

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

**STRELLSON AG**

**Applicant**

**- and -**

**STRELLMAX LTD.**

**Respondent**

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**MOTION RECORD  
(Returnable October 27, 2017)**

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**WeirFoulds LLP**  
Barristers and Solicitors  
The TD Bank Tower, Suite 4100  
66 Wellington Street West  
Toronto, Ontario, Canada M5K 1B7

**Edmond F.B. Lamek** (LSUC #33338U)  
Tel: 416.947.5042  
Fax: 416.365.1876  
Email: elamek@weirfoulds.com

**Danny M. Nunes** (LSUC #53802D)  
Tel: 416.619.6293  
Fax: 416.365.1876  
Email: dnunes@weirfoulds.com

**Lawyers for the Receiver**

**TO: THE ATTACHED SERVICE LIST**

## SERVICE LIST

**TO: WeirFoulds LLP**  
The TD Bank Tower, Suite 4100  
66 Wellington Street West  
Toronto, ON M5K 1B7

**Attention: Edmond F.B. Lamek / Danny M. Nunes**  
Tel: (416) 367-6311 / (416) 619-6293  
Email: [elamek@weirfoulds.com](mailto:elamek@weirfoulds.com) / [dnunes@weirfoulds.com](mailto:dnunes@weirfoulds.com)

*Lawyers for Richter Advisory Group in its capacity as the Court-Appointed Receiver of Strellmax Ltd.*

**AND TO: Richter Advisory Group Inc.**  
181 Bay St., Suite 3320 - Bay Wellington Tower  
Toronto, ON M5J 2T3

**Attention: Paul Van Eyk / Katherine Forbes**  
Tel: (416) 485-4592 / (416)785-1151  
E-Mail: [PvanEyk@Richter.ca](mailto:PvanEyk@Richter.ca) / [kforbes@richter.ca](mailto:kforbes@richter.ca)

*Court-Appointed Receiver of Strellmax Ltd.*

**AND TO: Gowling WLG (Canada) LLP**  
1 First Canadian Place  
Suite 1600, 100 King Street West  
Toronto, ON M5X 1G5

**Attention: David F.W. Cohen / Frank Lamie / Thomas Gertner**  
Tel: (416) 369-6667 / (416) 862-3609 / (416) 369-4618  
E-Mail: [david.cohen@gowlingwlg.com](mailto:david.cohen@gowlingwlg.com) / [frank.lamie@gowlingwlg.com](mailto:frank.lamie@gowlingwlg.com) / [thomas.gertner@gowlingwlg.com](mailto:thomas.gertner@gowlingwlg.com)

*Lawyers for Strellson AG*

**AND TO: Aird & Berlis LLP**  
Brookfield Place, 181 Bay Street,  
Suite 1800  
Toronto, ON M5J 2T9

**Attention: Steven L. Graff**  
Tel: (416) 865-7726  
E-Mail: [sgraff@airdberlis.com](mailto:sgraff@airdberlis.com)

*Litigation Lawyers for Strellmax Ltd.*

**AND TO: Wisebrod/Zelifer Associates**  
245 Fairview Mall Drive, Suite 510  
Toronto, ON M2J 4T1

**Attention: Spencer Heath / Avi Wisebrod**  
Tel: (416) 496-2600 x. 204 / (416) 496-2600 x. 201  
E-Mail: [sh@wza.ca](mailto:sh@wza.ca) / [awisebrod@wza.ca](mailto:awisebrod@wza.ca)

*Corporate Lawyers for Strellmax Ltd.*

**AND TO: Fasken Martineau**  
Bay Adelaide Centre  
333 Bay Street, Suite 2400  
Toronto, ON M5H 2T6

**Attention: Stuart Brotman / Dylan Chochla**  
Tel: (416) 865-5419 / 416-868-3425  
E-Mail: [sbrotman@fasken.com](mailto:sbrotman@fasken.com) / [dchochla@fasken.com](mailto:dchochla@fasken.com)

*Lawyers for Rodair International Ltd.*

**AND TO: Thornton Grout Finnigan LLP**  
Suite 3200, 100 Wellington Street West,  
Toronto-Dominion Centre  
Toronto, ON M5K 1K7

**Attention: Rachel Bengino / Rebecca Kennedy**  
Tel: (416) 304-1153 / (416) 304-0603  
E-Mail: [rbengino@tgf.ca](mailto:rbengino@tgf.ca) / [rkennedy@tgf.ca](mailto:rkennedy@tgf.ca)

*Lawyers for The Toronto-Dominion Bank*

**AND TO: Julian Heller and Associates**  
120 Adelaide St. W., Ste. 2501  
Toronto, ON M5H 1T1

**Attention: Julian Heller**  
Tel: 416-364-2404  
E-Mail: [jheller@julianheller.com](mailto:jheller@julianheller.com)

*Lawyers for Accord Financial Ltd.*

**AND TO: Adamray Investments**  
3725 Chesswood Drive  
Toronto, ON

**Attention: Mark Altow**  
Email: [m.altow@strellson.ca](mailto:m.altow@strellson.ca)

**AND TO: Blaney McMurtry LLP**  
1500 - 2 Queen Street East  
Toronto, ON M5C 3G5

**Attention: John C. Wolf**  
Tel: 416-593-2994  
E-Mail: [jwolf@blaney.com](mailto:jwolf@blaney.com)

*Lawyers for bcIMC Realty Corporation and 2748355 Canada Inc.*

**AND TO: Viking Rideau Corporation**  
50 Rideau Street, Suite 300  
Ottawa, ON K1N 9J7

**Attention: Robert Crepin**  
Tel: (514) 353-2241  
Email: [robert.crepin@cadillacfairview.com](mailto:robert.crepin@cadillacfairview.com)

**AND TO: McLean Kerr LLP**  
130 Adelaide St. West, Suite 2800  
Toronto, ON M5H 3P5

**Attention: S. Michael Citak**  
Tel: 416-369-6619  
Email: [mcitak@mcleankerr.com](mailto:mcitak@mcleankerr.com)

*Lawyers for the Oxford Group of Landlords*

**AND TO: National Leasing Group Inc.**  
1525 Buffalo Place  
Winnipeg, MB R3T 1L9

**Attention: Anna Neustaedter**  
Tel: 204-954-9093  
Email: [Anna9093@nationalleasing.com](mailto:Anna9093@nationalleasing.com)

**AND TO: Department of Justice**  
Ontario Regional Office  
Tax Law Services Division  
The Exchange Tower  
130 King St. West, Suite 3400,  
Toronto, ON M5X 1K6

**Attention: Diane Winters**  
Tel: 416-973-3172  
Fax: 416-973-0810  
Email: [diane.winters@justice.gc.ca](mailto:diane.winters@justice.gc.ca)

**AND TO: Ministry of Finance**  
Legal Services Branch  
33 King Street West, 6th Floor  
Oshawa, ON L1H 8H5

**Attention: Kevin O'Hara**  
Tel: 905-433-6934  
Fax: 905-436-4510  
Email: [kevin.ohara@fin.gov.on.ca](mailto:kevin.ohara@fin.gov.on.ca)

**AND TO: Her Majesty the Queen in Right of the Province of British Columbia**  
Ministry of Justice - Legal Services Branch  
4th Floor, 1675 Douglas Street  
Victoria, BC V8W 9J7

**Attention: Heather Wellman / Aaron Welch**  
Tel: 250-356-8434 / (250) 356-8589  
Email: [Heather.Wellman@gov.bc.ca](mailto:Heather.Wellman@gov.bc.ca) / [Aaron.Welch@gov.bc.ca](mailto:Aaron.Welch@gov.bc.ca)

**COURIER LIST**

**AND TO: Realspace Management Group**  
3790 Victoria Park Avenue, Suite 100  
Toronto, ON M2H 3H7

**AND TO: Hudson's Bay Company**  
8925 Torbram Road  
Brampton, ON L6T 4G1

**Attention: Jim Monteiro**

**AND TO: Lord & Taylor**  
424 5th Avenue,  
New York, New York  
10018

**Attention: Jim Monteiro**

**AND TO: Saks Fifth Avenue**  
225 Liberty Avenue, 24th Floor  
New York, New York 10281

**Attention: Tom Ott**

# INDEX

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

**STRELLSON AG**

**Applicant**

**- and -**

**STRELLMAX LTD.**

**Respondent**

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**TAB 1**

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

**STRELLSON AG**

**Applicant**

**- and -**

**STRELLMAX LTD.**

**Respondent**

**NOTICE OF MOTION**

**RICHTER ADVISORY GROUP INC.** (“**Richter**”), in its capacity as the Court-appointed receiver (the “**Receiver**”) of the assets, undertakings and properties of Strellmax Ltd. (the “**Debtor**”) will make a motion before a Judge of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”), on Friday, October 27, 2017 at 10:00 a.m. or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

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

**THE MOTION IS FOR:**

1. an Order substantially in the form attached at Tab 4 of the Motion Record:
  - (a) abridging the time for service of the Notice of Motion and the Motion Record and declaring that this motion is properly returnable on October 27, 2017, and dispensing with further service thereof;
  - (b) approving the proposed sale of certain ‘Strellson’ brand merchandise samples (the “**Samples**”) owned by the Debtor and not subject to the SNAL Transaction or the Liquidation Sale (such terms as defined herein) (the “**Samples Transaction**”), as

contemplated in the purchase agreement attached at Tab 3 of the Motion Record (the “**Samples Purchase Agreement**”), to Strellson AG (in such capacity, the “**Buyer**”) and vesting the Samples in the Buyer, or such party as it directs, free and clear of any and all liens, charges, security interests and other encumbrances, upon closing of the Samples Transaction;

- (c) approving Richter’s pre-filing report dated July 5, 2017 (the “**Pre-Filing Report**”) and the Receiver’s first report dated October 6, 2017 (the “**First Report**”) and the activities described therein; and
- (d) such other and further relief as counsel may request and this Honourable Court may allow.

**THE GROUNDS FOR THE MOTION ARE:**

- 2. the Debtor carried on business as a wholesaler and retailer of ‘Strellson’ brand menswear in North America. The Debtor sold through its wholesale channel, predominantly to large Canadian and U.S. retailers and independent menswear stores, and through its retail channel at five retail locations;
- 3. the Debtor purchased and distributed apparel and accessories carrying the ‘Strellson’ brand pursuant to licence and distribution agreements with Strellson AG (“**Strellson**”);
- 4. pursuant to an assignment agreement dated June 30, 2017 between the Buyer and The Toronto-Dominion Bank (“**TD**”), TD assigned approximately \$3.7 million of indebtedness owed to it by Strellmax, together with the associated security agreements, to Strellson;
- 5. Richter was appointed as Receiver over the assets, undertakings and properties of the Debtor pursuant to the Order of the Honourable Madam Justice Conway dated July 7, 2017 (the “**Receivership Order**”);

6. pursuant to the Receivership Order, the Debtor was also authorized to remain in day to day control of its operations and to commence a liquidation sale of certain of its assets, principally its retail store inventory (the "**Liquidation Sale**") and certain Sale Guidelines (as defined in the Receivership Order) were approved pursuant to which the Liquidation Sale would be conducted;
7. pursuant to a further Order dated July 7, 2017, the Court approved a sale transaction in respect of certain of the Debtor's property not subject to the Liquidation Sale, principally the Debtor's wholesale inventory and related assets associated with its wholesale business, between the Debtor, the Receiver, Strellson and Strellson North American Ltd. (the "**SNAL Transaction**");
8. the SNAL Transaction was completed on August 1, 2017 and the Liquidation Sale was substantially completed by September 15, 2017;
9. in the ordinary course of business, the Debtor would purchase the Samples from Strellson which were then used to solicit and secure wholesale customer orders. As at the closing of the SNAL Transaction, the Samples were still in transit from Strellson and were not included amongst the assets to be purchased as part of the SNAL Transaction;
10. Strellson, as Buyer under the Samples Purchase Agreement, wishes to acquire the Samples to facilitate its continuation of the Debtor's wholesale business;
11. in the Receiver's opinion, the terms of the proposed Samples Transaction are reasonable in the circumstances as there are limited alternative sales channels for the Samples and the proposed Samples Transaction would be more beneficial to the Debtor's creditors than the liquidation of the Samples;
12. such further and other grounds as set out in the Pre-Filing Report and First Report;
13. the provisions of the Receivership Order, the BIA and the inherent and equitable jurisdiction of this Honourable Court;

14. Rules 1.04, 1.05, 2.01, 2.03, 16 and 37 of the *Rules of Civil Procedure*, R.R.O 1990, Reg. 194, as amended.

**AND FURTHER TAKE NOTICE** that the following materials will be filed in support of this application, namely:

- (a) the Pre-Filing Report;
- (b) the First Report;
- (c) the Samples Purchase Agreement; and
- (d) such further and other material as counsel may advise and this Honourable Court may allow.

**WEIRFOULDS LLP**  
Barristers and Solicitors  
TD Bank Tower, Suite 4100  
66 Wellington Street West  
Toronto, ON M5K 1B7

**Edmond F.B. Lamek (LSUC No. 33338U)**  
Tel: 416.947.5042  
Fax: 416.365.1876  
Email: elamek@weirfoulds.com

**Danny M. Nunes (LSUC No. 53802D)**  
Tel: 416.619.6293  
Fax: 416.365.1876  
Email: dnunes@weirfoulds.com

**Lawyers for the Receiver**

**STRELLSON AG**

**STRELLMAX LTD.**

**Applicant**

**Respondent**

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

**NOTICE OF MOTION  
(returnable October 27, 2017)**

**WeirFoulds LLP**  
Barristers & Solicitors  
66 Wellington Street West, Suite 4100  
Toronto-Dominion Centre  
Toronto, ON M5K 1B7

**Edmond F.B. Lamek (LSUC #33338U)**  
Tel.: 416.947.5042  
Fax: 416.365.1876  
Email: elamek@weirfoulds.com

**Danny M. Nunes (LSUC #53802D)**  
Tel: 416.619.6293  
Fax: 416. 365.1876  
Email: dnunes@weirfoulds.com

Lawyers for the Receiver

# TAB 2



Court File No. CV-17-11864-00CL

**STRELLMAX LTD.**

**FIRST REPORT OF THE RECEIVER**

OCTOBER 6, 2017

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

BETWEEN:

**STRELLSON AG**

Applicant

- and -

**STRELLMAX LTD.**

Respondent

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

**FIRST REPORT OF RICHTER ADVISORY GROUP INC.  
IN ITS CAPACITY AS RECEIVER OF THE ASSETS, UNDERTAKINGS AND PROPERTIES OF  
STRELLMAX LTD.**

**OCTOBER 6, 2017**

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## I. INTRODUCTION

1. Pursuant to the Order of the Honourable Madam Justice Conway of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated July 7, 2017 (the "**Receivership Order**"), Richter Advisory Group Inc. ("**Richter**") was appointed as receiver, pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), and section 101 of the *Courts of Justice Act* R.S.O. 1990 c. C.43, as amended (in such capacity, the "**Receiver**"), without security, of all the assets, properties and undertakings (the "**Property**") of Strellmax Ltd. ("**Strellmax**" or the "**Company**"). Pursuant to the Receivership Order, the Court authorized Strellmax to remain in day to day operation of its Business and authorized Strellmax to commence a liquidation sale of certain of the Company's assets, principally retail store inventory, (the "**Liquidation Sale**") and approved certain Sale Guidelines (as defined in the Receivership Order) pursuant to which the Liquidation Sale would be conducted. A copy of the Receivership Order is attached hereto as **Appendix "A"**.
2. Pursuant to a further Order dated July 7, 2017 (the "**Approval and Vesting Order**"), the Court approved the sale transaction contemplated by an asset purchase agreement (the "**APA**") in respect of certain of the Property not subject to the Liquidation Sale, principally Strellmax's wholesale inventory and related assets associated with Strellmax's wholesale business (the "**Purchased Assets**"), to be entered into between Strellson AG ("**Strellson**", in such capacity, the "**Purchaser**"), Strellson North American Ltd. (formerly Strellson Canada Ltd., the "**Buyer**"), Strellmax and the Receiver (the "**SNAL Transaction**"). A copy of the Approval and Vesting Order is attached hereto as **Appendix "B"**.
3. In support of the Receivership Order and the Approval and Vesting Order, Richter, in its capacity as proposed receiver of the Property of Strellmax, filed a report with the Court dated July 5, 2017 (the "**Pre-Filing Report**"). A copy of the Pre-Filing Report is attached hereto as **Appendix "C"**.

## II. PURPOSE OF REPORT

4. The purpose of this, the Receiver's first report (the "**First Report**"), is to:
  - a) Provide this Court with information regarding:
    - (i) the nature of the business arrangement between Accord Financial Ltd. ("**Accord**") and the Company, actions taken by Accord since the date of the Receiver's appointment with respect to certain Property, and communications between Accord, the Receiver, and the Receiver's counsel, WeirFoulds LLP ("**WeirFoulds**");
    - (ii) an update on the status of the SNAL Transaction; and

(iii) the proposed sale of certain 'Strellson' brand merchandise samples (the "**Samples**") owned by Strellmax and not subject to the SNAL Transaction or the Liquidation Sale, to the Buyer (the "**Samples Transaction**").

b) Recommend that the Court issue orders:

(i) approving the Samples Transaction and authorizing and directing the Receiver to complete same, and vesting in the Buyer, upon the closing of the Samples Transaction, all of the Company's right, title and interest in and to the Samples free and clear of all liens, charges, security interests and other encumbrances;

(ii) with respect to actions taken by Accord:

- declaring that Accord is in violation of the provisions of the Receivership Order, as a result of Accord's refusal to deliver Strellmax's Controlled Funds (as hereinafter defined), in its possession to the Receiver in accordance with the terms of the Receivership Order and as required by the Accord Agreement (as hereinafter defined);
- compelling Accord to report on and immediately turn over current and future Controlled Funds to the Receiver in accordance with the terms of the Receivership Order and/or the Accord Agreement; and
- ordering Accord to pay the costs incurred by the Receiver in respect of its motion, on a full indemnity basis; and

(iii) approving the Pre-Filing Report and this First Report, and the actions, activities and conduct of the Receiver set out therein.

### III. QUALIFICATIONS

5. In preparing this First Report, the Receiver has relied upon certain unaudited, draft, and/or internal financial information prepared by the Company's representatives, the Company's books and records, and discussions with the Company's representatives, its legal counsel and the Secured Creditor (as hereinafter defined) (collectively, the "**Information**").

6. In accordance with industry practice, except as described in this First Report:

a) Richter has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Chartered Professional Accountants Canada Handbook; and

- b) Richter has not conducted an examination or review of any financial forecast and projections in a manner that would comply with the procedures described in the Chartered Professional Accountants Canada Handbook.
- 7. Since future-oriented information is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, Richter expresses no assurance as to whether projections will be achieved. Richter expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this First Report, or relied upon by Richter in preparing this First Report.
- 8. Unless otherwise noted, all monetary amounts contained in this First Report are expressed in Canadian dollars.

#### IV. BACKGROUND

- 9. While this First Report summarizes some of the information set out in the Pre-Filing Report, for context, readers are directed to the Pre-Filing Report and to the Affidavit of Marcel Braun, sworn June 30, 2017 (the "**Braun Affidavit**") and filed in support of Strellson's application (in its capacity as Secured Creditor) for the Receivership Order and the Approval and Vesting Order, contained in the Applicant's Application Record dated June 30, 2017, for a more detailed explanation of the Company's background and the events leading to the appointment of the Receiver. A copy of the Application Record is posted on the Receiver's website at <http://www.richter.ca/en/folder/insolvency-cases/s/strellmax-ltd>.
- 10. Prior to the appointment of the Receiver, Strellmax operated as a wholesaler and retailer of 'Strellson' brand menswear in North America, from headquarters located in Toronto, Ontario. The Company's retail channel comprised five (5) standalone retail locations, and a store-in-store concession inside the Hudson's Bay Company (Yorkdale Mall, Toronto, Ontario).
- 11. The Company distributed under the 'Strellson' brand, pursuant to a licence agreement and a distribution agreement (the "**Licence Agreement**" and the "**Distribution Agreement**", respectively) with Strellson, as licensor.
- 12. Strellmax had operated a wholesale 'Strellson' business since 1997 and opened a flagship retail location in 2012 on Bloor Street in Toronto. From 2014 through 2016, the Company expanded its retail footprint, opening four (4) additional standalone stores across Canada, financed by existing cash flows, the TD Facility (as hereinafter defined), and a loan from its shareholder, Adamray Investments Inc. ("**Adamray**").
- 13. As at the date of the Receivership Order, the Company's standalone retail locations were as follows:
  - a) Bayview Village – Toronto, Ontario;

- b) Bloor Street West – Toronto, Ontario;
  - c) Yorkdale Mall – Toronto, Ontario;
  - d) Rideau Centre – Ottawa, Ontario; and
  - e) 745 Thurlow – Vancouver, B.C.
14. As further detailed in the Pre-Filing Report and the Braun Affidavit, in addition to the significant capital expenditures required to support the Company's retail expansion, the Company experienced operating losses in fiscal 2016 and 2017 year-to-date, and had been operating with limited liquidity on the TD Facility for several months, despite numerous financial accommodations provided by Strellson to Strellmax during the months prior to the appointment of the Receiver.
15. As further detailed below, Strellson took an assignment of the TD Debt and Security (as hereinafter defined) on June 30, 2017 and thereby became Strellmax's largest and first ranking secured creditor "**Secured Creditor**"). Strellson was also already Strellmax's largest unsecured creditor as a result of credit and other financial accommodations granted in respect of the supply of 'Strellson' brand merchandise to Strellmax.
16. Absent continued support from Strellson, Strellmax would have been unable to continue to carry on the business, due to the following:
- a) the Company's projections indicated that over the next 24 months, nearly all of the retail locations were forecast to suffer significant operating losses absent continued financial contributions from Strellson and that if it continued at status quo, the Strellmax wholesale business was likewise forecast to suffer significant operating losses; and
  - b) as a result of defaults on certain of the terms of the Licence Agreement and the Distribution Agreement, Strellson was unwilling to continue providing merchandise to the Company and was moving to terminate the Licence Agreement and the Distribution Agreement.
17. In July 2017, Strellson, in its capacity as Secured Creditor, sought and obtained the Receivership Order and the Approval and Vesting Order.

## **V. SECURED CREDITORS**

### **ASSIGNMENT OF TD BANK DEBT TO STRELLSON AG**

18. The Toronto-Dominion Bank ("**TD**") provided certain credit facilities to Strellmax commencing in 2012 pursuant to a credit agreement dated June 6, 2016, as amended by amending agreements dated June 30, 2016 and December 6, 2016, respectively (the "**TD Facility**"). As security for its advances under the TD

Facility and prior credit facilities, TD was granted a first-ranking security interest in the Property (together with the TD Facility, the "**TD Debt and Security**").

19. As detailed in the Braun Affidavit, TD assigned certain of its rights and obligations under the TD Debt and Security to Strellson pursuant to an assignment agreement dated June 30, 2017 (the "**Assignment Agreement**"). A copy of the Assignment Agreement is attached as Exhibit "C" to the Braun Affidavit.
20. In order to continue the use of the Company's existing cash management arrangements with TD, TD retained cash collateral in the amount of \$71,500 to secure the corporate credit card facility.
21. According to the Company's books and records, the amount outstanding to the Secured Creditor as at July 7, 2017 was approximately \$3.8 million.

#### **SECURITY OPINION**

22. As noted in the Pre-Filing Report, Richter received an opinion on Strellson's security from its independent legal counsel, WeirFoulds, dated July 4, 2017. The security opinion provides that, subject to the customary qualifications and assumptions, the security interest granted to TD pursuant to the assigned security over certain of the personal property, assets and undertakings of Strellmax located in Ontario, and assigned to Strellson under the Assignment Agreement, is valid and enforceable as against a trustee in bankruptcy of Strellmax.
23. As part of the Assignment Agreement, a contractual Postponement and Assignment of Creditor's Claim and Postponement of Security granted by Adamray in favour of TD was assigned, among other things, to Strellson. Searches conducted by WeirFoulds in Ontario confirm that the registrations originally in favour of TD against all classes of collateral, excluding consumer goods, have been amended to account for the assignment to Strellson and that the registrations were either registered prior in time to all other registrants or are subordinate to the registrations in favour of TD.
24. Only one Ontario PPSA registration, in favour of National Leasing Inc. in respect of certain leased computer software, appeared to qualify as a potential purchase money security interest in the collateral described therein capable of having priority over TD's registrations assigned to Strellson.
25. A search conducted under the B.C. PPSA confirmed that Strellson has also registered its security interest against all of Strellmax's present and after-acquired personal property. The Strellson registration is the only registration against Strellmax that appears in the B.C. PPSA search as of that time.

#### **OTHER SECURED CREDITORS**

26. Also as noted in the Pre-Filing Report, the Receiver understands that Adamray provided a shareholder loan to Strellmax in the amount of approximately \$1,150,000 (the "**Shareholder Loan**"), secured by a



security interest against the Property (the "**Subordinated Security**") which is contractually and temporally subordinate to the TD Debt and Security assigned to the Secured Creditor.

27. On March 1, 2016, at Strellmax's request, Accord provided an irrevocable letter of credit in favour of Strellson (the "**Accord LOC**") as security for amounts owing to Strellson on account of purchases of merchandise made by Strellmax from Strellson, to a maximum amount of \$500,000. Accord did not take security from Strellmax in respect of Strellmax's reimbursement obligation to Accord in respect of the Accord LOC (the "**Reimbursement Obligation**"). A copy of the Accord LOC agreement is attached as **Appendix "H"** hereto.
28. However, Accord did obtain a subordination from Mark Altow on behalf of Adamray in respect of the Reimbursement Obligation and in connection therewith took an assignment of the Adamray Shareholder Loan and the Subordinated Security.

## VI. THE SNAL TRANSACTION

29. As noted in the Pre-Filing Report, the Company, the Purchaser and their respective counsel (in consultation with Richter as proposed receiver) negotiated the terms and provisions of the APA. Subsequent to the Court's approval of the SNAL Transaction, the APA was executed on July 7, 2017, as amended and restated effective the same date. The amendments to the APA were minor and thus, pursuant to the terms of the Approval and Vesting Order, did not require court approval. The amendments to the APA primarily related to clarifying certain definitions of the Purchased Assets, and providing for a portion of the Purchase Price to be paid in cash to fund certain of the Company's liquidity needs (not initially contemplated in the APA) but leaving the total Purchase Price unchanged. A copy of the amended and restated APA (the "**Amended APA**") is attached as **Appendix "D"** hereto.
30. The key elements of the SNAL Transaction, as contemplated by the Amended APA, have been outlined in the Pre-Filing Report and, therefore, have not been repeated in their entirety herein (all terms not otherwise defined herein shall have the meanings as defined in the Amended APA).
31. The SNAL Transaction was completed on August 1, 2017 (the "**Closing Date**") and the Receiver's Certificate was delivered to the Purchaser on August 2, 2017 and filed with the Court.
32. Pursuant to the SNAL Transaction:
  - a) the Purchased Assets were acquired on an "as is, where is" basis, and vested in the Buyer free and clear of any Claims (as defined in the Approval and Vesting Order). The Purchased Assets include the following:

- (i) certain inventory owned by the Company at closing, comprising inventory in relation to the wholesale business (the "**Wholesale Inventory**") in the amount of approximately \$790,000 of book value on the Company's books and records ("**Book Value**");
  - (ii) other inventory designated by the Purchaser prior to the Closing Date (the "**Designated Inventory**", and together with the Wholesale Inventory, the "**Purchased Inventory**") in the amount of approximately \$130,000 of Book Value, designated in accordance with the terms of the Amended APA (which required the Designated Inventory to be of Book Value in an amount no less than \$100,000 and no more than \$300,000);
  - (iii) all wholesale customer contracts, customer orders and other commitments (collectively, the "**Wholesale Customer Contracts**");
  - (iv) all purchase orders outstanding with the Company's merchandise suppliers (the "**Wholesale Purchase Orders**");
  - (v) wholesale business customer lists;
  - (vi) the IT Systems; and
  - (vii) the books and records related to the Purchased Assets.
- b) the Purchased Assets specifically exclude, among other things, the Company's inventory other than the Purchased Inventory, furniture, fixtures, and equipment (the "**FF&E**") which were subject to the Liquidation Plan (as defined in the Pre-Filing Report) and accounts receivable;
- c) the Buyer agreed to assume certain liabilities of the Company (the "**Assumed Obligations**") existing at the Closing Date, including the following:
- (i) the liabilities in respect of the unfulfilled Wholesale Customer Contracts;
  - (ii) the liabilities in respect of the unfulfilled Wholesale Purchase Orders; and
  - (iii) certain liabilities in connection with the IT Systems.
- d) the purchase price (the "**Purchase Price**") for the Purchased Assets was composed of:
- (i) 100% of the Book Value of the Purchased Inventory (being the "**Purchased Inventory Book Value**"), net of amounts still owing on inventory delivered in connection with the Wholesale Purchase Orders, which is an Assumed Obligation of the Buyer;
  - (ii) \$50,000 (the "**IT Systems Credit Bid Amount**"); plus
  - (iii) the Assumed Obligations.

- e) the Purchase Price (exclusive of any transfer taxes) was satisfied at closing by the following:
- (i) a credit bid by the Purchaser of a portion of the TD Facility in an amount equal to the Purchased Inventory Book Value, less the Book Value of Purchased Inventory delivered in the Interim Period and remaining on hand, or remaining in-transit, at the Closing Date (the **"Delivered In Season Inventory Amount"**), plus the IT Systems Credit Bid Amount;
  - (ii) a cash payment in an amount equal to the Delivered In Season Inventory Amount; and
  - (iii) the Buyer's assumption of the Assumed Obligations at closing.
- f) effective on the Closing Date, the Buyer, Strellmax and the Receiver entered into an agreement (the **"Support Services Agreement"**) for transition services from and after the Closing Date (the **"Post-Closing Services"**), including in relation to the allocation of space at the Buyer's office and warehouse, access to the employees and the computer systems of each of the Buyer and Strellmax, and the Buyer's assistance to the Company in collecting accounts receivable from the Wholesale Customers. In accordance with the Amended APA, the Support Services Agreement provides that:
- (i) the Buyer shall provide certain Post-Closing Services to Strellmax and/or the Receiver (the **"Post-Closing Buyer Services"**), the consideration for which shall be the Post-Closing Strellmax Services (as hereinafter defined) and the services and accommodations provided by Strellmax to the Buyer during the Interim Period while the Buyer worked to satisfy the closing conditions to the SNAL Transaction. Effective on the Closing Date, Strellmax vacated its head office and warehouse premises (the **"Premises"**), and the Buyer entered into a new lease with the landlord for the Premises on that same date;
  - (ii) Strellmax and/or the Receiver shall provide certain Post-Closing Services to the Buyer (the **"Post-Closing Strellmax Services"**), the consideration for which shall be the Post-Closing Buyer Services and the Purchase Price;
  - (iii) Strellmax shall serve as agent to the Buyer for the limited purposes of: (i) making sales to Wholesale Customers after the Closing Date (the **"Post-Closing Sales"**); (ii) collecting accounts receivable in respect of the Post-Closing Sales made; and (iii) remitting accounts receivable in respect of the Post-Closing Sales to the Buyer, all as agent for the Buyer; and
  - (iv) the Support Services Agreement shall terminate no later than the Receiver's discharge. A copy of the Support Services Agreement is attached hereto as **Appendix "E"**.
- g) the Buyer had the option to offer employment to the Company's employees at its discretion, in order to continue the Company's wholesale business. Prior to the Closing Date, sixteen (16) of the

Company's employees (the "**Transferred Employees**") were offered, and accepted, employment with the Buyer effective on the Closing Date, representing the vast majority of the employees associated with the Company's wholesale business. The Buyer assumed Strellmax's liabilities existing at the Closing Date in respect of the Transferred Employees' severance entitlement. Following the Closing Date:

- (i) the Buyer offered employment to four (4) of the Company's employees (the "**Bayview Employees**") who had been engaged in the operation of the Bayview Village retail location, once the Sale was completed (as further discussed later in this First Report). The offers, which were on substantially similar terms as the Transferred Employees (as applicable), were accepted by the Bayview Employees;
  - (ii) as at the date of this First Report, the Receiver understands that the Buyer is in the process of evaluating which of the Company's remaining employees it may offer employment in order to continue a limited retail channel for the 'Strellson' brand in Canada;
33. Subsequent to the Closing Date, an amendment to the Support Services Agreement (the "**SSA Amendment**") was also executed effective September 8, 2017, to allow for, among other things, Strellmax to act as the Buyer's agent and consignee for the sale of the Buyer's inventory in the Bloor Street West retail location (until October 31, 2017) and the 745 Thurlow retail location (until the Buyer takes assignment of Strellmax's lease, or enters into a new lease, for the location), in exchange for consideration in the form of a credit bid of Strellson's secured debt in the amount of \$25,000 plus the reimbursement of associated out of pocket expenses. A copy of the SSA Amendment is attached hereto as **Appendix "F"**.

## VII. THE SAMPLES TRANSACTION

34. Prior to the date of the Receivership Order, in the ordinary course of its business, the Company purchased from Strellson (and pre-paid for) the Samples which were used by Strellmax to solicit and secure wholesale customer orders for the upcoming season's merchandise. As at the Closing Date, the Samples were still in transit from Strellson and were not included as a Purchased Asset in the Amended APA.
35. As discussed above, the Buyer acquired the Purchased Assets in order to continue the Company's wholesale business. The Purchaser, and in turn the Buyer, wish to enter into the Samples Transaction, whereby the Samples are to be acquired by the Buyer on an "as is, where is" basis, to facilitate the continuation of that wholesale business.

