

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

B E T W E E N

CANADIAN IMPERIAL BANK OF COMMERCE

Applicant

- and -

SATIN FINISH HARDWOOD FLOORING, LIMITED

Respondent

APPLICATION UNDER section 101 of the *Courts of Justice Act*,
R.S.O. 1990, c. C.43, as amended

PRE-APPOINTMENT REPORT OF THE PROPOSED RECEIVER
SUBMITTED BY MNP LTD.

JUNE 17, 2019

I. INTRODUCTION AND PURPOSE

1. The Canadian Imperial Bank of Commerce (“CIBC”) has brought a motion (the “Motion”) seeking, *inter alia*, (i) an Order pursuant to section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C-43 (“CJA”) appointing MNP Ltd. (“MNP”) as receiver (the “Receiver”) without security of the assets and property (the “Property”) of Satin Finish Hardwood Flooring, Limited (“Satin” or the “Company”) for the primary purpose of completing the sale transaction (the “Transaction”) contemplated by an agreement of purchase and sale between Satin and 2340125 Ontario Inc. (the “Purchaser”) dated May 28, 2019 (the “APA”) previously approved by the Ontario Superior Court of Justice [Commercial List] pursuant to an Approval and Vesting Order dated 7 June 2019; and to administer the Employee Trust Fund (as such term is later defined below); and (ii) an Order vesting the Purchased Assets (as defined in the APA) in the Purchaser. CIBC has filed with the Motion the affidavit of Paul Montgomery sworn June 17, 2019 (the “Montgomery Affidavit”).

2. MNP is a licensed trustee under the *Bankruptcy and Insolvency Act* (the “**BIA**”) and has consented to act as Receiver. Satin has also consented to MNP’s appointment as Receiver. In the context of this pre-appointment report (the “**Pre-Appointment Report**”), MNP is referred to as the “**Proposed Receiver**”.
3. On January 2, 2019 (the “**Filing Date**”), Satin filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to Section 50.4 (1) of the BIA wherein MNP was named as Trustee (the “**Proposal Trustee**”).
4. On January 23, 2019, the Court issued an Order (the “**First Extension Order**”) and Endorsement that, *inter alia*:
 - a. extended the time for filing a proposal to and including March 18, 2019; and
 - b. approved the marketing and sale process as more particularly described in the Proposal Trustee’s First Report, dated January 18, 2019 (the “Trustee’s **First Report**”) and Exhibit “E” attached thereto (the “**Sale Process**”).

A copy of the Trustee’s First Report and the First Extension Order issued on January 23, 2019 are attached as **Appendix “A”**.

5. On March 15, 2019, the Court issued an Order (the “**Second Extension Order**”) that, *inter alia*:
 - a. Extended the time for filing a proposal to and including May 2, 2019;
 - b. Extended the timeline for the Sale Process by two (2) weeks; and
 - c. Authorized the Proposal Trustee and its counsel to receive, subject to certain limitations, interim draws toward payment of their professional fees and disbursements out of monies received from the Company.

Copies of the Proposal Trustee’s Second Report dated March 13, 2019 (the “Trustee’s **Second Report**”), without appendices, and the Second Extension Order are attached as **Appendix “B”** and “**C**” respectively.

6. On May 1, 2019 the Court issued an Order (the “**Third Extension Order**”) that, *inter alia*:
 - a. Extended the time for filing a proposal to and including June 14, 2019;
 - b. Further extended the Sale Process, limited to only parties referred to in the Confidential Appendix “F” of the Proposal Trustee’s Third Report, dated May 1, 2019 (the “**Trustee’s Third Report**”) (attached without appendices as **Appendix “D”** hereto), such that offers were due by May 15, 2019;
 - c. Authorized the Company to sell certain materials, products and inventory out of the ordinary course of business, limited to \$710,000 (before HST) in the aggregate;
 - d. Sealed the confidential appendices to the Trustee’s Third Report.
7. On June 3, 2019, Satin brought a motion returnable on June 7, 2019 in support of a Court Order seeking, *inter alia*, approval of the transaction contemplated by the APA and vesting in the Purchaser, Satin’s right, title and interest, if any, in and to the Purchased Assets described in the APA. A copy of Satin’s Motion Record and the Proposal Trustee’s Fourth Report, dated June 5, 2019 (the “**Trustee’s Fourth Report**”), without appendices, are attached hereto as **Appendix “E” and “F”**, respectively.
8. On June 7, 2019, the Court issued an Order (the “**June 7th Order**”), *inter alia*:
 - a. Approving the Transaction contemplated by the APA;
 - b. Vesting in the Purchaser Satin’s right, title and interest, if any, in and to the assets described in the APA;
 - c. Approving the changing of Satin’s name to 21091 Ontario Limited;
 - d. Ordering that the sale of the Purchased Assets to the Purchaser be subject to the security of CIBC and that the security of CIBC is enforceable against the Purchased Assets without the requirement for CIBC to issue further Notices of Intention to Enforce Security under s.244 of the BIA;

