correspond with P. Van Eyk et al; attendance to correspond with P. Patel; attendance to review material; Attendance to conference call with A. Collins, K. Plunkett, and P. Patel; attendance to review material; further correspondence and attendance with P. Patel; further attendance and instructions to T. Gertner and F. Sasso; attendance to correspondence with P. Van Eyk; attendance to conference call with P. Patel et al; attendance to further correspond with E. Lamek; attendance to various correspondence to S. Graf et al; attendance to further correspond with P. Patel; attendance to conference call with P. Patel; attendance to correspondence with C. Cooke; attendance to and instructions to D. Nunes; attendance to correspondence with E Lamek; attendance to correspond with K. Plunkett; attendance to various correspondence with K. Plunkett, et

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Date	Hours	Timekeeper	Description
			<p>al; attendance to correspond with P. Patel; attendance to various correspondence with D. Nunes and E. Lamek; attendance and instructions to F. Sasso; attendance to review material; further attendance with K. Plunkett; further attendance to review material; further attendance with P. Van Eyk et al; further attendance to correspondence with P. Patel; further attendance and correspondence with D. Cohen; further attendance to review materials; further attendance with E. Lamek et al; further correspondence and instructions to T. Gertner; further various correspondence to P. Patel et al; further attendance and correspond to material; attendance to D. Nunes et al; further attendance to K. Plunkett et al; further review of material; attendance to conference call with P. Patel et al; attendance to further correspondence with E. Lamek; attendance to various correspondence to S. Graf et al; attendance to further correspond with P. Patel; attendance to conference call with P. Patel; attendance to forward material to RSJ Morawetz; attendance to correspondence with C. Cooke; attendance to and instructions to D. Nunes; attendance to correspondence with E Lamek; attendance to correspond with K. Plunkett; attendance to various correspondence with K. Plunkett, et al; attendance to correspond with P. Patel; attendance to various correspondence with D. Nunes and E. Lamek; attendance to correspondence and numerous enclosures from D. McEvoy; attendance to review material; attendance to review material; further attendance with K. Plunkett; further attendance to review material; further attendance with P. Van Eyk et al; further attendance to correspondence with P. Patel; further attendance and correspondence with D. Cohen; further attendance to review materials; further attendance with E. Lamek; further attendance to and instructions to T. Gertner; attendance to correspondence and enclosures from E. Lamek; further attendance to correspond with P. Patel; further attendance and various correspondence with D. Nunes and E. Lamek; further attendance to review material; further attendance to correspondence with K. Plunkett; further attendance to review material; further attendance with P. Van Eyk et al; further attendance to further correspond with P. Patel; further attendance to conference call with P. Patel; further attendance to correspondence with C. Cooke; further attendance to and instructions to D. Nunes; further attendance to correspondence with E Lamek; further attendance to correspond with K. Plunkett; further attendance to correspond and instructions to T. Gertner; further attendance and correspond with P. van Eyk et al; further attendance to correspond with P. Patel; further attendance to review material; further correspondence and</p>

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Date	Hours	Timekeeper	Description
26/01/2017	0.70	Samuel Starkman	attendance with P. Patel; further attendance and instructions to T. Gertner; attendance to correspondence with P. Van Eyk; attendance to conference call with P. Patel et al; attendance to further correspond with E. Lamek; attendance to various correspondence to S. Graf et al; attendance to further correspond with P. Patel; attendance to conference call with P. Patel; attendance to preparation for Court;
27/01/2017	5.00	David F W Cohen	Delivered materials to Justice Morawetz for T. Gertner;
27/01/2017	7.10	Thomas F. Gertner	Attendance to court and negotiations;
27/01/2017	13.30	Frank D. Lamie	Meeting with D. Torchetti re: delivery of finalized pre-filing report of the proposed receiver to RSJ Morawetz; prepared court copies of motion materials and pre-filing reports; email correspondence with E. Lamek re: service of draft amended appointment order and draft agency agreement approval order; various email correspondence with N. De Cicco re: amendments to the agency agreement and release of signature pages from escrow; email correspondence with F. Lamie and K. Plunkett re: the same; attended receivership appointment hearing; issued and entered appointment order and agency agreement approval order at the Commercial List; email correspondence with the service list re: issued and entered appointment order and draft agency agreement approval order; email correspondence with L. Brzeinski re: addition to service list; Attendance to conference call with P. Patel et al; attendance to further correspond and instructions with T. Gertner; attendance to various correspondence to S. Brotman et al; attendance to further correspond with P. Patel; attendance to various correspondence with T. Gertner; attendance to correspond with N. De Cicco; attendance to various correspondence with E. Lamek et al; attendance to forward material to RSJ Morawetz; attendance and instructions to T. Gertner; attendance to review material; further attendance with P. Patel; further attendance to review material; further attendance with P. Van Eyk et al; further attendance to correspondence with P. Patel; further attendance and correspondence with D. Cohen; further attendance to review materials; further attendance with E. Lamek et al; further correspondence and instructions to T. Gertner; further various correspondence to P. Patel et al; further attendance and correspond to material; attendance to D. Nunes et al; further attendance to E. Lamek; further review of material; further correspondence and review to D. Cohen; further instructions from P. Patel; review various materials; further correspondence with D. Cohen, E. Lamek and P. van Eyk; attendance and instructions to T. Gertner; attendance to review material; further attendance with P. Patel; further attendance to review material; further attendance with P.

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INVOICE: 18627896

Date	Hours	Timekeeper	Description
			Van Eyk et al; further attendance and correspondence with D. Cohen; attendance to conference call with D. Cohen; attendance to correspond with N. De Cicco; attendance to various correspondence with S. MacKenzie et al; further attendance to review material; further attendance to correspondence with P. Patel; further attendance and correspondence with D. Cohen; further correspondence and instructions to T. Gertner; further attendance to correspond and instructions to T. Gertner; attendance and correspond with P. van Eyk et al; attendance to correspond with P. Patel; attendance to further and various correspondence with E. Lamiek et al; further attendance and instructions to T. Gertner; attendance to direct issuance of Court Orders; further attendance to review material; further attendance with P. Patel; further attendance to review material; further attendance with P. Van Eyk et al; further attendance and correspond to material; further attendance to D. Nunes et al; further attendance to E. Lamiek; further review of material; further correspondence and review to D. Cohen; attendance to correspond with K. Plunkett; attendance to various correspondence with E. Lamiek et al; attendance to further review material; further instruction and discussion with C. Prophet; further instruction and correspond with T. Gertner; attendance to conference call with K Plunkett; attendance to conference call with K. Plunkett;
27/01/2017	2.60	Evan Stitt	Research re law on 30 day supplier claims; discussions and strategy moving forward with F. Lamie and P. Patel re same;
27/01/2017	0.60	David Torchetti	Attended the commercial list to deliver documents for T. Gertner;
28/01/2017	2.10	David F W Cohen	Attendance to 30 day goods issues and correspondence regarding same;
28/01/2017	2.10	Frank D. Lamie	Attendance to correspondence and review material; attendance to correspondence with P. Patel; attendance to review and correspond with P. van Eyk, et al; attendance to correspondence with D. Cohen; attendance to correspondence with and instructions to E. Stitt; attendance to correspond and discuss with P. Van Eyk, D. Cohen, and K. Forbes; attendance to review material; attendance to conference call with P. Patel; attendance to review material;
28/01/2017	4.00	Evan Stitt	Further research on law re 30 day goods claim; drafted memo to F. Lamie re same;
29/01/2017	0.10	David F W Cohen	Attendance to issues relating to flow of funds
29/01/2017	2.90	Frank D. Lamie	Attendance to correspondence and review with P. Patel; attendance to correspondence with K. Plunkett; attendance to review material; attendance to correspondence to P. Patel; attendance to correspondence and instructions to E. Stitt; attendance to review materials; attendance to further

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Date	Hours	Timekeeper	Description
29/01/2017	0.40	Evan Stitt	correspondence with E. Stitt; attendance to correspondence and instructions to T. Gertner and E. Stitt; attendance to further correspondence with P. Patel; Review and transcribe endorsement of J. Morawetz of January 27, 2017;
30/01/2017	4.40	David F W Cohen	Attendance to supplier, 30 day goods issues; telephone call with counsel regarding WEPPA claims; telephone call to client relating to WEPPA claims;
30/01/2017	1.70	Thomas F. Gertner	Prepared drafts of letter of credit re: agency agreement; meeting and email correspondence with F. Lamie re: the same; phone calls with A. Collins and K. Forbes re: the same; email correspondence and conference call with F. Lamie and M. Shaw re: the same; email correspondence with K. Forbes re: compiled agency agreement; email correspondence with S. Pema re: updating service list;
30/01/2017	6.10	Frank D. Lamie	Attendance to conference call with D. Cohen; attendance to review material; attendance to meeting with instructions to E. Stitt; attendance to conference call with P. Patel; attendance to conference call with K. Plunkett, A. Collins, and D. Cohen; attendance to conference call with L. Ellis; attendance to further conference call with S. Graf, et al; Attendance to conference call with P. Patel; Attendance to voice mail to P. Reisterer; Conference call with P. Patel; attendance to conference call with L. Ellis; attendance to correspondence and enclosure from M. Shea; attendance to material and instructions to T. Gertner; attendance to correspondence and enclosures from P. Reisterer; attendance to review material; attendance to correspondence with P. Patel; attendance to meeting with and instructions to T. Gertner; attendance to correspondence from T. Gertner; attendance to correspondence with K. Forbes; attendance to correspondence from M. Shea; attendance to correspondence and enclosure from T. Gertner; attendance to review material; attendance to further correspondence and instructions to T. Gertner; attendance to correspondence to L. Gallisierre; attendance to correspondence and enclosure from T. Gertner; attendance to further correspondence and enclosure from T. Gertner; attendance to voice mail from S. Rigaud; attendance to instructions to T. Gertner; attendance to further correspondence and enclosure from T. Gertner; attendance to review material; attendance to correspondence from K. Forbes; attendance to further correspondence from M. Shea; attendance to voice mail from A. Collins; attendance to correspondence with S. Rigaud; attendance to further correspondence and enclosures from T. Gertner; attendance to further correspondence from K. Forbes; attendance to

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Date	Hours	Timekeeper	Description
			<p>further correspondence from M. Shea; attendance to conference call with P. Patel; attendance to correspondence from A. Collins; attendance to further correspondence from A. Collins; attendance to further correspondence from K. Forbes; attendance to correspondence and enclosure from A. Cerminara; attendance to correspondence and enclosure from T. Gertner; attendance to further voice mail from S. Rigaud; attendance to correspondence and enclosures from L. Ellis; attendance to review material; attendance to correspondence and enclosures to P. Patel; attendance to correspondence and enclosures from D. Cohen; attendance to review material; attendance to correspondence and enclosures to P. Patel; attendance to further correspondence and enclosures from D. Cohen; attendance to review material; attendance to further correspondence with D. Cohen; attendance to correspondence with K. Forbes; attendance to correspondence and enclosures from P. Riesterer; attendance to review material; attendance to correspondence and various enclosures to P. Patel and K. Forbes; attendance to correspondence from E. Stitt; attendance to further correspondence from P. Reisterer; attendance to meeting with and further instructions to T. Gertner; attendance to conference call with M. Shea and T. Gertner; attendance to correspondence from M. Shea; attendance to further correspondence from P. Reisterer; attendance to correspondence and enclosure from P. Reisterer; attendance to correspondence from D. Cohen; attendance to conference call with S. Graf, A. Collins, K. Plunkett, and D. Cohen; attendance to further correspondence and enclosure from M. Shea; attendance to review material; attendance to conference call with P. Patel;</p>
30/01/2017	3.40	Evan Stitt	<p>Review of 30-day goods claims of [REDACTED] research re WEPPA claims and drafting memo re same; discussions with F. Lamie and conference call re same;</p>
31/01/2017	0.20	David F W Cohen	<p>Attendance to supplier issues;</p>
31/01/2017	0.20	Thomas F. Gertner	<p>Email correspondence with A. Collins, F. Lamie and M. Shea in connection with letter of credit re: agency agreement; phone call with K. Forbes re: the same; email correspondence with J. Wolf re: addition to service list;</p>
31/01/2017	5.50	Frank D. Lamie	<p>Attendance to conference call with P. Patel; attendance to review material; attendance to conference call with P. Patel; attendance to correspondence and detailed enclosure from E. Cobb; attendance to review material; attendance to correspondence and enclosure to P. Patel and K. Forbes; attendance to conference call with E. Cobb; attendance to conference call with K. Plunkett; attendance to meeting with and instructions to T. Gertner; attendance to review materia; attendance to correspondence and enclosure from T.</p>

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Date	Hours	Timekeeper	Description
31/01/2017	2.90	Evan Stitt	<p>Gertner; attendance to correspondence to T. Gertner; attendance to correspondence from D. Cohen; attendance to correspondence and enclosure from P. Patel; attendance to further correspondence from E. Cobb; attendance to further and various correspondence from E. Cobb and P. Patel; attendance to correspondence and enclosure from M. Shea; attendance to correspondence and enclosure from A. Schmitt; attendance to further correspondence from P. Patel; attendance to conference call with P. Patel; attendance to further correspondence and enclosure from T. Gertner; attendance to review material; attendance to further instructions to T. Gertner; attendance to further correspondence and enclosure from T. Gertner; attendance to correspondence from A. Collins; attendance to further correspondence from M. Shea; attendance to instructions to T. Gertner; attendance to further correspondence and enclosure from T. Gertner; attendance to correspondence with P. Patel; attendance to further correspondence and enclosure from P. Patel; attendance to review material; attendance to further correspondence from M. Shea; attendance to instructions to T. Gertner; attendance to correspondence from T. Gertner; attendance to correspondence from A. Collins; attendance to correspondence with P. Patel; attendance to conference call with P. Patel;</p>
01/02/2017	3.10	David F W Cohen	<p>Further research re WEPPA claims and completion of memo to F. Lamie re same; discussions with P. Shea re definition of receiver in BIA and operation of WEPPA;</p>
01/02/2017	6.80	Frank D. Lamie	<p>Attendance to correspondence and telephone call to F. Lamie; detailed correspondence relating to 30 day goods issues and telephone calls regarding same;</p> <p>Attendance to conference call with P. Patel; attendance to correspondence and enclosure from A. Schmitt; attendance to conference call with A. Collins; attendance to correspondence and enclosures from A. Collins; attendance to review material; attendance to further conference call with P. Patel; attendance to correspondence to D. Wiggins, M. Schillo, and P. Patel; attendance to correspondence from P. Van Eyk; attendance to correspondence from P. Patel; attendance to correspondence with P. Patel; attendance to conference call with L. Ellis; attendance to conference call with P. Reiser; attendance to correspondence with P. Van Eyk and P. Patel; attendance to review material; attendance to research; attendance to instructions to E. Stitt; attendance to correspondence and enclosures from E. Stitt; attendance to review material; attendance to meeting with E. Stitt; attendance to comments and instructions to F. Sasso; attendance to instructions to E. Stitt; attendance to review</p>