36. The Receiver has agreed to sell the Samples to the Buyer at their Book Value, subject to this Court's approval. In the Receiver's view, the Court's approval for the Samples Transaction is required for the following reasons:
- a) the Samples Transaction, in the Receiver's view, could be considered outside of the Company's ordinary course of business, as the Receiver understands that it would not be customary for Strellmax to return samples to Strellson, particularly in exchange for the payment by Strellson of the Company's full landed inventory cost; and
  - b) the Book Value of the Samples is approximately \$37,000, which value exceeds the \$25,000 transaction value threshold set out in paragraph 11(j) of the Receivership Order.
37. Should the Court see fit to approve the Samples Transaction, the Receiver would proceed to execute a short form asset purchase agreement with the Buyer (and any other necessary documentation to complete the Samples Transaction) and take the necessary steps to complete the Samples Transaction.
38. In the Receiver's view, the Samples Transaction is reasonable in the circumstances and the best alternative to a liquidation of the Samples for the following reasons:
- a) the Receiver understands that the Buyer is the sole party continuing the sale of 'Strellson' brand merchandise in North America and hence alternative sales channels for the product are limited;
  - b) the Licence Agreement provides Strellson with the first right of refusal to repurchase the Company's inventory in the event the agreement is terminated. The terms of the Licence Agreement stipulate that the repurchase price (the "**Repurchase Price**") paid by the licensor shall be the cost paid by Strellmax to the manufacturer at delivery for the current season's merchandise. The Licence Agreement was terminated by Strellson on July 6, 2017. The proposed Samples Transaction contemplates that the purchase price, at 100% of the Book Value, will be at least the amount of the Repurchase Price; and
  - c) the Samples represent a limited quantity of merchandise, rendering it impractical to incur additional costs marketing the Samples to the public in the circumstances. As such, the proposed Samples Transaction would be more beneficial to the Company's creditors than the liquidation alternative.

## VIII. THE LIQUIDATION SALE

39. As noted earlier in this First Report, the Court approved the Liquidation Sale and the Sale Guidelines pursuant to the Receivership Order.

40. As detailed in the Pre-Filing Report, the Company engaged the services of HyperAMS, LLC (the "**Consultant**") pursuant to an agreement dated June 28, 2017 (the "**Liquidation Plan Consulting Agreement**") between the Consultant and Strellmax, to advise Strellmax in respect of the liquidation of the Company's inventory and FF&E not subject to the SNAL Transaction (the "**Excluded Assets**"). Following the execution of the Liquidation Plan Consulting Agreement, Strellmax developed the Liquidation Plan with the assistance of the Consultant in order to enable the Company to conduct an orderly liquidation (being the Liquidation Sale, as approved by the Court) of the Excluded Assets.
41. Below is a summary of the key aspects of the Liquidation Sale:
- a) pursuant to the Receivership Order, the Liquidation Sale was conducted by the Company, under the supervision of the Receiver in accordance with the Sale Guidelines;
  - b) the Liquidation Sale commenced under the supervision of the Receiver on July 7, 2017 (the "**Sale Commencement Date**") at the Company's five (5) retail locations which, pursuant to the Sale Guidelines, was to terminate no later than October 31, 2017. The Liquidation Sale was substantially completed in all of the Closing Stores (as defined in the Sale Guidelines) on or before September 15, 2017 (the "**Sale Termination Date**", the period from the Sale Commencement Date through the Sale Termination Date being the "**Liquidation Period**");
    - (i) the Receiver understands that, following the repudiation of the Bayview Village retail lease by Strellmax (effective September 14, 2017), the Buyer entered into a new lease for the same location with the Bayview Village landlord. As mentioned earlier in this First Report, the Buyer engaged the Bayview Employees to continue retail sales of the 'Strellson' brand at the Bayview Village location. As further discussed below, the Receiver completed the Initial FF&E Sales (as hereinafter defined) with the Buyer, which included the FF&E located at the Bayview Village location.
  - c) the Consultant advised Strellmax on the conduct of the Liquidation Sale and the Company was responsible for all reasonable costs and expenses in connection with the Liquidation Sale. The Consultant's engagement with the Company was terminated by Strellmax effective the week of September 8, 2017;
  - d) the Receiver completed separate sale transactions (together, the "**Initial FF&E Sales**") for all of the FF&E at three (3) of the five (5) Closing Stores, which were acquired by the Buyer at the end of the Liquidation Period at each of the respective Closing Stores. Each of the Initial FF&E Sales:
    - (i) were completed on an "as is, where is" basis;

- (ii) were acquired for transaction values not exceeding \$25,000 (~\$70,000 in the aggregate). The purchase prices paid for each of the Initial FF&E Sales were in excess of liquidation value (as estimated by the Consultant) and, as such, the Receiver determined it was not practical to market the assets further in the circumstances. Furthermore, as the assets were sold to the Buyer by the Receiver (and not the Consultant), pursuant to the Liquidation Plan Consulting Agreement, no incremental fee was earned by the Consultant on the sales, resulting in the preservation of net proceeds which would not have been in the case in the event of a third party offer; and
  - (iii) were paid for in the form of a credit bid by the Purchaser of a portion of the TD Facility in the amount of the respective purchase prices.
- e) as noted earlier in this First Report, Strellmax continues to operate two (2) of the retail locations as agent and consignee for the Buyer pursuant to the SSA Amendment. The Buyer intends to purchase the FF&E from the remaining retail locations, and certain FF&E located at the Premises (the "**Premises Assets**") at or around the termination of the SSA Amendment, on substantially similar terms as the Initial FF&E Sales.

42. Strellson, in its capacity as Secured Creditor, supported the Initial FF&E Sales. As the aggregate consideration for the Initial FF&E Sales amounted to less than the \$200,000 threshold outlined in the Receivership Order, no Court approval was sought by the Receiver.

43. Upon the completion of the sales of the remaining FF&E located at the retail locations, the Premises Assets, and the Samples Transaction (subject to this Court's approval), in the Receiver's view, all realizable assets subject to the Liquidation Sale will have been sold.

## **IX. ACCORD FINANCIAL LTD.**

### **THE ACCORD AGREEMENT**

44. Pursuant to a letter agreement dated June 1, 2010, as amended from time to time (the "**Accord Agreement**"), a copy of which is attached hereto as **Appendix "G"**, Accord has provided accounts receivable management services and certain credit protection services (the "**Accord Services**") to the Company since 2010.

45. The terms of the Accord Agreement provide as follows:

- a) Accord provides protection against the risk of loss on credit sales made by Strellmax to a prescribed subset of its customers as a result of the customer's insolvency, subject to certain credit limits established on a customer-by-customer basis (the "**Covered Customers**");
  - b) the proceeds of all sales made to Covered Customers, regardless if they are made in excess of the established credit limits, are to be collected by Accord directly from the Covered Customers (the "**Controlled Funds**");
  - c) the Controlled Funds are to be remitted by Accord to Strellmax regularly, or when demanded by Strellmax, net of a pre-determined commission payable to Accord for the Accord Services; and
  - d) accounts receivable from Covered Customers and the proceeds thereof are at no time the property of Accord, save and except in circumstances where funds are advanced by Accord to Strellmax in relation to a particular uncollected customer account, and are then transferred to Accord only at the request of Accord. Pursuant to a letter from Accord to TD dated July 18, 2012 (a copy of which is attached hereto as **Appendix "I"**), Accord confirmed that it does not have a security interest in the Property, that title to the Company's accounts receivable, including the Controlled Funds, remain with Strellmax at all times, and that Accord will transfer the Controlled Funds to Strellmax on a daily basis (subject to a \$2,500 minimum threshold).
46. The Receiver understands that, in addition to sales made prior to the date of the Receivership Order, sales made by Strellmax to wholesale customers since the date of the Receivership Order have also continued to be remitted to Accord pursuant to the Accord Agreement.

#### **STRELLSON DEMAND ON THE ACCORD LOC**

47. The Receiver understands that Strellson made demand for payment under the Accord LOC in early August 2017. Strellson has advised the Receiver that, as at the date of this First Report, Accord has denied any liability to Strellson under the Accord LOC and has not paid any amounts to Strellson thereunder. As such, no Reimbursement Obligation on the part of Strellmax has arisen or exists as of the date of this First Report.

#### **ACCORD'S REFUSAL TO DELIVER THE CONTROLLED FUNDS TO THE RECEIVER**

48. On August 29, 2017, the Receiver contacted Jim Bates ("**Mr. Bates**"), Senior Vice President and Chief Operating Officer of Accord, and requested that the Controlled Funds (in the amounts of approximately \$542,000 and US\$75,000, respectively, as at that date) held by Accord be paid into the Company's bank account, as in the ordinary course pursuant to the Accord Agreement. Mr. Bates advised the Receiver that he could not discuss the Controlled Funds until advised by counsel.



49. On the same day, counsel to Accord, Julian Heller ("**Mr. Heller**") sent a letter (a copy of which is attached hereto as **Appendix "J"**) to the Receiver advising that a demand had been made by Strellson on the Accord LOC, and that accordingly, Accord was invoking a purported right of set-off against the Controlled Funds.
50. In response to the August 29 Letter, on August 31, 2017, the Receiver's counsel, WeirFoulds, wrote to Mr. Heller (a copy of which is attached hereto as **Appendix "K"**):
- a) summarizing the Receiver's understanding of the Accord Agreement (detailed above);
  - b) advising of its understanding that Controlled Funds in the possession of Accord at that time amounted to approximately \$620,000 and US\$75,000, respectively;
  - c) advising that in refusing to remit the Controlled Funds, Accord was in contempt of the Receivership Order, on the basis that pursuant to the Accord Agreement, the Controlled Funds are the Company's property; and
  - d) demanding, on the Receiver's behalf, that Accord comply with the Receivership Order and the Accord Agreement and immediately deliver the Controlled Funds to the Receiver, failing which a Court order directing same would be sought.
51. On September 14, 2017, Mr. Heller again wrote to WeirFoulds (a copy of which is attached hereto as **Appendix "L"**) to, among other things, advise that:
- a) Accord had remitted a portion of the Controlled Funds in the amounts of \$69,115.79 and US\$75,455.79 (the Receiver subsequently confirmed that these amounts were deposited to the Company's bank account) but that Accord was holding \$500,000 of the Controlled Funds on account of the demand made on the Accord LOC and a further \$50,000 of Controlled Funds on account of legal costs being incurred by Accord in relation to these matters;
  - b) on August 18, 2017, a letter had been sent by Mr. Heller to Gowling WLG ("**Gowling**"), counsel to Strellson as beneficiary under the Accord LOC, requesting that certain information be provided in respect of the Company's secured creditors but no response had been received; and
  - c) the Controlled Funds would not be released absent an order of the Court or a release of Accord by all parties in relation to the Accord Agreement and the Accord LOC.
52. On September 18, 2017 following email communications between Gowling and Mr. Heller, WeirFoulds wrote to Mr. Heller (a copy of which is attached hereto as **Appendix "M"**) advising that the Receiver had no involvement in any dispute surrounding the demand under the Accord LOC and that the Receiver's sole issue related to the delivery of the Company's property, namely the Controlled Funds, to the Receiver by

Accord. WeirFoulds further advised that the Receiver intended to bring a motion in order to enforce the terms of the Receivership Order if the Controlled Funds were not released to the Receiver.

53. The Receiver understands that Controlled Funds in the possession of Accord amounted to approximately \$626,000 as at September 29, 2017, and that further Controlled Funds in the amount of approximately \$360,000 were expected to be collected from Strellmax's wholesale customers as of that date. The Receiver further understands that as at the date of this First Report, Strellmax has requested, but has not yet been provided with, a more recent report of the Controlled Funds from Accord.

## **X. RECOMMENDATION**

54. The Receiver recommends that this Court grant orders:

- a) approving the Samples Transaction and authorizing and directing the Receiver to complete same, and vesting, upon the closing of the Samples Transaction, all of the Company's right, title and interest in and to the Samples to the Buyer free and clear of all liens, charges, security interests and other encumbrances;
- b) with respect to actions taken by Accord:
  - (i) declaring that Accord is in violation of the provisions of the Receivership Order, as a result of Accord's refusal to deliver the Controlled Funds in its possession to the Receiver in accordance with the terms of the Accord Agreement;
  - (ii) compelling Accord to report on and immediately turn over current and future Controlled Funds to the Receiver in accordance with the terms of the Receivership Order and/or the Accord Agreement; and
  - (iii) ordering Accord to pay the Receiver's costs incurred in respect of its motion, on a full indemnity basis; and
- c) approving the Pre-Filing Report and this First Report, and the actions, activities and conduct of the Receiver set out therein.

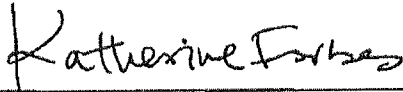
All of which is respectfully submitted on the 6<sup>th</sup> day of October, 2017.

**Richter Advisory Group Inc.  
as the Receiver of  
Strellmax Limited  
and not in its personal capacity**



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



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**Katherine Forbes, CPA, CA  
Vice-President**

# APPENDIX

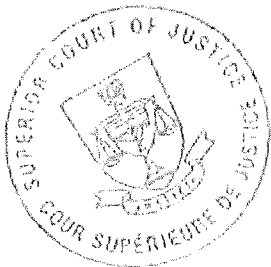
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ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE  
JUSTICE CONWAY

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FRIDAY, THE 7th DAY  
OF JULY, 2017



STRELLSON AG

Applicant

- and -

STRELLMAX LTD.

Respondent

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

ORDER

(Appointing Receiver)

**THIS APPLICATION** made by Strellson AG (the "**Applicant**") for: (i) an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Richter Advisory Group Inc. ("**Richter**") as receiver (the "**Receiver**") without security, of the assets, undertakings and properties of Strellmax Ltd. (the "**Debtor**") comprising, acquired for, or used in relation to, the business carried on by the Debtor; and (ii.) an Order approving a sale transaction in respect of certain assets (the "**Purchased Assets**") of the Debtor contemplated by an asset purchase agreement (the "**APA**"), to be entered into between the Company, the Applicant, Strellson Canada Ltd. (the "**Buyer**") and the Receiver, in the form appended to the Pre-Appointment Report of the Receiver dated July 5, 2017 (the "**Pre-Appointment Report**"), and vesting in the Buyer the Company's right, title and interest in and to the Purchased Assets, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Marcel Braun sworn June 30, 2017, and the Exhibits thereto, and the Pre-Appointment Report and the Appendices thereto, and on hearing the submissions of counsel for the Applicant, counsel for the proposed Receiver, counsel for the Debtor, counsel for Accord

Financial Ltd. and those other parties listed on the counsel slip, no one appearing for any other person although duly served as appears from the affidavit of service of Thomas Gertner sworn July 4, 2017, filed, and on reading the consent of Richter to act as the Receiver and on being advised that Accord takes no position on the Order sought,

#### **SERVICE**

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

#### **APPOINTMENT**

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

3. **THIS COURT ORDERS** that subject to further Order of this Court, and subject to paragraph 7 hereof, the Debtor shall remain in possession and control of the Property and shall remain in day to day operation and control of the Business, subject at all times to the provisions of the Sale Guidelines, and the Receiver shall not be or be deemed to be in possession and control of the Property save and except as specifically provided for herein or pursuant to steps actually taken by the Receiver with respect to the Property under the permissive powers granted to the Receiver pursuant to paragraph 11 of this Order (the "**Permissive Powers**").

4. **THIS COURT ORDERS** that the Debtor shall be entitled to continue to utilize its central cash management system currently in place with Toronto-Dominion Bank ("**TD**") or, with the prior written consent of the Receiver, replace it with another substantially similar central cash management system (the "**Cash Management System**") and that TD or any future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Debtor or Receiver of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, and shall be entitled to provide the Cash Management System without any liability in respect thereof to any person other than the Debtor, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash

Management System, an unstayed and unaffected creditor with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

## **LIQUIDATION SALE**

5. **THIS COURT ORDERS** that the Sale Guidelines attached hereto as Schedule "A" (the "Sale Guidelines") and the transactions contemplated therein and thereunder are hereby approved, authorized and ratified.

6. **THIS COURT ORDERS** that the Debtor is authorized to, market and sell its assets not subject to the APA through a liquidation sale ("Sale") conducted by the Debtor under the supervision of the Receiver at the Closing Stores (as that term is defined in the Sale Guidelines), in accordance with the Sale Guidelines, free and clear of all liens, claims, encumbrances, security interests, mortgages, charges, trusts, deemed trusts, executions, levies, financial, monetary or other claims, whether or not such claims have attached or been perfected, registered or filed and whether secured, unsecured, quantified or unquantified, contingent or otherwise, whensoever and howsoever arising, and whether such claims arose or came into existence on or prior to the date this Order or came into existence following the date of this Order (in each case, whether contractual, statutory, arising by operation of law, in equity or otherwise) (all of the foregoing, collectively, "Claims"), including, without limitation, the Administration Charge and the Director's Charge (each as defined below), and any other charges hereafter granted by this Court in these proceedings, and all Claims, charges, security interests or liens evidenced by registration pursuant to the *Personal Property Security Act* (Ontario) (the "PPSA") or any other personal or removable property registration system (all such Claims, charges, security interests and liens collectively referred to herein as "Encumbrances"), and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the assets sold in accordance with this paragraph 6 are hereby expunged and discharged as against such assets.

## **RECEIVER'S POWERS**

### **Mandatory Powers**

7. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to act at once in respect of and take possession and control of all of the Debtor's funds, cash, cash equivalents, investment items, treasury items, bank accounts, accounts with other financial institutions, including without limitation all proceeds in respect of the Sale and the APA (collectively "Treasury Assets").

8. **THIS COURT ORDERS** that the Receiver is authorized and directed to remit to the Debtor sufficient funding from the Treasury Assets to operate the Business. Without limiting the foregoing, the

Receiver is authorized and hereby directed to remit sufficient funds to the Debtor to enable the Debtor to pay the rent in full for the month of July, 2017 under each of the debtor's stores, head office, distribution centres and other real property leases (the "**Leases**"), to the extent such amounts have not already been remitted by the Debtor. Commencing on August 1, 2017, rent under all Leases (save and except any component of rent comprising percentage rent which shall be calculated and paid in accordance with the terms of the Lease) shall be paid by the Debtor twice monthly in advance in equal payments, up to and including the effective date of any notice of repudiation delivered by the Debtor to the relevant landlord, and the Receiver be and is hereby authorized and directed to remit to the Debtor sufficient funding from Treasury Assets to enable the Debtor to make such in advance rent payments in accordance herewith.

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

- (a) any charges created by this Order over the Leases shall only be a charge in the Debtor's interest in such Leases;
- (b) except as expressly permitted by the terms of the Leases, none of the Leases shall be amended or varied or deemed to be amended or varied, in any way without obtaining the prior written consent of the applicable landlord or without further Order of this Court;
- (c) the Debtor shall provide the relevant landlord(s) with at least fifteen (15) days' prior notice of the intention to repudiate a Lease (the "**Repudiation Notice Period**");
- (d) if a notice of repudiation is delivered by the Debtor in respect of a Lease, then (a) during the Repudiation Notice Period, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Debtor 24 hours prior written notice, and (b) at the effective time of the repudiation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Debtor in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation, if any, to mitigate any damages claimed in connection therewith.

10. **THIS COURT ORDERS** that the Debtor shall provide each of the relevant landlords with notice of the Debtor's intention to remove any fixtures from any leased premises at least six days prior to the



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

### **Permissive Powers**

11. **THIS COURT ORDERS** that subject at all times to paragraph 7 above relating to Treasury Assets, the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized, but not obligated, to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;

- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises, or other assets to continue the business of the Debtor or any parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to sell, convey, transfer, lease or assign any Property or any part or parts thereof out of the ordinary course of business, without the approval of this Court in respect of any transaction not exceeding \$25,000, provided that the aggregate consideration for all such transactions does not exceed \$200,000; and with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amounts set out above, and in each such case notice under subsection 63(4) of the PPSA, shall not be required.
- (k) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (l) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;

- (m) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property; and
- (n) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

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

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

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

13. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 13 or in paragraph 14 of this Order shall require the delivery of the Records, or the granting of access to the Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

14. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage ("**Computer Operating System**"), whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper

or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

15. **THIS COURT ORDERS** that until the Receiver is discharged or upon further Order of the Court (i) the Receiver and the Debtor shall maintain all Records and Computer Operating Systems, or copies of such Records or Computer Operating Systems to the extent such Records or Computer Operating Systems are within their possession; and (ii) neither the Receiver nor the Debtor, nor anyone else with notice of this Order shall destroy, delete, or otherwise modify any Records within their possession.

#### **NO PROCEEDINGS AGAINST THE RECEIVER**

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

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

17. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtor or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtor or the Property are hereby stayed and suspended pending further Order of this Court.

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

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

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

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

### **CONTINUATION OF SERVICES**

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

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

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

### **RECEIVER TO HOLD FUNDS**

22. **THIS COURT ORDERS** that all Treasury Assets received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the Sale, the APA or the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into (i) one or more of the Receiver's new accounts to be opened by the Receiver (the "**Post Receivership Accounts**"); or (ii) one of the Debtor's existing accounts with TD which accounts shall be swept on a daily basis, or as soon as practicable, and the proceeds deposited into the Post Receivership Accounts, and

the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

### **EMPLOYEES**

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

### **D&O CHARGE**

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

25. **THIS COURT ORDERS** that the D&O shall be entitled to the benefit of and are hereby granted a charge (the "D&O Charge") on the Property, which charge shall not exceed an aggregate amount of \$150,000.00, as security for the indemnity provided in paragraph 24 of this Order. The D&O Charge shall have the priority set out in paragraphs 34 and 36 herein.

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

### **PIPEDA**

27. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Debtor and Receiver shall be authorized to disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sale. Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of a sale, and if it does not complete a sale, shall return all such information to the Debtor or

Receiver, as the case may be, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtor, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

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

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

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

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

#### **RECEIVER'S ACCOUNTS**

30. **THIS COURT ORDERS** that the Receiver, counsel to the Receiver, and counsel to the Debtor shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver, counsel to the Receiver and counsel to the Debtor shall be entitled to and are hereby granted a charge (the

"Administration Charge") on the Property, which charge shall not exceed the amount of \$400,000.00 in the aggregate unless further ordered by the Court, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 34 through 37. For clarity, counsel to the Debtor's access to the Administration Charge is solely for fees incurred and accrued on and after the date of this Order.

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

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

#### **FUNDING OF THE RECEIVERSHIP**

33. **THIS COURT ORDERS** that the Receiver, in consultation with the Applicant shall be at liberty and it is hereby empowered to utilize the funds in the Post Receivership Accounts from time to time for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, and funding the Debtor's operations.

#### **VALIDITY AND PRIORITY OF CHARGES**

34. **THIS COURT ORDERS** that the priorities of the Administration Charge and the D&O Charge, as between them, shall be as follows:

First — the Administration Charge up to \$400,000.00

Second — the D&O Charge up to \$150,000.00

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



36. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property in priority to any security interests of the Applicant as well as all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise, which are properly perfected security interests as of the date of this Order in favour of any other Person except for security maintained by TD against the Debtor in certain cash collateral in the maximum amount of \$71,500, but subject to sections 14.06(7), 81.4(4) and 81.6(2) of the BIA.

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

#### **SERVICE AND NOTICE**

38. **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/scypractice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL <http://www.richter.ca/Folder/Insolvency-Cases/S/Strellmax-Ltd>

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

#### **GENERAL**

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

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

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

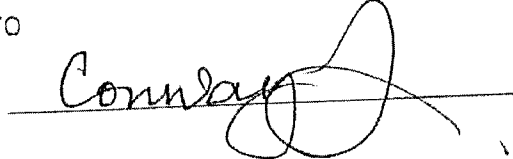
43. **THIS COURT ORDERS** that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the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

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

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

JUL 07 2017

PER / PAR:

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**Schedule "A"**  
**Sale Guidelines**

The following procedures shall apply to the sale ("**Sale**") to be conducted at the Closing Stores (as defined below) of Strellmax Ltd. (the "**Debtor**").

1. Except as otherwise expressly set out herein, and subject to: (i) the Appointment Order or any further Order of the Court; (ii) any subsequent written agreement between the Debtor or Richter Advisory Services Inc., solely in its capacity as court-appointed Receiver of the Debtor (the "**Receiver**") and the applicable landlord(s) (individually, a "**Landlord**" and, collectively, the "**Landlords**"); or (iii) as otherwise set forth herein, the Sale shall be conducted in accordance with the terms of the applicable leases/or other occupancy agreements (individually, a "**Lease**" and, collectively, the "**Leases**") for the following stores:

- (a) 170 Bloor Street West, Toronto, Ontario;
- (b) 3401 Dufferin Street, Toronto, Ontario;
- (c) 2901 Bayview Avenue, Toronto, Ontario;
- (d) 50 Rideau Street, Unit E304, Ottawa, Ontario; and
- (e) 1108 Alberni Street, Vancouver, British Columbia.

(collectively the "**Closing Stores**", each a "**Closing Store**")

2. However, nothing contained herein shall be construed to create or impose upon the Debtor or the Receiver any additional restrictions not contained in the applicable Lease or other occupancy agreement.

3. The Sale shall be conducted so that each of the Closing Stores remain open during their normal hours of operation provided for in the respective Leases for the Closing Stores. The Sale at the Closing Stores shall end by no later than October 31, 2017. Any Rent payable under the respective Leases shall be paid as provided in the Appointment Order.

4. The Sale shall be conducted in accordance with applicable federal, provincial and municipal laws and regulations, unless otherwise ordered by the Court.

5. All display and hanging signs used by the Debtor in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. The Debtor may advertise the Sale at the Closing Stores as a "store closing", "everything on sale", "everything must go", or similar theme sale at the Closing Stores (provided however that no signs shall advertise the Sale as a "bankruptcy", a "going out of business" sale or a "liquidation" sale it being understood that the French equivalent of "clearance" is "liquidation" and is permitted to be used). Forthwith upon request from a Landlord, the Landlord's counsel or the Receiver, the Debtor shall provide the proposed signage packages along with the proposed dimensions and number of signs by e-mail or

facsimile to the applicable Landlords or to their counsel of record and the applicable Landlord shall notify the Debtor of any requirement for such signage to otherwise comply with the terms of the Lease and/or these Sale Guidelines and where the provisions of the Lease conflicts with these Sale Guidelines, these Sale Guidelines shall govern. The Debtor shall not use neon or day-glow or handwritten signage (unless otherwise contained in the sign package, including "you pay" or "topper" signs). In addition, the Debtor shall be permitted to utilize exterior banners/signs at stand alone or strip mall Closing Stores or enclosed mall Closing Stores with a separate entrance from the exterior of the enclosed mall; provided, however, that where such banners are not permitted by the applicable Lease or the Landlord requests in writing that the banner are not to be used, no banner shall be used absent further Order of the Court, which may be sought on an expedited basis on notice to the Landlord. Any banners used shall be located or hung so as to make clear that the Sale is being conducted only at the affected Closing Store and shall not be wider than the premises occupied by the affected Closing Store. All exterior banners shall be professionally hung and to the extent that there is any damage to the facade of the premises of a Closing Store as a result of the hanging or removal of the exterior banner, such damage shall be professionally repaired at the expense of the Debtor. If a Landlord is concerned with "store closing" signs being placed in the front window of a Closing Store or with the number or size of the signs in the front window, the Debtor and the Landlord will discuss the Landlord's concerns and work to resolve the dispute.

6. The Debtor shall be permitted to utilize sign walkers and street signage, provided, however, such sign walkers and street signage shall not be located on any applicable shopping centre or mall premises.
7. Conspicuous signs shall be posted in the cash register areas of each Closing Store to the effect that all sales are "final".
8. The Debtor shall not distribute handbills, leaflets or other written materials to customers outside of any of the Closing Stores on any Landlord's property, unless permitted by the applicable Lease or, if distribution is customary in the shopping centre in which the Closing Store is located. Otherwise, the Debtor may solicit customers in the Closing Stores themselves. The Debtor shall not use any giant balloons, flashing lights or amplified sound to advertise the Sale or solicit customers, except as permitted under the applicable Lease, or agreed to by the Landlord.
9. At the conclusion of the Sale in each Closing Store, the Debtor shall arrange that the premises for each Closing Store are in "broom swept" and clean condition, and shall arrange that the Closing Stores are in the same condition as on the commencement of the Sale, ordinary wear and tear excepted. No property of any Landlord of a Closing Store shall be removed or sold during the Sale. No permanent fixtures (other than the FF&E (as defined below)) may be removed without the Landlord's written consent unless otherwise provided by the applicable Lease. Any fixtures or personal property left in a Closing Store after its lease has been repudiated by the Receiver and vacated by the Debtor shall be deemed abandoned, with the applicable Landlord having the right to dispose of the

same as the Landlord chooses, without any liability whatsoever on the part of the Landlord.

10. Subject to the terms of paragraph 9 above, the Debtor may sell furniture, trade fixtures and equipment owned by the Debtor ("**Owned FF&E**"), located in the Closing Stores during the Sale. The Debtor may advertise the sale of Owned FF&E consistent with these guidelines on the understanding that any Landlord may require that such signs be placed in discreet locations within the Closing Stores acceptable to the Landlord, acting reasonably. Additionally, the purchasers of any Owned FF&E sold during the Sale shall only be permitted to remove the Owned FF&E either through the back shipping areas designated by the Landlord or through other areas after regular store business hours or through the front door of the Closing Store during business hours if the Owned FF&E can fit in a shopping bag, with Landlord's supervision as required by the Landlord. The Debtor shall repair any damage to the Closing Stores resulting from the removal of any and all furniture, trade fixtures and equipment, including the Owned FF&E (collectively "**FF&E**") by the Debtor or by third party purchasers of Owned FF&E from the Debtor.
11. The Debtor shall not make any alterations to interior or exterior Closing Store lighting, except as authorized pursuant to the applicable Lease. The hanging of exterior banners or other signage, where permitted in accordance with the terms of these guidelines, shall not constitute an alteration to a Closing Store.
12. The Debtor hereby provides notice to the Landlords of the Debtor's intention to sell and remove FF&E from the Closing Stores. The Debtor will arrange with each Landlord represented by counsel on the service list or directed by the Landlord and with any other Landlord that so requests, a walk through with the Debtor to identify the FF&E subject to the sale. The relevant Landlord shall be entitled to have a representative present in the Closing Store to observe such removal. If the Landlord disputes the Debtor's entitlement to sell or remove any FF&E under the provisions of the Lease, such FF&E shall remain on the premises and shall be dealt with as agreed to between the Receiver, the Debtor and such Landlord, or by further Order of the Court upon a motion by the Receiver on at least two (2) days' notice to such Landlord. If the Debtor or the Receiver has repudiated the Lease governing such Closing Store in accordance with the Appointment Order, it shall not be required to pay rent under such Lease pending resolution of any such dispute (other than rent payable for the notice period provided for in the Appointment Order), and the repudiation of the Lease shall be without prejudice to the Receiver's or the Debtor's claim to the FF&E in dispute.
13. If a notice of repudiation is delivered pursuant to the Appointment Order to a Landlord while the Sale is ongoing and the Closing Store in question has not yet been vacated, then: (a) during the notice period prior to the effective time of the repudiation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Debtor and the Receiver 24 hours' prior written notice; and (b) at the effective time of the repudiation, the relevant Landlord shall be entitled to take possession of any such Closing Store without waiver of or prejudice to any claims or rights such landlord may have against the Debtor in respect of such Lease or Closing

Store, provided that nothing herein shall relieve such Landlord of its obligation to mitigate any damages claimed in connection therewith.

14. The Debtor and, where appropriate, the Receiver, shall not conduct any auctions of merchandise or FF&E at any of the Closing Stores.
15. If a Landlord and the Debtor are unable to resolve any dispute that may arise in connection with these Sale Guidelines or the Sale more generally, between themselves, the Landlord or the Receiver shall have the right to schedule a "status hearing" before the Court on no less than two (2) days written notice to the other party or parties, during which time the Debtor shall cease all activity in dispute other than activity expressly permitted herein, pending the determination of the matter by the Court; provided, however, that if a banner has been hung in accordance with these Sale Guidelines and is thereafter the subject of a dispute, the Debtor shall not be required to take any such banner down pending determination of the dispute.
16. Nothing herein is, or shall be deemed to be a consent by any Landlord to the sale, assignment or transfer of any Lease, or to grant to the Landlord any greater rights than already exist under the terms of any applicable Lease.
17. These Sale Guidelines may be amended by written agreement between the Debtor, the Receiver, and any applicable Landlord (provided that such amended Sale Guidelines shall not affect or bind any other Landlord not privy thereto without further Order of the Court approving the amended Sale Guidelines).

**B E T W E E N:**

**STRELLSON AG**  
Applicant

- and -

**STRELLMAX LTD.**  
Respondent

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

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(Commercial List)**  
**(PROCEEDING COMMENCED AT TORONTO)**

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

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

**David F. W. Cohen (LSUC No. 33195Q)**  
Tel: (416) 369-6667  
Fax: (416) 862-7661

**Frank D. Lamie (LSUC No. 54035S)**  
Tel: (416) 862-3609  
Fax: (416) 862-7661

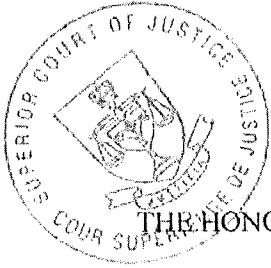
**Thomas Gertner (LSUC. No. 67756S)**  
Tel: (416) 369-4618  
Fax: (416) 862-7661

**LAWYERS FOR THE APPLICANT, STRELLSON AG**

# APPENDIX

## “B”





THE HONOURABLE  
JUSTICE CONWAY

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

) FRIDAY, THE 7th DAY  
) OF JULY, 2017

**STRELLSON AG**

Applicant

- and -

**STRELLMAX LTD.**

Respondent

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

**APPROVAL AND VESTING ORDER**

**THIS APPLICATION** made by Strellson AG (the "**Applicant**") for: (i) an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended appointing Richter Advisory Group Inc. as receiver (the "**Receiver**") without security, of the assets, undertakings and properties of Strellmax Ltd. (the "**Debtor**") comprising, acquired for, or used in relation to, the business carried on by the Debtor; and (ii.) an Order approving a sale transaction (the "**Transaction**") in respect of certain assets (the "**Purchased Assets**") of the Debtor contemplated by an asset purchase agreement (the "**APA**"), to be entered into between the Company, the Applicant (in such capacity, the "**Purchaser**"), Strellson Canada Ltd. (the "**Buyer**") and the Receiver, in the form appended to the Pre-Appointment Report of the Receiver dated July 5, 2017 (the "**Pre-Appointment Report**"), and vesting in the Buyer the Debtor's right, title and interest in and to the Purchased Assets, was heard this day at 330 University Avenue, Toronto, Ontario.

