

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

IN THE MATTER OF A NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
SATIN FINISH HARDWOOD FLOORING, LIMITED
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

MOTION RECORD
(hearing scheduled June 7, 2019)

June 3, 2019

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TO: ATTACHED SERVICE LIST

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Previously filed materials:

- A First Report of the proposal Trustee dated January 18, 2019
- B Second Report of the proposal Trustee dated March 13, 2019
- C Third Report of the proposal Trustee dated May 1, 2019

Court File No. 31-2459849

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

IN THE MATTER OF A
NOTICE OF INTENTION TO MAKE A PROPOSAL
OF SATIN FINISH HARDWOOD FLOORING, LIMITED,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

**NOTICE OF MOTION
(motion for Sale Approval and Vesting Order returnable June 7, 2019)**

Satin Finish Hardwood Flooring, Limited (the “**Company**”) will make a motion to a Judge presiding over the Commercial List on Friday, the 7th day of June, 2019 at 10:00 a.m., or as soon after that time as the Motion can be heard at the court house, 330 University Avenue, 8th Floor, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The Motion is to be heard

- in writing under subrule 37.12.1(1);
- in writing as an opposed motion under subrule 37.12.1(4);
- orally.

THE MOTION IS FOR:

1. An order abridging the time for service of this Notice of Motion and Motion Record and dispensing with further service of this Notice of Motion and Motion Record such that this Motion is properly returnable on the date that it is heard;
2. An order approving the sale of the assets and undertakings of the Company to 2340125 Ontario Inc., (the “**Purchaser**”), pursuant to an Asset Purchase Agreement dated May 28, 2019 (the “**APA**”);
3. A Vesting Order;
4. An order authorizing the Company to change its name to 21091 Ontario Limited or another name which does not include "Satin Finish" or any derivation thereof forthwith on closing of the transaction contemplated by the APA;
5. An order approving the Fourth Report of MNP Ltd. in its capacity as Proposal Trustee (the “**Proposal Trustee**”) and the activities of the Proposal Trustee described therein; and
6. Such further and other relief as this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. The Company filed a Notice of Intention to Make a Proposal pursuant to Subsection 50.4(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) on January 2, 2019 and MNP Ltd. was appointed as Proposal Trustee.

2. On January 23, 2019, the Honourable Madam Justice Dietrich granted an Order, among other things, extending the time to file a proposal under the BIA for a period of 45 days from February 1, 2019 to and including March 18, 2019 and approving a sale process (the “**Sale Process**”).

3. On March 15, 2019, the Honourable Mr. Justice Pattillo extended the time for filing a proposal from March 18, 2019 to and including May 2, 2019 and amended the Sale Process.

4. The Sale Process did not result in any satisfactory offers for the Company’s assets on a going-concern basis by the April 8, 2019 offer deadline. However, several potential interested purchasers contemplating going-concern offers who had executed non-disclosure agreements requested additional time to conduct due diligence before they could submit an offer.

5. On May 1, 2019, the Honourable Mr. Justice McEwen extended the time for filing a proposal from May 2, 2019 to and including June 14, 2019 and further amended the Sale Process by permitting any the parties contemplating going-concern offers to submit offers by an amended bid deadline of May 15, 2019.

6. Despite the Company’s diligent efforts to find a buyer of its assets and operations on a going-concern basis, no offers were received from any of the Interested Parties by the amended bid deadline of May 15, 2019 or thereafter.

7. As a result, the Company will not be in a position to file a proposal and will become bankrupt on expiry of the proposal filing deadline of June 14, 2019.

8. The Purchaser is a related party to the Company by virtue of their having common shareholders and control. In order to permit an orderly sale of the Company's assets on a going concern basis and maximize the realization for the benefit of the Company's secured creditor, Canadian Imperial Bank of Commerce, the Company and the Purchaser have executed the APA, which is conditional on approval by this Court and the issuance of a vesting order.

9. Pursuant to the APA:

- (a) The Purchaser has agreed to purchase substantially all the Company's assets for a purchase price equal to the Company's indebtedness to CIBC as at the closing date (estimated to be approximately \$13,500,000), by way of an assumption by the Purchaser of such indebtedness;
- (b) The closing date is two business days after the satisfaction or waiver of conditions, and is not to occur later than June 13, 2019;
- (c) The Purchaser is entitled, but not required, to offer employment to those non-union employees it wishes to employ on terms and conditions substantially similar to the current terms provided; and
- (d) The Purchaser has agreed to (i) recognize the Union under the collective bargaining agreement and its certification; (ii) be bound by, and comply with, the collective bargaining agreement; and (iii)

recognize, and be bound by, the unionized employees' respective seniorities in accordance with the collective bargaining agreement.

10. The Company seeks court approval of the sale.
11. The Company has made all reasonable efforts to sell the Company's assets on a going-concern basis through the Sale Process, with the assistance and full approval of the Proposal Trustee.
12. The proposed sale will result in a better realization for the benefit of CIBC than a liquidation through a bankruptcy.
13. The purchase price under the APA significantly exceeds the fair market value of the Company's assets.
14. Section 65.13 of the *BIA*;
15. Section 100 of the *Courts of Justice Act*, and
16. Such further grounds as counsel may advise and this Honourable Court permits.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

1. The Affidavit of David A. Zimmerman sworn June 3, 2019 and exhibits thereto.
2. The First Report of the Proposal Trustee (previously filed);

3. The Second Report of the Proposal Trustee (previously filed);
4. The Third Report of the Proposal Trustee (previously filed);
5. The Fourth Report of the Proposal Trustee (to be filed by the Proposal Trustee); and
6. Such further and other documentary evidence as counsel may advise and this Honourable Court may permit.

June 3, 2019

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Limited

TO: **THE ATTACHED SERVICE LIST**

IN THE MATTER OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
OF SATIN FINISH HARDWOOD FLOORING, LIMITED,
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

Court File No. 31-2459849

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

Proceeding commenced at Toronto

NOTICE OF MOTION

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Court File No. 31 - 2459849

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
SATIN FINISH HARDWOOD FLOORING, LIMITED OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO**

**AFFIDAVIT OF DAVID A. ZIMMERMAN
(sworn June 3, 2019)**

I, **DAVID A. ZIMMERMAN**, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am a Director, Secretary and Treasurer of Satin Finish Hardwood Flooring, Limited ("**Satin**" or the "**Company**") and, as a result, I have personal knowledge of the matters to which I hereinafter depose. Where I do not have personal knowledge of the matters set out below, I state the source of my information and verily believe such information to be true.

2. This affidavit is sworn in support of the Company's motion for:

- (a) An order approving the sale of the assets and undertakings of Satin to 2340125 Ontario Inc. (the "**Purchaser**"), pursuant to an Asset Purchase Agreement dated May 28, 2019 (the "**APA**") and vesting the purchased assets in the Purchaser;

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- (b) An order authorizing the Company to file Articles of Amendment changing its name to 21091 Ontario Limited or another name which does not include "Satin Finish" or any derivation thereof forthwith on closing of the transaction contemplated by the APA; and
- (c) An order approving the Fourth Report of the Proposal Trustee (as defined below), to be filed (the "**Fourth Report**") and the activities of the Proposal Trustee described therein.

Background

3. On January 2, 2019 (the "**Filing Date**"), the Company filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to Subsection 50.4(1) of the *Bankruptcy and Insolvency Act* and MNP Ltd. was appointed as proposal trustee (the "**Proposal Trustee**").

4. The Company was incorporated pursuant to the laws of the Province of Ontario on June 27, 1922 bearing Ontario corporation number 21091. A copy of the Corporation Profile Report for the Company was attached as Exhibit "B" to my affidavit sworn January 7, 2019 in this proceeding.

5. The Company carries on business as a manufacturer and distributor of a complete line of solid, engineered, floating engineered, laminate and luxury vinyl floor products. Since its incorporation in 1922, the Company has had a long history of providing quality flooring products through a network of dealers.

6. Over the past several years, the Company did not invest enough in new production technology.

7. Unfortunately, certain market competitors did invest in new technologies and over time the Company found itself at an ever increasing competitive disadvantage.

8. With increasing competition, the Company started to experience financial difficulties due to declining profit margins. As a result, the Company incurred a large sum of aggregate losses in the millions of dollars in the last few years.

9. The Company's primary lender is Canadian Imperial Bank of Commerce ("CIBC"), which provides the Company with an operating line of credit. The Company informed CIBC that it intended to undertake this Proceeding and, in consultation with the Company, CIBC issued a demand for repayment and a Notice of Intention to Enforce Security under section 244 of the BIA on December 13, 2018. The Company agreed to waive the 10-day period in the section 244 Notice on the understanding that CIBC would not, at this time, appoint a receiver, but would permit the Company to file the NOI.

10. At the time of the NOI filing, the Company was not party to a formal forbearance agreement with CIBC but good faith negotiations continued following the NOI filing which result in the execution of a forbearance agreement on or about February 12, 2019.

11. As at the Filing Date, the amount owing to CIBC was approximately \$14,700,000. The current indebtedness to CIBC is approximately \$13,500,000.

12. As at the Filing Date, the Company employed approximately 120 employees, of which more than 90 employees were members of the Teamsters, Local Union 847 (the "Union").

13. In the weeks leading up to the NOI filing, the Company and the Union were engaged in negotiations respecting the renewal of the collective bargaining agreement. These negotiations broke down in December 2018 and, as of December 7, 2018, the Union was locked out. Negotiations continued following the NOI filing which resulted in the negotiation of a new collective agreement with the Union which was ratified on January 18, 2019 and a return to work by its Union employees.

14. As at the Filing Date, the Company estimated that its unsecured obligations totalled approximately \$23,300,000 of which approximately \$18,000,000 was related party debt and the balance was trade debt.

15. All remittances on account of source deductions and harmonized sales tax were current as at the Filing Date and continue to be so.

The NOI Proceeding

16. On January 17, 2019, I filed an affidavit in support of a motion for, among other things, an extension of time to file a proposal and approval of a sale process for the Company's assets (the "Sale Process"). Attached hereto and marked as Exhibit "A" to this my affidavit is a copy of my January 17, 2019 affidavit (without exhibits).

17. By Order dated January 23, 2019, the Honourable Madam Justice Dietrich granted an Order, among other things, extending the time to file a proposal under the

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BIA for a period of 45 days from February 1, 2019 to and including March 18, 2019 and approving the Sale Process. Attached hereto and marked as Exhibit "B" to this my affidavit is a copy of the Order of the Honourable Madam Justice Dietrich dated January 23, 2019.

18. The approved Sale Process included the following steps:
- (a) The Proposal Trustee and the Company to compile a list of prospective purchasers and canvass the marketplace for purchasers interested in the business and/or certain assets of the Company;
 - (b) The Sales Process would include the publishing of a Notice in the National Edition of The Globe and Mail newspaper and other industry trade journals as may be considered applicable;
 - (c) Interested parties who executed a Non-Disclosure Agreement would be provided with a Confidential Information Memorandum and access to an electronic data room maintained by the Proposal Trustee (which will include certain operational and other information respecting the business of the Company).

19. On March 13, 2019, I filed an affidavit in support of a motion for, among other things, a further extension of time to file a proposal and extending certain Sale Process deadlines in order to allow sufficient time for interested parties to complete their

due diligence and submit offers. Attached hereto and marked as Exhibit "C" to this my affidavit is a copy of my March 13, 2019 affidavit (without exhibits).

20. By Order dated March 15, 2019, the Honourable Mr. Justice Pattillo:

- (a) Extended the time for filing a proposal for a period of 45 days from March 18, 2019 to and including May 2, 2019;
- (b) Amended the Sale Process by deleting the timeline chart in paragraph 10 of the First Report of the Proposal Trustee dated January 18, 2019 (the "**First Report**") and substituting therefor the extended timeline chart attached as Appendix "E" to the Second Report of the Proposal Trustee dated March 13, 2019 (the "**Second Report**");
- (c) Approved the activities of the Proposal Trustee; and
- (d) Authorized the Proposal Trustee and its counsel to receive interim draws toward payment of their professional fees and disbursements out of monies received from the Company, subject to the terms of the order.

21. Attached hereto and marked as Exhibit "D" to this my affidavit is a copy of the Order of the Honourable Mr. Justice Pattillo dated March 15, 2019.

22. Among other things, the Order of the Honourable Mr. Justice Pattillo extended the deadline for submission of offers from March 25, 2019 to April 8, 2019.

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23. The Sale Process did not result in any satisfactory offers for the Company's assets on a going-concern basis by the April 8, 2019 offer deadline. However, several potential interested purchasers contemplating going-concern offers who had executed non-disclosure agreements requested additional time to conduct due diligence before they could submit an offer.