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Date	Hours	Timekeeper	Description
			material and enclosures from E. Stitt; attendance to further conference call with P. Patel; attendance to voice mail from P. Patel; attendance to conference call with P. Patel; attendance to voice mail from J. Dacks; attendance to various correspondence from P. Patel; attendance to correspondence and enclosures from A. Schmitt; attendance to correspondence and enclosure from S. Bourguine; attendance to review material; attendance to conference call with J. Dacks; attendance to correspondence to P. Van Eyk, P. Patel, and D. Cohen; attendance to conference call with P. Patel; attendance to phone call to A. Dryer; attendance to correspondence from T. Sandler; attendance to conference call with D. Wiggins, M. Schillo, and P. Patel; attendance to correspondence from P. Patel; attendance to further conference Call with Patel; attendance to voice mail from T. Sandler; attendance to correspondence from T. Sandler; attendance to correspondence to P. Patel and P. Van Eyk; attendance to voice mail from A. Collins; attendance to update to P. Patel; attendance to conference call with A. Collins; attendance to correspondence and enclosures from A. Collins; attendance to review material; attendance to correspondence to P. Patel et al; attendance to conference call with L. Ellis; attendance to correspondence from M. Holt; attendance to correspondence to M. Holt et al; attendance to further conference call with P. Patel; attendance to conference call with P. Van Eyk; attendance to conference call with P. Patel; attendance to correspondence with D. Cohen;
01/02/2017	0.30	Evan Stitt	Research re reclamation of property claim in receivership;
02/02/2017	1.90	David F W Cohen	Attendance to correspondence; issues relating to security review
02/02/2017	1.50	Thomas F. Gertner	Reviewed correspondence re: consignment claims of [REDACTED]; meeting with F. Lamie re: the same; prepared draft of email memorandum re: the same;
02/02/2017	5.90	Frank D. Lamie	Attendance to conference call with P. Patel; attendance to conference call with J. Shanks; attendance to correspondence to . Shanks; attendance to correspondence from M. Shea; attendance to correspondence from A. Collins; attendance to correspondence with T. Gertner; attendance to correspondence and enclosures from P. Reisester; attendance to correspondence and enclosure to P. Patel; attendance to phone call with P. Patel; attendance to correspondence and enclosure from T. Gertner; attendance to phone call with T. Sandler and J. Dacks; attendance to conference call with P. Patel; Attendance to review material; attendance to correspondence to J. Shanks and D. Cohen; attendance to review material; attendance to conference call with P. Patel; attendance to revise material;

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February 15, 2017

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Date	Hours	Timekeeper	Description
			attendance to correspondence with J. Shanks; attendance to meeting with and instructions to J. Shanks; attendance to correspondence and enclosure from T. Gertner; attendance to correspondence and enclosures to J. Shanks; attendance to voice mail from T. Sandler; attendance to conference call with T. Sandler; attendance to conference call with T. Sandler; attendance to update to P. Patel; attendance to conference call with P. Patel; attendance to correspondence to J. Shanks and A. Collins; attendance to correspondence from J. Shanks; attendance to correspondence form A. Collins; attendance to review and revise material; attendance to correspondence and enclosure to P. Patel; attendance on conference call with J. Shanks and A. Collins; attendance to conference call with A. Dryer; attendance to conference call with P. Patel; attendance to review material; attendance to material and instructions to T. Gertner; Attendance to voice mail from P. Patel; attendance to conference call with P. Patel; attendance to meeting with J. Shanks; attendance to review material; attendance to correspondence and enclosures to J. Shanks; attendance to instructions to F. Sasso; attendance to correspondence to A. Collins and J. Shanks; attendance to correspondence with P. Van Eyk; attendance to correspondence with D. Cohen; attendance to review material; attendance to correspondence and instructions to F. Sasso; attendance to correspondence and enclosure from P. Patel; attendance to correspondence with P. Patel; attendance to conference call with P. Patel;
02/02/2017	0.40	James Shanks	Meeting with F.Lamie; emails to and from F.Lamie; emails to and from A.Collins (Aird Berlis); initial access to data site tested and set up; additional emails with A.Collins and F.Lamie;
03/02/2017	0.10	David F W Cohen	Attendance to correspondence
03/02/2017	3.00	Thomas F. Gertner	Prepared drafts of letter to employees re: appointment of receiver and collection of WEPPA; prepared email memorandum re: consignment claims of [REDACTED]; reviewed and prepared draft of BIA section 245 / 246 notice;
03/02/2017	6.30	Frank D. Lamie	Attendance to correspondence and enclosure to T. Gertner; attendance to meeting with, instructions to, and correspondence and enclosure to T. Gertner; attendance to correspondence and enclosure to T. Gertner; attendance to conference call with P. Patel; attendance to correspondence and enclosures from T. Gertner; attendance to review and revise material; attendance to correspondence to T. Gertner; attendance to conference call with A. Collins; attendance to correspondence and enclosure to T. Gertner; attendance to meeting with and instructions to T. Gertner; attendance to

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Date	Hours	Timekeeper	Description
			correspondence and enclosures from T. Gertner; attendance to further correspondence and enclosures from T. Gertner; attendance to review and revise material; attendance to meeting with and instructions to T. Gertner; attendance to conference call with K. Plunkett; attendance to correspondence and enclosure sot K. Plunkett; attendance to conference call with P. Patel; Attendance to conference call with P. Patel; attendance to correspondence from J. Balvers; attendance t conference call with K. Plunkett and A. Collins; attendance to correspondence and enclosure to K. Plunkett; attendance to correspondence and enclosure to P. Patel; attendance to further correspondence and enclosures to P. Patel; attendance to correspondence and enclosures from K. Plunkett; attendance to review material; attendance to correspondence to K. Plunkett; attendance to correspondence with P. Patel;
03/02/2017	0.30	Melissa McDonald	HMV Canada Inc. - attendance to ppsa search;
03/02/2017	4.00	James Shanks	Read motion record for HMV Canada and various attachments (2 volumes); read pre-filing report of proposed receiver; read report of Deloitte on liquidation scenario

**Total Fees for Professional Services** \$131,716.00

#### SUMMARY OF FEES

TK Name	Billed Rate	Hours	Amount
Cohen, David F.	875.00	40.50	35,437.50
Gertner, Thomas F.	440.00	31.90	14,036.00
Lamie, Frank D.	625.00	117.20	73,250.00
McDonald, Melissa	125.00	0.30	37.50
Shanks, James	725.00	4.40	3,190.00
Starkman, Samuel	250.00	0.70	175.00
Stitt, Evan	400.00	13.60	5,440.00
Torchetti, David	250.00	0.60	150.00
<b>Total</b>		<b>209.20</b>	<b><u>\$131,716.00</u></b>

#### DISBURSEMENTS

##### Taxable Costs

Copying	\$751.00
Corporate Searches - Taxable	\$15.00

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February 15, 2017  
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Conference Call Expenses	\$60.90
<b>Total Taxable Disbursements</b>	<b><u>\$826.90</u></b>
<b>Non-Taxable Costs</b>	
Corporate Searches - Agency	\$8.00
<b>Total Non-Taxable Disbursements</b>	<b><u>\$8.00</u></b>

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February 15, 2017  
 INVOICE: 18627896

## Remittance Copy

Client: 212859 Richter Advisory Group Inc.  
 Matter: T1010530  
 RE: Project Vinyl  
 Amount Due: \$149,781.48

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### PAYMENT BY CHEQUE:

Please return this page with your payment payable to **Gowling WLG (Canada) LLP**

Remit to: Gowling WLG (Canada) LLP  
 PO Box 466, STN D  
 Ottawa, ON K1P 1C3  
 Canada

### PAYMENT BY WIRE TRANSFER:

Pay by Swift MT 103 Direct to:  
 SWIFTCODE: CIBCCATT

BENEFICIARY BANK: Canadian Imperial Bank of Commerce  
 119 Sparks Street, Ottawa, ON K1P 5B5

TRANSIT NUMBER: 0010-00006

BENEFICIARY ACCOUNT NAME: Gowling WLG (Canada) LLP  
 160 Elgin Street, Suite 2600, Ottawa ,ON K1P 1C3

BENEFICIARY ACCOUNT NUMBER(S): CDN Account: 41-02916  
 USD Account: 02-21015

#### US Corresponding Bank for US Dollar wires:

Wells Fargo Bank, N.A. BIC: PNBPUS3NNYC - ABA:026005092

\* if paying by wire or EFT please e-mail the remittance details to [payments.ca@gowlingwlg.com](mailto:payments.ca@gowlingwlg.com)

## Invoice

HMV Canada Inc.  
 c/o Richter Advisory Group Inc.  
 5401 Eglinton Ave W. Suite 110  
 Etobicoke ON M9C 5K6

February 24, 2017  
 INVOICE: 18632780

Our Matter: T1010530 / 212859  
 RE: Project Vinyl

		<b>HST (13.0%)</b>
<b>Fees for Professional Services</b>	<b>\$80,006.50</b>	<b>\$10,400.85</b>
Disbursements (Taxable)	1,149.50	
Disbursements (Non-Taxable)	<u>558.18</u>	
<b>Total Disbursements</b>	<b>1,707.68</b>	149.44
Total Fees and Disbursements	81,714.18	
Total Taxes	10,550.29	10,550.29
<b>Total Invoice</b>	<b>92,264.47</b>	
<b>Please remit balance due:</b>	<b>In Canadian Dollars</b>	<b>\$92,264.47</b>

D. F. W. Cohen      Signed for & on behalf of Gowling WLG (Canada) LLP

Our services are provided in accordance with our Standard Terms of Business ([www.gowlingwlg.com/TermsOfBusiness](http://www.gowlingwlg.com/TermsOfBusiness)), subject to any other written engagement agreement entered into between the parties.

**GOWLING WLG (CANADA) LLP**  
 1 First Canadian Place, 100 King Street West,  
 Suite 1600, Toronto, Ontario, M5X 1G5, Canada

T +1 (416) 862 7525  
[gowlingwlg.com](http://gowlingwlg.com)

Gowling WLG (Canada) LLP is a member of Gowling WLG, an international law firm which consists of independent and autonomous entities providing services around the world. Our structure is explained in more detail at [www.gowlingwlg.com/legal](http://www.gowlingwlg.com/legal)

February 24, 2017  
INVOICE: 18632780

Richter Advisory Group Inc.  
Our Matter: T1010530  
Project Vinyl

**TO PROFESSIONAL SERVICES RENDERED on your behalf including:**

Date	Hours	Timekeeper	Description
31/01/2017	0.70	Patrick Shea	Engaged re issues relating to WEPPA
06/02/2017	0.90	Thomas F. Gertner	Reviewed and provided comments re: draft of settlement and release in connection with 30 day goods claims; email correspondence with F. Lamie re: the same; reviewed HMV documentation re: consignment claims of [REDACTED]; meeting with F. Lamie re: the same;
06/02/2017	5.80	Frank D. Lamie	Attendance to conference call with K. Plunkett; attendance to review material; attendance to correspondence and enclosure to P. Patel; Attendance to voicemail from A. Collins; attendance to correspondence from A. Collins; attendance to conference call with P. Patel; attendance to correspondence to P. Patel; attendance to correspondence and enclosure from P. Patel; attendance to correspondence form P. Van Eyk; attendance to call to P. Van Eyk; attendance to correspondence to P. Van Eyk and P. Patel; attendance to conference call with P. Van Eyk; attendance to correspondence and enclosure form P. Patel; attendance to review materia; attendance to further correspondence and enclosure from P. Patel; attendance to further correspondence from P. Patel; attendance to conference call with P. Patel; attendance to further conference call with K. Plunkett; attendance to meeting with and instructions to T. Gertner; attendance to correspondence and enclosure to T. Gertner; attendance to review material; attendance to further conference call with P. Patel; attendance to further conference call with P. Van Eyk; attendance to further conference call with K. Plunkett; attendance to correspondence and enclosures from M. Shea; attendance to review material; attendance to correspondence and enclosures to P. Patel; attendance to review material; attendance to correspondence with P. Patel;
06/02/2017	5.80	James Shanks	Downloading loan, claim, security and other documentation from data site pertaining to HMV Canada; reviewing loan, claim, security and other documentation; make notes on documentation; review list of store locations, financial statements and other financial data for HMV Canada and corporate chart of group
07/02/2017	2.50	Johanne Baril	HMV - instructions from Mark Emmanuel, corporate searches on HMV Canada Inc., HMV Digital Holdings ULC, HMV IP Holdings ULC, HMV Pure Holdings ULC, draft (start) asset search report on these entities including such corporate search results and analysis, Register of Personal

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Date	Hours	Timekeeper	Description
07/02/2017	3.10	Thomas F. Gertner	and Movable Real Rights searches and analysis and translation; Prepared drafts of letter and accompanying release to [REDACTED]; email correspondence and meeting with F. Lamie re: the same;
07/02/2017	7.70	Frank D. Lamie	Attendance to correspondence to counsel for various suppliers; attendance to correspondence from L. Ellis; attendance to correspondence and enclosure from K. Plunkett; attendance to correspondence and enclosure from T. Gertner; attendance to conference call with K. Plunkett; attendance to correspondence with P. Patel; attendance to correspondence and enclosures from K. Plunkett; attendance to review material; attendance to correspondence to K. Plunkett; attendance to correspondence from A. Schmitt; attendance to correspondence with K, PLunkett; attendance to correspondence from P. Patel; attendance to correspondnece with K. Plunkett and A. Collins; attendance to instrucionts to F. Sasso; attendance to correspondence and enclsore from F. Sasso; attendance to review material; attendance to correspondence and enclsore form F. Sasso; attendance to further conference call with P. Patel; attendance to conference all with P. Patel and K. Plunkett; attendance to further conference call with L. Ellis; attendance to conference call with P. Van Eyk and P. Patel; attendance to correspondence with A. Dryer; attendance to further correspondence with A. Dryer; attendance to conference call with P. Patel; attendance to conference call with A. Collins; attendance to review and revise material; attendance to correspondence and enclosure to K. Plunkett and A. Collins; attendance to correspondence to P. Patel and P. Van Eyk; attendance to conference call with M. Citak; attendance to correspondence and enclosure from A. Collins; attendance to correspondence with P. Patel; attendance to review and revise material; attendance to meeting with and further instrucionts to F. Sasso; attendance to correspondence and enclosure from P. Patel; attendance to review and revise material; attendance to correspondence and enclosure from P. Patel; attendance to correspondence and enclosures from M. Shea; attendance to review material; attendance to correspondnece and enclosures to A. Collins et al.; attendance to correspondence and enclosures to D. Cohen; attendance to further conference call with and direction to P. Patel; attendance to instructions to F. Sasso; attendance to correspondence and enclosure and instructions to T. Gertner; attendance to meeting with and further instructions to T. Gertner; attendance to conference call with A. Collins; attendance to conference call with P. Patel; attendance to