1. **ON READING** the affidavit of Marcel Braun sworn June 30, 2017, and the Exhibits thereto (collectively, the "**Braun Affidavit**"), and the Pre-Appointment Report and the Appendices thereto, and on hearing the submissions of counsel for the Applicant, counsel for the proposed Receiver, counsel for

the Debtor, and those other parties listed on the counsel slip, no one appearing for any other person although duly served as appears from the affidavit of service of Thomas Gertner sworn July 4, 2017, filed,

2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the APA by the Receiver is hereby authorized and approved, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Buyer.

3. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the APA shall vest absolutely in the Buyer, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice Conway dated July 7, 2017 (the "**Appointment Order Charges**"); and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system. Notwithstanding the foregoing, save and except with respect to the Appointment Order Charges, this Paragraph 3 of this Order shall not apply to any Claims that are determined by the Court to be in priority to the Purchaser's claim in these proceedings or in any subsequent bankruptcy proceedings in respect of the Debtor.

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

5. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Buyer all human resources and payroll information in the Company's records pertaining to the Debtor's past and current employees. The Buyer shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

6. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the BIA in respect of the Debtor and any bankruptcy order issued pursuant to any such applications;  
and
- (c) any assignment in bankruptcy made in respect of the Debtor;

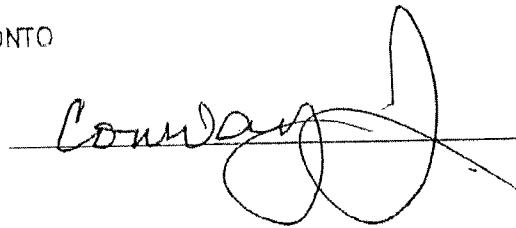
the vesting of the Purchased Assets in the Buyer pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

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

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

JUL 07 2017

PER / PAR:



Schedule A – Form of Receiver’s Certificate

Court File No. CV-17-11864-00CL

ONTARIO

SUPERIOR COURT OF JUSTICE

COMMERCIAL LIST

THE HONOURABLE ) FRIDAY, THE 7th DAY  
JUSTICE CONWAY ) OF JULY, 2017

STRELLSON AG

Applicant

- and -

STRELLMAX LTD.

Respondent

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

RECEIVER’S CERTIFICATE

RECITALS

- A. Pursuant to an Order of the Honourable Justice Conway of the Ontario Superior Court of Justice [Commercial List] (the "Court") dated July 7, 2017, Richter Advisory Group Inc. was appointed as the receiver (the "Receiver") of the undertaking, property and assets of Strellmax Ltd. (the "Debtor").
- B. Pursuant to an Order of the Court dated July 7, 2017, the Court approved an asset purchase agreement made as of July 7, 2017 (the "APA") between the Debtor, the Receiver, Strellson AG (the "Purchaser") and Strellson Canada Ltd. (the "Buyer") and provided for the vesting in the Buyer of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the satisfaction by the Purchaser of the Purchase Price; (ii) that the conditions to Closing as set out in section 4.01 of the APA have been satisfied or waived by the Buyer, the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the APA.

**THE RECEIVER CERTIFIES** the following:

1. The Receiver confirms that the Purchaser has satisfied the Purchase Price for the Purchased Assets due on the Closing Date pursuant to the APA by effecting the Credit Bid and by assuming the Assumed Obligations.
2. The conditions to Closing as set out in section 4.01 of the APA have been satisfied or waived by the Buyer, the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

**Richter Advisory Group Inc., in its capacity as  
Receiver of the assets, undertakings and  
properties of Strellmax Ltd., and not in its  
personal capacity**

Per: \_\_\_\_\_

Name:

Title:

**BETWEEN:**

**STRELLSON AG**  
Applicant

- and -

**STRELLMAX LTD.**

Respondents

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

**ONTARIO**

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

(PROCEEDING COMMENCED AT TORONTO)

**APPROVAL AND VESTING ORDER**

**GOWLING WLG (CANADA) LLP**

Barristers & Solicitors  
1 First Canadian Place  
100 King Street West, Suite 1600  
Toronto ON M5X 1G5

**David F. W. Cohen (LSUC No. 33195Q)**

Tel: (416) 369-6667

Fax: (416) 862-7661

**Frank D. Lamie (LSUC No. 54035S)**

Tel: (416) 862-3609

Fax: (416) 862-7661

**Thomas Gertner (LSUC. No. 67756S)**

Tel: (416) 369-4618

Fax: (416) 862-7661

LAWYERS FOR THE APPLICANT, STRELLSON AG

# APPENDIX

“C”

Court File No. CV-17-11864-00CL

**STRELLMAX LTD.**

**REPORT OF THE PROPOSED RECEIVER**

JULY 5, 2017



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

BETWEEN:

**STRELLSON AG**

Applicant

- and -

**STRELLMAX LTD.**

Respondent

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

**REPORT OF RICHTER ADVISORY GROUP INC.  
IN ITS CAPACITY AS PROPOSED RECEIVER OF THE ASSETS, UNDERTAKINGS AND PROPERTIES  
OF STRELLMAX LTD.**

**JULY 5, 2017**

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## APPENDICES

APPENDIX "A" – Draft Asset Purchase Agreement – Non-Liquidation Assets

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## I. INTRODUCTION

1. An application returnable July 7, 2017 was filed with the Ontario Superior Court of Justice (Commercial List) (the "**Court**") by Strellson AG ("**Strellson**" and in its capacity as holder of the assigned TD Debt and Security (as hereinafter defined), the "**Creditor**") for an order (the "**Receivership Order**"), among other things: (a) appointing Richter Advisory Group Inc. ("**Richter**") as receiver to exercise the powers and duties set out in the Receivership Order, pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), and section 101 of the *Courts of Justice Act* R.S.O. 1990 c. C.43, as amended (in such capacity, the "**Receiver**"), without security, of all the assets, properties and undertakings (the "**Property**") of Strellmax Ltd. ("**Strellmax**" or the "**Company**"); and (b) approving the Liquidation Plan and the Sale Guidelines (each as hereinafter defined). The Creditor is also seeking an order (the "**Approval and Vesting Order**") approving a proposed sale of certain Property of the Company, which is not subject to the Liquidation Plan, on the terms of an agreement of purchase and sale (the "**APA**") between Strellson (in such capacity, the "**Purchaser**"), Strellson Canada Ltd. (the "**Buyer**"), Strellmax and the Receiver, and authorizing and directing the Receiver to execute the APA and to take the necessary steps to complete the transaction contemplated therein (the "**Proposed Transaction**").
2. Richter was previously retained by Strellson to assist in exploring strategic alternatives in which Strellson could provide support to Strellmax in light of the Company's liquidity situation, working directly with the Company on financial forecasting, as appropriate, and later consulting with Strellson regarding the Proposed Transaction.
3. Richter is a licensed insolvency trustee within the meaning of section 2 of the BIA and has consented to act as Receiver in these proceedings. We are writing this report in Richter's capacity as proposed receiver of the Property of Strellmax (in such capacity, the "**Proposed Receiver**").

## II. PURPOSE OF REPORT

4. The purpose of this report (the "**Report**") is to:
  - a) Provide this Court with:
    - (i) certain background information concerning Strellmax, including the Company's financial performance, debt structure and financial position; and
    - (ii) information regarding the proposed Administration Charge and the D&O Charge (each as hereinafter defined).

- b) Summarize the terms of the APA, for the sale of certain Strellmax assets to be acquired by the Purchaser for the go-forward wholesale business of the Strellson brand, subject to the approval of this Court;
- c) Outline the key aspects of the Company's liquidation plan with respect to certain assets related to its retail business (the "Liquidation Plan");
- d) Summarize the mandate and powers that are being sought for the Receiver under the Receivership Order; and
- e) Recommend that, in the event this Court appoints Richter as Receiver, the Court issue the Receivership Order and the Approval and Vesting Order:
  - (i) Approving the Proposed Transaction, and authorizing and directing the Receiver to execute the APA and to take the necessary steps to complete the Proposed Transaction;
  - (ii) Approving the Liquidation Plan and the Sale Guidelines (as hereinafter defined); and
  - (iii) Approving the terms of the Administration Charge and the D&O Charge, and the proposed priority rankings of such charges.

### III. QUALIFICATIONS

- 5. In preparing this Report, the Proposed Receiver has relied upon certain unaudited, draft, and/or internal financial information prepared by the Company's representatives, the Company's books and records, and discussions with the Company's representatives, its legal counsel and the Creditor (collectively, the "Information").
- 6. In accordance with industry practice, except as described in this Report:
  - a) Richter has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards pursuant to the Canadian Institute of Chartered Accountants Handbook; and
  - b) Richter has not conducted an examination or review of any financial forecast and projections in a manner that would comply with the procedures described in the Chartered Professional Accountant Canada Handbook.
- 7. Since future-oriented information is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and variations may be material. Accordingly, Richter expresses no assurance as to whether projections will be achieved. Richter

expresses no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon by Richter in preparing this report.

8. Unless otherwise noted, all monetary amounts contained in this Report are expressed in Canadian dollars.

#### IV. BACKGROUND

9. Reference is made to the Affidavit of Marcel Braun, sworn June 30, 2017 (the "**Braun Affidavit**") filed in support of the Creditor's application for the Receivership Order and the Approval and Vesting Order, contained in the Applicant's Application Record dated June 30, 2017. While this Report summarizes some of the information set out in the Braun Affidavit for context, readers are directed to the Braun Affidavit for a more detailed explanation of the grounds for the Creditor's application. Further background information about Strellmax, including the causes of its financial difficulties and insolvency, is provided in the Braun Affidavit.

#### COMPANY OVERVIEW

10. Strellmax operates as a wholesaler and retailer of 'Strellson' brand menswear in North America. The Company sells in Canada through its wholesale channel, predominantly to large retailers and independent menswear stores, and through its retail channel comprising five (5) standalone retail locations. Strellmax also operates a store-in-store concession (the "**Concession Location**") inside the Hudson's Bay Company (Yorkdale Mall location). The United States ("**US**") market is served through its Canadian wholesale channel to large US department store retailers.
11. The Company distributes under the 'Strellson' brand, pursuant to a licence agreement with Strellson, as licensor, dated June 26, 2012, as amended from time to time (the "**Licence Agreement**"), and pays royalty fees to Strellson in connection with the Licence Agreement. The Proposed Receiver understands that 'Strellson' brand goods are either purchased directly from Strellson (representing approximately 60% of total purchases) pursuant to a distribution agreement (the "**Distribution Agreement**") dated September 22, 1998, as amended and replaced from time to time, or purchased from overseas third party manufacturers.
12. As outlined in the Braun Affidavit, the Strellmax head office and distribution centre is located at 3725 Chesswood Drive, Toronto, Ontario, Canada (the "**Headquarters**"). As at June 30, 2017, Strellmax employed approximately 45 individuals across Canada, comprising 29 employees at its Concession Location and five (5) retail locations in Ontario and British Columbia ("**B.C.**"), and 16 employees at the Headquarters. The Company's workforce is not unionized and Strellmax does not maintain a pension plan.

13. Strellmax was incorporated under the *Business Corporations Act* (Ontario) in 1990. Strellmax is indirectly 100% owned by its President, Mark Altow ("Altow"), through related entities which Altow controls, including Adamray Investments Inc. ("Adamray").
14. As detailed below, the Company had outstanding unsecured indebtedness owing to Strellson for royalty fees and merchandise deliveries, in the aggregate amount of approximately \$3.6 million as at June 30, 2017.

#### CAUSES OF FINANCIAL DIFFICULTIES

15. The Proposed Receiver understands that, since 1997, Strellmax has operated a wholesale "Strellson" business and that it opened a flagship retail location in 2012 on Bloor Street in Toronto. From 2014 through 2016, the Company expanded its retail footprint, opening 4 additional standalone stores across Canada.
16. The Company's current standalone retail locations are as follows:
  - a) Bayview Village – Toronto, Ontario;
  - b) Bloor Street West – Toronto, Ontario;
  - c) Yorkdale Mall – Toronto, Ontario;
  - d) Rideau Centre – Ottawa, Ontario; and
  - e) 745 Thurlow – Vancouver, B.C.
17. The Proposed Receiver understands that, in order to assist in funding the capital expenditures required to support the Company's retail expansion, the Company relied upon its existing cash flows and the TD Facility along with a related party loan from Adamray, which provided a secured Shareholder Loan (as hereinafter defined) to Strellmax in the amount of \$1,150,000.
18. As outlined in the Braun Affidavit, the Company has been operating with limited liquidity on the TD Facility for several months, and Strellson has provided numerous accommodations to Strellmax by allowing the trade payables owing to it for merchandise deliveries and royalties earned to go into significant arrears (in the amount of approximately \$1.4 million of the \$3.6 million total outstanding), and further increasing Strellson's exposure by continuing to ship new merchandise on credit notwithstanding certain defaults on the terms of the Licence Agreement and the Distribution Agreement, and continuing to fund certain marketing costs during that same time.
19. As detailed in the Braun Affidavit, the Company and Strellson have been in negotiations since January 2017 to develop a strategy to support the Company's liquidity needs and to informally restructure the business.

20. The Proposed Receiver understands that as the parties worked through these negotiations, the Company's sales continued to underperform, and as further detailed below, its financial position continued to deteriorate.
21. The Proposed Receiver understands that the Company's retail business was experiencing operating losses and that Strellmax had engaged a real estate consultant to assist in negotiating rent concessions from the landlords of the most unprofitable retail locations in order to improve store profitability. Despite meetings and discussions with these landlords, to date, the Company has been unsuccessful in obtaining rent concessions or other lease accommodations.
22. The Proposed Receiver understands that in February 2017, in light of the continued deterioration in the Company's financial position (as further detailed later in this Report), Strellmax engaged Pernica Advisory Services Inc. ("**Pernica**") as financial advisor to assist in evaluating its restructuring alternatives and continuing dialogue with Strellson.
23. As outlined in the Braun Affidavit, in light of the Company's continued poor financial performance and other defaults, Strellson is in the process of terminating the Licence Agreement and the Distribution Agreement.
24. As further detailed below, Strellson took an assignment of the TD Debt and Security on June 30, 2017. As outlined in the Braun Affidavit, in view of certain defaults thereunder, the Creditor demanded payment of all obligations owing to it by the Company by way of letter dated June 30, 2017 (the "**Demand Letter**"), and on that same day also issued its Notice of Intention to Enforce Security pursuant to section 244(1) of the BIA to the Company. Strellmax shortly thereafter consented in writing to the transfer of the TD Debt and Security, and the immediate enforcement by the Creditor of its security.

## V. FINANCIAL POSITION

### HISTORICAL OPERATING RESULTS

25. Set out below is a summary of the Company's operating loss according to its most recent income statement for the year-to-date ("YTD") seven (7) month period ended May 31, 2017:

<b>Strellmax Ltd.</b>	
<b>Income Statement</b>	
<b>(\$000's)</b>	<b>7 Months Ended May 2017</b>
Sales	\$ 6,570
Cost of goods sold	(3,962)
Other cost of sales	(152)
<b>Gross margin</b>	<b>2,456</b>
Personnel	(1,538)
Occupancy	(1,088)
Selling, marketing, and administrative	(765)
Interest and financing	(358)
Strellson reimbursement of costs	332
<b>Operating expenses</b>	<b>(3,417)</b>
<b>Operating Loss</b>	<b>\$ (961)</b>

26. The fiscal 2017 YTD income statement above reflects a significant operating loss in the amount of approximately \$960,000, prior to approximately \$500,000 in non-recurring restructuring costs, depreciation, and other non-cash expenses. The Proposed Receiver understands that the operating loss is attributed to:
- a) softer than anticipated retail sales coupled with lower than forecast gross margin generated, which have been insufficient to cover the store-level personnel and occupancy costs; and
  - b) despite certain cost reduction initiatives and reimbursement of costs by Strellson, the Company has been unable to sufficiently reduce its operating costs to offset the sales shortfall in both the retail and wholesale channels.
27. The Proposed Receiver understands that the Company experienced an operating loss in fiscal 2016 in excess of \$1 million, and projects operating losses for fiscal 2017 through 2019, absent any funding of costs by Strellson and/or additional accommodations from Strellson.



28. Set out below is a summary of the Company's unaudited balance sheet as at May 31, 2017:

<b>Strellmax Ltd.</b>	
<b>Balance Sheet</b>	
(\$000's)	As at May 2017
<u>Assets</u>	
Cash	\$ 407
Accounts receivable	1,580
Inventory	2,132
Prepays & other	61
<b>Current Assets</b>	<b>4,180</b>
Fixed assets	3,100
<b>Total Assets</b>	<b>\$ 7,280</b>
<u>Liabilities &amp; Shareholder's Equity</u>	
Revolving Credit Facility	2,740
Accounts payable & accrued liabilities	5,119
Related party advances & other	20
<b>Current Liabilities</b>	<b>7,879</b>
Deferred rent & other occupancy-related	705
Loans from related parties	1,159
Term Loan	869
<b>Long-term Liabilities</b>	<b>2,733</b>
Deficit & Shareholder's Equity	(3,332)
<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>\$ 7,280</b>

29. The Company's internal balance sheet as at May 31, 2017 reflects that:

- a) the book value of current liabilities (approximately \$7.9 million) significantly exceeds the book value of current assets (approximately \$4.2 million). Even if the Company's outstanding secured indebtedness to the Creditor were excluded, Strellmax would still have a negative working capital position of approximately \$1 million;
- b) the Company had an accumulated retained earnings deficit of approximately \$3.3 million; and
- c) the Company is insolvent on a balance sheet basis.

### ABILITY TO CONTINUE AS A GOING CONCERN

30. The Proposed Receiver understands that the Company's ongoing financial results continue to be a concern. The Proposed Receiver is of the view that Strellmax will be challenged to continue to operate as a going concern due to the following:
- a) the Company's projections indicate that over the next 24 months, nearly all of the retail locations are forecast to suffer significant operating losses absent continued support from Strellson, and that if it continues to operate at status quo, the wholesale business is also forecast to suffer significant operating losses;
  - b) the Proposed Receiver understands that the Creditor is not prepared to advance further funds to the Company, and is anticipated to suffer a shortfall on its security position under any realistic realization scenario; and
  - c) as noted above, the Proposed Receiver understands that Strellmax is in default of certain of the terms of the Licence Agreement and the Distribution Agreement, and that Strellson is unwilling to continue providing merchandise to the Company, without which it would be unable to operate, even if additional financing could be secured subordinate to the Creditor.

## **VI. CREDITORS**

### ASSIGNMENT OF TD BANK DEBT TO STRELLSON AG

31. The Toronto-Dominion Bank ("TD") provided certain credit facilities to Strellmax commencing in 2012, including most recently a \$2.2 million (subsequently increased to \$2.7 million) revolving asset-based facility, and a \$1.2 million term facility to Strellmax pursuant to a credit agreement dated June 6, 2016, as amended by amending agreements dated June 30, 2016 and December 6, 2016, respectively (the "TD Facility"). As security for its advances under the TD Facility and prior credit facilities, TD was granted a first-ranking security interest in the Property (together with the TD Facility, the "TD Debt and Security").
32. As detailed in the Braun Affidavit, TD assigned certain of its rights and obligations under the TD Debt and Security and associated security held by TD Bank to Strellson pursuant to an assignment agreement dated June 30, 2017 (the "Assignment Agreement"). A copy of the Assignment Agreement is attached as Exhibit "C" to the Braun Affidavit.
33. The Proposed Receiver understands that, per the Demand Letter, the amount outstanding under the TD Facility on June 30, 2017 was approximately \$3.7 million.

34. The Proposed Receiver understands that, in order to continue the use of the Company's existing cash management arrangements with TD, Strellson has provided cash collateral in the amount of \$71,500 to secure the corporate credit card facility.

#### SECURITY OPINION

35. As set out above, TD assigned certain of its rights and obligations under the TD Facility and certain of the associated security to Strellson pursuant to the Assignment Agreement. The Proposed Receiver has received an opinion on Strellson's security from its independent legal counsel, WeirFoulds LLP ("WeirFoulds") dated July 4, 2017. The security opinion provides that, subject to the customary qualifications and assumptions, the security interest granted to Strellson pursuant to the assigned security over certain of the personal property, assets and undertakings of Strellmax located in Ontario is valid and enforceable as against a trustee in bankruptcy of Strellmax.
36. As part of the Assignment Agreement, a contractual Postponement and Assignment of Creditor's Claim and Postponement of Security granted by Adamray in favour of TD was assigned, among other things, to Strellson. Searches conducted by WeirFoulds under the Ontario PPSA (which are summarized in the security opinion) confirm that the registrations originally in favour of TD against all classes of collateral, excluding consumer goods, have been amended to account for the assignment to Strellson and that the registrations were either registered prior in time to all other registrants or are subordinate to the registrations in favour of TD.
37. Only one Ontario PPSA registration, in favour of National Leasing Inc. ("National") in respect of certain leased computer software, appeared to qualify as a potential purchase money security interest in the collateral described therein capable of having priority over TD's registrations assigned to Strellson.
38. A search conducted under the B.C. PPSA confirmed that Strellson has also registered its security interest against all of Strellmax's present and after-acquired personal property. The Strellson registration is the only registration that appears in the B.C. PPSA search.

#### OTHER SECURED CREDITORS

39. The Proposed Receiver understands that Adamray provided a shareholder loan to Strellmax in the amount of approximately \$1,150,000 (the "Shareholder Loan"), secured by a security interest against the Property which is contractually and temporally subordinate to the interests of TD assigned to the Creditor.
40. Accord Financial Ltd. ("Accord") provides factoring services to the Company on its Canadian credit sales, pursuant to a letter agreement dated June 1, 2010, as amended from time to time. On March 1, 2016,

Accord provided an irrevocable letter of credit in favour of Strellson (the "Accord LOC") for purchases of merchandise made by the Company, to a maximum of \$500,000.

41. In connection with the Accord LOC, documentation was executed subordinating the claims of Adamray against the Company (in respect of the Shareholder Loan) to the claims of Accord, and assigning its indebtedness to Accord until Accord is paid in full. In further support of the Accord LOC, Strellmax agreed not to incur additional secured debt other than with TD. The Proposed Receiver understands that no draw has been made on the Accord LOC as at the date of this Report.

#### OTHER PPSA REGISTRANTS

42. In addition to the secured claims of Strellson, Adamray, and Accord noted above, the search report prepared by the Proposed Receiver's legal counsel setting out registrations filed under the applicable Personal Property Security Registries indicated that the only other Ontario or B.C. PPSA Registration against Strellmax is the one in favour of National referenced above.

#### POTENTIAL PRIORITY CLAIMS

43. Based on information provided by the Company, the Proposed Receiver understands that the Company has liabilities that rank, or may rank, in priority to the secured claim of Strellson at the date of the Receivership Order, including:
- a) Approximately \$50,000 owed to Strellmax employees, in respect of vacation pay;
  - b) Wages and source deduction payments in the aggregate amount of approximately \$50,000, representing wages accrued since the payment of the last payroll period ended June 30, 2017 (the "Stub Period Wages"); and
  - c) Approximately \$30,000 owed to Canada Revenue Agency in respect of sales taxes.
44. The Proposed Receiver understands that, with the exception of the Stub Period Wages, the Company was current on all payments to government authorities for sales taxes and source deductions that were due and payable as at the date of this Report.
45. If appointed as Receiver, the Proposed Receiver will comply with the provisions of the Wage Earner Protection Program Act subsequent to its appointment.

## UNSECURED TRADE CREDITORS

46. The Proposed Receiver understands that the Company had total unsecured trade payables owing of approximately \$5.1 million as at May 31, 2017, of which the majority related to amounts owing to Strellson. As outlined in the Braun Affidavit, approximately \$3.6 million is owed to Strellson pursuant to the Licence Agreement and the Distribution Agreement as at June 30, 2017.
47. The Proposed Receiver understands that the Company was current in respect of obligations to its landlords through July 2017, except for certain landlords where monthly rent is based on a percentage of sales and which has not been reconciled by the Company at the date of this Report.

## **VII. THE PROPOSED TRANSACTION**

48. The Company, the Purchaser and their respective counsel (in consultation with the Proposed Receiver) have negotiated the terms and provisions of the APA, a copy of which is attached as **Appendix "A"** hereto.
49. The material terms of the APA as between the Purchaser, the Receiver (the "**Vendor**") and the Company, include the following (all terms not otherwise defined herein shall have the meanings as defined in the APA):
- a) the purchased assets include all of the assets which the Purchaser desires to have the Buyer acquire in order to continue the wholesale business of the Company (the "**Purchased Assets**"). Specifically, the Purchased Assets include, but are not limited to, the following:
    - (i) certain inventory owned by the Company at closing (the "**Wholesale Inventory**"), that will comprise:
      - inventory that is located at the Concession Location; and
      - In Season Inventory located at the Distribution Centre.

The Proposed Receiver understands that the Wholesale Inventory on hand has a book value on the Company's books and records of approximately \$600,000 as at June 30<sup>th</sup>.
    - (ii) other inventory (the "**Designated Inventory**", and together with the Wholesale Inventory, the "**Purchased Inventory**") to be designated by the Purchaser no later than three (3) business days prior to closing, and in any case the Designated Inventory is not to be less than \$100,000 and not more than \$300,000 of the book value on the Company's books and records;

- (iii) all wholesale customer contracts, customer orders, and other commitments (collectively, the "**Wholesale Customer Contracts**");
  - (iv) all purchase orders outstanding with the Company's merchandise suppliers (the "**Wholesale Purchase Orders**");
  - (v) wholesale business customer lists;
  - (vi) the IT Systems; and
  - (vii) the books and records related to the Purchased Assets.
- b) the Purchased Assets specifically exclude, among other things, the Company's accounts receivable, the inventory other than the Purchased Inventory, and furniture, fixtures, and equipment (the "**FF&E**") which will be subject to the Liquidation Plan (as discussed later in this Report);
- c) subject to the terms of the APA, the Buyer agrees to assume certain liabilities of the Company (the "**Assumed Obligations**"), including the following:
- (i) the liabilities, at closing, in respect of the unfulfilled Wholesale Customer Contracts;
  - (ii) the liabilities, at closing, in respect of the unfulfilled Wholesale Purchase Orders;
  - (iii) certain liabilities in connection with the IT Systems.
- d) The purchase price (the "**Purchase Price**") for the Purchased Assets at closing will be the aggregate amount of:
- (i) 100% of the book value of the Purchased Inventory on the Company's books and records (being the "**Prescribed Inventory Amount**"), net of amounts still owing on inventory delivered in connection with the Wholesale Purchase Orders, which will be an Assumed Obligation of the Buyer;
  - (ii) \$50,000 (the "**IT Systems Credit Bid Amount**"); plus
  - (iii) the Assumed Obligations.
- e) The Purchase Price (exclusive of any transfer taxes) will be satisfied at closing as follows:
- (i) by a credit bid by the Purchaser of a portion of the TD Facility in an amount equal to the Prescribed Inventory Amount plus the IT Systems Credit Bid Amount; and
  - (ii) by the Buyer's assumption of the Assumed Obligations, effective at closing.
- f) the Proposed Transaction is subject to certain conditions, the following of which are material closing conditions to the transaction:

- (i) the Court's issuance of the Approval and Vesting Order on or before July 14, 2017, and such Approval and Vesting Order shall not have been stayed, vacated, or varied;
- (ii) the appointment of the Receiver on or before July 14, 2017;
- (iii) the Buyer having entered into supply arrangements with the Wholesale Customers satisfactory to the Buyer prior to the Closing Date (the "**Wholesale Customers Condition**");
- (iv) the Buyer having entered into an agreement for transition services (the "**Support Services Agreement**") with Strellmax and the Vendor, including as it relates to the allocation of space at the Company's Headquarters, access to the employees and the computer systems of each of the Buyer and Strellmax, and the Buyer's assistance to the Company in collecting accounts receivable from the Wholesale Customers. The APA contemplates that the Purchaser will provide consideration to the Vendor in respect of the assistance to be provided by the Company, and that the Support Services Agreement shall terminate no later than the Receiver's discharge; and
- (v) there shall have been no material adverse change to the Purchased Assets prior to closing.

50. The Closing Date shall occur one (1) business day following the day on which the Wholesale Customers Condition is waived or satisfied, but in no case later than August 15, 2017. The Proposed Receiver understands that the delay in closing is required by the Purchaser in order to, among other things, secure arrangements with the Wholesale Customers in respect of go-forward supply.
51. The Buyer is acquiring the Purchased Assets on an "as is, where is" basis, representing substantially all of the Company's wholesale business and assets. The APA contemplates that the Buyer may, but is not obligated to, offer employment to certain of the Company's employees, in order to continue the Company's wholesale business. The Proposed Receiver further understands that the Buyer may be interested in acquiring certain of the Company's assets remaining after the Liquidation Plan is completed; as at the date of this Report, the Proposed Receiver is not aware of the form, likelihood or potential value of the foregoing.
52. In the view of the Proposed Receiver, the Proposed Transaction is reasonable in the circumstances, and the best alternative to a complete liquidation of the Company's assets, for the following reasons:

- a) as noted above, the Proposed Receiver understands that the majority of the Company's merchandise is supplied by Strellson pursuant to the Licence Agreement and the Distribution Agreement which are not assignable by their terms, and that Strellson would not support the sale and/or otherwise transfer of these agreements to any third party purchaser. As such, the only reasonable alternative to the Proposed Transaction is the liquidation of the Company's assets;
- b) the Licence Agreement provides Strellson with the first right of refusal to repurchase the Company's inventory in the event the agreement is terminated. The terms of the Licence Agreement stipulate that the repurchase price (the "**Repurchase Price**") paid by the licensor shall be the cost paid by Strellmax to the manufacturer at delivery for the current season's merchandise, and a lesser factor thereof for merchandise from previous seasons. The APA contemplates that the Prescribed Inventory Amount, at 100% of the Company's book value, will be at least the amount of the Repurchase Price;
- c) the Proposed Transaction would be more beneficial to the Company's creditors than the liquidation alternative. The Proposed Receiver has consulted with the Liquidator (as defined below), specializing in retail liquidations, and understands that in the Liquidator's view, net realizations on a liquidation of the Purchased Inventory would be less than the Company's book value, even if liquidated through the Company's retail channel. This view is consistent with Richter's experience with liquidation values in similar retail insolvencies. The Proposed Receiver further understands from the Company and the Liquidator, that the amount of the Company's inventory on hand is in excess of that which could be liquidated in an orderly manner through its limited retail channel, and as such significant discounts would be required to liquidate all of the Company's inventory; and
- d) the Proposed Transaction provides the greatest benefit to all stakeholders (including customers, suppliers, etc.) as it results in the continuation of the Company's wholesale operations, which benefits will include the preservation of employment for a material portion of the Company's head office and warehouse employees.

## VIII. THE RETAIL LIQUIDATION PLAN

53. As noted above, the retail stores have been suffering operating losses in fiscal 2016 and fiscal 2017 YTD, and are forecast to continue to suffer operating losses through fiscal 2019, absent Strellson's support, and as such, the only alternative for the assets which are not subject to the Proposed Transaction is liquidation.
54. The Company, with the assistance of its advisor Pernica has engaged the services of HyperAMS, LLC (the "**Consultant**"). The Company, with the assistance of the Consultant, has developed a Liquidation Plan in



order to enable the Company to conduct an orderly liquidation (the "Sale") of the Company's inventory and FF&E not subject to the Proposed Transaction (the "Excluded Assets").

55. The Company has engaged the Consultant, pursuant to an agreement dated June 28, 2017 (the "Liquidation Plan Consulting Agreement") between the Consultant and Strellmax, where the Consultant will advise Strellmax in respect of the liquidation of the Excluded Assets. The Proposed Receiver was afforded an opportunity to review the terms of the Liquidation Plan Consulting Agreement prior to its execution, and does not have any reason to believe that the terms of the agreement are not consistent with other engagements in respect of retail insolvencies of a similar size to Strellmax. The Proposed Receiver understands that the Consultant has extensive experience with retail insolvencies and is well positioned to provide the advice to Strellmax required for the effective conduct of the Sale.
56. The Proposed Receiver understands that, in order to facilitate the Liquidation Plan, Strellson has agreed to grant the use of the Strellson brand licence on a limited basis during the Sale.
57. Below is a summary of the key terms of the Liquidation Plan Consulting Agreement and the Liquidation Plan:
  - a) the Consultant will advise the Company in conducting a "store closing" or similar-themed Sale in locations at the Company's discretion, which will commence on July 7, 2017 (the "Sale Commencement Date"), to end no later than September 30, 2017 (the "Sale Termination Date", the period from the Sale Commencement Date through the Sale Termination Date being the "Liquidation Period"). The Proposed Receiver understands that the Sale will be conducted at the five (5) standalone retail locations, and may continue at the Bloor Street retail location beyond the Sale Termination Date, if determined by the Company, with the assistance of the Consultant, to be appropriate;
  - b) the Company is responsible for all reasonable costs and expenses in connection with the Sale, which have been determined and forecast in consultation with the Consultant;
  - c) in consideration of its services, the Consultant will earn a fee of \$6,000 United States dollars ("USD") for the first week of its engagement, and \$3,000 USD per week during the Liquidation Period thereafter;
  - d) the Consultant may also advise Strellmax in selling any owned FF&E in the stores. The Consultant will earn a fee of fifteen percent (15%) of the gross proceeds from the sale of the FF&E located in the stores, only if it assists with the sale or disposal of the FF&E at the request of the Company; and
  - e) the terms of the Liquidation Plan Consulting Agreement shall survive any formal or court-supervised insolvency proceedings commenced by or against Strellmax.