24. On April 30, 2019, I filed an affidavit in support of a motion for, among other things, an order further amending the time lines for the Sale Process, as set out in the Third Report of the Proposal Trustee dated May 1, 2019 (the "Third Report") and an order extending the time to file a proposal, to allow for the completion of due diligence by prospective going-concern purchasers and to enhance the prospects of a going concern sale of the Company's assets and maximize realization for stakeholders. Attached hereto and marked as Exhibit "E" to this my affidavit is a copy of my April 30, 2019 affidavit (without exhibits).

25. By Order dated May 1, 2019, the Honourable Mr. Justice McEwen:

- (a) Extended the time for filing a proposal for a period of 43 days from May 2, 2019 to and including June 14, 2019;
- (b) Further amended the Sale Process by deleting the timeline chart attached as Appendix "E" to the Second Report and substituting therefor the extended timeline chart attached as Appendix "E" to the Third Report, provided that only the parties contemplating going-concern offers referred to in the Confidential Appendix "F" to

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the Third Report (the "Interested Parties") were permitted to submit offers by the amended bid deadline of May 15, 2019;

- (c) Authorized the Company to sell its surplus raw materials, surplus unfinished product and certain Off-Quality Inventory (as defined in the Third Report) for a sale price not to exceed \$710,000 (before HST) in the aggregate for the period ending June 14, 2019;
- (d) Approved the activities of the Proposal Trustee; and
- (e) Sealed the confidential appendices to the Third Report.

26. Attached hereto and marked as Exhibit "F" to this my affidavit is a copy of the Order of the Honourable Mr. Justice McEwen dated May 1, 2019.

27. As indicated above, pursuant to the amended and extended Sale Process, offers from the Interested Parties were due by May 15, 2019. Unfortunately, despite the Company's diligent efforts to find a buyer of its assets and operations on a going-concern basis, and after exhausting its discussions with the Interested Parties, no offers were received from any of the Interested Parties by the amended bid deadline of May 15, 2019 or thereafter. In particular, none of the Interested Parties were prepared to make a going-concern offer in an amount that would be sufficient to repay the CIBC debt or provide funds for unsecured creditors.

The APA

28. As set out in the confidential appendices to the Third Report, none of the offers for the Company's assets received by the previous April 8, 2019 offer deadline

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(none of which were on a going-concern basis) came close to covering the indebtedness outstanding by the Company to CIBC, provided for continuing employment of any of Satin's employees or would realize sufficient funds such that a viable proposal could be made to its creditors.

29. As a result of this and the failure of any of the Interested Parties to submit offers, the Company will not be in a position to file a proposal and will become bankrupt on expiry of the proposal filing deadline of June 14, 2019.

30. The Purchaser is a related party to the Company by virtue of their having common shareholders and control. In order to permit an orderly sale of the Company's assets on a going-concern basis and maximize the realization for the benefit of CIBC as secured creditor, the Company and the Purchaser have executed the APA, which is conditional on approval by this Court and the issuance of a vesting order. Attached hereto and marked as Exhibit "G" to this my affidavit is a copy of the executed APA.

31. Pursuant to the APA:

- (a) The Purchaser has agreed to purchase substantially all the Company's assets for a purchase price equal to the Company's indebtedness to CIBC as at the closing date (estimated to be approximately \$13,500,000), by way of an assumption by the Purchaser of such indebtedness;
- (b) The closing date is two business days after the satisfaction or waiver of conditions, and is not to occur later than June 13, 2019;

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- (c) The Purchaser is entitled, but not required, to offer employment to those non-union employees it wishes to employ on terms and conditions substantially similar to the current terms provided;
- (d) The Purchaser has agreed to (i) recognize the Union under the collective bargaining agreement and its certification; (ii) be bound by, and comply with, the collective bargaining agreement; and (iii) recognize, and be bound by, the unionized employees' respective seniorities in accordance with the collective bargaining agreement; and
- (e) Satin Finish is required to change its name to a name which does not include "Satin Finish" or any derivation thereof forthwith on closing of the transaction contemplated by the APA.

32. Attached hereto and marked as Exhibit "H" to this my affidavit is a summary of the registrations filed against the Company pursuant to the *Personal Property Security Act* ("PPSA"), including the nature of the equipment/vehicles over which security is registered.

33. Pursuant to the APA, the Purchaser has agreed to assume all liabilities incurred under or in respect of the indebtedness to CIBC, any acquired contracts and personal property leases and transferred employees. None of the interests of creditors with registrations under the PPSA are being vested out.


34. The Company seeks court approval of the sale.

35. I verily believe that:
- (a) The Company has made all reasonable efforts to sell the Company's assets on a going-concern basis through the Sale Process, with the assistance and full approval of the Proposal Trustee;
 - (b) Given the results of the Sale Process, the only creditor with a meaningful stake in the Company is CIBC;
 - (c) The Proposal Trustee received an opinion from its legal counsel on the validity, enforceability and registration of the security granted by the Company to CIBC, subject to the usual assumptions and qualifications, which was attached as Exhibit "C" to the First Report;
 - (d) The Company has consulted with CIBC throughout;
 - (e) The proposed sale will result in a better realization for the benefit of CIBC than a liquidation through a bankruptcy;
 - (f) The purchase price under the APA significantly exceeds the fair market value of the Company's assets, as determined through the court-approved Sale Process; and
 - (g) There is no other party willing to pay anything close to the APA purchase price.

36. The Company has before and since the Filing Date made all payments to employees for wages and other amounts to which they are entitled. There are accruals for vacation pay. The Purchaser intends to continue the employment of all or substantially all existing employees and as indicated above, has agreed to assume liability for the transferred employees, including liability for accrued vacation pay.

37. I make this affidavit in support of the relief sought in the Notice of Motion and for no improper purpose.

SWORN BEFORE ME at the City of)
Toronto, in the Province of Ontario)
on the 3rd day of June, 2019)

 June 3 / 19
Commissioner for Taking Affidavits
(or as may be)



DAVID A. ZIMMERMAN

#3698460 v2 | 4112265

NADIA CRISTINA COLLIA,
a Commissioner, etc., Province of Ontario,
for Satin Finish Hardwood Flooring Limited
and its associates companies.
Expires October 7, 2020.

IN THE MATTER OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
OF SATIN FINISH HARDWOOD FLOORING, LIMITED
IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

Court File No. 31-2459849

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

Proceeding commenced at Toronto

**AFFIDAVIT OF DAVID A. ZIMMERMAN
SWORN JUNE 3, 2019**

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Lawyers for Satin Finish Hardwood Flooring, Limited

NAC dep June 3/19

This is Exhibit "A" referred to
in the Affidavit of DAVID A. ZIMMERMAN
sworn this 3rd
day of June, 2019

**NADIA CRISTINA COLLIA,
a Commissioner, etc., Province of Ontario,
for Satin Finish Hardwood Flooring Limited
and its associates companies.
Expires October 7, 2020.**

Court File No. 31 - 2459849

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

**IN THE MATTER OF THE NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
SATIN FINISH HARDWOOD FLOORING, LIMITED**

**AFFIDAVIT OF DAVID A. ZIMMERMAN
(sworn January 17, 2019)**

I, **DAVID A. ZIMMERMAN**, of the City of Toronto, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am a Director, Secretary and Treasurer of Satin Finish Hardwood Flooring, Limited ("**Satin**" or the "**Company**") and, as a result, I have personal knowledge of the matters to which I hereinafter depose. Where I do not have personal knowledge of the matters set out below, I state the source of my information and verily believe such information to be true.

2. This affidavit is sworn in support of the Company's motion for an order to: (a) extend the time to file a proposal pursuant to the provisions of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") for a period of 45 days from February 1, 2019, to and including, March 18, 2019; and (b) approve the proposed sale process (the "**Sale Process**").

BACKGROUND

3. On January 2, 2019 (the "**Filing Date**"), the Company filed a Notice of Intention to Make a Proposal ("**NOI**") pursuant to Subsection 50.4(1) of the BIA and MNP Ltd. was appointed as proposal trustee (the "**Proposal Trustee**"). A copy of the certificate of filing the NOI is attached hereto and marked as **Exhibit "A"**.

4. The purpose of these proposal proceedings (the "**Proceeding**") is to provide the Company with an opportunity to implement the Court approved Sale Process for all or part of its business with a view to restructuring its operations and presenting a viable proposal to the Company's creditors, in consultation with the Proposal Trustee. The relief requested on this motion is integral for the Company to continue its operations and to carry out its restructuring efforts.

THE COMPANY AND ITS BUSINESS

5. The Company is incorporated pursuant to the laws of the Province of Ontario, with its registered head office in Toronto, Ontario. Attached hereto and marked as **Exhibit "B"** is a true copy of the corporation profile report for the Company as of January 7, 2019.

6. The Company is based in Toronto, Ontario. The Company carries on business as a manufacturer and distributor of a complete line of solid, engineered, floating engineered, laminate and luxury vinyl floor products.

7. Since its incorporation in 1922, the Company has a long history of providing quality flooring products through a network of dealers. The Company employs approximately 120 employees, of which more than 90 employees are members of the Teamsters, Local Union 847 (the "**Union**").

8. In the weeks leading up to the NOI filing, the Company and the Union were engaged in negotiations respecting the renewal of the collective bargaining agreement. These negotiations broke down in December 2018 and, since December 7, 2018, the Union has been locked out. Negotiations are continuing and the Company is optimistic that an agreement will be reached shortly that will result in a return to work by its Union employees. In the interim, the Company has finished inventory that it is selling to its customers.

THE CAUSES OF THE COMPANY'S FINANCIAL DIFFICULTIES

9. Over the past several years, the Company did not invest enough in new production technology.

10. Unfortunately, certain market competitors did invest in new technologies and over time the Company has found itself at an ever increasing competitive disadvantage.

11. With increasing competition, the Company started to experience financial difficulties due to declining profit margins. As a result, the Company has incurred a large sum of aggregate losses in the millions of dollars in the last few years.

THE COMPANY'S CREDITORS

12. The Company's primary lender is Canadian Imperial Bank of Commerce ("CIBC"), which provides the Company with an operating line of credit. The Company informed CIBC that it intends to undertake this Proceeding and, in consultation with the Company, CIBC issued a demand for repayment and a Notice of Intention to Enforce Security under section 244 of the BIA. The Company agreed to waive the 10-day period in the section 244 Notice on the understanding that CIBC would not, at this time, appoint a receiver, but would permit the Company to file the NOI.

13. At the time of the NOI filing, the Company was not party to a formal forbearance agreement with CIBC but good faith negotiations are underway and it is expected that such an agreement will be entered into shortly.

14. As at the Filing Date, the amount owing to CIBC was approximately \$14,700,000.

15. As at the Filing Date, the Company estimates that its unsecured obligations total approximately \$23,300,000.

16. All remittances on account of source deductions and harmonized sales tax were current as at the Filing Date and continue to be so.

REQUEST FOR EXTENSION OF TIME

17. The Company is requesting an Order to extend the time to file a proposal to March 18, 2019 (the "**Extension Period**"), which will allow for sufficient time for the Sales Process to be commenced and for the Company and the Proposal Trustee to assess the level of market interest in the business of the Company and/or its principal assets.

18. Particulars of the Sales Process and the relevant milestones for completion of a purchase transaction are set out in the First Report of the Proposal Trustee dated January 16, 2019 (the "**First Report**").

19. The Company has sufficient liquidity from available cash on hand and the collection of accounts receivable to fund operations through until the end of the Extension Period. The First Report contains the cash flow prepared by the Company and reviewed by the Proposal Trustee.

THE SALES PROCESS

20. The Proposal Trustee and the Company will compile a list of prospective purchasers and proceed to canvass the marketplace for purchasers interested in the business and/or certain assets of the Company. The Sales Process will include the publishing of a Notice in the National Edition of The Globe and Mail newspaper and other industry trade journals as may be considered applicable.

21. Interested parties who execute a Non-Disclosure Agreement will be provided with a Confidential Information Memorandum and access to an electronic data room maintained by the Proposal Trustee (which will include certain operational and other information respecting the business of the Company).

22. The alternative to filing a proposal would be the bankruptcy and liquidation of the Company's assets, which I believe would lead to a less favourable result for the creditors. If the requested extension of time to file a proposal is not granted and no proposal is filed, I understand that the Company will automatically be deemed to have made an assignment in bankruptcy.

23. I am not aware of any creditor that would object to the extension of time requested, and I do not believe that the extension of time sought will prejudice any of the creditors.