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Date	Hours	Timekeeper	Description
			conference call with L. Ellis; attendance to correspondence and enclosures from T. Gertner; attendance to review materials;
07/02/2017	6.00	James Shanks	Continue reviewing and noting up loan, claim, security and other documentation; make notes on documentation; emails with A.Collins; arrange security documents from data room properly and effectively for emails to provincial agents
07/02/2017	1.50	James Shanks	Email from C.Conrad re: schedule to ISDA agreement and conference call proposal; review mark-up of ISDA schedule and Commitment Letter previously sent to C.Conrad in anticipation of conf call; conf call with C.Conrad and H.Harris
08/02/2017	3.40	Larisa Albu	Meeting with Mrs Marie-France Béland regarding the review of certain deed of hypothecs and their respective registrations; review of the deeds of hypothecs and the respective registrations at the RPMRR; meeting with Mrs M.-F. Béland regarding the review results.
08/02/2017	2.00	Johanne Baril	Completing asset search report, scan and e-mail to Mark Emmanuel, James Shanks and Me Béland;
08/02/2017	1.80	Marie-France Béland	Review Québec security documents.
08/02/2017	1.30	Thomas S. Cumming	Review memorandum from J. Shanks; email to J. Shanks;
08/02/2017	2.10	Mark Emmanuel	Obtaining PPSA, Bank Act, Execution, Corporate Profile, Bankruptcy and Insolvency against HMV Canada Inc. HMV Digital Holdings ULC, HMV IP Holdings ULC and HMV Pure Holdings ULC;
08/02/2017	0.50	Thomas F. Gertner	Prepared drafts of letter and accompanying release to [REDACTED] re: [REDACTED]; email correspondence with F. Lamie re: the same;
08/02/2017	0.50	Stacey Handley	Calls from and to J. Shanks regarding HMV security and emails from and to J. Shanks on same and emails to and from D. Shouldice;
08/02/2017	7.40	Frank D. Lamie	Attendance to correspondence, enclosure, and instructions to F. Sasso; attendance to review and revise material; attendance to correspondence, comments, and enclosure to T. Gertner; attendance to meeting with and further instructions to T. Gertner; attendance to correspondence and enclosures to T. Gertner; attendance to correspondence to P. Reisterer; attendance to correspondence and enclosures to P. Patel; attendance to further correspondence and enclosures to P. Patel; attendance to review correspondence and enclosure from P. Patel; attendance to correspondence, enclosures, and instructions to S. Starkman; attendance to meeting with and further instructions with S. Starkman; attendance to further, correspondence, instructions, and enclosure to T. Gertner;

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Date	Hours	Timekeeper	Description
08/02/2017	6.10	James Shanks	<p>Attendance to correspondence and enclosure from F. Sasso; attendance to review material; attendance to correspondence to J. Shanks; attendance to meeting with and instructions to J. Shanks; attendance to correspondence to A. Collins; attendance to correspondence to D. Cohen; attendance to correspondence from A. Schmitt; attendance to conference call with D. Cohen; attendance to correspondence and enclosures from H. Berkeley; attendance to correspondence and enclosures to K. Plunkett; attendance to correspondence and enclosure to P. Reisterer and T. Gertner; attendance to meeting with, update to, and instructions from D. Cohen; attendance to further meeting with and instructions to J. Shanks; attendance to conference call with A. Collins; Attendance to conference call with P. Patel; attendance to meeting with and further instructions to S. Starkman; attendance to conference call with P. Van Eyk; attendance to correspondence form P. Patel; attendance to correspondence to K. Plunkett; Attendance to conference call with P. Patel; attendance to conference call with P. Reisterer; attendance to conference call with K. Plunkett; attendance to correspondence and enclosures from K., Plunkett; attendance to review material form K. Plunkett; attendance conference call with P. Reisterer; attendance to further correspondence to P. Van Eyk and P. Patel; attendance to meeting with S. Starkman; attendance to conference call with P. Patel; attendance to conference call with L. Ellis and P. Patel; attendance to correspondence with E. Lamiek; attendance to further correspondence form K. Plunkett; attendance to further correspondence and enclosures from K. Plunkett; attendance to further meeting with J. Shanks; attendance to instructions to A. Chung; attendance to further conference call with P. Patel; attendance to conference call with A. Schmitt and P. Patel; attendance to conference call with P. Patel;</p>
08/02/2017	1.10	Samuel Starkman	<p>Researched [REDACTED] [REDACTED] [REDACTED], for F. Lamie;</p>

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09/02/2017	1.70	Larisa Albu	Review of the Amendment and Consolidation Agreement made as of December 22, 2016; analyse the registrations at the RPMRR according to such agreement; meeting with Mrs. Marie-France Béland to discuss additional conclusions; e-mail to Mrs. M.-F. Béland regarding the two additional registrations for hypothecs granted by HMV Canada Inc. in favour of HMV Pure Holdings ULC and Wholesale Entertainment ULC.
09/02/2017	1.70	Marie-France Béland	Review the Québec security documents and their registraiton; discussion with J. Shank regarding same; review the Québec asset search report.
09/02/2017	1.40	Thomas F. Gertner	Prepared drafts of letter and accompanying release to [REDACTED]; email correspondence with [REDACTED] re: the same; email correspondence with F. Lamie re: comments from [REDACTED] on letter and accompanying release [REDACTED]; prepared drafts of letter and accompanying release to [REDACTED] re: the same;
09/02/2017	5.90	Frank D. Lamie	Attendance to review material; attendance to correspondence to P. Patel and M. Citak; attendance to correspondence from T. Gertner; attendance to correspondence from T. Gertner; attendance to further correspondence and numerous enclosures from A. Collins; attendance to review material; attendance to correspondence and various enclosures from K. Plunkett; attendance to review material; attendance to correspondence from H. Berkley; attendance to conference call with P. Patel and M. Citak; attendance to correspondence, enclosure, and instructions to T. Gertner; attendance to voice mail to K. Barnes; attendance to correspondence to K. Barnes; attendance to correspondence and enclosures from K. Plunkett; attendance to review materials; attendance to further correspondence from K. Plunkett; attendance to further correspondence with K. Plunkett; attendance to various correspondence with P. Van Eyk and P. Patel; attendance to conference call with H. Berkley; attendance to correspondence and instructions to J. Shanks; attendance to correspondence and instructions to K. Barnes; attendance to correspondence and enclosure from K. Plunkett; attendance to review material; attendance to correspondence from K. Barnes; attendance to correspondence from J. Jootla; attendance to correspondence and enclosure from J. Shanks; attendance to further correspondence and numerous enclosures from J. Shanks; attendance to further correspondence from J. Jootla; attendance to correspondence from T. Stockley; attendance to further correspondence from J. Shanks; attendance to various correspondence from J. Shanks and J. Jootla; attendance to

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Date	Hours	Timekeeper	Description
			correspondence with and instructions to T. Gertner; attendance to correspondence from K. Plunkett; attendance to further correspondence from P. Patel; attendance to correspondence and numerous enclosure from K. Plunkett; attendance to correspondence to J. Shanks; attendance to further correspondence from K. Plunkett; attendance to conference call with P. Patel; attendance to further and various correspondence from P. Patel and K. Plunkett; attendance to correspondence from T. Gertner; attendance to correspondence from T. Gertner; attendance to correspondence from P. Van Eyk; attendance to correspondence from K. Plunkett; attendance to conference call with S. Rigaud and P. Patel; attendance to correspondence and enclosures from P. Reisterer; attendance to review material; attendance to correspondence and comments from T. Gertner; attendance to review material; attendance to voice mail to S. Rigaud; attendance to correspondence to S. Rigaud; attendance to conference call with P. Patel; attendance to correspondence from P. Reisterer; attendance to correspondence and enclosure from K. Plunkett; attendance to correspondence and enclosure from P. Reisterer; attendance to correspondence and enclosure to P. Riesterer and T. Sandler; attendance to correspondence and enclosure to K., Plunkett; attendance to correspondence and enclosure to P. Reisterer; attendance to numerous and various further correspondence with P. Reisterer et al; attendance to various core with P. Patel; attendance to correspondence and enclosure from T. Gertner; attendance to review material; attendance to correspondence from P. Patel; attendance to further correspondence from K. Plunkett; attendance to correspondence to P. Reisterer; attendance to correspondence with S. Rigaud;
09/02/2017	3.70	James Shanks	Various/multiple emails with T.Stockley, J.Jootla, Frank Lamie, D.Patterson, M-F.Beland, J.Baril, L.Yakimowski, T.Cumming, D.Shouldice; discussions with F.Lamie; lengthy instruction letter to D.Patterson; continuing review documentation
10/02/2017	0.30	Marie-France Béland	Exchange emails regarding irregularities of the name of the Lender on the Québec security documents.
10/02/2017	6.10	Thomas S. Cumming	Review general security agreements and consolidation agreement; requisition searches; prepare memorandum;
10/02/2017	0.40	Thomas S. Cumming	Review memorandum and omnibus opinion;
10/02/2017	0.90	Thomas F. Gertner	Email correspondence with F. Lamie re: modifications to letter and accompanying release to [REDACTED]; prepared drafts of letter and accompanying release to [REDACTED]; email correspondence to [REDACTED]

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Date	Hours	Timekeeper	Description
10/02/2017	5.70	Frank D. Lamie	<p>re: the same; conference call with F. Lamie and [REDACTED] re: the same; conference call with F. Lamie and P. Patel re: supplier issues;</p> <p>Attendance to review and revise material; attendance to correspondence with and instructions to T. Gertner; attendance to instructions to D. Noble; attendance to review material; attendance to correspondence and enclosures to P. Riesterer; attendance to correspondence to P. Patel; attendance to correspondence with M. Citak; attendance to conference call with correspondence with M. Citak; attendance to conference call with M. Citak; attendance to review and revise material; attendance to correspondence and enclosures to P. Riesterer et al.; attendance to conference call with P. Patel; attendance to conference call with S. Rigaud; attendance to conference call with M. Citak; attendance to correspondence from J. Shanks; attendance to conference call with P. Patel; attendance to correspondence from J. Jootla; attendance to correspondence to J. Shanks; attendance to conference call with P. Patel; attendance to correspondence and enclosure to K. Plunkett; attendance to conference call with Patel; attendance to correspondence to P. Riesterer; attendance to review material; attendance to correspondence from K. Plunkett; attendance to meeting with J. Shanks; attendance to correspondence and enclosure from K. Plunkett; attendance to correspondence and enclosure to P. Patel; attendance to further conference call with S. Rigaud and P. Patel; attendance to conference call with P. Reisterer and P. Patel; attendance to conference call with T. Gertner and P. Patel; attendance to instructions to P. Patel; attendance to conference call with K. Plunkett; attendance to voice mail from G. Hearn; attendance to correspondence and enclosure from J. Shanks; attendance to review material; attendance to correspondence and enclosure from T. Stockley; attendance to review material; attendance to correspondence and enclosure from K. Plunkett; attendance to correspondence and enclosure to T. Gertner; attendance to correspondence with P. Reisterer; attendance to further correspondence from K. Plunkett; attendance to phone call with K. Plunkett; attendance to correspondence and enclosure from P. Patel; attendance to correspondence to P. Patel; attendance to further correspondence from T. Stockley; attendance to voice email from T. Cumming; attendance to further voice mail form T. Cumming; attendance to correspondence with S. Rigaud; attendance to voice mail to T. Cumming; attendance to further correspondence from J. Shanks; attendance to correspondence with P. Van Eyk; attendance to correspondence from L. Ellis; attendance to further</p>

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10/02/2017	3.80	James Shanks	<p>correspondence from T. Stockley; attendance to correspondence and enclosure from L. Passilidis; attendance to correspondence from D. Cohen; attendance to conference call with D. Cohen; attendance to correspondence and enclosure from S. Starkman; attendance to review material; attendance to correspondence and enclosure from T. Cumming; attendance to review material; attendance to correspondence with P. Patel; attendance to further correspondence and enclosure from T. Cumming; attendance to further correspondence with K. Plunkett; attendance to further correspondence and enclosure from K. Plunkett; attendance to correspondence, enclosure, and instructions to T. Gertner; attendance to correspondence and enclosures from T. Gertner; attendance to review material; attendance to various correspondence with P. Patel and S. Rigaud; attendance to conference call with P. Patel and S. Rigaud; attendance to further correspondence from P. Patel and K. Plunkett; attendance to correspondence with P. Riesterer; attendance to correspondence with P. Patel; attendance to correspondence from T. Gertner; attendance to correspondence from K. Plunkett; attendance to correspondence and enclosure from M. Shea; attendance to review material; attendance to instructions to T. Gertner; attendance to further and various correspondence and enclosures from K. Plunkett; attendance to review material; attendance to voice mail from P. Riesterer; attendance to correspondence and enclosure from P. Patel; attendance to correspondence and enclosure from T. Gertner; attendance to correspondence with P. Rigaud; attendance to various further correspondence and enclosures from P. Patel; attendance to review material; attendance to correspondence and enclosures from T. Gertner; attendance to further instructions to T. Gertner; attendance to further correspondence with K. Plunkett; attendance to various correspondence and enclosures from J. Shanks; attendance to review material; attendance to various correspondence and enclosures from T. Cumming; attendance to review material;</p> <p>Multiple emails to and from T.Cummings, J. Langhan, A.Collins, M-F Beland, L.Yakimowski; tf L. Yakimowski; circulate draft security review letter to agents, including D.Patterson, L.Yakimowski, investigate certain PPSA registrations for which GSAs had not been provided; conference call with UK colleagues concerning UK aspects of review letter; prepare for conference call; lengthy instruction letter to L.Yakimowski; additional emails with M-F.Beland re: HUK 10 name change and effect if any; various</p>