58. Upon Court approval of the Liquidation Plan and the Receiver's appointment, the Sale will continue under the oversight of the Receiver. As noted later in this Report, the Receivership Order contemplates that the Receiver will control the treasury assets of the Company, and will have the power and authority, but not the obligation, to act in respect of the Property;
59. The sale guidelines (the "**Sale Guidelines**") surrounding store operations and closings are governed by Schedule "A" to the Receivership Order. In the Proposed Receiver's view, the Sale Guidelines are in a form consistent with recent Canadian retail liquidations. The Sale Guidelines shall include that:
- a) the Sale will be conducted in accordance with the terms of the applicable leases or other occupancy agreements, except as provided for in the Receivership Order or any further Order of the Court, or any written agreement between the Company or Receiver and the applicable landlord;
  - b) the Sale shall be conducted so that each of the stores remain open during their normal hours of operation provided in their respective leases;
  - c) the Sale shall end by no later than the Sale Termination Date, with the exception of the Bloor Street location where the Sale may extend past the Sale Termination Date to the expiry of the lease;
  - d) all display and hanging signs used by the Company in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. No signs shall advertise the Sale as a "bankruptcy", a "going out of business" or a "liquidation" sale;
  - e) at the conclusion of the Sale in each Closing Store, the Company shall arrange that the premises for each Closing Store (as defined in the Sale Guidelines) is in "broom-swept" and clean condition, and shall arrange for the Closing Stores to be in the same condition as they were on the Sale Commencement Date, ordinary wear and tear excepted; and
  - f) the Company and, where appropriate, the Receiver, shall not conduct any auctions of inventory or FF&E at any of the Closing Stores.
60. The form of Receivership Order provides that the Company is authorized to market and sell the Excluded Assets through the Sale, in accordance with the Sale Guidelines attached to the Receivership Order.
61. Based on the experience of the Proposed Receiver with other retail insolvency liquidations, it is the view of the Proposed Receiver that the Liquidation Plan, the terms and conditions of the Liquidation Plan Consulting Agreement, and the related terms of Receivership Order are consistent with the market in similar situations.

## IX. COURT-ORDERED CHARGES

### ADMINISTRATION CHARGE

62. The proposed Receivership Order provides for a first ranking charge in favour of the Receiver, the Receiver's counsel, and counsel to the Company (the "Insolvency Professionals") in an amount not to exceed \$400,000, subject to further Order of the Court, charging all of the Property as security for the professional fees and disbursements incurred both before and after the date of these receivership proceedings (the "Administration Charge").

### D&O CHARGE

63. As noted in the Braun Affidavit, the proposed Receivership Order leaves a large degree of control over the Company to the current directors and officers to effect the proposed Liquidation Plan, and the interim period prior to the closing of the Proposed Transaction.

64. The proposed Receivership Order provides for a charge in the maximum amount of \$150,000 subject to further Order of the Court charging the assets of the Company to indemnify its directors and officers for liabilities incurred by the Company that result in post-filing claims against the directors and officers in their personal capacities (the "D&O Charge").

65. The amount of the D&O Charge was determined by taking into consideration employee payroll and related expenses (including source deductions), vacation pay and sales taxes. As noted in the Braun Affidavit, the Creditor supports the D&O Charge.

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

66. It is contemplated that the priorities of the charges sought by the Creditor (collectively, the "Charges") will be as follows:

- a) First – Administration Charge; and
- b) Second – the D&O Charge.

67. The Receivership Order provides that the Charges will rank in priority to the security interests of the Creditor as well as all other security interests, trusts, liens, charges and encumbrances, statutory or otherwise, which are properly perfected security interests as of the date of the Receivership Order.

68. The Proposed Receiver believes that the Charges and rankings are required and reasonable in the circumstances of these receivership proceedings in order to achieve an orderly and efficient realization of the Company's assets and accordingly, supports the granting and the proposed ranking of the Charges.

## **X. RECEIVER'S PROPOSED MANDATE AND POWERS UNDER THE RECEIVERSHIP ORDER**

69. The proposed Receivership Order contemplates that the Receiver shall take possession and control over the Company's treasury assets and all amounts due to the Company pursuant to the Sale and the APA, and the Company shall remain in possession and control of the remaining assets, including the Excluded Assets. Further, the proposed Receivership Order contemplates that the operation and management of the Company will continue to be controlled by its current directors and officers during the receivership proceedings. The Creditor has requested this structure as the Company's employees have intimate knowledge of the Company's business and operations and are best positioned to transition the Company's wholesale business to the Purchaser with minimal interruption to the Wholesale Customers. As noted in the Braun Affidavit, the directors and officers of the Company are intimately familiar with the Company's business and operations and has a unique skill set and knowledge of the industry which will allow the Company, with the assistance of the Receiver and the Consultant, to conduct an orderly liquidation of the Company's assets and to complete the Proposed Transaction in the most efficient manner.

70. The Proposed Receiver notes that the proposed Receivership Order empowers and authorizes, but does not obligate, the Receiver to take an expanded role in keeping with the customary powers conferred in receiverships with a view to providing the Receiver with the flexibility to exercise its discretion and address issues and engage in activities in a timely fashion as requirements arise.

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

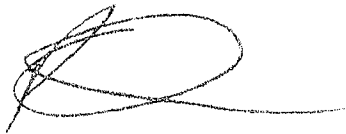
## **XI. RECOMMENDATION**

72. Should the Court see fit to appoint a receiver in the circumstances, the Proposed Receiver recommends that this Court grant the Receivership Order and the Approval and Vesting Order for the following reasons:

- a) The Proposed Receiver understands that Strellson does not intend to continue the Licence Agreement or the Distribution Agreement, effectively foreclosing the possibility of any sort of going concern sale of the Company's business without the support of Strollson;
  - b) the terms of the Liquidation Plan Consulting Agreement are in line with the market and commercially reasonable given the limited scope of the Sale and the small number of retail locations in question;
  - c) as detailed above, in the circumstances, the Proposed Receiver is of the view that the Proposed Transaction, together with the Liquidation Plan, represent a reasonable and value-maximizing approach to realizing on the Property; and
  - d) both the Creditor and Adamray support the Proposed Transaction and the Liquidation Plan.
73. Provided this Court sees fit to issue the Receivership Order, upon the Receiver's appointment and issuance of the Approval and Vesting Order approving the APA, the Receiver shall forthwith enter into the APA and carry out the Proposed Transaction.

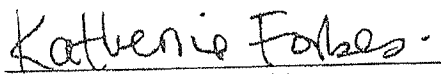
All of which is respectfully submitted on the 5<sup>th</sup> day of July, 2017.

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



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

  
**Katherine Forbes, CPA, CA  
Vice-President**

# APPENDIX

“D”

## AMENDED ASSET PURCHASE AGREEMENT – NON LIQUIDATION ASSETS

This Agreement is made as of the 7<sup>th</sup> day of July, 2017 among:

**RICHTER ADVISORY GROUP INC., solely in its capacity as  
Court-appointed receiver of the assets, undertakings and properties of  
STRELLMAX LTD.  
(the “Vendor”)**

AND

**STRELLSON AG  
(the “Purchaser”)**

AND

**STRELLSON CANADA LTD.  
(the “Buyer”)**

AND

**STRELLMAX LTD.  
(“Strellmax”)**

### RECITALS

A. Strellmax is indebted to the Purchaser in the amount of approximately \$3,800,000, as a result of the assignment made on June 30, 2017 by the Toronto-Dominion Bank (“**TD Bank**”) to the Purchaser of the indebtedness and obligations of Strellmax to TD Bank (the “**Assigned TD Debt**”), together with the related security instruments granted by Strellmax to TD Bank (the “**Assigned TD Security**”) and certain subsequent advances by the Purchaser to Strellmax up to the date hereof;

B. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) dated July 7, 2017 (the “**Appointment Order**”) made upon the application of the Purchaser as assignee of the Assigned TD Debt and the Assigned TD Security, and upon the consent of Strellmax, the Vendor was appointed as the receiver (the “**Receiver**”) of the assets, undertakings and properties of Strellmax pursuant to the *Bankruptcy and Insolvency Act* (Canada) (“**BIA**”) and the *Courts of Justice Act* (Ontario) and was authorized, *inter alia*, to manage all treasury functions of Strellmax and control all receipts and disbursements of Strellmax, and pursuant to the Approval and Vesting Order (as hereinafter defined) the Receiver was authorized to sell certain inventory and assets of Strellmax to the Purchaser in accordance with the terms of this Agreement with such minor amendments as the Receiver may deem necessary;

C. The Appointment Order also provided that Strellmax would: (i) remain in possession and operation of its Retail Business and the Excluded Inventory; (ii) maintain its head office and Distribution Centre functions under the supervision of the Receiver; and (iii) conduct an orderly liquidation of the Excluded Inventory and wind up of the Retail Business under the supervision of the Receiver;

D. The Purchaser wishes to purchase (with title to the Purchased Assets being directed into Buyer by way of subsequent sale from the Purchaser to the Buyer on Closing in consideration for the Promissory Note), and the Vendor wishes to sell the Purchased Assets (as defined herein), and the Purchaser wishes to subsequently sell the Purchased Assets to the Buyer as more particularly set out herein, subject to the terms and conditions hereof.

**THIS AGREEMENT WITNESSES THAT** in consideration of the respective covenants, agreements, representations and warranties of the parties herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the parties agree as follows:

## **ARTICLE I INTERPRETATION**

### **1.01 Definitions**

In this Agreement:

**“Accounts Receivable”** means accounts receivable, bills receivable, trade accounts, book debts and insurance claims relating to the Business, recorded as receivable in the books and records of Strellmax, and other amounts due or deemed to be due to Strellmax relating to the Business including refunds and rebates receivable relating to the Business or the Purchased Assets, and including, without limitation, the Tax Credits;

**“Agreement”** means this Asset Purchase Agreement and all schedules attached hereto;

**“Approval and Vesting Order”** means an order of the Court substantially in the form of the model approval and vesting order approved by the Commercial List Users’ Committee and satisfactory to the Purchaser, acting reasonably, the terms of which authorize and approve this Agreement and finally and unconditionally approve the sale of the Purchased Assets to the Purchaser and the assumption of the Assumed Obligations and vesting, upon the filing of the Receiver’s certificate referenced herein, all right, title and interest of Strellmax in and to the Purchased Assets to the Buyer, free and clear of all Claims, liabilities and Encumbrances, pursuant to the terms and conditions of this Agreement. The Approval and Vesting Order will vest title to the Purchased Assets as aforesaid in the Buyer effective upon the Receiver delivering a Certificate to the Purchaser in the form of certificate to be attached to the Approval and Vesting Order certifying that the Transaction has closed to the satisfaction of the Receiver;

**“Assigned Contracts”** means the Wholesale Purchase Orders and the Wholesale Customer Orders that remain outstanding as at the Closing Date and the IT Leases not designated by the Purchaser as Excluded IT prior to Closing;



**“Assumed Obligations”** means the obligations of Strellmax under the Assigned Contracts (for greater certainty, net of the Wholesale PO Deposits) as at the Closing Date;

**“BIA”** has the meaning set out in Recital B;

**“Books and Records”** means the books, records and electronic files of Strellmax relating to the Wholesale Business, the Wholesale Inventory, the Wholesale Purchase Orders, the Wholesale PO Deposits and the Wholesale Customer Orders;

**“Business”** means the Wholesale Business and the Retail Business together.

**“Business Day”** means a day on which banks are open for business in the City of Toronto, Ontario but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario;

**“Claims”** means any and all claims, demands, complaints, grievances, actions, applications, suits, causes of action, orders, charges, indictments, prosecutions or other similar processes, assessments or reassessments, judgments, debts, liabilities, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including solicitor and client costs and disbursements, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing, and **“Claim”** means any one of them;

**“Closing”** means the successful completion of the Transaction;

**“Closing Date”** shall be the Business Day on or before the Outside Date immediately following the date up on which the Purchaser satisfies or waives the Condition set out in Section 4.01(a) of this Agreement; or such other date as agreed upon between the parties in writing;

**“Concession Location”** means the licensed concession operated by Strellmax located within the Hudson Bay Company Yorkdale store as of the date of this Agreement.

**“Concession Location Inventory”** means all inventory owned by Strellmax located at the Concession Location as of the date of this Agreement.

**“Court”** means the Ontario Superior Court of Justice (Commercial List);

**“Credit Bid”** means the agreement by the Purchaser to settle and release a portion of the Assigned TD Debt on account of the Purchase Price payable for the Purchased Assets under section 2.05 of this Agreement;

**“Delivered In Season Inventory”** means In Season Inventory listed in Wholesale Purchase Orders, that is either; (i) delivered to the Distribution Centre during the period between July 5<sup>th</sup>, 2017 and the Closing Date **and** remains in the Distribution Centre on the Closing Date; or (ii) in transit to the Distribution Centre on FOB terms as of the Closing Date;

**“Delivered In Season Inventory Amount”** means an amount to be paid (by bank draft or certified funds) by the Purchaser or the Buyer to the Vendor on Closing, equal to the amounts actually paid by the Receiver to third parties on account of Delivered In Season Inventory during

the Interim Period (which for greater certainty may include shipping costs and other landed costs);

**“Designated Inventory”** not less than \$100,000 book value and not more than \$300,000 book value of inventory which shall be designated by the Purchaser as “Purchased Inventory” at least three Business Days’ prior to the Closing Date from the following:

(i) inventory of Strellmax located in the Distribution Centre that is not In Season Inventory; and

(ii) In Season Inventory located in the Retail Stores as of June 30, 2017.

**“Distribution Centre”** means the Strellmax warehouse located at 3725 Chesswood Drive, Toronto, Ontario, M3J 2P6.

**“Employees”** means individuals employed by Strellmax, on a full-time, part-time or temporary basis;

**“Encumbrances”** means all pledges, liens, charges, security interests, leases, title retention agreements, mortgages, restrictions, developments or similar agreements, easements, rights-of-way, title defects, options or adverse claims or encumbrances of any kind or character whatsoever;

**“ETA”** means Part IX of the *Excise Tax Act* (Canada);

**“Excluded Assets”** means Accounts Receivable, the Excluded Inventory, the Excluded IT, and all other property, assets and undertaking of Strellmax that do not relate to the Wholesale Business or do not otherwise constitute a Purchased Asset hereunder;

**“Excluded Inventory”** means all inventory that is not Purchased Inventory;

**“Excluded IT”** means the IT Systems and IT Leases designated by the Purchaser at least three Business Days’ prior to the Closing Date as Excluded IT;

**“Governmental Authorities”** means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law, rule or regulation-making organizations or entities:

- (a) having or purporting to have jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or
- (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

**“HST”** means harmonized sales tax and goods and services tax payable under the ETA;

**“Interim Period”** means the period from the date of the Approval and Vesting Order to and including the Closing Date;

**“In Season Inventory”** means inventory designated as “Never out of Season” or “Fall/Winter 2017”;

**“IT Systems”** means all computer hardware and peripheral systems, supplies and accessories used in the Business, all software relating to the Business, including computer programs, all related documentation, manuals, source code, object code, program files, data files, computer related data, field and data definitions and relationships, data definition specifications, data models, program and system logic, interfaces, program modules, routines, sub-routines, algorithms, program architecture, design concepts, system designs, program structure, sequence and organization, screen displays and report layouts, owned or leased by Strellmax (such IT System leases, the **“IT Leases”**) used in the Business;

**“IT Systems Credit Bid Amount”** means \$50,000;

**“Outside Date”** means August 15, 2017;

**“Parties”** means the Vendor, Strellmax, the Buyer and the Purchaser collectively, and **“Party”** means any one of them;

**“Person”** means any individual, sole proprietorship, partnership, firm, entity, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, Governmental Authority, and where the context requires any of the foregoing when they are acting as trustee, executor, administrator or other legal representative;

**“Prescribed Inventory Amount”** means dollar amount equal to 100% of the Purchased Inventory Book Value as of the Closing Date, plus the Wholesale PO Deposit Amounts excluding deposits relating to Delivered In Season Inventory, less the Delivered In Season Inventory Amount;

**“Promissory Note”** means the secured promissory note to be issued by the Buyer in favour of the Purchaser on Closing in the amount of the Purchase Price in consideration for the sale of the Purchased Assets by the Purchaser to the Buyer;

**“Purchase Price”** has the meaning ascribed thereto in Article 2.05;

**“Purchased Assets”** means all the right, title and interest of Strellmax in and to the Purchased Inventory, the Wholesale Purchase Orders, the Wholesale PO Deposits; the Wholesale Customer Orders, the Assigned Contracts, the IT Systems and the Books and Records, and which, for greater certainty, shall exclude the Excluded Assets;

**“Purchased Inventory”** means the Wholesale Inventory and the Designated Inventory;

**“Purchased Inventory Book Value”** means the dollar amount equal to the aggregate book value of the Purchased Inventory on the books and records of Strellmax as at the Closing Date, net of amounts still owing to suppliers in respect of Delivered In Season Inventory which are assumed by the Buyer as an Assumed Obligation;

**“Required Consents”** means all consents, resolutions, agreements, assignments, orders or other documents from all persons or entities, licensor, governmental body or other person or entity, which may be required or desirable for the effective transfer of the Purchased Assets, acting reasonably, and all rights and benefits associated therewith to the Purchaser, to the extent required under the applicable Assigned Contract with respect to the assignment of such Assigned Contract to the Purchaser and subsequently to the Buyer;

**“Restricted Right”** means any Contract or governmental authorization which by its terms requires consent or approval of the other party or parties thereto or the issuer for completion of the transactions contemplated by this Agreement or in respect of which the completion of the transactions contemplated by this Agreement will increase the obligations or decrease the rights or entitlements of Strellmax, the Purchaser or the Buyer relating to the Business under such Contract or governmental authorization;

**“Retail Business”** means the segment of the business carried on by Strellmax directly and indirectly relating to the purchasing and selling of inventory to the public from the Retail Stores;

**“Retail Store Leases”** means the leases of the Retail Stores;

**“Retail Stores”** means the Strellson branded retail store locations operated by Strellmax as of the date of this Agreement at the following locations: Rideau Centre Ottawa; Yorkdale Toronto, Bayview Village Toronto; 170 Bloor Street West Toronto; 1108 Alberni Street Vancouver;

**“Sold Wholesale Inventory”** means Wholesale Inventory that is sold during the Interim Period.

**“Tax”** and **“Taxes”** means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, HST, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, franchise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax, including Canada Pension Plan and provincial pension plan contributions, employment insurance payments and workers compensation premiums, together with any installments with respect thereto, and any interest, fines and penalties, imposed by any Governmental Authorities, and whether disputed or not;

**“Tax Credits”** means all amounts receivable by or payable to Strellmax consisting of or related to any refund of Taxes paid by Strellmax, or other Tax credits owed to Strellmax;

**“Time of Closing”** means 2:00 p.m. (Toronto time) on the Closing Date or such other time on the Closing Date as the parties may mutually agree;

**“Transaction”** means the transactions of purchase and sale and assignment and assumption contemplated by this Agreement;

**“Vendor”** has the meaning ascribed thereto above.

**“Wholesale Business”** means the segment of the business carried on by Strellmax directly and indirectly relating to the purchasing and selling of inventory to Wholesale Customers.

**“Wholesale Customers”** means the customers of the Strellmax Wholesale Business listed in **Schedule “A”** hereto.

**“Wholesale Customers Orders”** means the orders placed by Wholesale Customers with Strellmax listed on **Schedule “B”** hereto and orders placed by Wholesale Customers with Strellmax during the Interim Period, which remain the outstanding and unfulfilled as of the Closing Date;

**“Wholesale Inventory”** means the Concession Location Inventory and all In Season Inventory located in the Distribution Centre as of the date of this Agreement, including, without limitation, the inventory listed on **Schedule “C”** hereto, excluding Sold Wholesale Inventory, and adding Delivered In Season Inventory.

**“Wholesale Purchase Orders”** means the purchase orders for the purchase by Strellmax of In Season Inventory placed by Strellmax, which are listed in **Schedule “D”** hereto;

**“Wholesale PO Deposits”** means deposits and prepayments made by Strellmax on account of Wholesale Purchase Orders, reflected in the column in **Schedule “D”** titled “Deposit Amount”;

#### **1.02 Interpretation Not Affected by Headings, etc.**

The division of this Agreement into articles or sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement and not to any particular section hereof.

#### **1.03 Extended Meanings**

Words importing the singular include the plural and *vice versa*, words importing gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations, corporations and Governmental Authorities. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings.

#### **1.04 Schedules**

The following Schedules (as applicable) are incorporated in and form part of this Agreement:

SCHEDULE A	WHOLESALE CUSTOMERS
SCHEDULE B	WHOLESALE CUSTOMER OPEN ORDERS
SCHEDULE C	WHOLESALE INVENTORY
SCHEDULE D	WHOLESALE PURCHASE ORDERS AND WHOLESALE PO DEPOSITS

### **ARTICLE II SALE AND PURCHASE AND ASSIGNMENT**

## 2.01 Sale and Purchase of Purchased Assets

Subject to the terms and conditions hereof, on the Closing Date:

- (a) **Purchase and Sale of Purchased Assets** — the Vendor shall sell and the Purchaser shall purchase and subsequently sell, by way of direction of title to the Buyer, so as to cause the Buyer to purchase the Purchased Assets and the Buyer shall, accordingly, purchase the Purchased Assets and issue the Promissory Note to the Purchaser;
- (b) **Transfer and Delivery of Purchased Assets** — the Vendor shall execute and deliver to the Purchaser and the Buyer all such bills of sale, assignments, instruments of transfer, deeds, assurances, consents and other documents as shall be necessary or desirable to effectively transfer to the Buyer the Purchased Assets; the Vendor and Strellmax shall deliver up to the Buyer possession of the Purchased Assets, free and clear of all Encumbrances; and
- (c) **Other Documents** — the Vendor, Strellmax, the Purchaser and the Buyer shall deliver such other documents as may be necessary or desirable to complete the transactions provided for in this Agreement.

## 2.02 Assignment and Assumption of Assigned Contracts

Subject to the conditions and terms hereof pursuant to the direction of title, the Vendor shall assign to the Buyer at the Time of Closing all of the rights, benefits and interests of the Vendor in and to the Assigned Contracts pursuant to assumption agreements in form and substance satisfactory to the Vendor.

- (a) Provided that it is not otherwise permitted in the Approval and Vesting Order or any other order of a court with jurisdiction, nothing in this Agreement shall be construed as an assignment of, or an attempt to assign to the Buyer, any Restricted Right (a) which, as a matter of law, or by its terms, (i) is not assignable, or (ii) is not assignable without the approval or consent of the issuer thereof or other party or parties thereto, or (b) in respect of which the completion of the transactions contemplated by this Agreement will increase the obligations or decrease the rights or entitlements of Strellmax, the Vendor or the Buyer relating to the Business, without first obtaining either such approval or consent or a waiver or a modification with respect to such Restricted Right, in each case acceptable to the Purchaser.
- (b) In instances where a Restricted Right may be assigned by way of consent or a waiver of a third party, the Vendor shall, at the request of the Purchaser or the Buyer, request said consent or waiver from the relevant third party (or third parties).

### 2.03 “As is, Where is”

The Purchaser and the Buyer acknowledge that the Vendor is selling the Purchased Assets on an “as is, where is” basis as they shall exist on the Closing Date, subject to the terms of the Approval and Vesting Order. The Purchaser and Buyer further acknowledge that they have entered into this Agreement on the basis that the Vendor does not guarantee title to the Purchased Assets and that the Purchaser, on its own behalf and on behalf of the Buyer has conducted such inspections of the condition of and title to the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, terms, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation do not apply hereto and have been waived by the Purchaser. The description of the Purchased Assets contained in the Schedules hereto is for the purpose of identification only. No representation, warranty or condition has or will be given by Strellmax or the Receiver concerning completeness or the accuracy of the description of the Purchased Assets contained in the Schedules hereto.

### 2.04 Excluded Obligations

Other than the Assumed Obligations, the Purchaser and the Buyer shall not assume and shall not be liable for any other liabilities or obligations of any nature which are related in any way to Strellmax.

### 2.05 Deposit and Payment of the Purchase Price

- (a) The amount payable by the Purchaser and in turn the Buyer, for the Purchased Assets (the “**Purchase Price**”) shall be: (i) the Prescribed Inventory Amount; (ii) the IT Systems Credit Bid Amount; (iii) the Delivered In Season Inventory Amount; and (iv) the assumption of the Assumed Obligations.
- (b) At the Time of Closing, the Purchaser shall satisfy the Purchase Price as follows:
  - (i) by Credit Bid in an amount equal to the Prescribed Inventory Amount plus the IT Systems Credit Bid Amount;
  - (ii) payment to the Vendor of the Delivered In Season Inventory Amount;
  - and
  - (iii) the assumption by the Buyer of the Assumed Obligations.
- (c) At the Time of Closing the Buyer shall deliver the Promissory Note to the Purchaser.

- (d) At the Time of Closing, the Purchaser shall pay the amount of any HST, value added, sales or use Taxes payable in respect of the Transaction under section 2.07 hereof.

## **2.06 Allocation of Purchase Price**

The Prescribed Inventory Amount and the Delivered In Season Inventory Amount of the Purchase Price shall be allocated to the Purchased Inventory, the IT Systems Credit Bid Amount shall be allocated to the IT Systems, and the Assumed Obligations shall be allocated to the Purchased Assets other than the Purchased Inventory and IT Systems.

## **2.07 Taxes**

- (a) Each of the Purchaser and the Buyer shall pay upon Closing, in addition to the Purchase Price, all applicable federal and provincial taxes exigible in connection with the purchase and sale of the Purchased Assets including, without limitation, any HST. Notwithstanding the foregoing, the Parties acknowledge that the Buyer shall provide a drop shipment certificate pursuant to paragraph 179(2)(c) of the ETA to Strellmax at Closing, such that the Purchased Assets will be deemed to supplied outside of Canada pursuant to subsection 179(2) of the ETA and no HST will be collectible by the Vendor.
- (b) The Purchaser and the Buyer agree to indemnify and save the Vendor and the Receiver harmless from and against all claims and demands for payment of the above-mentioned taxes including penalties and interest thereon and any liability or costs incurred as a result of any failure to pay such taxes when due.

## **2.08 Employees**

- (a) Following the execution and delivery of this Agreement by the Parties, the Buyer may provide the Vendor with a list of Employees of the Wholesale Business whom the Buyer wishes to hire (the “**Prospective Employees**”) and the Buyer shall, in its sole discretion, make such offers of employment, effective as of the Time of Closing and conditional on Closing, to the Prospective Employees on terms and conditions chosen by the Buyer in its sole discretion. For greater certainty, the Buyer shall not be obligated to offer employment to any Employee. The Buyer shall provide the Vendor with a list of the names, if any, of the Prospective Employees five (5) Business Days before the Closing Date. The Buyer shall provide notice to the Vendor on the Closing Date of the names of those Prospective Employees who accept employment with the Buyer (such Prospective Employees are collectively referred to herein as the “**Transferred Employees**”).
- (b) On the Closing Date, the Buyer shall assume the Vendor’s responsibility for payment of all wages, bonuses, commissions, vacation pay, sick leave, and any other remuneration (“**Employee Remuneration**”) in respect of the Transferred Employees which arise after the Closing Date.



- (c) Strellmax shall be liable for all legal obligations relating to the employment of the Transferred Employees employed by it payable or accrued prior to the Closing Date. Strellmax shall be responsible for all wages, notice of termination, severance pay and other obligations, including entitlement to benefit coverage, vacation pay and overtime pay to all of its Employees who are not Transferred Employees.

### **ARTICLE III REPRESENTATIONS AND WARRANTIES**

#### **3.01 Purchaser and Buyer's Representations**

The Purchaser and Buyer each represent and warrant to the Vendor and Receiver as follows:

- (a) the Purchaser is a corporation duly incorporated, organized and subsisting under the laws of Switzerland;
- (b) the Purchaser is the owner of the Assigned TD Debt and the Assigned TD Security;
- (c) the Purchaser and the Buyer have all necessary corporate power, authority and capacity to enter into this Agreement and to effect the Credit Bid, and to perform their obligations and the execution and delivery of this Agreement and the consummation of the transactions contemplated herein have been duly authorized by all necessary corporate action on the part of the Purchaser and the Buyer;
- (d) the Purchaser is not a party to, bound or affected by or subject to any indenture, agreement, instrument, charter or by-law provision, order, judgment or decree which would be violated, contravened or breached by the execution and delivery by it of this Agreement, the making of the Credit Bid, or the performance by it of any of the terms contained herein;
- (e) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, pending or, to the best of the Purchaser's knowledge, threatened against or relating to the Purchaser or any judgment, decree, injunction, rule or order of any Court, governmental department, commission, agency, instrumentality or arbitrator which, in any case, might adversely affect the ability of the Purchaser to enter into this Agreement or to consummate the transactions contemplated and the Purchaser is not aware of any existing ground on which any action, suit or proceeding may be commenced with any reasonable likelihood of success;
- (f) this Agreement and all other documents contemplated hereunder to which the Purchaser or the Buyer is or will be a party, as at the Time of Closing, duly and validly executed and delivered by the Purchaser and the Buyer as the case may

be, and constitute or will, as at the Time of Closing, constitute legal, valid and binding obligations of the Purchaser or the Buyer, as the case may be, enforceable in accordance with the terms hereof or thereof;

- (g) the Purchaser and the Buyer are a non-Canadian within the meaning of the *Investment Canada Act*; and
- (h) the Purchaser is a non-resident of Canada and is not registered or required to be registered for the collection of HST under the ETA;
- (i) Buyer is registered for the collection of HST under the ETA and its registration number is 70609 3127 RT0001.

### **3.02 Vendor's Representations**

The Vendor represents and warrants to the Purchaser as follows:

- (a) the Vendor has the right to enter into this Agreement and to complete the Transaction, subject to the granting of the Approval and Vesting Order by the Court;
- (b) save and except for the charges created in the Appointment Order, the Vendor has done no act to encumber the Purchased Assets since the granting of the Appointment Order; and
- (c) the Vendor is not a non-resident of Canada for the purposes of the Income Tax Act (Canada).

## **ARTICLE IV CONDITIONS**

### **4.01 Conditions – Purchaser and Buyer**

The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) by no later than the Business Day immediately prior to the Outside Date, the Buyer shall have entered into arrangements with each Wholesale Customer satisfactory to the Buyer in respect of the future supply of Strellson branded merchandise (including the Wholesale Inventory) by the Buyer to Wholesale Customers from and after the Closing Date;
- (b) the Buyer shall have entered into interim transitioning arrangements with Strellmax and the Vendor satisfactory to the Buyer in respect of; (i) each other's employees during normal business hours; (ii) allocation of space at the Distribution Center; (iii) the use by the Vendor and Strellmax of the IT Systems and the use by the Buyer of the Excluded IT Systems; and (iv) the assistance to be provided by the Buyer to the Vendor in respect of the collection of Accounts

Receivable from Wholesale Customers (the “**Support Services Agreement**”, which, for greater certainty, and in any event, shall terminate no later than the date of the Receiver’s discharge) ;

- (c) by or before July 14, 2017, the Vendor shall have been appointed as Receiver of the property, assets and undertaking of Strellmax by the Court;
- (d) all Required Consents and such consents as the Purchaser may request or desire, acting reasonably, to facilitate the effective transfer of the Purchased Assets, and all rights and benefits associated therewith to the Purchaser, shall have been obtained;
- (e) arrangements satisfactory to the Purchaser in respect of outstanding HST obligations of Strellmax and/or any deemed or actual trusts attaching to the Purchased Assets or any of them, including, without limitation, the bankruptcy or pending bankruptcy of Strellmax;
- (f) all representations and warranties of the Vendor contained in this Agreement shall be true and correct as of the Closing Date with the same effect as though made on and as of the Closing Date;
- (g) the Vendor shall have performed and complied with all of the terms and conditions in this Agreement on its part to be performed or complied with at or before the Time of Closing and shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Time of Closing all the deliveries contemplated in Section 5.03 and elsewhere in this Agreement;
- (h) the Vendor shall cooperate with the Purchaser and the Buyer and use all reasonable efforts to obtain and diligently assist the Purchaser or the Buyer in obtaining all necessary permits, licenses, consents, approvals and authorizations;
- (i) during the Interim Period, no material adverse change to the Purchased Assets shall have occurred;
- (j) there shall be no Claim, litigation or proceedings pending or threatened, or order issued by any Governmental Authorities against any of the Parties, or involving any of the Purchased Assets, for the purpose of enjoining, preventing, restraining or delaying the completion of the Transaction or otherwise claiming that such completion is improper;
- (k) by or before July 14, 2017, the Approval and Vesting Order shall have been issued by the Court, and such Approval and Vesting Order shall not have been stayed, varied or vacated; and
- (l) during the Interim Period, Wholesale Inventory shall not be sold outside of the ordinary course of Business, including, but not limited to offering greater than customary discounts or other offsets, without the prior written consent of the Purchaser.

The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition may be waived by the Purchaser in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing.

#### **4.02 Conditions - Vendor**

The obligation of the Vendor to complete the Transaction is subject to the following conditions being fulfilled or performed at or prior to the Time of Closing:

- (a) by or before July 14, 2017, the Vendor shall have been appointed as Receiver of the property, assets and undertaking of Strellmax by the Court;
- (b) the provisions of the of Support Services Agreement shall be satisfactory to the Receiver;
- (c) all representations and warranties of the Purchaser contained in this Agreement shall be true and correct as of the Closing Date with the same effect as though made on and as of the Closing Date;
- (d) the Purchaser shall have performed each of its obligations under this Agreement to the extent required to be performed on or before the Closing Date;
- (e) there shall be no order issued by any Governmental Authorities to restrain or prohibit the completion of the Transaction contemplated by this Agreement; and
- (f) by or before July 14, 2017, the Approval and Vesting Order shall have been issued by the Court, and such Approval and Vesting Order shall not have been stayed, varied or vacated;

The foregoing conditions are for the exclusive benefit of the Vendor. Any condition may be waived by the Vendor in whole or in part. Any such waiver shall be binding on the Vendor only if made in writing.