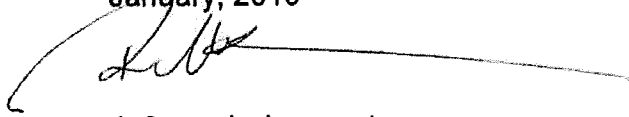
24. CIBC will have notice of this motion and the Company has continued to keep CIBC apprised of developments throughout. CIBC is not stayed by the NOI. At the time of swearing this Affidavit, CIBC has not indicated that it will take any steps to oppose the motion or enforce its security.

25. I believe that the Company is acting in good faith, with due diligence, and will likely be able to make a viable proposal if the extension applied for is granted.

26. The creditors will not be materially prejudiced if the court grants an extension of time.

27. I make this affidavit in support of an order for an extension of time to file a proposal from February 1, 2019 to March 18, 2019 and for the approval of the Sale Process.

SWORN before me at the City of Toronto,)
in the Province of Ontario, this 17th day of)
January, 2019)



A Commissioner, etc.)



DAVID A. ZIMMERMAN

#3522256 v3 | 4112265

Robert Colarossi
a Commissioner, etc., Province of Ontario,
for H&R Property Management Ltd.
Expires: August 13, 2021.

IN THE MATTER OF A NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
SATIN FINISH HARDWOOD FLOORING, LIMITED

Court File No. 31-2459849

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

Proceeding commenced at Toronto

AFFIDAVIT OF DAVID A. ZIMMERMAN
SWORN JANUARY 17, 2019

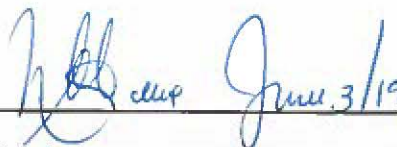
MINDEN GROSS LLP
Barristers and Solicitors
2200 - 145 King Street West
Toronto, ON M5H 4G2

Catherine Francis (L.SUC# 26900N)
cfrancis@mindengross.com

Tel: 416-369-4137

Fax: 416-864-9223

Lawyers for Satin Finish Hardwood Flooring, Limited

A handwritten signature in blue ink, followed by the date "June 3/19". The signature is written over a horizontal line.

This is Exhibit "B" referred to
in the Affidavit of DAVID A. ZIMMERMAN
sworn this 3rd
day of June, 2019

**NADIA CRISTINA COLLIA,
a Commissioner, etc., Province of Ontario,
for Satin Finish Hardwood Flooring Limited
and its associates companies.
Expires October 7, 2020.**

District of Ontario
 Division No. 09-Toronto
 Court File No. 31-2459849
 Estate File No. 31-2459849



**ONTARIO
 SUPERIOR COURT OF JUSTICE
 (BANKRUPTCY AND INSOLVENCY)**

THE HONOURABLE <i>MADAM</i>)	WEDNESDAY, THE 23 RD
)	
JUSTICE <i>DIETRICH</i>)	DAY OF JANUARY, 2019

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
 PROPOSAL OF SATIN FINISH HARDWOOD FLOORING, LIMITED OF THE CITY OF
 TORONTO, IN THE PROVINCE OF ONTARIO**

ORDER

THIS MOTION made by Satin Finish Hardwood Flooring, Limited (the "**Company**") for an order extending the time for filing a proposal under the provisions of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended (the "**BIA**") and approving of a sale process, among other things, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Company, including the Affidavit of David Zimmerman sworn January 17, 2019 and the First Report of MNP Ltd. in its capacity as proposal trustee for the Company (the "**Proposal Trustee**") dated January 18, 2019 (the "**First Report**"), and on hearing submissions of counsel for the Company and for the Proposal Trustee, no one else appearing although properly served as appears from the

Affidavit of Service of Karen Fox sworn on January 18, 2019 and the Affidavit of Service of Sophie Peiou sworn on January 18, 2019:

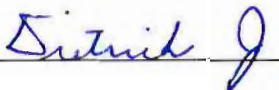
1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion, Motion Record and First Report is hereby abridged and validated, such that the motion is properly returnable today, and that further service of the Motion Record and First Report on any other person is hereby dispensed with.
2. **THIS COURT ORDERS** that the time for filing a proposal under subsection 50.4(8) of the BIA be and is hereby extended for a period of 45 days from February 1, 2019 to and including March 18, 2019.
3. **THIS COURT ORDERS** that the sale process (subject to any amendments thereto that may be made in accordance therewith), as more particularly described in the First Report and Exhibit "E" thereto (the "**Sale Process**"), be and is hereby approved and the Proposal Trustee and the Company be and are hereby authorized and directed to take such steps and execute such documentation as they deem necessary or advisable (subject to the terms of the Sale Process) to carry out the Sale Process, subject to prior approval of this Court being obtained before completion of any transaction(s) under the Sale Process.
4. **THIS COURT ORDERS** that the Proposal Trustee and its respective affiliates, partners, directors, employees, advisors, agents and controlling persons shall have no liability with respect to any and all losses, claims, damages or liability of any nature or kind to any person in connection with or as a result of performing their duties under the Sale Process, except to the extent of such losses, claims, damages or liabilities resulting

from the gross negligence or wilful misconduct of the Proposal, as determined by the Court.

5. **THIS COURT FURTHER ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Proposal Trustee and the Company be and are hereby authorized and permitted to disclose and transfer to each Prospective Offeror, as defined in the Sale Process (the “**Offerors**”), if requested by such Prospective Offerors, personal information of identifiable individuals, including, without limitation, all human resources and payroll information in the Company’s records pertaining to the Company’s past and current employees, but only to the extent desirable or required to negotiate or attempt to complete a sale pursuant to the Sale Process (a “**Sale**”). Each Prospective Offeror 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 for the purpose of effecting a Sale, and if it does not complete a Sale, shall return all such information to the Proposal Trustee, or in the alternative destroy all such information and provide confirmation of its destruction if requested by the Proposal Trustee. The Successful Offeror(s), as defined in the Sale Process, shall maintain and protect the privacy of such information and, upon the closing of the transaction(s) contemplated in the Successful Offer(s), as defined in the Sale Process, shall be entitled to use the personal information provided to it that is related to the applicable business and/or assets of the Company acquired pursuant to the Sale Process in a manner that is in all material respects identical to the prior use of such information by the Company, and shall return all other personal information to the Proposal Trustee, or ensure that all other

personal information is destroyed and provide confirmation of its destruction if requested by the Proposal Trustee.

6. **THIS COURT ORDERS** that the First Report and the activities of the Proposal Trustee described therein be and are hereby approved, provided that only the Proposal Trustee, in its personal capacity and only with respect to its personal capacity, shall be entitled to rely upon or utilize in any way such approval.

_____

IN THE MATTER OF THE PROPOSAL OF SATIN FINISH HARDWOOD, LIMITED
of the City of TORONTO
in the Province of ONTARIO

District of Ontario
Division No. 09-Toronto
Court File No. 31-2459849
Estate File No. 31-2459849

**ONTARIO
SUPERIOR COURT OF JUSTICE
(BANKRUPTCY COURT)**

PROCEEDING COMMENCED AT TORONTO

ORDER

MINDEN GROSS LLP
Barristers & Solicitors
2200 – 145 King Street West
Toronto ON M5H 4G2

Catherine Francis (LSUC #26900N)


cfrancis @mindengross.com

Tel: 416-369-4137

Fax: 416-864-9223

Lawyers for Satin Finish Hardwood Flooring, Limited

#3525731 v1 | 4112265

 *sworn June 3/19*

This is Exhibit "C" referred to
in the Affidavit of DAVID A. ZIMMERMAN
sworn this 3rd
day of June, 2019

**NADIA CRISTINA COLLIA,
a Commissioner, etc., Province of Ontario,
for Satin Finish Hardwood Flooring Limited
and its associates companies.
Expires October 7, 2020.**

Court File No. 31 - 2459849

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
SATIN FINISH HARDWOOD FLOORING, LIMITED OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO**

AFFIDAVIT OF DAVID A. ZIMMERMAN
(sworn March 13, 2019)

I, **DAVID A. ZIMMERMAN**, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am a Director, Secretary and Treasurer of Satin Finish Hardwood Flooring, Limited ("**Satin**" or the "**Company**") and, as a result, I have personal knowledge of the matters to which I hereinafter depose. Where I do not have personal knowledge of the matters set out below, I state the source of my information and verily believe such information to be true.

2. This affidavit is sworn in support of the Company's motion for:

- (a) an order extending the time to file a proposal pursuant to the provisions of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") for a period of 45 days from March 18, 2019 to and including May 2, 2019;

- (b) an extension of time for the submission of offers to and including April 8, 2019 and other deadlines in the court-approved sale process (the “**Sale Process**”);
- (c) approving the second report of the Proposal Trustee, as defined below;
- (d) authorizing the Proposal Trustee and its counsel to make interim draws for the payment of professional fees.

Background

3. On January 2, 2019, the Company filed a Notice of Intention to Make a Proposal pursuant to Subsection 50.4(1) of the BIA and MNP Ltd. was appointed as proposal trustee (the “**Proposal Trustee**”).

4. On January 17, 2019, I filed an affidavit in support of a motion for, among other things, an extension of time to file a proposal and approval of the Sale Process. Attached hereto and marked as Exhibit “A” to this my affidavit is a copy of this affidavit (without exhibits).

5. I repeat and rely on my January 17, 2019 affidavit. I will use the same defined terms herein, unless otherwise defined.

January 23, 2019 Order

6. By Order dated January 23, 2019, the Honourable Madam Justice Dietrich granted an Order, among other things, extending the time to file a proposal under the

BIA for a period of 45 days from February 1, 2019 to and including March 18, 2019 and approving the Sale Process.

7. A copy of this Order is attached as Appendix “B” to the Second Report of the Proposal Trustee dated March 13, 2019 (the “**Second Report**”).

Agreement with the Union

8. As I stated in my January 17, 2019 affidavit, the Company employs approximately 120 employees, of which more than 90 employees are members of the Union, as described therein. Prior to the hearing on January 23, 2019, the Company negotiated a new collective agreement with the Union.

The Forbearance Agreement

9. As I stated in my January 17, 2019 affidavit, the Company’s primary lender is CIBC.

10. On or about February 12, 2019, the Company entered into a Forbearance Agreement with CIBC.

11. The Company is continuing to operate with the support of the Union and CIBC.

12. The Company is in the process of finalizing an amendment to the Forbearance Agreement, to accommodate the extension of time to file a proposal and the amendments to the Sale Process.

The Company's Operations

13. The Proposal Trustee has been monitoring the Company's operations. The Company has provided detailed financial information to the Proposal Trustee for the purpose of preparing its Second Report.

14. I have reviewed the Second Report and confirm that the Second Report accurately summarizes the Cash Flow Projections, the Activities of the Company, the Sale Process and the Company's Revised Cash Flow Projections.

Request for Extension of Time

15. Pursuant to the court-approved Sale Process, offers are due on March 11, 2019.

16. Several potential interested purchasers executed non-disclosure agreements and have expressed interest. However, some potential purchasers have requested additional time to conduct due diligence before they can submit an offer.

17. Based on the interest expressed, I believe that a four-week extension of time for the submission of bids from March 11, 2019 to April 8, 2019 to allow for the completion of due diligence by prospective purchasers and a corresponding extension to the subsequent Sale Process milestone dates will enhance the prospects of a going concern sale of the Company's assets and would maximize realization for stakeholders.

18. As indicated in the Second Report, the Proposal Trustee has already extended the time by two weeks, as permitted under the court-approved Sale Process. The Company is requesting an amendment to the Sale Process to permit a further two-

week extension, and a corresponding extension of the other deadlines in the Sale Process.

19. The Company is also requesting an Order to extend the time to file a proposal to May 2, 2019 to provide further time for the Company and the Proposal Trustee to continue the Sale Process and to assess the level of market interest in the business of the Company and/or its principal assets. Depending on the results of the Sale Process, it may be necessary for the Company to seek a further extension of the time to file a proposal.

20. CIBC will have notice of this motion and the Company has continued to keep CIBC apprised of developments throughout. CIBC is not stayed by the NOI. At the time of swearing this Affidavit, CIBC has not indicated that it will take any steps to oppose the motion or enforce its security.

21. I believe that the Company is acting in good faith, with due diligence, and will likely be able to make a viable proposal if the extension applied for is granted.

22. The Company's creditors will not be materially prejudiced if the court grants an extension of time.

23. I make this affidavit in support of the relief sought in the Notice of Motion and for no improper purpose.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario on the 13th day of March, 2019


Commissioner for Taking Affidavits
(or as may be)


DAVID A. ZIMMERMAN

#3581867 | 4112265

NADIA CRISTINA COLLIA,
a Commissioner, etc., Province of Ontario,
for Sain Finish Hardwood Flooring Limited
and its associates companies.
Expires October 7, 2020.

