

**RICHTER**

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**SHERSON GROUP INC.**

**SECOND REPORT OF RICHTER ADVISORY GROUP INC.,  
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF  
SHERSON GROUP INC.**

**AUGUST 14, 2015**

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

**IN THE MATTER OF THE NOTICE OF INTENTION OF  
SHERSON GROUP INC.**

**SECOND REPORT OF RICHTER ADVISORY GROUP INC.  
IN ITS CAPACITY AS PROPOSAL TRUSTEE UNDER THE  
NOTICE OF INTENTION OF  
SHERSON GROUP INC.**

**AUGUST 14, 2015**

**Introduction**

1. This report (the “**Second Report**”) is filed by Richter Advisory Group Inc. (“**Richter**”), in its capacity as proposal trustee (the “**Trustee**”) in connection with the Notice of Intention to Make a Proposal (“**NOI**”) filed by Sherson Group Inc. (“**Sherson**” or the “**Company**”).
2. On June 29, 2015 (the “**Filing Date**”), Sherson filed an NOI under Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B.-3, as amended (the “**BIA**”).
3. On June 30, 2015, the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) issued an order (the “**June 30 Order**”) which, among other things (i) authorized and empowered the Trustee to act as a foreign representative (the “**Foreign Representative**”), and (ii) authorized and empowered the Trustee, as Foreign Representative, to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 – 1330, as amended (the “**US Bankruptcy Code**”) and any other provision of the US Bankruptcy Code.

4. Subsequent to the granting of the June 30 Order, on July 8, 2015, the Company sought and obtained an order granting provisional relief from the United States Bankruptcy Court for the Southern District of New York (the “**US Court**”) that, *inter alia*, recognises and enforces the Company’s NOI proceedings and recognises the NOI proceedings as a foreign main proceeding. A hearing on the provisional relief granted by the US Court was scheduled for July 27, 2015 at which time the US Court issued an order, *inter alia*, recognising and enforcing the Company’s NOI proceedings and recognising the NOI proceedings as a foreign main proceeding.
5. On June 28, 2015, the Court issued an order providing a brief extension (the “**June 28 Extension**”) to the stay of proceedings, which was set to expire on July 29, 2015 (the “**Stay Period**”), to August 6, 2015. A copy of the June 28 Extension order is attached hereto as **Appendix “A”**.
6. On August 4, 2015, BDC (as defined below) served a motion seeking to terminate the stay of proceedings pursuant to the NOI and appointing Richter as Receiver (the “**BDC Receivership Motion**”).
7. On August 6, 2015, on consent of all parties, the Court endorsed an extension (the “**August 6 Extension**”) to the Stay Period to August 18, 2015 and adjourned the BDC Receivership Motion to August 18, 2015. A copy of the endorsement granting the August 6 Extension is attached hereto as **Appendix “B”**.
8. On August 12, 2015, the Court endorsed a further brief extension (the “**August 12 Extension**”) to the Stay Period to August 20, 2015 to provide the Company additional time to serve its materials seeking approval of the Transaction and also adjourned the BDC Receivership Motion to August 20, 2015.. A copy of the endorsement granting the August 12 Extension is attached hereto as **Appendix “C”**.

### **Purpose of this Report**

9. The purpose of this Second Report is to provide this Court with information pertaining to:
  - (i) the primary activities of the Company and the Trustee since July 27, 2015 (the date of the Trustee’s First Report) to the date of this Second Report, including the Company’s dealings with its key stakeholders;
  - (ii) the Company’s secured creditors;
  - (iii) the Company’s actual receipts and disbursements for the period from July 26, 2015 to August 8, 2015, including a comparison of actual to forecast results;

- (iv) the Company's revised cash flow forecast for the period from August 9, 2015 to October 10, 2015;
- (v) the terms of an Asset Purchase Agreement ("**APA**") dated August 6, 2015 between the Company and Nine West Canada LP by its general partner Jones Canada, Inc. on behalf of NW Canada ("**NW Canada**" or the "**Purchaser**") for the sale of substantially all of the Company's business and assets (the "**Transaction**");
- (vi) the reasons why the Trustee is of the view that the APA and Transaction should be approved by this Court;
- (vii) the Company's request for an extension of the Stay Period to October 4, 2015; and
- (viii) the Trustee's recommendation that this Court make order(s), as requested by the Company;
  - (a) approving the APA and the Transaction, and authorizing the Company to take steps necessary to complete the Transaction;
  - (b) vesting, upon the closing of the Transaction, all right, title and interest of the Company in and to the Company's assets subject to the APA (the "**Purchased Assets**") in the Purchaser free and clear of all liens, charges, security interests and other encumbrances other than Permitted Encumbrances as defined in the APA (the "**Approval and Vesting Order**");
  - (c) approving the payment of the portions of the purchase price (the "**Purchase Price**") for the Purchased Assets to the Bank of Montreal ("**BMO**"), BDC Capital Inc. ("**BDC**") and Stephen Applebaum Inc. ("**SAI**"), in accordance with the APA;
  - (d) approving the assignment, to the Purchaser, of the Company's rights and obligations under such contracts and/or leases (including real property leases), which the purchaser may elect to assume, in accordance with the APA (the "**Assignment Order**");
  - (e) sealing the Comparison Schedule (as hereinafter defined) and the unredacted version of the APA until the closing of the Transaction or upon further order of the Court;
  - (f) extending the Stay Period to October 4, 2015; and

- (g) approving the Trustee's first report dated July 27, 2015 (the "**First Report**") and this the Second Report as well as the activities, actions and conduct of the Trustee set out therein. A copy of the First Report is attached hereto as **Appendix "D"**.

### **Terms of Reference**

10. In preparing this Second Report, the Trustee 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 and the Company's legal counsel. The Trustee has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information. Future oriented financial information reported or relied on in preparing this report is based on management's assumptions regarding future events; actual results may vary from forecast and such variations may be material.
11. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

### **Activities of the Company and the Trustee**

12. As noted in the First Report, Sherson is a distributor and retailer of footwear and accessories. Sherson has been the Canadian wholesaler and retail licensee of the "Nine West" brand for almost 30 years. Sherson operates 45 retail stores across Canada and acts as wholesaler to all other Canadian retailers carrying Nine West products. Sherson operates under a license agreement (the "**License Agreement**") from its U.S. licensors, Nine West Development Corporation and related corporations (collectively, the "**NW Group**"). Almost all of Sherson's products are supplied by the NW Group.
13. As also noted in the First Report, the terms of the License Agreement impose significant restrictions on Sherson's ability to sell and/or otherwise transfer the License Agreement. Given the terms of the License Agreement and the quantum of NW Group's unsecured claim against Sherson, the Company's ability to successfully restructure and develop a viable proposal to its creditors is, in the Trustee's view, dependent on NW Group's participation in the Company's restructuring and ongoing business.
14. In light of the foregoing, the Trustee and its counsel, Cassels Brock and Blackwell LLP ("**Cassels**"), have facilitated discussions between the Company and NW Group in connection with the Company's NOI proceedings, including NW Group's participation in Sherson's restructuring either by agreeing to certain concessions to the License Agreement or purchasing the Company's business and assets on a going concern basis.

15. The Trustee and its counsel have also participated in discussions between the Company and its primary secured lenders, BMO, BDC, SAI and Stephen Applebaum personally (“**Applebaum**” and together with BMO, BDC and SAI, the “**Secured Lenders**”) as well as their respective counsel regarding the Company’s NOI proceedings, its ongoing discussions/negotiations with NW Group and regarding the Company’s attempts to purchase fall inventory.
16. After failing to successfully negotiate amendments to the License Agreement and ongoing purchases of fall inventory, Sherson and NW Group commenced discussions regarding NW Group’s potential purchase of the Company’s business and assets on a going concern basis. The purpose of the June 28 Extension was to provide NW Group additional time to provide a term sheet acceptable to the Company and the Secured Lenders for the purchase of the Company’s business and assets with a view towards entering into a definitive APA by August 6, 2015.
17. On July 31, 2015, NW Group submitted a signed term sheet (the “**Term Sheet**”) to Sherson, which was not acceptable to either the Company or the Secured Lenders.
18. On August 4, 2015, BDC served the BDC Receivership Motion.
19. Following the presentation of the Term Sheet, the Company and NW Group (and their respective advisors) engaged in discussions regarding NW Group’s potential purchase of the Company’s business and assets and the concerns of the Company and its Secured Lenders with the Term Sheet. As a result of these discussions, on August 4, 2015, NW Canada, a party related to NW Group, presented the Company with a draft APA, which addressed many of the concerns raised by both the Company and the Secured Lenders.
20. Negotiations between all interested parties continued through to August 6, 2015 to address any remaining concerns with the draft APA. As a result of these negotiations, on August 6, 2015, Sherson and NW Canada executed an APA for substantially all of Sherson’s business and assets.
21. Sherson informed the Trustee and the Secured Lenders of the Company’s intention to seek Court approval of the Transaction and the APA as soon as possible and, on that basis, BDC agreed to the adjournment of the BDC Receivership Motion, the August 6 Extension and the August 12 Extension.

## Secured Lenders

22. As detailed in the First Report (and as noted above), the Trustee has been advised by the Company that BMO, BDC, SAI and Applebaum are the Company's primary secured lenders.
23. Pursuant to various inter-creditor agreements between Sherson, BMO, BDC, SAI and Appelbaum, BMO has first ranking security against the majority of the Company's assets (other than a specific life insurance policy which BDC has priority over), BDC has second ranking security (other than with respect the specific life insurance policy which BDC has priority over BMO with respect to) and the security interests of SAI and Applebaum rank behind BMO and BDC.
24. As noted in the First Report, the Trustee instructed Cassels to provide its opinion with respect to the validity and enforceability of the security granted by Sherson in favour of BMO, BDC and SAI (the "**Security Opinion**"). According to a security opinion dated August 4, 2015, Cassels is of the view that, subject to the assumptions and qualifications contained in the opinion, the security granted by Sherson in favour of each of BMO, BDC and SAI is valid and enforceable. A copy of the Security Opinion is attached hereto as **Appendix "E"**.
25. In addition to the Secured Lenders, the Trustee is aware of various other registrations made pursuant to the *Personal Property Security Act* (Ontario) or similar provincial statutes in British Columbia, Alberta, Manitoba, Ontario and Nova Scotia (being the provinces in which the Company operated stores) against the Company. Based on information provided by the Company to the Trustee, these registrations pertain to equipment/other assets leased by the Company or real property leases in Quebec. A summary of such registrations is attached to the Security Opinion found at Appendix "E" hereto.
26. Given that the proceeds generated from the Transaction will result in a shortfall to SAI (discussed further below), the Trustee has not requested that Cassels provide an opinion as to the validity and enforceability of the security granted in favour of Applebaum.

## The Company's Cash Flow for the Period July 26, 2015 to August 8, 2015

27. The Trustee reported on the Company's cash flows for the period June 29, 2015 to July 25, 2015 in its First Report.
28. The Company's cash flow projection for the period July 26 to August 15, 2015 (the "**July 26 Cash Flow Forecast**") was filed with the Court in support of the Company's motion returnable July 28, 2015.



29. A comparison of Sherson's budget to reported results for the 6-week period ending August 8, 2015 is summarized as follows:

<b>Sherson Group Inc.</b>			
<b>Reported Results vs. Cash Flow Forecast</b>			
<b>For the Period June 29, 2015 to August 8, 2015</b>			
<b>(\$000's)</b>	<b>Reported</b>	<b>Forecast</b>	<b>Variance</b>
<b>Receipts</b>			
Retail/Ecomm receipts	\$ 6,915	\$6,129	\$ 786
Wholesale receipts	2,758	2,657	101
	<b>9,673</b>	<b>8,786</b>	<b>887</b>
<b>Disbursements</b>			
Purchases, Duty & Other	402	2,371	1,970
Payroll	1,465	1,417	(48)
Rent	1,928	1,953	25
Sales Tax	180	194	14
Other Operating Expenses	781	684	(97)
Term Loan Repayment	194	194	-
Senior Lender Interest	82	121	39
Bank & Credit Card Charges	109	122	13
Deposits	216	250	34
Restructuring Fees	980	971	(9)
	<b>6,336</b>	<b>8,277</b>	<b>1,941</b>
<b>Net Cash Flow</b>	<b>\$ 3,337</b>	<b>\$ 509</b>	<b>\$ 2,828</b>
Opening Revolver	\$ 4,801	\$ 4,806	\$ 5
(Repayment)/Borrowing	(3,337)	(509)	2,828
<b>Ending Revolver</b>	<b>\$ 1,464</b>	<b>\$ 4,297</b>	<b>\$ 2,833</b>

30. As reflected in the above summary table, Sherson reported positive cash flow of approximately \$3.3 million and had an outstanding operating loan balance of approximately \$1.5 million as at August 8, 2015, which was approximately \$2.8 million better than forecast.
31. The principal reasons for the favourable cash flow variance of approximately \$2.8 million are:
- (i) the positive variance of approximately \$0.9 million in cash receipts is primarily due to higher retail sales than originally forecast; and
  - (ii) the positive variance of approximately \$1.9 million in disbursements is due, in part, to timing differences in the payment of certain expenses. It should be noted, however, that the positive variance is primarily attributed to the Company delaying post-filing merchandise purchases pending the negotiation of an agreement with NW Group that supported the Company's restructuring and ongoing business.

32. Since the Filing Date, the Company has been paying all suppliers based on negotiated terms or upon receipt of invoices.

### **The Transaction**

33. The Purchaser is a strategic purchaser that is related to the NW Group.
34. Key elements of the Transaction are as follows (a redacted copy of the APA is attached hereto as **Appendix "F"**):
- (i) the Purchaser is acquiring, as a going concern, on an "as is, where is" basis, substantially all of the Company's business and assets;
  - (ii) the consideration for the Transaction includes (i) a cash payment sufficient to satisfy the secured amounts owed by Sherson to BMO and BDC (with certain fee reductions agreed to by BMO and BDC), and provide partial recovery to SAI on its secured indebtedness (plus a \$50,000 payment to administer the Company's bankruptcy proceedings, if required, following the completion of the Transaction), (ii) the assumption of certain assumed liabilities; and (iii) payments to the Trustee so that the Trustee can pay, on behalf of Sherson, the Company's post-filing liabilities (with limited exceptions as noted in Article 3 of the APA), including professional fees, sales taxes and other amounts (the "**Post Filing Liabilities**");
  - (iii) the Purchaser is to pay a deposit in the amount of \$500,000 (the "**Deposit**") to be held in trust by the Trustee's counsel. The Trustee confirms that the Purchaser has paid the Deposit;
  - (iv) the Transaction is scheduled to close August 20, 2015 (the "**Closing Date**");
  - (v) the Purchaser will have 90 days from the Closing Date (the "**Designation Date**") to inform the Company of those contracts (including real property leases) to which the Company is a party that the Purchaser wishes to assume. From and after the Closing Date until the earlier of the Designation Date or the date on which the applicable contract is either assigned to the Purchaser or otherwise terminated/disclaimed in accordance with section 4.2 of the APA (the "**Interim Period**"), the Purchaser shall reimburse Sherson for all costs incurred by the Company arising under the contacts and/or leases to which the Company is a party. During the Interim Period, Sherson shall remain in possession of leased premises, retain employees and continue to operate under existing contracts and leases pending final determination by the Purchaser related to the locations, employees and agreements;

- (vi) as security for the Post-Filing Liabilities, the Purchaser shall prepay an amount estimated to be sufficient to satisfy the Post Filing Liabilities (as disclosed in the Confidential Appendices) to the Trustee (on the Closing Date) (the “**Post Filing Liability Deposit**”) to be applied against the Post Filing Liabilities by the Trustee. Should the Post Filing Liability Deposit be insufficient to pay, in full, the Post Filing Liabilities, the Purchaser shall pay such additional amounts, as required to satisfy the Post Filing Liabilities. Any portion of the Post Filing Liability Deposit not required to satisfy the Post Filing Liabilities, is to be returned to the Purchaser within three (3) business days after the Designation Date;
- (vii) the Trustee has been advised by the Purchaser that the Purchaser intends to offer employment to the majority of the Company’s employees. Prior to the Designation Date, the Purchaser shall determine those employees of the Company to whom it will offer employment. Included in the Post Filing Liabilities referred to in subparagraph (vi) above, is an amount required to satisfy the amounts owing to those employees not offered employment by the Purchaser on account of wages, unpaid expenses and vacation pay incurred subsequent to the Filing Date as well as any amounts owing pursuant to Section 81.3 of the BIA to a maximum of \$68,000. Based on a review by the Trustee of the Company’s books and records, the amount expected to be required to satisfy such amounts is less than \$68,000;
- (viii) the Purchaser shall be responsible for the payment of any required cure costs for any of the assumed agreements, including real property leases (collectively, the “**Assumed Agreements**”) where consent is required to assign such agreements. The APA contemplates that the Company and the Purchaser shall use reasonable efforts to obtain any required consents of landlords and other counterparties to the assignment to the Purchaser of the Assumed Agreements, including real property leases; and
- (ix) the Transaction is conditional on the Court issuing both the Approval and Vesting Order and the Assignment Order, as discussed further below.

### **The Assignment Order**

- 35. As noted above, the Transaction is conditional on the Court issuing the Assignment Order requiring the assignment of those contracts/agreements (including real property leases) of the Company to the Purchaser, as designated by the Purchaser.

36. Given the tight timeframe to closing required by the Secured Lenders to support this going concern transaction, the APA provides the Purchaser with 90 days following closing to review the contracts of the Company and decide which contracts it wishes to take an assignment of and which employees it wishes to extend offers of employment to. During this Interim Period, the Company agrees to provide such services to the Purchaser to facilitate the implementation of the Transaction (with as described above, the Purchaser agreeing to reimburse the Company for such costs during the Interim Period).
37. Following notice by the Purchaser to the Company that the Purchaser wishes to obtain an assignment of a contract or lease, the APA provides that both parties shall use reasonable commercial efforts to obtain the consents or approvals to such assignment, if any are required. The Purchaser also agrees to pay cure costs associated with such assignment, as required. However, the APA also requires that the Purchaser obtain, as a condition of closing, the Assignment Order to be relied up by the Purchaser, should the Purchaser and Company not be able to negotiate assignments based on section 4.2 of the APA.
38. In considering whether or not the Assignment Order is appropriate, the Trustee has taken into account that:
- (i) as outlined in the affidavit of Ralph Schipani (the "**Schipani Affidavit**") although the Purchaser is a newly formed entity, it is part of corporate group that has a long history specializing in women's retail with revenues for the fiscal nine months ended December 31, 2014 of US\$1.37billion;
  - (ii) following closing of the Transaction, the Purchaser is expected to have sufficient funding to satisfy its obligations as outlined in the Schipani Affidavit; and
  - (iii) the Trustee understands, based on information provided to it by the Purchaser, that the Purchaser is expected to be able to perform the obligations under the agreements to be assigned.
39. Given the short time line since negotiation of the APA, the Trustee has not had the ability to review each of the contracts to which the Company is a party, however, generally the contracts fall into four categories (i) real property leases; (ii) operating service agreements; (iii) customer agreements; and (iv) distribution or buying agreements. The Trustee is not aware that any of the contracts (which are listed at schedule 8.1(10) to the APA, are not the appropriate matter of assignment as set out in 84.1(3) . Specifically the Trustee understands that all of such contracts were entered into prior to the filing of the NOI and that none of the agreements are eligible financial contracts or collective agreements.

40. The terms of the requested Assignment Order also provide that the assignment of any agreement, pursuant to such order, will not take place unless the Trustee verifies that appropriate cure costs (being the costs to cure any monetary defaults, other than those arising by reason of Sherson's insolvency or Sherson's failure to perform a non-monetary obligation) will be satisfied.
41. The Trustee understands that all counterparties to the contracts will be served with the Company's motion seeking the Assignment Order and, if objections to such Assignment Order are made by counterparties, the Trustee will consider the positions raised by any such counterparties and report further to Court, if appropriate.
42. Based on the above, the Trustee supports the granting of the Assignment Order, as it is a condition to closing the Transaction, which maximizes recovery for secured creditors, preserves the business as a going concern, maintains employment and is the only viable alternative to a liquidation.

#### **Alternatives to the Transaction**

43. As noted in the First Report, given Sherson's liquidity constraints, the expiration of the License Agreement in the near future (December 31, 2016) and its burdensome financial terms, failing a renegotiation of the License Agreement, the only alternative to the Transaction is the liquidation of the Company's assets through receivership and/or bankruptcy proceedings.
44. In order to advise the Court as to the reasonableness of the Transaction, the Trustee has reviewed a recent inventory appraisal report prepared for one of the Secured Lenders by a liquidator specializing in retail liquidations (the "**Liquidator**") and consulted with the Liquidator to obtain an updated estimate of the liquidation value for the Company's inventory. The Trustee also has been in contact with a retail leasing consultant (the "**Leasing Consultant**") to determine if there was any value in the Company's real estate portfolio.
45. Although the Trustee has not obtained liquidation proposals for the Company's inventory, based on the Trustee's discussions with the Liquidator and Leasing Consultant as well as the Trustee's previous experience in retail liquidation sales, the Trustee has prepared a schedule comparing the realizations generated from the Transaction to the potential recoveries in a liquidation scenario (the "**Comparison Schedule**").

46. As detailed in the Comparison Schedule (and based on the assumptions included therein), the realizations generated from the Transaction compare favourably with the potential recoveries in a liquidation scenario. Further, as outlined in the Comparison Schedule, significant additional recoveries would be needed for unsecured creditors to realize any recovery. The Secured Lenders, who would see recovery under either scenario, support the approval of the APA. The Trustee also notes that in negotiating the APA, both BMO and BDC have agreed to accept a reduced payout in order to facilitate the completion of a going concern transaction.
47. In the event that this Honourable Court approves the APA and the Transaction, but the Transaction does not close, the Trustee is of the view that efforts to remarket the Company's assets may be impaired if the Comparison Schedule or the unredacted APA are made public at this time.
48. The Trustee is of the view that it is preferable for the Comparison Schedule and the unredacted APA to remain confidential until the closing of the Transaction or further order of the Court. Accordingly, the Trustee proposes to provide the Comparison Schedule and the unredacted APA to this Honourable Court as **Confidential Appendix "A"** and **Confidential Appendix "B"** respectively, and requests a sealing order, on the terms noted above, in respect of the Comparison Schedule and the unredacted APA.
49. The Trustee is of the view that the Transaction satisfies the factors to be considered, pursuant to Section 65.13(4) of the BIA. In particular, the Trustee is of the view that:
- (i) the only reasonable alternative to the Transaction is a liquidation of the Company's assets through receivership and/or bankruptcy proceedings that would likely result in lower recoveries for secured creditors. As a result, the Trustee is of the view that the process leading to the Transaction was reasonable;
  - (ii) the Transaction would be more beneficial to the Company's creditors as compared to the alternatives (i.e. liquidation under a bankruptcy or receivership);
  - (iii) the Transaction provides for the Company's continued operations;
  - (iv) the Secured Lenders support the Transaction;
  - (v) the Company's major unsecured creditor, NW Group (which, according to the Company's books and records, represents approximately 90% of Sherson's unsecured debt), supports the Transaction;

- (vi) the Transaction represents the best opportunity to maximize recoveries for creditors and provides the greatest benefit to all stakeholders (including employees, customers, suppliers, etc.), as it results in the continuity of the business; and
- (vii) the consideration is fair and reasonable in the circumstances.

**The Company's Request for an Extension of the Stay Period to October 4, 2015**

- 50. The current Stay Period expires on August 20, 2015. The Company is seeking an extension of the Stay Period to October 4, 2015.
- 51. As the July 26 Cash Flow Forecast only covers the period to August 15, 2015, the Company, with the assistance of the Trustee, has prepared a revised forecast of its receipts and disbursements for the period August 9, 2015 to October 10, 2015 (the "**August 9 Cash Flow Forecast**"). A copy of the August 9 Cash Flow Forecast is attached hereto as **Appendix "G"** and is summarized below:

<b>Sherson Group Inc.</b>	
<b>Cash Flow Forecast for the Period</b>	
<b>August 9, 2015 to October 10, 2015</b>	
<b>(\$000's)</b>	
<b>Receipts</b>	
Retail/Ecomm receipts	\$ 2,823
Wholesale receipts	816
Cash in from Escrow Account	1,988
Expense Reimbursement	4,133
	<hr/>
	<b>9,759</b>
<b>Disbursements</b>	
Duty & Other	162
Payroll	2,311
Rent	2,026
Sales Tax	879
Other Operating Expenses	1,320
Senior Lender Interest	21
Bank & Credit Card Charges	106
Restructuring Fees	996
	<hr/>
	7,822
	<hr/>
<b>Net Cash Flow</b>	<b>\$ 1,937</b>

52. The major changes in the underlying assumptions in the August 9 Cash Flow Forecast as compared to the July 26 Cash Flow Forecast are as follows:
- (i) the Transaction is scheduled to close the week ending August 22, 2015;
  - (ii) the amounts owing to BMO and BDC, as at the Closing Date, are projected to be paid by the Purchaser; and
  - (iii) following the Closing Date, in accordance with the APA, the Purchaser will provide funding to the Company to satisfy the Company's ongoing operating expenses, including employee payroll costs, lease expenses, sales taxes and professional fees during the Interim Period to transition contracts/services to the Purchaser.
53. The August 9 Cash Flow Forecast indicates that, subsequent to the Closing Date, the Company will have sufficient liquidity to fund both any remaining operating costs and the costs of these NOI proceedings during the extension of the Stay Period, if granted.
54. The Trustee is of the view that the extension of the Stay Period is appropriate in the circumstances and supports the Company's request for an extension of the Stay Period for the following reasons:
- (i) the Company has acted and is acting in good faith and with due diligence;
  - (ii) it will allow the Transaction, if approved, sufficient time to close and provide the Purchaser with additional time, as required by the APA, to consider which Company employees NW Canada will offer employment as well as which Company agreements/contracts (including real property leases) NW Canada wishes to assume; and
  - (iii) the granting of the extension should not prejudice any employee or creditor, as the Company is projected to have sufficient funds to pay post-filing services and supplies, as contemplated by the August 9 Cash Flow Forecast.
55. As the APA provides that the Purchaser is to have 90 days subsequent to the Closing Date to, among other things, advise the Company and the Trustee of those contacts/agreements (including real property leases) that the Purchaser desires to assume or offer employment to those Company employees that the Purchaser wishes to retain, that during such period the Company needs to provide access and services to the Purchaser as described above, and the final payment of the Purchase Price will not occur until the Designation Date, Sherson will be seeking a further extension of the Stay Period beyond October 4, 2015.



**Conclusion and Recommendations**

56. Based on the foregoing, the Trustee respectfully recommends that this Honourable Court issue an order or orders granting the relief detailed in paragraph 8(viii) of this Second Report.

All of which is respectfully submitted this 14<sup>th</sup> day of August, 2015

**Richter Advisory Group Inc.**  
**in its capacity as Proposal Trustee of**  
**Sherson Group Inc.**



Gilles Benchaya, CPA, CA, CIRP



Adam Sherman, MBA, CIRP

# APPENDIX “A”

District of Ontario  
Division No. 9 - Toronto  
Court File No: 31-2010608  
Estate File No. 31-2010608

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
IN BANKRUPTCY AND INSOLVENCY**

THE HONOURABLE ) TUESDAY, THE 28<sup>th</sup> DAY  
JUSTICE HAINES ) OF JULY, 2015

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF  
SHERSON GROUP INC.**

**ORDER**

**THIS MOTION**, made by Sherson Group Inc. ("**Sherson**"), was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Motion Record of Sherson, including the Affidavit of Stephen Applebaum sworn July 27, 2015 and the exhibits thereto, on reading the First Report to the Court of Richter Advisory Group Inc., in its capacity as proposal trustee (the "**Proposal Trustee**") in Sherson's *Bankruptcy and Insolvency Act* (the "**BIA**") proposal proceedings (the "**Proposal Proceedings**") dated July 27, 2015, and on hearing the submissions of counsel for Sherson, counsel for the Proposal Trustee, counsel for Bank of Montreal, counsel for BDC Capital Inc. and counsel for Jones Investment Co. Inc., Nine West Development Corporation and JAG Footwear, Accessories and Retail Corporation, no one else appearing although properly served as appears from the affidavit of Daphne Porter, sworn July 27, 2014, filed,

**SERVICE**

1. **THIS COURT ORDERS** that the time for service and filing of the notice of motion and the motion record is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

**EXTENSION OF TIME**

2. **THIS COURT ORDERS** that the time for the filing of a proposal by Sherson is hereby extended in accordance with section 50.4(9) of the BIA up to and including <sup>August 6</sup> ~~July 31~~, 2015.