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Date	Hours	Timekeeper	Description
10/02/2017	0.90	Samuel Starkman	emails with J.Jootla and T. Stockley; otherwise engaged in reviewing/revising materials and documents Attended to court records office at Hamilton court house to access public records re [REDACTED]
12/02/2017	0.10	Frank D. Lamie	Attendance to correspondence and enclosure from M. Shea; attendance to correspondence to M. Shea; attendance to correspondence to T. Gertner;
13/02/2017	1.90	Marie-France Béland	Review the additional Québec security documents, exchange emails with J. Shank; review and modify the Gowling WLG opinion.
13/02/2017	1.60	Thomas S. Cumming	Review additional security and revise memorandum;
13/02/2017	1.60	Thomas F. Gertner	Email correspondence with M. Shea re: signature pages in connection with side letter; prepared drafts of settlement agreement and releases in respect of [REDACTED]; email correspondence and meeting with F. Lamie re: the same; various email correspondence with K. Plunkett and P. Patel re: the same; email correspondence with A. Dryer [REDACTED] phone call with A. Dryer re: the same;
13/02/2017	6.10	Frank D. Lamie	Attendance to conference call with and update from T. Cumming; attendance to meeting with T. Gertner; attendance to correspondence from J. Shanks; attendance to further correspondence and enclosure to T. Gertner; attendance to correspondence from P. Patel; attendance to correspondence to P. Patel and T. Gertner; attendance to correspondence to T. Gertner; attendance to review material; attendance to further correspondence, enclosure, and instructions to T. Gertner; attendance to review material; attendance to further instructions to T. Gertner; attendance to correspondence with K. Plunkett; attendance to conference call with K. Plunkett; attendance to correspondence and enclosure from K. Plunkett; attendance to correspondence, enclosure, and further instructions to T. Gertner; attendance to correspondence and enclosure from P. Patel; attendance to correspondence to P. Patel; attendance to conference call with P. Patel; attendance to correspondence and enclosures from T. Gertner; attendance to review material; attendance to meeting with and further instructions from T. Gertner; attendance to conference call with P. Patel; attendance to further instructions to T. Gertner; attendance to correspondence and instructions to T. Gertner; attendance to correspondence and enclosure from T. Gertner; attendance to review material; attendance to correspondence to T. Gertner; attendance to

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Date	Hours	Timekeeper	Description
			<p>correspondence from J. Shanks; attendance to correspondence and enclosures from M-F. Beland; attendance to review material; attendance to correspondence from P. Patel; attendance to correspondence from P. Patel; attendance to correspondence to correspondence to P. Patel; attendance to further correspondence from P. Patel; attendance to further correspondence with and instructions to T. Gertner; attendance to meeting with and further instructions to T. Gertner; attendance to further correspondence with T. Gertner; attendance to correspondence and enclosure from P. Patel; attendance to meeting with and further instructions to T. Gertner; attendance to numerous and various correspondence from T. Gertner; attendance to review material; attendance to instructions to T. Gertner; attendance to correspondence and enclosure from K. Plunkett; attendance to further correspondence from P. Patel; attendance to various correspondence with K. Plunkett; attendance to various correspondence with P. Patel; attendance to various correspondence and instructions to T. Gertner; attendance to voice mail from A. Dryer; attendance to correspondence and enclosure from P. Patel; attendance to review material; attendance to correspondence and enclosures from T. Cumming; attendance to review material; attendance to conference call with A. Sherman; attendance to conference call and enclosure from K. Plunkett; attendance to review material; attendance to further correspondence and enclosure from K. Plunkett; attendance to review material; attendance to further enclosure from K. Plunkett; attendance to review material; attendance to correspondence from P. Patel; attendance to further correspondence from K. Plunkett; attendance to correspondence and enclosure from J. Shanks; attendance to correspondence and enclosure from P. Patel; attendance to correspondence from T. Gertner; attendance to further and various correspondence with K. Plunkett and T. Gertner; attendance to instructions to T. Gertner; attendance to correspondence and enclosure from T. Gertner; attendance to review material; attendance to phone call to P. Riesterer; attendance to correspondence and update to P. Patel and P. Van Eyk; attendance to correspondence and numerous enclosures from T. Gertner; attendance to review material; attendance to correspondence and enclosure from P. Riesterer; attendance to review material; attendance to correspondence to P. Van Eyk and P. Patel; attendance to correspondence and enclosures to P. Riesterer et al.; attendance to correspondence with K. Plunkett; attendance to further correspondence and enclosure from P. Riesterer;</p>

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Date	Hours	Timekeeper	Description
13/02/2017	3.90	James Shanks	<p>attendance to correspondence with P. Patel; attendance to instructions to T. Gertner; and enclosures to K. Plunkett; attendance to correspondence to P. Riesterer et al.; attendance to further instructions to T. Gertner; attendance to correspondence with K. Plunkett; attendance to correspondence and enclosure from T. Gertner; attendance to correspondence from P. Patel; attendance to correspondence to P. Patel and T. Gertner; attendance to correspondence and enclosure from P. Riesterer; attendance to review material; attendance to further correspondence with P. Riesterer and T. Gertner; attendance to further correspondence with P. Patel; attendance to correspondence and enclosures from D. Cohen; attendance to review material; attendance to correspondence and enclosure from M. Shea;</p> <p>Review PPSA search results for all four HVM companies (HVM Pure, HVM Digital, HVM Canada and HVM IP) for all nine PPSA provinces; review corporate and related (non-PPSA search results) for Ontario and BC; revise Review Letter to reflect comments from T.Cumming and Marie-France Beland; review correspondence from T. Cumming and M-F.Beland; read and respond as necessary to correspondence from L.Yakimowski, J. Langan; emails to and from A.Collins (Aird Berlis);</p>
14/02/2017	0.70	Thomas S. Cumming	Review revised opinion; discussion with J. Shanks;
14/02/2017	1.30	Thomas F. Gertner	<p>Prepared execution copies of settlement agreement and releases in respect [REDACTED]; email correspondence with K. Plunkett re: the same; email correspondence and meeting with F. Lamie re: the same; email correspondence with P. Patel re: the same; prepared draft of settlement agreement and release in respect of [REDACTED]; email correspondence with F. Lamie re: the same; prepared draft of letter and accompanying release to [REDACTED] re: comments from [REDACTED]; meeting with F. Lamie re: the same; email correspondence with [REDACTED] re: the same; compiled executed letter and accompanying release to [REDACTED];</p>
14/02/2017	3.30	Frank D. Lamie	<p>Attendance to correspondence, enclosures, and instructions to T. Gertner; attendance to correspondence from S. Rigaud; attendance to correspondence to K. Plunkett; attendance to correspondence from A. Dryer and P. Patel; attendance to correspondence to P. Patel; attendance to instructions to T. Gertner; attendance to correspondence and enclosure from G. Hearn; attendance to review material; attendance to further correspondence with D. Cohen; attendance to conference call with D. Hearn; attendance to conference call with P. Patel; attendance to meeting with T.</p>

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Date	Hours	Timekeeper	Description
			Gertner; attendance to correspondence and enclosure from T. Gertner; attendance to review material; attendance to correspondence and enclosure to P. Riesterer; attendance to correspondence and enclosure to P. Patel; attendance to review material; attendance to correspondence and enclosure to S. Rigaud; attendance to voice mail from M. Citak; attendance to conference call with P. Patel; attendance to correspondence to K. Plunkett; attendance to correspondence to P. Patel; attendance to conference call with M. Citak; attendance to correspondence with K. Plunkett; attendance to conference call with P. Patel; attendance to correspondence with K. Plunkett; attendance to correspondence with S. Rigaud; attendance to correspondence with and instructions to T. Gertner; attendance to various correspondence with K. Plunkett; attendance to various correspondence and enclosures from T. Gertner; attendance to review material; attendance to instructions to T. Gertner; attendance to various correspondence with P. Patel; attendance to correspondence with S. Rigaud; attendance to conference call with P. Patel;
14/02/2017	0.30	James Shanks	Email to and from M-F.Beland; tf T.Cumming;
14/02/2017	0.20	James Shanks	Email from and to M-F Beland re: opinion qualifications for omnibus opinion;
15/02/2017	1.20	Thomas F. Gertner	Conference call with [REDACTED] and F. Lamie re: [REDACTED]; prepared draft of letter and accompanying release to [REDACTED] re: abandonment clause; phone call and email correspondence with A. Dryer re: the same; email correspondence with K. Plunkett re: the same; prepared execution copy of settlement and release in respect of [REDACTED]; email correspondence with [REDACTED] re: the same; reviewed revisions to settlement agreement and release [REDACTED]; email correspondence with F. Lamie and K. Plunkett re: the same; compiled executed copy of the same; email correspondence with P. Patel re: outstanding signatures page in respect of various settlement agreements and releases;
15/02/2017	5.10	Frank D. Lamie	Attendance to further correspondence from K. Plunkett; attendance to correspondence and enclosures from T. Gertner; attendance to review material; attendance to further correspondence and enclosures from T. Gertner; attendance to review material; attendance to conference call with P. Patel, A. Collins, and K. Plunkett; attendance to correspondence with G. Hearn; attendance to conference call with G. Hearn; attendance to correspondence and enclosures from T. Gertner; attendance to review material; attendance to further conference call with P. Patel;

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Errors and omissions excluded



February 24, 2017  
INVOICE: 18632780

Date	Hours	Timekeeper	Description
			<p>attendance to further correspondence from K. Plunkett; attendance to correspondence to K. Plunkett et al.; attendance to further meeting with and instructions to T. Gertner; attendance to correspondence and enclosure from T. Stockley; attendance to review material; attendance to correspondence and numerous enclosures from K. Plunkett; attendance to review material; attendance to correspondence and enclosure to T. Gertner; attendance to correspondence from A. Dryer; attendance to correspondence with P. Patel; attendance to correspondence from J. Shanks; attendance to further correspondence from T. Stockley; attendance to correspondence and enclosure from G. Hearn; attendance to review material; attendance to conference call with A. Dryer and T. Gertner; attendance to meeting with and instructions to T. Gertner; attendance to voice mail from G. Hearn; attendance to further correspondence and enclosure from T. Gertner; attendance to review material; attendance to further instructions to T. Gertner; attendance to correspondence and enclosure from S. Rigaud; attendance to review material; attendance to correspondence to P. Patel; attendance to further corresponded and enclosures from T. Gertner; attendance to further correspondence with P. Patel; attendance to correspondence and enclosure from R. Diefenbach; attendance to correspondence and enclosure from P. Patel; attendance to review material; attendance to correspondence and enclosure to T. Gertner; attendance to numerous and various correspondence from K. Plunkett; attendance to further correspondence with K. Plunkett; attendance to further correspondence to T. Gertner; attendance to correspondence and enclosure from A. Dryer; attendance to review material; attendance to correspondence with T. Gertner; attendance to correspondence and enclosure from K. Plunkett; attendance to review material; attendance to meeting with and instructions to T. Gertner; attendance to voice mail from L. Brzenski; attendance to correspondence from D. Cohen and L. Brzekenski; attendance to phone call with L. Brzenski; attendance to correspondence and enclosure from K. Plunkett; attendance to review material; attendance to further correspondence and enclosure from K. Plunkett; attendance to review material; attendance to correspondence and enclosure from T. Gertner; attendance to review material; attendance to correspondence from N. Williams; attendance to further correspondence and enclosure from K. Plunkett; attendance to review material; attendance to conference call with P. patel; attendance to further correspondence and enclosure from K. Plunkett; attendance to correspondence with D. Cohen; attendance to</p>

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Errors and omissions excluded

February 24, 2017

INVOICE: 18632780

Date	Hours	Timekeeper	Description
15/02/2017	1.30	James Shanks	<p>review material; attendance to correspondence and instructions to F. Sasso; attendance to correspondence from H. Berkley; attendance to correspondence and enclosure from P. Patel; attendance to review material; attendance to correspondence to D. Cohen and P. Patel; attendance to further correspondence from H. Berkley; attendance to further correspondence from K. Plunkett; attendance to correspondence from D. Cohen; attendance to correspondence and enclosure from K. Plunkett; attendance to review material; attendance to conference call with P. patel; attendance to conference all with K. Plunkett; attendance to further correspondence and enclosure from K. Plunkett; attendance to review material; Attendance to further correspondence from L. Brzenski; attendance to correspondence and enclosure from N. Williams; attendance to correspondence and enclosure from K. Plunkett; attendance to further and various correspondence from N. Williams; attendance to review material; attendance to correspondence and enclosure from S. Rigaud; attendance to review material; attendance to instructions to T. Gertner; attendance to correspondence and further enclosure from K. Plunkett; attendance to review material; attendance to meeting with and further instructions to T. Gertner; attendance to further correspondence from S. Rigaud; attendance to further correspondence from P. patel; attendance to further correspondence and enclosure from C. Cassar; attendance to further correspondence and enclosure from K. Plunkett; attendance to further correspondence and enclosure from T. Gertner; attendance to further correspondence and enclosure from P. patel; attendance to correspondence from K. Plunkett; attendance to further correspondence from N. Williams; attendance to review material; attendance to meeting with and instructions to T. Gertner; attendance to correspondence and enclosures from P. Patel; attendance to correspondence from L. Brzenski;</p>
16/02/2017	1.10	Thomas F. Gertner	<p>Review UK opinion and mark-up relatively significantly to include issues and text relating to HMV Canada; email to UK office; emails with T.Stockley (UK office); emails to and from D.Shouldice (BC office) on BC opinion points; email with L.Yakimowski and respond thereto</p> <p>Prepared execution copy of letter and accompanying release to [REDACTED]; phone call with [REDACTED] re: the same; email correspondence with IP. Patel and [REDACTED] re: the same; reviewed executed copy of settlement and release with [REDACTED]; compiled executed settlement agreement and releases for [REDACTED]; email correspondence with A. Collins re: the same; email correspondence with F. Lamie re: delivery</p>