IN THE MATTER OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
OF SATIN FINISH HARDWOOD FLOORING, LIMITED
IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

Court File No. 31-2459849

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

Proceeding commenced at Toronto

**AFFIDAVIT OF DAVID A. ZIMMERMAN
SWORN MARCH 13, 2019**

MINDEN GROSS LLP
Barristers and Solicitors
2200 - 145 King Street West
Toronto, ON M5H 4G2

Catherine Francis (LSUC# 26900N)

Tel: 416-369-4137

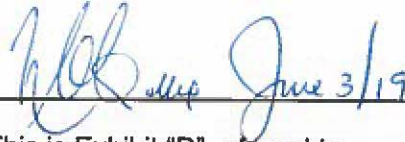
Fax: 416-864-9223

cfrancis@mindengross.com

Tel: 416-362-3711

Fax: 416-864-9223

Lawyers for Satin Finish Hardwood Flooring, Limited

 June 3/19

This is Exhibit "D" referred to
in the Affidavit of DAVID A. ZIMMERMAN
sworn this 3rd
day of June, 2019

**NADIA CRISTINA COLLIA,
a Commissioner, etc., Province of Ontario,
for Satin Finish Hardwood Flooring Limited
and its associates companies.
Expires October 7, 2020.**

District of Ontario
 Division No. 09-Toronto
 Court File No. 31-2459849
 Estate File No. 31-2459849

**ONTARIO
 SUPERIOR COURT OF JUSTICE
 (BANKRUPTCY AND INSOLVENCY)**

THE HONOURABLE
 JUSTICE *Pattillo*

)
)
)

FRIDAY, THE 15TH DAY
 OF MARCH, 2019

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
 PROPOSAL OF SATIN FINISH HARDWOOD FLOORING, LIMITED OF THE CITY OF
 TORONTO, IN THE PROVINCE OF ONTARIO**



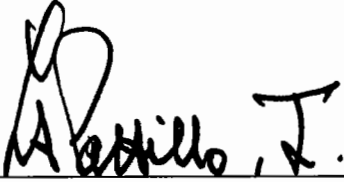
ORDER

THIS MOTION made by Satin Finish Hardwood Flooring, Limited (the "**Company**") for an order extending the time for filing a proposal under the provisions of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended (the "**BIA**") and other relief was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Company, including the Affidavit of David Zimmerman sworn March 13, 2019 and the Second Report of MNP Ltd. in its capacity as proposal trustee for the Company (the "**Proposal Trustee**") dated March 13, 2019 (the "**Second Report**"), and on hearing submissions of counsel for the Company and for the Proposal Trustee, no one else appearing although properly served as appears from the Affidavit of Service of Karen Fox sworn on March 13, 2019 and the Affidavit of Service of Sophie Peiou sworn on March 13, 2019:

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion, Motion Record and Second Report is hereby abridged and validated, such that the motion is properly returnable today, and that further service of the Motion Record and Second Report on any other person is hereby dispensed with.
2. **THIS COURT ORDERS** that the time for filing a proposal under subsection 50.4(8) of the BIA be and is hereby extended for a period of 45 days from March 18, 2019 to and including May 2, 2019.
3. **THIS COURT ORDERS** that the sale process approved by the Order of Madam Justice Dietrich dated January 23, 2019 (the "**Sale Process**") is amended by deleting the timeline chart in paragraph 10 of the First Report of the Proposal Trustee dated January 18, 2019 and substituting therefor the extended timeline chart attached as Appendix "E" (the "**Extended Timeline**") to the Second Report of the Proposal Trustee dated March 13, 2019 (the "**Second Report**").
4. **THIS COURT ORDERS** that the Second Report and the activities of the Proposal Trustee described therein be and are hereby approved, provided that only the Proposal Trustee, in its personal capacity and only with respect to its personal capacity, shall be entitled to rely upon or utilize in any way such approval.
5. **THIS COURT ORDERS** that the Proposal Trustee and its counsel be and are hereby authorized to receive interim draws toward payment of their professional fees and disbursements out of monies received from the Company, subject to such draws, together with any payments of the professional fees and disbursements of the Company's counsel out of monies received from the Company, being limited to the professional fees provided

by the Cash Flow Projections and Revised Cash Flow Projections (defined in the Second Report) and such amounts constituting advances against the remuneration and disbursements of the Proposal Trustee and its counsel when and as approved by this Court.



IN THE MATTER OF THE PROPOSAL OF SATIN FINISH HARDWOOD FLOORING, LIMITED
OF THE CITY OF TORONTO
IN THE PROVINCE OF ONTARIO

46

District of Ontario
Division No. 09-Toronto
Court File No. 31-2459849
Estate File No. 31-2459849

**ONTARIO
SUPERIOR COURT OF JUSTICE
(BANKRUPTCY COURT)**

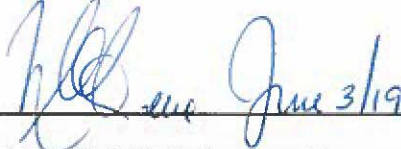
PROCEEDING COMMENCED AT TORONTO

ORDER

MINDEN GROSS LLP
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Catherine Francis (LSUC #26900N)
cfrancis@mindengross.com
Tel: 416-369-4137
Fax: 416-864-9223

Lawyers for Satin Finish Hardwood Flooring, Limited



This is Exhibit "E" referred to

in the Affidavit of DAVID A. ZIMMERMAN

sworn this 3rd

day of June, 2019

NADIA CRISTINA COLLIA,
a Commissioner, etc., Province of Ontario,
for Satin Finish Hardwood Flooring Limited
and its associates companies.
Expires October 7, 2020.

Court File No. 31 - 2459849

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

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF
SATIN FINISH HARDWOOD FLOORING, LIMITED OF THE CITY OF TORONTO,
IN THE PROVINCE OF ONTARIO**

**AFFIDAVIT OF DAVID A. ZIMMERMAN
(sworn April 30, 2019)**

I, **DAVID A. ZIMMERMAN**, of the City of Toronto, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am a Director, Secretary and Treasurer of Satin Finish Hardwood Flooring, Limited (the "**Company**") and, as a result, I have personal knowledge of the matters to which I hereinafter depose. Where I do not have personal knowledge of the matters set out below, I state the source of my information and verily believe such information to be true.

2. This affidavit is sworn in support of the Company's motion for:

- (a) an order amending the time lines for the Company's Sale Process;
- (b) an order extending the time to file a proposal pursuant to the provisions of the *Bankruptcy and Insolvency Act (Canada)* (the

- "BIA") from May 2, 2019 to and including May 31, 2019;
- (c) an order approving the Third Report of the Proposal Trustee dated April 30, 2019 (the "Third Report");
- (d) an order sealing the confidential appendices to the Third Report.

Background

3. On January 2, 2019, the Company filed a Notice of Intention to Make a Proposal pursuant to Subsection 50.4(1) of the BIA and MNP Ltd. was appointed as Proposal Trustee.

4. On January 17, 2019, I filed an affidavit in support of a motion for, among other things, an extension of time to file a proposal and approval of the Sale Process.

5. I repeat and rely on my January 17, 2019 affidavit. I will use the same defined terms herein, unless otherwise defined.

January 23, 2019 Order

6. By Order dated January 23, 2019, the Honourable Madam Justice Dietrich granted an Order, among other things, extending the time to file a proposal under the BIA for a period of 45 days from February 1, 2019 to and including March 18, 2019 and approving the Sale Process.

7. A copy of this Order is attached as an Appendix to the Third Report.

March 15, 2019 Order

8. By Order dated March 15, 2019, the Honourable Mr. Justice Pattillo:

- 3 -

- (a) Extended the time for filing a proposal for a period of 45 days from March 18, 2019 to and including May 2, 2019;
 - (b) Amended the Sale Process by deleting the timeline chart in paragraph 10 of the First Report of the Proposal Trustee dated January 18, 2019 and substituting therefor the extended timeline chart attached as Appendix "E" to the Second Report of the Proposal Trustee dated March 13, 2019;
 - (c) Approved the activities of the Proposal Trustee;
 - (d) Authorized the Proposal Trustee and its counsel to receive interim draws toward payment of their professional fees and disbursements out of monies received from the Company, subject to the terms of the order.
9. A copy of this Order is attached as an Appendix to the Third Report.

Agreement with the Union

10. As I stated in my January 17, 2019 affidavit, the Company employs approximately 120 employees, of which more than 90 employees are members of the Union, as described therein. Prior to the hearing on January 23, 2019, the Company negotiated a new collective agreement with the Union.

The Forbearance Agreement

11. As I stated in my January 17, 2019 affidavit, the Company's primary lender is CIBC.

12. On or about February 12, 2019, the Company entered into a Forbearance Agreement with CIBC.

13. The Company is continuing to operate with the support of the Union and CIBC.

14. The Company and CIBC finalized and executed an amendment to the Forbearance Agreement, to accommodate the extension of time to file a proposal and the amendments to the Sale Process.

The Company's Operations

15. The Proposal Trustee has been monitoring the Company's operations. The Company has provided detailed financial information to the Proposal Trustee for the purpose of preparing its Third Report.

16. I have reviewed the Third Report and confirm that the Third Report accurately summarizes the Cash Flow Projections, the Activities of the Company, the Sale Process and the Company's Revised Cash Flow Projections.

Request for Extension of Time

17. For the reasons set out in the confidential appendices to the Third Report, the Company requires a further extension of time to conduct the Sale Process and to file a proposal to June 14, 2019.

18. I believe that the requested extension of time will allow for the completion of due diligence by prospective purchasers and will enhance the prospects of a going concern sale of the Company's assets and would maximize realization for stakeholders.

- 5 -

19. Depending on the results of the Sale Process, it may be necessary for the Company to seek a further extension of the time to file a proposal.

20. CIBC will have notice of this motion and the Company has continued to keep CIBC apprised of developments throughout. CIBC is not stayed by the NOI. CIBC has approved the requested extension of time.

21. I believe that the Company is acting in good faith, with due diligence, and that the Company's ability to present a viable proposal to its creditors will be enhanced if it is granted the requested extension.

22. The Company's creditors will not be materially prejudiced if the court grants an extension of time.

23. I make this affidavit in support of the relief sought in the Notice of Motion and for no improper purpose.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario
on the 30th day of April, 2019


Commissioner for Taking Affidavits
(or as may be)



DAVID A. ZIMMERMAN

IN THE MATTER OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
OF SATIN FINISH HARDWOOD FLOORING, LIMITED
IN THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

Court File No. 31-2459849

**ONTARIO
SUPERIOR COURT OF JUSTICE
IN BANKRUPTCY AND INSOLVENCY**

Proceeding commenced at Toronto

**AFFIDAVIT OF DAVID A. ZIMMERMAN
SWORN APRIL 30, 2019**

MINDEN GROSS LLP
Barristers and Solicitors
2200 - 145 King Street West
Toronto, ON M5H 4G2

Catherine Francis (LSUC# 26900N)

Tel: 416-368-4137


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Tel: 416-362-3711

Fax: 416-864-9223

Lawyers for Satin Finish Hardwood Flooring, Limited



June 3/19

This is Exhibit "F" referred to
in the Affidavit of DAVID A. ZIMMERMAN
sworn this 3rd
day of June, 2019

NADIA CRISTINA COLLIA,
a Commissioner, etc., Province of Ontario,
for Satin Finish Hardwood Flooring Limited
and its associates companies.
Expires October 7, 2020.

District of Ontario
 Division No. 09-Toronto
 Court File No. 31-2459849
 Estate File No. 31-2459849

**ONTARIO
 SUPERIOR COURT OF JUSTICE
 (BANKRUPTCY AND INSOLVENCY)**

THE HONOURABLE MR.)