- e. Ordering that, notwithstanding the bankruptcy of Satin, the vesting of the Purchased Assets in the Purchaser pursuant to the Order shall be binding on the Proposal Trustee and Satin's trustee in bankruptcy and shall not be void or voidable by creditors of Satin, nor shall it constitute or 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.

Copies of the June 7th Order and the related Endorsement are enclosed as **Appendix "G"**.

9. On June 15, 2019, Satin was deemed to have filed an assignment in bankruptcy as a result of its failure to file a proposal by June 14, 2019.
10. This report is filed by MNP in its capacity as the Proposed Receiver under section 101 of the CJA.
11. The purpose of this Pre-Appointment Report is to:
 - a. Provide the Court with relevant information pertaining to Satin in addition to that provided in the Montgomery Affidavit, including the urgency of the relief sought;
 - b. Provide the Court with the Proposed Receiver's recommendations that the Court make an order, as requested by the CIBC, *inter alia*, if the Court appoints MNP as Receiver:
 - i. Approving the sale of substantially all the assets and undertakings of Satin to the Purchaser, pursuant to the APA and authorizing the Receiver to take all steps necessary to complete the transaction contemplated under the APA;
 - ii. Vesting title in and to the Purchased Assets in the APA in the Purchaser or as it may direct, free and clear of any encumbrances, save and except as otherwise contemplated by the APA ;
 - iii. Approving the Receiver to administer the Employee Trust Fund (as later defined below) and administering the Employee Claims Process (defined below); and

- iv. Authorizing the Proposed Receiver to change Satin's name to 21091 Ontario Limited or another name which does not include "Satin Finish" or any derivation thereof.

II. RESTRICTIONS

12. In preparing this Report and making the comments herein, the Proposed Receiver has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, the Affidavits of David A. Zimmerman, sworn on January 17, 2019, March 13, 2019, April 30, 2019 and June 3, 2019 (the "**Fourth Zimmerman Affidavit**"), the Company's books and records, discussions with employees and management of the Company and information from other third-party sources (collectively, the "**Information**") and the Montgomery Affidavit. Except as described in this Report, the Proposed Receiver has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards of the Chartered Professional Accountants of Canada.
13. This Report has been prepared for the use of this Court and Satin's stakeholders as general information relating to Satin and to assist the Court in making a determination of whether to approve the relief sought. Accordingly, the reader is cautioned that this Report may not be appropriate for any other purpose. The Proposed Receiver will not assume responsibility or liability for losses incurred by the reader as a result of the circulation, publication, reproduction or use of this Report contrary to the provisions of this paragraph.
14. All references to currency in this Report are in Canadian Dollars.

III. BACKGROUND

15. Satin manufactured and distributed a complete line of solid, engineered, laminate and LVT (luxury vinyl tile) flooring. Satin was established in 1922 and has been manufacturing in Toronto since then. The Company manufactured their vast collection of Solid and Engineered hardwood flooring with 100% North American lumber exclusively.
16. Satin operated out of leased premises in Toronto and at the Filing Date employed approximately 120 employees, of whom more than 90 were members of the Teamsters,

Local Union 847 (the “**Union**”). In the weeks leading up to the Filing Date, the Company and the Union were engaged in negotiations respecting the renewal of the Collective Bargaining Agreement. These negotiations broke down resulting in the employees being locked out on December 7, 2018. Negotiations continued after the Filing Date resulting in a new Collective Bargaining Agreement being ratified on January 18, 2019 and the resumption of Satin’s manufacturing operations.

17. Satin attributes its financial difficulties to its not investing enough in new production technology, resulting in declining profit margins and the incurring of a large sum of aggregate losses.