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February 24, 2017

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Date	Hours	Timekeeper	Description
16/02/2017	2.90	Frank D. Lamie	<p>instructions from [REDACTED] meeting with F. Lamie re: the same; email correspondence with P. Patel re: the same;</p> <p>Attendance to correspondence and enclosure from A. Collins; attendance to review material; attendance to correspondence from N. Williams; attendance to correspondence from K. Plunkett; attendance to further correspondence from N. Williams; attendance to meeting with and instructions from T. Gertner; attendance to correspondence and enclosure from P. Patel; attendance to review material; attendance to further correspondence from P. Patel; attendance to further correspondence from T. Gertner; attendance to correspondence from A. Dryer; attendance to correspondence and enclosure from T. Gertner; attendance to review material; attendance to review material; attendance to correspond to A. Collins and P. Patel; attendance to further correspondence from A. Dryer and T. Gertner; attendance to further detailed correspondence from A. Collins; attendance to conference call with P. Patel; attendance to correspondence from P. Patel; attendance to correspondence and enclosure from P. Patel; attendance to review material; attendance to correspondence and enclosure from P. Patel; attendance to review material; attendance to further correspondence from P. Patel; attendance to further correspondence and enclosure from P. Patel; attendance to review material; attendance to instructions to T. Gertner; attendance to correspondence from T. Gertner; attendance to correspondence and enclosures from I. Collie; attendance to review material; attendance to correspondence, enclosures, and instructions to T. Gertner; attendance to correspondence from A. Collins; attendance to correspondence and enclosure from A. Collins; attendance to review material; attendance to correspondence to A. Collins; attendance to correspondence with K. Plunkett; attendance to correspondence and enclosure from T. Gertner; attendance to review material; attendance to instructions to T. Gertner; attendance to correspondence and enclosures from T. Gertner; attendance to correspondence from S. Rigaud; attendance to further correspondence and enclosures from T. Gertner; attendance to review material; attendance to meeting with and further instructions to T. Gertner; attendance to correspondence and enclosure from T. Gertner; attendance to review material; attendance to correspondence from P. Riesterer; attendance to further correspondence from T. Gertner; attendance to further correspondence from P. Patel; attendance to various correspondence and enclosures from J. Shanks; attendance to review material;</p>

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Date	Hours	Timekeeper	Description
16/02/2017	2.80	James Shanks	Read emails from L.Yakimowski and draft responses to the various points raised therein; check relevant provisions of the HMV general security agreements and schedule of registrations; finalize schedules of registrations for the four related companies and ten provinces; prepare schedules C and D to the omnibus opinion
17/02/2017	1.50	Frank D. Lamie	Attendance to review material; attendance to conference call with P. Patel; attendance to conference call with P. Patel and M. Citak; attendance to conference call with P. Patel; attendance to conference call with M. Maloley and P. Patel; attendance to conference call with P. Patel; attendance to review correspondence and enclosures from P. Patel; attendance to review material; attendance to further conference call with P. Patel; attendance to correspondence and enclosures from P. Patel; attendance to review material;
17/02/2017	0.30	Melissa McDonald	Double Capital Canada Inc. - attendance to ppsa search and certificate;
17/02/2017	2.50	James Shanks	Review and make final revisions to Manitoba and Alberta opinions on security; emails to T.Cumming and J.Langhan (Fillmore Riley) re: comments on opinions; additional emails to and from J.Langhan on Manitoba opinion; review revisions to revised Manitoba opinion and sign-off on same; review PPSA searches on prior name of HMV Canada; check extra-provincial registration in BC of HMV Canada; review materials from L.Yakimowski (Sask counsel) on Sask PPSA, including sections 59-60

**Total Fees for Professional Services**

**\$80,006.50**

#### SUMMARY OF FEES

TK Name	Billed Rate	Hours	Amount
Albu, Larisa	295.00	5.10	1,504.50
Baril, Johanne	245.00	4.50	1,102.50
Béland, Marie-France	500.00	5.70	2,850.00
Cumming, Thomas S.	800.00	10.10	8,080.00
Emmanuel, Mark	125.00	2.10	262.50
Gertner, Thomas F.	440.00	12.00	5,280.00
Handley, Stacey	525.00	0.50	262.50
Lamie, Frank D.	625.00	51.50	32,187.50
McDonald, Melissa	125.00	0.30	37.50
Shanks, James	725.00	37.90	27,477.50

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February 24, 2017  
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Shea, Patrick	660.00	0.70	462.00
Starkman, Samuel	250.00	2.00	500.00
<b>Total</b>		132.40	<u>\$80,006.50</u>

#### DISBURSEMENTS

##### Taxable Costs

Copying	\$38.75
Binding	\$19.75
Corporate Searches - Taxable	\$1,058.00
PPSA Online Search - Taxable	\$12.00
Service Fee Associated With A Search - Taxable	\$21.00
<b>Total Taxable Disbursements</b>	<u>\$1,149.50</u>

##### Non-Taxable Costs

Corporate Searches - Agency	\$504.18
15/02/2017 RDPRM - Search - non taxable disbursement Visa RDPRM / Feb. 8, 2017	\$9.00
15/02/2017 RDPRM - Search - non taxable disbursement Visa RDPRM / Feb. 7, 2017	\$45.00
<b>Total Non-Taxable Disbursements</b>	<u>\$558.18</u>

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February 24, 2017  
 INVOICE: 18632780

## Remittance Copy

Client: 212859 Richter Advisory Group Inc.  
 Matter: T1010530  
 RE: Project Vinyl  
 Amount Due: \$92,264.47

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### PAYMENT BY CHEQUE:

Please return this page with your payment payable to **Gowling WLG (Canada) LLP**

Remit to: Gowling WLG (Canada) LLP  
 PO Box 466, STN D  
 Ottawa, ON K1P 1C3  
 Canada

### PAYMENT BY WIRE TRANSFER:

Pay by Swift MT 103 Direct to:  
 SWIFTCODE: CIBCCATT

BENEFICIARY BANK: Canadian Imperial Bank of Commerce  
 119 Sparks Street, Ottawa, ON K1P 5B5

TRANSIT NUMBER: 0010-00006

BENEFICIARY ACCOUNT NAME: Gowling WLG (Canada) LLP  
 160 Elgin Street, Suite 2600, Ottawa ,ON K1P 1C3

BENEFICIARY ACCOUNT NUMBER(S): CDN Account: 41-02916  
 USD Account: 02-21015

**US Corresponding Bank for US Dollar wires:**  
 Wells Fargo Bank, N.A. BIC: PNBPU3NNYC - ABA:026005092

\* if paying by wire or EFT please e-mail the remittance details to [payments.ca@gowlingwlq.com](mailto:payments.ca@gowlingwlq.com)



## Invoice

HMV Canada Inc.  
 c/o Richter Advisory Group Inc.  
 5401 Eglinton Ave W. Suite 110  
 Etobicoke ON M9C 5K6

March 29, 2017  
 INVOICE: 18652213

Our Matter: T1010530 / 212859  
 RE: Project Vinyl

		HST (13.0%)
<b>Fees for Professional Services</b>	<b>\$32,463.00</b>	\$4,220.19
Disbursements (Taxable)	8.75	
Disbursements (Non-Taxable)	8.00	
<b>Total Disbursements</b>	<b>16.75</b>	1.14
Total Fees and Disbursements	32,479.75	
Total Taxes	4,221.33	4,221.33
<b>Total Invoice</b>	<b>36,701.08</b>	
<b>Please remit balance due:</b>	<b>In Canadian Dollars</b>	<b>\$36,701.08</b>

D. F. W. Cohen      Signed for & on behalf of Gowling WLG (Canada) LLP

Our services are provided in accordance with our Standard Terms of Business ([www.gowlingwlg.com/TermsOfBusiness](http://www.gowlingwlg.com/TermsOfBusiness)), subject to any other written engagement agreement entered into between the parties.

**GOWLING WLG (CANADA) LLP**  
 1 First Canadian Place, 100 King Street West,  
 Suite 1600, Toronto, Ontario, M5X 1G5, Canada

T +1 (416) 862 7525  
[gowlingwlg.com](http://gowlingwlg.com)

Gowling WLG (Canada) LLP is a member of Gowling WLG, an international law firm which consists of independent and autonomous entities providing services around the world. Our structure is explained in more detail at [www.gowlingwlg.com/legal](http://www.gowlingwlg.com/legal)

March 29, 2017  
 INVOICE: 18652213

**Richter Advisory Group Inc.**  
**Our Matter: T1010530**  
**Project Vinyl**

**TO PROFESSIONAL SERVICES RENDERED on your behalf including:**

<b>Date</b>	<b>Hours</b>	<b>Timekeeper</b>	<b>Description</b>
08/02/2017	3.00	Daniel Shouldice	Review security agreements and personal property registry searches; discuss same with C. Brousson; emails with J. Shanks re same
13/02/2017	1.00	Larisa Albu	Review of the documents and e-mail to Ms. Marie-France Béland.
15/02/2017	0.80	Daniel Shouldice	Review draft opinion letter and email J. Shanks re same
21/02/2017	0.70	Thomas F. Gertner	Prepared draft of letter to ██████████ re: section 81.1 claim of ██████████; meeting and email correspondence with F. Lamie re: the same;
21/02/2017	2.30	Frank D. Lamie	Attendance to correspondence and enclosures to T. Gertner; attendance to correspondence with K. Plunkett; attendance to meeting with and instructions to T. Gertner; attendance to correspondence and enclosure from T. Gertner; attendance to review material; attendance to conference call with P. Patel; attendance to conference call with K. Plunkett and P. Patel; attendance to correspondence and enclosures to P. Patel; attendance to conference call with P. Patel; attendance to correspondence from K. Langford; attendance to various correspondence with K. Plunkett; attendance to correspondence from P. Patel; attendance to correspondence and enclosure from K. Plunkett; attendance to review material; attendance to conference call with , Plunkett and P. Patel; attendance to correspondence and enclosures from P. Patel; attendance to correspondence and instructions to T. Gertner; attendance to correspondence and enclosures from T. Gertner; attendance to review material; attendance to correspondence and enclosures to P. Patel; attendance to correspondence and enclosures from M. Shea; attendance to review material; attendance to correspondence and enclosure from P. Patel; attendance to further correspondence from P. Patel; attendance to review material; attendance to conference call with P. Patel; attendance to correspondence from S. Rigaud; attendance to correspondence with C. Nyberg; attendance to instructions to F. Sasso; attendance to correspondence from M. Maloley;
21/02/2017	0.10	James Shanks	Email from A.Collins
22/02/2017	0.20	Thomas F. Gertner	Prepared draft of settlement and releases re: ██████████; email correspondence with P. Patel re: the same;
22/02/2017	3.40	Frank D. Lamie	Attendance to correspondence from K. Plunkett; attendance

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March 29, 2017  
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Date	Hours	Timekeeper	Description
22/02/2017	1.30	James Shanks	<p>to correspondence from P. Patel; attendance to further correspondence from K. Plunkett; attendance to further and various correspondence from P. Patel; attendance to various further correspondence with K. Plunkett; attendance to numerous and various correspondence with K. Plunkett; attendance to correspondence with P. Patel; attendance to correspondence and enclosures from T. Gertner; attendance to review material; attendance to instructions to T. Gertner; attendance to conference call with P. Patel; attendance to correspondence and enclosure from J. Shanks; attendance to further correspondence and enclosure from J. Shanks; attendance to review material; attendance to further and various correspondence from J. Shanks; attendance to correspondence from K. Langford; attendance to further correspondence and enclosures from J. Shanks; attendance to review material; attendance to correspondence with P. Patel; attendance to various correspondence from K. Plunkett; attendance to instructions to T. Gertner; attendance to further correspondence and enclosure from T. Gertner; attendance to review material; attendance to various further correspondence from H. Berkley; attendance to various further correspondence from and with P. Patel; attendance to further correspondence from K. Plunkett; attendance to correspondence and enclosure from G. Hearn; attendance to review material; attendance to correspondence and enclosure to P. Patel; attendance to review material; attendance to conference call with P. Patel;</p>
23/02/2017	0.20	Thomas F. Gertner	<p>Prepared drafts of settlement agreement and releases for [REDACTED]; email correspondence with P. Patel re: the same;</p>
23/02/2017	2.70	Frank D. Lamie	<p>Attendance to correspondence and enclosure from G. Hearn; attendance to review material; attendance to correspondence and enclosure to P. Patel and R. Gertner; attendance to further conference call with P. Patel; attendance to conference call with K. Plunkett and P. Patel; attendance to review material; attendance to conference call with P. Patel and T. Armstrong; attendance to correspondence to C. Nyberg and instructions to F. Sasso; attendance to correspondence and enclosure from G. Hearn; attendance to review material; attendance to correspondence and enclosure to P. Patel; attendance to meeting with and instructions to T. Gertner; attendance to</p>

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Date	Hours	Timekeeper	Description
23/02/2017	1.80	James Shanks	correspondence and enclosure to P. Patel; attendance to meeting with and instructions to J. Shanks; attendance to conference call with and update to P. Patel; attendance to correspondence and enclosure from J. Shanks; attendance to review material; attendance to correspondence and enclosures to D. Cohen and J. Shanks; attendance to correspondence and enclosure from P. Patel; attendance to review material; attendance to correspondence and enclosures from T. Gertner; attendance to instructions to T. Gertner; attendance to review material;
23/02/2017	1.80	James Shanks	Email to and from L.Yakimowski (Sask counsel); review and mark-up Sask opinion; make additional revisions to firm opinion letter; briefly check select points in Pure Holdings security; quickly review opinions of Aird & Berlis previously rendered on HMV Canada security documents in 2011 and 2012; email F.Lamie; Office conf with F.Lamie; email to F.Lamie
24/02/2017	0.20	Frank D. Lamie	Attendance to review material; attendance to correspondence and enclosure from A. Alleyne; attendance to correspondence with D. Cohen; attendance to correspondence with and instructions to F. Sasso; attendance to review material;
24/02/2017	0.20	James Shanks	Email to and from J.Langhan; email to and from L.Yakimowski
27/02/2017	1.90	Frank D. Lamie	Attendance to various correspondence with P. Patel; attendance to various correspondence with K. Plunkett; attendance to correspondence from K. Langord; attendance to review material; attendance to various correspondence with K. Plunkett and P. Patel; attendance to correspondence from E. Larsen and P. Patel; attendance to various correspondence with P. Patel; attendance to conference call with P. Patel; attendance to correspondence and enclosure from A. Chung; attendance to correspondence with D. Nunes, T. MacIntyre, and P. Patel; attendance to correspondence and enclosure from P. Patel; attendance to correspondence from H. Berkley; attendance to further correspondence from P. Patel; attendance to further correspondence from H. Berkley; attendance to correspondence from N. Williams;
28/02/2017	1.30	David F W Cohen	Attendance to opinion on security and to correspondence;
28/02/2017	1.20	Frank D. Lamie	Attendance to correspondence and enclosure from R. Diefenbach; attendance to review material; attendance to correspondence and enclosure to K. Plunkett; attendance to correspondence and enclosure from R. Diefenbach; attendance to review material; attendance to conference call with K. Plunkett; attendance to correspondence and enclosure from H. Berkley; attendance to conference call