WEDNESDAY, THE 1ST DAY

JUSTICE McEWEN)

OF May, 2019



**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A
 PROPOSAL OF SATIN FINISH HARDWOOD FLOORING, LIMITED OF THE CITY OF
 TORONTO, IN THE PROVINCE OF ONTARIO**

ORDER

THIS MOTION made by Satin Finish Hardwood Flooring, Limited (the "**Company**") for an order extending the time for filing a proposal under the provisions of the *Bankruptcy and Insolvency Act*, R.S.C., 1985, c. B-3, as amended (the "**BIA**") and other relief was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Motion Record of the Company, including the Affidavit of David Zimmerman sworn April 30, 2019, and the Third Report of MNP Ltd. in its capacity as proposal trustee for the Company (the "**Proposal Trustee**") dated May 1, 2019 (the "**Third Report**"), and on hearing submissions of counsel for the Company and for the Proposal Trustee, no one else appearing although properly served as appears from the Affidavit of Service of Karen Fox sworn on April 30, 2019:

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion, Motion Record and Third Report is hereby abridged and validated, such that the motion is properly returnable today, and that further service of the Motion Record and Second Report on any other person is hereby dispensed with.
2. **THIS COURT ORDERS** that the time for filing a proposal under subsection 50.4(8) of the BIA be and is hereby extended for a period of 43 days from May 2, 2019 to and including June 14, 2019.
3. **THIS COURT ORDERS** that the sale process approved by the Order of Madam Justice Dietrich dated January 23, 2019 (the "**Sale Process**") as amended by the Order of Mr. Justice Pattillo dated March 15, 2019 is further amended by deleting the timeline chart attached as Appendix "E" to the Second Report of the Proposal Trustee dated March 13, 2019 and substituting therefor the extended timeline chart attached as Appendix "E" to the Third Report, provided that ^{only the parties} ~~only the parties~~ contemplating going-concern offers referred to in the Confidential Appendix "F" the Third Report are permitted to submit offers by the amended bid deadline of May 15, 2019.
4. **THIS COURT ORDERS THAT** the Company be and is hereby authorized to sell its surplus raw materials, surplus unfinished product and certain Off-Quality Inventory (as defined in the Third Report) for a sale price not to exceed \$710,000 (before HST) in the aggregate for the period ending June 14, 2019.
5. **THIS COURT ORDERS** that the Third Report and the activities of the Proposal Trustee described therein be and are hereby approved, provided that only the Proposal

Trustee, in its personal capacity and only with respect to its personal capacity, shall be entitled to rely upon or utilize in any way such approval.

6. **THIS COURT ORDERS** that the confidential appendices to the Third Report shall be treated as confidential, sealed and shall not form part of the public record until further Order of this Court.



IN THE MATTER OF THE PROPOSAL OF SATIN FINISH HARDWOOD FLOORING, LIMITED
OF THE CITY OF TORONTO
IN THE PROVINCE OF ONTARIO

District of Ontario
Division No. 09-Toronto
Court File No. 31-2459849
Estate File No. 31-2459849

**ONTARIO
SUPERIOR COURT OF JUSTICE
(BANKRUPTCY COURT)**

PROCEEDING COMMENCED AT TORONTO

ORDER

MINDEN GROSS LLP
Barristers & Solicitors
2200 – 145 King Street West
Toronto ON M5H 4G2

Catherine Francis (LSUC #26900N)
cfrancis @mindengross.com
Tel: 416-369-4137
Fax: 416-864-9223

Lawyers for Satin Finish Hardwood Flooring, Limited

A handwritten signature in blue ink, followed by the date "June 3/19". The signature is written over a horizontal line.

This is Exhibit "G" referred to
in the Affidavit of DAVID A. ZIMMERMAN
sworn this 3rd
day of June, 2019

NADIA CRISTINA COLLIA,
a Commissioner, etc., Province of Ontario,
for Satin Finish Hardwood Flooring Limited
and its associates companies.
Expires October 7, 2020.

ASSET PURCHASE AGREEMENT

This Agreement dated May 28, 2019 is made,

B E T W E E N:

SATIN FINISH HARDWOOD FLOORING, LIMITED, a corporation incorporated under the laws of the Province of Ontario

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

-and-

2340125 ONTARIO INC., a corporation incorporated under the laws of the Province of Ontario

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

RECITALS

WHEREAS:

- A. On January 2, 2019, the Vendor filed a Notice of Intention to Make a Proposal under the provisions of the *Bankruptcy and Insolvency Act* (Canada) (the “**Proposal Proceedings**”);
- B. MNP Ltd. was appointed as proposal trustee under the Proposal Proceedings (the “**Proposal Trustee**”);
- C. In accordance with the Sale Process Order (as defined herein), the Proposal Trustee, in consultation with the Vendor, has undertaken a marketing and sale process respecting the assets, property and undertaking of the Vendor (the “**Sales Process**”);
- D. The Sales Process undertaken by the Vendor failed to produce an offer acceptable to the Vendor.
- E. Subject to the granting of the Approval and Vesting Order (as defined herein), the Purchaser has agreed to purchase from the Vendor, and the Vendor has agreed to sell to the Purchaser, all of the Vendor’s right, title and interest in and to the Purchased Assets (as that term is defined herein) in accordance with the terms of this Agreement.

NOW THEREFORE, in consideration of the premises and mutual covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties hereto agree with each other as follows:

ARTICLE 1
INTERPRETATION

1.1 **Definitions.**

In this Agreement, the following terms shall have the meanings set out below unless the context requires otherwise:

- (1) **“Accounts Receivables”** means all accounts receivable, bills receivable, trade accounts, book debts and insurance claims Related to the Business, including, recoverable deposits (such term to include any unpaid interest accrued on such items) and any security or collateral for such items. For greater certainty, this term includes all monies to which the Vendor is entitled under an insurance claim referred to as the Akzo Nobel claim file groups #51 and #52 / Claim CL 0013339.
- (2) **“Acquired Contracts”** means the Contracts that the Purchaser wishes to acquire from the Vendor, including the Purchase Orders, as specified in writing by the Purchaser no later than two Business Days prior to Closing.
- (3) **“Acquired Personal Property Leases”** means the Personal Property Leases that the Purchaser wishes to acquire from the Vendor, as specified in writing by the Purchaser no later than two Business Days prior to Closing.
- (4) **“Agreement”** means this Agreement, including any Schedule to this Agreement, as it or they may be amended or supplemented from time to time, and the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement and not to any particular Section or other portion of this Agreement.
- (5) **“Applicable Law”** means, with respect to any Person, property, transaction, event or other matter, any Law relating or applicable to such Person, property, transaction, event or other matter. Applicable Law also includes, where appropriate, any interpretation of the Law (or any part) by any Person having jurisdiction over it, or charged with its administration or interpretation.
- (6) **“Approval and Vesting Order”** means an order made by the Court approving this Agreement and the Transaction and vesting title to the Purchased Assets in the Purchaser, such order to be acceptable to the Vendor, Purchaser and Proposal Trustee, each acting reasonably, and substantially in the form of the model order recognized by the Court.
- (7) **“Assumed Liabilities”** means only the Liabilities incurred under or in respect of (i) the Bank Indebtedness; (ii) the Acquired Contracts; (iii) the Acquired Personal Property Leases; and (iv) the Transferred Employees, in each case in respect of the period commencing at the Closing Time.
- (8) **“Bank”** means Canadian Imperial Bank of Commerce.
- (9) **“Bank Indebtedness”** means all indebtedness owing by the Vendor to the Bank as at the Closing Date.
- (10) **“Books and Records”** means all books, records, files and papers Related to the Business or the Purchased Assets including, but not limited to drawings, manuals and data related to equipment, computer hardware and software and phone systems, computer system passwords, combinations and keys to locks and other safety and storage systems, sales and purchases correspondence, trade association files, lists of present and former customers and suppliers, security

and alarm system records, personnel, employment and other records related to Transferred Employees, and all copies and recordings of the foregoing.

(11) “**Business**” means the business carried on by the Vendor which primarily involves the manufacturing and distribution of solid, engineered, floating engineered, hard wood, laminate and luxury vinyl floor coverings.

(12) “**Business Day**” means any day except Saturday, Sunday or any day on which Canadian chartered banks are generally not open for business in the City of Toronto.

(13) “**Business Premises**” means 15 Fenmar Drive, Toronto, Ontario M9L 1L4.

(14) “**Canadian Dollars**” means the lawful currency of Canada.

(15) “**Closing**” means the completion of the Transaction.

(16) “**Closing Date**” means subject to the terms hereof, two (2) Business Days following the date on which the conditions set forth in **Article 4** have been satisfied or waived by the appropriate Party or such other date as may be agreed, provided that such Closing Date shall not occur later than June 13, 2019.

(17) “**Closing Time**” means the time of closing on the Closing Date provided for in Section 3.1.

(18) “**Contracts**” means all rights and interests of the Vendor to and in all pending and/or executory contracts, agreements, licenses (including, without limitation, software licenses) and arrangements whether or not signed to which the Vendor and/or by which any of the Purchased Assets is bound.

(19) “**Court**” means the Ontario Superior Court of Justice in Bankruptcy and Insolvency (Commercial List).

(20) “**Customer Deposits**” means monies provided by the Vendor’s customers for the purpose of completing purchase orders.

(21) “**Excluded Assets**” means only the undertakings or properties of the Company as set out in Schedule 1.1(19).

(22) “**Goodwill**” means the goodwill Related to the Business, including all right, title and interest the Vendor in, to and in respect of all elements which contribute to the goodwill Related to the Business, including goodwill represented by customer and supplier lists and the logos of the Vendor.

(23) “**Governmental Entities**” means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law or regulation-making organizations or entities: (a) having or purporting to have jurisdiction on behalf of any nation, province, territory, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power and “**Governmental Entity**” means any one of them.

(24) “**HST**” means the harmonized sales tax imposed under the *Excise Tax Act* (Canada).

- (25) **“Intellectual Property”** means all intellectual property rights, whether registered or not registered, owned, used or held by the Vendor for use in or relating to the Business including, without limitation, if applicable, any or all of the following items, wherever located: all trademarks and trademark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, copyrights and copyright rights, brand names, business and product names, domain names, corporate names, logos, slogans, trade secrets, inventions, processes, formulae, industrial models, designs, specifications, data, technology, methodologies, computer programs (including all source code), confidential and proprietary information, whether or not subject to statutory registration, all related technical information, manufacturing, engineering and technical drawings, know how, the goodwill associated with the foregoing, and the right to sue for past payment, if any, in connection with any of the foregoing, and all documents, disks and other media on which any of the foregoing is stored.
- (26) **“Inventory”** means all inventories of stock-in-trade and merchandise including materials, supplies, finished goods, Raw Material, repair and service parts related to the Business (including those in possession of suppliers, customers and other third parties).
- (27) **“Landlord”** means 15 Fenmar Investments Limited.
- (28) **“Law”** means common law, order, judgment, decree, law, statute, rule, or regulation of any Governmental Entity.
- (29) **“Lease”** means the lease between the Landlord and the Vendor dated April 1, 2017, respecting the Business Premises.
- (30) **“Leasehold Improvements”** has the meaning ascribed to such term in the Lease.
- (31) **“Liabilities”** means all costs, expenses, charges, debts, liabilities, claims, demands and obligations, whether primary or secondary, direct or indirect, fixed, contingent, absolute or otherwise, under or in respect of any contract, agreement, arrangement, lease, commitment or undertaking, Applicable Law and Taxes.
- (32) **“Lien”** means any lien, mortgage, charge, hypothec, pledge, security interest, prior assignment, option, warrant, lease, sublease, right to possession, encumbrance, claim, right or restriction which affects, by way of a conflicting ownership interest or otherwise, the right, title or interest of the Vendor in or to the Purchased Assets.
- (33) **“Non Union Employee”** means an individual who is employed by the Vendor on the date immediately prior to the Closing and who is not a member of the Union; **“Non Union Employees”** means more than one Non Union Employee.
- (34) **“Party”** means a party to this Agreement and any reference to a Party includes its successors and permitted assigns; **“Parties”** means every Party.
- (35) **“Person”** is to be broadly interpreted and includes an individual, a corporation, a partnership, a trust, an unincorporated organization, the government of a country or any political subdivision thereof, or any agency or department of any such government, and the executors, administrators or other legal representatives of an individual in such capacity.
- (36) **“Personal Property”** means all personal property and other chattels Related to the Business, including, but not limited to, equipment and fixtures located at the Business Premises

(but excluding any and all Leasehold Improvements, which are the property of the Landlord), furniture, shelving, computer hardware.

(37) “**Personal Property Leases**” means chattel leases, equipment leases, rental agreements and conditional sales contracts.

(38) “**Proposal Proceedings**” has the meaning given to it in Recital A hereto.

(39) “**Proposal Trustee**” has the meaning given to it in Recital B hereto.

(40) “**Purchased Assets**” means all of the Vendor’s right, title and interest in, to and under or relating to the assets, property and undertaking, owned, used or held by the Vendor for use in or related to the operation of the Business as described below, but excluding the Excluded Assets:

- (a) the Acquired Contracts;
- (b) the Personal Property, including Accounts Receivable;
- (c) the Acquired Personal Property Leases;
- (d) the Intellectual Property and the Technical Information;
- (e) the Inventory;
- (f) the Customer Deposits;
- (g) the Books and Records; and
- (h) the Goodwill.

(41) “**Purchase Orders**” means all rights and interests of the Vendor to and in all customer orders for purchases of Inventory.