**SERVICE AND NOTICE**

3. **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/eservice-commercial/>) 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/en/folder/insolvency-cases/s/sherson-group-inc'.

4. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, Sherson and the Proposal Trustee are 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 Sherson's creditors or other interested parties at their respective addresses as last shown on the records of Sherson 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**

5. **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 Sherson, the Proposal Trustee and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and provide such assistance to Sherson and to the Proposal Trustee, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Proposal Trustee in any foreign proceeding, or to assist Sherson and the Proposal Trustee and their respective agents in carrying out the terms of this Order.

6. **THIS COURT ORDERS** that each of Sherson and the Proposal Trustee be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, including, without limitation, the United States Bankruptcy Court, Southern District of New York, in the proceedings initiated by the Proposal Trustee (in its capacity as Foreign Representative of Sherson in the Proposal Proceedings) under Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1330 (Case No. 15-11765-SHL), for the recognition of this Order and for assistance in carrying out the terms of this Order, including the enforcement of the Administration Charge.

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



IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF SHERSON GROUP INC.

District of Ontario  
Division No. 9 - Toronto  
Court File No: 31-2010608  
Estate File No. 31-2010608

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**  
**IN BANKRUPTCY AND INSOLVENCY**

Proceedings commenced at Toronto

**ORDER**

**AIRD & BERLIS LLP**  
Barristers and Solicitors  
Brookfield Place  
Suite 1800, Box 754  
181 Bay Street  
Toronto, ON M5J 2T9

**Sam Babe (LSUC # 49498B)**  
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*Lawyers for Sherson Group Inc.*

# APPENDIX “B”

IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF SHERSON GROUP INC.

Court File No. 31-2010608

August 6, 2015  
H. Chaiton for the Debtor BRC

Adjourned to August 18, 2015 at

9:30.

Pending the return the

stay under the proposal shall

be extended to August 18, 2015.

One hour scheduled for August 7, 2015  
is vacated.  
J.

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(BANKRUPTCY & INSOLVENCY)

Proceedings commenced at TORONTO

MOTION RECORD  
(Motion Returnable August 6, 2015)

CHAITONS LLP  
5000 Yonge Street, 10th Floor  
Toronto, ON M2N 7E9  
Harvey Chaiton (LSUC #21592F)  
Tel: (416) 218-1129  
Fax: (416) 218-1849

Maya Poliak (LSUC # 54100A)  
Tel: (416) 218-1611  
Fax: (416) 218-1844

Lawyers for BDC Capital Inc.



# APPENDIX “C”

Court File Number: 31-2010608

Superior Court of Justice  
Commercial List

FILE/DIRECTION/ORDER

Sherson Group Inc.

Plaintiff(s)

AND

Defendant(s)

Case Management  Yes  No by Judge: \_\_\_\_\_

Counsel	Telephone No:	Facsimile No:

- Order  Direction for Registrar (No formal order need be taken out)
- Above action transferred to the Commercial List at Toronto (No formal order need be taken out)

- Adjourned to: \_\_\_\_\_
- Time Table approved (as follows):

My August 6, 2015' Endorsement is varied to provide that the matter is adjourned to August 20, 2015' at 9:30 a.m. The time for filing a proposal is also ~~extended~~ extended to August 20, 2015'. The BDC membership motion is also adjourned to August 20, 2015'.

August 12, 2015  
Date

[Signature]  
Judge's Signature

Additional Pages \_\_\_\_\_

# APPENDIX “D”

**RICHTER**

Richter Advisory Group Inc.  
181 Bay Street, 33<sup>rd</sup> Floor  
Toronto, ON M5J 2T3  
[www.richter.ca](http://www.richter.ca)

**SHERSON GROUP INC.**

**FIRST REPORT OF RICHTER ADVISORY GROUP INC.,  
IN ITS CAPACITY AS PROPOSAL TRUSTEE OF  
SHERSON GROUP INC.**

**JULY 27, 2015**

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

**IN THE MATTER OF THE NOTICE OF INTENTION OF  
SHERSON GROUP INC.**

**FIRST REPORT OF RICHTER ADVISORY GROUP INC.  
IN ITS CAPACITY AS PROPOSAL TRUSTEE UNDER THE  
NOTICE OF INTENTION OF  
SHERSON GROUP INC.**

**JULY 27, 2015**

**Introduction**

1. This report (the "**Report**") is filed by Richter Advisory Group Inc. ("**Richter**"), in its capacity as proposal trustee (the "**Trustee**") in connection with the Notice of Intention to Make a Proposal ("**NOI**") filed by Sherson Group Inc. ("**Sherson**" or the "**Company**").
2. On June 29, 2015 (the "**Filing Date**"), Sherson filed an NOI under Section 50.4(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B.-3, as amended (the "**BIA**"). A copy of the Certificate of Filing issued by the Superintendent of Bankruptcy is attached hereto as **Appendix "A"**.
3. On June 30, 2015, the Ontario Superior Court of Justice (Commercial List) (the "**Court**") issued an order (the "**June 30 Order**") which, among other things (i) authorized and empowered the Trustee to act as a foreign representative (the "**Foreign Representative**"), and (ii) authorized and empowered the Trustee, as Foreign Representative, to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 – 1330, as amended (the "**US Bankruptcy Code**") and any other provision of the US Bankruptcy Code. A copy of the June 30 Order is attached hereto as **Appendix "B"**.

4. Subsequent to the granting of the June 30 Order, on July 8, 2015, the Company sought and obtained an order (the “July 8 Order”) granting provisional relief from the United States Bankruptcy Court for the Southern District of New York (the “US Court”) that, *inter alia*, recognises and enforces the Company's NOI proceedings and recognises the NOI proceedings as a foreign main proceeding. A copy of the July 8 Order is attached hereto as Appendix “C”. As noted in the July 8 Order, a hearing on the provisional relief granted by the US Court has been scheduled for July 27, 2015.

#### **Purpose of this Report**

5. The purpose of this Report is to provide this Court with information pertaining to:
  - (i) background information about the Company;
  - (ii) the Company's creditors;
  - (iii) the activities of the Company and the Trustee since the Filing Date;
  - (iv) the Company's proposed post-filing strategy;
  - (v) the Company's actual receipts and disbursements for the period from June 29, 2015 to July 25, 2015, including a comparison of actual to forecast results;
  - (vi) the Company's revised cash flow forecast for the period from July 26, 2015 to August 15, 2015;
  - (vii) the Company's request for an extension of the time required to file its proposal (the “Extension”) to July 31, 2015; and
  - (viii) the Trustee's conclusions and recommendations.
6. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.
7. In preparing this Report, the Trustee 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 and the Company's legal counsel. The Trustee has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information. Future oriented financial information

relied upon in this Report is based on the Company's representative's assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Trustee also references its report on the cash flow forecast and underlying assumptions and notes that its review and commentary thereon was performed in accordance with the requirements set out in the Canadian Association of Insolvency and Restructuring Professionals' Standards of Professional Practices No. 99-5 (Trustee's Report on Cash Flow Statement).

### General Background Information on the Company

8. Sherson is a distributor and retailer of footwear and accessories. Sherson has been the Canadian wholesaler and retail licensee of the "Nine West" brand for almost 30 years. Sherson operates 45 retail stores across Canada and acts as wholesaler to all other Canadian retailers carrying Nine West products. The Company employs approximately 425 individuals in its retail operations and a further approximately 120 individuals at its head office and distribution center located in Toronto, Ontario.
9. Sherson operates under a license agreement (the "License Agreement") from its U.S. licensors, Nine West Development Corporation and related corporations (collectively, the "NW Group"). Almost all of Sherson's products are supplied by the NW Group.
10. As described in the affidavit of Stephen Applebaum sworn July 27, 2015 in support of the Company's July 28, 2015 motion (the "Applebaum Affidavit"), due to a number of factors, including an unsuccessful growth strategy developed in conjunction with the NW Group, a challenging Canadian retail environment and significant foreign exchange losses, the Company's financial results have suffered culminating in operating losses in FY2015, as shown in the below table.

<b>Sherson Group Inc. Historical Financial Results</b>				
<b>(in 000 000's)</b>	<b>3 Months Ended Apr - 16</b>	<b>Year Ended Jan - 15</b>	<b>Year Ended Jan - 14</b>	<b>Year Ended Jan - 13</b>
Sales	\$ 15.5	\$ 75.7	\$ 67.4	\$ 72.5
Gross Profit	\$ 8.0	\$ 37.1	\$ 35.3	\$ 38.4
Expenses	\$ 8.0	\$ 39.6	\$ 33.5	\$ 32.7
EBITDA from Operations	\$ (0.0)	\$ (2.5)	\$ 1.8	\$ 5.7



11. As a result of these operating losses, Sherson is experiencing significant liquidity constraints and has defaulted on certain financial and other covenants with the Company's first and second secured lenders, Bank of Montreal ("BMO") and BDC Capital Inc. ("BDC"), respectively.
12. As a result of the Company's declining financial performance and EBITDA losses, Sherson has exhausted its liquidity and the Company elected to file a NOI and to attempt to restructure.
13. An overview of the Company's business and affairs are set out in the Applebaum Affidavit and are therefore not repeated herein.

#### **Objectives of the NOI**

14. The primary objectives of the Company's NOI filing are to: (i) ensure the ongoing operations of the Company; (ii) ensure that Sherson has the necessary working capital funds to maximize the ongoing business of the Company for the benefit of its stakeholders; (iii) restructure the Company's operations; and (iv) develop a proposal to be presented to the Company's creditors.
15. As noted above, almost all of Sherson's products are supplied by the NW Group pursuant to the License Agreement, which is currently scheduled to expire pursuant to its terms on December 31, 2016. The License Agreement imposes significant restrictions on Sherson's ability to sell and/or otherwise transfer the License Agreement. Given the License Agreement and the quantum of NW Group's unsecured claim against Sherson, the Company's ability to successfully restructure and develop a viable proposal to its creditors will be, in the Trustee's view, dependent on NW Group's willingness to participate in the Company's restructuring and ongoing business.
16. Given Sherson's liquidity constraints, the expiration of the License Agreement in the near future and the significant restrictions on the Company's ability to sell and/or otherwise transfer the License Agreement to a party other than the NW Group, the only other reasonable alternatives to a transaction with NW Group are, in the Trustee's view, (i) expensive and time consuming litigation with NW Group (to effect a sale of the business as a going concern over the objections of the licensor), or (ii) the liquidation of the Company's assets through receivership and/or bankruptcy proceedings.

17. The Trustee and its counsel have participated in discussions with both the Company and NW Group (and their respective advisors) regarding NW Group's willingness to participate in the Company's restructuring and ongoing business as well as the manner and/or form of its participation.
18. As NW Group requires additional time to consider its participation in Sherson's restructuring and ongoing operations and discuss same with the Company's secured creditors, the Company is seeking a very brief extension of the current stay of proceedings, which expires July 29, 2015 (as discussed later in this Report).

#### **The Company's Creditors**

19. A copy of the creditor list included in the Company's NOI filing is attached hereto as **Appendix "D"**.
20. The Trustee has been advised by Sherson that BMO and BDC are secured creditors of the Company that, as at the date of this Report, are each owed approximately \$3 million. As noted above, Sherson has advised the Trustee that due to the Company's continuing losses, Sherson has breached certain of its financial and other covenants under the Company's credit facilities with each of BMO and BDC.
21. In addition to BMO and BDC, the Trustee has also been advised that Stephen Applebaum Inc. ("SAI") and Stephen Applebaum personally ("**Applebaum**" and together with BMO, BDC and SAI, the "**Secured Lenders**") are also secured creditors of the Company that are owed approximately \$3.4 million and \$0.5 million respectively.
22. The Company has advised the Trustee that, pursuant to various inter-creditor agreements between Sherson, BMO, BDC, SAI and Appelbaum, BMO has first ranking security in the majority of the Company's assets (other than a specific life insurance policy which BDC has priority over), BDC has second ranking security (other than with respect the specific life insurance policy which BDC has priority over BMO with respect to) and that the security interests of SAI and Applebaum rank behind BMO and BDC.
23. The Trustee understands that prior to the NOI filing (i) BMO had demanded repayment and delivered notices pursuant to section 244 of the BIA and (ii) the Company had consented to the enforcement of security by BMO. As a result, BMO is not subject to the stay of proceedings pursuant to the BIA which was triggered on the filing of the NOI. BMO has not entered into a forbearance agreement with the Company, but has, to date, continued to permit the Company to access existing credit facilities.

24. In addition to BMO, BDC, SAI and Applebaum, the Trustee is aware of various other registrations, largely in respect of specific leased assets, made pursuant to the *Personal Property Security Act* (Ontario) or other similar provincial statutes (the “**Personal Property Security Statutes**”) in British Columbia, Alberta, Manitoba, Ontario, Quebec and Nova Scotia (being the provinces in which Sherson operates stores). Attached hereto as **Appendix “E”** is a summary of the registrations made pursuant to the Personal Property Security Statutes with a currency date of July 27, 2015.
25. The Trustee has instructed Cassels provide its opinion with respect to the validity and enforceability of the security granted by Sherson in favour of both BMO and BDC (the “**Security Opinion**”). Cassels is currently reviewing BMO's, BDC's and SAI's security and expects to provide the Security Opinion to the Trustee shortly. The Trustee has not yet received a copy of the Applebaum security.
26. In addition to the amounts owed by Sherson to the Secured Lenders, the Company estimates that it has unsecured obligations totalling approximately \$21 million (excluding any amounts owing to the Company's former/current employees), including approximately \$19 million owed to the NW Group.

#### **The Company's Activities since the Filing Date**

27. The Company's activities since the Filing Date have included, *inter alia*, the following:
  - (i) advising its stakeholders, including employees, customers and key suppliers of the NOI filing;
  - (ii) working with the Trustee to prepare and subsequently update/revise the Company's cash flow projections (as more fully described later in this report);
  - (iii) communicating with suppliers to secure goods and services during the Company's NOI proceedings and to address payment terms;
  - (iv) working with the Company's customers to address current order requirements and negotiate supply terms;
  - (v) responding to calls and enquiries from creditors and other stakeholders regarding the NOI proceedings;
  - (vi) consulting with a specialist in the analysis and evaluation of retail store leases for the purpose of restructuring the Company's store leases;

- (vii) consulting with the Trustee regarding the disclaimer of a retail store lease;
- (viii) reporting receipts and disbursements;
- (ix) making payments to suppliers for goods and services received following the Filing Date;
- (x) engaging in discussions/negotiations with NW Group and its advisors regarding the Company's current financial position, the License Agreement, payment terms for new purchases, assistance to the Company with its restructuring activities and other matters in connection with the NOI proceedings; and
- (xi) communicating with BMO, BDC and their respective advisors regarding the Company's current financial position, the Company's discussions/negotiations with NW Group and other matters in connection with the NOI proceedings.

#### **The Trustee's Activities since the Filing Date**

28. Since the Filing Date, the Trustee's activities have included, *inter alia*, the following:

- (i) assisting the Company with the preparation and subsequently updating/revising the Company's cash flow projections, including a review of the underlying assumptions and the filing the statutory prescribed cash flows within the required 10 day period;
- (ii) reviewing the Company's financial position;
- (iii) attending at the Company's premises periodically to meet with its management and employees with respect to the NOI proceedings;
- (iv) implementing procedures for monitoring the Company's receipts and disbursements and for the ongoing reporting of variances to the Company's cash flow projections;
- (v) translating statutory and other material into the French language for the benefit of the Company's French speaking stakeholders (primarily in Quebec);
- (vi) issuing the prescribed notice to Sherson's creditors advising of the filing of the Company's NOI, as required under the BIA;

- (vii) establishing a website at [www.richter.ca/en/folder/insolvency-cases/s/sherson-group-inc](http://www.richter.ca/en/folder/insolvency-cases/s/sherson-group-inc), where all materials filed with the Official Receiver and the Court in connection with the Company's NOI proceedings are available in electronic format;
- (viii) taking steps as Foreign Representative as outlined earlier in this Report;
- (ix) consulting with the Company and, ultimately, approving Sherson's disclaimer of a retail store lease;
- (x) responding to calls and enquiries from the Company's creditors, including former/current employees, suppliers, and other stakeholders regarding the Company's NOI;
- (xi) corresponding and communicating extensively with the Company and its legal counsel;
- (xii) communicating with and participating in discussions with NW Group (and its advisors) regarding the Company's NOI proceedings;
- (xiii) corresponding and participating in discussions between Sherson and each of BMO and BDC (and their respective counsel) regarding the Company's NOI proceedings; and
- (xiv) preparing this Report.

#### **The Company's Cash Flows for the Period from June 29, 2015 to August 1, 2015**

29. Sherson, with the assistance of the Trustee, prepared a cash flow forecast of its receipts and disbursements for the period June 29, 2015 to August 1, 2015 (the "**June 29 Cash Flow Forecast**"). The June 29 Cash Flow Forecast was filed with the Office of the Superintendent of Bankruptcy on July 9, 2015. A copy of the June 29 Cash Flow Forecast and associated reports of both the Company and the Trustee is attached hereto as **Appendix "F"**.
30. A comparison of Sherson's budget to reported results for the 4-week period ending July 25, 2015, is summarized as follows:

<b>Sherson Group Inc.</b>			
<b>Cash Flow Variance Analysis</b>			
<b>For the Period June 29, 2015 to July 25, 2015</b>			
<b>(\$000's)</b>	<b>Reported</b>	<b>Forecast</b>	<b>Variance</b>
<b>Receipts</b>			
Retail/Ecomm receipts	\$ 4,608	\$3,811	\$ 796
Wholesale receipts	1,882	1,657	225
	<b>6,490</b>	<b>5,468</b>	<b>1,021</b>
<b>Disbursements</b>			
Purchases, Duty & Other	-	2,148	(2,148)
Payroll	979	931	48
Rent	991	995	(4)
Sales Tax	-	-	-
Other Operating Expenses	595	448	147
Term Loan Repayment	97	97	-
Senior Lender Interest	61	61	-
Bank & Credit Card Charges	58	63	(5)
Deposits	216	250	(34)
Restructuring Fees	549	513	36
	<b>3,546</b>	<b>5,506</b>	<b>(1,960)</b>
<b>Net Cash Flow</b>	<b>\$ 2,944</b>	<b>\$ (38)</b>	<b>\$ 2,982</b>
Opening Revolver	\$ 4,801	\$ 4,806	\$ (5)
(Repayment)/Borrowing	(2,944)	38	(2,982)
<b>Ending Revolver</b>	<b>\$ 1,857</b>	<b>\$ 4,844</b>	<b>\$ (2,987)</b>

31. As reflected in the above summary table, Sherson reported positive cash flow of approximately \$ 2.9 million and had an outstanding operating loan balance of approximately \$1.9 million as at July 25, 2015, which was approximately \$3.0 million better than forecast.

32. The principal reasons for the favourable cash flow variance of approximately \$3.0 million are:

- (i) the positive variance of approximately \$1.0 million in cash receipts is primarily due to higher retail sales than originally forecast; and
- (ii) the positive variance of approximately \$2.0 million in disbursements is due, in part, to timing differences in the payment of certain expenses. It should be noted, however, that the positive variance is primarily attributed to the Company delaying post-filing purchases pending the negotiation of an agreement with NW Group that supports the Company's restructuring and ongoing business.

**The Company's Request for an Extension to July 31, 2015**

33. The current stay of proceedings expires on July 29, 2015 (the "Stay Period"). Sherson is seeking a very brief extension of the Stay Period up to and including July 31, 2015. It is anticipated that by this date the terms of NW Group's participation in Sherson's restructuring and ongoing business will be more clear.
34. As the June 29 Cash Flow Forecast only runs until August 1, 2015, Sherson, with the assistance of the Trustee, has prepared a revised consolidated forecast of its receipts, disbursements and financing requirements for the period July 26, 2015 to August 15, 2015 (the "July 26 Cash Flow Forecast"). A copy of the July 26 Cash Flow Forecast is attached hereto as Appendix "G" and is summarized below:

<b>Sherson Group Inc.</b> <b>Cash Flow Forecast</b> <b>For the Period July 26, 2015 to August 15, 2015</b> <b>(\$000's)</b>		
<b>Receipts</b>		
Retail/Ecomm receipts	\$	3,371
Wholesale receipts		1,450
		<b>4,821</b>
<b>Disbursements</b>		
Duty & Other		506
Payroll		984
Rent		958
Sales Tax		194
Other Operating Expenses		423
Term Loan Repayment		97
Senior Lender Interest		60
Bank & Credit Card Charges		67
Deposits		-
Restructuring Fees		656
		3,944
<b>Net Cash Flow</b>	<b>\$</b>	<b>877</b>
Opening Revolver		1,857
(Repayment)/Borrowing		(877)
<b>Ending Revolver</b>	<b>\$</b>	<b>980</b>

35. The major change to the underlying assumptions in the July 26 Cash Flow Forecast, as compared to the June 29 Cash Flow Forecast, is that the Company has delayed the purchase of new inventory from NW Group pending an agreement with NW Group on its participation in the Company's restructuring and ongoing business.

36. The July 26 Cash Flow Forecast indicates that Sherson will have sufficient liquidity to fund both operating costs and the costs of these NOI proceedings during the extension of the Stay Period, if granted. This assumes, among other things, that the Company continues to have access to its existing credit facilities with BMO.
37. The Trustee supports the Company's request for an Extension for the following reasons:
- (i) the Company and its management are acting in good faith and with due diligence in taking steps to facilitate a sale or refinancing of its operations;
  - (ii) it is the Trustee's view that the Extension will not prejudice or adversely affect any group of creditors;
  - (iii) the July 19 Cash Flow Forecast indicates that Sherson will have sufficient liquidity to continue to fund operations during the period to July 31, 2015;
  - (iv) the Extension will preserve, in the interim, the going concern value of Sherson; and
  - (v) a wind-down and liquidation of the Company would eliminate a number of jobs which may be preserved if a successful going concern sale or restructuring is completed.
38. While it is too early to say whether a viable proposal will be presented by the Company to its creditors, in the Trustee's view, the Company's request for the Extension is appropriate in the circumstances, as the current extension request more properly reflects the timeframe by which the Trustee will be able to provide this Court with a meaningful update on NW Group's participation in the Company's restructuring and ongoing business.



**Conclusion and Recommendation**

39. The Trustee is of the view that the relief requested by the Company, including the Extension, is necessary, commercially reasonable and justified. The Trustee is also of the view that granting the relief requested will provide the Company with the best opportunity to undertake a going concern sale or other restructuring thereby preserving value for the benefit of the Sherson's stakeholders.

All of which is respectfully submitted this 27<sup>th</sup> day of July, 2015.

**Richter Advisory Group Inc.  
in its capacity as Proposal Trustee of  
Sherson Group Inc.**

Per:



Gilles Benchaya, CPA, CA, CIRP



Adam Sherman, MBA, CIRP

# APPENDIX “E”



August 4, 2015

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

Tel: 416-860-5223  
Fax: 416-640-3144  
email: jdietrich@casselsbrock.com

Attention: Gilles Benchaya

Dear Gilles:

**Re: Sherson Group Inc. (the "Debtor")**

You have asked us in your capacity as proposal trustee under the *Bankruptcy and Insolvency Act* (the "**Trustee**") of the Debtor to review certain security delivered by the Debtor to each of Bank of Montreal ("**BMO**"), BDC Capital Inc. ("**BDCC**") and Stephen Applebaum Inc. ("**Applebaum Inc.**" and collectively with BMO, BDCC and Applebaum Inc., the "**Secured Parties**").

#### **A. SCOPE OF REVIEW**

We have examined copies of each of the executed documents provided to us by Gowling Lafleur Henderson LLP, Chaitons LLP and Aird & Berlis LLP respectively, listed in Schedule "A" attached hereto. For the purposes of this opinion, the documents listed in Schedule "A" as (b) to (f), (o) to (q) and (x) and (y) are collectively referred to as the "**Security Documents**".

#### ***Indebtedness owed to Stephen***

We have not been provided, for our review, with the documentation evidencing the indebtedness owed by the Debtor to Stephen Applebaum.

#### ***Priorities Agreement/Subordination Agreements***

##### *Priorities Agreement*

We have reviewed the Priorities Agreement dated January 16, 2013 between BMO and BDCC (the "**Priorities Agreement**"), which governs the priorities as between BMO and BDCC against the Debtor under the filings made in respect of the PPSAs (as defined herein). In general, we note that with respect to the BDCC Priority Collateral (being defined in the Priorities Agreement as the life insurance policies on the life of Stephen Applebaum referenced in Schedule "A" to the Priorities Agreement. However, we note that Schedule "A" was not attached to the Priorities Agreement provided to us for review), BMO agrees that the security interest granted by the Debtor to BDCC ranks in priority to the security interest granted by the Debtor to BMO, and BMO fully and unconditionally subordinates its security interest to and in favour of BDCC with respect to the BDC Priority Collateral. With respect to the BMO Priority Collateral (being defined in the Priorities Agreement as all present and future property, assets and undertaking of the Debtor other than the BDCC Priority Collateral), BDCC agrees that the security interest granted by the Debtor to BMO ranks in priority to the security interest granted by the Debtor to BDCC, and BDCC fully



and unconditionally subordinates its security interest to and in favour of BMO with respect to the BMO Priority Collateral.

*Subordination Agreement re BMO Credit Agreement*

We have reviewed the Postponement and Subordination Agreement dated January 18, 2013, between BMO, Stephen and Applebaum Inc., acknowledged and agreed to by the Debtor ("**BMO Subordination Agreement**"). In general, we note that Stephen and Applebaum Inc., respectively, subordinate and postpone their right to payment of the indebtedness owed by the Debtor to each of them to the prior payment in full of the indebtedness owed to BMO. Each of Stephen and Applebaum Inc. agree that the security interest granted by the Debtor to BMO ranks in priority to the security interest granted by the Debtor to Stephen and Applebaum Inc., respectively, and each of Stephen and Applebaum Inc. fully and unconditionally subordinates its security interest to and in favour of BMO.

*Subordination Agreement re BDCC Credit Agreement*

We have reviewed the Postponement of Shareholders' Loans (No Interest) Agreement dated January 18, 2013 between Stephen, as creditor, BDCC, as bank, and the Debtor and Applebaum Inc., each as borrower, and the Postponement of Shareholders' Loans (No Interest) Agreement dated January 18, 2013 between Applebaum Inc., as creditor, BDCC, as bank, and the Debtor, as borrower, respectively (collectively, the "**Postponement of Shareholders' Loans Agreements**"). In general, we note that Stephen and Applebaum Inc., respectively, subordinate and postpone their right to payment of the indebtedness owed by the Debtor to each of them to the prior payment in full of the indebtedness owed by the Debtor to BDCC.

***Leased Property***

We have been not been provided with any landlord waivers, assignments of leases and consents to assignments of leases, where applicable, as to the leased premises of the Debtor set out in the documentation delivered in connection with the BMO Credit Agreement and the BDCC Credit Agreement, respectively.

**B. REGISTRATIONS AND SEARCH RESULTS**

In rendering this opinion, we have conducted the searches identified in Schedule "D" attached hereto. The search results are summarized in Schedule "D" (the "**Search Results**"), together with a summary of the type of search conducted and the purpose of each search. We performed searches in the Provinces of British Columbia, Alberta, Manitoba, Ontario, Quebec and Nova Scotia. We are qualified to practice law in the Provinces of British Columbia, Manitoba, Ontario and Nova Scotia and our opinion rendered herein is limited to Applicable Law. We cannot render opinions on the laws of Alberta and Quebec.

In particular, the searches conducted pursuant to the *Personal Property Security Act* (Ontario) (the "**PPSA Ontario**"), the *Personal Property Security Act* (British Columbia) (the "**PPSA BC**"), the *Personal Property Security Act* (Manitoba) (the "**PPSA Manitoba**") and the *Personal Property Security Act* (Nova Scotia) (the "**PPSA NS**" and collectively with the PPSA Ontario, the PPSA BC, and the PPSA Manitoba, the "**PPSAs**", as the case may be) and the *Bank Act* (Canada) disclosed the following registrations against the Debtor:

*PPSA*

Except where noted below, the searches conducted under the PPSAs disclose filings in favour of each of the Secured Parties in respect to the present and after-acquired personal property of the Debtor, as more particularly summarized in Schedule "D".

The only filings in favour of Stephen and Applebaum Inc. are under the PPSA Ontario. Under the PPSA Ontario, the Stephen and the Applebaum Inc. filing is registered in priority to the filings of BMO and BDCC, as the case may be.

Filings in favour of BMO exist under all PPSAs.