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March 29, 2017

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Date	Hours	Timekeeper	Description
			with K. Plunkett; attendance further and various correspondence and enclosures from H. Berkley; attendance to further correspondence with K. Plunkett and P. Patel; attendance to conference call with P. Patel; attendance to correspondence from T. MacIntyre; attendance to further correspondence from H. Berkley; attendance to correspondence and enclosure to M. Citak; attendance to correspondence from K. Langford; attendance to correspondence with K. Plunkett; attendance to correspondence and enclosure from P. Patel;
01/03/2017	1.20	Frank D. Lamie	Attendance to correspondence from K. Plunkett; attendance to various correspondence from H. Berkley; attendance to conference call with and instructions from P. Patel; attendance to review material; attendance to correspondence to K. Plunkett and P. Patel; attendance to further correspondence from K. Plunkett; attendance to further correspondence from P. Patel; attendance to phone call to T. Cumming; attendance to voice mail from T. Cumming; attendance to review material; attendance to further correspondence with K. Plunkett and P. Patel;
01/03/2017	0.30	James Shanks	Emails to T.Stockley and D.Paterson; email from and to A.Collins; email to and from L.Yakmowski;email from and to Jasvir and T.Stockley
02/03/2017	0.30	Frank D. Lamie	Attendance to correspondence and enclosure from K Plunkett; attendance to review material; attendance to further correspondence with K. Plunkett; attendance to correspondence from P. Crane; attendance to correspondence from H. Berkley; attendance to further correspondence from P. Crane; attendance to review material;
02/03/2017	0.10	James Shanks	Email to and from D.Paterson
02/03/2017	0.10	James Shanks	Email from and to L.Yakimowski
03/03/2017	0.10	Frank D. Lamie	Attendance to correspondence and enclosure from K. Plunkett; attendance to review material;
06/03/2017	1.70	Frank D. Lamie	Attendance to meeting with D. Cohen; attendance to correspondence and various enclosures from K. Plunkett; attendance to review material; attendance to correspondence and enclosure to D. Cohen; attendance to conference call with P. Patel; attendance to voice mail to M. Citak; attendance to correspondence to M. Citak; attendance to conference call with M. Citak and P. Patel; attendance to instructions to F. Sasso; attendance to correspondence and enclosure from K. Plunkett; attendance to review material;
07/03/2017	0.50	Thomas F. Gertner	Email correspondence with P. Patel and F. Lamie re: sale of abandoned property subject to [REDACTED]

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March 29, 2017

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Date	Hours	Timekeeper	Description
07/03/2017	1.20	Frank D. Lamie	release; reviewed [REDACTED] confirmation and release re: the same; Attendance to correspondence from T. Gertner; attendance to voice mail from M. Wagner; attendance to correspondence and enclosure from P. Patel; attendance to correspondence from P. Patel; attendance to further correspondence with K. Plunkett; attendance to correspondence and enclosure from P. Patel; attendance to review material; attendance to correspondence with and instructions to T. Gertner; attendance to further and various further correspondence with T. Gertner; attendance to correspondence with D. Nunes; attendance to further correspondence from P. Patel;
08/03/2017	2.20	David F W Cohen	Attendance to security review issues and discussion regarding approach
08/03/2017	1.90	Frank D. Lamie	Attendance to correspondence and enclosure from H. Berkley; attendance to review material; attendance to correspondence from Russo; attendance to correspondence and various enclosure from K. Plunkett; attendance to review material; attendance to correspondence and enclosure from H. Berkley; attendance to review material; attendance to correspondence with and instructions to F. Sasso; attendance to correspondence and enclosure from F. Sasso; attendance to review material; attendance to further correspondence and instructions to F. Sasso; attendance to further correspondence and enclosure from F. Sasso; attendance to review material; attendance to correspondence and enclosures from K. Plunkett; attendance to review material;
09/03/2017	1.80	Frank D. Lamie	Attendance to correspondence to D. Cohen and J. Shanks; attendance to meeting with D. Cohen; attendance to meeting with J. Shanks; attendance to further meeting with D. Cohen and J. Shanks; attendance to review material; attendance to correspondence with P. Van Eyk; attendance to conference call with P. Patel; attendance to correspondence with A. Hatnay; attendance to further correspondence with A. Hatnay; attendance to further correspondence with P. Van Eyk;
09/03/2017	0.10	James Shanks	Short office conference with F.Lamie
10/03/2017	3.50	Frank D. Lamie	Attendance to review material; attendance to conference call with P. Patel; attendance to conference call with J. Harnum and P. Patel; attendance to further conference call with P. Patel; attendance to correspondence to A. Collins, K. Plunkett, S. Graf, D. Cohen, E. Lamek, and D. Nunes; attendance to conference call with K. Plunkett; attendance to correspondence and enclosure from R. Diefenbach; attendance to review material; attendance to conference call

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Date	Hours	Timekeeper	Description
10/03/2017	0.20	James Shanks	with R. Russo; attendance to various correspondence with R. Russo; attendance to conference call with P. Patel; attendance to further correspondence from P. Patel; attendance to correspondence from N. Williams;
11/03/2017	0.10	Frank D. Lamie	Email from and to Tom Stockley (UK office) and from and to D.Patterson (McInnes Cooper) on UK and Maritime opinions
13/03/2017	0.30	Frank D. Lamie	Attendance to numerous and various correspondence from H. Berkeley; attendance to review material;
13/03/2017	0.70	James Shanks	Attendance to various correspondence and enclosures from N. Williams; attendance to review material; attendance to correspondence and enclosure from I. Collie; attendance to review material; attendance to numerous and various further correspondence from H. Berkley; attendance to further correspondence from H. Berkley; attendance to conference call with P. Patel;
14/03/2017	4.10	Frank D. Lamie	Review revised opinion from T.Stockley; email to T.Stockley with minor changes
14/03/2017	1.00	James Shanks	Attendance to conference call with D. Cohen and J. Shanks; attendance to review material; attendance to correspondence and enclosure from J. Shanks; attendance to further correspondence and enclosure from J. Shanks; attendance to review material; voice mail from P. Patel; attendance to review material; attendance to conference call with P. Patel; attendance to review correspondence and enclosure from P. Patel; attendance to correspondence from M. Citak; attendance to further conference call with P. Patel; attendance to correspondence from P. Patel; attendance to numerous and various correspondence from H. Berkley;
15/03/2017	2.70	Frank D. Lamie	Prepare for conf call with F.Lamie and D.Cohen; review draft security letter; conf call with F.Lamie and D.Cohen; email to and from T.Cumming
15/03/2017	3.50	James Shanks	Attendance to conference call with P. Patel; attendance to review numerous and various correspondence from H. Berkley; attendance to conference call with K. Plunkett, A. Collins, E. Lamek, and P. Patel; attendance to review material; attendance to correspondence from T. Cumming; attendance to review material; attendance to correspondence with J. Harnum; attendance to correspondence to J. Harnum and P. Patel;
16/03/2017	0.10	Frank D. Lamie	Review all court documentation again and selected security documents with a view to assessing the possibility of reviewable transactions and preferences; prepare and revise comprehensive memorandum to D.Cohen, T.Cumming and F.Lamie on possibility of antecedent debt; emails to and from F.Lamie re: memorandum and time to discuss
			Attendance to various correspondence with J. Shanks and

Terms: due upon receipt

Interest at the rate of 0.8% per annum will be charged on all amounts not paid within one month from the date of this invoice.

Errors and omissions excluded

March 29, 2017  
INVOICE: 18652213

Date	Hours	Timekeeper	Description
16/03/2017	0.20	James Shanks	T.Cumming; attendance to review material; Email to T.Cumming; emails to and from F.Lamie
17/03/2017	1.60	Frank D. Lamie	Attendance to conference call with P. Patel; attendance to correspondence with J. Harnum; attendance to conference call with J. Harnum and P. Patel; attendance to conference call with P. Patel; attendance to correspondence with P. Van Eyck; attendance to review material; attendance to correspondence with E. Lamek; attendance to correspondence from K. Plunkett; attendance to correspondence from P. Patel; attendance to review material;

**Total Fees for Professional Services** \$32,463.00

#### SUMMARY OF FEES

TK Name	Billed Rate	Hours	Amount
Albu, Larisa	295.00	1.00	295.00
Cohen, David F.	875.00	3.50	3,062.50
Gertner, Thomas F.	440.00	1.60	704.00
Lamie, Frank D.	625.00	32.30	20,187.50
Shanks, James	725.00	9.60	6,960.00
Shouldice, Daniel	330.00	3.80	1,254.00
<b>Total</b>		<b>51.80</b>	<b><u>\$32,463.00</u></b>

#### DISBURSEMENTS

##### Taxable Costs

Copying	\$2.25
Scanning Service	\$4.25
Binding	\$2.25
<b>Total Taxable Disbursements</b>	<b><u>\$8.75</u></b>

##### Non-Taxable Costs

PPSA Online Search - Agency	\$8.00
<b>Total Non-Taxable Disbursements</b>	<b><u>\$8.00</u></b>

Terms: due upon receipt  
Interest at the rate of 0.8% per annum will be charged on all amounts not paid within one month from the date of this invoice  
Errors and omissions excluded



March 29, 2017  
INVOICE: 18652213

## Remittance Copy

Client: 212859 Richter Advisory Group Inc.  
Matter: T1010530  
RE: Project Vinyl  
Amount Due: \$36,701.08

---

### PAYMENT BY CHEQUE:

Please return this page with your payment payable to **Gowling WLG (Canada) LLP**

Remit to: Gowling WLG (Canada) LLP  
PO Box 466, STN D  
Ottawa, ON K1P 1C3  
Canada

### PAYMENT BY WIRE TRANSFER:

Pay by Swift MT 103 Direct to:  
SWIFTCODE: CIBCCATT

BENEFICIARY BANK: Canadian Imperial Bank of Commerce  
119 Sparks Street, Ottawa, ON K1P 5B5

TRANSIT NUMBER: 0010-00006

BENEFICIARY ACCOUNT NAME: Gowling WLG (Canada) LLP  
160 Elgin Street, Suite 2600, Ottawa ,ON K1P 1C3

BENEFICIARY ACCOUNT NUMBER(S): CDN Account: 41-02916  
USD Account: 02-21015

### US Corresponding Bank for US Dollar wires:

Wells Fargo Bank, N.A. BIC: PNBUS3N NYC - ABA:026005092

\* if paying by wire or EFT please e-mail the remittance details to [payments.ca@gowlingwlg.com](mailto:payments.ca@gowlingwlg.com)

## Invoice

HMV Canada Inc.  
 c/o Richter Advisory Group Inc.  
 5401 Eglinton Ave W. Suite 110  
 Etobicoke ON M9C 5K6

April 5, 2017  
 INVOICE: 18658286

Our Matter: T1010530 / 212859  
 RE: Project Vinyl

		HST (13.0%)
<b>Fees for Professional Services</b>	<b>\$12,348.00</b>	\$1,605.24
Total Fees	12,348.00	
Total Taxes	1,605.24	1,605.24
<b>Total Invoice</b>	<b>13,953.24</b>	
<b>Please remit balance due:</b>	<b>In Canadian Dollars</b>	<b>\$13,953.24</b>

D. F. W. Cohen      Signed for & on behalf of Gowling WLG (Canada) LLP

Our services are provided in accordance with our Standard Terms of Business ([www.gowlingwlg.com/TermsOfBusiness](http://www.gowlingwlg.com/TermsOfBusiness)), subject to any other written engagement agreement entered into between the parties.

**GOWLING WLG (CANADA) LLP**  
 1 First Canadian Place, 100 King Street West,  
 Suite 1600, Toronto, Ontario, M5X 1G5, Canada

T +1 (416) 862 7525  
[gowlingwlg.com](http://gowlingwlg.com)

Gowling WLG (Canada) LLP is a member of Gowling WLG, an international law firm which consists of independent and autonomous entities providing services around the world. Our structure is explained in more detail at [www.gowlingwlg.com/legal](http://www.gowlingwlg.com/legal)

April 5, 2017

INVOICE: 18658286

**Richter Advisory Group Inc.**  
**Our Matter: T1010530**  
**Project Vinyl**

**TO PROFESSIONAL SERVICES RENDERED on your behalf including:**

<b>Date</b>	<b>Hours</b>	<b>Timekeeper</b>	<b>Description</b>
20/03/2017	1.00	Thomas S. Cumming	Conference call with F. Lamie and J. Shanks;
20/03/2017	2.30	Frank D. Lamie	Attendance to review material and various enclosures from J. Shanks; attendance to correspondence from T. Cumming; attendance to correspondence from J. Shanks; attendance to conference call with T. Cumming and J. Shanks; attendance to correspondence and enclosure from K. Plunkett; attendance to review material; attendance to correspondence from P. Patel; attendance to further correspondence and enclosure from K Plunkett; attendance to review material;
21/03/2017	2.40	Frank D. Lamie	Attendance to correspondence from K. Plunkette; attendance to correspondence from P. Patel; attendance to correspondence from E. Lamek; attendance to further correspondence from P. Patel; attendance to review material; attendance to instructions to A. Mersich; attendance to correspondence and enclosures from A. Mersich; attendance to review and revise material; attendance to review and revise material; attendance to draft material; attendance to correspondence and enclosure to P. Patel and P. Van Eyk; attendance to meeting with T. Mersich; attendance to correspondence from K. Plunkett; attendance to correspondence from P. Patel; attendance to correspondence with A. Collins; attendance to correspondence from E. Lamek; attendance to conference call with A. Collins; attendance to correspondence with P. Van EYk; attendance to further correspondence from P. Van Eyk; attendance to correspondence and instructions to A. Mersich; attendance to various correspondence from E. Malek and P. Patel; attendance to review material; attendance to further correspondence with P. Patel; attendance to correspondence and enclosure from G. Hearn;
21/03/2017	0.10	James Shanks	Email to and from M-France Beland
21/03/2017	1.00	James Shanks	Prepare for conf.call; conf call with F.Lamie and T.Cumming on reviewable transactions opinion
22/03/2017	2.10	Frank D. Lamie	Attendance to correspondence and enclosure to P. Patel; attendance to correspondence to G. Hearn; attendance to correspondence from P. Patel and J. Sutterlin; attendance to review material; attendance to conference call with P. Patel; attendance to various correspondence with P. Patel and P. Van Eyk; attendance to various further correspondence with