(42) “**Purchase Price**” has the meaning given in Section 2.2.

(43) “**Raw Material**” means materials or substances used in the production or manufacturing of the Vendor’s goods.

(44) “**Related to the Business**” means, directly or indirectly, used in, arising from, or relating in any manner to the Business or the Purchased Assets.

(45) “**Sale Process Order**” means the order granted by the Honourable Madam Justice Dietrich dated January 23, 2019, in connection with the Proposal Proceedings.

(46) “**Taxes**” means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, 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 instalments with respect thereto, and any interest, fines and penalties, imposed by any governmental

authority (including federal, state, provincial, municipal and foreign governmental authorities), and whether disputed or not.

(47) “**Technical Information**” means all know-how and related technical knowledge owned, used or held by the Vendor for use in or relating to the Company’s business, including:

- (a) trade secrets, confidential information and other proprietary know-how;
- (b) public information and non-proprietary know-how;
- (c) information of a scientific, technical, financial or business nature regardless of its form; and
- (d) documented research, forecasts, studies, marketing plans, budgets, market data, developmental, demonstration or engineering work, information that can be used to define a design or process or procure, produce, support or operate material and equipment, methods of production and procedures, all formulas and designs and drawings, blueprints, patterns, plans, flow charts, parts lists, manuals and records, specifications, and test data;

(48) “**Transaction**” means the transaction of purchase and sale of the Purchased Assets contemplated by this Agreement.

(49) “**Transferred Employees**” means collectively, the Transferred Union Employees and the Transferred Non Union Employees.

(50) “**Transferred Non Union Employees**” means Non Union Employees who have accepted an offer of employment from the Purchaser as of the Closing.

(51) “**Transferred Union Employees**” means Union Employees who have accepted an offer of employment from the Purchaser as of the Closing.

(52) “**Union**” means Teamsters, Local Union 847.

(53) “**Union Employee**” means an individual who is a member of the Union and is employed, pursuant to the Union’s collective agreement with the Vendor, by the Vendor on the date immediately prior to the Closing; “**Union Employees**” means more than one Union Employee.

(54) “**USA**” means the United States of America.

(55) “**Vendor's Solicitors**” means Minden Gross LLP.

(56) “**Work in Process**” means partially finished goods waiting to be completed by the Vendor.

1.2 **Headings and Table of Contents.**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.3 **No Strict Construction.**

The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

1.4 **Number and Gender.**

Unless the context requires otherwise, words importing the singular include the plural and vice versa and words importing gender include all genders. Where the word “including” or “includes” is used in this Agreement, it means “including (or includes) without limitation”.

1.5 **Business Days.**

If any payment is required to be made or other action is required to be taken pursuant to this Agreement on a day which is not a Business Day, then such payment or action shall be made or taken on the next Business Day.

1.6 **Currency and Payment Obligations.**

Except as otherwise expressly provided in this Agreement:

- (a) all dollar amounts referred to in this Agreement are stated in Canadian Dollars; and
- (b) any payment contemplated by this Agreement shall be made by wire transfer to the offices of the Vendor’s solicitors, or as the Vendor may direct in writing.

1.7 **Statute References.**

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time.

1.8 **Section and Schedule References.**

Unless the context requires otherwise, references in this Agreement to Sections or Schedules are to Sections or Schedules of this Agreement. The Schedule to this Agreement, listed as follows, is an integral part of this Agreement:

Schedule 1.1(19): Excluded Assets

ARTICLE 2
PURCHASE OF ASSETS

2.1 **Agreement to Purchase and Sell.**

At the Closing Time, subject to the terms and conditions of this Agreement, the Vendor shall sell and the Purchaser shall purchase the Purchased Assets (excluding the Excluded Assets) and the Purchaser shall assume the Assumed Liabilities.

2.2 **Amount of Purchase Price.**

The purchase price payable by the Purchaser to the Vendor for the Purchased Assets (the “Purchase Price”) shall be an amount equal to the Bank Indebtedness, exclusive of any applicable Taxes.

2.3 **Payment of Purchase Price.**

The Purchase Price shall be paid and satisfied by the Purchaser at the Closing by the execution and delivery of any and all documents required by the Bank to give effect to the assumption by the Purchaser of the Bank Indebtedness.

2.4 **Allocation of Purchase Price.**

The Purchase Price shall be allocated among the Purchased Assets in the manner agreed to by the Purchaser and the Vendor prior to Closing (acting reasonably) and the Parties shall ensure that the Purchaser and the Vendor shall follow the allocations set out therein in determining and reporting their liabilities for any Taxes and, without limitation, shall file their respective income tax returns prepared in accordance with such allocations.

2.5 **Payment of Taxes and Indemnity.**

The Purchaser shall pay on Closing all Taxes resulting from the Transaction (other than Taxes payable under applicable legislation by the Vendor) and any filing or recording fees payable in connection with the instruments of transfer provided for in this Agreement. The Purchaser hereby indemnifies and saves the Vendor harmless from and against all claims and demands for the payment of Taxes exigible in connection with the Transaction, including penalties and interest thereon and any liabilities or costs incurred as a result of any failure to pay such Taxes when due.

2.6 **HST Election.**

At the Closing, and if available at law, the Vendor and the Purchaser shall execute jointly an election under Section 167 of the *Excise Tax Act* (Canada) to have the sale of the Purchased Assets take place on a HST-free basis under Part IX of the *Excise Tax Act* (Canada) and the Purchaser shall file such election with its HST return for the reporting period in which the sale of the Purchased Assets takes place.

2.7 **Excluded Liabilities**

The Purchaser shall not assume and shall not be liable for any debts, liabilities or other obligations of the Vendor except Assumed Liabilities.

2.8 **Excluded Assets.**

Notwithstanding anything to the contrary in this Agreement, the Purchaser may, at its option, exclude any of the Purchased Assets from the Transaction prior to the Closing Time, whereupon such Purchased Assets shall be Excluded Assets, provided, however, that there shall be no adjustment in the Purchase Price.

2.9 **Business Premises**

The Purchaser shall provide the Vendor with written confirmation at least 14 days before the Closing Date if it wishes to enter into a newly negotiated lease for the Business Premises with the Landlord.

2.10 **No Purchase Price Adjustments.**

The Purchaser acknowledges, confirms and agrees that there shall be no adjustment of any kind to the Purchase Price for any reason.

ARTICLE 3 CLOSING ARRANGEMENTS

3.1 **Closing.**

The Closing shall take place at 10:00 a.m. on the Closing Date (the “**Time of Closing**”) at the offices of the Vendor’s Solicitors, or at such other time on the Closing Date or such other place as may be agreed orally or in writing by the Vendor and the Purchaser.

3.2 **Vendor's Closing Deliveries.**

At the Closing, the Vendor shall deliver or cause to be delivered to the Purchaser the following documents:

- (1) Bill of Sale, in a form agreed to by the Vendor and the Purchaser prior to Closing (acting reasonably);
- (2) the HST election referred to in Section 2.6, if applicable;
- (3) a Purchase Price allocation agreement referred to in Section 2.4;
- (4) a certificate, dated as of the Closing Date, confirming that (i) all of the representations and warranties of the Vendor contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date and (ii) that each of the conditions precedent in Section 4.3 of this Agreement have been fulfilled, performed or waived as of the Closing Date;
- (5) the Approval and Vesting Order;
- (6) all deeds of conveyance, bills of sale, assurances, transfers, assignments, consents, and such other agreements, documents and instruments as may be reasonably requested by the Purchaser or the Purchaser’s Solicitors to complete the Transaction, including, but not limited to, such agreements and other documents as may be necessary to evidence the assumption of the Bank Indebtedness, the Bank’s confirmation of the assumption of the Bank Indebtedness and the release by the Bank of the Vendor in respect of the same.

3.3 **Purchaser's Closing Deliveries.**

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

- (1) Bill of Sale, in a form agreed to by the Vendor and the Purchaser prior to Closing (acting reasonably);
- (2) the HST election referred to in Section 2.6, if applicable;
- (3) a Purchase Price allocation agreement referred to in Section 2.4;

- (4) a certificate, dated as of the Closing Date, confirming that (i) all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date and (ii) that each of the conditions precedent in Section 4.1 of this Agreement have been fulfilled, performed or waived as of the Closing Date;
- (5) an indemnity re: Taxes;
- (6) all such other agreements, documents and instruments as may be reasonably requested by the Vendor or the Vendor's Solicitors to complete the Transaction, including, but not limited to, such agreements as may be necessary to evidence the assumption of the Bank Indebtedness, the Bank's confirmation of the assumption of the Bank Indebtedness and the release by the Bank of the Vendor in respect of the same.

ARTICLE 4

CONDITIONS OF CLOSING

4.1 Purchaser's Conditions.

The Purchaser shall not be obliged to complete the Transaction unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Purchaser and may be waived, in whole or in part, in writing by the Purchaser at any time; and the Vendor agrees with the Purchaser to take all such actions, steps and proceedings within its reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (1) *Representations and Warranties.* The representations and warranties of the Vendor in Section 5.2 shall be true and correct at the Closing.
- (2) *Vendor's Compliance.* 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 Closing and shall have executed and delivered or caused to have been executed and delivered to the Purchaser at the Closing all the documents contemplated in Section 3.2 or elsewhere in this Agreement.
- (3) *No Litigation.* There shall be no litigation or proceedings pending or threatened against any of the Parties hereto, or involving the Company's business or any of the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the Transaction or otherwise claiming that such completion is improper.

4.2 Condition Not Fulfilled.

If any condition in Section 4.1 has not been fulfilled at or before the Closing Time, then the Purchaser in its sole discretion may, without limiting any rights or remedies available to the Purchaser at law or in equity, either:

- (1) terminate this Agreement by notice to the Vendor, in which event the Purchaser shall be released from its obligations under this Agreement and the Deposit shall be promptly returned to the Purchaser; or

- (2) waive compliance with any such condition without prejudice to its right of termination in the event of non-fulfillment of any other condition.

4.3 **Vendor's Conditions.**

The Vendor shall not be obliged to complete the Transaction unless, at or before the Closing Time, each of the following conditions has been satisfied, it being understood that the following conditions are included for the exclusive benefit of the Vendor, and may be waived, in whole or in part, in writing by the Vendor at any time; and the Purchaser agrees with the Vendor to take all such actions, steps and proceedings within the Purchaser's reasonable control as may be necessary to ensure that the following conditions are fulfilled at or before the Closing Time:

- (1) *Representations and Warranties.* The representations and warranties of the Purchaser in Section 5.1 shall be true and correct at the Closing.
- (2) *Purchaser's Compliance.* The Purchaser shall have performed and complied with all of the terms and conditions in this Agreement on its part to be to be performed by or complied with at or before the Closing Time and shall have executed and delivered or caused to have been executed and delivered to the Vendor at the Closing Time all the documents contemplated in Section 3.3 or elsewhere in this Agreement.
- (3) *No Litigation.* There shall be no litigation or proceedings pending or threatened against any of the Parties hereto, or involving the Company's business or any of the Purchased Assets, for the purpose of enjoining, preventing or restraining the completion of the Transaction or otherwise claiming that such completion is improper.

4.4 **Condition Not Fulfilled.**

If any condition in Section 4.3 shall not have been fulfilled at or before the Closing Time, then the Vendor in its sole discretion may, without limiting any rights or remedies available to the Vendor at law or in equity, either:

- (1) terminate this Agreement by notice to the Purchaser in which event the Vendor shall be released from all obligations under this Agreement and, unless the condition that was not fulfilled was contained in Subsections 4.3(1) and (2), the Deposit thereon shall be promptly returned to the Purchaser and the Purchaser shall be released from all obligations under this Agreement; or
- (2) waive compliance with any such condition without prejudice to its right of termination in the event of non-fulfillment of any other condition.

4.5 **Approval and Vesting Order.**

The obligations of the Vendor and the Purchaser hereunder are subject to the mutual conditions that:

- (1) the Approval and Vesting Order shall have been made by the Court on or before June 13, 2019 (or such later date agreed upon by the Parties) approving this Agreement and the Transaction and vesting in the Purchaser all the right, title and interest of the Vendor in and to the Purchased Assets free and clear of all Liens; and

- (2) the Approval and Vesting Order will not have been stayed, varied or vacated and no order will have been issued and no action or proceeding will be pending to restrain or prohibit the completion of the transactions herein contemplated.

The Parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Vendor and the Purchaser and cannot be waived by either Party.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Purchaser.