Filings in favour of BDCC exist under all PPSAs.

*Bank Act (Canada)*

The search conducted pursuant to the *Bank Act (Canada)* disclosed notices of intention to give security under section 427 of the *Bank Act (Canada)*, affecting the Debtor, registered in British Columbia and Ontario, respectively, expiring on December 31, 2018, as more particularly summarized in Schedule "D".

**C. LAWS ADDRESSED**

This opinion is limited, in respect to (i) the opinions set out in paragraphs 1 and 2 below, the laws of the Province of British Columbia and the federal laws of Canada applicable therein ("**BC Law**"), (ii) the opinions set out in paragraphs 3 to 5 below, the laws of the Province of Ontario and the federal laws of Canada applicable therein ("**Ontario Law**"), the (iii) the opinions set out in paragraphs 6 and 7 below, the laws of the Province of Nova Scotia and the federal laws of Canada applicable therein ("**NS Law**") and (iv) the opinions set out in paragraphs 8 and 9 below, the laws of the Province of Manitoba and the federal laws of Canada applicable therein ("**Manitoba Law**" and collectively with BC Law, Ontario Law, and Manitoba Law, the "**Applicable Law**"). We express no opinion with respect to the validity of the Security Documents to the extent such validity is governed by the laws of any other jurisdiction. Without limiting the generality of the immediately preceding sentence, we express no opinion with respect to the laws of any other jurisdiction to the extent that those laws may govern the validity, perfection, effect of perfection or non-perfection, or enforcement of the security interests created by the Security Documents as a result of the application of Applicable Law conflict of laws rules. In addition, we express no opinion whether, under those conflict of laws rules, Applicable Law would govern the validity, perfection, effect of perfection or non-perfection, or enforcement of those security interests.

**D. ASSUMPTIONS AND QUALIFICATIONS**

Our opinions, findings and conclusions are subject to the assumptions and qualifications expressed in the body of this letter, in addition, but not limited to, those assumptions and qualifications described in Schedule "B" and "Schedule "C", respectively, attached hereto.

**E. OPINIONS**

**BC Law Opinions**

1. *Creation of Security Interest.*

Each of the Security Documents create a valid security interest in favour of the Secured Parties, as the case may be, in the personal property described in the Security Documents in which the Debtor now has

rights, and is sufficient to create a valid security interest in favour of the Secured Parties, as the case may be, in any such personal property in which the Debtor subsequently acquires any rights when those rights are acquired (unless events which occur after the date of this opinion preclude the creation or the perfection of the security interests in such personal property), in each case to secure the payment and performance of the obligations described as being secured by the Security Documents.

2. *Registration and Perfection of Security Interest.*

Based solely on our review of the PPSA BC search results in Schedule "E" attached hereto, registration has been made under the PPSA BC where such registration is necessary at this time to preserve, protect or perfect, where appropriate, the security interests created by the Security Documents in favour of BMO and BDCC, as the case may be, in the personal property of the Debtor located in British Columbia as described therein.

Based solely on our review of the *Bank Act (Canada)* search results in Schedule "E" attached hereto, registration has been made under the *Bank Act (Canada)* in the Province of British Columbia where such registration is necessary at this time to preserve, protect or perfect, where appropriate, the security interests created by the Security Documents in favour of BMO in the personal property of the Debtor as described therein.

**Ontario Law Opinions**

3. *Enforceability Opinions.*

Each of the Security Documents constitutes a valid and enforceable obligation of the Debtor, enforceable against the Debtor in accordance with its terms.

4. *Creation of Security Interest.*

Each of the Security Documents create a valid security interest in favour of the Secured Parties, as the case may be, in the personal property described in the Security Documents in which the Debtor now has rights, and is sufficient to create a valid security interest in favour of the Secured Parties, as the case may be, in any such personal property in which the Debtor subsequently acquires any rights when those rights are acquired, in each case to secure the payment and performance of the obligations described as being secured by the Security Documents.

5. *Registration and Perfection of Security Interest.*

Based solely on our review of the PPSA Ontario search results in Schedule "E" attached hereto, registration has been made under the PPSA Ontario where such registration is necessary to preserve, protect or perfect, where appropriate, the security interests created by the Security Documents in favour of the Secured Parties, as the case may be, in the personal property of the Debtor either (i) located in Ontario, (ii) that is an intangible, (iii) that are goods that are of a type that are normally used in more than one jurisdiction, if the goods are equipment or inventory leased or held for lease by the Debtor to others, and (iv) in respect to a non-possessory security interest, an instrument, a negotiable document of title, money and chattel paper, provided that at all times the Debtor's principal place of business and chief executive office is, and will remain, in Ontario.

Based solely on our review of the *Bank Act (Canada)* search results in Schedule "E" attached hereto, registration has been made under the *Bank Act (Canada)* in the Province of Ontario where such registration is necessary at this time to preserve, protect or perfect, where appropriate, the security

interests created by the Security Documents in favour of BMO in the personal property of the Debtor as described therein.

#### **NS Law Opinions**

6. *Creation of Security Interest.*

Each of the Security Documents create a valid security interest in favour of the Secured Parties, as the case may be, in the personal property described in the Security Documents in which the Debtor now has rights, and is sufficient to create a valid security interest in favour of the Secured Parties, as the case may be, in any such personal property in which the Debtor subsequently acquires any rights when those rights are acquired, in each case to secure the payment and performance of the obligations described as being secured by the Security Documents.

7. *Registration and Perfection of Security Interest.*

Based solely on our review of the PPSA NS search results in Schedule "E" attached hereto, registration has been made under the PPSA NS where such registration is necessary to preserve, protect or perfect, where appropriate, the security interests created by the Security Documents in favour of BMO and BDCC, as the case may be, in the personal property of the Debtor located in Nova Scotia as described therein.

#### **Manitoba Law Opinions**

8. *Creation of Security Interest.*

Each of the Security Document create a valid security interest in favour of the Secured Parties, as the case may be, in the personal property described in the Security Documents in which the Debtor now has rights, and is sufficient to create a valid security interest in favour of the Secured Parties, as the case may be, in any such personal property in which the Debtor subsequently acquires any rights when those rights are acquired, in each case to secure the payment and performance of the obligations described as being secured by the Security Documents.

9. *Registration and Perfection of Security Interest.*

Based solely on our review of the PPSA Manitoba search results in Schedule "E" attached hereto, registration has been made under the PPSA Manitoba where such registration is necessary to preserve, protect or perfect, where appropriate, the security interests created by the Security Documents in favour of BMO and BDCC, as the case may be, in the personal property of the Debtor located in Manitoba as described therein.

#### **F. RELIANCE/DISCLOSURE**

The opinions expressed herein are provided solely for the benefit of the Trustee to exercise its duties as Trustee. This letter may not be relied upon by any other person in connection with this or another matter, nor may it be quoted from or referred to in any other document (public or private) or be filed with any governmental departments or agency or other regulatory body or authority, without our prior written consent; provided however, that some or all of these opinions may be referred to in any reports filed with the court for purposes of seeking such approvals as the Trustee may reasonably request in furtherance of its duties and obligations.

Yours truly,

*Cassels Brock & Blackwell LLP*

## SCHEDULE "A"

### DOCUMENTS

#### **Bank of Montreal**

- (a) Credit Agreement dated January 18, 2013 between Sherson Group Inc., as borrower, Stephen Applebaum Inc., as guarantor, and Bank of Montreal, as lender.
- (b) Assignment of Insurance Interest dated January 18, 2013 by Sherson Group Inc.
- (c) General Security Agreement and Pledge Agreement dated January 18, 2013 between Sherson Group Inc., as debtor, and Bank of Montreal, as lender.
- (d) Agreement as to Loans and Advances and Security therefor dated January 18, 2013 by Sherson Group Inc. in favour of Bank of Montreal.
- (e) Security under Section 427(1) of the Bank Act dated January 18, 2013 by Sherson Group Inc. in favour of Bank of Montreal.
- (f) Application for Credit and Promise to Give Bills of Lading, Warehouse Receipts, or Security under Section 427 of the Bank Act dated January 18, 2013 by Sherson Group Inc. in favour of Bank of Montreal.
- (g) General Moveable Hypothec dated January 15, 2013, between Sherson Group Inc., as grantor, and Bank of Montreal, as creditor.
- (h) Notice of Intention to give security pursuant to Section 427 of the *Bank Act (Canada)* dated January 7, 2013 in favour of Bank of Montreal in the Province of British Columbia by Sherson Group Inc.
- (i) Notice of Intention to give security pursuant to Section 427 of the *Bank Act (Canada)* dated January 7, 2013 in favour of Bank of Montreal in the Province of Alberta by Sherson Group Inc.
- (j) Notice of Intention to give security pursuant to Section 427 of the *Bank Act (Canada)* dated January 7, 2013 in favour of Bank of Montreal in the Province of Ontario by Sherson Group Inc.
- (k) Notice of Intention to give security pursuant to Section 427 of the *Bank Act (Canada)* dated January 7, 2013 in favour of Bank of Montreal in the Province of Quebec by Sherson Group Inc.
- (l) Postponement and Subordination Agreement dated January 18, 2013 between Bank of Montreal, Stephen Applebaum Inc. and Stephen Applebaum, acknowledged and agreed to by the Debtor.
- (m) Acknowledgment and Confirmation dated January 10, 2013 by Xerox Canada Ltd. in favour of Bank of Montreal.

#### **BDCC Capital Inc.**

- (n) Letter of Offer of Credit dated January 11, 2013, between Sherson Group Inc., as borrower, Stephen Applebaum Inc., as borrower, and BDCC Capital Inc, as lender.
- (o) General Security Agreement dated January 18, 2013 between Sherson Group Inc., as borrower, and BDCC Capital Inc., as bank.



- (p) Assignment of Insurance dated January 18, 2013 by the Sherson Group Inc. in favour of BDCC Capital Inc.
- (q) Assignment of Life Insurance dated January 18, 2013 between Sherson Group Inc. and BDCC Capital Inc.
- (r) General Security Agreement dated January 18, 2013 between Stephen Applebaum Inc., as borrower, and BDCC Capital Inc., as bank.
- (s) Hypothec on Universalities of Moveable Property dated January 11, 2013 between BDCC Capital Inc. and Sherson Group Inc.
- (t) Postponement of Shareholders' Loans (No Interest) Agreement dated January 18, 2013 between Stephen Elliot Applebaum, as creditor, BDCC Capital Inc., as bank, and Sherson Group Inc. and Stephen Applebaum Inc., as borrower.
- (u) Postponement of Shareholders' Loans (No Interest) Agreement dated January 18, 2013 between Stephen Applebaum Inc., as creditor, BDCC Capital Inc., as bank, and Sherson Group Inc., as borrower.
- (v) Priorities Agreement dated January 16, 2013 between Bank of Montreal and BDCC Capital Inc.

**Stephen Applebaum Inc.**

- (w) Promissory Note dated October 24, 2008 by Sherson Group Inc. in favour of Stephen Applebaum Inc.
- (x) General Security Agreement dated September 29, 2008 between Sherson Group Inc., as debtor, and Stephen Applebaum Inc., as creditor.
- (y) General Security Agreement dated October 24, 2008 between Sherson Group Inc., as debtor, and Stephen Applebaum Inc., as creditor.

**SCHEDULE "B"**  
**ASSUMPTIONS**

For the purposes of conducting this review, we have assumed the following:

- (a) that the signatures on the Security Documents are genuine and that the Security Documents submitted to us as photocopies or facsimile copies conform to authentic original Security Documents, and that all Security Documents were fully completed prior to execution and delivery;
- (b) the legal capacity of all individuals signing Security Documents;
- (c) none of the parties to the Security Documents has contravened any law of any jurisdiction applicable to it by negotiating, executing, delivering and performing its obligations under the Security Documents to which it is a party;
- (d) the names of the parties to the Security Documents are accurate and complete;
- (e) that the Debtor had at all relevant times the necessary corporate status, power and capacity to grant to each of the Secured Parties, as the case may be, the Security Documents to which it is party and to perform its obligations under each of those Security Documents;
- (f) that the Security Documents were duly authorized, executed and delivered to and in favour of each of the Secured Parties, as the case may be;
- (g) that the Security Documents were provided to each of the Secured Parties, as the case may be, by the Debtor on the basis of informed consent and advice and for value;
- (h) that each of the Secured Parties as the case may be, hold proper evidence of the amount of indebtedness owed to each of them respectively, by the Debtor and the dates on which such indebtedness was incurred and accordingly value has been given by each of the Secured Parties, as the case may be, to the Debtor;
- (i) that none of the Security Documents have been assigned, superseded, released, discharged or otherwise impaired, either in whole or in part;
- (j) that the Debtor holds legal and beneficial title to the property charged by such party in any of the Security Documents, and accordingly the Debtor has rights in such property sufficient to allow a security interest to attach, and that all such property was, at the time of the granting of the relevant security interest, and is presently, in British Columbia, Manitoba, Ontario and Nova Scotia, as the case may be;
- (k) the accuracy and completeness of the descriptions of all property of the Debtor referred to in any Security Document;
- (l) the personal property described in the Security Documents does not include consumer goods (as defined in the PPSAs);
- (m) that there are no agreements to which the Debtor is a party or was a party at the time of the execution of the Security Documents which might impair the Debtor's ability to execute

and deliver or grant any of the Security Documents to which it is a party or to perform any of its obligations thereunder;

- (n) that none of the Security Documents, originals or copies of which we examined, has been amended (except as set out in this letter), and there are no other agreements or understandings between the parties that would amend, supplement or qualify any provisions of the Security Documents;
- (o) that no execution creditor or other person has seized or caused seizure of any asset of the Debtor;
- (p) the parties to the Security Documents have not and did not agree orally or in any written agreement to postpone the time for attachment of any security interest contemplated by the Security Documents;
- (q) the completeness, accuracy and currency of (i) the indices and filing systems maintained at the public offices where we searched or made inquiries, (ii) all documents supplied or otherwise conveyed to us by public officials, and (iii) all facts set forth in those documents and in official public records;
- (r) at any and all relevant times the only location of the domicile and registered and chief executive office of the Debtor is, and will remain, in Ontario.

**SCHEDULE "C"**  
**QUALIFICATIONS**

*Enforceability.*

- (a) The enforceability of the Security Documents is limited by bankruptcy, insolvency, reorganization, receivership, moratorium, arrangement, winding-up, prescription, limitation of action and other laws of general application affecting the enforcement of creditors' rights generally.
- (b) The enforceability of the Security Documents is subject to general equitable principles including the principle that the granting of equitable remedies, such as injunctive relief and specific performance, is at the court's discretion and, accordingly, may not be available as a remedy in an action brought to enforce the Security Documents.
- (c) We express no opinion as to the enforceability of any provision exculpating any party from liability for acts or omissions that may be illegal, fraudulent, or involve wilful misconduct or gross negligence.
- (d) We express no opinion as to the enforceability of any provision that states that amendments, modifications, or waivers that are not in writing will not be effective.
- (e) We express no opinion as to the enforceability of any term that purports to sever from any of the Security Documents any provision that is prohibited or unenforceable under applicable law without affecting the enforceability or validity of the remainder of that Security Document.
- (f) We express no opinion as to the enforceability of any provision of any of the Security Documents to the extent that it would be contrary to public order or public policy or to the extent that it constitutes the indirect enforcement of a foreign revenue or penal law.
- (g) We express no opinion as to any provision of the Security Documents that may be characterized by a court as an unenforceable penalty and not as a genuine pre-estimate of damages.
- (h) We express no opinion as to the enforceability of any provision that purports to constitute a waiver by a party of any defences that might otherwise be available to, or constitute a discharge of the liability of, that party.
- (i) We express no opinion as to the enforceability of any provision that requires a person to pay or to indemnify another person for costs and expenses in connection with judicial proceedings, since any award for those costs and expenses is at the court's discretion.
- (j) The provisions for the payment of interest and other amounts under any of the Security Documents may not be enforceable if those provisions provide for the receipt of interest at a "criminal rate" of interest within the meaning of section 347 of the *Criminal Code* (Canada).
- (k) Under section 8 of the *Interest Act* (Canada), no fine, penalty, or rate of interest may be exacted on any arrears of principal or interest secured by a mortgage on real property that has the effect of increasing the charge on the arrears beyond the rate of interest payable on principal money not in arrears.

- (l) A grant of an interest or power contained in an Security Document (including a licence, proxy, or power of attorney) that is expressed to be irrevocable may not be enforceable.
- (m) A waiver of a provision of law may not be effective.
- (n) Wherever any matter or thing is to be determined or done in the discretion of the Secured Parties, as the case may be, such discretion may be required to be exercised in a commercially reasonable manner and in good faith, notwithstanding any provision to the contrary.
- (o) A court of competent jurisdiction may decline to enforce provisions in any of the Security Documents that purports to allow a determination, calculation, or certificate of one party as to any matter to be final, conclusive, or binding upon any other party if that determination is found to be inaccurate on its face or to have been reached or made on any arbitrary or fraudulent basis.
- (p) A court of competent jurisdiction may decline to enforce provisions in any of the Security Documents that purport to allow a party to any of the Security Documents to enforce any indemnification or contribution obligation thereunder which may be limited under applicable law.
- (q) A court of competent jurisdiction may stay proceedings before it and may stay the execution of judgments.

*Validity and perfection of security interest.*

- (r) We express no opinion as to the priority of any security interest created by the Security Documents.
- (s) We express no opinion as to any security interest created by the Security Documents with respect to any property of the Debtor that is transformed in such a way that it is not identifiable or traceable or any proceeds of property of the Debtor that are not identifiable or traceable.
- (t) To the extent that a security interest in investment property (as defined in the PPSA BC, the PPSA Manitoba, the PPSA Ontario and the PPSA NS, as the case may be) has been granted by the Debtor to the Secured Parties, as the case may be, we express no opinion as to perfection by control and priority of the security interest in respect to such investment property.
- (u) We express no opinion as to whether a security interest may be created in:
  - (i) property consisting of a receivable, licence, approval, privilege, franchise, permit, lease or agreement (collectively, "**Special Property**") to the extent that the terms of the Special Property or any applicable law prohibit its assignment or require, as a condition of its assignability, a consent, approval or other authorization or registration which has not been made or given;
  - (ii) permits, quotas or licences which are held by or issued to the Debtor;

- (iii) any policy of insurance, contract of annuity or other personal property to which the PPSAs in effect in British Columbia, Manitoba, Ontario and Nova Scotia, as the case may be, does not apply; or
- (iv) any collateral for which, pursuant to applicable conflict rules (including, without limitation, the conflict rules of the PPSAs), the validity, perfection and the effect of perfection or non-perfection are governed by the laws of a jurisdiction other than British Columbia, Manitoba, Ontario or Nova Scotia, as the case may be.
- (v) We express no opinion as to whether a security interest may be created in collateral consisting of accounts or chattel paper to the extent that the terms of those accounts or chattel paper prohibit assignment or require a consent, approval, or authorization that has not been made or given.
- (w) We express no opinion as to the creation or perfection of any security interest in any personal property described in the Security Documents to which the PPSAs do not apply (including any interest or claim in or under any policy of insurance or contract of annuity).
- (x) No opinion is expressed under the terms of this opinion with respect to the laws of any jurisdiction (other than BC Law, Manitoba Law, Ontario Law and Nova Scotia Law) to the extent that such laws may govern the validity, perfection, effect of perfection or non-perfection of the security interests created by the Security Documents as a result of the application of BC Law, Manitoba Law, Ontario Law and Nova Scotia Law conflict of law rules.
- (y) We did not investigate whether, any steps were taken in connection with the registration of the Security Documents or of any of the interests created thereunder: (i) under the *Patent Act* (Canada), the *Trade-marks Act* (Canada), the *Industrial Designs Act* (Canada), the *Integrated Circuit Topography Act* (Canada), the *Copyright Act* (Canada) or the *Plant Breeders' Rights Act* (Canada); (ii) in respect of any vessel which is registered or recorded under the *Canada Shipping Act* (Canada); (iii) in respect of any rolling stock to which the provisions of the *Canada Transportation Act* (Canada), the *Railways Act* (British Columbia) or the *Shortline Railways Act* (Ontario) may apply; (iv) under the *Financial Administration Act* (Canada); (v) the *Workers' Compensation Act* (Nova Scotia); (vi) the *Labour Standards Code of Nova Scotia*. We express no opinion as to the creation or perfection of any security interest in any property or assets governed by any of those Acts.
- (z) With respect to the charge of, or transfer or pledge or assignment of, or the granting of a security interest in, any account or like personal property pursuant to the Security Documents, notice may have to be given to the obligor thereunder and the secured creditors may be subject to the equities between the obligor and the grantor of the security interest in the event that it wishes to enforce any such account or like personal property as against the obligor under such account or like personal property.
- (aa) We express no opinion as to whether the Debtor has title to or any rights in the personal property described in the Security Documents, nor as to the priority of any security interest, mortgage, charge, or other interest created by the Security Documents.
- (bb) The Security Documents have not been registered (including any notice thereof) in any land registry office or under any land registry statutes even though the Security Documents may create a security interest in the respective Debtor's real property or

leases of real property or in property that is now or may subsequently become a fixture or a right to payment under a lease, mortgage, or charge of real property.

- (cc) If the personal property described in the Security Documents includes a motor vehicle (as defined in the PPSAs) that is classified as equipment of the Debtor and that is sold by the Debtor out of the ordinary course of business, the buyer of that motor vehicle will take it free and clear of the security interests created in the Security Documents unless (i) the vehicle identification number is set out in the financing statements registered on behalf of each Secured Party or (ii) the buyer knew that the sale constituted a breach of the Security Documents. As to paragraph (i) no vehicle identification number is disclosed in the searches performed under the PPSAs.
- (dd) The following actions are required in order to maintain perfection of the security interest created by the Security Documents:
  - (i) The registration period of the financing statements registered on behalf of each Secured Party will expire, and the security interests perfected by filing will become unperfected, on the respective expiry date set out in the summaries of the searches performed under the PPSAs set out in Schedule "D" unless the registration period is extended prior to such expiration time by registration under the PPSAs of a financing change statement designated as a renewal. We assume no responsibility for registering any financing change statement or for reminding the Trustee of the date by which it must be registered.
  - (ii) Any change in the name of the Debtor and any transfer by the Debtor of any or all of the personal property described in the Security Documents will require the filing of a financing change statement under the PPSAs (A) within 15 days after the respective Secured Party consents to the transfer of such personal property or (B) within 30 days under the PPSA Ontario and within 15 days under the PPSA BC, the PPSA Manitoba and the PPSA NS after the respective Secured Party learns of the transfer of such personal property or change of name, as the case may be, and the information necessary to register the financing change statement.
- (ee) Despite the security interests created by the Security Documents being perfected by registration of the financing statements registered on behalf of each Secured Party,
  - (i) those security interests in instruments, securities, chattel paper, money, and negotiable documents of title (each as defined in the PPSAs) will be defeated by certain claimants obtaining possession of that property in the circumstances described in the PPSAs or the *Bills of Exchange Act* (Canada), as applicable, and
  - (ii) those security interests in goods (as defined in the PPSAs) will be defeated by certain claimants to whom the Debtor sells or leases those goods in the ordinary course of business in the circumstances described in the PPSAs.

**SCHEDULE "D"**  
**SUMMARIES OF SEARCHES**

We have conducted the following searches against the Debtor, the type and purpose of which are summarized below:

**1. Corporate Status**

These searches indicate the jurisdiction in which the Debtor is incorporated, the prior business or trade names used, the Debtor's general corporate history and current corporate status.

**2. Personal Property Security**

These are searches pursuant to provincial personal property security legislation which indicate whether the personal property of the Debtors is encumbered and subject to security interests of secured creditors. These searches are provincial in scope and results and therefore limited to the Province in which the search is performed. The personal property security search was conducted under the *Personal Property Security Act* in the provinces of British Columbia, Alberta, Manitoba, Ontario and Nova Scotia and in Quebec under the *Register of Personal and Moveable Real Rights* (Quebec).

**3. Bank Act (Canada)**

This search determines whether any notice of intention to give security has been filed with the Bank of Canada in the Province in which the search is performed against the Debtor pursuant to section 427 of the *Bank Act* (Canada). This search will indicate whether any banks have taken a security interest in the inventory and/or equipment of the Debtor under section 427 of the *Bank Act* (Canada).

**4. Bankruptcy and Insolvency Act (Canada)**

This search of records at the Office of the Superintendent of Bankruptcy Canada indicates whether the Debtor is or has been bankrupt, and whether an assignment, proposal to creditors or receiving order has been made against the Debtor under the *Bankruptcy and Insolvency Act* (Canada). This search is national in scope.

**5. Executions**

This search determines whether there are any writs of execution or similar against the Debtor where the Debtor carries on business pursuant to the *Creditor Assistance Act* (British Columbia), the Sheriff Services Civil Enforcement Section (Manitoba), the *Execution Act* (Ontario) and the PPSA NS which affect the real or personal property of the Debtor.

**6. Canadian Intellectual Property Office**

This search determines whether there are any security agreements registered on title to any of the trade-marks owned by the Debtor at the Canadian Intellectual Property Office.



**SUMMARY OF SEARCHES  
SHERSON GROUP INC.**

**1. CORPORATE INFORMATION**

Currency Date: July 27, 2015  
Jurisdiction of Formation: Ontario  
Corporate No.: 1759299  
Status: Active  
Registered Office: 1446 Don Mills Road, Suite 100, Toronto, Ontario, M3B 3N6  
Mailing Address: 1446 Don Mills Road, Suite 100, Toronto, Ontario, M3B 3N6  
Amalgamation Date: January 27, 2008  
Amalgamating Corporations: Stephen Applebaum Holdings Inc., 879750 Ontario Inc. and Sherson Group Inc.  
Extra-Provincial Registrations: Alberta, British Columbia, Manitoba, Quebec and Nova Scotia

**Director**

**Date Began**

Stephen Applebaum

January 27, 2008

**2. SECTION 427 – BANK ACT (CANADA)**

Our search on July 8, 2015 disclosed Notices of Intention to give security under Section 427 of the *Bank Act* registered in favour of the Bank of Montreal in the agencies of the Bank of Canada in British Columbia, Alberta, Ontario and Quebec. The agencies of Manitoba and Nova Scotia did not disclose any Notices of Intention.

	<u>Number</u>	<u>Secured Party</u>	<u>Registration Date</u>	<u>Expiry Date</u>	<u>Province</u>
1.	01280774	Bank of Montreal	January 8, 2013	December 31, 2018	British Columbia
2.	01280773	Bank of Montreal	January 8, 2013	December 31, 2018	Alberta
3.	01280728	Bank of Montreal	January 7, 2013	December 31, 2018	Ontario
4.	01280772	Bank of Montreal	January 8, 2014	December 31, 2018	Quebec

**3. BANKRUPTCY AND INSOLVENCY ACT (SUPERINTENDANT OF BANKRUPTCY: CANADA WIDE)**

Our search on July 8, 2015 of the public record kept by the Superintendent of Bankruptcy Canada (which encompasses information for all of Canada) disclosed a filing by the Sherson Group Inc. on June 29, 2015 of a Notice of Intention to Make a Proposal under the *Bankruptcy and Insolvency Act*.

**4. EXECUTION**

Our execution search on July 8, 2015, which we obtained for the jurisdictions set out below, disclosed no writs, executions, attachments, originating notices, orders or certificates of lien affecting the real or personal property of Sherson Group Inc.

- (a) Vancouver
- (b) New Westminster
- (c) Surrey
- (d) Alberta

- (e) Manitoba
- (f) Ontario
- (g) Nova Scotia

Our execution search on July 8, 2015, which we obtained for Quebec, disclosed the following proceedings:

- (a) Dossier No.: 500-22-145389-089, Groupe Sherson Inc. v. 6565271 Canada Inc.
- (b) Dossier No.: 500-22-121447-067, Sherson Group Inc. v. Cherchali Lotfi

## 5. PERSONAL PROPERTY SECURITY ACT (“PPSA”) AND REGISTER OF PERSONAL AND MOVEABLE REAL RIGHTS (“RPMRR”)

### PPSA British Columbia [Currency Date: July 8, 2015]

The PPSA British Columbia enquiry response with a file currency of July 8, 2015 disclosed certain registrations, which we have summarized below. Registrations are listed in reverse chronological order.