#### **4.03 Non-Satisfaction of Conditions**

If any condition set out in this Article 4 is not satisfied or performed prior to the time specified therefore, the party for whose benefit the condition is inserted may:

- (a) waive compliance with the condition in whole or in part in its sole discretion by written notice to the other party and without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part; or
- (b) elect on written notice to the other party to terminate this Agreement before Closing.

### **ARTICLE V CLOSING**

#### **5.01 Closing**

The completion of the Transaction shall take place at the offices of the Receiver, at the Time of Closing on the Closing Date or as otherwise determined by mutual agreement of the parties in writing.

#### **5.02 Purchaser or Buyer's Deliveries on Closing**

At or before the Time of Closing, the Purchaser or the Buyer as the case may be, shall execute and deliver the following, each of which shall be in form and substance satisfactory to the Vendor, acting reasonably:

- (a) evidence of the Credit Bid;
- (b) payment to the Vendor of the Delivered In Season Inventory Amount;
- (c) in respect of the HST, a drop shipment certificate as contemplated by Article 2.07, and otherwise the payment or evidence of payment of applicable federal and provincial taxes exigible in respect of the Transaction, if any ;
- (d) evidence of the delivery of the Promissory Note by the Buyer to the Purchaser;
- (e) the executed assumption agreement(s), if any, as required by Article 2.02(a);
- (f) an acknowledgement dated as of the Closing Date, that each of the conditions precedent in Article 4.01 of this Agreement have been fulfilled, performed or waived as of the Closing Date; and
- (g) such further and other documentation as is referred in this Agreement or as the

Vendor may reasonably require to give effect to this Agreement.**5.03 Vendor's Deliveries on Closing**

At or before the Time of Closing, the Vendor shall execute and/or deliver to the Purchaser or the Buyer as the case may be, the following, each of which shall be in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) if required by the Purchaser, a bill of sale and assignment substantially in a form satisfactory to the Vendor and Purchaser, acting reasonably, and reflecting the sale of the Purchased Assets to the Buyer on an "as is, where is" basis;
- (b) an acknowledgement dated as of the Closing Date, that each of the conditions precedent in Article 4.02 of this Agreement have been fulfilled, performed or waived as of the Closing Date; and
- (c) the Receiver's Certificate, executed by the Receiver as referred to in the Approval and Vesting Order and to be filed with the Court after the Closing

#### **5.04 Purchaser and Buyer's Acknowledgement**

The Purchaser and the Buyer acknowledge that the Vendor is selling Strellmax's rights, benefits and interests in and to the Purchased Assets as authorized by the Approval and Vesting Order. The Purchaser and the Buyer agree to purchase and accept the rights, benefits and interests of Strellmax in and to the Purchased Assets pursuant to and in accordance with the terms of this Agreement, the bill of sale and assignment and the Approval and Vesting Order.

#### **5.05 Possession of Purchased Assets**

The Vendor or Strellmax shall remain in possession of the Purchased Assets until the Time of Closing in accordance with the terms of the Appointment Order. On Closing, the Buyer shall, in accordance with the direction of title to the Buyer, take possession of the Purchased Assets wherever situate at the Time of Closing. The Purchaser acknowledges that the Vendor has no obligation to deliver physical possession of the Purchased Assets to the Buyer. In no event shall the Purchased Assets be sold, assigned, transferred or set over to the Buyer until the conditions set out in the Approval and Vesting Order have been satisfied and the Purchaser has satisfied all delivery requirements outlined in Article 5.02.

#### **5.06 Access to Purchased Assets**

The Purchaser and the Buyer may have reasonable access to the Purchased Assets located at the Premises during normal business hours prior to the Time of Closing for the purpose of enabling the Purchaser and the Buyer to conduct such inspections of the Purchased Assets as it deems appropriate. Such inspection shall only be conducted in the presence of a representative of the Receiver. The Purchaser agrees to indemnify and save the Receiver harmless from and against all claims, demands, losses, actions and costs incurred or arising from or in any way directly related to the inspection of the Purchased Assets or the attendance of the Purchaser or the Buyer, their employees or agents at the Premises.

After the Time of Closing, the Vendor and Strellmax, shall have reasonable access to the Purchased Assets as may be requested by such parties, acting reasonably, for the purposes of (a) enabling the Vendor to fulfill its obligations as Receiver, and (b) enabling Strellmax to facilitate the collection of the Accounts Receivable.

#### **5.07 Risk**

The Purchased Assets shall be and remain at the risk of Strellmax until Closing and at the risk of the Purchaser from and after Closing. If, prior to Closing, the Purchased Assets shall be damaged in any way or destroyed by fire or other casualty, then, at its option, the Purchaser may decline to complete the transaction. Such option shall be exercised within 15 days after notification to the Purchaser by the Receiver of the occurrence of damage or destruction (or prior to the Closing Date if such occurrence takes place within 15 days of the Closing Date) in which event this Agreement shall be terminated automatically and the Purchaser shall not be entitled to any compensation. If the Purchaser does not exercise such option, it shall complete the transaction and shall be entitled to an assignment of the proceeds of insurance referable to such damage or destruction. Where any damage or destruction is not substantial, the Purchaser and the Buyer shall complete the transaction and shall be entitled to an assignment of the proceeds of insurance referable to such damage or destruction provided that such damage or destruction is insured or, otherwise, to an agreed abatement. If any dispute arises under this

Article as to whether damage or destruction is substantial or with respect to the amount of any abatement, such dispute will be determined by the Court.

### **5.08 Termination**

If either the Vendor or the Purchaser validly terminates this Agreement pursuant to Article 4.03 or Article 5.07:

- (a) all the obligations of both the Vendor and Purchaser pursuant to this Agreement shall be at an end; and
- (b) neither party shall have any right to specific performance or other remedy against, or any right to recover damages or expenses from, the other.

## **ARTICLE VI GENERAL**

### **6.01 Further Assurances**

Each of the parties shall, from time to time after the Closing Date, at the request and expense of the other, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such documents and further assurances as may be reasonably necessary to give effect to this Agreement.

### **6.02 Notice**

Any notice or other communication under this Agreement shall be in writing and may be delivered personally, by courier or transmitted by email, addressed

in the case of the Purchaser, as follows:

**Strellson AG**  
Sonnenwiesenstrasse 21  
Kreuzlingen CH-8280  
CHE  
Attention: Dr. Bernd A. Walter  
E-mail: B.Walter@holyfashiongroup.com

and in the case of the Vendor, as follows:

**Richter Advisory Group Inc.**  
181 Bay Street – Suite 3320  
Toronto, ON M5J 2T3  
Attention: Katherine Forbes, Vice President  
Email: kforbes@richter.ca

Any such notice or other communication, if given by personal delivery or courier, will be deemed to have been given on the day of actual delivery thereof and, if transmitted by email

before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day, and if transmitted by email after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

### **6.03 Time**

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Vendor and the Purchaser or by their respective solicitors.

### **6.04 Currency**

Except where otherwise indicated, all references herein to money amounts are in Canadian currency.

### **6.05 Survival**

The representations and warranties of the parties hereto contained in this Agreement shall merge on Closing.

### **6.06 Benefit of Agreement**

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

### **6.07 Entire Agreement**

This Agreement and the attached Schedules constitute the entire agreement between the parties with respect to the subject matter and supersede all prior negotiations and understandings. This Agreement may not be amended or modified in any respect except by written instrument executed by the parties.

### **6.08 Paramountcy**

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

### **6.09 Severability**

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provisions validity or enforceability in any other jurisdiction.

### **6.10 Vendor's Capacity**



The Vendor is acting in its capacity as the Court-appointed Receiver of the property, assets and undertaking of Strellmax and shall have no personal or corporate liability under this Agreement.

#### **6.11 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the parties irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

#### **6.12 Commission**

The Purchaser acknowledges that there are no agent or broker fees or other commissions payable by the Vendor on the Purchase Price or otherwise in connection with the Transaction, and the Purchaser agrees to indemnify the Vendor against any claim for compensation or commission by any third party or agent retained by the Purchaser in connection with, or in contemplation of, the Transaction.

#### **6.13 Counterparts & Delivery**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by facsimile of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

*[Remainder of Page Intentionally Blank. Executions on Separate Page.]*

IN WITNESS OF WHICH the Parties have executed this Agreement.

**RICHTER ADVISORY GROUP INC., solely in its capacity as Court-appointed receiver of the assets, undertakings and properties of STRELLMAX LTD and not in its personal or corporate capacity**

Per: Katherine Forbes  
Name: Katherine Forbes  
Title: Vice-President

**STRELLSON AG**

Per: \_\_\_\_\_  
Name: Marcel Braun  
Title: Chief Executive Officer

Per: \_\_\_\_\_  
Name: Valeria Gomon  
Title: Chief Financial Officer

**STRELLSON CANADA LTD.**

Per: \_\_\_\_\_  
Name: Marcel Braun  
Title: Director

Per: \_\_\_\_\_  
Name: Mark Altow  
Title: Director

**STRELLMAX LTD.**

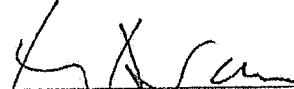
Per: \_\_\_\_\_  
Name: Mark Altow  
Title: President


IN WITNESS OF WHICH the Parties have executed this Agreement.

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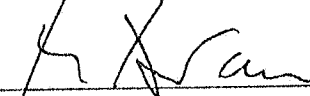
Per: \_\_\_\_\_  
Name: Katherine Forbes  
Title: Vice-President

**STRELLSON AG**

Per:  \_\_\_\_\_  
Name: Marcel Braun  
Title: Chief Executive Officer

Per:  \_\_\_\_\_  
Name: Valeria Gomon  
Title: Chief Financial Officer

**STRELLSON CANADA LTD.**

Per:  \_\_\_\_\_  
Name: Marcel Braun  
Title: Director

Per: \_\_\_\_\_  
Name: Mark Altow  
Title: Director

**STRELLMAX LTD.**

Per: \_\_\_\_\_  
Name: Mark Altow  
Title: President

IN WITNESS OF WHICH the Parties have executed this Agreement.

**RICHTER ADVISORY GROUP INC., solely in its capacity as Court-appointed receiver of the assets, undertakings and properties of STRELLMAX LTD and not in its personal or corporate capacity**

Per: \_\_\_\_\_  
Name: Katherine Forbes  
Title: Vice-President

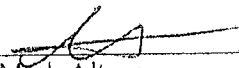
**STRELLSON AG**

Per: \_\_\_\_\_  
Name: Marcel Braun  
Title: Chief Executive Officer

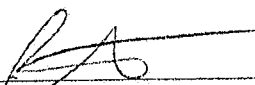
Per: \_\_\_\_\_  
Name: Valeria Gomon  
Title: Chief Financial Officer

**STRELLSON CANADA LTD.**

Per: \_\_\_\_\_  
Name: Marcel Braun  
Title: Director

Per:  \_\_\_\_\_  
Name: Mark Altow  
Title: Director

**STRELLMAX LTD.**

Per:  \_\_\_\_\_  
Name: Mark Altow  
Title: President

# APPENDIX

“E”

## SUPPORT SERVICES AND LIMITED AGENCY AGREEMENT

This Agreement is made as of the 1<sup>st</sup> day of August, 2017 between:

**RICHTER ADVISORY GROUP INC., solely in its capacity as  
Court-appointed receiver of the assets, undertakings and properties of  
STRELLMAX LTD.  
("Richter")**

AND

**STRELLSON NORTH AMERICA LTD.,  
formerly STRELLSON CANADA LTD.  
(the "Buyer")**

AND

**STRELLMAX LTD.  
("Strellmax")**

### RECITALS

- A. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) dated July 7, 2017 (the "**Appointment Order**") made upon the application of Strellson AG (the "**Purchaser**") as assignee of the Assigned TD Debt and the Assigned TD Security, and upon the consent of Strellmax, Richter was appointed as the receiver (the "**Receiver**") of the assets, undertakings and properties of Strellmax pursuant to the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**") and the *Courts of Justice Act* (Ontario) and was authorized, *inter alia*, to manage all treasury functions of Strellmax and control all receipts and disbursements of Strellmax, and pursuant to the Approval and Vesting Order (as hereinafter defined) the Receiver was authorized to sell certain inventory and assets of Strellmax to the Purchaser in accordance with the terms of an Asset Purchase Agreement – Non Liquidation Assets, substantially in the form appended to the Receiver's First Report to Court dated July 5, 2017 (the "**APA**");
- B. The Appointment Order also provides that Strellmax: (i) remains in possession and operation of its Retail Business and the Excluded Inventory; (ii) maintain its head office and Distribution Centre functions under the supervision of the Receiver; and (iii) conduct an orderly liquidation of the Excluded Inventory and wind up of the Retail Business under the supervision of the Receiver;
- C. Pursuant to subsection 4.01(a) of the APA, it is a condition in favour of the Purchaser and Buyer, that the Buyer shall have entered into arrangements with each Wholesale Customer satisfactory to the Buyer in respect of the future supply of Strellson branded merchandise

(including the Wholesale Inventory) by the Buyer to Wholesale Customers from and after the Closing Date.

D. During the Interim Period the Receiver and or Strellmax (i) provided certain services and accommodations to the Buyer; and (ii) incurred certain expenses for the benefit of the Buyer with the Purchaser's approval, all of which benefitted the Buyer, while the Buyer satisfied the condition in subsection 4.01(a) of the APA (collectively the "**Interim Period Benefits**");

E. Pursuant to subsection 4.01(b) of the APA, it is a condition in favour of the Purchaser and Buyer, that the Buyer, Strellmax and the Receiver shall have entered into interim transitioning arrangements satisfactory to the Buyer in respect of: (i) employees of Strellmax and the Buyer during normal business hours; (ii) allocation of space at the Distribution Center; (iii) the use by the Receiver and Strellmax of the IT Systems and the use by the Buyer of the Excluded IT; and (iv) the collection of Accounts Receivable from Wholesale Customers, which, for greater certainty, and in any event, shall terminate no later than the date of the Receiver's discharge.

**THIS AGREEMENT WITNESSES THAT** in consideration of the respective covenants, agreements, representations and warranties of the parties herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the parties agree as follows:

## **ARTICLE I INTERPRETATION**

### **1.01 Definitions**

Capitalized terms not otherwise defined in this Agreement shall have the meaning ascribed to them in the APA. In this Agreement:

"**Accounts Receivable**" means accounts receivable, and other amounts due, owing or accruing due to a person, including any HST relating thereto;

"**Agreement**" means this Support Services and Limited Agency Agreement;

"**Buyer Employees**" means the former employees of Strellmax that have accepted offers of employment from the Buyer effective on Closing, and such other persons employed by the Buyer from time to time during the Term;

"**Closing Date**" means the date upon which Closing occurred;

"**ETA**" means Part IX of the Excise Tax Act (Canada);

"**HST**" means harmonized sales tax and goods and services tax imposed under the ETA;

"**Parties**" means the Receiver, Strellmax and the Buyer collectively, and "**Party**" means any one of them;

**“Post Closing Agent AR”** means Accounts Receivable arising from Post Closing Agent Sales;

**“Post Closing Agent Sales”** means sales of Purchased Inventory by Strellmax, acting in its capacity as agent for the Buyer;

**“Post Closing Buyer Services”** means the services and benefits provided by the Buyer to the Receiver and/or Strellmax during the Term, as more particularly set out in section 3.01 of this Agreement;

**“Post Closing Strellmax Services”** means the services and benefits provided by Receiver and/or Strellmax to the Buyer during the Term, as more particularly set out in section 4.01 of this Agreement;

**“Strellmax Employees”** means individuals employed by Strellmax, on a full-time, part-time or temporary basis from and after the Closing Date;

**“Term”** means the period beginning in the Closing Date and ending on the Termination Date; and

**“Termination Date”** means the effective date of the Receiver’s discharge by the Court or such earlier date as may be agreed to by the Receiver and the Buyer in writing.

#### **1.02 Interpretation Not Affected by Headings, etc.**

The division of this Agreement into articles or sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement and not to any particular section hereof.

#### **1.03 Extended Meanings**

Words importing the singular include the plural and *vice versa*, words importing gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations, corporations and Governmental Authorities. The term "including" means "including, without limitation," and such terms as "includes" have similar meanings.

## **ARTICLE II APPOINTMENT OF STRELLMAX AS AGENT**

**2.01 Appointment of Agent.** Without cost or expense to the Buyer, the Buyer hereby appoints Strellmax as its agent and Strellmax hereby agrees to serve, as the Buyer’s agent for the limited purposes of: (i) making Post Closing Agent Sales to Wholesale Customers as agent for the Buyer; (ii) collecting Post Closing Agent AR as agent for the Buyer; and (iii) remitting to the Buyer the Post Closing AR.



**2.02 No Other Agreements.** Except as specifically set out in section 2.01, Strellmax shall not have the authority to enter into any contract, agreement, or other arrangement or take any other action, by or on behalf of the Buyer, that would have the effect of creating any obligation or liability, present or contingent, on behalf of or for the account of Buyer without the Buyer's prior written consent.

### **ARTICLE III POST CLOSING BUYER SERVICES**

**3.01** In consideration for the Interim Period Benefits and the Post Closing Strellmax Services, the Buyer hereby agrees to provide to the Receiver and/or Strellmax, without cost or expense to Richter or Strellmax during the Term, the following Post Closing Buyer Services:

#### **1. Employees**

- a. **Buyer's Employees.** The Receiver and/or Strellmax shall have access to, and the assistance of, the Buyer's employees at levels consistent with utilization during the Interim Period during normal business hours during the Term, to assist with the liquidation of the Excluded Inventory, and to assist with the completion of the Receiver's requirements under WEPPA, completion of T4's and Records of Employment, HST returns, income tax returns, and other statutory requirements of the Receiver.

#### **2. Allocation of space at the Distribution Centre**

- a. **Warehouse Space.** Until all Excluded Inventory has been moved out of the Distribution Centre by the Receiver or Strellmax, the Receiver and Strellmax shall have a reasonable allocation of dedicated space at the Distribution Centre, with access to such space and the Distribution Center loading docks and related shipping and receiving facilities during normal business hours, all without cost or expense to Richter or Strellmax.
- b. **Office Space.** During the Term, the Receiver and Strellmax shall have a reasonable allocation of dedicated office space at the Distribution Centre consistent with utilization levels during the Interim Period, with access to such office space and related facilities during normal business hours.

#### **3. IT Systems**

- a. **IT Systems.** The Receiver and Strellmax shall be entitled to continue to have the use of, and access to, the IT Systems comprising the Purchased Assets during the Term, and prior to the end of the Term may make a full and complete copy of Strellmax's data and electronic records thereon. For greater certainty, during the Term, the Buyer shall maintain the IT Systems to the standard that existed as of Closing Date and shall pay any amounts owing to IT Systems providers during the Term on account of leases, licenses, renewals, updates or extensions, all without cost or expense to Richter or Strellmax.

#### 4. Accounts Receivable

- a. **Wholesale Customers** That Buyer shall provide its assistance to the Receiver and Strellmax in respect of the collection of Accounts Receivable from Wholesale Customers, without cost or expense to Richter or Strellmax.

### ARTICLE IV POST CLOSING STRELLMAX SERVICES

**4.01** In consideration for the Purchase Price and the provisions by the Buyer of the Post Closing Buyer Services, the Receiver and Strellmax hereby agree to provide to the Buyer during the Term, with the following Post Closing Strellmax Services:

#### 1. Employees.

- a. **Strellmax Employees.** The Buyer shall have access to and the assistance of such Strellmax employees as remain in the employ of Strellmax from time to time at levels consistent with utilization during the Interim Period during normal business hours during the Term. For greater certainty, nothing in the section obligates Strellmax to continue to retain any employee after the Closing Date, who, in the Receiver's sole discretion is not necessary for the completion of the administration of the Strellmax receivership proceedings.

#### 2. IT Systems

- a. **IT Systems.** The Buyer shall be entitled to continue to have the use of, and access to, the Excluded IT Systems during the Term, and prior to the end of the Term may make a full and complete copy of the Buyer's data and electronic records thereon, all without cost to the Buyer. For greater certainty, nothing in the section obligates the Receiver or Strellmax to pay any amounts to Excluded IT providers on account of lease, renewals or extension, which in the Receiver's sole discretion are not necessary for the completion of the administration of the Strellmax receivership proceedings.

#### 3. Accounts Receivable

- a. **Post Closing Agent AR.** At no cost or expense to the Buyer, Strellmax shall provide its assistance to the Buyer and as agent for the Buyer in respect of the collection of Post-Closing Agent AR from Wholesale Customers, and remittance of proceeds inclusive of HST collected as agent for the Buyer to the Buyer in accordance with section 2.01 hereof.

**4.02** For certainty, any services requested by the Buyer pursuant to the terms of this Agreement are at the option of the Buyer, in its sole discretion. Nothing in this Agreement obliges the Buyer to request services from Strellmax and the Buyer may discontinue one or more services under this Agreement prior to the Termination Date without in any way affecting the

obligation of Strellmax to provide any other services required pursuant to the terms of this Agreement.

## **ARTICLE V GENERAL**

### **5.01 HST Payment**

- a. Strellmax agrees to pay HST to the Buyer on the supply of the Post Closing Buyer Services and the Buyer agrees to pay HST to Strellmax on the supply of the Interim Period Benefits and the Post Closing Strellmax Services. Strellmax and the Buyer shall cooperate in the invoicing for such HST, so as to ensure each of Strellmax and the Buyer are able to claim input tax credits for such HST. Strellmax and the Buyer agree that the value of the Interim Period Benefits and the Post Closing Strellmax Services, on the one hand, equal the value of the Post Closing Buyer Services, on the other hand, based on a weekly cost of such services in an amount equal to no more than \$12,500 per week for such services for the first 2 weeks following the date hereof which amount will be reassessed by the parties by-weekly thereafter for the Term and, if appropriate, reduced by the agreement of both parties, acting reasonably, to an amount that accurately reflects the services exchanged. Provided that, if the parties fail to agree on an amount for any given week, the amount will stay at the most recent agreed amount until an agreement can be reached.
- b. Strellmax represents and warrants that it is HST registered and its registration number under the ETA is 12318 5308 RT0001.
- c. The Buyer represents and warrants that it is HST registered and its registration number under the ETA is 70609 3127 RT0001.

### **5.02 Further Assurances**

Each of the parties shall, during the Term, at the request and expense of the other, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such documents and further assurances as may be reasonably necessary to give effect to this Agreement.

### **5.03 Time**

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Receiver and the Purchaser or by their respective solicitors.

### **5.04 Currency**

Except where otherwise indicated, all references herein to money amounts are in Canadian currency.

**5.05 Entire Agreement**

This Agreement constitute the entire agreement between the parties with respect to the subject matter and supersede all prior negotiations and understandings. This Agreement may not be amended or modified in any respect except by written instrument executed by the parties.

**5.06 Paramountcy**

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

**5.07 Severability**

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provisions validity or enforceability in any other jurisdiction.

**5.08 Receiver's Capacity**

The Receiver is acting in its capacity as the Court-appointed Receiver of the property, assets and undertaking of Strellmax and shall have no personal or corporate liability under this Agreement.

**5.09 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the parties irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

**5.010 Counterparts & Delivery**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by facsimile of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS OF WHICH the Parties have executed this Agreement.

**RICHTER ADVISORY GROUP INC., solely in its capacity as Court-appointed receiver of the assets, undertakings and properties of STRELLMAX LTD and not in its personal or corporate capacity**

Per: Katherine Forbes  
Name: Katherine Forbes  
Title: Vice-President

**STRELLSON NORTH AMERICA LTD.**

Per: \_\_\_\_\_  
Name: Mark Altow  
Title: Chief Executive Officer

Per: \_\_\_\_\_  
Name: Valeria Gomon  
Title: Director

**STRELLMAX LTD.**

Per: \_\_\_\_\_  
Name: Mark Altow  
Title: President

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Per: \_\_\_\_\_  
Name: Katherine Forbes  
Title: Vice-President

**STRELLSON NORTH AMERICA LTD.**

Per: \_\_\_\_\_  
Name: Mark Altow  
Title: Chief Executive Officer

Per: \_\_\_\_\_  
Name: Valeria Gomon  
Title: Director

**STRELLMAX LTD.**

Per: \_\_\_\_\_  
Name: Mark Altow  
Title: President

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Per: \_\_\_\_\_  
Name: Katherine Forbes  
Title: Vice-President

**STRELLSON NORTH AMERICA LTD.**

Per: \_\_\_\_\_  
Name: Mark Altow  
Title: Chief Executive Officer

Per: *V. Gomon*  
Name: Valeria Gomon  
Title: Director

**STRELLMAX LTD.**

Per: *MA*  
Name: Mark Altow  
Title: President

# APPENDIX

“F”



**FIRST AMENDMENT TO  
SUPPORT SERVICES AND LIMITED AGENCY AGREEMENT**

This Amendment is made as of the 8<sup>th</sup> day of September, 2017 between:

**RICHTER ADVISORY GROUP INC., solely in its capacity as  
Court-appointed receiver of the assets, undertakings and properties of  
STRELLMAX LTD.  
("Richter")**

AND

**STRELLSON NORTH AMERICA LTD.,  
formerly STRELLSON CANADA LTD.  
(the "Buyer")**

AND

**STRELLMAX LTD.  
("Strellmax")**

**RECITALS**

A. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) dated July 7, 2017 (the "**Appointment Order**") made upon the application of Strellson AG (the "**Purchaser**") as assignee of the Assigned TD Debt and the Assigned TD Security, and upon the consent of Strellmax, Richter was appointed as the receiver (the "**Receiver**") of the assets, undertakings and properties of Strellmax pursuant to the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**") and the *Courts of Justice Act* (Ontario) and was authorized, *inter alia*, to manage all treasury functions of Strellmax and control all receipts and disbursements of Strellmax, and pursuant to the Approval and Vesting Order (as hereinafter defined) the Receiver was authorized to sell certain inventory and assets of Strellmax to the Purchaser in accordance with the terms of an Asset Purchase Agreement – Non Liquidation Assets, substantially in the form appended to the Receiver's First Report to Court dated July 7, 2017 (the "**APA**");

B. The Appointment Order also provides that Strellmax: (i) remains in possession and operation of its Retail Business and the Excluded Inventory; (ii) maintain its head office and Distribution Centre functions under the supervision of the Receiver; and (iii) conduct an orderly liquidation of the Excluded Inventory and wind up of the Retail Business under the supervision of the Receiver;

C. Pursuant to subsection 4.01(b) of the APA, the Buyer, Strellmax and the Receiver entered into the support services agreement dated August 1, 2017 to set out the terms of the interim transitioning arrangements in respect of: (i) employees of Strellmax and the Buyer during normal business hours; (ii) allocation of space at the Distribution Center; (iii) the use by the Receiver and

Strellmax of the IT Systems and the use by the Buyer of the Excluded IT; and (iv) the collection of Accounts Receivable from Wholesale Customers (the "Support Services Agreement").

D. The Buyer, Strellmax and the Receiver wish to amend the Support Services Agreement to effect the appointment by the Buyer of Strellmax as the agent and consignee of the Buyer to sell inventory (the "SNAL Inventory") from: (i) the store located at 170 Bloor Street West, Toronto, Ontario (the "Bloor Store") from September 9, 2017 to and including October 31<sup>st</sup>, 2017 (the "Bloor Term") and (ii) the store located at 745 Thurlow Street, Vancouver, British Columbia (the "Vancouver Store") starting September 16, 2017 and continuing until the date SNAL either: (i) enters into a new lease with the landlord of the Vancouver Store or (ii) takes an assignment of the existing Strellmax lease of the Vancouver Store (the "Vancouver Term").

**THIS AMENDMENT WITNESSES THAT** in consideration of the respective covenants, agreements, representations and warranties of the parties herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the parties agree as follows:

**1. Definitions**

Capitalized terms not otherwise defined in this Amendment shall have the meaning ascribed to them in the Support Services Agreement.

**2. Appointment of Agent**

In addition to the role and responsibility of Strellmax as agent of the Buyer pursuant to section 2.01 of the Support Services Agreement, the Buyer hereby appoints Strellmax, and Strellmax hereby agrees to serve, as the Buyer's agent and, in respect of (iii), (iv) and (v) below as the Buyer's agent and consignee, for the limited purposes of: (i) extending the lease for the Bloor Store for October, 2017 and longer if requested by the Buyer, (ii) negotiating, in consultation with the Buyer, with the landlord of the Vancouver Store in respect of assigning the lease for the Vancouver Store to the Buyer, (iii) selling SNAL Inventory in each of the Bloor Store and the Vancouver Store for the Bloor Term and the Vancouver Term, respectively as agent and consignee of the Buyer (collectively, the "SNAL Sales"), (iv) collecting SNAL Sales proceeds as agent and consignee for the Buyer, and (v) remitting to the Buyer the SNAL Sales proceeds.

**3. Operating Costs**

The Buyer agrees to reimburse the Receiver, in cash, for all out-of-pocket operating costs associated with the (i) the Bloor Store during the Bloor Term, and (ii) the Vancouver Store during the Vancouver which will include all rent payments owing in respect of each of the Bloor Store and the Vancouver Store and all costs in respect of employee matters in respect of the Bloor Store and the Vancouver Store arising during the Bloor Term and the Vancouver Term, respectively (the "Reimbursed Operating Costs").

**4. Post-Closing Strellmax Services**

In consideration of the continuing provision by the Buyer of the Post Closing Buyer Services and \$25,000 (which will be satisfied by way of Credit Bid (as defined in the APA)) (the

“**Consignment Consideration**”) in addition to the Reimbursed Operating Costs, Strellmax hereby agrees to operate the (i) the Bloor Store for the purpose selling SNAL Inventory for the Bloor Term as agent and consignee of the Buyer, and (ii) the Vancouver Store for the purpose of selling SNAL Inventory for the Vancouver Term as agent and consignee of the Buyer, which shall be a “Post Closing Strellmax Service” for the purpose of the Support Services Agreement. The Receiver and Strellmax further agree that all other Post Closing Strellmax Services are and will remain available to the Buyer for the duration of the longer of the Bloor Term and the Vancouver Term.

**5. Amendment**

It is acknowledged and agreed by the parties that the terms of this Amendment are in addition to the terms and conditions of the Support Services Agreement, which terms and conditions continue to apply and remain in full force and effect and unless specifically provided for herein, will not limit, restrict, modify, amend or release, any of the agreements, covenants or understandings set out in the Support Services Agreement. From and after the date of this Amendment, the Support Services Agreement will be read and construed in conjunction with this Amendment and the Support Services Agreement, together with all of the powers, provisions, conditions, covenants, and agreements contained or implied in the Support Services Agreement, will be, and will continue to be, in full force and effect, as amended by this Amendment. References to the “Support Services Agreement” or the “Agreement” in the Support Services Agreement or in any other document delivered in connection with, or pursuant to, the Support Services Agreement, will mean the Support Services Agreement, as amended by this Amendment.

**6. Further Assurances**

Each of the parties shall, during the Term, at the request and expense of the other, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such documents and further assurances as may be reasonably necessary to give effect to this Amendment.

**7. Time**

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Receiver and the Purchaser or by their respective solicitors.

**8. Severability**

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provisions validity or enforceability in any other jurisdiction.

**9. Receiver's Capacity**

The Receiver is acting in its capacity as the Court-appointed Receiver of the property, assets and undertaking of Strellmax and shall have no personal or corporate liability under this Agreement.

**10. Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the parties irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

**11. Counterparts & Delivery**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by facsimile of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS OF WHICH the Parties have executed this Amendment.

**RICHTER ADVISORY GROUP INC.**, solely in its capacity as Court-appointed receiver of the assets, undertakings and properties of **STRELLMAX LTD.** and not in its personal or corporate capacity

Per: Katherine Forbes  
Name: Katherine Forbes  
Title: Vice-President

**STRELLSON NORTH AMERICA LTD.**

Per: MA  
Name: Mark Altow  
Title: Chief Executive Officer

Per: V. Gomon  
Name: Valeria Gomon  
Title: Director

**STRELLMAX LTD.**

Per: MA  
Name: Mark Altow  
Title: President

# APPENDIX

“G”



Dated as of  
June 1, 2010

Strellmax Ltd.  
3725 Chesswood Drive  
Toronto, Ontario M3J 2P6

Upon your approval and acceptance of this letter, indicated by your signing the original and duplicate attached, the following are the terms and conditions of the Factoring Agreement between us.

1. It is agreed that we will factor all your Canadian credit sales commencing with your acceptance of this agreement and continuing indefinitely until you give us not less than 30 days written notice of termination or we give you not less than 60 days written notice of termination.
2. You will submit to us for our credit coverage all of your proposed sales to customers. We will evaluate the credit-worthiness of your customers, and establish, to the extent possible, a line of credit for each customer. Our credit coverage may be withdrawn by us at any time in our sole discretion, and we shall not be liable to anyone for declining to approve any credit or for withdrawing any credit coverage. Once you commence shipments to a customer for whom we have established a line of credit, all sales whether on credit terms or not, and without exception, will be turned over to us. Failure to turn over all sales to us while we are at risk will automatically relieve us of any credit risk we may have assumed in respect to the customer.
3. Provided that your shipments to a customer are received, retained and fully accepted by your customer without dispute or counterclaim, and the amounts owing by that customer are within the established line of credit, we will assume the risk of loss resulting from that customer's financial inability to pay. All amounts owing at any time in excess of the line of credit will be at your risk. Money received and credits issued will be applied, firstly, towards the amount owing in excess of the line of credit, if any; and secondly, towards the amount owing under the line of credit. However, upon reduction, cancellation or expiry of a line of credit, all money received and credits issued by you or by us will be applied in reverse order; that is, firstly towards the amount owing under the line of credit; and secondly towards any amount owing in excess of the line of credit.
4. Undisputed credit-covered sales will be credited to your cash account when we collect from your customer, or, if uncollected, at your request 120 days after due date. Upon our so crediting you, you will be obliged, at our request, to transfer and specifically assign the relevant account receivable to us. If a customer is by legal process declared insolvent or bankrupt and the full amount owing by the customer is at our risk, we will credit your cash account 120 days after due date; however, if part of the customer's account is at your risk, we will credit your cash account with the credit-covered amount, and all dividends paid as a result of the insolvency or bankruptcy will be shared between us pro rata as of the date of the commencement of the insolvency or bankruptcy proceedings.