As a material inducement to the Vendor's entering into this Agreement and completing the Transaction and acknowledging that the Vendor is entering into this Agreement in reliance upon the representations and warranties of the Purchaser set out in this Section 5.1, the Purchaser represents and warrants to the Vendor as follows:

- (1) *Incorporation and Power.* The Purchaser is, or will be at the Closing Time, a corporation duly incorporated under the laws of the jurisdiction of its incorporation and is duly organized, validly subsisting and in good standing under such laws.
- (2) *Due Authorization.* The Purchaser has, or will have at the Closing Time, all necessary corporate power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by it as contemplated by this Agreement and to carry out its obligations under this Agreement and such other agreements and instruments. The execution and delivery of this Agreement and such other agreements and instruments and the completion of the Transaction and such other agreements and instruments have been, or will have been at the Closing Time, duly authorized by all necessary corporate action on the part of the Purchaser.
- (3) *Enforceability of Obligations.* This Agreement constitutes a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms subject, however, to limitations on enforcement imposed by bankruptcy, insolvency, reorganization or other laws affecting the enforcement of the rights of creditors or others and to the extent that equitable remedies such as specific performance and injunctions are only available in the discretion of the court from which they are sought.
- (4) *HST/GST.* The Purchaser is a "registrant" under Part IX of the *Excise Tax Act* (Canada) and its registration number is 84994 5043 RT0001 or the Purchaser will be such a "registrant" at the Closing Time and will notify the Vendor of its registration number prior to such time.

5.2 Representations and Warranties of the Vendor.

As a material inducement to the Purchaser's entering into this Agreement and completing the Transaction and acknowledging that the Purchaser is entering into this Agreement in reliance upon the representations and warranties of the Vendor set out in this Section 5.2, the Vendor represents and warrants to the Purchaser as follows:

- (1) *Non-Residency:* The Vendor is not now and does not intend to become, prior to Closing, a non-resident of Canada within the meaning and purpose of section 116 of the *Income Tax Act* (Canada).

- (2) *Authority to Sell:* Subject to obtaining the Approval and Vesting Order prior to Closing, on Closing the Vendor shall have the power and authority to sell the Purchased Assets, in accordance with the terms and conditions of this Agreement and the Approval and Vesting Order.

5.3 **Survival of Representations and Warranties.**

The representations and warranties of the Purchaser and Vendor contained in Sections 5.1 and 5.2, respectively, or any other agreement, certificate or instrument delivered pursuant to this Agreement shall survive the Closing for a period of six (6) months following Closing.

5.4 **“As is, Where is”.**

The Purchaser acknowledges that the Vendor is selling the Purchased Assets on an “as is, where is”, no recourse basis as they shall exist on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Purchased Assets and that the Purchaser 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, existence, fitness for any particular purpose, or at all, 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, 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 this Agreement is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor concerning completeness or the accuracy of such descriptions. The Purchaser further acknowledges that all written and oral information (including, without limitation, analyses, financial information and projections, compilations and studies) obtained by the Purchaser from the Vendor with respect to the Purchased Assets or otherwise relating to the transactions contemplated in this Agreement has been obtained for the convenience of the Purchaser only and is not warranted to be accurate or complete. The Purchaser further acknowledges that the Vendor shall be under no obligation to deliver the Purchased Assets to the Purchaser and that it shall be the Purchaser’s responsibility to take possession of the Purchased Assets.

ARTICLE 6 **EMPLOYEES**

6.1 **Offer of Employment to Non Union Employees**

The Purchaser may offer employment, as of the Closing Time, to those Non Union Employees it so wishes to employ on terms and conditions of employment which are substantially similar to the current terms provided. For greater certainty, the Purchaser shall not be obligated to offer employment to any Non Union Employee. The Purchaser shall provide the Vendor with the names of Non Union Employees who will not be offered employment or who have not accepted an offer of employment by no later than two (2) Business Days prior to Closing.

6.2 **Offer of Employment to Union Employees.**

The Purchaser agrees to: (i) recognize the Union under the collective bargaining agreement and its certification; (ii) be bound by, and comply with, the collective bargaining agreement; and (iii) recognize, and be bound by, the Union Employees’ respective seniorities in accordance with the collective bargaining agreement.

ARTICLE 7
POST-CLOSING MATTERS

7.1 **Access**

The Purchaser shall provide the Vendor, the Proposal Trustee and any Licensed Insolvency Trustee of the Vendor with access to the Books and Records for a period of 6 years after Closing.

7.2 **Non Merger.**

Each party hereby agrees that all provisions of this Agreement, other than the conditions in Article 4, shall forever survive the execution, delivery and performance of this Agreement, Closing and the execution, delivery and performance of any and all documents delivered in connection with this Agreement.

7.3 **Further Assurances.**

Each Party shall promptly do, execute, deliver or cause to be done, executed and delivered all further acts, documents and things in connection with this Agreement that the other Party may reasonably require, at the requesting Party's expense, for the purposes of giving effect to this Agreement.

7.4 **Change of Name**

As soon as possible following Closing, the Vendor shall cause its name to be changed to a name which does not include "Satin Finish" or any derivation thereof and provide evidence thereof to the Purchaser.

ARTICLE 8
GENERAL

8.1 **Expenses.**

Each Party shall be responsible for its own legal and other expenses (including any Taxes imposed on such expenses) incurred in connection with the negotiation, preparation, execution, delivery and performance of this Agreement and the Transaction and for the payment of any broker's commission, finder's fee or like payment payable by it in respect of the purchase and sale of the Purchased Assets pursuant to this Agreement.

8.2 **Payment of Taxes.**

The Purchaser shall pay all Taxes resulting from the transactions contemplated by this Agreement (other than Taxes payable under applicable legislation by the Vendor) and any filing or recording fees payable in connection with the instruments of transfer provided for in this Agreement.

8.3 **Announcements.**

Except as required by law, all public announcements concerning the Transaction provided for in this Agreement or contemplated by this Agreement shall be jointly approved as to form, substance and timing by the parties to this Agreement after consultation.

8.4 **Risk of Loss**

The Purchased Assets are and shall remain at the Vendor's risk until Closing and the Vendor shall hold all insurance policies and the proceeds thereunder, in trust, for the Parties as their respective interests may appear pending Closing. In the event that the Purchased Assets shall be damaged prior to Closing, then the Vendor shall advise the Purchaser, in writing, within twenty-four (24) hours of the Vendor learning of same. In the event that the Purchased Assets shall be materially damaged prior to Closing then the Vendor or Purchaser shall be entitled, in its sole and absolute discretion, to elect to terminate this Agreement by notice, in writing, to the other party and in such event the Parties hereto shall be released from all obligations and liabilities hereunder. If the parties shall not elect to terminate this Agreement as set out above, then the Transaction shall be completed and the Purchaser shall be entitled to all proceeds of insurance payable in respect thereof, if any.

8.5 **Notices.**

(1) Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent by fax or other similar means of electronic communication, in each case to the applicable address set out below:

- (i) Satin Finish Hardwood Flooring, Limited
15 Fenmar Drive
Toronto, ON M9L 1L4

Attention: David Zimmerman

- (ii) MNP Ltd.
111 Richmond Street West, Suite 300
Toronto, ON M5H 2G4

Attention: Alan Shiner
Email: alan.shiner@mnp.ca

with a copy to:

Goldman Sloan Nash & Harber LLP
480 University Avenue
Toronto, Ontario M5G 1V2

Attention: Michael Rotsztain
Email: rotsztain@gsnh.com

- (iii) if to the Purchaser, to:

2340125 Ontario Inc.
3625 Dufferin Street, Suite 409
Toronto, ON M3K 1N4

Email: Evan Miller

- (2) Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent before 4:30 p.m. on such day. Otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth (5th) Business Day following the mailing thereof; provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services. Any such communication given or made in any other manner shall be deemed to have been given or made and to have been received only upon actual receipt.
- (3) Any Party may from time to time change its address under this Section 8.5 by notice to the other Party given in the manner provided by this Section.

8.6 **Time of Essence.**

Time shall be of the essence of this Agreement in all respects.

8.7 **Time Periods.**

Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

8.8 **Entire Agreement.**

This Agreement and the agreements and other documents required to be delivered pursuant to this Agreement, constitute the entire agreement between the Parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties pertaining to the subject matter of this Agreement and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement except as specifically set forth in this Agreement and any document required to be delivered pursuant to this Agreement.

8.9 **Amendments and Waiver.**

No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Purchaser and the Vendor. The Vendor and the Purchaser may consent to any such amendment at any time prior to the Closing with, in the case of the Purchaser, the prior authorization of its board of directors. No waiver by either Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

8.10 **Severability.**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed

from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

8.11 **Language.**

The Parties have required that this Agreement and all deeds, documents and notices relating to this Agreement be drawn up in the English language. Les parties aux présentes ont exigé que le présent contrat et tous autres contrats, documents ou avis afférents aux présentes soient rédigés en langue anglaise.

8.12 **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 in that Province and shall be treated, in all respects, as an Ontario contract.

8.13 **Successors and Assigns.**

No party to this Agreement shall have the right to assign any of its rights and obligations hereunder without the prior written consent of the other party hereto which consent shall not be unreasonably withheld. The Purchaser may assign its rights and obligations under this Agreement to an affiliate of the Purchaser, provided that the Purchaser remains liable, jointly, with such affiliate for all the obligations of the Purchaser hereunder. To the extent that any such assignment occurs, this Agreement and all provisions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

8.14 **No Third Party Beneficiaries.**

This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns or as specifically referred to herein.

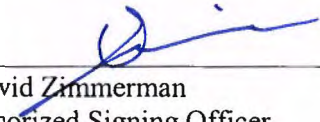
8.15 **Counterparts.**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original, faxed or email PDF form and the parties adopt any signatures received by a receiving fax machine or email PDF as original signatures of the parties; provided, however, that any party providing its signature in such manner shall promptly forward to the other party an original of the signed copy of this Agreement which was so faxed or emailed.

<<Signature page follows>>

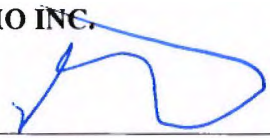
IN WITNESS WHEREOF the parties have executed this Agreement.

**SATIN FINISH HARDWOOD FLOORING,
LIMITED**

Per: 
Name: David Zimmerman
Title: Authorized Signing Officer

I have authority to bind the corporation.

2340125 ONTARIO INC.


Per: 
Name: George Hofstedter
Title: Authorized Signing Officer

Per: _____
Name:
Title: Authorized Signing Officer

I/we have authority to bind the corporation.

SCHEDULE 1.1(19)**Excluded Assets**

1. Leasehold Improvements

 June 3/19

This is Exhibit "H" referred to
in the Affidavit of DAVID A. ZIMMERMAN
sworn this 3rd
day of June, 2019

NADIA CRISTINA COLLIA,
a Commissioner, etc., Province of Ontario,
for Satin Finish Hardwood Flooring Limited
and its associates companies.
Expires October 7, 2020.

Personal Property Security Act (Ontario)
Search Summary

Business Debtor: Satin Finish Hardwood Flooring, Limited
File Currency Date: January 6, 2019

Secured Party	Secured Party Address	Business Debtor	File No.	Registration No.	Registration Period	Collateral Classification	Collateral Description	Miscellaneous
Taurus Craco Machinery Inc.	282 Orenda Road West Brampton, ON L6T 4X6	Satin Finish Hardwood Flooring, Limited	745223607	20181026 1614 4053 1033	1	E	Boss Storm 2 Head Wide Belt Sander Serial Number 18050	\$1,800 USD owing
Meridian Onecap Credit Corp.	Suite 1500, 4710 Kingsway Burnaby, BC V5H 4M2	Satin Finish Hardwood Flooring (Ontario) Limited	744118038	20180925 1627 1901 1101	3	E,O	Copier(s) together with all attachments accessories replacements substitutions additions and improvements thereto and all proceeds in any form derived directly or indirectly from any sale and or dealings with the collateral and a right to an insurance payment or	Photocopier lease with remaining payments

*Collateral: CG - Consumer Goods, I - Inventory, E - Equipment, A - Accounts, O - Other, MVI - Motor Vehicle Included

Secured Party	Secured Party Address	Business Debtor	File No.	Registration No.	Registration Period	Collateral Classification	Collateral Description	Miscellaneous
Taurus Craco Machinery Inc.	282 Orenda Road West Brampton, ON L6T 4X6	Satin Finish Hardwood Flooring, Limited	740773458	20180621 1333 4053 0970	1	E	Weinig Powermat 2400 Automatic Planer and Moulder Serial Number? W125185	Fully Paid by Satin
National Leasing Group Inc.	1525 Buffalo Place (2848011) Winnipeg, MB R3T 1L9	Satin Finish Hardwood Flooring Limited	734761728	20171207 1543 6005 8277	4	E,MVI	Motor Vehicle: 2000 Hyster, H100XL Lift, VIN #G005D14533 W 2014 Yale, GLP050VXNV	Forklifts being rented by Satin

*Collateral: 1 - Inventory, E - Equipment, A - Accounts, O - Other, MVI - Motor Vehicle Included

Secured Party	Secured Party Address	Business Debtor	File No.	Registration No.	Registration Period	Collateral Classification	Collateral Description	Miscellaneous
Ford Credit Canada Leasing, A Division of Canadian Road Leasing Company	PO Box 2400 Edmonton, AB T5J 5C7	Satin Finish Hardwood Flooring Limited	730862073	20170814 1935 1531 5465	4	E,O,MVI	LE086 FOR, VIN #C875V01689M Hyster Lift comes with enclosed cab. Agreement Number 2848011. Motor Vehicle: 2017 Ford, F150, VIN #1FTEW1EP0 HFC63792	Vehicle lease by Satin Amendment: RCVD Business Licence, amended name to match articles (added ‘, ’)
RCAP Leasing Inc.	5575 North Service Rd., Ste. 300 Burlington, ON	Satin Finish Hardwood Flooring, Limited	726294609	20170405 1037 8077 0632	4	E,A,O	All telecommunicati ons equipment	Lease payments on telephone

*Collateral: I - Inventory, E - Equipment, A - Accounts, O - Other, MVI - Motor Vehicle Included

Secured Party	Secured Party Address	Business Debtor	File No.	Registration No.	Registration Period	Collateral Classification	Collateral Description	Miscellaneous
Canadian Imperial	L7L 6M1 595 Bay Street,	Satin Finish	720794322	20160921 1031 1862 6308	5	I,E,A,O,MVI	from time to time leased by the secured party to the debtor as described on leases, conditional sales agreements and any other financing agreements entered into between the secured party and the debtor from time to time and any proceeds thereof, together with all replacement parts, accessories and attachments.	system. Amount still owing.