	<u>Registration Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
1.	135173H	Bank of Montreal	Registration Date: January 8, 2013  Registration Period: 10 years  Expiry Date: January 8, 2023	All present and after acquired personal property of the debtor and, without limitation, all fixtures, crops and licenses
2.	139399H	BDC Capital Inc.	Registration Date: January 10, 2013  Registration Period: 9 years  Expiry Date: January 10, 2022	All present and after acquired personal property of the debtor and, without limitation, all fixtures, crops and licenses

### PPSA Alberta [Currency Date: July 8, 2015]

The PPSA Alberta enquiry response with a file currency of July 8, 2015 disclosed certain registrations, which we have summarized below. Registrations are listed in reverse chronological order.

	<u>Registration Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
1.	13010832466	Bank of Montreal	Registration Date: January 8, 2013  Registration Period: 10 years  Expiry Date: January 8, 2023	All present and after-acquired personal property of the debtor

	<u>Registration Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
2.	13011020968	BDC Capital Inc.	Registration Date: January 10, 2013  Registration Period: 9 years  Expiry Date: January 10, 2022	All present and after-acquired personal property of the debtor including but not limited to inventory, accounts, other and motor vehicles except consumer goods

**PPSA Manitoba** [Currency Date: July 8, 2015]

The PPSA Manitoba enquiry response with a file currency of July 8, 2015 disclosed the registration summarized below.

	<u>Registration Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
1.	201511982800	BDC Capital Inc.	Registration Date: June 29, 2015  Registration Period: 9 years  Expiry Date: June 29, 2024	The security interest is taken in all of the debtor's present and after-acquired personal property
2.	201513718700	Bank of Montreal	Registration Date: July 22, 2015  Registration Period: 8 years  Expiry Date: July 22, 2023	The security interest is taken in all of the debtor's present and after-acquired personal property

**PPSA Ontario**

The PPSA Ontario enquiry response with a file currency of July 8, 2015 disclosed certain registrations, which we have summarized below. Registrations are listed in reverse chronological order.

	<u>Registration File Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
1.	702966645	De Lage Landen Financial Services Canada Inc.	Registration Date: January 14, 2014  Registration Period: 6 years  Expiry Date: January 14, 2021	Equipment, Accounts, Other  General Collateral Description: All personal property of the debtor financed by the secured party wherever situated,

<u>Registration File Number</u>	<u>Secured Party</u>	<u>Registration Date/Registration Period</u>	<u>Collateral</u>
2. 694962684	G.N. Johnston Equipment Co. Ltd.	Registration Date: April 4, 2014 Registration Period: 6 years Expiry Date: April 4, 2020	consisting of twelve (12) HP Copiers and one (1) Canon Copier, together with all parts and accessories relating thereto, all attachments, accessories and accessions thereto or thereon, all replacements, substitutions, additions and improvements of all or any part of the foregoing and all proceeds in any form derived therefrom.  2014 Raymond Lift Truck, 7500-R35TT, VIN 750-14-AC41586  2014 Raymond Lift Truck, 7500-R35TT, VIN 750-14-AC42587  2014 Raymond Lift Truck, 560-OPC3 0TT, VIN 560-14-A19380  2014 Raymond Lift Truck, 560-OPC3 0TT, VIN 560-14-A19381  2014 Raymond Lift Truck, 4450-C35STT, VIN 445-14-12069  General Collateral Description: Deka Batteries S/N 3724BD 2092BD 2093BD 4742BD 4743BD Deka Chargers S/N 114CS17500 114CS17501 114CS17498 114CS17499 114PPR05803 REF. SO 275170 275265 275263
3. 688212693	Mercedes-Benz Financial Services Canada Corporation	Registration Date: June 28, 2013  Registration Period:	Equipment, Other, Motor Vehicle Included  Date of Maturity: June 20,

<u>Registration File Number</u>	<u>Secured Party</u>	<u>Registration Date/Registration Period</u>	<u>Collateral</u>
		3 years Expiry Date: June 28, 2016	2016 General Collateral Description: 2014 Mercedes-Benz CLS5504M, VIN WDDLJ9BB5EA097538
4. 684370629	HAV-A-KAR Leasing Ltd.	Registration Date: January 29, 2013 Registration Period: 5 years Expiry Date: January 29, 2018	Equipment, Other, Motor Vehicle Included Amount \$41,655 2013 Ford E450 Cube Van, VIN 1FDXE4FL9DDA37390
5. 684370638	HAV-A-KAR Leasing Ltd.	Registration Date: January 29, 2013 Registration Period: 5 years Expiry Date: January 29, 2018	Equipment, Other, Motor Vehicle Included Amount \$41,655 2013 Ford E450 Cube Van, VIN 1FDXE4FL2DDA37389
6. 684038304	BDC Capital Inc.	Registration Date: January 10, 2013 Registration Period: 9 years Expiry Date: January 10, 2022	Inventory, Equipment, Accounts, Other, Motor Vehicle Included
7. 683924616	Bank of Montreal	Registration Date: January 4, 2013 Registration Period: 10 years Expiry Date: January 4, 2023	Inventory, Equipment, Accounts, Other, Motor Vehicle Included
8. 683632611	HAV-A-KAR Leasing Ltd.	Registration Date: December 18, 2012 Registration Period: 5 years Expiry Date: December 18, 2017	Equipment, Other, Motor Vehicle Included Amount \$33,333 2013 Ford Econoline E350 VIN

	<u>Registration File Number</u>	<u>Secured Party</u>	<u>Registration Date/Registration Period</u>	<u>Collateral</u>
				1FTSS3EL8DDA33317
9.	681337899	VW Credit Canada Inc.	Registration Date: September 10, 2012  Registration Period: 4 years  Expiry Date: September 10, 2016	Consumer Goods, Equipment, Other, Motor Vehicle Included  Amount: \$59, 647  2013 Audi A5 Premium Plus, VIN WAUWFBFR2DA018037
10.	677336562	G.N. Johnston Equipment Co. Ltd.	Registration Date: April 4, 2012  Registration Period: 6 years  Expiry Date: April 4, 2018	Equipment, Motor Vehicle Included  2012 Raymond Lift Truck, EZ-ACT-R35TT, VIN EZ-12-DF51222  General Collateral Description: Deka Battery S/N 2547AB and Deka Charger S/N 411PPR04707 Ref. SO 178087
11.	668764746	Xerox Canada Ltd.	Registration Date: April 1, 2011  Registration Period: 6 years  Expiry Date: April 1, 2017	Equipment, Other
12.	648867258	Stephen Applebaum Inc. and Stephen Applebaum	Registration Date: September 29, 2008 and renewed on June 7, 2012 for a period of 10 years  Registration Period: 10 years  Expiry Date: June 7, 2022	Inventory, Equipment, Accounts, Other, Motor Vehicle Included  General Collateral Description: General Security Agreement. This registration is hereby postponed and subordinated to reference file no. 684038304 in favour of BDC Capital Inc.

**RPMRR** [Currency Date: July 8, 2015]

The RPMRR enquiry response with a with a file currency of July 8, 2015 disclosed certain registrations, which we have summarized below. Registrations are listed in reverse chronological order.

	Inscription / Registration	Droit inscrit / Nature of Right	Parties	Somme de l'hypothèque / Amount and Interest Rate
1.	05-0531747-0008 15SEP2005 2:08:00 PM  Expires: 31AUG2015	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION / Conventional Movable Hypothec without Delivery	PLACE STE-FOY LIMITED PARTNERSHIP (Titulaire / Holder)  SHERSON GROUP INC. (Constituant / Grantor)  SHERSON GROUP INC. (Agissant sous la dénomination sociale: NINE WEST)(Constituant / Grantor)	80 000.00 \$
<p><b><u>BIENS / Property</u></b> L'UNIVERSALITÉ DE TOUS LES BIENS MEUBLES, CORPORELS OU INCORPORELS PRÉSENTS ET FUTURS GARNISSANT LES LIEUX LOUÉS PAR LE CONSTITUANT SITUÉS AU 2450, BOUL. LAURIER, STE-FOY, QUÉBEC, G1V 2L1 À LA PLACE STE-FOY. CES BIENS COMPRENNENT, SANS LIMITATION, TOUS LES ÉQUIPEMENTS ET INVENTAIRES SE TROUVANT À CETTE ADRESSE.</p> <p>THE ENTIRETY OF ALL PRESENT AND FUTURE PERSONAL PROPERTY, AND TANGIBLE OR INTANGIBLE ASSETS INSTALLED IN THE PREMISES LEASED BY THE CHARGOR LOCATED AT 2450 BOUL. LAURIER, STE-FOY, QUEBEC, G1V 2L1 AT PLACE STE-FOY. THESE ASSETS INCLUDE, WITHOUT LIMITATION, ALL EQUIPMENT AND INVENTORIES FOUND AT THIS ADDRESS.</p> <p><b><u>MENTIONS</u></b> Référence à l'acte constitutif - REFERENCE TO THE MEMORANDUM OF ASSOCIATION Forme de l'acte : Sous seing privé - Under private seal Date : 2005-05-27  Autres mentions : BAIL DATÉ DU 27 MAI 2005 ENTRE PLACE STE-FOY LIMITED PARTNERSHIP ET SHERSON GROUP INC.  LEASE DATED MAY 27, 2005 BETWEEN PLACE STE-FOY LIMITED PARTNERSHIP ET SHERSON GROUP INC</p>				
	Inscription / Registration	Droit inscrit / Nature of Right	Parties	Somme de l'hypothèque / Amount and Interest Rate
2.	05-0192088-0001 07APR2005 2:32:00 PM	CHANGE OF NAME	1209029 ONTARIO LIMITED (Previous name)  SHERSON GROUP INC. (New name)	

		<p>1209029 ONTARIO LIMITED (Agissant sous la dénomination sociale: NINE WEST)(Previous name)</p> <p>1209029 ONTARIO LIMITED (Agissant sous la dénomination sociale: LES ENTREPRISES NINE WEST)(Previous name)</p> <p>SHERSON GROUP INC. (Agissant sous la dénomination sociale: NINE WEST)(New name)</p> <p>SHERSON GROUP INC. (Agissant sous la dénomination sociale: LES ENTREPRISES NINE WEST)(New name)</p>	
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**MENTIONS**

Référence à l'inscription visée  
 NUMÉRO           NATURE

04-0300585-0002 HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION - STANDARD  
 HYPOTHEC/MORTGAGE WITHOUT DISPOSSESSION

Référence à l'acte constitutif  
 Forme de l'acte : ARTICLES OF AMALGAMATION  
 Date : 2005-01-29  
 Lieu : TORONTO, ONTARIO

Autres mentions :  
 EFFECTIVE AS OF JANUARY 29, 2005, 1209029 ONTARIO LIMITED AMALGAMATED WITH SHERSON MARKETING CORPORATION TO FORM SHERSON GROUP INC.

	Inscription / Registration	Droit inscrit / Nature of Right	Parties	Somme de l'hypothèque / Amount and Interest Rate
3.	<p>13-0036979-0001 18JAN2013 9:00:00 AM</p> <p>Expires: 11JAN2023</p>	<p>HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION / Conventional Movable Hypothec without Delivery</p>	<p>BDC CAPITAL INC. (Titulaire / Holder)</p> <p>SHERSON GROUP INC. (Constituant / Grantor)</p>	<p>Cdn. \$3,600,000 INCLUDING AN ADDITIONAL HYPOTHEC IN THE AMOUNT OF \$600,000 ON THE PRINCIPAL AMOUNT OF \$3,000,000 PLUS INTEREST AT THE RATE OF 25% PER ANNUM.</p>

**BIENS / Property**

The universality of all the Constituant's movable (personal) property and assets, corporeal (tangible) and incorporeal (intangible), present and future, of whatever nature and wherever situated, the whole including, without limitation, the universality of all the rights, title and interests of the Constituant in the Intellectual Property, intellectual property rights of whatsoever nature, kind or description and industrial property now or hereafter owned, claimed, held, authored, licensed, acquired or used by the Constituant including, without limitation, all patents, trademarks, industrial designs, whether registered or unregistered (as well as pending or applications for patents, trademarks or industrial designs), licenses, permits, copyrights, inventions, trade secrets, know-how,



plant breeder's rights, topography of integrated circuits, rights related to the Constituant's clientele and goodwill, trade, business or brand names, service marks, formulae, processes, contractual rights, domain, source codes, corporate and other names, and any and all (i) income, royalties, damages and payments now and hereafter due and/or payable to the Constituant with respect thereto, including, without limitation, damages and payments for past or future infringements or misappropriations thereof; (ii) rights to sue for past, present and future infringements or misappropriations thereof; and (iii) all other rights corresponding thereto throughout the world, together with all similar rights, now or hereafter owned, used or held by the Constituant (the "Intellectual Property"), (collectively, the "Hypothecated Property").

The following property also constitutes "Hypothecated Property" and, to the extent that it is not already included in the description above, is also charged by the hypothec constituted hereunder; therefore, the term "Hypothecated Property" also includes the following property:

- (a) the proceeds of any sale, lease or other disposition of the Hypothecated Property, any debt resulting from such sale, lease or other disposition, as well as any property acquired to replace the Hypothecated Property;
- (b) any insurance or expropriation proceeds payable in respect of the Hypothecated Property;
- (c) the principal and income of the Hypothecated Property as well as any rights attached to the Hypothecated Property;
- (d) where the Hypothecated Property includes shares or securities, all other shares and securities issued in replacement of these shares or securities; and
- (e) all deeds, documents, registers, invoices and books of account evidencing the Hypothecated Property or relating thereto.

**DEFINITIONS :**

"Constituant" means Sherson Group Inc.

"Titulaire" means BDC Capital Inc.

**MENTIONS**

Référence à l'acte constitutif  
 Forme de l'acte : Sous seing privé  
 Date : 2013-01-11  
 Lieu : TORONTO, ONTARIO

	<b>Inscription / Registration</b>	<b>Droit inscrit / Nature of Right</b>	<b>Parties</b>	<b>Somme de l'hypothèque / Amount and Interest Rate</b>
4.	13-0036944-0001 18JAN2013 9:00:00 AM  Expires: 11JAN2023	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION / Conventional Movable Hypothec without Delivery	BDC CAPITAL INC. (Titulaire / Holder)  SHERSON GROUP INC. (Constituant / Grantor)	Cdn. \$3,600,000 INCLUDING AN ADDITIONAL HYPOTHEC IN THE AMOUNT OF \$600,000 ON THE PRINCIPAL AMOUNT OF \$3,000,000 PLUS INTEREST AT THE RATE OF 25% PER ANNUM.

**BIENS / Property**

RIDER 1 The universality of all the Constituant's movable (personal) property and assets, corporeal (tangible) and incorporeal (intangible), present and future, of whatever nature and wherever situated, the whole including, without limitation, the universality of all the rights, title and interests of the Constituant in the Intellectual Property,

intellectual property rights of whatsoever nature, kind or description and industrial property now or hereafter owned, claimed, held, authored, licensed, acquired or used by the Constituant including, without limitation, all patents, trademarks, industrial designs, whether registered or unregistered (as well as pending or applications for patents, trademarks or industrial designs), licenses, permits, copyrights, inventions, trade secrets, know-how, plant breeder's rights, topography of integrated circuits, rights related to the Constituant's clientele and goodwill, trade, business or brand names, service marks, formulae, processes, contractual rights, domain, source codes, corporate and other names, and any and all (i) income, royalties, damages and payments now and hereafter due and/or payable to the Constituant with respect thereto, including, without limitation, damages and payments for past or future infringements or misappropriations thereof; (ii) rights to sue for past, present and future infringements or misappropriations thereof; and (iii) all other rights corresponding thereto throughout the world, together with all similar rights, now or hereafter owned, used or held by the Constituant (the "Intellectual Property"), (collectively, the "Hypothecated Property").

The following property also constitutes "Hypothecated Property" and, to the extent that it is not already included in the description above, is also charged by the hypothec constituted hereunder; therefore, the term "Hypothecated Property" also includes the following property:

- (a) the proceeds of any sale, lease or other disposition of the Hypothecated Property, any debt resulting from such sale, lease or other disposition, as well as any property acquired to replace the Hypothecated Property;
- (b) any insurance or expropriation proceeds payable in respect of the Hypothecated Property;
- (c) the principal and income of the Hypothecated Property as well as any rights attached to the Hypothecated Property;
- (d) where the Hypothecated Property includes shares or securities, all other shares and securities issued in replacement of these shares or securities; and
- (e) all deeds, documents, registers, invoices and books of account evidencing the Hypothecated Property or relating thereto.

**DEFINITIONS :**

"Constituant" means Sherson Group Inc.

"Titulaire" means BDC Capital Inc.

**MENTIONS**

Référence à l'acte constitutif  
 Forme de l'acte : Sous seing privé  
 Date : 2013-01-11  
 Lieu : TORONTO, ONTARIO

	<b>Inscription / Registration</b>	<b>Droit inscrit / Nature of Right</b>	<b>Parties</b>	<b>Somme de l'hypothèque / Amount and Interest Rate</b>
5.	13-0029369-0001 15JAN2013 2:11:00 PM  Expire: 15JAN2023	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION / Conventional Movable Hypothec without Delivery	BANK OF MONTREAL/BANQUE DE MONTRÉAL (Titulaire / Holder)  BANK OF MONTREAL (Titulaire / Holder)  BANQUE DE MONTRÉAL (Titulaire / Holder)  SHERSON GROUP INC. (Constituant / Grantor)	Cdn.\$35,000,000 with interest at the rate of twenty-five per cent (25%) per annum.

**BIENS / Property**

All of the Grantor's movable (personal) property, corporeal (tangible) and incorporeal (intangible), present and future, of whatever nature and wherever situated, the whole including, without limiting the generality of the

foregoing, the following universalities of present and future property:

(a) Property in Stock

All present and future property in stock and inventory of any nature and kind of the Grantor whether in its possession, in transit or held on its behalf, including property in reserve, raw materials or other materials, goods manufactured or transformed, or in the process of being so, by the Grantor or by others, packaging materials, property held by a third party under a lease, a leasing agreement, franchise or license agreement or any other agreement entered into with or on behalf of the Grantor, property evidenced by bill of lading, animals, wares, mineral substances, hydrocarbons and other products of the soil and all fruits thereof from the time of their extraction, as well as any other property held for sale, lease or processing in the manufacture or transformation of property intended for sale, lease or use in providing a product or service by the Grantor;

(b) Claims and Other Movable Property

(i) Claims, Receivables and Book Debts

All of the Grantor's present and future claims, debts, demands and choses in action, whatever their cause or nature, whether or not they are certain, liquid or exigible, whether or not evidenced by any title (and whether or not such title is negotiable), bill of exchange or draft, whether litigious or not, whether or not they have been previously or are to be invoiced, whether or not they constitute book debts or trade accounts receivable, including, without limitation, all customer accounts, accounts receivable, rights of action, demands, judgments, contract rights, debts, tax refunds, amounts on deposit, bank accounts, cash, proceeds of sale, assignment or lease of any property, rights or titles, indemnities payable under any contract of insurance of property, of Persons, or of liability insurance, proceeds of expropriation, any sums owing to the Grantor in connection with interest or currency exchange contracts and other treasury or hedging instruments, management of risks or derivative instruments existing in favour of the Grantor ("SWAPS") and the Grantor's rights in the credit balance of accounts held for its benefit by any financial institution or any other Person together with all judgments and all other rights, benefits, securities, security agreements, collateral, guarantees, suretyships, notes and accessories to the claims and rights mentioned above and other rights relating thereto (including, without limitation, the rights of the Grantor in its capacity as seller under an instalment sale or a conditional sale, where the claims are the result of such sale, as well as all movable property owned by the Grantor and covered by such instalment or conditional sales);

(ii) Contracts and Agreements ny agreements, contracts or other instruments of a material nature relating to the Hypothecated Property or the operation, management or maintenance thereof and all amendments, supplements, and replacements thereto, including but not limited to, all development, servicing, site plan, production rights or quotas (if any) and other similar agreements with any governmental authority or public utility, management agreements, reciprocal restrictions or operating agreements, license or franchise agreements, service contracts, warranties, guaranties, supply and maintenance contracts, equipment leases and insurance policies;

(iii) No Exclusions

A right or a claim shall not be excluded from the Hypothecated Property by reason of the fact that (i) the debtor thereof is domiciled outside the Province of Québec, or (ii) the debtor thereof is an affiliate (as such term is defined in the Canada Business Corporations Act) of the Grantor (regardless of the law of the jurisdiction of its incorporation), or (iii) such right or claim is not related to the operations of the Grantor, or (iv) such right or claim is not related to the ordinary course of business of the Grantor;

(c) Investment Property

All investment property, including all securities, security entitlements, financial assets, securities accounts, future contracts and future accounts and all shares, options, rights, warrants, joint venture interests, interests in limited partnerships, bonds, debentures and all other documents which constitute evidence of a share, participation or other interest in property or in a corporation, partnership, trust, fund or any enterprise or which constitute evidence of an obligation of the issuer to the extent same would not constitute investment property, as such term is defined in the STA; and all substitutions for any of the foregoing and dividends and income derived therefrom or payable in connection therewith (the "Investment Property") including, without limitation, all securities issued or received in substitution, renewal, addition or replacement of Investment Property, or issued or received on the purchase, redemption, conversion, cancellation or other transformation of securities or issued or received by way of dividend or otherwise to holders of Investment Property, and all present and future instruments, bills of lading, warehouse receipts, documents or other evidences of title of the Grantor;

(d) Equipment

All present and future machinery, equipment, implements, furniture, tools, rolling stock (including aircraft and road vehicles), spare parts and additions;

(e) Intellectual Property Rights

All of the Grantor's present and future rights in any trade mark, copyright, industrial design, patent, patent rights, goodwill, invention, trade secret, know-how, plant breeders' right, topography of integrated circuits and in any other intellectual property right (registered or not) including, if any, improvements and modifications thereto as well as rights in any action pertaining to the protection, in Canada or abroad, of any such intellectual property rights, and all of the present and future undertaking of the Grantor;

(f) Permits

All permits, consents, licenses, rights, certificates, authorizations and other approvals issued or granted by any governmental authority or any public utility relating to the enterprise carried on by the Grantor or to any particular Hypothecated Property;

(g) Insurance

All indemnities or proceeds now or hereafter payable under any present or future contract of insurance on or in respect of any of the Hypothecated Property;

(h) Fruits and Revenues

All present and future fruits and revenues emanating from the Hypothecated Property, including without limitation, the proceeds of any sale, assignment, lease or other disposition of any of the present and future property of the Grantor, any claim resulting from such a sale, assignment, lease or other disposition, as well as any property acquired in replacement thereof (provided that nothing herein shall be interpreted as permitting the Grantor to dispose of any of the Hypothecated Property in contravention with the provisions of the Agreement);

(i) Records and Other Documents

All present and future titles, documents, records, data, vouchers, invoices, accounts and other documents evidencing or related to the Hypothecated Property, including, without limitation, computer programs, disks tapes and other means of electronic communications as well as the rights of the Grantor to recover such property from third parties, receipts, catalogues, client lists, directories and other similar property;

Where any of the claims are subject to the provisions of the Financial Administration Act (Canada), the Grantor hereby assigns to the Creditor by way of absolute assignment, all its present and future claims which are subject to Sections 67 and 68 of such Act or analogous legislation. The Creditor may, at any time, fulfil any of the formalities required by law to make such transfer enforceable including, without limiting the generality of the foregoing, those set out in the Assignment of Crown Debt Regulations.

Furthermore, the Grantor hereby hypothecates with delivery, pledges and delivers to the Creditor all the certificates evidencing to the Investment Property.

DEFINITIONS:

"Agreement" means the General Movable Hypothec entered into between the Grantor and the Creditor on the 15th day of January 2013 and referred to herein under the heading "Référence à l'acte constitutif",

"Credit Agreement" means the credit agreement dated on or about January 16, 2013 between the Grantor, as borrower, STEPHEN APPLEBAUM INC., as guarantor, and the Creditor, as lender, as it may from time to time be modified, amended, supplemented, restated, renewed, extended or replaced;

"Creditor" means BANK OF MONTREAL/BANQUE DE MONTRÉAL and its successors and assigns;

"Grantor" means SHERSON GROUP INC. and its successors and permitted assigns;

"Hypothec" means, collectively, the hypothec, the pledge and the assignment granted in Article 2 of the Agreement;

"Hypothecated Property" means all property and rights subjected to or intended to be subjected to the Hypothec;  
 "Person" has the meaning given to such term in the Credit Agreement; "STA" means An Act respecting the transfer of securities and the establishment of security entitlements (Québec), as such legislation may be amended, renamed or replaced from time to time (and includes all regulations from time to time made under such legislation).

**MENTIONS**

Référence à l'acte constitutif  
 Forme de l'acte : Sous seing privé  
 Date : 2013-01-15  
 Lieu : Toronto, Ontario

	Inscription / Registration	Droit inscrit / Nature of Right	Parties	Somme de l'hypothèque / Amount and Interest Rate
6.	08-0114966-0002 04MAR2008 10:28:00 AM	CHANGEMENT DE NOM / Name Change	STEPHEN APPLEBAUM HOLDINGS INC. (Ancien nom / Former Name)  SHERSON GROUP INC. (Nouveau nom / New Name)	

**MENTIONS**

Référence à l'inscription visée - REFERENCE TO ENTRY IN QUESTION  
 NUMÉRO NATURE

07-0713872-0002 HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION - STANDARD  
 HYPOTHEC/MORTGAGE WITHOUT DISPOSESSION

Référence à l'acte constitutif - REFERENCE TO MEMORANDUM OF ASSOCIATION  
 Forme de l'acte : ARTICLES OF AMALGAMATION  
 Date : 2008-01-27  
 Lieu : TORONTO, ONTARIO

Autres mentions :  
 STEPHEN APPLEBAUM HOLDINGS INC. AMALGAMATED WITH SHERSON GROUP INC. AND 879750  
 ONTARIO INC. PURSUANT TO ARTICLES OF AMALGAMATION ISSUED BY THE MINISTRY OF  
 GOVERNMENT SERVICES OF ONTARIO ON JANUARY 27, 2008, UNDER THE PROVISIONS OF THE  
 BUSINESS CORPORATIONS ACT (ONTARIO), TO FORM THE AMALGAMATED CORPORATION  
 NAMED "SHERSON GROUP INC.".

**REMARQUES**

Inscriptions de radiation - Quant à l'inscription visée - DELETIONS - IN RELATION TO THE ENTRY IN  
 QUESTION  
 13-0044045-0003 22JAN2013 07-0713872-0002

	Inscription / Registration	Droit inscrit / Nature of Right	Parties	Somme de l'hypothèque / Amount and Interest Rate
7.	08-0114966-0001 04MAR2008 10:28:00 AM	CHANGEMENT DE NOM / Name Change	879750 ONTARIO INC. (Ancien nom / Former Name)  SHERSON GROUP INC. (Nouveau nom / New Name)	

**MENTIONS**

Référence à l'inscription visée  
 NUMÉRO NATURE

07-0713872-0004 HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION - STANDARD  
 HYPOTHEC/MORTGAGE WITHOUT DISPOSESSION

Référence à l'acte constitutif - REFERENCE TO MEMORANDUM OF ASSOCIATION  
 Forme de l'acte - TYPE OF DEED : ARTICLES OF AMALGAMATION

Date : 2008-01-27

Lieu : TORONTO, ONTARIO

Autres mentions :

879750 ONTARIO INC. AMALGAMATED WITH SHERSON GROUP INC. AND STEPHEN APPLEBAUM HOLDINGS INC. PURSUANT TO ARTICLES OF AMALGAMATION ISSUED BY THE MINISTRY OF GOVERNMENT SERVICES OF ONTARIO ON JANUARY 27, 2008, UNDER THE PROVISIONS OF THE BUSINESS CORPORATIONS ACT (ONTARIO), TO FORM THE AMALGAMATED CORPORATION NAMED "SHERSON GROUP INC."

**REMARQUES**

Inscriptions de radiation - Quant à l'inscription visée – DELETIONS IN RELATION TO THE ENTRY IN QUESTION

13-0044045-0001 22JAN2013 07-0713872-0004

	Inscription / Registration	Droit inscrit / Nature of Right	Parties	Somme de l'hypothèque / Amount and Interest Rate
8.	07-0206336-0010 19APR2007 10:30:00 AM  Expires: 31MAR2017	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION / Conventional Movable Hypothec without Delivery	GESTIONS RIOCAN (BROSSARD) INC. (Titulaire / Holder)  BB REAL ESTATE INVESTMENT TRUST (Titulaire / Holder)  IMMEUBLES RÉGIME XV INC. (Titulaire / Holder)  9123-2850 QUÉBEC INC. (Titulaire / Holder)  SHERSON GROUP INC. (Constituant / Grantor)	\$45,000.00 PLUS INTEREST AT 20% PER ANNUM.