Terms: due upon receipt  
 Interest at the rate of 0.8% per annum will be charged on all amounts not paid within one month from the date of this invoice  
 Errors and omissions excluded

April 5, 2017

INVOICE: 18658286

Date	Hours	Timekeeper	Description
23/03/2017	0.60	Frank D. Lamie	P. Patel; attendance to correspondence from J. Harnum; attendance to correspondence to P. Patel; attendance to correspondence to J. Harnum; attendance to correspondence and enclosure from P. Patel; attendance to review material; attendance to correspondence and enclosure from P. Patel; attendance to review material; attendance to conference call with P. Patel; attendance to correspondence with C. Francis and P. Patel; attendance to correspondence from P. Patel;
24/03/2017	1.10	Frank D. Lamie	Attendance to various correspondence with P. Patel; attendance to review material; attendance to correspondence to E. Lamek, K. Plunkett, and A. Collins; attendance to correspondence from K. Plunkett; attendance to correspondence from E. Lamek; attendance to correspondence and enclosure from P. Patel; attendance to review material; attendance to further correspondence from E. Lamek;
27/03/2017	1.20	Frank D. Lamie	Attendance to conference call with E. Lamek and P. Patel; attendance to correspondence from P. Patel; attendance to correspondence from E. Lamek; attendance to correspondence from K., Plunkett; attendance to further correspondence from P. Patel; attendance to further correspondence from E. Lamek; attendance to review material; attendance to conference call with P. Patel; attendance to review material;
28/03/2017	0.60	Josée Gervais	Attendance to correspondence and enclosure from K. Plunkett; attendance to review material; attendance to correspondence from P. Patel; attendance to various correspondence from P. Patel, J. Plunkett, and A. Collins; attendance to correspondence to A. Collins; attendance to correspondence and enclosure from R. Diefenbach; attendance to correspondence and enclosure from F. Sasso; attendance to conference call with P. Patel, A. Collins, and K. Plunkett; attendance to various correspondence and enclosures from H. Berkley; attendance to correspondence from H. Topas;
28/03/2017	4.10	Frank D. Lamie	Updating the spreadsheet pertaining to Provincial Employment Legislation re: accrued wages and vacation and follow-up with Francois Viau.
28/03/2017	4.10	Frank D. Lamie	Attendance to correspondence and enclosure to W. Gregory; attendance to correspondence with P. Patel; attendance to numerous and various correspondence from H. Berkley; attendance to correspondence from P. Crane; attendance to correspondence to P. Patel; attendance to review material; attendance to correspondence and instructions to A. Chung; attendance to correspondence from P. Patel; attendance to correspondence from K. Plunkett; attendance to conference call with P. Patel;

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 Errors and omissions excluded

April 5, 2017

INVOICE: 18658286

Date	Hours	Timekeeper	Description
28/03/2017	0.30	François Viau	attendance to correspondence, enclosures, and instructions to F. Viau; attendance to correspondence, enclosure, and instructions to A. Mersich; attendance to conference call with P. Patel; attendance to review material; attendance to correspondence and enclosure from A. Mersich; attendance to correspondence and enclosure from P. Patel; attendance to correspondence from K. Plunkett; attendance to further correspondence from P. Patel; attendance to correspondence to P Patel; attendance to correspondence and enclosure from P. Patel; attendance to review material; attendance to correspondence and numerous enclosures from K. Plunkett; attendance to review material; attendance to correspondence with F. Viau; attendance to correspondence and enclosure from A. Mersich; attendance to review material; attendance to correspondence from M. Citak;
29/03/2017	1.20	Frank D. Lamie	Communication F. Lamy; working session with Me Gervais. Attendance to correspondence from K. Plunkett; attendance to correspondence from P. Patel; attendance to further correspondence from K. Plunkett; attendance to review material; attendance to correspondence to K. Plunkett, P. Patel, A. Collins, and H. Berkley; attendance to conference call with K. Plunkett; attendance to conference call with P. Patel; attendance to correspondence and enclosure from K. Gervais; attendance to review material;
30/03/2017	1.40	Frank D. Lamie	Attendance to correspondence and enclosure from K. Plunkett; attendance to review material; attendance to correspondence from R. Beriault; attendance to correspondence to K. Plunkett and P. Patel; attendance to further correspondence and enclosures from K. Plunkett; attendance to review material; attendance to further and various correspondence with K. Plunkett; attendance to correspondence from A. Collins; attendance to correspondence and enclosures from H. Berkley; attendance to review material; attendance to further and various correspondence from H. Berkley; attendance to correspondence with P. Patel; attendance to correspondence and enclosure from P. Patel; attendance to review material; attendance to further correspondence from P. Patel; Attendance to further correspondence from R. Beriault; Attendance to correspondence and enclosure from H. Berkley; attendance to review material; Attendance to correspondence from P. Patel; attendance to correspondence from K. Plunkett; Attendance to correspondence and enclosure from J. Gervais; attendance etc review material; attendance to correspondence from P. Patel; attendance to correspondence and enclosure from H. Berkley; attendance to correspondence with and instructions

Terms: due upon receipt

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Errors and omissions excluded

April 5, 2017

INVOICE: 18658286

Date	Hours	Timekeeper	Description
31/03/2017	0.10	Frank D. Lamie	to A. Chung; attendance to correspondence and enclosure from A. Chung; attendance to correspondence from K. Plunkett; attendance to correspondence from P. Patel; attendance to correspondence from H. Berkley; attendance to further correspondence and enclosure from K. Plunkett; Attendance to further correspondence from P. Patel; attendance to numerous and various correspondence from H. Berkley; attendance to correspondence from P. Patel and E. Reid; attendance to review material; attendance to correspondence from P. Patel; attendance to various correspondence with P. Patel and K. Plunkett; Attendance to review material; attendance to correspondence with J. Harnum and P. Patel; attendance to further correspondence with J. Harnum;

**Total Fees for Professional Services**\$12,348.00**SUMMARY OF FEES**

TK Name	Billed Rate	Hours	Amount
Cumming, Thomas S.	800.00	1.00	800.00
Gervais, Josée	430.00	0.60	258.00
Lamie, Frank D.	625.00	16.50	10,312.50
Shanks, James	725.00	1.10	797.50
Viau, François	600.00	0.30	180.00
<b>Total</b>		<b>19.50</b>	<b><u>\$12,348.00</u></b>

Terms: due upon receipt

Interest at the rate of 0.8% per annum will be charged on all amounts not paid within one month from the date of this invoice  
Errors and omissions excluded

April 5, 2017  
 INVOICE: 18658286

## Remittance Copy

Client: 212859 Richter Advisory Group Inc.  
 Matter: T1010530  
 RE: Project Vinyl  
 Amount Due: \$13,953.24

---

### PAYMENT BY CHEQUE:

Please return this page with your payment payable to **Gowling WLG (Canada) LLP**

Remit to: Gowling WLG (Canada) LLP  
 PO Box 466, STN D  
 Ottawa, ON K1P 1C3  
 Canada

### PAYMENT BY WIRE TRANSFER:

Pay by Swift MT 103 Direct to:  
 SWIFTCODE: CIBCCATT

BENEFICIARY BANK: Canadian Imperial Bank of Commerce  
 119 Sparks Street, Ottawa, ON K1P 5B5

TRANSIT NUMBER: 0010-00006

BENEFICIARY ACCOUNT NAME: Gowling WLG (Canada) LLP  
 160 Elgin Street, Suite 2600, Ottawa ,ON K1P 1C3

BENEFICIARY ACCOUNT NUMBER(S): CDN Account: 41-02916  
 USD Account: 02-21015

### US Corresponding Bank for US Dollar wires:

Wells Fargo Bank, N.A. BIC: PNBPU3NYYC - ABA:026005092

\* if paying by wire or EFT please e-mail the remittance details to [payments.ca@gowlingwlg.com](mailto:payments.ca@gowlingwlg.com)

## Invoice

Richter Advisory Group Inc., Receiver re: HMV Canada Inc.  
 181 Bay Street, Suite 3320  
 Bay Wellington Tower  
 Toronto ON M5J 2T3

May 26, 2017  
 INVOICE: 18686596

Our Matter: T1010530 / 212859  
 RE: Project Vinyl

		HST (13.0%)
<b>Fees for Professional Services</b>	<b>\$36,019.00</b>	<b>\$4,682.47</b>
Disbursements (Taxable)	60.75	
Disbursements (Non-Taxable)	<u>18.00</u>	
<b>Total Disbursements</b>	<b>78.75</b>	7.90
Total Fees and Disbursements	36,097.75	
Total Taxes	4,690.37	4,690.37
<b>Total Invoice</b>	<b>40,788.12</b>	
<b>Please remit balance due:</b>	<b>In Canadian Dollars</b>	<b>\$40,788.12</b>

D. F. W. Cohen      Signed for & on behalf of Gowling WLG (Canada) LLP

Our services are provided in accordance with our Standard Terms of Business ([www.gowlingwlg.com/TermsOfBusiness](http://www.gowlingwlg.com/TermsOfBusiness)), subject to any other written engagement agreement entered into between the parties.

**GOWLING WLG (CANADA) LLP**  
 1 First Canadian Place, 100 King Street West,  
 Suite 1600, Toronto, Ontario, M5X 1G5, Canada

T +1 (416) 862 7525  
[gowlingwlg.com](http://gowlingwlg.com)

Gowling WLG (Canada) LLP is a member of Gowling WLG, an international law firm which consists of independent and autonomous entities providing services around the world. Our structure is explained in more detail at [www.gowlingwlg.com/legal](http://www.gowlingwlg.com/legal)



May 26, 2017

INVOICE: 18686596

**Richter Advisory Group Inc.**  
**Our Matter: T1010530**  
**Project Vinyl**

**TO PROFESSIONAL SERVICES RENDERED on your behalf including:**

<b>Date</b>	<b>Hours</b>	<b>Timekeeper</b>	<b>Description</b>
28/03/2017	0.20	Anthony Mersich	Updating chart re director liability for employee wages;
02/04/2017	0.90	Frank D. Lamie	Attendance to review material; attendance to correspondence to P. Patel; attendance to correspondence with P. Patel;
03/04/2017	2.10	Frank D. Lamie	Attendance to conference call with J. Harnum and P. Patel; attendance to review and revise material; attendance to correspondence from J. Harnum and P. Patel; attendance to correspondence with P. Patel and J. Harnum; attendance to correspondence and numerous enclosures from J. Shanks; attendance to review material; attendance to voice mail from J. Shanks; attendance to correspondence from J. Shanks and J. Langhan;
04/04/2017	3.20	Frank D. Lamie	Attendance to review material; attendance to correspondence with P. Patel; attendance to various correspondence with P. Patel and J. Harnum; attendance to conference call with J. Harnum and P. Patel; attendance to correspondence and instructions to A. Chung; attendance to review material; attendance to correspondence to E. Lamek. D. Nunes, K. Plunkett, and P. Patel; attendance to review and revise material; attendance to correspondence and enclosure to K. Plunkett and P. Patel; attendance to correspondence with P. Van Eyk; attendance to review and revise material; attendance to correspondence and enclosures to K. Plunkett, P. Patel, and A. Collins; attendance to correspondence with D. Cohen; attendance to correspondence with E. Lamek; attendance to correspondence with and instructions to J. Shanks and T. Cumming; attendance to further correspondence with E. Lamek; attendance to correspondence and enclosures from J. Shanks; attendance to correspondence from D. Nunes and S. Graf; attendance to correspondence to P. Van Eyk and P. Patel; attendance to voice mail from J. Shanks; attendance to conference call with J. Shanks; attendance to conference call with P. Patel; attendance to give instructions to A. Chung; attendance to instructions to T. Gertner; attendance to correspondence from K. Plunkett and E. Lamek; attendance to correspondence and enclosure from P. Patel; attendance to review material; attendance to correspondence from K. Plunkett; attendance to correspondence with E. Lamek;
04/04/2017	2.60	James Shanks	Several emails to and from F.Lamie, J.Langhan, L.Yakimowski and D.Patterson re: completing provincial

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Errors and omissions excluded

May 26, 2017

INVOICE: 18686596

Date	Hours	Timekeeper	Description
			opinions; revise each of the Sask. and Manitoba provincial opinions for provincial counsel to facilitate the changes needed; check revisions; emails revisions to J.Langhan and L.Yakimowski; additional emails to and from J.Langhan and L.Yakimowski; revise proposed Atlantic provinces opinion to facilitate finalization; email to D.Patterson and additional emails with D.Patterson
05/04/2017	0.30	Frank D. Lamie	Attendance to correspondence with J. Harnum and P. Patel; attendance to correspondence and enclosures from J. Shanks; attendance to review material;
06/04/2017	0.60	Mark Emmanuel	Obtaining PPSA against HMV Canada Inc.;
06/04/2017	0.10	Frank D. Lamie	Attendance to correspondence from J. Shanks; attendance to correspondence and enclosure from A. Chung; attendance to correspondence from P. Patel;
06/04/2017	1.00	James Shanks	Emails to and from J.Langhan (Manitoba counsel); D.Patterson (Atlantic counsel); L.Yakimowski (Sask. counsel) re: finalizing their opinions; emails to and from F.Lamie; ordering updated searches to April 7th for Quebec, BC, Alberta and Ontario; additional emails with L.Yakimowski; email T.Cumming
07/04/2017	0.60	Johanne Baril	Updating asset search on HMV Canada Inc. and reporting to Me Shanks, scan and e-mail to Me Shanks;
07/04/2017	0.30	James Shanks	Emails to and from D.Patterson re: Atlantic province opinion; emails to and from J.Baril (Quebec) re: updating Quebec searches; email from J.Fisher (Manitoba counsel)
09/04/2017	1.00	James Shanks	Emails to J.Langhan; update Manitoba search and email to M.Emmanuel; check results of updating searches from BC, Quebec, Ontario and Alberta; revise schedule to Gowling WLG opinion; revise Gowling WLG opinion on validity and enforceability of HMV Canada security
10/04/2017	0.40	Mark Emmanuel	Obtaining PPSA against HMV Canada Inc.;
10/04/2017	5.00	James Shanks	Working opinion re: sections 95 and 96 of Bankruptcy and Insolvency Act; undertake various revisions; emails to and from J.Langhan (Manitoba counsel)
11/04/2017	2.10	Frank D. Lamie	Attendance to review material; attendance to various correspondence from H. Berkley; attendance to review material; attendance to correspondence from P. Van Eyk; attendance to correspondence from D. Cohen; attendance to review material; attendance to conference call with E. Lamek, K. Plunkett, A. Collins, and P. Patel; attendance to various correspondence from H. Berkely; attendance to review material; attendance to conference call with P. Patel; attendance to correspondence and numerous enclosures from K. Plunkett; attendance to review material; attendance to correspondence from P. Patel; attendance to correspondence from P. Reisterer; attendance to further