IV. SALE PROCESS

Activity During the Extended Sale Process

18. Details of the previous steps taken by Satin and the Proposal Trustee regarding the Sale Process are summarized in the Trustee’s Second Report, Trustee’s Third Report and Trustee’s Fourth Report (collectively, the “**Trustee’s Reports**”).
19. Despite diligent efforts by Satin to find a buyer of its assets and operations on a going-concern basis, no offers were received from the Interested Parties (as such term is defined in the Trustee’s Reports) by the bid deadline of May 15, 2019, or thereafter.

Asset Purchase Agreement

20. As detailed in Confidential Appendix “F” to the Trustee’s Third Report, all offers received for the Company’s assets during the Sale Process, received prior to a previous bid deadline of April 8, 2019, were liquidation proposals for the assets of the Company. Such liquidation offers would not have provided for close to sufficient realizations to satisfy the debt owed to CIBC, such that a viable proposal could not be made to its creditors. Additionally, the liquidation offers did not provide for the continuing employment of any Satin employees.
21. As further detailed in the Fourth Zimmerman Affidavit, the Purchaser, a related party to Satin, had agreed to purchase substantially all of the assets of the Company for a purchase price equal to the Company’s indebtedness to CIBC as at the closing date, by way of an

assumption by the Purchaser of such indebtedness. The Transaction would permit an orderly sale of Satin's assets on a going concern basis in order to maximize the realization for the benefit of the CIBC, and, as per the Fourth Zimmerman Affidavit, allow for the continued employment of all or substantially all of the existing employees.

22. Satin and the Purchaser have executed the APA, which was conditional on approval by this Court and the issuance of a vesting order in favour of the Purchaser. A copy of the executed APA is attached as Exhibit "G" to the Fourth Zimmerman Affidavit.

23. Pursuant to the APA, the closing date was to be two (2) business days after the satisfaction or waiver of conditions and was not to occur later than June 13, 2019. Further details of the APA are provided in the Fourth Zimmerman Affidavit.

24. Based on information in the Montgomery Affidavit:

- a. The loan and security documents relating to the assumption by the Purchaser of the obligations owing to CIBC by Satin were not settled and signed by June 14, 2019;
- b. As a result of its failure to file a proposal, Satin was deemed to have filed an assignment in bankruptcy effective 12:01 a.m. on June 15, 2019 thereby making it impossible for Satin to close the Transaction; and
- c. The Purchaser is, however, still prepared to complete the Transaction and acquire the Purchased Assets and CIBC is, at the request of the Purchaser, applying to the Court to have MNP appointed as receiver of the assets and property of Satin Finish to, *inter alia*, complete the Transaction.

Recommendation

25. In the Trustee's Fourth Report, the Proposal Trustee, having regard to Section 65.13 of the BIA, recommended that the Court order the approval of the Transaction contemplated by the APA for the following reasons:

- a. Satin and the Proposal Trustee carried out the court-approved Sale Process in accordance with this Court's orders and made reasonable and good faith efforts to sell the Company on a going-concern basis to persons not related to the Company;
- b. CIBC, the Company's senior secured creditor, was consulted throughout the Sale Process and did not oppose the Transaction provided that the order approving the Transaction, any vesting order, and closing documents were satisfactory to CIBC and its counsel;
- c. The APA would result in a better realization for the benefit of CIBC as compared with a liquidation through a bankruptcy;
- d. The consideration offered by the APA greatly exceeds the fair market value of the Company's assets, as determined by the offers received as a result of the Sale Process;
- e. The sale contemplated by the APA is reasonable in the circumstances and may result in significant continuing employment; and
- f. There was provision made for the payment of the Employee Obligations.

26. Unfortunately, the Sale Process has determined that there is insufficient value in the Company's assets to allow for any distribution to Satin's unsecured creditors.

27. The CIBC has commenced this proceeding primarily to seek the appointment of MNP as Receiver to complete the Transaction contemplated by the APA. The Proposed Receiver recommends the Court approve the Transaction on similar grounds as the Proposal Trustee.

28. With the occurrence of Satin’s bankruptcy, Satin’s business operations are not being carried on by the bankruptcy trustee, and accordingly, there is urgency to completing the Transaction in order to preserve the goodwill and value for the Purchaser.