**BIENS / Property**

THE UNIVERSALITY OF THE TENANT'S MOVABLE CORPOREAL PROPERTY, PRESENT AND FUTURE RELATING TO THE BUSINESS OPERATIONS CARRIED ON WITHIN THE LEASED PREMISES. THE TERM LEASED PREMISES REFERRED TO HEREIN CONSIST OF A COMMERCIAL PREMISES LOCATED AT 9415, BOULEVARD LEDUC, SUITE 30, BROSSARD, QUÉBEC, J4Y 0A5.

**MENTIONS**

Référence à l'acte constitutif - REFERENCE TO MEMORANDUM OF ASSOCIATION

Forme de l'acte : Sous seing privé - Under private seal

Date : 2006-10-17

Lieu : MONTRÉAL, QC

**REMARQUES**

09-0306338-0001 (27MAY2009 12:32:00 PM) Cession d'un droit / Assignment of Right

10-0759998-0001 (28OCT2010 2:34:00 PM) Cession d'une universalité de créances / Assignment of a universality of claims

10-0878111-0001 (14DEC2010 12:27:00 PM) Cession d'une universalité de créances / Assignment of a universality of claims			
Inscription / Registration	Droit inscrit / Nature of Right	Parties	Somme de l'hypothèque / Amount and Interest Rate
9. 14-0291742-0002 10APR2014 9:00:00 AM	RECTIFICATION D'UNE INSCRIPTION / Correction of an Entry	IMMEUBLES RÉGIME XV INC. (Cédant / Assignor)  9123-2850 QUÉBEC INC. (Cédant / Assignor)  IMMOBILIÈRE 10/30 INC. (Cédant / Assignor)  9224-1892 QUÉBEC INC. (Cessionnaire / Assignee)	
<b>MENTIONS</b>			
<p>Référence à l'inscription visée</p> <p>NUMÉRO            NATURE</p> <p>10-0759998-0001 Cession d'une universalité de créances</p> <p>09-0341326-0001      HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION</p> <p>06-0629783-0001      HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION</p> <p>10-0625316-0001      HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION</p> <p>07-0206336-0006      HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION</p> <p>09-0337356-0001      HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION</p> <p>09-0302559-0004      HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION</p> <p>09-0668849-0001      HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION</p> <p>Objet de la rectification :</p> <p>The assignment of the universality of claims registered under number "10-0759998-0001" under the section "Référence à l'inscription visé au</p> <p>Registre des droits personnels et réels mobiliers", the following registration numbers should appear:</p> <ul style="list-style-type: none"> <li>- 09-0341326-0001</li> <li>- 06-0629783-0001</li> <li>- 10-0625316-0001</li> <li>- 07-0206336-0006</li> <li>- 09-0337356-0001</li> <li>- 09-0302559-0004</li> <li>- 09-0668849-0001</li> </ul>			
Inscription / Registration	Droit inscrit / Nature of Right	Parties	Somme de l'hypothèque / Amount and Interest Rate
10. 14-0291742-0001 10APR2014 9:00:00 AM	RECTIFICATION D'UNE INSCRIPTION / Correction of an Entry	2946-8964 QUÉBEC INC. (Cédant / Assignor)  9171-9922 QUÉBEC INC. (Cessionnaire / Assignee)	
<b>MENTIONS</b>			
<p>Référence à l'inscription visée</p> <p>NUMÉRO            NATURE</p> <p>10-0878111-0001 Cession d'une universalité de créances</p>			

	<p>09-0341326-0001 06-0629783-0001 10-0625316-0001 07-0206336-0006 09-0337356-0001 09-0302559-0004 09-0668849-0001</p> <p>Objet de la rectification : The assignment of the universality of claims registered under number "10-0878111-0001" under the section "Référence à l'inscription visé au</p>	<p>HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION</p> <p>Registre des droits personnels et réels mobiliers", the following registration numbers should appear: - 09-0341326-0001 - 06-0629783-0001 - 10-0625316-0001 - 07-0206336-0006 - 09-0337356-0001 - 09-0302559-0004 - 09-0668849-0001</p>		
	Inscription / Registration	Droit inscrit / Nature of Right	Parties	Somme de l'hypothèque / Amount and Interest Rate
11.	10-0878111-0001 14DEC2010 12:27:00 PM	Cession d'une universalité de créances / Assignment of a universality of claims	2946-8964 QUÉBEC INC. (Cédant / Assignor)  9171-9922 QUÉBEC INC (Cessionnaire / Assignee)	
<p><b><u>BIENS / Property</u></b></p> <p>1. Tous les droits, titres et intérêts du Cédant, à titre de locateur, dans tous les baux, contrats de location (lesquels comprennent, sans limitation, les cessions, sous-locations, amendements, lettres d'entente accessoires et documents d'interprétation y reliés) et offres de location relatives à l'Immeuble;</p> <p>All right title and interest of the Assignor in capacity as Lessor in all leases, lease agreements (including without limitation assignments, subleases, amendments and ancillary letters of agreement and interpretation relating there to) and offers to let concerning the Property</p> <p>2. Tous les droits, titres et intérêts du Cédant dans toute somme et/ou créance due ou appartenant au Cédant et relative à l'Immeuble, qu'elle soit ou non garantie par hypothèque ou toute autre sûreté, et sans restreindre la généralité de ce qui précède, dans toute indemnité, incluant toute indemnité provenant d'une assurance ou résultant d'une expropriation ou d'une réserve totale ou partielle;</p> <p>All right title and interest of the Assignor in any sum and or receivable due or belonging to the Assignor and concerning the Property whether or not it is secured by a mortgage or any other security and without limiting the generality of the foregoing in any indemnity including any indemnity arising from an insurance or resulting from an expropriation or total or partial reserve</p> <p>3. Sans limiter la généralité de ce qui précède, tous les droits, titres et intérêts du Cédant dans tous les actifs et droits mobiliers et immobiliers, corporels et incorporels, incluant tout droit de propriété intellectuel, appartenant au Cédant relativement à l'Immeuble, son exploitation, son entretien ou son amélioration.</p> <p>Without limiting the generality of the foregoing, all right title and interest of the Assignor in any assets and tangible or intangible real or personal property rights including any intellectual property right belonging the Assignor Property concerning the Property, its operation, its maintenance or its improvement.</p> <p>Définition :</p> <p>L'expression « Immeuble » signifie l'immeuble ci-après décrit : the expression Building means the building described below</p> <p>DÉSIGNATION – a property located in Laprairie consisting of 52 lots</p>				



Power Center

- (a) Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE (3 620 160) du Cadastre du Québec, circonscription foncière de Laprairie;
- (b) Lot TROIS MILLIONS NEUF CENT TRENTE-CINQ MILLE QUATRE CENT QUARANTE-QUATRE (3 935 444) du Cadastre du Québec, circonscription foncière de Laprairie;
- (c) Lot TROIS MILLIONS NEUF CENT TRENTE-CINQ MILLE QUATRE CENT QUARANTE-TROIS (3 935 443) du Cadastre du Québec, circonscription foncière de Laprairie;
- (d) Lot TROIS MILLIONS SIX CENT TRENTE-SEPT MILLE TROIS CENT NEUF (3 637 309) du Cadastre du Québec, circonscription foncière de Laprairie;
- (e) Lot TROIS MILLIONS SIX CENT TRENTE-SEPT MILLE TROIS CENT DIX (3 637 310) du Cadastre du Québec, circonscription foncière de Laprairie;
- (f) Lot TROIS MILLIONS SIX CENT TRENTE-SEPT MILLE TROIS CENT ONZE (3 637 311) du Cadastre du Québec, circonscription foncière de Laprairie;
- (g) Lot TROIS MILLIONS SIX CENT TRENTE-SEPT MILLE TROIS CENT DOUZE (3 637 312) du Cadastre du Québec, circonscription foncière de Laprairie;
- (h) Lot TROIS MILLIONS NEUF CENT SEPT MILLE QUATRE-VINGT-QUINZE (3 907 095) du Cadastre du Québec, circonscription foncière de Laprairie;
- (i) Lot TROIS MILLIONS NEUF CENT SEPT MILLE QUATRE-VINGT-QUATORZE (3 907 094) du Cadastre du Québec, circonscription foncière de Laprairie;

Convenience

- (j) Lot TROIS MILLIONS SIX CENT TRENTE-SIX MILLE CINQ CENT QUATRE-VINGT-QUATORZE (3 636 594) du Cadastre du Québec, circonscription foncière de Laprairie;
- (k) Lot TROIS MILLIONS NEUF CENT CINQ MILLE TROIS CENT DIX-SEPT (3 905 317) du Cadastre du Québec, circonscription foncière de Laprairie;
- (l) Lot TROIS MILLIONS NEUF CENT CINQ MILLE TROIS CENT DIX-HUIT (3 905 318) du Cadastre du Québec, circonscription foncière de Laprairie;
- (m) Lot TROIS MILLIONS NEUF CENT TRENTE-DEUX MILLE HUIT CENT DIX-HUIT (3 932 818) du Cadastre du Québec, circonscription foncière de Laprairie;
- (n) Lot TROIS MILLIONS SIX CENT CINQUANTE TROIS MILLE QUATRE CENT TRENTE SIX (3 653 436) du Cadastre du Québec, circonscription foncière de Laprairie;

Secteur Ouest

- (o) Lot TROIS MILLIONS SEPT CENT SOIXANTE MILLE NEUF CENT ONZE (3 760 911) du Cadastre du Québec, circonscription foncière de Laprairie;
- (p) Lot QUATRE MILLIONS QUARANTE-SIX MILLE TROIS CENT QUARANTE-HUIT (4 046 348) du Cadastre du Québec, circonscription foncière de Laprairie;
- (q) Lot QUATRE MILLIONS QUARANTE-SIX MILLE TROIS CENT QUARANTE-NEUF (4 046 349) du Cadastre du Québec, circonscription foncière de Laprairie;
- (r) Lot TROIS MILLIONS SEPT CENT SOIXANTE-SEIZE MILLE TROIS CENT QUATORZE (3 776 314) du Cadastre du Québec, circonscription foncière de Laprairie;
- (s) Lot TROIS MILLIONS SIX CENT QUARANTE-QUATRE MILLE CENT QUATRE-VINGT-DIX-SEPT (3 644 197) du Cadastre du Québec, circonscription foncière de Laprairie;
- (t) Lot TROIS MILLIONS SEPT CENT SOIXANTE MILLE NEUF CENT VINGT-ET-UN (3 760 921) du Cadastre

du Québec, circonscription foncière de Laprairie;

(u) Lot TROIS MILLIONS SIX CENT QUARANTE-QUATRE MILLE CENT QUATRE-VINGT-QUINZE (3 644 195) du Cadastre du Québec, circonscription foncière de Laprairie;

(v) Lot TROIS MILLIONS SIX CENT QUARANTE-QUATRE MILLE CENT QUATRE-VINGT-SEIZE (3 644 196) du Cadastre du Québec, circonscription foncière de Laprairie;

Lifestyle

(w) Lot TROIS MILLIONS HUIT CENT QUATRE-VINGT-QUINZE MILLE QUATRE CENT QUATRE-VINGT-TREIZE (3 895 493) du Cadastre du Québec, circonscription foncière de Laprairie;

(x) Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-ET-UN (3 620 161) du Cadastre du Québec, circonscription foncière de Laprairie;

(y) Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE ET DEUX (3 620 162) du Cadastre du Québec, circonscription foncière de Laprairie;

(z) Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-QUATRE (3 620 164) du Cadastre du Québec, circonscription foncière de Laprairie;

(aa) Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-CINQ (3 620 165) du Cadastre du Québec, circonscription foncière de Laprairie;

(bb) Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-SIX (3 620 166) du Cadastre du Québec, circonscription foncière de Laprairie;

(cc) Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-SEPT (3 620 167) du Cadastre du Québec, circonscription foncière de Laprairie;

(dd) Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-HUIT (3 620 168) du Cadastre du Québec, circonscription foncière de Laprairie;

(ee) Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-NEUF (3 620 169) du Cadastre du Québec, circonscription foncière de Laprairie;

(ff) Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-DIX (3 620 170) du Cadastre du Québec, circonscription foncière de Laprairie;

(gg) Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE ET ONZE (3 620 171) du Cadastre du Québec, circonscription foncière de Laprairie;

(hh) Lot TROIS MILLIONS SIX CENT TRENTE-SIX MILLE CINQ CENT QUATRE-VINGT-TREIZE (3 636 593) du Cadastre du Québec, circonscription foncière de Laprairie;

(ii) Lot TROIS MILLIONS SEPT CENT SIX MILLE SOIXANTE-TROIS (3 706 063) du Cadastre du Québec, circonscription foncière de Laprairie;

(jj) Lot TROIS MILLIONS NEUF CENT QUATRE-VINGT-CINQ MILLE TROIS CENT QUATRE-VINGT-DIX-SEPT (3 985 397) du Cadastre du Québec, circonscription foncière de Laprairie;

(kk) Lot TROIS MILLIONS NEUF CENT QUATRE-VINGT-CINQ MILLE TROIS CENT QUATRE-VINGT-DIX-HUIT (3 985 398) du Cadastre du Québec, circonscription foncière de Laprairie;

(ll) Lot TROIS MILLIONS SEPT CENT SIX MILLE SOIXANTE-CINQ (3 706 065) du Cadastre du Québec, circonscription foncière de Laprairie;

(mm) Lot TROIS MILLIONS HUIT CENT QUATRE-VINGT-DIX-NEUF MILLE CINQ CENT DIX (3 899 510) du Cadastre du Québec, circonscription foncière de Laprairie;

(nn) Lot QUATRE MILLIONS CENT HUIT MILLE TROIS CENT TRENTE-CINQ (4 108 335) du Cadastre du Québec, circonscription foncière de Laprairie;

(oo) Lot QUATRE MILLIONS CENT HUIT MILLE TROIS CENT TRENTE-SIX (4 108 336) du Cadastre du Québec, circonscription foncière de Laprairie;

(pp) Lot QUATRE MILLIONS CENT HUIT MILLE TROIS CENT TRENTE-SEPT (4 108 337) du Cadastre du Québec, circonscription foncière de Laprairie;

(qq) Lot TROIS MILLIONS HUIT CENT CINQUANTE-SIX MILLE SIX CENT TRENTE-CINQ (3 856 635) du Cadastre du Québec, circonscription foncière de Laprairie ;

(rr) Lot QUATRE MILLIONS CENT QUARANTE-HUIT MILLE CENT QUATRE-VINGT-UN (4 148 181) du Cadastre du Québec, circonscription foncière de Laprairie;

(ss) Lot TROIS MILLIONS HUIT CENT CINQUANTE-SIX MILLE SIX CENT TRENTE-SEPT (3 856 637) du Cadastre du Québec, circonscription foncière de Laprairie;

(tt) Lot QUATRE MILLIONS CENT QUARANTE-HUIT MILLE CENT QUATRE-VINGT-DEUX (4 148 182) du Cadastre du Québec, circonscription foncière de Laprairie;

(uu) Lot TROIS MILLIONS HUIT CENT CINQUANTE-SIX MILLE SIX CENT TRENTE-NEUF (3 856 639) du Cadastre du Québec, circonscription foncière de Laprairie;

(vv) Lot TROIS MILLIONS HUIT CENT CINQUANTE-SIX MILLE SIX CENT QUARANTE (3 856 640) du Cadastre du Québec, circonscription foncière de Laprairie;

(ww) Lot QUATRE MILLIONS CENT SOIXANTE-SIX MILLE HUIT CENT SOIXANTE-CINQ (4 166 865) du Cadastre du Québec, circonscription foncière de Laprairie;

(xx) Lot QUATRE MILLIONS CENT SOIXANTE-SIX MILLE HUIT CENT SOIXANTE-SIX (4 166 866) du Cadastre du Québec, circonscription foncière de Laprairie;

(yy) Lot QUATRE MILLIONS CENT SOIXANTE-SIX MILLE HUIT CENT SOIXANTE-SEPT (4 166 867) du Cadastre du Québec, circonscription foncière de Laprairie; et

(zz) Lot TROIS MILLIONS NEUF CENT QUATRE-VINGT-CINQ MILLE HUIT CENT SOIXANTE-DOUZE (3 985 872) du Cadastre du Québec, circonscription foncière de Laprairie;

Ainsi que le tout se trouve présentement avec toutes les bâtisses y érigées, situées en la Ville de Brossard, province de Québec, circonstances et dépendances.

As all of the above are found at present with all buildings erected there upon located in the city of Brossard, province of Quebec

**MENTIONS**

Référence à l'inscription visée

\*\*\*\*\*

\* Too many entries to display, should you need further information, please contact

\*

\* En raison du nombre élevé d'inscriptions visées, \*  
\* leur numéro n'est pas affiché. \*

\*

\* Pour obtenir un état de l'inscription ou une copie de la réquisition \*  
\* d'inscription, communiquer par téléphone avec le Bureau de la \*  
\* publicité des droits personnels et réels mobiliers : \*  
\* 514 864-4949 (Montréal), 418 646-4949 (Québec) ou \*  
\* 1 800 465-4949 (sans frais). \*

\*

\*\*\*\*\*

Référence à l'acte constitutif

Forme de l'acte : Sous seing privé

Date : 2010-07-07

Lieu : Montréal, Québec

**REMARQUES**

14-0291742-0001 (10APR2014 9:00:00 AM) RECTIFICATION D'UNE INSCRIPTION / Correction of an Entry  
Inscriptions de radiation - Quant à l'inscription visée

&nbsp; \*\*\*\*\* \* \* En raison du nombre élevé  
d'inscriptions visées, la radiation de ces \* \* inscriptions ne sera pas affichée dans le champ «Remarques».  
\* \*  
\* \* Pour obtenir un état de l'inscription ou une copie de la  
réquisition \* \* d'inscription, communiquer par téléphone avec le Bureau de la \* \* publicité des droits  
personnels et réels mobiliers : \* \* 514 864-4949 (Montréal), 418 646-4949 (Québec) ou  
\* \* 1 800 465-4949 (sans frais). \* \*  
\*\*\*\*\*

	Inscription / Registration	Droit inscrit / Nature of Right	Parties	Somme de l'hypothèque / Amount and Interest Rate
12.	10-0759998-0001 28OCT2010 2:34:00 PM	Cession d'une universalité de créances / Assignment of a universality of claims	IMMEUBLES RÉGIME XV INC. (Cédant / Assignor)  9123-2850 QUÉBEC INC. (Cédant / Assignor)  IMMOBILIÈRE 10/30 INC. (Cédant / Assignor)  9224-1892 QUÉBEC INC. (Cessionnaire / Assignee)	

**BIENS / Property**

1. Tous les droits, titres et intérêts du Cédant, à titre de locateur, dans tous les baux, contrats de location (lesquels comprennent, sans limitation, les cessions, sous-locations, amendements, lettres d'entente accessoires et documents d'interprétation y reliés) et offres de location relatives à l'Immeuble;

All right title and interest of the Assignor in capacity as Lessor in all leases, lease agreements (including without limitation assignments, subleases, amendments and ancillary letters of agreement and interpretation relating there to) and offers to let concerning the Property

2. Tous les droits, titres et intérêts du Cédant dans toute somme et/ou créance due ou appartenant au Cédant et relative à l'Immeuble, quelle soit ou non garantie par hypothèque ou toute autre sûreté, et sans restreindre la généralité de ce qui précède, dans toute indemnité provenant d'une assurance ou résultant d'une expropriation ou d'une réserve totale ou partielle; et

All right title and interest of the Assignor in any sum and or receivable due or belonging to the Assignor and concerning the Property whether or not it is secured by a mortgage or any other security and without limiting the generality of the foregoing in any indemnity including any indemnity arising from an insurance or resulting from an expropriation or total or partial reserve

3. Sans limiter la généralité de ce qui précède, tous les droits, titres et intérêts du Cédant dans tous les actifs et droits mobiliers et immobiliers, corporels et incorporels, incluant tout droit de propriété intellectuel, appartenant au Cédant relativement à l'Immeuble, son exploitation, son entretien ou son amélioration.

Without limiting the generality of the foregoing, all right title and interest of the Assignor in any assets and tangible or intangible real or personal property rights including any intellectual property right belonging the Assignor Property concerning the Property, its operation, its maintenance or its improvement.

L'expression "Immeuble" ci-dessus signifie:

Power Center

1.1 Lot numéro TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE (3 620 160) du cadastre du Québec, circonscription foncière de Laprairie;

1.2 Lot numéro TROIS MILLIONS NEUF CENT TRENTE-CINQ MILLE QUATRE CENT QUARANTE-QUATRE (3 935 444) du cadastre du Québec, circonscription foncière de Laprairie;

1.3 Lot numéro TROIS MILLIONS NEUF CENT TRENTE-CINQ MILLE QUATRE CENT QUARANTE-TROIS (3 935 443) du cadastre du Québec, circonscription foncière de Laprairie;

1.4 Lot numéro TROIS MILLIONS SIX CENT TRENTE-SEPT MILLE TROIS CENT NEUF (3 637 309) du cadastre du Québec, circonscription foncière de Laprairie;

1.5 Lot numéro TROIS MILLIONS SIX CENT TRENTE-SEPT MILLE TROIS CENT DIX (3 637 310) du cadastre du Québec, circonscription foncière de Laprairie;

1.6 Lot numéro TROIS MILLIONS SIX CENT TRENTE-SEPT MILLE TROIS CENT ONZE (3 637 311) du cadastre du Québec, circonscription foncière de Laprairie;

1.7 Lot numéro TROIS MILLIONS SIX CENT TRENTE-SEPT MILLE TROIS CENT DOUZE (3 637 312) du cadastre du Québec, circonscription foncière de Laprairie;

1.8 Lot numéro TROIS MILLIONS NEUF CENT SEPT MILLE QUATRE-VINGT-QUINZE (3 907 095) du cadastre du Québec, circonscription foncière de Laprairie;

1.9 Lot numéro TROIS MILLIONS NEUF CENT SEPT MILLE QUATRE-VINGT-QUATORZE (3 907 094) du cadastre du Québec, circonscription foncière de Laprairie;

#### Convenience

1.10 Lot numéro TROIS MILLIONS SIX CENT TRENTE-SIX MILLE CINQ CENT QUATRE-VINGT-QUATORZE (3 636 594) du cadastre du Québec, circonscription foncière de Laprairie;

1.11 Lot numéro TROIS MILLIONS NEUF CENT CINQ MILLE TROIS CENT DIX-SEPT (3 905 317) du cadastre du Québec, circonscription foncière de Laprairie;

1.12 Lot numéro TROIS MILLIONS NEUF CENT CINQ MILLE TROIS CENT DIX-HUIT (3 905 318) du cadastre du Québec, circonscription foncière de Laprairie;

1.13 Lot numéro TROIS MILLIONS NEUF CENT TRENTE-DEUX MILLE HUIT CENT DIX-HUIT (3 932 818) du cadastre du Québec, circonscription foncière de Laprairie;

1.14 Lot numéro TROIS MILLIONS SIX CENT CINQUANTE-TROIS MILLE QUATRE CENT TRENTE-SIX (3 653 436) du cadastre du Québec, circonscription foncière de Laprairie;

#### Secteur Ouest

1.15 Lot numéro TROIS MILLIONS SEPT CENT SOIXANTE MILLE NEUF CENT ONZE (3 760 911) du cadastre du Québec, circonscription foncière de Laprairie;

1.16 Lot numéro QUATRE MILLIONS QUARANTE-SIX MILLE TROIS CENT QUARANTE-HUIT (4 046 348) du cadastre du Québec, circonscription foncière de Laprairie;

1.17 Lot numéro QUATRE MILLIONS QUARANTE-SIX MILLE TROIS CENT QUARANTE-NEUF (4 046 349) du cadastre du Québec, circonscription foncière de Laprairie;

1.18 Lot numéro TROIS MILLIONS SEPT CENT SOIXANTE-SEIZE MILLE TROIS CENT QUATORZE (3 776 314) du cadastre du Québec, circonscription foncière de Laprairie;

1.19 Lot numéro TROIS MILLIONS SIX CENT QUARANTE-QUATRE MILLE CENT QUATRE-VINGT-DIX-SEPT (3 644 197) du cadastre du Québec, circonscription foncière de Laprairie;

1.20 Lot numéro TROIS MILLIONS SEPT CENT SOIXANTE MILLE NEUF CENT VINGT ET UN (3 760 921) du cadastre du Québec, circonscription foncière de Laprairie;

1.21 Lot numéro TROIS MILLIONS SIX CENT QUARANTE-QUATRE MILLE CENT QUATRE-VINGT-QUINZE (3 644 195) du cadastre du Québec, circonscription foncière de Laprairie;

1.22 Lot numéro TROIS MILLIONS SIX CENT QUARANTE-QUATRE MILLE CENT QUATRE-VINGT-SEIZE (3 644 196) du cadastre du Québec, circonscription foncière de Laprairie;

Lifestyle

1.23 Lot numéro TROIS MILLIONS HUIT CENT QUATRE-VINGT-QUINZE MILLE QUATRE CENT QUATRE-VINGT-TREIZE (3 895 493) du cadastre du Québec, circonscription foncière de Laprairie;

1.24 Lot numéro TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE ET UN (3 620 161) du cadastre du Québec, circonscription foncière de Laprairie; 1.25 Lot numéro TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-DEUX (3 620 162) du cadastre du Québec, circonscription foncière de Laprairie;

1.26 Lot numéro TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-QUATRE (3 620 164) du cadastre du Québec, circonscription foncière de Laprairie;

1.27 Lot numéro TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-CINQ (3 620 165) du cadastre du Québec, circonscription foncière de Laprairie;

1.28 Lot numéro TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-SIX (3 620 166) du cadastre du Québec, circonscription foncière de Laprairie;

1.29 Lot numéro TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-SEPT (3 620 167) du cadastre du Québec, circonscription foncière de Laprairie;

1.30 Lot numéro TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-HUIT (3 620 168) du cadastre du Québec, circonscription foncière de Laprairie;

1.31 Lot numéro TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-NEUF (3 620 169) du cadastre du Québec, circonscription foncière de Laprairie;

1.32 Lot numéro TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-DIX (3 620 170) du cadastre du Québec, circonscription foncière de Laprairie;

1.33 Lot numéro TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE ET ONZE (3 620 171) du cadastre du Québec, circonscription foncière de Laprairie;

1.34 Lot numéro TROIS MILLIONS SIX CENT TRENTE-SIX MILLE CINQ CENT QUATRE-VINGT-TREIZE (3 636 593) du cadastre du Québec, circonscription foncière de Laprairie;

1.35 Lot numéro TROIS MILLIONS SEPT CENT SIX MILLE SOIXANTE-TROIS (3 706 063) du cadastre du Québec, circonscription foncière de Laprairie;

1.36 Lot numéro TROIS MILLIONS NEUF CENT QUATRE-VINGT-CINQ MILLE TROIS CENT QUATRE-VINGT-DIX-SEPT (3 985 397) du cadastre du Québec, circonscription foncière de Laprairie;

1.37 Lot numéro TROIS MILLIONS NEUF CENT QUATRE-VINGT-CINQ MILLE TROIS CENT QUATRE-VINGT-DIX-HUIT (3 985 398) du cadastre du Québec, circonscription foncière de Laprairie;

1.38 Lot numéro TROIS MILLIONS SEPT CENT SIX MILLE SOIXANTE-CINQ (3 706 065) du cadastre du Québec, circonscription foncière de Laprairie;

1.39 Lot numéro TROIS MILLIONS HUIT CENT QUATRE-VINGT-DIX NEUF MILLE CINQ CENT DIX (3 899 510) du cadastre du Québec, circonscription foncière de Laprairie;

1.40 Lot numéro QUATRE MILLIONS CENT HUIT MILLE TROIS CENT TRENTE-CINQ (4 108 335) du cadastre du Québec, circonscription foncière de Laprairie;

1.41 Lot numéro QUATRE MILLIONS CENT HUIT MILLE TROIS CENT TRENTE-SIX (4 108 336) du cadastre du Québec, circonscription foncière de Laprairie;

1.42 Lot numéro QUATRE MILLIONS CENT HUIT MILLE TROIS CENT TRENTE-SEPT (4 108 337) du cadastre du Québec, circonscription foncière de Laprairie;

1.43 Lot numéro TROIS MILLIONS HUIT CENT CINQUANTE-SIX MILLE SIX CENT TRENTE-CINQ (3 856 635)

du cadastre du Québec, circonscription foncière de Laprairie;

1.44 Lot numéro QUATRE MILLIONS CENT QUARANTE-HUIT MILLE CENT QUATRE-VINGT-UN (4 148 181) du cadastre du Québec, circonscription foncière de Laprairie;

1.45 Lot numéro TROIS MILLIONS HUIT CENT CINQUANTE-SIX MILLE SIX CENT TRENTE-SEPT (3 856 637) du cadastre du Québec, circonscription foncière de Laprairie;

1.46 Lot numéro QUATRE MILLIONS CENT QUARANTE-HUIT MILLE CENT QUATRE-VINGT-DEUX (4 148 182) du cadastre du Québec, circonscription foncière de Laprairie;

1.47 Lot numéro TROIS MILLIONS HUIT CENT CINQUANTE-SIX MILLE SIX CENT TRENTE-NEUF (3 856 639) du cadastre du Québec, circonscription foncière de Laprairie;

1.48 Lot numéro TROIS MILLIONS HUIT CENT CINQUANTE-SIX MILLE SIX CENT QUARANTE (3 856 640) du cadastre du Québec, circonscription foncière de Laprairie;

1.49 Lot numéro QUATRE MILLIONS CENT SOIXANTE-SIX MILLE HUIT CENT SOIXANTE-CINQ (4 166 865) du cadastre du Québec, circonscription foncière de Laprairie;

1.50 Lot numéro QUATRE MILLIONS CENT SOIXANTE-SIX MILLE HUIT CENT SOIXANTE-SIX (4 166 866) du cadastre du Québec, circonscription foncière de Laprairie;

1.51 Lot numéro QUATRE MILLIONS CENT SOIXANTE-SIX MILLE HUIT CENT SOIXANTE-SEPT (4 166 867) du cadastre du Québec, circonscription foncière de Laprairie; et

1.52 Lot numéro TROIS MILLIONS NEUF CENT QUATRE-VINGT-CINQ MILLE HUIT CENT SOIXANTE-DOUZE (3 985 872) du cadastre du Québec, circonscription foncière de Laprairie.