5. We may from time to time grant a line of credit for a customer on a post-dated cheque basis. In this respect the credit coverage advice sent to you will be marked with the notation "PDC", followed by a number. The number represents the maximum number of days you may grant as terms to the customer. Your sales to that customer will be credit-covered up to the amount indicated by us provided (a) the terms are not in excess of the stipulated maximum, and (b) you obtain from the customer, and deliver to us not more than 15 days after shipment of merchandise, the post-dated cheque(s) covering the full amount of the relevant invoice(s), payable in accordance with the terms of the invoice(s).

6. If a customer's account becomes disputed and the amount in dispute is clearly ascertainable our credit coverage in respect to the disputed amount ceases immediately. If the amount in dispute is not clearly ascertainable our credit coverage in respect to that customer ceases immediately. If we advise you that a dispute exists you will, within 30 days, determine the validity of the customer's claim, and either (a) settle the matter conclusively or (b) advise us that a settlement cannot be reached, in which latter case you must instruct us to remove the disputed amount from our books or to commence legal proceedings against the customer. If you instruct us to commence legal proceedings our credit coverage will be deemed immediately reinstated; and if the asserted claims of the customer are dismissed by final judgment, or if the customer is declared bankrupt during litigation, then we will promptly credit your cash account accordingly. If the customer's claims are partially or fully upheld by final judgment, you will promptly reimburse us for your pro rata share of the collection and legal costs incurred by us. However, our assumption of risk of loss relating to accounts in litigation will not survive any termination of this agreement by you.

7. Upon our request, you agree to exercise on our behalf all the rights you may have as an unpaid vendor including repossession and stoppage in transit. Merchandise recovered by way of repossession or stoppage in transit from a bankrupt or insolvent customer whose credit was covered by us will be held in trust by you for our account; and upon our request, you will use your best efforts to sell the merchandise for us. You will notify us promptly of any rejection or return of merchandise and of any allowance, claim, dispute, defence or set-off alleged by your customers and you hereby indemnify and protect us against liability, loss or expense which may be incurred therefrom. You agree that, without our prior written consent, you will not (a) grant terms to a customer which are effectively more than 120 days from shipment date, (b) change your terms of sale after merchandise has been shipped, or (c) extend the maturity date of an invoice. Failure to obtain our consent will automatically relieve us of any credit risk we may have assumed in respect of those shipments or invoices.

8. All invoices sent to your customers will contain a notice in form satisfactory to us that payment is to be made to us only. Within 15 days of shipment of merchandise to your customer you will send us a legible copy of the invoice or invoices together with a duly completed schedule form, a supply of which forms we will furnish you. We reserve the right to refuse acceptance of invoices delivered to us more than 15 days after shipment of merchandise, in which case we will be automatically relieved of the credit risk in respect of those invoices. Payment instruments that you receive from customers will be considered received in trust for us, and you will promptly send them to us. We have the right in our sole discretion to terminate this agreement immediately if you deposit any payment instrument received from a customer, and we will be automatically relieved of the credit risk in respect of any payment instrument you deposit, even if the payment instrument is subsequently found to be dishonored. We have the right, irrevocable during the currency of this agreement, to endorse your name on payment instruments received from customers in order to effect collection, and to institute proceedings, in your name or ours, that we may deem necessary to enforce payment from customers. In the event that we incur collection or legal costs in proceedings against a customer whose credit risk was not entirely covered by us, you agree to share such costs with us pro rata.



9. Our factoring commission will be 1.25 percent of your gross sales, and will be charged to your cash account at the end of the month. Within 15 days after the end of each month we will send you a statement of your account with us, summarizing the transactions between us during the previous month. If you have any objections to anything shown in our statement you must give us details thereof in writing within 60 days of the date of the statement, otherwise everything shown on our statement will be conclusively binding upon you. Any debit or credit cash balance between us is payable on demand. However, without your request, we will remit your cash credit balance on a daily basis provided the balance exceeds \$2,500.

10. You warrant that each and every account receivable governed by this agreement represents bona fide obligations of your customers created in the ordinary course of business and fully owing to you without defence, set-off or counterclaim and not contingent upon the fulfillment of any obligation or condition not shown on the face of the invoice. An account receivable is not bona fide if you, or any of your shareholders, directors, or officers, have any interest whatsoever in the relevant customer. Your bank shall have the right during the currency of this agreement, to obtain directly from us information concerning your account, as it may require at any time; and you consent to our release and disclosure of such information directly to your bank. You also warrant that all accounts receivable will be free and clear of any prior encumbrances with the exception of a general assignment of book debts in favor of your bank, namely,

HSBC Bank Canada  
1 Adelaide Street East  
Toronto, ON  
M5C 2V9

Unless and until advised by your bank to the contrary, all our remittances to you will be forwarded to your bank at the address above.


11. We have the right to terminate this agreement without notice if a petition in bankruptcy or any application under The Bankruptcy and Insolvency Act is made by or against you, or if a Receiver or Liquidator is appointed to administer your assets, or if you are insolvent or proceed to voluntary or involuntary liquidation, or make a bulk sale of your assets, or if you or any third party or government agency notifies your customers to make payments to anyone other than us; and upon the occurrence of any of these events we have the right to charge you with any extra costs and expenses incurred in the collection of your accounts receivable. If you, your bank, or anyone other than we, notifies any of your customers to make payment to someone other than us, all credit coverage relating to such customers will be deemed cancelled as of the date of such notice and we will cease to be on risk respecting such customers.

12. On or before the effective termination date of this agreement, you will give us written notice as to whether or not you wish us to continue to collect the accounts receivable outstanding at the close of business on the effective termination date. If you notify us to continue, we will do so, and the terms and conditions of this agreement as they relate only to those accounts receivable will apply. If you notify us to discontinue, we will, at your request, notify your customers to make all payments directly to you or your bank; and all credit coverage outstanding at the close of business on the effective termination date will be deemed cancelled and we will cease to be on risk respecting any of your accounts receivable. Failure to notify us of your intentions will be considered notice to discontinue. We undertake to promptly notify your bank if this agreement is terminated for any reason. If we exercise our right to terminate under any of the events described in paragraph 11 above, your bank will have the right, in your stead, to notify us to continue or discontinue.

13. Any waiver of our rights or failure to enforce them will not prejudice those rights or be deemed a waiver to any extent of the terms and conditions of our agreement. You will sign and deliver such other documents as we may reasonably require for full exercise of our rights. This agreement cannot be changed orally. Time, wherever relevant, is of the essence. If any particular provision of this agreement is found invalid, it will not affect any other provisions, and this agreement will nevertheless remain in full force except for the severed provision. You certify to us that your address as set forth at the head of this agreement is your mailing address, your chief place of business, and your office in which your records concerning accounts are kept and maintained; and we may rely upon the foregoing until we have received written notice to the contrary. This agreement is binding upon you and us, as well as our respective successors and assigns; and is governed by the laws of the Province of Ontario.

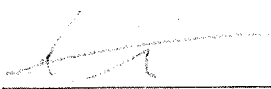
Yours very truly,

ACCORD FINANCIAL LTD.

Per:   
Mark Perna, President

**Approved and Accepted:**

STRELLMAX LTD.

Per:   
Mark Altow, President

Fac-Nontitle-Ont-09-96



July 18, 2012

The Toronto-Dominion Bank  
1470 Don Mills Rd., 3<sup>rd</sup> Floor  
Toronto, Ontario  
M3B 2X9

Dear Sir/Madam,

Regarding our mutual client:

Strellmax Ltd.  
3725 Chesswood Drive  
Toronto, Ontario  
M3J 2P6

Reference is made to the factoring agreement (the "Agreement") dated June 1, 2010 between Strellmax Ltd. ("Strellmax") and Accord Financial Ltd., pursuant to which we have been retained to manage and collect the accounts receivable of Strellmax and provide credit guarantees.

We hereby confirm that we do not hold a security interest in any assets of Strellmax, including, without limitation, the accounts receivable of Strellmax and will not take any security interest in the future in any of its assets without your prior written consent. Title to the accounts receivable of Strellmax will remain with Strellmax at all times, subject to any accounts which are assigned to us by Strellmax from time to time with your prior written consent.

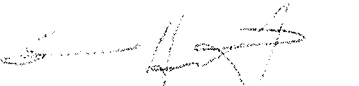
We confirm that as per Paragraph 9 of the Agreement, we remit and will continue to remit cash credit balances to Strellmax on a daily basis subject to a \$2,500 minimum transfer.

We confirm that Paragraph 10 of the Agreement is hereby amended by substituting the reference therein to "HSBC Bank Canada" with "The Toronto-Dominion Bank", and effective today we have made the necessary changes to have all our remittances for Strellmax forwarded to you by way of electronic funds transfer at the branch noted above.

We further covenant not to amend the Agreement without your prior written consent.

Sincerely,

Accord Financial Ltd.

  
Simon Hitzig  
President

Acknowledged and Agreed by:

Strellmax Ltd.

  
Mark Atlow  
President



Dated as of  
June 1, 2010

Strellmax Ltd.  
3725 Chesswood Drive  
Toronto, Ontario  
M3J 2P6

## ADDENDUM

The following terms and conditions shall form part of the Factoring Agreement made between us dated as of June 1, 2010.

1. The termination provisions in paragraph (1) of the Factoring Agreement are not operative and shall be superceded by the following:

The Factoring Agreement shall be in effect for a minimum term of one year commencing June 1, 2010 and ending May 31, 2011, and will continue indefinitely for a term of one (1) year from each yearly anniversary date (June 1<sup>st</sup>) until you give us not less than sixty (60) days written notice of termination prior to the anniversary date, or we give you not less than sixty (60) days notice of termination at any time. The "yearly period" referenced for the term of the Factoring Agreement shall be each 12-month period from June 1<sup>st</sup> to May 31<sup>st</sup>.

2. Commencing June 1, 2010 to May 31, 2011, and each yearly period thereafter, the service commission paid to us will be subject to a yearly minimum charge of \$37,500, pro-rated quarterly at \$9,375. At the end of each month your account will be charged the greater of: a) the actual factoring commission for your monthly sales, or, b) if at the end of a quarterly period, the amount required to reach the quarterly pro-rated commission payable. However, if the actual service commission exceeds \$9,375 in any quarterly period, the excess amount may be carried forward to the subsequent quarter (for minimum charge purposes only). Therefore, the cumulative minimum charge at the end of each quarter would be as follows:

<u>Amount</u>	<u>End of Quarterly Period</u>
\$9,375	August 31 <sup>st</sup>
\$18,750	November 30 <sup>th</sup>
\$28,125	February 28 <sup>th</sup>
\$37,500	May 31 <sup>st</sup>

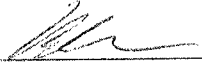
Accord Financial Ltd.

1803 - 77 Bloor Street W . Toronto ON . Canada . M5S 1M2 . T 416 961 0007 . F 416 961 9443 . [www.accordfinancial.com](http://www.accordfinancial.com)

If there is any conflict between the terms and conditions of our Factoring Agreement and this Addendum, the terms and conditions of this Addendum shall supercede those of the Factoring Agreement.

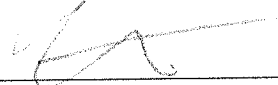
Yours truly,

ACCORD FINANCIAL LTD.

Per:   
Mark Perna, President

APPROVED AND ACCEPTED:

STRELLMAX LTD.

Per:   
Mark Altow, President



**ADDENDUM**

Dated as of  
March 1, 2016

Strellmax Ltd.  
3725 Chesswood Drive  
Toronto, Ontario M3J 2P6

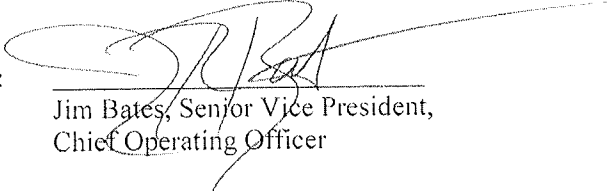
The following shall form part of the Factoring Agreement and Addendum made between us dated as of June 1, 2010.

We have the right to examine your books and records on your premises during ordinary business hours and to request verifications from your customers, and other information as we might reasonably require from time to time.

All other terms and conditions of our Factoring Agreement shall remain the same.

Yours truly,

ACCORD FINANCIAL LTD.

Per:   
Jim Bates, Senior Vice President,  
Chief Operating Officer

APPROVED AND ACCEPTED

STRELLMAX LTD.

Per:   
Mark Altow, President



Dated as of  
March 1, 2016

Strellmax Ltd.  
3725 Chesswood Drive  
Toronto, Ontario  
M3J 2P6

Attention: Mark Altow, President

Dear Mark,

We have at your request provided Strellson AG (Strellson) with our Irrevocable Letter of Credit (LOC) for Strellmax Ltd. (Strellmax) purchases of Strellson AG products to a maximum of CDN \$500,000.

The following are the terms and conditions of us providing such LOC.

1. Terms of sale by Strellson to Strellmax are not to exceed 140 days.
2. Strellson is only permitted to draw against the LOC once invoices are at least 150 days past due (290 days old).
3. In the event of a draw by Strellson, Strellmax will be immediately obliged to repay Accord Financial Ltd. (AFL) the entire LOC amount of \$500,000. In the event it is determined that a lesser amount than the \$500,000 is owed to Strellson and that there is no future obligation that may be claimed under the LOC, upon our receipt of written confirmation by Strellson, AFL will reimburse Strellmax for the difference.
4. Should there be any delay in the repayment to AFL interest will accrue at prime plus 7.5% (subject to a 10% floor).
5. You agree that you will not obtain any additional financing or take on additional debt other than with TD and or related parties, without our prior written consent, which will not be reasonably withheld. You further agree that any additional related party debt will also be subordinated to Accord.
6. Within 90 days following the end of your fiscal year you will send us a copy of your annual financial statements, prepared on at least a "Review Engagement" or "Audit" basis by a

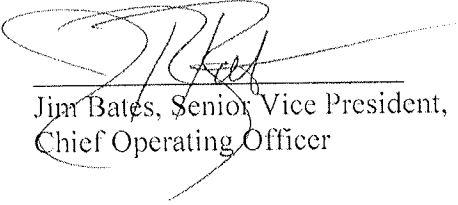
qualified independent accountant. Internal quarterly financial statements are to be delivered to AFL within 45-days of each quarterly period. Upon request, monthly internal financial statements are to be delivered within 30-days of month end. Other financial information (payables aging etc.) will be provided to AFL on a request basis.

7. In addition to the fees and charges set forth, you shall pay all legal costs and expenses associated with the preparation of the Line of Credit, AFL & Strellmax Ltd. agreement and the documents required for purposes of facilitating the transactions contemplated hereby, including the registration of security and all costs arising from any breach or non-compliance with any of the terms hereof or thereof. Any such charges are to be charged to your account as incurred.

Yours truly,

ACCORD FINANCIAL LTD.


Per:

  
Jim Bates, Senior Vice President,  
Chief Operating Officer

APPROVED AND ACCEPTED

STRELLMAX LTD.

Per:

  
Mark Altow, President



**SUBORDINATION AND ASSIGNMENT**

Date: March 1, 2016

To: Accord Financial Ltd.  
77 Bloor Street West, Suite 1803  
Toronto, Ontario  
M5S 1M2

Gentlemen:

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned, hereby declares that **STRELLMAX LTD.** ("DEBTOR") is indebted to the undersigned in the amount of **\$1,150,000** which the undersigned does hereby subordinate and postpone to any and all debts, demands, claims, liabilities or causes of action for which the DEBTOR may now or at any time hereafter in any way be liable to you. The undersigned further covenants and agrees with you that the DEBTOR shall not pay, and the undersigned will not accept payment of or assert or seek to enforce against the DEBTOR, any indebtedness now or hereafter owing by the DEBTOR to the undersigned or any collateral or security thereto appertaining, unless and until you have been paid in full and all such debts, claims, liabilities, demands or causes of action now or hereafter owing to you by the DEBTOR. As further security for the undertakings of the undersigned in that behalf, the undersigned hereby assigns to you any and all such indebtedness now or hereafter owing by the DEBTOR to the undersigned and to any and all collateral or security thereof; covenants and agrees to assign, endorse and deliver to and deposit with you any and all notes or other obligations or instruments evidencing any such indebtedness and all collateral thereto appertaining; hereby irrevocably authorizing you to collect, receive, enforce and accept any and all sums or distributions of any kind that may become due, payable or distributable on or in respect of such indebtedness, either principal or interest, or such collateral or security whether paid directly or indirectly by the DEBTOR, or paid or distributed in any bankruptcy, receivership, reorganization or dissolution proceedings or otherwise. The undersigned represents and warrants to you that the undersigned has not assigned or transferred any of the said indebtedness, and that any notes or written obligations taken to evidence such indebtedness or any renewal notes or written obligations taken to evidence such indebtedness or any renewal notes or written obligation will be endorsed with a proper notice of this agreement.

This agreement shall be construed in accordance with the laws of the Province of **ONTARIO** and is in addition to and not in substitution for any other undertakings, guarantees, or securities now held or that hereafter may be held by you or for your benefit and shall be binding upon the undersigned and the heirs, administrators, executors and assigns of the undersigned and shall enure to the benefit of your successors and assigns.

EXECUTED AT Toronto this 10<sup>th</sup> day of MARCH, 2016.

MARK ALTOW

Shelly Ali Off.  
WITNESS  
Name Shelly Ali  
Address 28 Radial St.  
Brampton, Ont. L6Y 5K7

Per: [Signature]  
Name Mark Altow  
Address 29 Ridge Hill Drive, Toronto, ON M6C 3A3  
Birthdate: \_\_\_\_\_

\* \* \* \* \*

**ACKNOWLEDGEMENT**

The DEBTOR named in the foregoing document hereby acknowledges receipt of notice hereof and of the assignment to ACCORD FINANCIAL LTD.

EXECUTED AT Toronto this 10<sup>th</sup> day of MARCH, 2016.

STRELLMAX LTD.

Per: [Signature]  
Mark Altow, President

I HAVE AUTHORITY TO BIND THE CORPORATION

# APPENDIX

“H”



Dated as of  
March 1, 2016

Strellmax Ltd.  
3725 Chesswood Drive  
Toronto, Ontario  
M3J 2P6

Attention: Mark Altow, President

Dear Mark,

We have at your request provided Strellson AG (Strellson) with our Irrevocable Letter of Credit (LOC) for Strellmax Ltd. (Strellmax) purchases of Strellson AG products to a maximum of CDN \$500,000.

The following are the terms and conditions of us providing such LOC.

1. Terms of sale by Strellson to Strellmax are not to exceed 140 days.
2. Strellson is only permitted to draw against the LOC once invoices are at least 150 days past due (290 days old).
3. In the event of a draw by Strellson, Strellmax will be immediately obliged to repay Accord Financial Ltd. (AFL) the entire LOC amount of \$500,000. In the event it is determined that a lesser amount than the \$500,000 is owed to Strellson and that there is no future obligation that may be claimed under the LOC, upon our receipt of written confirmation by Strellson, AFL will reimburse Strellmax for the difference.
4. Should there be any delay in the repayment to AFL interest will accrue at prime plus 7.5% (subject to a 10% floor).
5. You agree that you will not obtain any additional financing or take on additional debt other than with TD and or related parties, without our prior written consent, which will not be reasonably withheld. You further agree that any additional related party debt will also be subordinated to Accord.
6. Within 90 days following the end of your fiscal year you will send us a copy of your annual financial statements, prepared on at least a "Review Engagement" or "Audit" basis by a

qualified independent accountant. Internal quarterly financial statements are to be delivered to AFL within 45-days of each quarterly period. Upon request, monthly internal financial statements are to be delivered within 30-days of month end. Other financial information (payables aging etc.) will be provided to AFL on a request basis.

7. In addition to the fees and charges set forth, you shall pay all legal costs and expenses associated with the preparation of the Line of Credit, AFL & Strellmax Ltd. agreement and the documents required for purposes of facilitating the transactions contemplated hereby, including the registration of security and all costs arising from any breach or non-compliance with any of the terms hereof or thereof. Any such charges are to be charged to your account as incurred.

Yours truly,

ACCORD FINANCIAL LTD.

Per: 

Jim Bates, Senior Vice President,  
Chief Operating Officer

APPROVED AND ACCEPTED

STRELLMAX LTD.

Per: 

Mark Altow, President



March 1, 2016

Irrevocable Letter of Credit  
Number: 1000 STRLMX / STRLSN

Strellson AG  
Sonnenwiesenstrasse 21  
8280 Kreuzlingen, Switzerland

Attention: Mr. Guenther Sailer, MBL-HSG,  
General Counsel / Director Legal

RE: Strellmax Ltd. ("Strellmax")  
3725 Chesswood Drive  
Toronto, Ontario  
Canada

Dear Mr. Guenther

For value received by us, the receipt and adequacy of which is hereby acknowledged, we, Accord Financial Ltd. ("AFL"), hereby agree with Strellson AG (the "Beneficiary") as follows:

1. AFL irrevocably and unconditionally, without protest or notification, promises to pay to the Beneficiary any amount up to an aggregate amount of Five Hundred Thousand Canadian Dollars (CDN\$500,000.00) in immediately available funds, immediately upon presentation by the Beneficiary to AFL of: (i) a certificate of the Beneficiary stating the amount claimed and certifying that such amount is due to the Beneficiary by Strellmax, who has defaulted in its payment obligations to the Beneficiary, (ii) copies of the commercial invoices of the Beneficiary as billed on an open account basis, remaining unpaid 150 days after the due dates of such invoices, and (iii) the original of this Irrevocable Letter of Credit at the office of AFL at 77 Bloor Street West, Suite 1803, Toronto, Ontario, M5S 1M2 (for immediate endorsement and return by AFL to the Beneficiary), at any time up to and including March 1, 2021 (subject to Section 2 below). Any such demand for payment made upon AFL by the Beneficiary shall be honoured by AFL without enquiring whether the Beneficiary has a right as between the Beneficiary and Strellmax to make such demand and without recognizing any claim of Strellmax.
2. This Irrevocable Letter of Credit expires on March 1, 2017, but shall be deemed to be automatically extended without any amendment or notice to that effect for a one (1) year period from the present or any future expiration date hereof unless, not less than sixty (60) days prior to the present or any future expiration date, AFL provides written notice to the Beneficiary that AFL elects not to consider this Irrevocable Letter of Credit to be renewed for any such additional period. Upon receipt by the Beneficiary of such notice, up to the expiration date, the Beneficiary may draw hereunder an amount not to exceed the amount then outstanding under this Irrevocable Letter of Credit by presenting to AFL its written demand for payment as described in Section 1 above. Notwithstanding the above, in no event shall this Irrevocable Letter of Credit extend beyond January 1, 2021.
3. Multiple demands for payment are permitted hereunder but the aggregate of the amounts paid hereunder shall not exceed Five Hundred Thousand Canadian Dollars (CDN\$500,000.00), inclusive of principal, interest, costs and fees, and the total amount of this Irrevocable Letter of

Accord Financial Ltd.

1503 - 77 Bloor Street W., Toronto ON, Canada, M5S 1M2, T 416 961 0007, F 416 961 9443

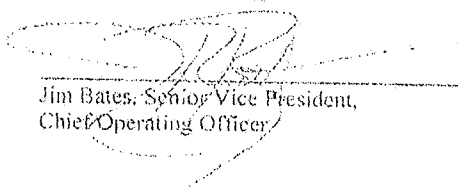
Credit shall be reduced by the amount of any payment by AFL hereunder. In respect of each drawing hereunder other than the final drawing, AFL will note the amount of any such drawing below and immediately return the original of this Irrevocable Letter of Credit to the Beneficiary.

4. All payments to be made by AFL under this Irrevocable Letter of Credit will be made without set-off or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions of any kind.
5. This Irrevocable Letter of Credit shall be governed by and construed in accordance with the laws of the Province of Ontario, Canada and the laws of Canada applicable therein and the Courts of the Province of Ontario shall have non-exclusive jurisdiction to hear and determine any disputes with respect to this Irrevocable Letter of Credit.
6. This Irrevocable Letter of Credit is binding upon AFL and its successors and assigns. This Irrevocable Letter of Credit endures to the benefit of the Beneficiary and its successors and permitted assigns.

Yours truly,

ACCORD FINANCIAL LTD.

BY:

  
Jim Bates, Senior Vice President,  
Chief Operating Officer

Notations of Partial Payments

Date of Partial Payment   Amount of Partial Payment   Reduced amount of L/C   Initials of AFL Officer

# APPENDIX

“I”



July 18, 2012

The Toronto-Dominion Bank  
1470 Don Mills Rd., 3<sup>rd</sup> Floor  
Toronto, Ontario  
M3B 2X9

Dear Sir/Madam,

Regarding our mutual client:

Strellmax Ltd.  
3725 Chesswood Drive  
Toronto, Ontario  
M3J 2P6

Reference is made to the factoring agreement (the "Agreement") dated June 1, 2010 between Strellmax Ltd. ("Strellmax") and Accord Financial Ltd., pursuant to which we have been retained to manage and collect the accounts receivable of Strellmax and provide credit guarantees.

We hereby confirm that we do not hold a security interest in any assets of Strellmax, including, without limitation, the accounts receivable of Strellmax and will not take any security interest in the future in any of its assets without your prior written consent. Title to the accounts receivable of Strellmax will remain with Strellmax at all times, subject to any accounts which are assigned to us by Strellmax from time to time with your prior written consent.

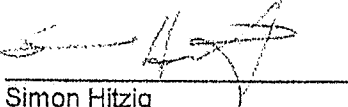
We confirm that as per Paragraph 9 of the Agreement, we remit and will continue to remit cash credit balances to Strellmax on a daily basis subject to a \$2,500 minimum transfer.

We confirm that Paragraph 10 of the Agreement is hereby amended by substituting the reference therein to "HSBC Bank Canada" with "The Toronto-Dominion Bank", and effective today we have made the necessary changes to have all our remittances for Strellmax forwarded to you by way of electronic funds transfer at the branch noted above.

We further covenant not to amend the Agreement without your prior written consent.

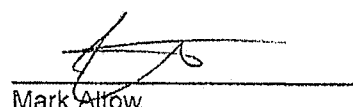
Sincerely,

Accord Financial Ltd.

  
Simon Hitzig  
President

Acknowledged and Agreed by:

Strellmax Ltd.

  
Mark Allow  
President

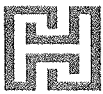
Accord Financial Ltd.

1803 - 77 Bloor Street W., Toronto, ON, Canada, M5S 1M2, T 416 961 0007, F 416 961 9449, [www.accordfinancial.com](http://www.accordfinancial.com)



# APPENDIX

“J”



**Julian Heller and Associates**  
Lawyers

Suite 2501  
120 Adelaide Street West  
Toronto ON Canada M5H 1T1  
T 416.364.2404 F 416.364.0793  
www.julianheller.com

[jheller@julianheller.com](mailto:jheller@julianheller.com)

**VIA EMAIL** [dkorsunsky@richter.ca](mailto:dkorsunsky@richter.ca)

August 29, 2017

Richter Advisory Group Inc.  
181 Bay Street  
33<sup>rd</sup> Floor  
Toronto, Ontario  
M5J 2T3

Attention: Daniel Korsunsky

Dear Sir:

**RE: Strellson AG vs. Strellmax Ltd.**  
**Our Client: Accord Financial Ltd.**  
**Our File No. 31117**

I am advised by my client that you have spoken about the status of collections.

Please be advised that demand has been made by Strellson AG upon a Letter of Credit which my client issued.

Accordingly, my client invokes its right of set-off against Strellmax in accordance with the agreement between my client, Strellmax and Strellson AG.

I am out of the province but would be pleased to discuss this with you in due course.

Yours very truly,

JULIAN HELLER  
JH/der

Dictated by Mr. Heller but signed in his absence.

N:\HELLER\Accord Financial\Correspondence\Korsunsky.01.docx

# APPENDIX

“K”

August 31, 2017

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

VIA EMAIL

File 18478.00001

Julian Heller and Associates, Lawyers  
120 Adelaide Street West  
Suite 2501  
Toronto, ON  
M5H 1T1

Attention: Julian Heller

Dear Sir:

**Re: In the matter of the Receivership of Strellmax Ltd.**

As you are aware, WeirFoulds LLP is counsel to Richter Advisory Group Inc., in its capacity as court appointed receiver (the "Receiver") of the property, assets and undertaking of Strellmax Ltd. ("Strellmax"). The Receiver was appointed pursuant to the order of the Honourable Madam Justice Conway made July 7, 2017 (the "Receivership Order"), a copy of which I enclose herewith for your reference.

I am writing in regards to your letter of August 29, 2017 to Daniel Korsunsky of the Receiver's office. I have been advised by the Receiver that your client, Accord Financial Ltd. ("Accord"), has been providing certain credit protection services (the "Services") to Strellmax providing protection against the possible insolvency of certain of Strellmax's Canadian customers pursuant to an agreement dated as of June 1, 2010 (the "Services Agreement"). As part of the Services Agreement, I understand that all customer payments of accounts receivable of Strellmax (including those not protected by the Services) are paid by Strellmax's customers into a bank account controlled by Accord (the "Controlled Account") and that pursuant to the Services Agreement, Accord is obligated to turn over those proceeds to Strellmax in accordance with the provisions of the Services Agreement.

I understand that the Receiver had requested that Accord turn over the funds in the Controlled Account (approximately Six Hundred and Twenty Thousand Canadian Dollars (\$620,000 CDN) and Seventy Five Thousand US Dollars (\$75,000 USD) as at the date of this letter (collectively the "Controlled Funds")) in accordance with Accord's obligations under the Services Agreement and the provisions of the Receivership Order, and Accord has refused to do so, purportedly on

the basis of its liability to Strellson AG under a Letter of Credit issued at the request of Strellmax and an alleged corresponding set-off entitlement against the Controlled Funds. I also understand that Accord has also refused to pay the Letter of Credit to Strellson AG, and so is owed no amounts by Strellmax.

Your client is in contempt of the Receivership Order. The Controlled Funds are and have at all times been the property of Strellmax at law, under the Services Agreement and within the meaning of the Receivership Order and Accord is and was obligated to turn the Controlled Funds over to the Receiver when asked by the Receiver to do so. Pursuant to the Receivership Order, and in particular, paragraphs 12, 17, 18, 19 and 22 thereof, your client is stayed and enjoined from withholding Strellmax's property under its control from the Receiver and is in clear violation of the Receivership Order by not turning over the Controlled Funds to the Receiver despite its specific request for the delivery of that Strellmax property.

On behalf of the Receiver, we hereby demand that Accord comply with its obligations under the Services Agreement and under the Receivership Order and immediately deliver the entirety of the Controlled Funds to Daniel Korsunsky in accordance with his previous request on behalf of the Receiver.

If the Receiver does not receive the Controlled Funds from Accord immediately we will be preparing motion materials to attend before a Commercial List judge to compel the delivery of the Controlled Funds by Accord and to obtain an Order for the payment by Accord of the Receiver's full costs of such recovery efforts.

Yours truly,

WeirFoulds LLP



Edmond Lamek

EL/dm

cc. Katherine Forbes, Richter Advisory Group  
David Cohen, Gowling WLG

Encl.  
10846293.1

# APPENDIX

“L”



**Julian Heller and Associates**  
Lawyers

Suite 2501  
120 Adelaide Street West  
Toronto ON Canada M5H 1T1  
T 416.364.2404 F 416 364.0793  
www.julianheller.com

jheller@julianheller.com

**VIA EMAIL** elamek@weirfoulds.com

September 14, 2017

WEIRFOULDS LLP  
TD Bank Tower  
66 Wellington Street West  
Suite 4100  
Toronto, Ontario, M5K 1B7

Attention: Edmond R.B. Lamek

Dear Sir:

**RE: Strellson AG vs. Strellmax Ltd.**  
**Our Client: Accord Financial Ltd.**  
**Our File No. 31117**

I acknowledge receipt of your letter of August 31, 2017. As you are aware, I only returned to the office on September 11, 2017 at which time your correspondence was brought to my attention.

I enclose for your ease of reference a copy of my letter of August 18, 2017, to David Cohen and note that I have not received any response to that letter or any of the information requested therein.

I am advised by my client that it has in fact submitted \$75,455.79 US and a further \$69,115.79 CAD. I enclose a copy of the remittance reports dated as of September 13, 2017 in this regard.

As my client has already advised, it is holding \$500,000.00 on account of the demand made upon it pursuant to the Letter of Credit. In addition, it is holding the further sum of \$50,000.00 on account of legal costs being incurred as a result of the issues which have arisen.

Given the competing claims for the funds, my client is only prepared to release the funds upon receiving the appropriate Full and Final Releases from all parties and an acknowledgment that it has no further obligations in this matter. I note that my suggestion to Ms. Burden Nixon that we have a telephone call on August 23 or 24 was never taken up. In the circumstances, there would not appear to be an immediate need for a motion to be brought unless it becomes clear that no satisfactory resolution in this matter can be arranged. In the meantime, my client will preserve the \$500,000.00 pending further court order or agreement amongst the parties. In the absence of either, any dealings with the funds will be on appropriate notice to all parties.

If you do intend to proceed with scheduling further motions or proceedings in this matter, please discuss appropriate timing with me. As part of those proceedings I would be seeking delivery of the information requested in my letter of August 18, 2017.

Yours very truly,

A handwritten signature in cursive script that reads "Julian Heller".

JULIAN HELLER

JH/der

Enclosure

c.c. David Cohen

N:\HELLER\Accord Financial\Correspondence\Lamek.03.docx





**VIA EMAIL**

August 18, 2017

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

Client: Strellson AG

Attention: David F.W. Cohen

Dear Sir:

**RE: Strellson AG vs. Strellmax Ltd.**  
**Our Client: Accord Financial Ltd.**  
**Our File No. 31117**

Further to your letter of August 15, 2017 to Accord Financial Ltd. ("Accord") I have now had an opportunity to conduct a preliminary review of this matter. Please provide me with a copy of the certificate referred to as being included in the "supporting documentation".