V. SECURED CREDITORS

29. On the basis of a search of the *Personal Property Security Act* registry, with a file currency of January 2, 2019, and Satin’s records, the following parties are reflected as having a secured interest in Satin’s property:

Secured Creditor	Collateral Description	Amount
CIBC	<ul style="list-style-type: none"> General Security 	\$13,500,000
Taurus Craco Machinery Inc. (“ Taurus ”)	<ul style="list-style-type: none"> Boss Storm 2 Head Wide Belt Sander Serial Number 18050 	\$1,800 US
Meridian Onecap Credit Corp.	<ul style="list-style-type: none"> Photocopiers 	Unknown
Taurus	<ul style="list-style-type: none"> Weinig Powermat 2400 Automatic Planer and Moulder Serial Number? W125185 	\$0
National Leasing Group Inc.	<ul style="list-style-type: none"> Motor Vehicle: 2000 Hyster, H100XL Lift, VIN #G005D14533W 2014 Yale, GLP050VXNVLE086 FOR, VIN #C875V01689M 	Unknown
Ford Credit Canada Leasing, A Division of Canadian Road Leasing Company	<ul style="list-style-type: none"> Motor Vehicle: 2017 Ford, F150, VIN #1FTEW1EP0HFC63792 	Unknown
RCAP Leasing Inc.	<ul style="list-style-type: none"> Telephone system 	Unknown

CIBC

30. CIBC has a first secured charge against the assets of the Company. On December 13, 2018 CIBC issued Demand Letters and Notices of Intention to Enforce Security (the “NITES”) and thereafter entered into a forbearance agreement. Satin provided CIBC a Waiver and Consent to the NITES. MNP in its capacity as Satin’s Proposal Trustee received a positive independent legal opinion confirming the validity, enforceability and registration of the security agreements of CIBC, subject to the usual assumptions and qualifications. A copy of the legal opinion was attached as Exhibit “C” to the Proposal Trustee’s First Report.

Employee Liabilities and the Employee Trust Fund

31. Satin pays its employee liabilities through a payroll processing company, Ceridian Canada Ltd. (“**Ceridian**”). Ceridian remits all employee source deductions to Canada Revenue Agency (“**CRA**”). Subject to CRA conducting an audit of the Company’s payroll account(s), the Company does not currently owe any additional amounts for payroll source deductions.
32. In addition to the normally paid salaries and wages there are certain employee liabilities that may, subject to verification and review of claims filed against the Employee Trust Fund, be outstanding (the “**Employee Obligations**”):

Nature of Obligation	Amount
Vacation Pay to June 14/19	\$105,483
Union Dues to December 31/19	\$18,000
Union dues – May/19 and part of June/19	\$4,582
Defined Contribution Pension (Teamsters)- June/19	\$1,236
Defined Contribution Pension – October to December/18	\$43,419
Health & Welfare Trust -October to December/18	\$153,998
Health & Welfare Trust – June	\$10,368
Total	\$337,086

33. Subsequent to the filing of the Trustee's Fourth Report, the Proposal Trustee was contacted by counsel representing the beneficiaries of the Health and Welfare Trust, citing the \$153,998 in arrears and asserting a potential priority claim against Satin. Satin's arrears to the Health and Welfare Trust were not included in the Employee Obligations, as noted in the Trustee's Fourth Report.
34. The June 7th Order provided that the Purchased Assets would vest in the Purchaser upon the delivery of a Proposal Trustee's Certificate (the "**Certificate**") by the Proposal Trustee which recites that Satin has paid or made satisfactory arrangements to pay the payments required under s.60(1.3)(a) and 60(1.5)(a) of the BIA (the "**Required Payments**"). To permit the Certificate to be delivered and the Transaction being completed, Satin and the Purchaser proposed payment of \$337,087.43 to MNP, as proposed Escrow Agent, to be held and disbursed in accordance with the terms of an Escrow Agreement to have been entered into by the parties.
35. On the afternoon of June 14, 2019 and in connection with the Required Payments, Satin wired \$337,087.43 (the "**Employee Trust Fund**") to MNP. The funds were not received by MNP prior to the close of business on June 14, 2019. These funds have since been deposited to MNP's bank account.
36. With the occurrence of the bankruptcy, the proposed escrow agreement is no longer an appropriate mechanism for payment of the Required Payments. This Motion contemplates the Receiver holding the Employee Trust Fund and running a claims bar process (the "**Employee Claims Process**") to give consideration to and determination of all claims filed against the Employee Trust Fund, provided that the Receiver itself shall make the final determinations on the treatment of all claims filed, subject to review by the Court pursuant to the provisions of the order appointing the Receiver or under the applicable provisions of the BIA.
37. Since a claims process has yet to be administered to confirm the extent of the Employee Obligations, the Proposed Receiver is uncertain whether the Employee Trust is sufficiently funded to satisfy all of the priority claims. Accordingly, the Proposed Receiver has entered

into an indemnity with 15 Fenmar Investments Limited to indemnify the Receiver if the proven claims exceed the funds available in the Employee Trust Fund.