Ainsi que le tout se trouve présentement avec toutes les bâtisses y érigées, situées en la Ville de Brossard, province de Québec, circonstances et dépendances.

**MENTIONS**

Référence à l'inscription visée

\*\*\*\*\*

\* \* \*

\* En raison du nombre élevé d'inscriptions visées, \*  
\* leur numéro n'est pas affiché. \*

\* \* \*

\* Pour obtenir un état de l'inscription ou une copie de la réquisition \*  
\* d'inscription, communiquer par téléphone avec le Bureau de la \*  
\* publicité des droits personnels et réels mobiliers : \*  
\* 514 864-4949 (Montréal), 418 646-4949 (Québec) ou \*  
\* 1 800 465-4949 (sans frais). \*

\* \* \*

\*\*\*\*\*

Référence à l'acte constitutif

Forme de l'acte : Notarié en minute

Date : 2010-07-07

Lieu : Montréal, Québec

No de minute : 10 710

Nom du notaire : ALAIN, Robert

**REMARQUES**

14-0291742-0002 (10APR2014 9:00:00 AM) RECTIFICATION D'UNE INSCRIPTION / Correction of an Entry  
Inscriptions de radiation - Quant à l'inscription visée

&nbsp; \*\*\*\*\*

\* \* En raison du nombre élevé d'inscriptions visées, la radiation de ces \* \* inscriptions ne sera pas affichée dans  
le champ «Remarques». \* \* Pour obtenir un état de  
l'inscription ou une copie de la réquisition \* \* d'inscription, communiquer par téléphone avec le Bureau de la  
\* \* publicité des droits personnels et réels mobiliers : \* \* 514 864-4949 (Montréal), 418 646-4949  
(Québec) ou \* \* 1 800 465-4949 (sans frais). \* \*

*****			
Inscription / Registration	Droit inscrit / Nature of Right	Parties	Somme de l'hypothèque / Amount and Interest Rate
13. 09-0306338-0001 27MAY2009 12:32:00 PM	Cession d'un droit / Assignment of Right	FONDS DE PLACEMENT IMMOBILIER BB (Cédant / Assignor)  IMMEUBLES RÉGIME XV INC. (Cédant / Assignor)  9123-2850 QUÉBEC INC. (Cédant / Assignor)  2946-8964 QUÉBEC INC. (Cessionnaire / Assignee)	
<p><b><u>BIENS / Property</u></b>            Par acte de vente en date du 3 juillet 2008, les Cédants ont vendu, cédé et transféré au Cessionnaire, des droits, titres et intérêts indivis des Cédants dans les immeubles ci-après décrits, ainsi que les baux et droits hypothécaires y inclus (la "Propriété").            By way of deed of sale dated July 3, 2008, the Assignors sold, transferred and conveyed to the Assignee, the undivided right title and interest of the Assignors in the properties described below including the leases and mortgage rights therein Property</p> <p><b>DÉSIGNATION</b></p> <p>Power Center</p> <p>1.1 Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE (3 620 160) du Cadastre du Québec, circonscription foncière de Laprairie;</p> <p>1.2 Lot TROIS MILLIONS NEUF CENT TRENTE-CINQ MILLE QUATRE CENT QUARANTE-QUATRE (3 935 444) du Cadastre du Québec, circonscription foncière de Laprairie;</p> <p>1.3 Lot TROIS MILLIONS NEUF CENT TRENTE-CINQ MILLE QUATRE CENT QUARANTE-TROIS (3 935 443) du Cadastre du Québec, circonscription foncière de Laprairie;</p> <p>1.4 Lot TROIS MILLIONS SIX CENT TRENTE-SEPT MILLE TROIS CENT NEUF (3 637 309) du Cadastre du Québec, circonscription foncière de Laprairie;</p> <p>1.5 Lot TROIS MILLIONS SIX CENT TRENTE-SEPT MILLE TROIS CENT DIX (3 637 310) du Cadastre du Québec, circonscription foncière de Laprairie;</p> <p>1.6 Lot TROIS MILLIONS SIX CENT TRENTE-SEPT MILLE TROIS CENT ONZE (3 637 311) du Cadastre du Québec, circonscription foncière de Laprairie;</p> <p>1.7 Lot TROIS MILLIONS SIX CENT TRENTE-SEPT MILLE TROIS CENT DOUZE (3 637 312) du Cadastre du Québec, circonscription foncière de Laprairie;</p> <p>1.8 Lot TROIS MILLIONS NEUF CENT SEPT MILLE QUATRE VINGT-QUINZE (3 907 095) du Cadastre du Québec, circonscription foncière de Laprairie;</p> <p>1.9 Lot TROIS MILLIONS NEUF CENT SEPT MILLE QUATRE VINGT-QUATORZE (3 907 094) du Cadastre du Québec, circonscription foncière de Laprairie;</p> <p>Convenience</p> <p>1.10 Lot TROIS MILLIONS SIX CENT TRENTE-SIX MILLE CINQ CENT QUATRE-VINGT-QUATORZE (3 636 594) du Cadastre du Québec, circonscription foncière de Laprairie;</p>			



1.11 Lot TROIS MILLIONS NEUF CENT CINQ MILLE TROIS CENT DIX-SEPT (3 905 317) du Cadastre du Québec, circonscription foncière de Laprairie;

1.12 Lot TROIS MILLIONS NEUF CENT CINQ MILLE TROIS CENT DIX-HUIT (3 905 318) du Cadastre du Québec, circonscription foncière de Laprairie;

1.13 Lot TROIS MILLIONS NEUF CENT TRENTE-DEUX MILLE HUIT CENT DIX-HUIT (3 932 818) du Cadastre du Québec, circonscription foncière de Laprairie;

1.14 Lot TROIS MILLIONS SIX CENT CINQUANTE TROIS MILLE QUATRE CENT TRENTE SIX (3 653 436) du Cadastre du Québec, circonscription foncière de Laprairie;

#### Secteur Ouest

1.15 Lot TROIS MILLIONS SEPT CENT SOIXANTE MILLE NEUF CENT ONZE (3 760 911) du Cadastre du Québec, circonscription foncière de Laprairie;

1.16 Lot TROIS MILLIONS SEPT CENT SOIXANTE-SEIZE MILLE TROIS CENT DOUZE (3 776 312) du Cadastre du Québec, circonscription foncière de Laprairie;

1.17 Lot TROIS MILLIONS SEPT CENT SOIXANTE-SEIZE MILLE TROIS CENT QUATORZE (3 776 314) du Cadastre du Québec, circonscription foncière de Laprairie;

1.18 Lot TROIS MILLIONS SIX CENT QUARANTE-QUATRE MILLE CENT QUATRE-VINGT-DIX-SEPT (3 644 197) du Cadastre du Québec, circonscription foncière de Laprairie;

1.19 Lot TROIS MILLIONS SEPT CENT SOIXANTE MILLE NEUF CENT VINGT-ET-UN (3 760 921) du Cadastre du Québec, circonscription foncière de Laprairie;

1.20 Lot TROIS MILLIONS SIX CENT QUARANTE-QUATRE MILLE CENT QUATRE-VINGT-QUINZE (3 644 195) du Cadastre du Québec, circonscription foncière de Laprairie;

1.21 Lot TROIS MILLIONS SIX CENT QUARANTE-QUATRE MILLE CENT QUATRE-VINGT-SEIZE (3 644 196) du Cadastre du Québec, circonscription foncière de Laprairie;

#### Lifestyle

1.22 Lot TROIS MILLIONS HUIT CENT QUATRE-VINGT-QUINZE MILLE QUATRE CENT QUATRE-VINGT-TREIZE (3 895 493) du Cadastre du Québec, circonscription foncière de Laprairie;

1.23 Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-ET-UN (3 620 161) du Cadastre du Québec, circonscription foncière de Laprairie;

1.24 Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE ET DEUX (3 620 162) du Cadastre du Québec, circonscription foncière de Laprairie;

1.25 Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-QUATRE (3 620 164) du Cadastre du Québec, circonscription foncière de Laprairie;

1.26 Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-CINQ (3 620 165) du Cadastre du Québec, circonscription foncière de Laprairie;

1.27 Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-SIX (3 620 166) du Cadastre du Québec, circonscription foncière de Laprairie;

1.28 Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-SEPT (3 620 167) du Cadastre du Québec, circonscription foncière de Laprairie;

1.29 Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-HUIT (3 620 168) du Cadastre du Québec, circonscription foncière de Laprairie;

1.30 Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-NEUF (3 620 169) du Cadastre du Québec, circonscription foncière de Laprairie;

1.31 Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE-DIX (3 620 170) du Cadastre du Québec, circonscription foncière de Laprairie;

1.32 Lot TROIS MILLIONS SIX CENT VINGT MILLE CENT SOIXANTE ET ONZE (3 620 171) du Cadastre du Québec, circonscription foncière de Laprairie;

1.33 Lot TROIS MILLIONS SIX CENT TRENTE-SIX MILLE CINQ CENT QUATRE-VINGT-TREIZE (3 636 593) du Cadastre du Québec, circonscription foncière de Laprairie;

1.34 Lot TROIS MILLIONS SEPT CENT SIX MILLE SOIXANTE TROIS (3 706 063) du Cadastre du Québec, circonscription foncière de Laprairie;

1.35 Lot TROIS MILLIONS HUIT CENT QUATRE-VINGT-DIX NEUF MILLE CINQ CENT ONZE (3 899 511) du Cadastre du Québec, circonscription foncière de Laprairie;

1.36 Lot TROIS MILLIONS SEPT CENT SIX MILLE SOIXANTE CINQ (3 706 065) du Cadastre du Québec, circonscription foncière de Laprairie;

1.37 Lot TROIS MILLIONS HUIT CENT QUATRE-VINGT-DIX NEUF MILLE CINQ CENT DIX (3 899 510) du Cadastre du Québec, circonscription foncière de Laprairie;

1.38 Lot TROIS MILLIONS HUIT CENT QUATRE-VINGT-CINQ MILLE SEPT CENT SOIXANTE-HUIT (3 885 768) du Cadastre du Québec, circonscription foncière de Laprairie;

1.39 Lot TROIS MILLIONS HUIT CENT CINQUANTE-SIX MILLE SIX CENT TRENTE-CINQ (3 856 635) du Cadastre du Québec, circonscription foncière de Laprairie;

1.40 Lot TROIS MILLIONS HUIT CENT CINQUANTE-SIX MILLE SIX CENT TRENTE-SIX (3 856 636) du Cadastre du Québec, circonscription foncière de Laprairie;

1.41 Lot TROIS MILLIONS HUIT CENT CINQUANTE-SIX MILLE SIX CENT TRENTE-SEPT (3 856 637) du Cadastre du Québec, circonscription foncière de Laprairie;

1.42 Lot TROIS MILLIONS HUIT CENT CINQUANTE-SIX MILLE SIX CENT TRENTE-HUIT (3 856 638) du Cadastre du Québec, circonscription foncière de Laprairie;

1.43 Lot TROIS MILLIONS HUIT CENT CINQUANTE-SIX MILLE SIX CENT TRENTE-NEUF (3 856 639) du Cadastre du Québec, circonscription foncière de Laprairie;

1.44 Lot TROIS MILLIONS HUIT CENT CINQUANTE-SIX MILLE SIX CENT QUARANTE (3 856 640) du Cadastre du Québec, circonscription foncière de Laprairie;

1.45 Lot TROIS MILLIONS HUIT CENT QUATRE-VINGT-CINQ MILLE SEPT CENT SOIXANTE-SIX (3 885 766) du Cadastre du Québec, circonscription foncière de Laprairie; et

1.46 Lot TROIS MILLIONS SEPT CENT SIX MILLE CENT QUATRE-VINGT-DIX-NEUF (3 706 199) du Cadastre du Québec, circonscription foncière de Laprairie.

Ainsi que le tout se trouve présentement avec toutes les bâtisses y érigées, situées en la Ville de Brossard, province de Québec.

**MENTIONS**

Référence à l'inscription visée  
NUMÉRO NATURE

06-0407676-0004	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION
06-0629783-0017	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION
07-0030480-0001	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION
07-0030480-0004	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION
08-0350210-0001	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION
08-0350210-0002	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION
06-0629783-0002	HYPOTHÈQUE CONVENTIONNELLE SANS DÉPOSSESSION



Référence à l'acte constitutif

Forme de l'acte : Notarié en minute

Date : 2008-07-03

Lieu : Montréal (Québec)

No de minute : 9648

Nom du notaire : Robert Alain, Notaire

Autres mentions :

Pour plus de certitude, les parties aux présentes conviennent qu'après

la présente transaction de vente et transfert, les droits, titres et

intérêts dans la Propriété seront détenus par les parties suivantes et

dans les proportions indivises suivantes: (i) RioCan Holdings

(Brossard) Inc.: 50%, (ii) le Cessionnaire: 20%, (iii) Fonds de

Placement Immobilier BB : 15%, (iv) Immeubles Régime XV inc.: 9% et (v)

9123-2850 Québec inc.: 6%.

**REMARQUES**

Inscriptions de radiation - Quant à l'inscription visée

10-0123644-0001 04MAR2010 07-0030480-0007

11-0767036-0004 05OCT2011 06-0629783-0014

11-0767036-0004 05OCT2011 07-0206336-0004

12-0914550-0013 06NOV2012 08-0350210-0001

12-0931656-0007 12NOV2012 08-0350210-0004

14-1129712-0037 03DEC2014 07-0428963-0002

**PPSA Nova Scotia** [Currency Date: July 8, 2015]

The PPSA Nova Scotia enquiry response with a file currency of July 8, 2015 disclosed the registration summarized below.

	<u>Registration Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
1.	24511651	BDC Capital Inc.	Registration Date: June 29, 2015  Registration Period: 9 years  Expiry Date: June 29, 2024	A security interest is taken in all of the debtor's present and after- acquired personal property
2.	24628299	Bank of Montreal	Registration Date: July 21, 2015  Registration Period: 9 years  Expiry Date: July 21, 2023	A security interest is taken in all of the debtor's present and after- acquired personal property

**6. CANADIAN INTELLECTUAL PROPERTY OFFICE** [Currency Date: July 14, 2015]

The Canadian Intellectual Property Office enquiry response we obtained on July 14, 2015 in respect to Sherson Group Inc. did not disclose any security interests registered on title to the trademark "PLAZA

SUITE” which is registered by Sherson Group Inc. for use in association with mens, womens, and childrens shoes and boots.

**SUMMARY OF SEARCHES  
AMALGAMATING CORPORATIONS**

**A. 879750 ONTARIO INC.**

**1. PPSA/RPMRR**

The PPSA and RPMRR, as the case may be, enquiry response, which we obtained for the jurisdictions set out below, with a file currency of July 8, 2015, disclosed no registrations.

- (a) British Columbia
- (b) Alberta
- (c) Manitoba
- (d) Quebec
- (e) Nova Scotia

The PPSA Ontario enquiry response with a file currency of July 8, 2015 disclosed the registration summarized below.

<u>Registration Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
1. 681337899	VW Credit Canada Inc.	Registration Date: September 10, 2012  Registration Period: 4 years  Expiry Date: September 10, 2016	Consumer goods, Equipment, Other, Motor Vehicle  Amount: \$59,647  2013 Audi A5 Premium Plus, VIN WAUWFBFR2DA018037

**B. STEPHEN APPLEBAUM HOLDINGS INC.**

**2. PPSA/RPMRR**

The PPSA and RPMRR, as the case may be, enquiry response, which we obtained for the jurisdictions set out below, with a file currency of July 8, 2015, disclosed no registrations.

- (a) British Columbia
- (b) Alberta
- (c) Manitoba
- (d) Quebec
- (e) Nova Scotia

The PPSA Ontario enquiry response with a file currency of July 8, 2015 disclosed the registration summarized below.

<u>Registration Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
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<u>Registration Number</u>	<u>Secured Party</u>	<u>Registration Date/ Registration Period</u>	<u>Collateral</u>
1. 681337899	VW Credit Canada Inc.	Registration Date: September 10, 2012  Registration Period: 4 years  Expiry Date: September 10, 2016	Consumer goods, Equipment, Other, Motor Vehicle  Amount: \$59,647  2013 Audi A5 Premium Plus, VIN WAUWFBFR2DA018037

# APPENDIX “F”

**SHERSON GROUP INC.**

as Vendor

and

**NINE WEST CANADA LP**

as Purchaser

and

**THE OTHER PARTIES HERETO**

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**ASSET PURCHASE AGREEMENT**

August 6, 2015

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## ASSET PURCHASE AGREEMENT

This asset purchase agreement is dated August 6, 2015 between Sherson Group Inc. (the "**Vendor**"), Nine West Canada LP, a new Ontario limited partnership (or its assignee, the "**Purchaser**") and Stephen Applebaum Inc. and Stephen Applebaum (in his personal capacity) (the "**Guarantors**").

### RECITALS:

- (a) The Vendor filed a notice of intention to make a proposal (the "**NOI**") under the *Bankruptcy and Insolvency Act* (the "**BIA**") on June 29, 2015; and
- (b) The Vendor wishes to sell substantially all of the assets used in the Business and to assign certain liabilities and the Purchaser has agreed to purchase such assets and assume such liabilities upon the terms and conditions contained in this Agreement.

In consideration of the above and for other good and valuable consideration, the parties agree as follows.

## ARTICLE 1 INTERPRETATION

### Section 1.1 Definitions.

As used in this Agreement, the following terms have the following meanings:

**"Agreement"** means this asset purchase agreement, including all schedules annexed hereto, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof.

**"Approval and Vesting Order"** means an approval and vesting order of the Court approving this Agreement and the transactions contemplated hereby, vesting in and to the Purchaser the Purchased Assets free and clear of and from any and all Encumbrances other than Permitted Encumbrances and waiving compliance with the applicable provisions of the *Bulk Sales Act* (Ontario).

**"Assigned Contract"** means a contract (other than a lease of real or immovable property) to which the Vendor is a party that is the subject of an Assignment Notice and the benefit of which is assigned to the Purchaser in accordance with Article 4 or by way of an Assignment Order.

**"Assigned Lease"** means a lease for real (or immovable) property to which the Vendor is a party as tenant that is the subject of an Assignment Notice and the benefit of which is assigned to the Purchaser in accordance with Article 4 or by way of an Assignment Order.

**"Assignment Order"** means an order of the Court requiring the assignment of contracts and leases designated by the Purchaser to which the Vendor is a party to the Purchaser, in form and substance satisfactory to the Purchaser and the Proposal Trustee, acting reasonably.

**"Business"** means the businesses operated by the Vendor, which consists of the importation, wholesale and retail of footwear and accessories for women in Canada.

**"Business Day"** means any day of the year, other than a Saturday, Sunday or any day on which Canadian chartered banks are closed for business in Toronto, Ontario.

**"Closing Date"** means the date that is three Business Days after the later of (a) the date the Approval and Vesting Order is obtained and (b) the date the Assignment Order is obtained, but no later than August 20, 2015.

**"Consent Required Agreements"** means the contracts and leases to which the Vendor is a party which are the subject of an Assignment Notice and which are not, other than by Assignment Order, assignable in whole or in part without the consent, approval or waiver of the party or parties thereto other than the Vendor.

**"Court"** means the Ontario Superior Court of Justice (Commercial List).

**"Cure Payment"** means a payment required to cure any existing monetary default or breach of the Vendor under any contract or lease which is to become an Assigned Contract or Assigned Lease as at the date such contract or lease, respectively, becomes an Assigned Contract or Assigned Lease.

**"Designation Deadline"** means the date that is 90 days after the Closing Date.

**"Employee Plans"** means all the employee benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit sharing, termination, change of control, retirement, health, welfare, medical, dental, disability, life insurance and similar plans, programmes, arrangements or practices relating to the current or former directors, officers or employees of the Vendor maintained, sponsored or funded by the Vendor, whether written or oral, funded or unfunded, insured or self-insured, registered or unregistered.

**"Encumbrances"** means any mortgage, charge, pledge, hypothec, security interest, assignment, lien (statutory or otherwise), easement, license, right of first refusal or first offer, title retention agreement or arrangement, conditional sale, deemed or statutory trust, restrictive covenant, execution, levies, or other financial or monetary claims or encumbrances of any nature (whether at law or equity), and any contract, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing.

**"Governmental Entity"** means: (i) any governmental or public department, central bank, court, minister, governor-in-council, cabinet, commission, tribunal, board, bureau, agency, commissioner or instrumentality, whether international,

multinational, national, federal, provincial, state, county, municipal, local, or other; (ii) any subdivision or authority of any of the above; and (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

**“Intellectual Property”** means domestic and foreign: (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions and continuations-in-part of patents or patent applications; (ii) proprietary and non-public business information, including inventions (whether patentable or not), invention disclosures, improvements, discoveries, trade secrets, confidential information, know-how, methods, processes, designs, technology, technical data, schematics, formulae and customer lists, and documentation relating to any of the foregoing; (iii) copyrights, copyright registrations and applications for copyright registration; (iv) mask works, mask work registrations and applications for mask work registrations; (v) designs, design registrations, design registration applications and integrated circuit topographies; (vi) trade names, business names, corporate names, domain names, website names and world wide web addresses, common law trade-marks, trade-mark registrations, trade mark applications, trade dress and logos, and the goodwill associated with any of the foregoing; (vii) computer software and programs (both source code and object code form), all proprietary rights in the computer software and programs and all documentation and other materials related to the computer software and programs; and (viii) any other intellectual property and industrial property.

**“Laws”** means any principle of common law and all applicable: (i) laws, constitutions, treaties, statutes, codes, ordinances, orders, decrees, rules, regulations and by-laws; (ii) judgments, orders, writs, injunctions, decisions, awards and directives of any Governmental Entity; and (iii) to the extent that they are treated as binding by the Governmental Entity, have the force of law, policies, guidelines, notices and protocols of any Governmental Entity.

**“Leased Premises”** means those lands and premises that are subject to the leases for real property to which the Vendor is a party as tenant.

**“License Agreement”** means the distribution and license agreement dated as of January 1, 2004 between the Vendor and Jones Apparel Group Holdings, Inc., Nine West Development Corporation and Nine West Footwear Corporation, as amended from time to time.

**“Ordinary Course”** means, with respect to the Vendor, an action consistent with the past practices of the Vendor prior to the filing of the NOI and taken in the ordinary course of the normal day-to-day business and operations of the Vendor, provided that such action is in compliance, in all material respects, with applicable Laws (provided that it is acknowledged that the Vendor will not be purchasing inventory and is required to comply with the requirements of the NOI proceedings).

**“Outside Date”** means August 20, 2015.

**"Permitted Encumbrances"** means those Encumbrances listed on Schedule A.

**"Person"** includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status.

**"Post-Filing Liabilities"** means those obligations and liabilities incurred by the Vendor during the course of the NOI proceedings from June 29, 2015 through to the Closing Date in respect of: (i) wages and benefits incurred in respect of the employment of its employees during the NOI Proceedings (excluding for termination or severance); (ii) royalties and other payments owing to Nine West by the Vendor under the License Agreement; (iii) unrecoverable sales Taxes incurred in respect of goods acquired for which the Vendor is not entitled to claim a credit or refund; (iv) duty incurred in respect of goods acquired; (v) reasonable professional fees incurred by the Vendor or for the account of the Vendor, including reasonable professional fees incurred by the Proposal Trustee in each case with respect to the NOI proceedings of the Vendor; (vi) amounts owing under section 81.3 of the BIA, save and except amounts owing to the Vendors, Guarantors and related parties, to a maximum of \$[REDACTED]; and (vii) other amounts reasonably incurred in the Ordinary Course during such period, namely: sales taxes owing on post filing Sales net of input tax credits incurred post filing; travel, auto, meals and other employee expenses incurred; supplies, signage, and marketing expenses; post-NOI filing Amex, Mastercard liabilities relating to business expenses; post-NOI filing expenses owing to temporary labor agencies; warehouse supplies; utilities, telephone, computer, and lease consultant expenses; credit card fees; bank fees and charges in relation to the operation of bank accounts; and software licensing costs. **"Post-Filing Liabilities"** shall not include any payments to either Guarantor or to Persons not at arm's length to the Vendor or the Guarantors, other than base salaries and benefits, without the prior written consent of the Purchaser.

**"Proposal Trustee"** means Richter Advisory Group Inc., pursuant to its proposed appointment as proposal trustee of the Vendor under the BIA.

**"Tax"** means: (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity

on or in respect of amounts of the type described in clause (i) above or this clause (ii); (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party.

“**Time of Closing**” means 8:30 a.m. (Toronto time) on the Closing Date.

“**Transferred Employees**” means those employees of the Vendor who accept the Purchaser’s offer of employment given in accordance with this Agreement.

**Section 1.2 Other Defined Terms.**

In addition to the defined terms in Section 1.1, each of the following capitalized terms shall have the meaning ascribed thereto in the corresponding Section:

<b>TERM</b>	<b>REFERENCE</b>
Accounts Receivable.....	Section 2.1(d)
Assignment Notice .....	Section 4.1(1)
Assumed Liabilities .....	Section 3.1
BIA .....	Recitals
Closing.....	Section 11.1
Contract Assumed Liabilities .....	Section 4.1(2)
ETA .....	Section 6.1
Excluded Assets .....	Section 2.2
Guarantors .....	Appearances
NOI .....	Recitals
Notice.....	Section 13.1
Proposal Trustee’s Certificate .....	Section 11.1(3)
Purchase Assets.....	Section 2.1
Purchase Price .....	Section 5.1
Purchaser.....	Appearances
QSTA .....	Section 6.1
Start Date.....	Section 7.1
Transfer Taxes .....	Section 6.3
Vendor .....	Appearances

**Section 1.3 Date for Any Action.**

If the date on which any action is required to be taken hereunder by a party is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.



**Section 1.4 Gender and Number.**

Any reference in this Agreement to gender includes all genders. Words importing the singular number only shall include the plural and vice versa.

**Section 1.5 Headings, etc.**

The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and are not to affect its interpretation.

**Section 1.6 Currency.**

All references in this Agreement to dollars or to \$ are expressed in Canadian currency unless otherwise specifically indicated.

**Section 1.7 Certain Phrases, etc.**

In this Agreement (i) the words "including", "includes" and "include" mean "including (or includes or include) without limitation", and (ii) the phrase "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of". Unless otherwise specified, the words "Article" and "Section" followed by a number mean and refer to the specified Article or Section of this Agreement.

**Section 1.8 Schedules.**

The schedules attached to this Agreement form an integral part of this Agreement for all purposes of it.