Furthermore, in order for my client to determine its position, we request the following information and documentation:

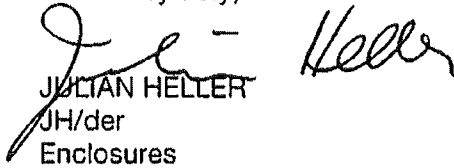
1. The full statement of account as between Strellson AG and Strellmax Ltd. from January 1, 2016 to date.
2. Shareholders Agreement between Strellson AG and Mark Altow, Adamray, and/or any related or affiliated companies in a new company which we understand has been incorporated to carry on the business of Strellmax in North America, which we understand is called Strellson North America Ltd. ("Strellson NA")
3. Copies of all communications and notes reflecting discussions or negotiations between Strellson AG and Strellmax Ltd., Mark Altow and Adamray or related parties with respect to arrangements to continue shipping product in 2016 and 2017, the decision to appoint a Receiver, and to incorporate Strellson NA and to carry on the business of Strellmax.
4. Documentation to reflect any dealings with Adamray or Altow's security in connection with Strellmax.
5. Employment agreement between Mark Altow and Strellson NA.
6. Copies of all invoices from Strellson AG to Strellmax from January 1, 2016 to date.
7. Identification and supporting documentation of the party making payment to Strellson AG set out in the statement of account referred to above.

3. Copies of any agreements between Strellson AG and Strellson NA.

In the circumstances, until we are in receipt of the information requested, my client will not be in a position to make any payment under the letter of credit. Furthermore, by copy of this letter to Adamray and Altow, this is formal notice that if my client is ultimately obliged to make payment under the letter of credit, it will seek full reimbursement from Adamray and Altow pursuant to the Subordination and Assignment Agreements dated March 1, 2016 and signed on March 6, 2016, copies of which are attached hereto.

Lastly, my client does not waive any of its rights and asserts its entitlement to be repaid by Strellmax any amounts which it may be called upon to pay.

Yours very truly,

  
JULIAN HELLER  
JH/der  
Enclosures

c.c. **ADAMRAY INVESTMENTS**  
3725 Chesswood Drive,  
Toronto, Ontario, M3J 2P6  
Attention: Mark Altow  
Email: [m.altow@strellson.ca](mailto:m.altow@strellson.ca)

c.c Mark Altow  
29 Ridge Hill Drive  
Toronto, Ontario  
M6C 3A3

P.S. I also acknowledge receipt of Leila Burden Nixon's letter dated August 17, 2017. The version of the facts is not accepted, and the deadline in the circumstances is unrealistic. The subject of the letter of credit is not new and I suggest we schedule a telephone call for Tuesday, August 23 or Wednesday, August 24 to deal with this rather than exchange correspondence.

N:\HELLER\VA Accord Financial\Correspondence\Cohen.03.docx

SUBORDINATION AND ASSIGNMENT

To: Accord Financial Ltd.  
77 Bloor Street West, Suite 1803  
Toronto, Ontario  
M5S 1M2

Date: March 1, 2016

Gentlemen:

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned, hereby declares that STRELLMAX LTD. ("DEBTOR") is indebted to the undersigned in the amount of \$1,150,000 which the undersigned does hereby subordinate and postpone to any and all debts, demands, claims, liabilities or causes of action for which the DEBTOR may now or at any time hereafter in any way be liable to you. The undersigned further covenants and agrees with you that the DEBTOR shall not pay, and the undersigned will not accept payment of or assert or seek to enforce against the DEBTOR, any indebtedness now or hereafter owing by the DEBTOR to the undersigned or any collateral or security thereto appertaining, unless and until you have been paid in full and all such debts, claims, liabilities, demands or causes of action now or hereafter owing to you by the DEBTOR. As further security for the undertakings of the undersigned in that behalf, the undersigned hereby assigns to you any and all such indebtedness now or hereafter owing by the DEBTOR to the undersigned and to any and all collateral or security thereof; covenants and agrees to assign, endorse and deliver to and deposit with you any and all notes or other obligations or instruments evidencing any such indebtedness and all collateral thereto appertaining; hereby irrevocably authorizing you to collect, receive, enforce and accept any and all sums or distributions of any kind that may become due, payable or distributable on or in respect of such indebtedness, either principal or interest, or such collateral or security whether paid directly or indirectly by the DEBTOR, or paid or distributed in any bankruptcy, receivership, reorganization or dissolution proceedings or otherwise. The undersigned represents and warrants to you that the undersigned has not assigned or transferred any of the said indebtedness, and that any notes or written obligations taken to evidence such indebtedness or any renewal notes or written obligations taken to evidence such indebtedness will be endorsed with a proper notice of this agreement.

This agreement shall be construed in accordance with the laws of the Province of ONTARIO and is in addition to and not in substitution for any other undertakings, guarantees, or securities now held or that hereafter may be held by you or for your benefit and shall be binding upon the undersigned and the heirs, administrators, executors and assigns of the undersigned and shall endure to the benefit of your successors and assigns.

EXECUTED AT Toronto this 6<sup>th</sup> day of MARCH, 2016.

Shelly Ali  
WITNESS  
Name Shelly Ali  
Address 28 Radial Street  
Brampton, Ont. L6Y 5K7

ADAMRAY INVESTMENTS LTD.  
Per: [Signature]  
Name Mark Altow, President  
Address 29 Ridge Hill Drive, Toronto, ON M6C 3A3

I HAVE AUTHORITY TO BIND THE CORPORATION

ACKNOWLEDGEMENT

The DEBTOR named in the foregoing document hereby acknowledges receipt of notice hereof and of the assignment to ACCORD FINANCIAL LTD.

EXECUTED AT Toronto this 6<sup>th</sup> day of MARCH, 2016.

STRELLMAX LTD.  
Per: [Signature]  
Name Mark Altow, President

I HAVE AUTHORITY TO BIND THE CORPORATION

**SUBORDINATION AND ASSIGNMENT**

To: Accord Financial Ltd.  
77 Bloor Street West, Suite 1803  
Toronto, Ontario  
M5S 1M2

Date: March 6, 2016

Gentlemen:

For valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned, hereby declares that STRELLMAX LTD. ("DEBTOR") is indebted to the undersigned in the amount of \$1,150,000 which the undersigned does hereby subordinate and postpone to any and all debts, demands, claims, liabilities or causes of action for which the DEBTOR may now or at any time hereafter in any way be liable to you. The undersigned further covenants and agrees with you that the DEBTOR shall not pay, and the undersigned will not accept payment of or assert or seek to enforce against the DEBTOR, any indebtedness now or hereafter owing by the DEBTOR to the undersigned or any collateral or security thereto appertaining, unless and until you have been paid in full and all such debts, claims, liabilities, demands or causes of action now or hereafter owing to you by the DEBTOR. As further security for the undertakings of the undersigned in that behalf, the undersigned hereby assigns to you any and all such indebtedness now or hereafter owing by the DEBTOR to the undersigned and to any and all collateral or security thereof; covenants and agrees to assign, endorse and deliver to and deposit with you any and all notes or other obligations or instruments evidencing any such indebtedness and all collateral thereto appertaining; hereby irrevocably authorizing you to collect, receive, enforce and accept any and all sums or distributions of any kind that may become due, payable or distributable on or in respect of such indebtedness, either principal or interest, or such collateral or security whether paid directly or indirectly by the DEBTOR, or paid or distributed in any bankruptcy, receivership, reorganization or dissolution proceedings or otherwise. The undersigned represents and warrants to you that the undersigned has not assigned or transferred any of the said indebtedness, and that any notes or written obligations taken to evidence such indebtedness or any renewal notes or written obligations taken to evidence such indebtedness or any renewal notes or written obligation will be endorsed with a proper notice of this agreement.

This agreement shall be construed in accordance with the laws of the Province of ONTARIO and is in addition to and not in substitution for any other undertakings, guarantees, or securities now held or that hereafter may be held by you or for your benefit and shall be binding upon the undersigned and the heirs, administrators, executors and assigns of the undersigned and shall enure to the benefit of your successors and assigns.

EXECUTED AT Toronto this 6<sup>th</sup> day of MARCH, 2016.

MARK ALTOW

Shelly  
WITNESS Name Shelly Ali  
Address 28 Radial St.  
Beaumont · Ont · L6Y5K7

Per: [Signature]  
Name Mark Altow  
Address 29 Ridge Hill Drive, Toronto, ON M6C 3A1  
Birthdate: SOFT 22 1966

.....  
**ACKNOWLEDGEMENT**

The DEBTOR named in the foregoing document hereby acknowledges receipt of notice hereof and of the assignment to ACCORD FINANCIAL LTD.

EXECUTED AT Toronto this 6<sup>th</sup> day of MARCH, 2016.

STRELLMAX LTD.

Per: [Signature]  
Mark Altow, President

I HAVE AUTHORITY TO BIND THE CORPORATION

Electronic Funds Transfer  
 Payments Sent to Bank Detail Report  
 September 13, 2017

**File Summary**

File Number: 2923 Date/Time: 09/05/2017 02:01 File Status: Accepted  
 From Company: ACCORD FINANCIAL LTD Originator ID: TUABC11041 USD  
 Credit Payments: 1 Debit Payments: 0 Total Payments: 1  
 Credit Amount: \$75,455.79 Debit Amount: \$0.00

**Group Details**

Group: Import Payment Type: Credit # Payments: 1  
 Frequency: No Frequency Assigned Due Date: 09/05/2017 Total Amount: \$75,455.79  
 Company Name: ACCORD FINANCIAL LTD Return Account: 0004 110412 05127303#02 Last Modified By: JPAULA

Name: STRELLMAX LTD. (USD) Reference: 22225531 Amount: \$75,455.79 Bank-Transit-Account: 0004 12842 12847300458

Electronic Funds Transfer  
 Payments Sent to Bank Detail Report  
 September 13, 2017

**File Summary**

File Number: 3439 Date/Time: 09/05/2017 02:01 File Status: Accepted  
 From Company: ACCORD FINANCIAL LTD Originator ID: TWABCT1041 CAD  
 Credit Payments: 1 Debit Payments: 0 Total Payments: 1  
 Credit Amount: \$69,115.79 Debit Amount: \$0.00

**Group Details**

Group: Import Payment Type: Credit # Payments: 1  
 Frequency: No Frequency Assigned Due Date: 09/05/2017 Total Amount: \$69,115.79  
 Company Name: ACCORD FINANCIAL LTD Return Account: 0004 11042 05120318697 Last Modified By: JPACLA

Name: STRELLMAX LTD Reference: 21225530 Due Date: 09/05/2017 Amount: \$69,115.79 Bank-Transit-Account: 0004 12842 5266455

# APPENDIX

“M”

## Danny Nunes

---

**Subject:** FW: Strellson AG vs Strellmax Ltd. - Our Client: Accord Financial Ltd.

**From:** Edmond Lamek

**Sent:** Monday, September 18, 2017 11:57 AM

**To:** 'Cohen, David'; Julian Heller

**Cc:** Diane Ross; Burden Nixon, Leila; Gertner, Thomas; Lamie, Frank; [KForbes@richter.ca](mailto:KForbes@richter.ca); Danny Nunes

**Subject:** RE: Strellson AG vs Strellmax Ltd. - Our Client: Accord Financial Ltd.

Further to your email exchange (Heller/Cohen), the Receiver has no involvement in any dispute between Accord and Strellson AG over Accord's liability to Strellson AG under the Letter of Credit. As such we do not intend to participate in any meeting that you may wish to have (which I think is a good idea) about those matters.

The Receiver's sole issue relates to the Strellmax funds currently being withheld from the Receiver by Accord, despite two requests on behalf of the Receiver, in violation of the very clear language in the Receivership Order.

As such, we will be proceeding to bring our motion to enforce the Receivership Order, recover possession of Strellmax's funds, and seek costs from Accord.

Mr. Heller – we have spoken to the Commercial List Court office and confirm that they have 90 minutes available on each of October 18,19 or 20.

Please let me know which of those dates works best for you so I can book it, and then we can discuss a schedule for exchange of materials.

Thanks, Edmond.

---

EDMOND LAMEK | Partner | T. 416-947-5042 | C. 416-579-1871 | [elamek@weirfoulds.com](mailto:elamek@weirfoulds.com)

**WeirFoulds** LLP

66 Wellington Street West, Suite 4100. P.O. Box 35, TD Bank Tower, Toronto, Ontario M5K 1B7



**STRELLSON AG**

**STRELLMAX LTD.**

**Applicant**

**Respondent**

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

**FIRST REPORT OF RICHTER ADVISORY GROUP INC.,  
in its capacity as Receiver of the Assets, Undertakings and  
Properties of Strellmax Ltd. dated October 6, 2017**

**WeirFoulds LLP**  
Barristers & Solicitors  
66 Wellington Street West, Suite 4100  
Toronto-Dominion Centre  
Toronto, ON M5K 1B7

**Edmond F.B. Lamek (LSUC #33338U)**  
Tel.: 416.947.5042  
Fax: 416.365.1876  
Email: elamek@weirfoulds.com

**Danny M. Nunes (LSUC #53802D)**  
Tel: 416.619.6293  
Fax: 416. 365.1876  
Email: dnunes@weirfoulds.com

Lawyers for the Receiver

# TAB 3

**PURCHASE AGREEMENT  
(Samples)**

This Agreement is made effective as of the \_\_\_\_ day of October, 2017 between:

**RICHTER ADVISORY GROUP INC., solely in its capacity as  
Court-appointed receiver of the assets, undertakings and properties of  
STRELLMAX LTD.  
(the "Vendor")**

AND

**STRELLSON AG  
(the "Purchaser")**

AND

**STRELLSON NORTH AMERICA LTD.  
(the "Buyer")**

AND

**STRELLMAX LTD.  
("Strellmax")**

**RECITALS**

- A. Strellmax is currently indebted to the Purchaser in the amount of approximately \$3,000,000, as a result of: (i) the assignment made on June 30, 2017 by the Toronto-Dominion Bank ("**TD Bank**") to the Purchaser of the indebtedness and obligations of Strellmax to TD Bank (the "**Assigned TD Debt**"), together with the related security instruments granted by Strellmax to TD Bank (the "**Assigned TD Security**"), (ii) certain subsequent advances by the Purchaser to Strellmax; and (iii) a credit bid by the Purchaser to purchase certain (by title direction to the Buyer) assets of Strellmax from the Vendor in the amount of \$783,687.50 of the Assigned TD Debt.
- B. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) the "**Court**") dated July 7, 2017 (the "**Appointment Order**") made upon the application of the Purchaser as assignee of the Assigned TD Debt and the Assigned TD Security, and upon the consent of Strellmax, the Vendor was appointed as the receiver (the "**Receiver**") of the assets, undertakings and properties of Strellmax pursuant to the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**") and the *Courts of Justice Act* (Ontario) and was authorized, *inter alia*, to manage all treasury functions of Strellmax and control all receipts and disbursements of Strellmax;
- C. Pursuant to paragraph 11 of the Appointment Order, the Receiver may only sell Strellmax's assets outside of the ordinary course of business without the approval of the Court in respect of any transaction not exceeding \$25,000.
- D. The Purchaser wishes to purchase all the right, title and interest of Strellmax in and to the assets listed in Schedule "A" to this Agreement (the "**Purchased Assets**"), with title to the

Purchased Assets directed to the Buyer, and the Vendor wishes to sell the Purchased Assets, and the Purchaser wishes to have the Vendor direct title to the Purchased Assets to the Buyer as more particularly set out herein, subject to the terms and conditions hereof.

**THIS AGREEMENT WITNESSES THAT** in consideration of the respective covenants, agreements, representations and warranties of the parties herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the parties agree as follows:

## **ARTICLE I INTERPRETATION**

### **1.01 Definitions**

Capitalized words not otherwise defined in this Agreement have the meanings ascribed to them in this section 1.01:

“**Agreement**” means this Asset Purchase Agreement and all schedules attached hereto;

“**Business Day**” means a day on which banks are open for business in the City of Toronto, Ontario but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario;

“**Credit Bid**” means the agreement by the Purchaser to settle and release a portion of the Assigned TD Debt on account of the Purchase Price payable for the Purchased Assets under section 2.02 of this Agreement;

“**ETA**” means Part IX of the *Excise Tax Act* (Canada);

“**HST**” means harmonized sales tax and goods and services tax payable under the ETA;

“**Premises**” mean the premises of Strellmax in which the Purchased Assets are located as of the Closing Date;

“**Promissory Note**” means the secured promissory note issued by the Buyer in favour of the Purchaser on August 1, 2017;

“**Transaction**” means the transactions of purchase and sale contemplated by this Agreement.

### **1.02 Interpretation Not Affected by Headings, etc.**

The division of this Agreement into articles or sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement and not to any particular section hereof.

### **1.03 Extended Meanings**

Words importing the singular include the plural and *vice versa*, words importing gender include all genders and words importing persons include individuals, partnerships, associations, trusts, unincorporated organizations, corporations and governmental authorities. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings.

## ARTICLE II SALE AND PURCHASE AND DIRECTION

### 2.01 Sale and Purchase of Purchased Assets

Subject to the terms and conditions of this agreement, on the effective date of this agreement (the "**Closing Date**"):

- (a) **Purchase and Sale of Purchased Assets** – the Vendor shall sell and the Purchaser shall purchase by way of direction of title to the Buyer under section 2.04 of this Agreement, so as to cause the Buyer to purchase the Purchased Assets and the Buyer shall, accordingly, purchase the Purchased Assets;
- (b) **Other Documents** – if requested by the Purchaser, the Vendor shall execute and deliver to the Purchaser and the Buyer a bill of sale, or other instrument of transfer as may be necessary or desirable to effectively transfer to the Buyer the Purchased Assets and complete the Transaction contemplated by this Agreement.
- (c) **Removal of the Purchased Assets** – if applicable, the Buyer shall be solely responsible for removing the Purchased Assets from the Premises prior to the date by which Strellmax intends to vacate the Premises.

### 2.02 Payment of the Purchase Price and Direction of Title

The amount payable by the Purchaser and in turn the Buyer, for the Purchased Assets (the "**Purchase Price**") shall be the sum of \$37,795.58 plus applicable HST (subject to section 2.03 hereof). The Purchaser shall satisfy the Purchase Price by Credit Bid in an amount equal to the Purchase Price, and the Buyer shall increase its indebtedness to the Purchaser under the Promissory Note by the amount of the Purchase Price;

### 2.03 Taxes

Each of the Purchaser and the Buyer shall pay in addition to the Purchase Price, all applicable federal and provincial taxes exigible in connection with the purchase and sale of the Purchased Assets including, without limitation, any HST. Notwithstanding the foregoing, the Parties acknowledge that the Buyer shall provide a drop shipment certificate pursuant to paragraph 179(2)(c) of the ETA to Strellmax, such that the Purchased Assets will be deemed to be supplied outside of Canada pursuant to subsection 179(2) of the ETA and no HST will be collectible by the Vendor. The Purchaser and the Buyer agree to indemnify and save the Vendor and the Receiver harmless from and against all claims and demands for payment of the above-mentioned taxes including penalties and interest thereon and any liability or costs incurred as a result of any failure to pay such taxes when due.

### 2.04 Direction of Title

The Purchaser hereby directs Strellmax and the Vendor, upon payment of the Purchase Price to engross the transfer of the Purchased Assets to the Buyer.

## 2.05 "As is, Where is"

The Purchaser and the Buyer acknowledge that the Vendor is selling the Purchased Assets on an "as is, where is" basis. The Purchaser and Buyer further acknowledge that they have entered into this Agreement on the basis that the Vendor does not guarantee title to, nor access to, the Purchased Assets and that the Purchaser, on its own behalf and on behalf of the Buyer has conducted such inspections of the condition of and title to the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition is expressed or can be implied as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell or assign same save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, terms, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation do not apply hereto and have been waived by the Purchaser. The description of the Purchased Assets contained in the Schedule hereto is for the purpose of identification only. No representation, warranty or condition has or will be given by Strellmax or the Receiver concerning completeness or the accuracy of the description of the Purchased Assets contained in the Schedules hereto.

## ARTICLE III REPRESENTATIONS AND WARRANTIES

### 3.01 Purchaser and Buyer's Representations

The Purchaser and Buyer each represent and warrant to the Vendor and Receiver as follows:

- (a) the Purchaser is a corporation duly incorporated, organized and subsisting under the laws of Switzerland;
- (b) the Purchaser is the owner of the Assigned TD Debt and the Assigned TD Security;
- (c) the Purchaser and the Buyer have all necessary corporate power, authority and capacity to enter into this Agreement and to effect the Credit Bid, and to perform their obligations and the execution and delivery of this Agreement and the consummation of the transactions contemplated herein have been duly authorized by all necessary corporate action on the part of the Purchaser and the Buyer;
- (d) the Purchaser is not a party to, bound or affected by or subject to any indenture, agreement, instrument, charter or by-law provision, order, judgment or decree which would be violated, contravened or breached by the execution and delivery by it of this Agreement, the making of the Credit Bid, or the performance by it of any of the terms contained herein;
- (e) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, pending or, to the best of the Purchaser's knowledge, threatened against or relating to the Purchaser or any judgment, decree, injunction, rule or order of any Court, governmental department, commission, agency, instrumentality or arbitrator which, in any case, might adversely affect the ability of the Purchaser to enter into this Agreement or to consummate the transactions contemplated and the

Purchaser is not aware of any existing ground on which any action, suit or proceeding may be commenced with any reasonable likelihood of success;

- (f) this Agreement and all other documents contemplated hereunder to which the Purchaser or the Buyer is or will be a party, as at the Closing Date, duly and validly executed and delivered by the Purchaser and the Buyer as the case may be, and constitute or will, as at the Closing Date, constitute legal, valid and binding obligations of the Purchaser or the Buyer, as the case may be, enforceable in accordance with the terms hereof or thereof;
- (g) the Purchaser and the Buyer are a non-Canadian within the meaning of the *Investment Canada Act*;
- (h) the Purchaser is a non-resident of Canada and is not registered or required to be registered for the collection of HST under the ETA; and
- (i) Buyer is registered for the collection of HST under the ETA and its registration number is 70609 3127 RT0001.

### **3.02 Vendor's Representations**

The Vendor represents and warrants to the Purchaser as follows:

- (a) the Vendor has the right to enter into this Agreement and to complete the Transaction;
- (b) save and except for the charges created in the Appointment Order, the Vendor has done no act to encumber the Purchased Assets since the granting of the Appointment Order; and
- (c) the Vendor is not a non-resident of Canada for the purposes of the *Income Tax Act (Canada)*.

### **3.03 Purchaser and Buyer's Acknowledgement**

The Purchaser and the Buyer acknowledge that the Vendor is selling Strellmax's rights, benefits and interests in and to the Purchased Assets as authorized by the Appointment Order. The Purchaser and the Buyer agree to purchase and accept the rights, benefits and interests of Strellmax in and to the Purchased Assets pursuant to and in accordance with the terms of this Agreement, and the Appointment Order.

## **ARTICLE IV GENERAL**

### **4.01 Further Assurances**

Each of the parties shall, from time to time after the Closing Date, at the request and expense of the other, take or cause to be taken such reasonable action and execute and deliver or cause to be executed and delivered to the other such documents and further assurances as may be reasonably necessary to give effect to this Agreement.

#### **4.02 Notice**

Any notice or other communication under this Agreement shall be in writing and may be delivered personally, by courier or transmitted by email, addressed

in the case of the Purchaser, as follows:

**Strellson AG**

Sonnenwiesenstrasse 21

Kreuzlingen CH-8280

CHE

Attention: Dr. Bernd A. Walter

E-mail: B.Walter@holyfashiongroup.com

and in the case of the Vendor, as follows:

**Richter Advisory Group Inc.**

181 Bay Street – Suite 3320

Toronto, ON M5J 2T3

Attention: Katherine Forbes, Vice President

Email: kforbes@richter.ca

Any such notice or other communication, if given by personal delivery or courier, will be deemed to have been given on the day of actual delivery thereof and, if transmitted by email before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day, and if transmitted by email after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

#### **4.03 Time**

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Vendor and the Purchaser or by their respective solicitors.

#### **4.04 Currency**

Except where otherwise indicated, all references herein to money amounts are in Canadian currency.

#### **4.05 Survival**

The representations and warranties of the parties hereto contained in this Agreement shall merge on Closing.

#### **4.06 Benefit of Agreement**

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

#### **4.07 Entire Agreement**

This Agreement and the attached Schedules constitute the entire agreement between the parties with respect to the subject matter and supersede all prior negotiations and



understandings. This Agreement may not be amended or modified in any respect except by written instrument executed by the parties.

#### **4.08 Paramountcy**

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

#### **4.09 Severability**

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provisions validity or enforceability in any other jurisdiction.

#### **4.10 Vendor's Capacity**

The Vendor is acting in its capacity as the Court-appointed Receiver of the property, assets and undertaking of Strellmax and shall have no personal or corporate liability under this Agreement.

#### **4.11 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the parties irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

#### **4.12 Counterparts & Delivery**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by facsimile of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

***[Remainder of Page Intentionally Blank. Executions on Separate Page.]***

IN WITNESS OF WHICH the Parties have executed this Agreement.

**RICHTER ADVISORY GROUP INC.**, solely in its capacity as Court-appointed receiver of the assets, undertakings and properties of **STRELLMAX LTD** and not in its personal or corporate capacity

Per: \_\_\_\_\_  
Name: Katherine Forbes  
Title: Vice-President

**STRELLSON AG**

Per: \_\_\_\_\_  
Name: Marcel Braun  
Title: Chief Executive Officer

Per: \_\_\_\_\_  
Name: Valeria Gomon  
Title: Chief Financial Officer

**STRELLSON NORTH AMERICA LTD.**

Per: \_\_\_\_\_  
Name: Marcel Braun  
Title: Director

Per: \_\_\_\_\_  
Name: Mark Altow  
Title: Director

**STRELLMAX LTD.**

Per: \_\_\_\_\_  
Name: Mark Altow  
Title: President

## SCHEDULE "A"

See attached.

**Strellson Samples at Standard Cost**

Type	No.	Description	Quantity	Unit Price	
				Excl. Tax	
Item	S-30001400	11 Solon 10000206	1	42.55	
Item	S-30001400	11 Solon 10000206	1	42.55	
Item	S-30006757	11 Santos 10003737	1	42.55	
Item	S-30006757	11 Santos 10003737	1	42.55	
Item	S-30006770	11 Aaron 10003723	1	42.55	
Item	S-30006770	11 Aaron 10003723	1	42.55	
Item	S-30008239	11 Santos-J 10003253	1	42.55	
Item	S-30008239	11 Santos-J 10003253	1	42.55	
Item	S-30009146	11 Santos-C1 10000206 03	1	42.55	
Item	S-30009147	11 Santos-C1 10000206 04	1	42.55	
Item	S-30009147	11 Santos-C1 10000206 04	1	42.55	
Item	S-30009148	11 Santos-SI 10000207	1	42.55	
Item	S-30009148	11 Santos-SI 10000207	1	42.55	
Item	S-30009149	11 Rian-SI 10000207	1	42.55	
Item	S-30009149	11 Rian-SI 10000207	1	42.55	
Item	S-30009151	11 Solon 10000207	1	42.55	
Item	S-30009151	11 Solon 10000207	1	42.55	
Item	S-30009151	11 Solon 10000207	1	42.55	
Item	S-30009153	11 Santos 10002306	1	42.55	
Item	S-30009154	11 Carlow1_2-W 10002306	1	42.55	
Item	S-30009154	11 Carlow1_2-W 10002306	1	42.55	
Item	S-30009155	11 Santos-SI 10004710	1	42.55	
Item	S-30009157	11 Sereno 10004714	1	42.55	
Item	S-30009157	11 Sereno 10004714	1	42.55	
Item	S-30009158	11 Sal 10004722	1	42.55	
Item	S-30009159	11 Sal 10004723	1	42.55	
Item	S-30009160	11 Sereno-SI 10004724	1	42.55	
Item	S-30009160	11 Sereno-SI 10004724	1	42.55	
Item	S-30009161	11 Sereno-SI 10004725	1	42.55	
Item	S-30009162	11 Santos-SI 10004726	1	42.55	
Item	S-30009163	11 Rian 10004727	1	42.55	
Item	S-30009165	11 Sal 10004728	1	42.55	
Item	S-30009166	11 Sal 10004729	1	42.55	
Item	S-30009167	11 Sereno-SW 10004730	1	42.55	
Item	S-30009167	11 Sereno-SW 10004730	1	42.55	
Item	S-30009167	11 Sereno-SW 10004730	1	42.55	
Item	S-30009167	11 Sereno-SW 10004730	1	42.55	
Item	S-30009168	11 Sal 10004731	1	42.55	
Item	S-30009169	11 Sal 10004732	1	42.55	
Item	S-30009170	11 Sereno 10004733	1	42.55	
Item	S-30009171	11 Santos 10004735	1	42.55	
Item	S-30009173	11 Adrian 10004736	1	42.55	
Item	S-30009175	11 Sereno 10004737	1	42.55	
Item	S-30009176	11 Split 10003737	1	42.55	
Item	S-30009176	11 Split 10003737	1	42.55	
Item	S-30009177	11 Solon 10004738	1	42.55	
Item	S-30009178	11 Caspar1_2-W 10004738	1	42.55	
Item	S-30009179	11 Sereno 10004738	1	42.55	

Item	S-30009181	11 Sal 10004739	1	42.55
Item	S-30009181	11 Sal 10004739	1	42.55
Item	S-30009183	11 Aaron 10004740	1	42.55
Item	S-30009183	11 Aaron 10004740	1	42.55
Item	S-30009184	11 Santos 10004741	1	42.55
Item	S-30009184	11 Santos 10004741	1	42.55
Item	S-30009187	11 Spence 10004742	1	42.55
Item	S-30009189	11 Spence-J 10004744	1	42.55
Item	S-30009190	11 Spence-J 10004746	1	42.55
Item	S-30009192	11 Sereno-SW 10004747	1	42.55
Item	S-30009193	11 Sal 10004750	1	42.55
Item	S-30009194	11 Aaron 10004750	1	42.55
Item	S-30009195	11 Adrian 10004751	1	42.55
Item	S-30009196	11 Santos 10004785	1	42.55
Item	S-30009196	11 Santos 10004785	1	42.55
Item	S-30009198	11 Santos-C1 10004711	1	42.55
Item	S-30009199	11 Santos-J 10004745	1	42.55
Item	S-30009199	11 Santos-J 10004745	1	42.55
Item	S-30009201	11 Caspar-W 10004923	1	42.55
Item	S-30009202	11 Ruben 10004734	1	42.55
Item	S-30009203	11 Colin-W 10004734	1	42.55
Item	S-30009208	11 Sereno 10004712	1	42.55
Item	S-30009208	11 Sereno 10004712	1	42.55
Item	S-30009209	11 Callan-W 10004752	1	42.55
Item	S-30009209	11 Callan-W 10004752	1	42.55
Item	S-30009210	11 Caspar-W 10004715	1	42.55
Item	S-30009211	11 Cisco-W 10004753	1	42.55
Item	S-30009211	11 Cisco-W 10004753	1	42.55
Item	S-30009211	11 Cisco-W 10004753	1	42.55
Item	S-30009212	11 icon.Cruise-W 10004753	1	42.55
Item	S-30009213	11 Caspar1_2-W 10004757	1	42.55
Item	S-30009214	11 Colin-W 10004717	1	42.55
Item	S-30009214	11 Colin-W 10004717	1	42.55
Item	S-30009215	11 Sal 10004730	1	42.55
Item	S-30009215	11 Sal 10004730	1	42.55
Item	S-30009216	11 Caspar-W 10004748	1	42.55
Item	S-30009216	11 Caspar-W 10004748	1	42.55
Item	S-30009217	11 Colin-W 10004758	1	42.55
Item	S-30009217	11 Colin-W 10004758	1	42.55
Item	S-30009218	11 Caspar1_2-W 10004780	1	42.55
Item	S-30009220	11 Callan-W 10004718	1	42.55
Item	S-30009220	11 Callan-W 10004718	1	42.55
Item	S-30009220	11 Callan-W 10004718	1	42.55
Item	S-30009221	11 Caspar-W 10004759	1	42.55
Item	S-30009221	11 Caspar-W 10004759	1	42.55
Item	S-30009222	11 Cab-D 10004762	1	42.55
Item	S-30009222	11 Cab-D 10004762	1	42.55
Item	S-30009222	11 Cab-D 10004762	1	42.55
Item	S-30009222	11 Cab-D 10004762	1	42.55
Item	S-30009222	11 Cab-D 10004762	1	42.55
Item	S-30009223	11 icon.Cruise-W 10004760	1	42.55
Item	S-30009224	11 icon.Cruise-W 10004720	1	42.55