38. In quantifying the amount required to be paid to the Employee Trust Fund, which amount was determined before Satin's bankruptcy, the Proposal Trustee and Satin had regard to satisfying the obligations pursuant to s.65(1.3) of the BIA, which requires that Satin satisfy the claims, as proved or admitted, described in subsection 81.4(1) and 81.6 (1) of the BIA and (b) the wages, salaries, commissions or compensation, as proved or admitted, for services rendered by employees and former employees of the Satin after January 2, 2019 and to and including June 14, 2019 (the "NOI Period") and disbursements of travelling salespersons properly incurred by them in and about Satin's business during the NOI Period. With the occurrence of the bankruptcy, it is possible that these claims will now be determined solely on the basis of subsections 81.4(1) and 81.6 (1) of the BIA, without distinction as to whether these claims arose before the NOI or during the NOI Period. Without having this issue resolved, the Proposed Receiver recommends that the Employee Trust Fund initially remain at \$337,087.43.

Employee Claims Process

39. The Motion contemplates a claims bar process to be administered to identify and confirm the extent of the Employee Obligations. The Employee Claims Process is summarized as follows:

- a. the Receiver shall provide written notice of the Employee Trust Fund and the procedures with respect to proving claims, together with a notice to prove claims against the Employee Trust Fund by no later than July 5, 2019 to (a) in the case of Employee Beneficiaries (as defined in the proposed Order) who are or were members of the Union, to the Union only and notice to the members themselves of the Union or any other Persons is hereby dispensed with, (b) in the case of Employee Beneficiaries who are not or were not members of the Union, to the Persons who are the Employee Beneficiaries at their last known addresses

appearing in Satin's records, and (c) to such other Persons who the Receiver considers ought to receive notice;

- b. Employee Beneficiaries, or other persons with authority under section 126(2) of the BIA, who wish to assert claims against the Employee Trust Fund, shall do so no later than August 2, 2019 (the "**Claims Bar Date**") and in accordance with such section 126(2) and other applicable provisions of the BIA and use such forms and procedures as are prescribed by the BIA, failing which the claims against the Employee Trust Fund of the non-complying Employee Beneficiaries shall be forever barred and extinguished; and
- c. the Receiver shall consult with the Purchaser and any Person who after the date of the order appointing the Receiver pays monies or is responsible to contribute payment to the Employee Trust Fund in connection with its consideration of and determination of all claims filed against the Employee Trust Fund, provided that the Receiver itself shall make the final determinations on the treatment of all claims filed, subject to review by this Court.

Unsecured Liabilities

- 40. Satin's NOI lists creditors with claims (claims greater than \$250) of approximately whose claims approximate \$23.3 million, including an amount of \$18 million due to Satin's shareholders.

Vesting Order

- 41. The APA is conditional on the issuance of an order approving the Transaction and a vesting order vesting title in and to the purchased assets of Satin in and to the Purchaser upon the closing of the Transaction.
- 42. The Proposal Trustee's counsel is of the opinion that subject to customary assumptions and qualifications, CIBC has a valid first secured charge against the assets of the Company.

43. It has further been noted that per the Fourth Zimmerman Affidavit, none of the registered interests of creditors with interests pursuant to the *Personal Property Security Act* are being vested out by the Transaction.

VI. CHANGE OF SATIN'S NAME

44. Under the APA, Satin 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.

45. Satin did not change its name prior to its bankruptcy. In order to promptly comply with the terms of the APA, the Receiver will need to effect the change of name prior to the first meeting of Satin's creditors. The Receiver will require the Court's authorization to change Satin's name forthwith on closing of the transaction contemplated by the APA.

VII. CONCLUSION AND RECOMMENDATION

46. Should the Court be inclined to appoint MNP as the Receiver in respect of the Property, given the foregoing, the Proposed Receiver recommends and respectfully requests that the Court grant an order for the relief requested in Paragraph 11(b) of this Report

All of which is respectfully submitted on this 17th day of June 2019.