**ARTICLE 2  
PURCHASED ASSETS**

**Section 2.1 Purchased Assets.**

Subject to the terms and conditions of this Agreement, except for the Excluded Assets, the Vendor agrees to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Vendor, on the Closing Date, effective as of the Time of Closing, or such later time as is contemplated by this Agreement, all undertakings, property and assets of the Vendor, including any and all assets that relate to or are used in connection with the operation of the Business (collectively, the "**Purchased Assets**"), including but not limited to the following assets, all free and clear of all Encumbrances (other than Permitted Encumbrances):

- (a) all cash on hand, cash equivalents and bank deposits;
- (b) all inventory and supplies;

- (c) all personal or movable property, leasehold improvements, furniture fixtures and equipment, and racking;
- (d) all accounts receivable, credit card and debit card receivables, notes receivable and other debts due or accruing due to the Vendor (the "**Accounts Receivable**");
- (e) all prepaid expenses and deposits;
- (f) all client files, point-of-sale and computer equipment and other equipment;
- (g) all trucks, cars and other vehicles owned by the Vendor;
- (h) the benefit of all of the Assigned Contracts and Assigned Leases, provided that such benefit shall not be sold, transferred and assigned until the relevant Assigned Contract or Assigned Lease becomes an Assigned Contract or Assigned Lease in accordance with Article 4 or pursuant to an Assignment Order;
- (i) all Intellectual Property owned or licensed by the Vendor trademarks, trade names, domain names, website names, and world wide web addresses and logos owned by the Vendor;
- (j) to the extent transferable, the proceeds of any and all refunds that may be due to the Vendor from Canada Revenue Agency and from any provincial tax authorities;
- (k) all telephone and facsimile numbers, internet domain names and social media accounts used in connection with the Business and the Vendor's right, title and benefit to any and all consents, whether express or implied, granted in favour of the Vendor in accordance with *An Act to promote the efficiency and adaptability of the Canadian economy by regulating certain activities that discourage reliance on electronic means of carrying out commercial activities, and to amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act (Canada)* (commonly known as "Canada's Anti-Spam Law" or "CASL");
- (l) all orders, authorizations, approvals, licenses or permits of a Governmental Entity, owned, held or used by the Vendor;
- (m) all information in any form relating to, or used in connection with, the Business, including books of account, financial and accounting information and records, personnel records, sales and purchase records, customer and supplier lists, business reports, operating guides and manuals, plans and projections, marketing and advertising materials and all other documents, files, correspondence and other information (whether in written, printed,

electronic or computer printout form, or stored on computer discs or other data and software storage and media devices);

- (n) to the extent transferrable, all customer guarantees, customer notes, security agreements, financing statements under applicable personal property security legislation, customer deposits or collateral, filings or property securing customer obligations;
- (o) to the extent transferable, all claims, actions, causes of action, indemnities, warranties, guarantees, rights of recovery, rights of set-off and rights of recoupment of the Vendor (excluding against the Bank of Montreal or BDC Capital Inc.);
- (p) all proceeds payable to the Vendor upon any policies of insurance; and
- (q) the goodwill of the Business, including the exclusive right of the Purchaser to (i) represent itself as carrying on the Business in continuation of and in succession to the Vendor, and (ii) use any words indicating that the Business is carried on, together with the rights, if any, to telephone and facsimile numbers used in connection with the Business.

## **Section 2.2 Excluded Assets.**

The Purchased Assets shall not include any of the following (collectively, the "Excluded Assets"):

- (a) \$672,395.00 owing by Stephen Applebaum (in his personal capacity) to the Vendor as a result of a loan by the Vendor;
- (b) any claim, action, cause of action, indemnity, warranty, guarantee, right of recovery, right of set-off or right of recoupment of the Vendor against the Bank of Montreal or BDC Capital Inc.;
- (c) the benefit of any secured loan or credit agreement, or of any related security agreement, between the Vendor and any of the Bank of Montreal or BDC Capital Inc.; and
- (d) the benefit of any contracts, agreements and understandings to which the Vendor is a party other than those contracts and leases that are assigned to the Purchaser pursuant to Article 4 or to an Assignment Order.

For greater certainty, the Purchase Price will not be adjusted or set off against for Excluded Assets.

### ARTICLE 3 ASSUMED LIABILITIES

#### Section 3.1 Assumed Liabilities.

Subject to the Closing, and except for the Excluded Liabilities, the Purchaser agrees to assume, as of the Time of Closing or such other later time as is stipulated below, all of the Vendor's obligations and liabilities (and no other obligations or liabilities) relating to (collectively, the "Assumed Liabilities"):

- (a) the Purchased Assets arising and accruing in respect of the period after the Time of Closing and not related to any default existing at, prior to or as a consequence of Closing (which, for greater certainty, excludes all obligations and liabilities in connection with the Assigned Contracts and Assigned Leases, the assumption of obligations and liabilities of which is dealt with pursuant to Article 4);
- (b) the costs and expenses incurred by the Vendor for which the Purchaser is responsible pursuant to Section 4.2(2);
- (c) the obligations and liabilities of the Vendor arising under each of the Assigned Contracts and Assigned Leases, from and after the date each respective Assigned Contract and Assigned Lease becomes an Assigned Contract or Assigned Lease and not related to any default existing at, prior to or as a consequence of the assignment of such Assigned Contract or Assigned Lease to the Purchaser;
- (d) the obligation and liability of the Vendor to pay Cure Payments in respect of any contract or lease to which the Vendor is a party which becomes an Assigned Contract or Assigned Lease;
- (e) the obligations and liabilities of the Vendor with respect to the Transferred Employees that are expressly assumed by the Purchaser pursuant to this Agreement; and
- (f) any other liability which the Purchaser agrees in writing to assume on or before the Designation Deadline.

#### Section 3.2 Excluded Liabilities.

- (1) Other than the Assumed Liabilities and the Contract Assumed Liabilities, the Purchaser shall not assume and shall have no obligation to discharge, perform or fulfill any liability or obligation of the Vendor or in connection with the Purchased Assets, whether known, unknown, direct, indirect, absolute, contingent or otherwise or arising out of facts, circumstances or events, in existence on or prior to the Time of Closing (with respect to the Assumed Liabilities) or, subject to Article 4, on or prior to the date on which the Assigned Contract or Assigned Lease becomes an Assigned

Contract or Assigned Lease, respectively (with respect to the Contract Assumed Liabilities).

- (2) Without limiting the generality of Section 3.2(1), the Purchaser shall not assume and shall have no obligation in respect of (i) any of the Excluded Assets or (ii) except as expressly provided herein, any liabilities of the Vendor for Taxes other than Transfer Taxes payable by the Purchaser pursuant to Section 6.3.

#### ARTICLE 4 ASSIGNMENT AND ASSUMPTION OF CONTRACTS AND LEASES

##### Section 4.1 Assignment of Assigned Contracts and Assigned Leases.

- (1) On or prior to the Designation Deadline, the Purchaser may, in its sole discretion, designate any contract to which the Vendor is a party (other than a lease for real property) to become an Assigned Contract and any lease for real property to which the Vendor is a party as tenant to become an Assigned Lease by providing one or more written notices to the Vendor (each an "Assignment Notice"), which notices shall specify the contract or lease so designated and a date no earlier than 10 Business Days following delivery of the relevant notice on which the benefit of contract or lease specified in such notice will (subject to Section 4.3) be assigned to the Purchaser and which shall not be earlier than the Closing Date (such date, with respect to an Assignment Notice, the "Assignment Date").
- (2) Subject to Section 4.3, the Vendor shall be deemed to have assigned the benefit of any contract or lease specified in each Assignment Notice (together with the benefit of all security deposits related thereto) on the Assignment Date and the Purchaser shall be deemed to have assumed, on the Assignment Date, all of the Vendor's obligations and liabilities relating to such contract or lease arising and accruing in respect of the period after the Assignment Date and not related to any default existing at, prior to or as a consequence of the Closing or of the assignment of such Assigned Contract or Assigned Lease (collectively, the "Contract Assumed Liabilities"), in each case without payment of any additional consideration. Such contract or lease shall become an Assigned Contract or Assigned Lease, respectively, on the date such contract or lease is assigned to the Purchaser in accordance with this Article 4.

##### Section 4.2 Responsibility for Contracts During Interim Period.

- (1) From and after the Closing Date until the earliest to occur of (w) the date on which the applicable contract or lease becomes an Assigned Contract or an Assigned Lease, respectively, pursuant to an Assignment Notice or Assignment Order, (x) the date the Purchaser has delivered notice to the Vendor stipulating the applicable contract or lease is rejected and will not be or become an Assigned Contract or Assigned Lease and the applicable 30 day notice period for the disclaimer of such contract or lease has expired, (y) the applicable contract or lease is terminated by the Vendor or the counterparty thereto, or in accordance with its terms, and (z) if an Assignment Notice has not been issued with respect to such contract or lease on or before the

Designation Deadline, the Designation Deadline (the period from the Closing Date until such earliest date, the "Interim Period"); the Vendor will with respect to each contract or lease to which it is a party use commercially reasonable efforts during the term of such contract or lease to (i) provide to the Purchaser the benefit of each such contract and lease (including, without limitation, the right to use and occupy any premises subject to such a lease and otherwise operate the premises subject to such a lease), (ii) cooperate in any reasonable and lawful arrangement (including holding such contract or lease in trust for the Purchaser pending receipt of any required consent, approval or waiver to the assignment of such contract or lease pursuant to an Assignment Notice) designed to provide such benefits to the Purchaser, and (iii) enforce for the account of the Purchaser any rights of the Vendor under such contract and leases (including the right to elect to terminate such contract or lease in accordance with the terms thereof upon the written direction of the Purchaser), in each case subject to the prior approval of the Purchaser. The Purchaser will cooperate with the Vendor in order to enable the Vendor to provide to the Purchaser the benefits of the contracts and leases contemplated by this Section 4.2(1), and the Purchaser shall promptly upon demand pay any and all reasonable costs and expenses incurred by the Vendor in connection with the performance by the Vendor of its obligations under this Section 4.2(1).

- (2) The Purchaser shall pay the Vendor the amount incurred by the Vendor (plus applicable sales Taxes) in respect of any and all reasonable obligations and liabilities arising under contracts and leases to which the Vendor is a party during the Interim Period for each such contract and lease that are approved in advance by the Purchaser. The Purchaser shall also pay the Vendor (plus applicable sales Taxes) in respect of reasonable costs incurred by the Vendor and Proposal Trustee in respect of their necessary involvement, if any, during the Interim Period. In addition, the Purchaser shall pay the Vendor for its reasonable wage or salary and benefit costs (excluding for termination or severance) incurred in respect of the Interim Period. Such payments shall be made in consideration of the services performed by the Vendor for the benefit of the Purchaser pursuant to this Section 4.2.

#### **Section 4.3 Consent Required Contracts.**

- (1) Nothing in this Agreement shall be construed as an agreement to assign any Consent Required Contract, unless the consent, approval or waiver required to assign such Consent Required Contract has been given or an Assignment Order has been made with respect to such Consent Required Agreement.
- (2) From the date the relevant Assignment Notice is delivered, the Vendor and the Purchaser shall use reasonable commercial efforts to obtain the consents, approvals and waivers required for the assignment of the Consent Required Agreements that are the subject of such Assignment Notice. Other than the payment of Cure Payments in accordance with this Agreement and payment of reasonable legal costs incurred by any landlord in connection with the assignment of a lease that becomes an Assigned Lease, the Purchaser shall be under no obligation to pay any money, incur any obligations, commence any legal proceedings, or offer or grant any

accommodation (financial or otherwise) to any third party in order to obtain any consent, approval or waiver for any Consent Required Contract.

- (3) At the time of obtaining the Approval and Vesting Order, the Vendor shall obtain the Assignment Order, which shall be effective as of the assignment date of each Assumed Lease or Assumed Contract, should the Purchaser not otherwise obtain any of the consents provided for in Section 4.3(2) above.
- (4) With respect to the Consent Required Agreements, subject to Closing and to either (i) the consent of the other parties thereto to the assignment thereof, or (ii) in the absence of such consent, the obtaining of an Assignment Order, the Purchaser shall pay the applicable Cure Payments related to the applicable Consent Required Agreements on the relevant Assignment Date to the applicable counterparties thereto.

#### **Section 4.4 Certain Covenants.**

- (1) From the date of this Agreement, the Vendor shall and the Guarantors shall cause the Vendor to:
  - (a) until the Designation Date, use its commercially reasonable efforts to preserve intact its current business organization, keep available the services of its agents and employees and maintain good relations with, and the goodwill of, suppliers, customers, landlords, creditors, distributors and all other Persons having business relationships with the Vendor, subject in all cases to the obligations of the Vendor under this Agreement;
  - (b) until the end of the Interim Period for the applicable lease, remain in possession of the Leased Premises for such lease in accordance with its terms and to the extent the such lease is not validly disclaimed by the counterparty thereto prior to the end of the Interim Period;
  - (c) continue to abide by the terms of the contracts to which it is a party, to the extent the applicable contract is not validly disclaimed by the counterparty thereto prior to the end of the Interim Period (except for the terms of the License Agreement until the earlier of the Closing Date or the date of termination of this Agreement);
  - (d) subject to applicable Laws, confer with the Purchaser concerning operational matters of a material nature relating to the Business; and
  - (e) use its commercially reasonable efforts to retain possession and control of the Purchased Assets until sold, transferred and assigned to the Purchaser.
- (2) Without derogating from the obligation of the Vendor and Guarantors in Section 4.4(1) but subject to applicable Laws, from there date hereof the Vendor shall not, and the Guarantors shall cause the Vendor not to:

- (a) terminate, amend, supplement, modify, waive any rights under, or suffer, create or allow to exist any Encumbrance (other than Permitted Encumbrances) with respect to any contract or lease to which the Vendor is a party, or take any affirmative action not required by the terms thereof, except, in each case, as required by this Agreement or with the prior written consent of the Purchaser;
- (b) amend, compromise or enter into any agreements or arrangements relating to any Purchased Assets or which may reduce the value of such assets;
- (c) terminate any employee of the Vendor without the prior written consent of the Purchaser;
- (d) make any bonus or profit sharing distribution or similar payment of any kind to any Person in connection with the Business except to an employee of the Vendor in accordance with a *bona fide* written employment contract with such employee that has been delivered to the Purchaser;
- (e) grant any general increase in the rate of wages, salaries, bonuses or other remuneration of any employee;
- (f) increase the benefits to which any employee is entitled under any Employee Plan;
- (g) cancel, reduce or otherwise impair any of its insurance coverage, including taking any action or omitting to take any action that would enable the insurers under Vendor's policies to avoid liability for claims arising out of occurrences prior to Closing; or
- (h) authorize, agree or otherwise commit, whether or not in writing, to do any of the foregoing.

#### **Section 4.5 Cooperation to Amend.**

At the Purchaser's request, and at the Purchaser's cost and expense, until the earlier of the Designation Deadline and the date the relevant contract or lease becomes an Assigned Contract or Assigned Lease, respectively, the Vendor shall cooperate with the Purchaser as reasonably requested by the Purchaser to amend any contract or lease to which the Vendor is a party and negotiate with the counterparty of any such contract or lease to cause such amendment.

### **ARTICLE 5 PURCHASE PRICE**

#### **Section 5.1 Purchase Price and Deposit.**

- (1) The Purchaser shall immediately upon execution of this Agreement deposit the amount of \$ [REDACTED] with the Proposal Trustee's counsel, in trust. The deposit will be



applied on Closing in satisfaction of an equivalent amount of the Purchase Price. If the Closing does not occur by the Outside Date due to either a breach by the Vendor or the failure of the Court to issue the Approval and Vesting Order and/or (unless waived by the Purchaser) the Assignment Order, the full amount of the deposit together with all accrued interest accrued thereon shall be immediately returned to the Purchaser. In all other cases, the deposit will be able to be retained as liquidated damages and used by the Proposal Trustee in accordance with a Court order. Such liquidated damages shall be the Vendor's sole and exclusive remedy for any such breach by the Purchaser of its representations, warranties or covenants under this Agreement.

- (2) The consideration payable by the Purchaser to the Vendor for the Purchased Assets is the sum of the following (the "**Purchase Price**"), exclusive of Transfer Taxes:
- (a) the amount required to satisfy the obligations of the Vendor owing to the Bank of Montreal as at the Closing Date pursuant to the payout letter to the Vendor from the Bank of Montreal delivered by the Vendor pursuant to Section 11.2(b), including any per diem amounts; plus
  - (b) the amount required to satisfy the obligations of the Vendor owing to BDC Capital Inc. as at the Closing Date pursuant to the payout letter to the Vendor from BDC Capital Inc. delivered by the Vendor pursuant to Section 11.2(b), including any per diem amounts; plus
  - (c) \$ [REDACTED], being the amount required for the Proposal Trustee to complete the bankruptcy and wind up of the Vendor after the Designation Deadline, and applicable HST (for greater certainty, which amount shall be exclusive of current retainers held by the Proposal Trustee, its Canadian and US counsel); and
  - (d) \$ [REDACTED], to Stephen Applebaum Inc. or as it may direct.

In addition, the Purchaser will assume the Assumed Liabilities.

## **Section 5.2 Payment of Purchase Price.**

The Purchase Price shall be satisfied by the Purchaser as follows, and the Vendor hereby directs the Purchaser to make the payments of the Purchase Price in accordance with this Section 5.2 and this shall be the Purchaser's good and sufficient authority for so doing:

- (a) as to the dollar value of the Assumed Liabilities, by the Purchaser assuming the Assumed Liabilities;
- (b) as to the amount referred to in Section 5.1(2)(a), by payment by the Purchaser to the Bank of Montreal or as the Bank of Montreal may otherwise direct, on behalf of the Vendor, of such amount by wire transfer of immediately available funds on the Closing Date (inclusive of the deposit);

- (c) as to the amount referred to in Section 5.1(2)(b), by payment by the Purchaser to BDC Capital Inc. or as BDC Capital Inc. may otherwise direct, on behalf of the Vendor, of such amount by wire transfer of immediately available funds on the Closing Date;
- (d) as to the amount referred to in Section 5.1(2)(c), by payment by the Purchaser to the Proposal Trustee, in trust for the Vendor, of such amount by wire transfer of immediately available funds on the Closing Date, to be applied by the Proposal Trustee on account of costs and expenses incurred by the Vendor in connection with its insolvency and winding up following the Designation Date;
- (e) as to \$ [REDACTED] of the amount referred to in Section 5.1(2)(d), by payment by the Purchaser to Stephen Applebaum Inc. or as Stephen Applebaum Inc. may otherwise direct, on behalf of the Vendor, of such amount by wire transfer of immediately available funds on the Closing Date; and
- (f) as to the balance of the amount referred to in Section 5.1(2)(d), being \$ [REDACTED], by payment by the Purchaser to Stephen Applebaum Inc. or as Stephen Applebaum Inc. may otherwise direct, on behalf of the Vendor, of such amount by wire transfer of immediately available funds on the Designation Deadline or, if the Designation Deadline is not a Business Day, on the first Business Day immediately following the Designation Deadline.

**Section 5.3 Post-Filing Liabilities.**

- (1) From and after the Closing Date, the Purchaser shall pay, on behalf of the Vendor, or reimburse the Vendor, and as an increase to the Purchase Price, Post-Filing Liabilities, subject to receipt of *bona fide* invoices or other evidence satisfactory to the Purchaser and the Proposal Trustee, acting reasonably, as and when due.
- (2) At Closing, the Purchaser shall prepay \$ [REDACTED] to the Proposal Trustee, without prejudice to the obligations of the Purchaser hereunder to pay any additional amounts required, to be applied only against *bona fide* invoices or other evidence of such Post-Filing Liabilities in accordance with a Court order, provided that if any part of such prepayment is not applied to Post-Filing Liabilities in accordance with a Court order on or before the Designation Date, such part shall be returned to the Purchaser within three Business Days after the Designation Date or such other date as may be agreed upon between the Purchaser and the Proposal Trustee, acting reasonably.

**Section 5.4 Allocation of Purchase Price.** The Vendor agrees to allocate the Purchase Price (plus the dollar value of the Assumed Liabilities) in accordance with any allocation delivered by the Purchaser to the Vendor at any time. The Vendor shall not make any filing or registration of any allocation of such amount among the Purchased Assets, whether in a Tax return, financial statement or otherwise, unless such allocation has been approved in advance in writing by the Purchaser.

## **ARTICLE 6 TAX MATTERS**

### **Section 6.1 ETA/QSTA Elections.**

The Purchaser and the Vendor shall jointly elect under subsection 167(1) of the *Excise Tax Act* (Canada) (the "ETA"), section 75 of An Act Respecting the Quebec Sales Tax (the "QSTA") and any other comparable provincial Tax legislation, in the form prescribed for the purposes of each such provision, in respect of the sale and transfer of the Purchased Assets and the Purchaser shall file such elections with the applicable tax authorities within the time and in the manner required by the applicable Law.

### **Section 6.2 Provincial Sales Taxes.**

The Purchaser shall self-assess and remit to the appropriate provincial tax authority all applicable provincial sales taxes payable in respect of the transfer to the Purchaser of the Purchased Assets. Where applicable, the Purchaser will provide purchase exemption certificates (or their equivalents) to the Vendor to support an exemption from provincial sales taxes.

### **Section 6.3 Transfer Taxes.**

Subject to any available elections or exemptions contemplated by Section 6.1 and Section 6.2, the Purchaser shall be liable for and shall pay all federal and provincial sales taxes and all other similar Taxes or other like charges of any jurisdiction ("**Transfer Taxes**") (for greater certainty, excluding all income or capital taxes of the Vendor) properly payable by the Purchaser in connection with the transfer of the Purchased Assets by the Vendor to the Purchaser.

### **Section 6.4 Indemnity for Transfer Taxes.**

The Purchaser shall indemnify and hold the Vendor (and its shareholders, directors, officers and employees) harmless from and against any taxes payable under the ETA and QSTA or any applicable provincial legislation and in any case any penalty or interest in respect thereof which may be payable by or assessed against the Vendor as a result of or in connection with the Vendor' failure to collect the applicable taxes payable under the ETA and QSTA or applicable provincial legislation on the sale of the Purchased Assets to the Purchaser, including any Transfer Taxes assessed as a result of any failure or refusal by the responsible tax authority to accept any election made under Section 6.1 or on the basis that such election was inapplicable, invalid or not properly made.

### **Section 6.5      Income Tax Elections.**

- (1) The Purchaser and the Vendor shall elect jointly in the prescribed form under section 22 of the *Income Tax Act* (Canada) and the corresponding provisions of any other applicable provincial Tax statute as to the sale of the Accounts Receivable forming part of the Purchased Assets and designate in such election an amount equal to the portion of the Purchase Price allocated to the Accounts Receivable pursuant to Section 5.4. This election, or these elections, shall be made within the time prescribed for such elections.
  
- (2) The Purchaser and the Vendor shall, if applicable, jointly execute and file an election under subsection 20(24) of the *Income Tax Act* (Canada) in the manner required by subsection 20(25) of the *Income Tax Act* (Canada) and under the equivalent or corresponding provisions of any other applicable provincial statute, in the prescribed forms and within the time period permitted under the *Income Tax Act* (Canada) and under any other applicable provincial statute as to such amount paid by the Vendor to the Purchaser for assuming future obligations. In this regard, the Purchaser and the Vendor acknowledge that a portion of the Purchased Assets transferred by the Vendor pursuant to this Agreement and having a value equal to the amount elected under subsection 20(24) of the *Income Tax Act* (Canada) and the equivalent provisions of any applicable provincial or territorial statute, is being transferred by the Vendor as a payment for the assumption of such future obligations by the Purchaser.

## **ARTICLE 7 EMPLOYEE MATTERS**

### **Section 7.1      Offer to Employees.**

Prior to the Designation Deadline, the Purchaser shall determine the employees of the Vendor to whom it desires to offer employment, conditional on the Closing and effective in each case as at a time determined by the Purchaser (for each such employee, that employee's "**Start Date**") in its sole discretion but which will not in any case be prior to the Time of Closing. Any offer of employment made by the Purchaser shall be on terms and conditions determined by the Purchaser in its sole discretion. The Vendor shall not attempt in any way to discourage any employees from accepting the offer of employment made by the Purchaser.

### **Section 7.2      Employee Plans.**

The Purchaser shall not assume any of the Employee Plans or liability for accrued benefits or any other liability under or in respect of any of the Employee Plans. The Employees who accept the Purchaser's offer of employment shall, as of the Closing Date, cease to accrue further benefits under the Employee Plans.

### Section 7.3 Employee Liability.

- (1) Without limiting the Purchaser's obligations in respect of the Transferred Employees, the Purchaser shall be responsible for:
  - (a) All liabilities for salary, wages, bonuses, commissions, vacation pay, and other compensation relating to employment of the Transferred Employees in accordance with the offer made to such Transferred Employees by the Purchaser for the period on or after the respective Employee's Start Date; and
  - (b) All statutory notice of termination or payment in lieu of notice obligations and statutory severance obligations in respect of the termination by the Purchaser of the employment of any Transferred Employee arising on or after such Transferred Employee's Start Date.
- (2) Without limiting the Vendor's obligations in respect of Persons employed in the Business prior to the Designation Date, but subject to the Purchaser's obligations under Section 4.2(2), the Vendor shall be responsible for all liabilities related to the employees who do not become Transferred Employees and for all liabilities of the Transferred Employees accruing or arising prior or as a consequence of Closing.

## ARTICLE 8 REPRESENTATIONS AND WARRANTIES

### Section 8.1 Vendor Representations and Warranties.

The Vendor and the Guarantors, jointly and severally, represent and warrant as follows to the Purchaser at the date of this Agreement and at the Closing Date and acknowledge and confirm that the Purchaser is relying upon such representations and warranties in connection with the purchase of the Purchased Assets and the assumption of the Assumed Liabilities:

- (1) **Incorporation and Qualification.** The Vendor is a corporation duly incorporated and existing under the laws of its jurisdiction of incorporation and has the corporate power to enter into and perform its obligations under this Agreement.
- (2) **Authorization.** The execution and delivery of and performance by the Vendor of this Agreement and the consummation of the transactions contemplated by it have been authorized by all necessary corporate action on the part of the Vendor.
- (3) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Vendor and constitutes a legal, valid and binding agreement of the Vendor, enforceable against it in accordance with its terms subject only to (A) as of the date hereof, any limitation under applicable laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar laws of general application affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise

in the granting of equitable remedies such as specific performance and injunction and (B) as of the Closing Date, the issuance of the Approval and Vesting Order.

- (4) **No Options, etc.** Except for the Purchaser's right under this Agreement, no person has any written or oral agreement, option, understanding or commitment, or any right or privilege capable of becoming such for the purchase from the Vendor of any of the Purchased Assets other than inventory sold in the Ordinary Course.
- (5) **Residence.** The Vendor is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).
- (6) **Registration.** The Vendor is a registrant under Part IX of the ETA and its registration number is \_\_\_\_\_, under the QSTA and its registration number is \_\_\_\_\_, under the *Provincial Sales Tax Act* (British Columbia) and its registration number is \_\_\_\_\_, and under any other comparable provincial legislation in each other province where the nature of the Vendor's business requires such registration.
- (7) **Brokers and Finders.** There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of the Vendor.
- (8) **Collective Agreement.** There is no collective agreement in force with respect to the Business or any of the employees of the Business nor is there any contract or agreement with any employee association in respect of the Business or the employees of the Business.
- (9) **Remittance to Governmental Entities.** With the exception of pre-NOI filing sales Taxes in the amount of \$ 1,400,000 and post-NOI filing sales Taxes in the amount of \$879,000, the Vendor has withheld from each payment made to any Person, including any of its present or former employees and all Persons who are or are deemed to be non-residents of Canada for purposes of the *Income Tax Act* (Canada), all amounts required by applicable Law to be withheld, and has remitted such withheld amounts within the prescribed periods to the appropriate Governmental Entity. The Vendor has remitted all Canada Pension Plan contributions, Quebec Pension Plan contributions, employment insurance premiums, employer health taxes and other Taxes payable by it in respect of its employees to the proper Governmental Entity within the time required under applicable Law. The Vendor has charged, collected and remitted on a timely basis all Taxes as required under applicable Law on any sale, supply or delivery whatsoever, made by the Vendor
- (10) **Contracts and Leases.** Attached as Schedule 8.1(10) is a list of all contracts and leases to which the Vendor is a party, true and accurate copies of which have been provided to the Purchaser. There are no material defaults under any such contracts or leases except as disclosed in Schedule 8.1(10).