*Collateral: I - Inventory, E - Equipment, A - Accounts, O - Other, MVI - Motor Vehicle Included

Secured Party	Secured Party Address	Business Debtor	File No.	Registration No.	Registration Period	Collateral Classification	Collateral Description	Miscellaneous
Bank of Commerce	5 th Floor Toronto, ON M5G 2C2	Hardwood Flooring, Limited						
Canadian Imperial Bank of Commerce	595 Bay Street, Suite 500 Toronto, ON M5G 2C2	Satin Finish Hardwood Flooring (Ontario) Limited	709872651	20150911 1533 1590 3225	10	I,E,A,O	All personal property, assets and undertakings, rents or other proceeds derived therefrom, located on, arising from or related to the lands and premises municipally known as 2247 Hurontario Street, Mississauga, Ontario	

#3516262 v1 | 4112265

*Collateral: I - Inventory, E - Equipment, A - Accounts, O - Other, MVI - Motor Vehicle Included

Court File No. 31-2459849

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

THE HONOURABLE)	FRIDAY, THE 7 TH
)	
JUSTICE)	DAY OF JUNE, 2019

**IN THE MATTER OF A NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
SATIN FINISH HARDWOOD FLOORING, LIMITED
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

APPROVAL AND VESTING ORDER

THIS MOTION, made by Satin Finish Hardwood Flooring, Limited ("**Satin Finish**") for an order approving the sale transaction (the "**Transaction**") contemplated by an agreement of purchase and sale (the "**Sale Agreement**") between Satin Finish and 2340125 Ontario Inc. (the "**Purchaser**") dated May 28, 2019 and appended to the Affidavit of David Zimmerman dated June 3, 2019, and vesting in the Purchaser Satin Finish's right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**") and other relief, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of David Zimmerman and the Reports of MNP Ltd. in its capacity as proposal trustee of Satin Finish (the "**Proposal Trustee**") and on hearing the submissions of counsel for Satin Finish, the Proposal Trustee and Canadian Imperial Bank of Commerce ("**CIBC**"), no one appearing for any other person on the service list, although properly served as appears from the affidavit of Karen A. Fox sworn June 4, 2019, filed:

1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion, Motion Record and the Fourth Report of the Proposal Trustee dated on or about June 3, 2019 (the "**Fourth Report**") is hereby abridged and validated, such that the motion is properly returnable today, and that further service of the Motion Record and the Fourth Report on any other person is hereby dispensed with.
2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by Satin Finish is hereby authorized and approved.
3. **THIS COURT ORDERS** that Satin Finish be and is hereby authorized to take all necessary steps to complete the Transaction contemplated by the Sale Agreement.
4. **THIS COURT ORDERS** that Satin Finish be and is hereby authorized to change its name to 21091 Ontario Limited or another name which does not include "Satin Finish" or any derivation thereof forthwith on closing of the transaction contemplated by the Sale Agreement.
5. **THIS COURT ORDERS AND DECLARES** that, upon the delivery of a Proposal Trustee's certificate to the Purchaser substantially in the form attached as Schedule A hereto (the "**Proposal Trustee's Certificate**"), all of Satin Finish's right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, 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 save and except for the liabilities and obligations and the security interests, charges, leases and other instruments relating thereto which the Purchaser has expressly agreed to assume under the Sale Agreement.
6. **THIS COURT ORDERS** that the sale of the Purchased Assets to the Purchaser is subject to the security of CIBC and that the security of CIBC remains enforceable

against the Purchased Assets without the requirement for CIBC to issue further Notices of Intention to Enforce Security under the *Bankruptcy and Insolvency Act* (the “BIA”).

7. **THIS COURT ORDERS AND DIRECTS** the Proposal Trustee to file with the Court a copy of the Proposal Trustee’s Certificate, forthwith after delivery thereof.

8. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, Satin Finish is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in its records pertaining to Satin Finish’s past and current employees. The Purchaser 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.

9. **THIS COURT ORDERS** that, notwithstanding the bankruptcy of Satin Finish, the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on the Proposal Trustee and the Satin Finish’s trustee in bankruptcy and shall not be void or voidable by creditors of Satin Finish, 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.

10. **THIS COURT ORDERS** that the Fourth Report and the activities of the Proposal Trustee described therein be and are hereby approved, provided that only the Proposal Trustee, in its personal capacity and only with respect to its personal capacity, shall be entitled to rely upon or utilize in any way such approval.

Schedule A – Form of Proposal Trustee’s Certificate

Court File No. 31-2459849

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

IN THE MATTER OF A NOTICE OF INTENTION
TO MAKE A PROPOSAL OF
SATIN FINISH HARDWOOD FLOORING, LIMITED
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

PROPOSAL TRUSTEE’S CERTIFICATE

RECITALS

- A. Pursuant to a Notice of Intention to Make a Proposal filed by Satin Finish Hardwood Flooring, Limited (“**Satin Finish**”) under subsection 50.4(1) of the *Bankruptcy and Insolvency Act* (“**BIA**”), MNP Ltd. was appointed as proposal trustee (the “**Proposal Trustee**”) of Satin Finish.
- B. Pursuant to an Order of the Court dated June 7, 2019, the Court approved the agreement of purchase and sale dated May 28, 2019 (the “**Sale Agreement**”) between Satin Finish and 2340125 Ontario Inc. (the “**Purchaser**”) and provided for the vesting in the Purchaser of Satin Finish’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 Proposal Trustee to the Purchaser of a certificate confirming that the conditions to Closing as set out in Article 4 of the Sale Agreement have been satisfied or waived by Satin Finish and the Purchaser and (ii) the Transaction has been completed to the satisfaction of the Proposal Trustee.
- C. Satin Finish has paid or has made satisfactory arrangements to make the payments required under sections 60(1.3)(a) and 60(1.5(a) of the BIA.
- D. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE PROPOSAL TRUSTEE CERTIFIES the following:

1. The conditions to Closing as set out in Article 4 of the Sale Agreement have been satisfied or waived by Satin Finish and the Purchaser.

- 2. The Transaction has been completed to the satisfaction of the Proposal Trustee.; and
- 3. This Certificate was delivered by the Proposal Trustee at _____ [TIME] on _____ [DATE].

MNP LTD., in its capacity as Proposal Trustee of the undertaking, property and assets of Satin Finish Hardwood Flooring, Limited, and not in its personal capacity

Per: _____

Name:

Title:

#3699998 | 4112265

IN THE MATTER OF A NOTICE OF INTENTION TO MAKE A PROPOSAL OF
SATIN FINISH HARDWOOD FLOORING, LIMITED
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

Court File No. 31-2459849

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

Proceeding commenced at Toronto

APPROVAL AND VESTING ORDER

MINDEN GROSS LLP
Barristers and Solicitors
2200 - 145 King Street West
Toronto, ON M5H 4G2

Catherine Francis (LSUC# 26900N)
cfrancis@mindengross.com

Tel: 416-369-4137

Fax: 416-864-9223

Lawyers for Satin Finish Hardwood Flooring, Limited

District of Ontario
 Division No. 09-Toronto
 Court File No. 31-2459849
 Estate File No. 31-2459849

**ONTARIO
 SUPERIOR COURT OF JUSTICE
 (BANKRUPTCY AND INSOLVENCY)**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE
 A PROPOSAL OF SATIN FINISH HARDWOOD, LIMITED
 OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO**

SERVICE LIST

	TO:	SERVICE BY EMAIL/DELIVERY
1.	<p>MNP Ltd. 300 – 111 Richmond Street West Toronto, ON M5H 2G4</p> <p>Alan Shiner Tel: 416-515-3942 Fax: 416-323-5242 Email: Alan.Shiner@mnp.ca</p> <p>Proposal Trustee</p>	Via Email
2.	<p>Goldman Sloan Nash and Haber LLP 1600 – 480 University Avenue Toronto, ON M5G 1V2</p> <p>Michael Rotsztain Tel: 416-597-7870 Fax: 416-597-3370 Email: rotsztain@gsnh.com</p> <p>Counsel for Proposal Trustee</p>	Via Email

	TO:	SERVICE BY EMAIL/DELIVERY
3.	<p>Minden Gross LLP Barristers and Solicitors 2200 - 145 King Street West Toronto, ON M5H 4G2</p> <p>Catherine Francis (LSUC# 26900N) Tel: 416-369-4137 Fax: 416-864-9223 cfrancis@mindengross.com</p> <p>Lawyers for Satin Finish Hardwood Flooring, Limited</p>	n/a
4.	<p>Gowling WLG 1600 – 100 King Street West Toronto, ON M5X 1G5</p> <p>Patrick Shea Tel: 416-369-7399 Email: patrick.shea@gowlingwlg.com</p> <p>Thomas Gertner Tel: 416 369 4618 Email: thomas.gertner@gowlingwlg.com</p> <p>Counsel for Canadian Imperial Bank of Commerce</p>	Via Email
5.	<p>Canada Revenue Agency c/o Department of Justice Ontario Regional Office The Exchange Tower, Box 36 130 King Street West, Suite 3400 Toronto, ON M5X 1K6</p> <p>Diane Winters Tel: 416-952-8563 Fax: 416-973-0809 Email: diane.winters@justice.gc.ca</p>	Via Email

	TO:	SERVICE BY EMAIL/DELIVERY
6.	<p>Ministry of Finance Legal Services Branch College Park, 777 Bay Street, 11th Floor Toronto, ON M5G 2C8</p> <p>Kevin J. O'Hara, Counsel Tel: 416-327-8436 Fax: 416-325-1460 Email: kevin.ohara@ontario.ca</p>	Via Email
7.	<p>Teamsters, Local Union 847 216 Matheson Boulevard East Mississauga, Ontario L4Z 1X1</p> <p>Fernanda Santos Tel: 905-502-8895 ext. 221 Fax: 905-501-9251 Email: fsantos@teamsters847.ca</p> <p>The Union</p>	Via Email
8.	<p>Triano Law 108-4100 Victoria Avenue Vineland, Ontario L0R 2C0</p> <p>Lisa Triano Tel: 905-562-3111 Fax: 905-562-7771 Email: ltriano@trianolaw.ca</p> <p>Labour counsel for the Union</p>	Via Email

IN THE MATTER OF A NOTICE OF INTENTION TO MAKE A PROPOSAL OF
SATIN FINISH HARDWOOD FLOORING, LIMITED
OF THE CITY OF TORONTO, IN THE PROVINCE OF ONTARIO

Court File No. 31-2459849

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

Proceeding commenced at Toronto

MOTION RECORD

MINDEN GROSS LLP
Barristers and Solicitors
2200 - 145 King Street West
Toronto, ON M5H 4G2

Catherine Francis (LSUC# 26900N)
cfrancis@mindengross.com

Tel: 416-369-4137
Fax: 416-864-9223

Lawyers for Satin Finish Hardwood Flooring, Limited