MNP LTD.

In its capacity Proposed Court-appointed Receiver of
Satin Finish Hardwood Flooring, Limited
Per:



Sheldon Title
Licensed Insolvency Trustee

Appendix "A"

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 MADAM

JUSTICE DIETRICH

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WEDNESDAY, THE 23RD

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:

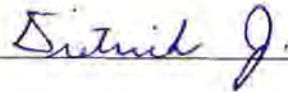
1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion, Motion Record and First Report is hereby abridged and validated, such that the motion is properly returnable today, and that further service of the Motion Record and First Report on any other person is hereby dispensed 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.



A handwritten signature in blue ink, appearing to read "District J.", is written above a horizontal line.

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

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#3525731 v1 | 4112265

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

**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**

**MOTION RECORD
OF THE PROPOSAL TRUSTEE, MNP LTD.
DATED JANUARY 18, 2019**

DATE: January 18, 2019

GOLDMAN SLOAN NASH & HABER LLP
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Lawyers for the Proposal Trustee, MNP Ltd.

TO: THE SERVICE LIST

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B	Proposal Trustee notice to creditors dated January 4, 2019, with attachments
C	Opinion letter of Goldman Sloan Nash & Haber LLP dated January 14, 2019 on Canadian Imperial Bank of Commerce security
D	Projected Cash Flow statement dated January 14, 2019 for the period January 2, 2019 to March 29, 2019 and related reports
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TAB 1

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

Court No. 31-2459849

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

FIRST REPORT TO THE COURT
SUBMITTED BY MNP LTD.

JANUARY 18, 2019

I. INTRODUCTION

1. On January 2, 2019, Satin Finish Hardwood Flooring, Limited (“Satin” or “the Company”) filed a Notice of Intention to Make a Proposal (“NOI”) pursuant to section 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the “BIA”), wherein MNP Ltd. (“MNP”) was named as proposal trustee (the “Proposal Trustee”) of the Company. A copy of the NOI is attached hereto and marked as **Exhibit “A”**.
2. Notice of the NOI as prescribed by the BIA was sent on January 4, 2019 to all of Satin’s known creditors with claims greater than \$250. Copies of such notice and attachments are attached hereto and marked **Exhibit “B”**.
3. Information regarding the proceedings has been posted to the Proposal Trustee’s website at <https://mnpdebt.ca/en/corporate/Engagements/satin-finish-flooring-limited>.
4. The primary purpose of these proceedings is to provide stability to Satin’s business while the Proposal Trustee, in consultation with Satin and its key stakeholders, facilitates a

marketing and sale process of Satin's business assets and undertakings, so that Satin can consider formulating and presenting a viable proposal to its creditors.

II. RESTRICTIONS

5. In preparing this Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, the Zimmerman Affidavit (defined below), the Company's books and records, discussions with employees and management of the Company and information from other third-party sources (collectively, the "**Information**"). Except as described in this Report, the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards of the Chartered Professional Accountants of Canada.

6. The Proposal Trustee also bases its report on the Company's cash flow projections and underlying assumptions and notes that its review and commentary thereon were performed in accordance with the requirements set out in the Canadian Association of Insolvency and Restructuring Professionals' Standards of professional Practice No. 99-5 (Trustee's Report on Cash Flow Statement). Certain of the information referred to in this report consists of financial forecasts and/or projections. An examination or review of financial forecasts and projections and procedures, in accordance with standards set by Chartered Professional Accountants Canada, has not been performed. Future oriented financial information referred to in this report was prepared based on estimates and assumptions provided by the Company' management. Readers are cautioned that, since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, and such variations could be material.

III. PURPOSE OF THIS REPORT

7. The purpose of this Report is to provide the Court with the Proposal Trustee's recommendations that the Court, *inter alia*:

- a. authorize and direct the Proposal Trustee, in consultation with Satin, to carry out a marketing and sale process for all the assets of Satin;
- b. extend the time for filing a proposal to March 18th, 2019; and
- c. approve the activities of the Proposal Trustee as set out in this Report.