- (11) **Cure Payments.** As of the date hereof, there are no Cure Payments due or payable under any contract or lease to which the Vendor is a party in excess of \$100,000 in the aggregate.
- (12) **Investment Canada Act.**
- (a) The Vendor is, and is controlled by, a resident of Canada for purposes of the *Investment Canada Act*.
  - (b) The Vendor does not provide any of the services, or engage in any of the activities of a "cultural business" within the meaning of the *Investment Canada Act*.
  - (c) The value of the Purchased Assets, calculated in accordance with the *Investment Canada Act*, are each less than the applicable amount at which an application for review pursuant to Part IV of the *Investment Canada Act* would be required in respect of the transactions contemplated by this Agreement.
- (13) **Competition Act.** For the purposes of section 110(3) of the *Competition Act* (Canada), each of (A) the total value of the Purchased Assets, and (B) the gross revenues from sales in or from Canada generated from the assets referred to in (A) above, measured in accordance with the *Competition Act* (Canada), is less than the review threshold amount as determined pursuant to sections 110(8) and 110(9) of the *Competition Act* (Canada).

## **Section 8.2 Purchaser's Representations and Warranties.**

The Purchaser represents and warrants as follows to the Vendor at the date of this Agreement and at the Closing Date and acknowledges and confirms that the Vendor is relying on such representations and warranties in connection with the sale by the Vendor of the Purchased Assets:

- (1) **Incorporation and Qualification.** The Purchaser is a limited partnership under the laws of Ontario, and its general partner is a corporation duly incorporated and existing under the laws of its jurisdiction of incorporation. The Purchaser has the partnership power to enter into and perform its obligations under this Agreement.
- (2) **Corporate Authority.** The execution and delivery of and performance by the Purchaser of this Agreement and the consummation of the transactions contemplated by it have been authorized by all necessary partnership and corporate action on the part of the Purchaser and its general partner.
- (3) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding agreement of the Purchaser enforceable against it in accordance with its terms subject only to the Approval and Vesting Order and any limitation under applicable laws relating to (i) bankruptcy, winding-up, insolvency, arrangement, fraudulent preference and conveyance, assignment and preference and other similar laws of general application

affecting the enforcement of creditors' rights, and (ii) the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction.

- (4) **Registration.** The Purchaser is, or prior to Closing will be, registered under Part IX of the ETA, under the QSTA and under comparable provincial legislation in each other province where the Purchaser is required to be registered for purposes of any election to be made pursuant to Section 6.1.
- (5) **Brokers and Finders.** There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of the Purchaser.

### **Section 8.3 Survival.**

The representations and warranties contained in this Agreement survive the Closing and continue in full force and effect for a period of one year.

### **Section 8.4 No Other Representations or Warranties of the Vendor; "As Is, Where Is".**

- (1) This Section 8.4 shall not apply to limit or affect the representations and warranties of the Guarantors.
- (2) The representations and warranties given by the Vendor in Article 8 are the sole and exclusive representations and warranties of the Vendor in connection with this Agreement and the transactions contemplated by it. Except for the representations and warranties given by the Vendor in Article 8, the Purchaser did not rely upon any statements, representations, promises, warranties, conditions or guarantees whatsoever, whether express or implied (by operation of law or otherwise), oral or written, legal, equitable, conventional, collateral or otherwise, regarding the assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith.
- (3) The Purchaser hereby acknowledges and agrees as follows:
  - (a) Except as expressly provided herein, the Purchased Assets are being purchased on an "as is, where is" basis; and
  - (b) Except as expressly set forth in this Agreement, the Vendor and the Proposal Trustee make no representations, or warranties in favour of the Purchaser concerning the Purchased Assets, which the Purchaser acknowledges are being acquired on an "as is, where is" basis, whether express or implied, statutory or collateral, arising by operation of Laws or otherwise, including express or implied warranties of merchantability, fitness for a particular purpose, title, description, quantity, condition or quality, and that any and all conditions and warranties expressed or implied by the *Sale of Goods Act*



(Ontario) or other Laws do not apply to the Transaction and are hereby waived by the Purchaser.

## ARTICLE 9 COVENANTS

### **Section 9.1 Conduct of Business in the Ordinary Course.**

The Vendor and the Guarantors shall use commercially reasonable efforts to conduct the Business in the Ordinary Course except to the extent required to allow the Vendor to comply with any of its obligations under this Agreement, subject in all cases to any limitation imposed by being subject to the commercial proposal process under the BIA and any Court order relating thereto. In addition, until the Closing Date, the Vendor shall, and the Guarantors shall cause the Vendor to, operate along the lines of the cash flow budget attached as Schedule 9.1, with any variances to be under 10% therefrom except with the written consent of the Purchaser. Except as expressly provided herein, the Vendor shall make no contractual commitment. Further, except as provided herein, the Vendor shall not make any payments to or to Persons not at arm's length (including to any affiliate of the Vendor or a Guarantor, to a Guarantor, or to any family member of Stephen Applebaum) to the Vendor or the Guarantors, without the prior written consent of the Purchaser.

### **Section 9.2 Exclusive Dealing.**

From the date hereof until the Closing Date, neither the Vendor nor the Guarantors shall, directly or indirectly, solicit, initiate, or encourage any inquiries or proposals from, discuss or negotiate with, provide any non-public information to, or consider the merits of any inquiries or proposals from, or enter into any agreement with, any Person (other than Purchaser) relating to any transaction involving the sale of any shares of the Vendor or the sale of any assets of the Vendor (other than as permitted in this Agreement) or any other business combination.

### **Section 9.3 Bankruptcy Filings.**

From the date hereof until the later of the Designation Date and the date the last contract or lease to which the Vendor is a party that is the subject of an Assignment Notice issued before the Designation Date becomes an Assigned Contract or Assigned Lease, as the case may be, neither the Vendor nor any Guarantor, nor any Person acting for or on behalf of any of them, shall petition or apply to have the Vendor noted a bankrupt whether pursuant to the BIA or any other applicable insolvency legislation.

### **Section 9.4 Actions to Satisfy Closing Conditions.**

The Vendor and the Purchaser agree to take all such actions as are within their respective control and shall use their respective commercially reasonable efforts to take, or cause to be taken, all other actions and make all such other filings and submissions, and obtain such authorizations, which are necessary or advisable in order to fulfil their respective obligations under this Agreement.

**Section 9.5 Access.**

Subject to applicable Laws, the Vendor shall (i) upon reasonable notice, permit the Purchaser and its employees, agents, counsel, accountants or other representatives, to have reasonable access during normal business hours to (A) the Purchased Assets, including all books and records whether retained by the Vendor or otherwise, (B) all contracts and leases to which any of the Vendor is a party, (C) personnel files relating to the employees of the Vendor (which shall be maintained in strict confidence by the Purchaser and only used for the purpose of considering and/or making employment offers to employees), and (D) the senior personnel of the Vendor, so long as the access does not unduly interfere with the ordinary conduct of the Business; and (ii) furnish to the Purchaser or its employees, agents, counsel, accountants or other such representatives such financial and operating data and other information with respect to the Purchased Assets as the Purchaser from time to time reasonably requests.

**Section 9.6 Access to Books and Records.**

For a period of 6 years from the Closing Date or for such longer period as may be required by Law, the Purchaser will use its reasonable commercial effects, without any liability to the Vendor, to retain all original books and records relating to the Purchased Assets that are transferred to the Purchaser under this Agreement. So long as any such books and records are retained by the Purchaser pursuant to this Agreement, the Vendor, the Guarantors, the Proposal Trustee, any receiver or bankruptcy trustee appointed in respect of the Vendor and their respective representatives shall have the right to inspect and to make copies (at its own expense) of them at any time upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Purchaser. The Purchaser has the right to have its representatives present during any such inspection.

**Section 9.7 Use of Business Name.**

As soon as practicable following the Designation Date, and prior to any assignment in bankruptcy, the Vendor shall discontinue use of business names in which the words "Nine West", or either of them.

**Section 9.8 Post-Closing Accounts Receivable.**

Within one Business Day following the Closing Date, and prior to any assignment in bankruptcy, the Vendor shall deliver a notice, in a form satisfactory to the Purchaser and duly executed by the Vendor, to the account debtors of the Accounts Receivable included in the Purchased Assets regarding the transfer of the accounts receivable and directing that all further payments thereunder be made to the Purchaser. Any Accounts Receivable forming part of the Purchased Assets collected by the Vendor or any trustee-in-bankruptcy appointed with respect to the Vendor (or other proceeds collected or derived from a Purchase Asset by the Vendor or such trustee-in-bankruptcy), other than the Purchase Price paid hereunder, from and after the Closing Date shall be held in trust for the benefit of the Purchaser, and such funds shall not form part of the Vendor's estate or otherwise made available to the Vendor's stakeholders, and, upon receipt following the Closing, shall

promptly be paid to, and for the benefit of, the Purchaser in accordance with its rights under this Agreement.

## ARTICLE 10 CONDITIONS OF CLOSING

### Section 10.1 Conditions for the Benefit of both Parties.

The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled or performed on or before the Closing Date:

- (1) **No Court Orders.** No provision of any applicable Law and no judgment, injunction, order or decree that prohibits the consummation of the purchase of the Purchased Assets pursuant to this Agreement shall be in effect;
- (2) **Approval and Vesting Order.** The Approval and Vesting Order shall have been issued and entered and shall not have been stayed, amended, appealed, modified, reversed or dismissed as at the Closing Date; and
- (3) **Assignment Order.** The Assignment Order shall have been issued and entered and shall not have been stayed, amended, appealed, modified, reversed or dismissed as at the Closing Date.

### Section 10.2 Conditions for the Benefit of the Purchaser.

The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled or performed on or before the Closing Date, which conditions are for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser in its sole discretion:

- (1) **Covenants.** The Vendor shall have fulfilled or complied with all covenants contained in this Agreement required to be fulfilled or complied with by it in all material respects at or prior to the Closing Date, including delivery by the Vendor of the documents and instruments contemplated by Section 11.2, save and except that there is no condition in favour of the Purchaser with respect to the compliance of the Vendor with the covenants required under Section 9.1 should the Vendor (a) fail to make any purchases of inventory that would have otherwise been made in the Ordinary Course, (b) fail to operate along the lines of the cash flow budget attached as Schedule 9.1, with any variances under 10%, unless the Vendor has failed to operate along the lines of the cash flow budget attached as Schedule 9.1 with any variances under 20%, or (c) enter into any new contractual commitment contrary to Section 9.1 or make any payment contrary to Section 9.1.
- (2) **No Bankruptcy.** Other than as a direct result of any action or inaction of any Person related to the Purchaser, the Vendor shall not be and shall not have become a bankrupt under the BIA.

- (3) **Vesting and Assignment Order.** Each of the Approval and Vesting Order and (unless waived by the Purchaser) the Assignment Order shall have been issued and entered in form and substance satisfactory to the Purchaser.

### **Section 10.3 Conditions for the Benefit of the Vendor.**

The purchase and sale of the Purchased Assets is subject to the following conditions to be fulfilled or performed on or before the Closing Date, which are for the exclusive benefit of the Vendor and which may be waived, in whole or in part, by the Vendor in its sole discretion:

- (1) **Representations and Warranties.** The representations and warranties of the Purchaser contained in this Agreement shall be true and correct as of the Closing Date in all material respects, with the same force and effect as if such representations and warranties had been made on and as of such date; and
- (2) **Covenants.** The Purchaser shall have fulfilled or complied with all covenants contained in this Agreement required to be fulfilled or complied with by it in all material respects at or prior to the Closing Date, including delivery by the Purchaser of the documents and instruments contemplated by Section 11.3.

## **ARTICLE 11 CLOSING**

### **Section 11.1 General.**

- (1) The completion of the transactions of purchase, sale and assumption contemplated by this Agreement (the "**Closing**") shall take place at the offices of Aird & Berlis LLP, 181 Bay Street, Suite 1800, Toronto, ON, on the Closing Date, at the Time of Closing, or at such other place as may be agreed upon in writing by the parties.
- (2) As soon as practicable following execution of this Agreement, the Vendor shall file motion materials seeking the issuance of the Approval and Vesting Order and the Assignment Order, provided that the Purchaser has had a reasonable opportunity to review such materials in advance of filing with the Court. The Vendor shall serve notice of the motion seeking the issuance and entry of the Approval and Vesting Order and the Assignment Order on all Persons determined reasonably necessary by the Purchaser and shall provide reasonable advance notice of any Court appearances so that the Purchaser may make arrangements to attend if it so desires.
- (3) The parties hereby acknowledge and agree that the Proposal Trustee shall be entitled in accordance with the Approval and Vesting Order to file a certificate, substantially in the form attached to the Approval and Vesting Order (the "**Proposal Trustee's Certificate**"), with the Court upon receiving written confirmation from the Vendor and the Purchaser that all conditions of Closing have been satisfied or waived.

### Section 11.2 Vendor's Closing Deliveries.

At the Closing, the Vendor shall execute and/or deliver or cause to be delivered to the Purchaser the following:

- (a) the Purchased Assets, which shall be delivered *in situ* wherever located as of the Closing;
- (b) a payout letter to the Vendor from the Bank of Montreal in form and substance satisfactory to the Purchaser and the Bank of Montreal, acting reasonably, confirming the amount required to satisfy the obligations of the Vendor owing to the Bank of Montreal as at the Closing Date (including any applicable per diem rate) pursuant to the credit agreement between the Vendor, as borrower, and the Bank of Montreal, as lender, dated as of January 18, 2013, as amended and supplemented to the date hereof, and together with a payout letter to the Vendor from BDC Capital Inc. in form and substance satisfactory to the Purchaser and BDC Capital Inc., acting reasonably, confirming the amount required to satisfy the obligations of the Vendor owing to BDC Capital Inc. as at the Closing Date (including any applicable per diem rate) by virtue of its credit arrangements with the Vendor;
- (c) a release from the Vendor and the Guarantors to the Bank of Montreal in form and substance satisfactory to the Bank of Montreal, acting reasonably, and a release from the Vendor and the Guarantors to BDC Capital Inc. in form and substance satisfactory to BDC Capital Inc., acting reasonably;
- (d) a true and complete copy of the Approval and Vesting Order, as entered by the Court;
- (e) (unless waived by the Purchaser) a true and complete copy of the Assignment Order, as entered by the Court;
- (f) true and complete copies of all contracts and leases to which the Vendor is a party, to the extent not delivered prior to Closing;
- (g) such executed Tax elections as are required pursuant to Article 6; and
- (h) a true and complete copy of the Proposal Trustee's Certificate executed by the Proposal Trustee (such Proposal Trustee's Certificate to be filed with the Court by the Proposal Trustee following Closing and a copy of such filed Proposal Trustee's Certificate shall be delivered to the Purchaser promptly thereafter).

### Section 11.3 Purchaser's Closing Deliveries.

At the Closing, the Purchaser shall execute and/or deliver or cause to be delivered to the Vendor the following:

- (a) subject to Section 13.3, the payments contemplated by Section 5.2(b), Section 5.2(c), Section 5.2(d), Section 5.2(e) and Section 5.3;
- (b) payment of any applicable Transfer Taxes; and
- (c) such executed Tax elections as are required pursuant to Article 6.

## ARTICLE 12 TERMINATION

### Section 12.1 Termination of Agreement.

This Agreement may by notice in writing given prior to or on the Closing Date be terminated:

- (a) by mutual consent of the Vendor and the Purchaser;
- (b) by the Purchaser or the Vendor if the Approval and Vesting Order shall fail, once granted, to be in full force and effect or shall have been amended, appealed, modified, reversed or dismissed without the prior written consent of the Purchaser;
- (c) by the Purchaser (unless waived by the Purchaser) if the Assignment Order shall fail, once granted, to be in full force and effect or shall have been amended, appealed, modified, reversed or dismissed without the prior written consent of the Purchaser;
- (d) by the Purchaser if the Vendor shall have failed to operate in compliance with the cash flow budget attached as Schedule 9.1, with any adverse variances of actual net cash flow to budgeted net cash flow to be less than 20% except with the written consent of the Purchaser;
- (e) by the Purchaser if an event has occurred as a result of which the conditions in Section 10.2 are not capable of being satisfied by the Outside Date, as reasonably determined by the Purchaser; or
- (f) automatically if the Closing has not occurred by the end of the day on the Outside Date.

### Section 12.2 Effect of Termination.

In the event that the Agreement is terminated in accordance with Section 12.1, then each of the parties shall be relieved of its duties and obligations arising under this Agreement effective as of the date of such termination and such termination shall be without liability to the Purchaser and the Vendor; provided however that in no event shall any termination of this Agreement relieve any party hereto of any liability for any willful or intentional breach of this Agreement by such party or affect the treatment of the deposit as provided in Section 5.1.

**ARTICLE 13  
MISCELLANEOUS**

**Section 13.1 Notices.**

Any notice, direction or other communication given regarding the matters contemplated by this Agreement (each a "Notice") must be in writing, sent by personal delivery, courier or electronic mail and addressed:

(a) to the Vendor or any Guarantor at:

Sherson Group Inc.  
1446 Don Mills Road  
North York, Ontario M3B 3N6

Attention: Stephen Applebaum  
Fax:

with a copy to:

Aird & Berlis LLP  
Brookfield Place  
181 Bay Street, Suite 1800  
Toronto, Ontario M5J 2T9

Attention: Ken Rosenstein  
Fax: (416) 863-1515

with a copy to:

Richter Advisory Group Inc.  
2345 Yonge St., Suite 300  
Toronto, Ontario M4P 2E5

Attention:  
Fax:

(b) to the Purchaser at:

Nine West Holdings, Inc.  
1411 Broadway  
Floor 15  
New York NY 10018  
United States of America

Attention: Ralph Schipani

with a copy to:

Stikeman Elliott LLP  
5300 Commerce Court West  
199 Bay Street  
Toronto, Ontario M5L 1B9  
Attention: Simon Romano and Elizabeth Pillon  
Fax: (416) 947-0866

A Notice is deemed to be given and received if sent by personal delivery, courier or electronic mail, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day. A party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the party at its changed address. Any element of a party's address that is not specifically changed in a Notice will be assumed not to be changed. Sending a copy of a Notice to a party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the Notice to that party. The failure to send a copy of a Notice to legal counsel does not invalidate delivery of that Notice to a party.

**Section 13.2 Assignment.**

- (1) Except as provided in this Section 13.2, neither this Agreement nor any of the rights or obligations under this Agreement may be assigned or transferred, in whole or in part, by any party without the prior written consent of the other parties.
- (2) Upon giving notice to the Vendor at any time on or prior to one Business Day prior to the date of the hearing for the Approval and Vesting Order, the Purchaser is entitled to assign this Agreement or any of its rights under this Agreement to any of its affiliates (as such term is defined in *National Instrument 45-106*).

**Section 13.3 Setoff.**

Without prejudice to its rights under this Agreement or otherwise at law or in equity, the Purchaser shall be entitled to set off against the Purchase Price due under Section 5.2(e) and Section 5.2(f) any damages or losses suffered or incurred by the Purchaser to the extent resulting from any breach of any representation or warranty, or failure to perform any covenant, of the Vendor or any Guarantor under this Agreement.

**Section 13.4 Survival.**

Any provision of this Agreement which contemplates performance or the existence of obligations after the Closing Date shall not be deemed to be merged into or waived by the execution, delivery or performance of this Agreement or documents delivered in connection herewith or Closing, but shall expressly survive the execution, delivery and performance of this Agreement, Closing and the execution, delivery and performance of any and all documents delivered in connection with this Agreement and shall be binding upon the party or parties obligated thereby (including any trustee-in-bankruptcy appointed in respect of such party) in accordance with the terms of this Agreement.



**Section 13.5 Time of the Essence.**

Time is of the essence in this Agreement.

**Section 13.6 Enurement.**

This Agreement becomes effective when executed by the Vendor and the Purchaser. After that time, it will be binding upon and enure to the benefit of the parties and their respective successors, legal representatives and permitted assigns. Neither this Agreement nor any of the rights or obligations under this Agreement, including any right to payment, may be assigned or transferred, in whole or in part, by either party without the prior written consent of the other party.

**Section 13.7 Entire Agreement.**

This Agreement and the other documents executed in connection herewith constitutes the entire agreement between the parties with respect to the transactions contemplated in this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties with respect to such transactions. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

**Section 13.8 Waiver.**

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the party to be bound by the waiver. A party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a party from any other or further exercise of that right or the exercise of any other right it may have.

**Section 13.9 Amendments.**

This Agreement may only be amended, supplemented or otherwise modified by written agreement signed by the Vendor and the Purchaser.

**Section 13.10 Further Assurances.**

From and after the Closing Date, each of the parties covenants and agrees to do such things, to attend such meetings and to execute such further conveyances, transfers, documents and assurances as may be deemed necessary or advisable from time to time in order to effectively transfer the Purchased Assets and the Assumed Liabilities to the Purchaser and carry out the terms and conditions of this Agreement in accordance with their true intent.

**Section 13.11 Severability.**

If any provision of this Agreement is determined to be illegal, invalid or unenforceable, by any court of competent jurisdiction from which no appeal exists or is taken, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

**Section 13.12 Governing Law.**

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

**Section 13.13 Counterparts.**

This Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this Agreement.

**[signature page follows]**

**SHERSON GROUP INC.**

By: 

Name: STEPHEN APPLEBAUM  
Title: PRESIDENT + CEO

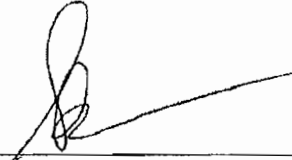
By: \_\_\_\_\_

Name:  
Title:

**STEPHEN APPLEBAUM INC.**

By: 

Name: STEPHEN APPLEBAUM  
Title: PRESIDENT



Witness

**STEPHEN APPLEBAUM**

**NINE WEST CANADA LP, BY ITS  
GENERAL PARTNER**

By: \_\_\_\_\_

Name:  
Title:

By: \_\_\_\_\_

Name:  
Title:

**SHERSON GROUP INC.**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

**STEPHEN APPLEBAUM INC.**

By: \_\_\_\_\_

Name:

Title:

\_\_\_\_\_  
Witness

\_\_\_\_\_  
**STEPHEN APPLEBAUM**

**NINE WEST CANADA LP, BY ITS  
GENERAL PARTNER**

By:  \_\_\_\_\_

Name: *Ralph Schipani*

Title: *Vice President*

By: \_\_\_\_\_

Name:

Title:

**Schedule 8.1(10) - Contracts and Leases and Defaults Thereunder**

Based on Unaudited Information Provided by Company

Sherson Group Inc.  
Contract Summary

Contracting Party	Description	Pre-filing Payable <sup>(1)</sup>
<b>Landlords</b>		
Ivanhoe Cambridge	Cross Iron Mills	\$ -
Ivanhoe Cambridge	Dixie Value Mall	-
Rio Can	Mega Centre Notre Dame	-
Ivanhoe Cambridge	Nw Ss - Vaughan Mills	-
Orlando	Heartland Town Centre	-
Tanger Outlets	Cookstown Manufacturer Outlet	-
OP Trust Retail	Windsor Crossing	-
Ivanhoe Cambridge	Niagara Factory Outlet	-
Cadillac Fairview	Shop On Don Mills	-
Simon	Toronto Premium Outlets	-
Morguard	Bramalea City Centre	-
Ivanhoe Cambridge	The Outlet Collection Niagara	-
Tanger	Ottawa Tanger Outlets	-
Simon	Montreal Prime Outlets	-
Ivanhoe Cambridge	Mic Mac Mall	-
Ganz Realty	Orfus Road	-
Oxford	Square One Shopping Centre	-
Oxford	Hillcrest	-
Oxford	Yorkdale Shopping Centre	-
Cadillac Fairview	Richmond Centre	-
Ivanhoe Cambridge	Metropolis At Metrotown	-
Cadillac Fairview	Sherway Gardens	-
Cadillac Fairview	Toronto Eaton Centre	-
Cadillac Fairview	Pacific Centre	-
Orlando	Bayview Village	-
Cadillac Fairview	Le Carrefour Laval	-
Ivanhoe Cambridge	Calgary Eaton Centre	-
Cadillac Fairview	Fairview Pointe Claire	-
Brookfield Place	First Canadian Place	-
RioCan Holdings	Oakville Place Shopping	-
Cadillac Fairview	Market Mall	-
Cadillac Fairview	The Promenade Shopping	-
Cadillac Fairview	Fairview Mall	-
Ivanhoe Cambridge	Oakridge Centre	-
Oxford	Southcentre Mall	-
Park Royal SC Holdings	Park Royal Shopping	-
West Edmonton Mall	West Edmonton Mall	-
Ivanhoe Cambridge	Place Ste-Foy	-
Groupe Sarako	Ste-Catherine Street	-
Oxford	Edmonton City Centre West	-
Oxford	Scarborough Town Centre	-
Cadillac Fairview	Masonville Place	-
Cadillac Fairview	Chinook	-
Ivanhoe Cambridge	Mapleview Centre	-
Cadillac Fairview	Polo Park	-
Atlantis Realty Services Inc.	Head Office	-
Reisgeorge Management Limited	DC	-
<b>Services</b>		
ABS Information Systems Inc	IT Outsourcing	31,871
ADP Canada Co.	Payroll Services	-
EDI Gateway Inc.	Electronic Data Interfacing	-
MTS Inc	Internet Services in stores	90
GXS Canada Inc.	EDI Pricing Solution	849
Multidev Technologies Inc	ERP Maintenance Services	9,639
Manulife Financial	Health and Dental Services	31,932
Rogers Communication Partnership	Voice and Data Lines	598
Canada Post Corporation	Mail Services	13,560
Northwest Atlantic	Real Estate Broker	4,520
Pure Energy	Alarm Monitoring	-
Moneris	Credit Card Transaction Services	-
Stingray	Music Agreement	621
<b>Equipment</b>		
SmartPrint Inc.	Printer Leases & Photocopying Contract	-
Audi Downtown Toronto	Audi Vehicle	-
Mercedes Benz Midtown	Mercedes Vehicle	-
Havacar Leasing	Truck in the DC	-
GN Johnson Equipment	Equipment in the DC	1,560
<b>Customer</b>		
Hudson's Bay Company and Zellers Inc.	Merchandise Vendor Agreement	-
Town Shoes Limited	Merchandise Vendor Agreement	-
<b>Distribution &amp; Buying Agreements</b>		
LJP International, LLC	Mootsie Tootsie Mark in Canada	-
LJP International, LLC	Nine West Kids in Canada	-
LJP International, LLC	Buying Agent Agreement	-
The Silverstein Company	Papell Studio Women's Footwear in Canada	-
The Silverstein Company	Adrianna Papell Women's Footwear in Canada	-
The Silverstein Company	Buying Agent Agreement	-
Will-Rich Shoe Company LLC	Taryn Rose Mark in Canada	-
Will-Rich Shoe Company LLC	Adrienne Vittadini Mark in Canada	3,062
Will-Rich Shoe Company LLC	Buying Agent Agreement	-
JVB International, Inc.	Buying Agent Agreement	520
<b>Employees<sup>(2)</sup></b>		<b>\$ 99,897</b>

<sup>(1)</sup> USD Amounts converted to CAD at a rate of 1.3.

<sup>(2)</sup> Employee contracts previously provided.

**Schedule 9.1 - Cash Flow Budget**

[REDACTED]

## Schedule A - Permitted Encumbrances



## Schedule A - Permitted Encumbrances

Xerox Canada Ltd. Ontario Personal Property Registration System ("PPRS") registration number 20110401 1701 1462 2657

G.N. Johnston Equipment Co. Ltd. PPRS registrations number 20120404 1139 1097 4529 and number 20140404 0910 1097 5179

V.W. Credit Canada Inc. PPRS registration number 20120910 1948 1531 8072

Hav-a-Kar Leasing Ltd. PPRS registrations number 20121218 1007 1462 2587, number 20130129 1002 1462 0861 and number 20130129 1002 1462 0862

Mercedes-Benz Financial Services Canada Corporation PPRS registration number 20130628 1934 1531 8228

De Lage Landen Financial Services Canada Inc. PPRS registration number 20150114 1435 1530 3013

# APPENDIX “G”



IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF SHERSON GROUP INC.

District of Ontario  
Division No. 9 - Toronto  
Court File No: 31-2010608  
Estate File No. 31-2010608

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)  
(IN BANKRUPTCY AND INSOLVENCY)**

Proceedings commenced at Toronto

**SECOND REPORT OF PROPOSAL  
TRUSTEE  
August 14, 2015**

**CASSELS BROCK & BLACKWELL LLP**

Scotia Plaza  
2100 - 40 King Street West  
Toronto, ON M5H 3C2

**Jane Dietrich**

**LSUC No.: 49302U**

Tel: 416.860.5223

Fax: 416.640.3144

Email: [jdietrich@casselsbrock.com](mailto:jdietrich@casselsbrock.com)

**Larry Ellis**

**LSUC No.: 49313K**

Tel: 416.869.5406

Fax: 416.640.3004

Email: [lellis@casselsbrock.com](mailto:lellis@casselsbrock.com)

*Lawyers for Richter Advisory Group Inc.*