Terms: due upon receipt  
Interest at the rate of 0.8% per annum will be charged on all amounts not paid within one month from the date of this invoice  
Errors and omissions excluded

May 26, 2017

INVOICE: 18686596

Date	Hours	Timekeeper	Description
11/04/2017	4.00	James Shanks	correspondence from K. Plunkett; attendance to numerous and various correspondence and enclosures from H. Berkeley; attendance to review material; attendance to correspondence from P. Van Eyk and S. Graff; attendance to voice mail from E. Lamek;
12/04/2017	1.10	Frank D. Lamie	Working on opinion and Factual/Legal Matrix for section 95 and 96 BIA opinion; review underlying documents to align factual description with agreements; make several revisions to the body of the opinion and to the Factual/Legal Matrix
12/04/2017	4.50	James Shanks	Attendance to voice mail from E. Lamek; attendance to review material; attendance to correspondence with J. Harnum; attendance to correspondence with E. Lamek; attendance to correspondence from P. Van Eyk; attendance to correspondence from M. Citak;
13/04/2017	2.70	Frank D. Lamie	Revise and finalize opinion on sections 95 and 96 of BIA; draft email to T.Cumming; emails to and from J.Langhan (Manitoba counsel)
15/04/2017	0.10	Frank D. Lamie	Attendance to correspondence and numerous enclosures from J. Shanks; attendance to review material; attendance to further correspondence and numerous enclosures from J. Shanks; attendance to review material; attendance to correspondence from P. Patel; attendance to correspondence from S. Graff; attendance to further correspondence and enclosure from J. Shanks;
17/04/2017	0.20	Frank D. Lamie	Attendance to various correspondence from H. Berkley; attendance to review material;
18/04/2017	0.90	Frank D. Lamie	Attendance to correspondence from R. Kilerjian; attendance to review material; attendance to correspondence from M. Citak; attendance to correspondence with P. Patel;
18/04/2017	0.90	Frank D. Lamie	Attendance to voice mail from P. Patel; attendance to review material; attendance to conference call with P. Patel; attendance to correspondence with J. Harnum; attendance to correspondence from M. Citak; attendance to correspondence from P. Patel;
19/04/2017	0.90	Frank D. Lamie	Attendance to review material; attendance to correspondence with E. Lamek;
20/04/2017	1.00	James Shanks	Review T.Cumming comments on Section 95/96 BIA; email to T.Cumming; tel to S.Vogt
21/04/2017	3.10	Frank D. Lamie	Attendance to correspondence and enclosure from T. Cumming; attendance to correspondence from J. Shanks; attendance to review material; attendance to conference call with P. Patel and E. Lamek; attendance to conference call with J. Harnum, E. Lamek, D. Nunes, K. Plunkett, and P. Patel; attendance to conference call with P. Patel; attendance to conference call with K. Plunkett; attendance to meeting with D. Cohen; attendance to further

Terms: due upon receipt  
 Interest at the rate of 0.8% per annum will be charged on all amounts not paid within one month from the date of this invoice  
 Errors and omissions excluded

May 26, 2017  
INVOICE: 18686596

Date	Hours	Timekeeper	Description
21/04/2017	1.00	James Shanks	correspondence and enclosure from J. Shanks and S. Vogt; attendance to review material; attendance to further correspondence and enclosure from J. Shanks; attendance to review material; attendance to various correspondence from J. Jootla and J. Shanks;
21/04/2017	0.10	James Shanks	Review provisions of HMV IP agreement and SISA specifically in relation to termination provisions; email to S.Vogt re: HMV IP agreement; email to and from J.Jootla to finalize opinion on UK documents
21/04/2017	1.60	Susan Vogt	Emails to and J.Jootla
24/04/2017	1.10	Frank D. Lamie	Review IP provisions of franchise agreement and advise Jim Shanks whether they permit termination for non-payment of royalties;
24/04/2017	0.20	James Shanks	Attendance to correspondence with J. Jootla and J. Shanks; attendance to correspondence with P. Patel; attendance to instructions to A. Chung; attendance to further correspondence from D. Cohen and A. Chung; attendance to review material;
24/04/2017	0.40	Susan Vogt	Email to and from J.Jootla (x3); read email from F.Lamie
25/04/2017	0.80	Frank D. Lamie	Telephone attendance with Jim Shanks re: terminability of licence agreement for non-payment;
25/04/2017	4.00	James Shanks	Attendance to correspondence and enclosures from J. Shanks; attendance to review material; attendance to correspondence from E. Robson;
26/04/2017	0.20	Frank D. Lamie	Telephone from S.Vogt re: her opinion re termination of the HMV IP licence agreement; revise Section 95/96 opinion to lay out in the body of the opinion the precise position; revise factual/legal matrix; check sections 95 and 96 of the IA again; several revisions to draft opinion; email to F.Lamie and T.Cumming re: draft opinion.
28/04/2017	0.90	Frank D. Lamie	Attendance to review material; attendance to correspondence from P. Patel; attendance to correspondence from K. Plunkett;
30/04/2017	0.90	Frank D. Lamie	Attendance to voice mail from K Plunkett; attendance to various correspondence with K. Plunkett; attendance to conference call with K. Plunkett; attendance to conference call with P. Patel; attendance to various correspondence with E. Lamek and P. Patel; attendance to further correspondence from P. Patel; attendance to review material;
02/05/2017	0.10	Frank D. Lamie	Attendance to review various material from J. Shanks;
03/05/2017	1.40	Frank D. Lamie	Attendance to correspondence with P. Patel; attendance to instructions to F. Sasso;
			Attendance to meeting with D. Cohen; attendance to instructions to J. Shanks; attendance to correspondence and

Terms: due upon receipt  
Interest at the rate of 0.8% per annum will be charged on all amounts not paid within one month from the date of this invoice  
Errors and omissions excluded



May 26, 2017  
INVOICE: 18686596

Date	Hours	Timekeeper	Description
04/05/2017	0.60	Frank D. Lamie	numerous enclosures from J. Shanks; attendance to review material; attendance to meeting with J. Shanks; attendance to review material; attendance to correspondence, enclosures, and instructions to F. Sasso; attendance to email and instructions to T. Cumming and J. Shanks; attendance to further correspondence, enclosures, and instructions to F. Sasso; attendance to review material; attendance to package and meeting with D. Cohen;
08/05/2017	1.20	Frank D. Lamie	Attendance to correspondence and enclosures from P. Patel and L. Peat; attendance to review material; attendance to various correspondence with P. Patel; attendance to correspondence and enclosure from J. Shanks; attendance to review material;
09/05/2017	0.20	Frank D. Lamie	Attendance to review material; attendance to correspondence from P. Patel; attendance to conference call with P. Patel; attendance to meeting with J. Shanks; attendance to correspondence from P. Patel; attendance to instructions to F. Sasso; attendance to correspondence from F. Sasso; attendance to further instructions to F. Sasso;
12/05/2017	1.10	Frank D. Lamie	Attendance to correspondence with E. Lamek; attendance to correspondence from F. Sasso; attendance to review material;
12/05/2017	0.10	James Shanks	Attendance to meeting with and instructions from D. Cohen; attendance to review material; attendance to correspondence to D. Cohen; T. Cumming, and J. Shanks; attendance to instructions to F. Sasso; attendance to correspondence from G. Hearn;
			Email from F.Lamie

**Total Fees for Professional Services** \$36,019.00

#### DISBURSEMENTS

##### Taxable Costs

Copying	\$12.50
Corporate Searches - Taxable	\$20.00
Conference Call Expenses	\$28.25
<b>Total Taxable Disbursements</b>	<u>\$60.75</u>

##### Non-Taxable Costs

Corporate Searches - Agency	\$9.00
12/04/2017 RDPRM - Search - non taxable disbursement RDPRM April 07 2017	\$9.00
<b>Total Non-Taxable Disbursements</b>	<u>\$18.00</u>

Terms: due upon receipt  
Interest at the rate of 0.8% per annum will be charged on all amounts not paid within one month from the date of this invoice  
Errors and omissions excluded

May 26, 2017  
INVOICE: 18686596**SUMMARY OF FEES**

<b>TK Name</b>	<b>Billed Rate</b>	<b>Hours</b>	<b>Amount</b>
Baril, Johanne	245.00	0.60	147.00
Emmanuel, Mark	125.00	1.00	125.00
Lamie, Frank D.	625.00	26.20	16,375.00
Mersich, Anthony	210.00	0.20	42.00
Shanks, James	725.00	24.80	17,980.00
Vogt, Susan	675.00	2.00	1,350.00
<b>Total</b>		<b>54.80</b>	<b><u>\$36,019.00</u></b>

May 26, 2017  
INVOICE: 18686596

## Remittance Copy

Client: 212859 Richter Advisory Group Inc.  
Matter: T1010530  
RE: Project Vinyl  
Amount Due: \$40,788.12

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### PAYMENT BY CHEQUE:

Please return this page with your payment payable to **Gowling WLG (Canada) LLP**

Remit to: Gowling WLG (Canada) LLP  
PO Box 466, STN D  
Ottawa, ON K1P 1C3  
Canada

### PAYMENT BY WIRE TRANSFER:

Pay by Swift MT 103 Direct to:  
SWIFTCODE: CIBCCATT

BENEFICIARY BANK: Canadian Imperial Bank of Commerce  
119 Sparks Street, Ottawa, ON K1P 5B5

TRANSIT NUMBER: 0010-00006

BENEFICIARY ACCOUNT NAME: Gowling WLG (Canada) LLP  
160 Elgin Street, Suite 2600, Ottawa ,ON K1P 1C3

BENEFICIARY ACCOUNT NUMBER(S): CDN Account: 41-02916  
USD Account: 02-21015

### US Corresponding Bank for US Dollar wires:

Wells Fargo Bank, N.A. BIC: PNBPUS3NNYC - ABA:026005092

\* if paying by wire or EFT please e-mail the remittance details to [payments.ca@gowlingwlg.com](mailto:payments.ca@gowlingwlg.com)

**THIS IS EXHIBIT "B" TO THE  
AFFIDAVIT OF EVAN STITT,  
SWORN BEFORE ME ON JUNE 8, 2017.**



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A Commissioner for Taking Affidavits

*Thomas Gestner*



## LEGAL COSTS SUMMARY

LAWYER	YEAR OF CALL	HOURLY RATE	HOURS WORKED
Larisa Albu	2014 (QC)	\$295.00	6.1
Johanne Baril	Paralegal (QC)	\$245.00	5.1
Marie-France Béland	2004 (QC)	\$500.00	5.7
David F. Cohen	1992 (ON)	\$875.00	44
Thomas S. Cumming	2001 (AB)	\$800.00	11.1
Mark Emmanuel	Corporate Searcher (ON)	\$125.00	3.1
Thomas F. Gertner	2015 (ON)	\$440.00	45.5
Josée Gervais	2009 (QC)	\$430.00	0.6
Stacey Handley	1994 (BC)	\$525.00	0.5
Frank Lamie	2007 (ON)	\$625.00	243.7
Melissa McDonald	Corporate Searcher (ON)	\$125.00	0.6
Anthony Mersich	Student at Law (AB)	\$210.00	0.2
James Shanks	1985 (ON)	\$725.00	77.8
Patrick Shea	1997 (ON)	\$660.00	0.7
Daniel Shouldice	2012 (BC)	\$330.00	3.8
Samuel Starkman	Student at Law (ON)	\$250.00	2.7
Evan Stitt	2016 (ON)	\$400.00	13.6
David Torchetti	Student at Law (ON)	250.00	0.6
François Viau	1993 (QC)	\$600.00	0.3
Susan Vogt	1988 (ON)	\$675.00	2
			<b>TOTAL: 467.70</b>

<b>SUMMARY OF ACCOUNT</b>					
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<b>Invoice No.:</b>	<b>Date of Account</b>	<b>Fees</b>	<b>Disbursements</b>	<b>HST</b>	<b>Total</b>
18627896	Feb 15, 2017	\$131,716.00	\$834.90	\$17,230.58	\$149,781.48
18632780	Feb 24, 2017	\$80,006.50	\$1,707.68	\$10,550.29	\$92,264.47
18652213	Mar 29, 2017	\$32,463.00	\$16.75	\$4,221.33	\$36,701.08
18658286	Apr 5, 2017	\$12,348.00	\$12,348.00	\$1,605.24	\$13,953.24
18686596	May 26, 2017	\$36,019.00	\$78.75	\$4,690.37	\$40,788.12
					<b>\$333,488.39</b>

292

**HUK 10 LIMITED**  
- Applicant -

- and -

**HMV CANADA LIMITED**  
- Respondents -

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(Commercial List)**

(PROCEEDING COMMENCED AT TORONTO)

**AFFIDAVIT OF EVAN STITT**  
**(Sworn June 8, 2017)**

**GOWLING WLG (CANADA) LLP**  
Barristers and Solicitors  
1 First Canadian Place  
100 King Street West, Suite 1600  
Toronto, Ontario M5X 1G5

**David F.W. Cohen (LSUC #33195Q)**  
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Email: [david.cohen@gowlingwlg.com](mailto:david.cohen@gowlingwlg.com)

**Frank Lamie (LSUC #34845K)**  
Tel: (416) 862-3609  
Fax: (416) 862-7661  
Email: [Frank.Lamie@gowlingwlg.com](mailto:Frank.Lamie@gowlingwlg.com)

Lawyers for Richter Advisory Group Inc. in its capacity as the Court-appointed receiver of HMV Canada Limited

**HUK 10 LIMITED**  
Applicant

v.

**HMV CANADA LIMITED**  
Respondents

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

(PROCEEDING COMMENCED AT TORONTO)

**MOTION RECORD**

(Returnable June 19, 2017)

**GOWLING WLG (CANADA) LLP**

Barristers and Solicitors

1 First Canadian Place

100 King Street West, Suite 1600

Toronto, Ontario M5X 1G5

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as the Court-appointed receiver of HMV Canada Limited