Item	S-30009226	11 Colin-W 10004719	1	42.55
Item	S-30009226	11 Colin-W 10004719	1	42.55
Item	S-30009226	11 Colin-W 10004719	1	42.55
Item	S-30009227	11 Caspar1_2-W 10004719	1	42.55
Item	S-30009227	11 Caspar1_2-W 10004719	1	42.55
Item	S-30009227	11 Caspar1_2-W 10004719	1	42.55
Item	S-30009228	11 Cougar1_2-W 10004749	1	42.55
Item	S-30009228	11 Cougar1_2-W 10004749	1	42.55
Item	S-30009229	11 Caiden-W 10004754	1	42.55
Item	S-30009229	11 Caiden-W 10004754	1	42.55
Item	S-30009229	11 Caiden-W 10004754	1	42.55
Item	S-30009230	11 Caspar1_2-W 10004765	1	42.55
Item	S-30009231	11 Caspar-W 10004756	1	42.55
Item	S-30009231	11 Caspar-W 10004756	1	42.55
Item	S-30009233	11 Caspar-W 10004761	1	42.55
Item	S-30009236	11 Caspar1_2-W 10004755	1	42.55
Item	S-30009243	11 Sal 10004395	1	42.55
Item	S-30009373	11 Solon 10004109	1	42.55
Item	S-30009374	11 Sereno-SW 10004109	1	42.55
Item	S-30009375	11 Santos-SI1_2 10004109	1	42.55
Item	S-30009376	11 Santos-C1 10004109 02	1	42.55
Item	S-30009377	11 Spence 10004109	1	42.55
Item	S-30009503	11 Silver 10004109	1	42.55
Item	S-30009504	11 Samu UMA 10004395 02	1	42.55
Item	S-30007247	11 Tie_Knit1 10004201	1	67.50
Item	S-30009742	11 Tie_6.0 10005223	1	64.11
Item	S-30009743	11 Bow Tie_open 10005223	1	64.11
Item	S-30009747	11 Tie_6.0 10005227	1	64.11
Item	S-30009747	11 Tie_6.0 10005227	1	64.11
Item	S-30009748	11 Tie_6.0 10005228	1	33.65
Item	S-30009749	11 Tie_6.0 10005230	1	33.65
Item	S-30009749	11 Tie_6.0 10005230	1	33.65
Item	S-30009750	11 Tie_6.0 10005234	1	33.65
Item	S-30009750	11 Tie_6.0 10005234	1	33.65
Item	S-30009751	11 Bow Tie_1 10005234	1	33.65
Item	S-30009752	11 Tie_6.0 10005236	1	33.65
Item	S-30009753	11 Tie_6.0 10005239	1	33.65
Item	S-30009754	11 Tie_6.0 10005240	1	33.65
Item	S-30009755	11 Bow Tie_1 10005240	1	33.65
Item	S-30009756	11 Tie_6.0 10005241	1	33.65
Item	S-30009757	11 Tie_6.0 10005243	1	33.65
Item	S-30009757	11 Tie_6.0 10005243	1	33.65
Item	S-30009758	11 Tie_6.0 10005246	1	33.65
Item	S-30009759	11 Tie_6.0 10005249	1	33.65
Item	S-30009760	11 Tie_6.0 10005254	1	33.65
Item	S-30009761	11 Tie_6.0 10005260	1	33.65
Item	S-30009762	11 Tie_6.0 10005266	1	33.65
Item	S-30009762	11 Tie_6.0 10005266	1	33.65
Item	S-30009763	11 Tie_6.0 10005214	1	33.65
Item	S-30009763	11 Tie_6.0 10005214	1	33.65
Item	S-30009763	11 Tie_6.0 10005214	1	33.65
Item	S-30009763	11 Tie_6.0 10005214	1	33.65

Item	S-30009764	11 Tie_6.0 10005216	1	33.65
Item	S-30009765	11 Tie_6.0 10005217	1	33.65
Item	S-30009766	11 Tie_6.0 10005220	1	33.65
Item	S-30009767	11 Tie_6.0 10005221	1	33.65
Item	S-30009768	11 Bow Tie_open 10005221	1	33.65
Item	S-30009769	11 Tie_6.0 10005222	1	33.65
Item	S-30009771	11 Tie_6.0 10005226	1	33.65
Item	S-30009771	11 Tie_6.0 10005226	1	33.65
Item	S-30009772	11 Tie_6.0 10005231	1	33.65
Item	S-30009773	11 Tie_6.0 10005233	1	33.65
Item	S-30009773	11 Tie_6.0 10005233	1	33.65
Item	S-30009774	11 Tie_6.0 10005235	1	33.65
Item	S-30009776	11 Tie_Knit1 10005256	1	33.65
Item	S-30009776	11 Tie_Knit1 10005256	1	33.65
Item	S-30009778	11 Refined Tie2 10005238	1	33.65
Item	S-30009779	11 Tie_6.0 10005253	1	33.65
Item	S-30009779	11 Tie_6.0 10005253	1	33.65
Item	S-30009777	11 Refined Tie2 10005237	1	33.65
Item	S-30009777	11 Refined Tie2 10005237	1	33.65
Item	S-30009781	11 icon.Tie 10005262	1	33.65
Item	S-30009782	11 icon.Tie 10005264	1	33.65
Item	S-30009770	11 Bandana1 10005220	1	33.65
Item	S-30009780	11 Handkerchief 10005253	1	33.65
Item	S-30009785	11 Handkerchief 10005227	1	33.65
Item	S-30009787	11 Handkerchief 10005220	1	33.65
Item	S-30009808	11 Bow Tie_1 10000392 02	1	33.65
Item	S-30009507	11 Rye-D 10002495	1	55.13
Item	S-30009507	11 Rye-D 10002495	1	55.13
Item	S-30009507	11 Rye-D 10002495	1	55.13
Item	S-30009508	11 Code-D 10002495	1	55.13
Item	S-30009508	11 Code-D 10002495	1	55.13
Item	S-30009508	11 Code-D 10002495	1	55.13
Item	S-30009508	11 Code-D 10002495	1	55.13
Item	S-30009508	11 Code-D 10002495	1	55.13
Item	S-30009511	11 Rye-D 10004693	1	55.13
Item	S-30009511	11 Rye-D 10004693	1	55.13
Item	S-30009511	11 Rye-D 10004693	1	55.13
Item	S-30009512	11 Buddy-W 10002504	1	55.13
Item	S-30009512	11 Buddy-W 10002504	1	55.13
Item	S-30009515	11 Rye-D 10004698	1	55.13
Item	S-30009515	11 Rye-D 10004698	1	55.13
Item	S-30009516	11 Kit-D 10004692	1	55.13
Item	S-30009516	11 Kit-D 10004692	1	55.13
Item	S-30009516	11 Kit-D 10004692	1	55.13
Item	S-30009518	11 Code-W 10004835	1	55.13
Item	S-30009519	11 Code-W 10004695	1	55.13
Item	S-30009519	11 Code-W 10004695	1	55.13
Item	S-30009519	11 Code-W 10004695	1	55.13
Item	S-30009521	11 Code-W 10004950	1	55.13
Item	S-30009509	11 Coast-D 10004834	1	55.13
Item	S-30009509	11 Coast-D 10004834	1	55.13
Item	S-30009509	11 Coast-D 10004834	1	55.13

Item	S-30009510	11 Flynn-D 10004834	1	55.13
Item	S-30009510	11 Flynn-D 10004834	1	55.13
Item	S-30009510	11 Flynn-D 10004834	1	55.13
Item	S-30009514	11 Coast-W 10004696	1	55.13
Item	S-30009522	11 Coast-W 10004950	1	55.13
Item	S-30009580	11 Liam 10005053	1	64.11
Item	S-30009581	11 Liam 10005054	1	64.11
Item	S-30009582	11 Liam 10005054 02	1	64.11
Item	S-30009583	11 Liam 10002576	1	64.11
Item	S-30009586	11 Liam 10005055	1	64.11
Item	S-30009587	11 Robin 10005056	1	64.11
Item	S-30009587	11 Robin 10005056	1	64.11
Item	S-30009588	11 Robin 10005057	1	64.11
Item	S-30009589	11 Robin 10005058	1	64.11
Item	S-30009590	11 Robin 10005058 02	1	64.11
Item	S-30009591	11 Robin 10005059	1	64.11
Item	S-30009594	11 icon.Robin 10005062	1	64.11
Item	S-30009596	11 icon.Robin 10005063	1	64.11
Item	S-30009597	11 Skid 10005064	1	64.11
Item	S-30009600	11 Skid 10005064 02	1	64.11
Item	S-30009601	11 Skid 10005064 03	1	64.11
Item	S-30009669	11 Robin Refined 10005060	1	64.11
Item	S-30009670	11 Robin Refined 10005061	1	64.11
Item	S-30009795	11 icon.Robin 10004561	1	64.11
Item	S-30009796	11 Liam 10004974	1	64.11
Item	S-30009796	11 Liam 10004974	1	64.11
Item	S-30009602	11 Rushy 10005063	1	64.11
Item	S-30009603	11 Rushy 10005065	1	64.11
Item	S-30010331	11 Handkerchief 10005259	1	33.65
Item	S-30009245	11 Caspar-W 10004970	1	42.55
Item	S-30010508	11 Sereno-SW 10005379	1	42.55
Item	S-30010508	11 Sereno-SW 10005379	1	42.55
Item	S-30009099	11 J-Clark-R 10004822	1	37.15
Item	S-30009100	11 J-Clark-RP3 10004822	1	37.15
Item	S-30009100	11 J-Clark-RP3 10004822	1	37.15
Item	S-30009101	11 J-Clark-RP1 10004822	1	37.15
Item	S-30009102	11 J-Watts-RP 10004822	1	37.15
Item	S-30009102	11 J-Watts-RP 10004822	1	37.15
Item	S-30009103	11 J-Clark-RP-ICON 10004822	1	37.15
Item	S-30009103	11 J-Clark-RP-ICON 10004822	1	37.15
Item	S-30009104	11 J-Peng-P 10004836	1	37.15
Item	S-30009104	11 J-Peng-P 10004836	1	37.15
Item	S-30009104	11 J-Peng-P 10004836	1	37.15
Item	S-30009104	11 J-Peng-P 10004836	1	37.15
Item	S-30009105	11 J-Petre-P 10004837	1	37.15
Item	S-30009105	11 J-Petre-P 10004837	1	37.15
Item	S-30009106	11 J-Paco-P 10004839	1	37.15
Item	S-30009106	11 J-Paco-P 10004839	1	37.15
Item	S-30009107	11 J-Petre-PP 10004837	1	37.15
Item	S-30009107	11 J-Petre-PP 10004837	1	37.15
Item	S-30009108	11 J-Petre-R 10004837	1	37.15
Item	S-30009108	11 J-Petre-R 10004837	1	37.15



Item	S-30009109	11 J-Penn-P 10004838	1	37.15
Item	S-30009109	11 J-Penn-P 10004838	1	37.15
Item	S-30009110	11 J-Tony-R 10004839	1	37.15
Item	S-30009111	11 J-Antony-R 10004839	1	37.15
Item	S-30009111	11 J-Antony-R 10004839	1	37.15
Item	S-30009112	11 J-Flushing-P 10004844	1	37.15
Item	S-30009112	11 J-Flushing-P 10004844	1	37.15
Item	S-30009113	11 J-Wall-P 10004845	1	37.15
Item	S-30009114	11 J-Fulton-R 10004846	1	37.15
Item	S-30009114	11 J-Fulton-R 10004846	1	37.15
Item	S-30009115	11 J-Morgan-R 10004847	1	37.15
Item	S-30009115	11 J-Morgan-R 10004847	1	37.15
Item	S-30009116	11 J-Seven-S 10004848	1	37.15
Item	S-30009116	11 J-Seven-S 10004848	1	37.15
Item	S-30009116	11 J-Seven-S 10004848	1	37.15
Item	S-30009117	11 J-Bergen-R 10004850	1	37.15
Item	S-30009117	11 J-Bergen-R 10004850	1	37.15
Item	S-30009118	11 J-Bedford-R 10004849	1	37.15
Item	S-30009118	11 J-Bedford-R 10004849	1	37.15
Item	S-30009119	11 J-Rawson-V 10004842	1	37.15
Item	S-30009120	11 J-Rawson-RP1 10004842	1	37.15
Item	S-30009120	11 J-Rawson-RP1 10004842	1	37.15
Item	S-30009121	11 J-Rawson-RP2 10004842	1	37.15
Item	S-30009122	11 J-Rawson-P 10004822	1	37.15
Item	S-30009122	11 J-Rawson-P 10004822	1	37.15
Item	S-30009123	11 J-Jefferson-R 10004843	1	37.15
Item	S-30009123	11 J-Jefferson-R 10004843	1	37.15
Item	S-30009124	11 J-Jefferson-SL 10004843	1	37.15
Item	S-30009125	11 J-Jefferson-P 10004843	1	37.15
Item	S-30009126	11 J-Maison-SR 10004880	1	37.15
Item	S-30009126	11 J-Maison-SR 10004880	1	37.15
Item	S-30009126	11 J-Maison-SR 10004880	1	37.15
Item	S-30009127	11 J-Maison-SHJ 10004880	1	37.15
Item	S-30009127	11 J-Maison-SHJ 10004880	1	37.15
Item	S-30009128	11 J-Maison-SJ 10004880	1	37.15
Item	S-30009128	11 J-Maison-SJ 10004880	1	37.15
Item	S-30009129	11 J-Maison-SP 10004880	1	37.15
Item	S-30009131	11 J-North-SJ 10004883	1	37.15
Item	S-30009132	11 J-North-SP 10004883	1	37.15
Item	S-30009249	11 J-Pollux-P-ICON 10004840	1	37.15
Item	S-30009792	11 J-Cardu-SHJ-SC 10004973	1	37.15
Item	S-30009316	11 K-Lars-R 10000569	1	37.15
Item	S-30009316	11 K-Lars-R 10000569	1	37.15
Item	S-30009316	11 K-Lars-R 10000569	1	37.15
Item	S-30009316	11 K-Lars-R 10000569	1	37.15
Item	S-30009317	11 K-Kem-R 10004989	1	37.15
Item	S-30009317	11 K-Kem-R 10004989	1	37.15
Item	S-30009318	11 K-Kem-RS 10004989	1	37.15
Item	S-30009319	11 K-Kem-P 10004989	1	37.15
Item	S-30009319	11 K-Kem-P 10004989	1	37.15
Item	S-30009320	11 K-Essex-R 10002905	1	37.15
Item	S-30009320	11 K-Essex-R 10002905	1	37.15

Item	S-30009322	11 K-Vicy-V 10000571	1	37.15
Item	S-30009322	11 K-Vicy-V 10000571	1	37.15
Item	S-30009322	11 K-Vicy-V 10000571	1	37.15
Item	S-30009323	11 K-Vicy-P 10000571	1	37.15
Item	S-30009323	11 K-Vicy-P 10000571	1	37.15
Item	S-30009324	11 K-Vicy-R 10000571	1	37.15
Item	S-30009324	11 K-Vicy-R 10000571	1	37.15
Item	S-30009325	11 K-Nine-R 10004442	1	37.15
Item	S-30009325	11 K-Nine-R 10004442	1	37.15
Item	S-30009326	11 K-Nine-T 10004442	1	37.15
Item	S-30009326	11 K-Nine-T 10004442	1	37.15
Item	S-30009328	11 K-Zero-R 10004988	1	37.15
Item	S-30009328	11 K-Zero-R 10004988	1	37.15
Item	S-30009329	11 K-Zero-S 10004988	1	37.15
Item	S-30009329	11 K-Zero-S 10004988	1	37.15
Item	S-30009330	11 K-Hipo-R 10004990	1	37.15
Item	S-30009331	11 K-Rob-R 10004992	1	37.15
Item	S-30009331	11 K-Rob-R 10004992	1	37.15
Item	S-30009332	11 K-Rob-J 10004992	1	37.15
Item	S-30009502	11 K-Vicy-PS 10000571	1	37.15
Item	S-30009502	11 K-Vicy-PS 10000571	1	37.15
Item	S-30010336	11 STSC-Hadson 10005328	1	33.65
Item	S-30010336	11 STSC-Hadson 10005328	1	33.65
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Item	S-30010338	11 STSC-Kent-ICON 10005326	1	33.65
Item	S-30010339	11 STSC-Mercer 10005327	1	33.65
Item	S-30010339	11 STSC-Mercer 10005327	1	33.65
Item	S-30010339	11 STSC-Mercer 10005327	1	33.65
Item	S-30010340	11 STSC-Bleeker 10005329	1	33.65
Item	S-30010340	11 STSC-Bleeker 10005329	1	33.65
Item	S-30009188	11 Spence-J 10004743	1	42.55
Item	S-30009121	11 J-Rawson-RP2 10004842	1	37.15
Item	S-30009934	11 S.C. Xenon 10005075	1	380.00
Item	S-30009934	11 S.C. Xenon 10005075	2	380.00
Item	S-30009935	11 Josh 10005077	1	136.00
Item	S-30009936	11 John 10004976	1	136.00
Item	S-30009937	11 John 10004978	1	136.00
Item	S-30009937	11 John 10004978	1	136.00
Item	S-30009938	11 S.C. Neon 10005075	1	136.00
Item	S-30009940	11 strllsn_jacket 10004980	1	136.00
Item	S-30009940	11 strllsn_jacket 10004980	1	136.00
Item	S-30009941	11 icon.Jacket 10003786	1	136.00
Item	S-30009943	11 Sleek 10004979	1	136.00
Item	S-30009943	11 Sleek 10004979	1	136.00
Item	S-30009944	11 Grand 10004978	1	136.00
Item	S-30009945	11 Grand 10005079	1	136.00
Item	S-30009947	11 Haven 10004980	1	136.00
Item	S-30009948	11 Finn 10005074	1	136.00
Item	S-30009948	11 Finn 10005074	1	136.00
Item	S-30009949	11 Finn 10005077	1	136.00
Item	S-30009950	11 Brave 10003786	1	136.00

Item	S-30009950	11 Brave 10003786	1	136.00
Item	S-30009952	11 Amber-W 10004378	1	136.00
Item	S-30009952	11 Amber-W 10004378	1	136.00
Item	S-30009953	11 Male 10004978	1	136.00
Item	S-30009954	11 S.C. Argon 10005075	1	136.00
Item	S-30009955	11 Strong 10003786	1	136.00
Item	S-30009955	11 Strong 10003786	1	136.00
Item	S-30009956	11 Engine-W 10001043	1	136.00
Item	S-30009956	11 Engine-W 10001043	1	136.00
Item	S-30009957	11 Strong-W 10004981	1	136.00
Item	S-30009957	11 Strong-W 10004981	1	136.00
Item	S-30009958	11 Steel-W 10004378	1	136.00
Item	S-30009959	11 Male-W 10004981	1	136.00
Item	S-30009959	11 Male-W 10004981	1	136.00
Item	S-30010091	11 Steel 10005314	1	144.99
Item	S-30010090	11 Millan 10005314	1	144.99
Item	S-30004559	11 Sonik-W 10001005	1	144.99
Item	S-30009878	11 Coxon 10004980	1	144.99
Item	S-30009878	11 Coxon 10004980	1	144.99
Item	S-30009879	11 Hayes Refined 10004979	1	144.99
Item	S-30009880	11 icon.Coat 10004980	1	144.99
Item	S-30009882	11 icon.Coat 10004975	1	144.99
Item	S-30009883	11 Straight-W 10004981	1	144.99
Item	S-30009883	11 Straight-W 10004981	1	144.99
Item	S-30009884	11 Giant-W 10004378	1	144.99
Item	S-30009885	11 Elliott 10004978	1	144.99
Item	S-30009886	11 Elliott 10004977	1	144.99
Item	S-30009887	11 strllsn_coat 10004980	1	144.99
Item	S-30009887	11 strllsn_coat 10004980	1	144.99
Item	S-30009889	11 Copeland-W 10001043	1	144.99
Item	S-30009889	11 Copeland-W 10001043	1	144.99
Item	S-30009890	11 Straight 10004976	1	144.99
Item	S-30009890	11 Straight 10004976	1	144.99
Item	S-30009927	11 Vox 10004978	1	144.99
Item	S-30009927	11 Vox 10004978	1	144.99
Item	S-30009928	11 Vox 10004975	1	144.99
Item	S-30009933	11 Revelation 10004978	1	144.99
Item	S-30009690	11 Maddoc-J 7 10004915	1	136.00
Item	S-30009690	11 Maddoc-J 7 10004915	1	136.00
Item	S-30009681	11 Maddoc-J 9 10004921	1	136.00
Item	S-30009684	11 Como-J 10004932	1	136.00
Item	S-30009130	11 J-Five-S 10004882	1	37.15
Item	S-30009686	11 Gyl 10005045	1	73.10
Item	S-30010525	11 Mandoc 10005042	1	136.00
Item	S-30010527	11 Mandoc 10005350	1	136.00
Item	S-30009698	11 Corso 10005019	1	136.00
Item	S-30009701	11 Corso 10005020	1	136.00
Item	S-30009689	11 Yro 10005172	1	136.00
Item	S-30009687	11 Aces 10005045	1	136.00
Item	S-30009692	11 Aces 10005174	1	136.00
Item	S-30009692	11 Aces 10005174	1	136.00
Item	S-30009683	11 Parrish 10005012	1	136.00

Item	S-30009697	11 Parrish 10005011	1	136.00
Item	S-30009688	11 Maxfield 10004376	1	136.00
Item	S-30010180	11 Cale 10005007	1	136.00
Item	S-30010180	11 Cale 10005007	1	136.00
Item	S-30010186	11 Cale 10005016	1	136.00
Item	S-30009675	11 Poul 10005046	1	136.00
Item	S-30009675	11 Poul 10005046	1	136.00
Item	S-30009966	11 Poul 10005210	1	136.00
Item	S-30010111	11 Allen 10000373	1	136.00
Item	S-30010111	11 Allen 10000373	1	136.00
Item	S-30010143	11 Allen 10005034	1	136.00
Item	S-30010143	11 Allen 10005034	1	136.00
Item	S-30010150	11 Allen 10004575	1	136.00
Item	S-30010159	11 Allen 10005029	1	136.00
Item	S-30010165	11 Allen 10005009	1	136.00
Item	S-30010551	11 Allen 10005028	1	136.00
Item	S-30010551	11 Allen 10005028	1	136.00
Item	S-30009694	11 Aleks 10005170	1	136.00
Item	S-30009695	11 Aleks 10005173	1	136.00
Item	S-30009696	11 Aleks 10005044	1	136.00
Item	S-30009965	11 icon.Como 10005012	1	136.00
Item	S-30009676	11 Bridge 10005046	1	55.13
Item	S-30009703	11 Bridge 10005049	1	55.13
Item	S-30009315	11 Day 10000411	1	55.13
Item	S-30009315	11 Day 10000411	1	55.13
Item	S-30009702	11 Enders 10004920	1	55.13
Item	S-30009702	11 Enders 10004920	1	55.13
Item	S-30009702	11 Enders 10004920	1	55.13
Item	S-30010140	11 Enders 10005039	1	55.13
Item	S-30010140	11 Enders 10005039	1	55.13
Item	S-30009685	11 Harrys 10005045	1	55.13
Item	S-30010520	11 Harrys 10005051	1	55.13
Item	S-30009706	11 icon.Rell 10005048	1	55.13
Item	S-30009706	11 icon.Rell 10005048	1	55.13
Item	S-30010519	11 Kael 10005050	1	55.13
Item	S-30010123	11 Kael 10005025	1	55.13
Item	S-30010326	11 Kael 10005019	1	55.13
Item	S-30010181	11 Madden 10005007	1	55.13
Item	S-30010181	11 Madden 10005007	1	55.13
Item	S-30010187	11 Madden 10005016	1	55.13
Item	S-30010542	11 Mercer 10000373 02	1	55.13
Item	S-30010145	11 Mercer 10005034	1	55.13
Item	S-30010145	11 Mercer 10005034	1	55.13
Item	S-30010148	11 Mercer 10004575	1	55.13
Item	S-30010160	11 Mercer 10005029	1	55.13
Item	S-30010164	11 Mercer 10005009	1	55.13
Item	S-30010552	11 Mercer 10005028	1	55.13
Item	S-30010552	11 Mercer 10005028	1	55.13
Item	S-30010162	11 Quinten 10004702	1	55.13
Item	S-30010162	11 Quinten 10004702	1	55.13
Item	S-30010162	11 Quinten 10004702	1	55.13
Item	S-30009677	11 Sorio 10005046	1	55.13

Item	S-30009677	11 Sorio 10005046	1	55.13
Item	S-30010157	11 Chess-Bont 3 10004702	1	180.93
Item	S-30010156	11 Chess-Bont 3 10005021	1	180.93
Item	S-30010460	11 Chess-Bont 3 10005025	1	180.93
Item	S-30010115	11 Cale-Madden 10005010	1	180.93
Item	S-30010170	11 Cale-Madden 10005031	1	180.93
Item	S-30010426	11 Laird-Mercer 1 10000373	1	180.93
Item	S-30010161	11 Laird-Mercer 1 10004702	1	180.93
Item	S-30010179	11 Albon-Mever 2 10005013	1	180.93
Item	S-30010177	11 Albon-Mever 2 10005014	1	180.93
Item	S-30010176	11 Albon-Mever 2 10005030	1	180.93
Item	S-30010149	11 Cano-Rames 2 10005015	1	180.93
Item	S-30010139	11 Cano-Rames 2 10005017	1	180.93
Item	S-30010122	11 Cano-Rames 2 10005025	1	180.93
Item	S-30010457	11 Cano-Rames 2 10005040	1	180.93
Item	S-30010169	11 Aven-Mercer 3 10001800	1	180.93
Item	S-30010141	11 Aven-Mercer 3 10005039	1	180.93
Item	S-30010459	11 Aven-Mercer 3 10005187	1	180.93
Item	S-30010120	11 Allen-Mercer 10003959	1	180.93
Item	S-30010167	11 Allen-Mercer 10005038	1	180.93
Item	S-30010175	11 icon.Chess-Bont 3 10004552	1	180.93
Item	S-30010135	11 Scor-Mercer 3 10005023	1	180.93
Item	S-30010119	11 Scor-Mercer 3 10005026	1	180.93
Item	S-30010173	11 Scor-Mercer 3 10005032	1	180.93
Item	S-30010108	11 Cale-Madden-Ves 10000373	1	180.93
Item	S-30010125	11 Cale-Madden-Ves 10005037	1	180.93
Item	S-30010132	11 Cale-Madden-Ves 10005024	1	180.93
Item	S-30010137	11 Cale-Madden-Ves 10005036	1	180.93
Item	S-30010153	11 Cale-Madden-Ves 10005041	1	180.93
Item	S-30010155	11 Cale-Madden-Ves 10005022	1	180.93
Item	S-30010451	11 Rick 10000373	1	136.00
Item	S-30010451	11 Rick 10000373	1	136.00
Item	S-30010452	11 Jans 10000373 02	1	55.13
Item	S-30010452	11 Jans 10000373 02	1	55.13
Item	S-30009507	11 Rye-D 10002495	1	55.13
Item	S-30009513	11 Rye-W 10004696	1	55.13
Item	S-30009520	11 Code-W 10004949	1	55.13
Item	S-30009520	11 Code-W 10004949	1	55.13
Item	S-30009520	11 Code-W 10004949	1	55.13
Item	S-30009893	11 Code-W 10005311	1	55.13
Item	S-30009893	11 Code-W 10005311	1	55.13
Item	S-30009119	11 J-Rawson-V 10004842	1	37.15
Item	S-30010542	11 Mercer 10000373 02	1	55.13
Item	S-30009942	11 Amber-D 10005073	1	136.00
Item	S-30009949	11 Finn 10005077	1	136.00
Item	S-30009951	11 Keen-W 10004981	1	136.00
Item	S-30009951	11 Keen-W 10004981	1	136.00
Item	S-30010195	11 strllsn_down jkt 10005072	1	136.00
Item	S-30010195	11 strllsn_down jkt 10005072	1	136.00
Item	S-30010196	11 strllsn_down vst 10005072	1	73.10
Item	S-30010196	11 strllsn_down vst 10005072	1	73.10
Item	S-30009707	11 Bridge-D 10004916	1	55.13

Item	S-30009707	11 Bridge-D 10004916	1	55.13
Item	S-30009707	11 Bridge-D 10004916	1	55.13
Item	S-30010458	11 Bridge-D 10004919	1	55.13
Item	S-30010458	11 Bridge-D 10004919	1	55.13
Item	S-30008606	11 Harrys-D 10002260	1	55.13
Item	S-30008606	11 Harrys-D 10002260	1	55.13
Item	S-30008606	11 Harrys-D 10002260	1	55.13
Item	S-30008606	11 Harrys-D 10002260	1	55.13
Item	S-30009678	11 Como-D 10002260	1	136.00
Item	S-30009678	11 Como-D 10002260	1	136.00
Item	S-30009679	11 Como-D 10004919	1	136.00
Item	S-30009679	11 Como-D 10004919	1	136.00
Item	S-30009942	11 Amber-D 10005073	1	136.00
Item	S-30009942	11 Amber-D 10005073	1	136.00
Item	S-30009793	11 J-Genti-R-SC 10005306	1	37.15
Item	S-30009794	11 J-Leonti-P-SC 10005306	1	37.15
Item	S-30009794	11 J-Leonti-P-SC 10005306	1	37.15
Item	S-30009327	11 K-Essex-RP 10002905	1	37.15
			535	37795.58

# TAB 4

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

THE HONOURABLE MR. ) FRIDAY, THE 27th DAY  
JUSTICE HAINEY ) OF OCTOBER, 2017

**STRELLSON AG**

Applicant

- and -

**STRELLMAX LTD.**

Respondent

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

**APPROVAL AND VESTING ORDER**

**THIS APPLICATION** made by Richter Advisory Group Inc. ("**Richter**"), in its capacity as receiver (the "**Receiver**"), without security, of all of the assets, undertakings and properties of Strellmax Ltd. (the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, for an Order, *inter alia*, approving the sale transaction (the "**Samples Transaction**") contemplated in the purchase agreement appended at Tab 3 of the Receiver's Motion Record in respect of certain assets (the "**Purchased Assets**") of the Debtor between, among others, the Receiver and Strellson AG (the "**Purchaser**"), authorizing and directing the Receiver to complete the Samples Transaction and vesting in the Purchaser, or such party as it directs, the Debtor's right, title and interest in and to the Purchased Assets, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** Richter's Pre-Filing Report dated July 5, 2017 and the Appendices thereto (the "**Pre-Filing Report**"), the First Report of the Receiver dated October 6, 2017 and the Appendices thereto (the "**First Report**") and on hearing the submissions of counsel for the Receiver and counsel for the Purchaser, no one else appearing although duly served as appears from the affidavit of service of ● sworn October ●, filed:



## SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record in respect of this motion be and it is hereby abridged and that the motion is properly returnable today and that the service of the Notice of Motion and Motion Record herein as effected by the Receiver is hereby validated in all respects and this Court hereby dispenses with further service thereof.

## APPROVAL OF REPORTS AND ACTIVITIES

2. **THIS COURT ORDERS** that the Pre-Filing Report, the First Report and the activities of Richter, as proposed receiver, and the Receiver, respectively, as described therein are hereby approved.

## APPROVAL OF SAMPLES TRANSACTION

3. **THIS COURT ORDERS AND DECLARES** that the Samples Transaction is hereby approved and the Receiver is hereby authorized and directed to execute such documents and take such steps as the Receiver may deem necessary or desirable for the completion of the Samples Transaction and for the conveyance of the Purchased Assets to the Purchaser.

4. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule "A" hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets shall vest absolutely in the Purchaser, or such party as it directs, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Madam Justice Conway dated July 7, 2017 (the "**Receivership Order Charges**"); and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**"), and for greater certainty, this Court orders that all of the Claims affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver's Certificate, all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had

with respect to the Purchased Assets immediately prior to their sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

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

7. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) ("BIA") in respect of the Debtor and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

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

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Schedule A – Form of Receiver’s Certificate

Court File No. CV-17-11864-00CL

*ONTARIO*  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

THE HONOURABLE MR. ) FRIDAY, THE 27th DAY  
JUSTICE HAINEY ) OF OCTOBER, 2017

STRELLSON AG

Applicant

- and -

STRELLMAX LTD.

Respondent

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

**RECEIVER’S CERTIFICATE**

**RECITALS**

A. Pursuant to the Order of the Honourable Madam Justice Conway of the Ontario Superior Court of Justice [Commercial List] (the "**Court**") dated July 7, 2017, Richter Advisory Group Inc. was appointed as the receiver (the "**Receiver**") of the assets, undertakings and properties of Strellmax Ltd. (the "**Debtor**").

B. Pursuant to the Order of the Honourable Mr. Justice Hainey dated October 27, 2017, the Court approved a transaction (the "**Samples Transaction**") between, among others, the Receiver and Strellson AG (the "**Purchaser**") for the sale of certain of the Debtor’s assets (the "**Purchased Assets**") and provided for the vesting in the Purchaser, or such party as it directs, of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the satisfaction by the Purchaser of the purchase price; (ii) that any conditions to closing of the Samples Transaction have been satisfied or waived by the Purchaser and the Receiver; and (iii) the Samples Transaction has been completed to the satisfaction of the Receiver.

**THE RECEIVER CERTIFIES** the following:

1. the Receiver confirms that the Purchaser has satisfied the purchase price for the Purchased Assets due on the closing date of the Samples Transaction;
2. the conditions to closing have been satisfied or waived by the Purchaser and the Receiver;
3. the Samples Transaction has been completed to the satisfaction of the Receiver; and
4. this Certificate was delivered by the Receiver at \_\_\_\_\_ [TIME] on \_\_\_\_\_ [DATE].

**Richter Advisory Group Inc., in its capacity as  
Receiver of the assets, undertakings and  
properties of Strellmax Ltd., and not in its  
personal capacity**

Per: \_\_\_\_\_

Name:

Title:

**B E T W E E N:**

**STRELLSON AG**  
Applicant

- and -

**STRELLMAX LTD.**  
Respondents

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
(Commercial List)  
(PROCEEDING COMMENCED AT TORONTO)

**APPROVAL AND VESTING ORDER**

**WEIRFOULDS LLP**  
Barristers & Solicitors  
66 Wellington Street West, Suite 4100  
Toronto-Dominion Centre  
Toronto ON M5K 1B7

**Edmond F.B. Lamek (LSUC No. 33195Q)**  
Tel: 416.947.5042  
Fax: 416.365.1876  
Email: elamek@weirfoullds.com

**Danny M. Nunes (LSUC No. 53802D)**  
Tel: 416.619.6293  
Fax: 416.365.1876  
Email: dnunes@weirfoullds.com

**Lawyers for the Receiver**

**STRELLMAX LTD.**

**STRELLSON AG**

**Respondent**

**Applicant**

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

**MOTION RECORD  
(motion returnable October 27, 2017)**

**WeirFoulds LLP**  
Barristers & Solicitors  
66 Wellington Street West, Suite 4100  
Toronto-Dominion Centre  
Toronto, ON M5K 1B7

**Edmond F.B. Lamek (LSUC #33338U)**  
Tel: 416.947.5042  
Fax: 416.365.1876  
Email: elamek@weirfoulds.com

**Danny M. Nunes (LSUC #53802D)**  
Tel: 416.619.6293  
Fax: 416. 365.1876  
Email: dnunes@weirfoulds.com

Lawyers for the Receiver