IV. BACKGROUND INFORMATION

8. Satin, manufactures and distributes a complete line of solid, engineered, laminate and LVT (luxury vinyl tile) flooring. Satin was established in 1922 and has been manufacturing in Toronto since then. The Company manufactures their vast collection of Solid and Engineered hardwood flooring with 100% North American lumber exclusively.
9. Satin operates out of leased premises in Toronto and currently employs approximately 120 employees, of whom more than 90 are members of the Teamsters, Local Union 847 (the “**Union**”). Since December 7, 2018, the Union employees have been locked out as a result of negotiations respecting the renewal of the collective agreement breaking down. Negotiations are ongoing between the parties with the expectation that employees will return to work shortly. Satin funds a pension plan for the Union employees. The NOI creditors list referred to below includes the amount of \$103,000 as the Union claim in respect of such pension.
10. Satin advises that the key cause of its financial difficulties is attributable to its not investing enough in new production technology, resulting in declining profit margins and the incurring of a large sum of aggregate losses in the millions of dollars in the last few years.
11. Additional information in respect of Satin, including its assets and liabilities, is set out in the affidavit of David A. Zimmerman, sworn on January 17, 2019 (the “**Zimmerman Affidavit**”), filed separately in these proceedings.

V. CREDITORS

12. Satin’s NOI lists creditors with claims (claims greater than \$250) of approximately \$38 million.
13. A search of the Ontario *Personal Property Security Act* registry (the “**Registry**”), as of November 20, 2018, and Satin’s records, includes the following parties as secured creditors of Satin:

Creditor	Estimated Amount Owed at the Filing Date
Canadian Imperial Bank of Commerce (also beneficiary of a registration under section 427 of the federal <i>Bank Act</i>)	\$14,700,000
National Leasing Group	3,126
RCAP Leasing Inc	1,144
Ford Credit Canada Leasing	250
Meridian Onecap Credit Corp	250
Taurus Craco Machinery Inc	250

14. Canadian Imperial Bank of Commerce (“**CIBC**”) is owed approximately \$14,700,000. On December 13, 2018 CIBC issued Demand Letters and Notices of Intention to Enforce Security (the “**NITES**”). Satin provided CIBC a Waiver and Consent to the NITES. We understand that CIBC, which has a first secured charge against the assets of Satin, is supportive of Satin’s NOI. As discussed in the Zimmerman Affidavit, good faith negotiations are underway between the Company and CIBC on a forbearance agreement and it is expected that such an agreement will be entered into shortly. The Proposal Trustee has received a positive independent legal opinion from its counsel, Goldman Sloan Nash & Haber LLP, on the validity, enforceability and registration of the security agreements of CIBC, subject to the usual assumptions and qualifications. A copy of such opinion is attached as **Exhibit “C”**.

VI. CASH FLOW PROJECTIONS

15. To date, the Company has provided the Proposal Trustee with its full co-operation and unrestricted access to its premises, books and records.
16. In accordance with the provisions of the BIA, the Company filed with the Official Receiver a projected cash flow statement dated January 14, 2019 for the period January 2, 2019 to March 29, 2019, which was reviewed by the Proposal Trustee for reasonableness and signed by the Proposal Trustee and the Company (the “**Cash Flow Projections**”). One of the key assumptions made in the cash flow statement is that the lockout of the Union employees will be resolved such that the Union employees will return to work by the first week of February 2019. A copy of the Cash Flow Projections and related reports are attached hereto as **Exhibit “D”**.
17. The Cash Flow Projections reflect that Satin is expected to generate a cash surplus of approximately \$1,989,097 through to the period ending March 29, 2019.
18. Based on the Proposal Trustee’s review of the Cash Flow Projections, there are no material assumptions which seem unreasonable in the Company’s circumstances or are inconsistent with purpose of the projections. The Proposal Trustee’s report on the Cash Flow Projections, as required by Section 50.4(2)(b) of the BIA, is included in Exhibit “D”.
19. Based on the Cash Flow Projections, the Company appears to have sufficient funding through to the end of the requested extension of the NOI.

VII. SALE PROCESS

20. Satin has requested that, with the input and assistance of Satin, the Proposal Trustee conduct a going concern sale process for all or part of the assets of Satin as set out in **Exhibit “E”** attached hereto (the “**Sale Process**”). In summary, the Sale Process contemplates the sale of the assets of Satin on an “as is, where is” basis, subject to Court approval, and would proceed on the following timetable:

- a. Commencing January 23, 2019 – with the input and assistance of Satin, Proposal Trustee to (i) identify and contact prospective purchasers directly and with

“teaser” mail-outs, (ii) distribute confidentiality agreements and the confidential information memorandum prepared with information supplied by the Company and (iii) establish an electronic data room with information and documentation supplied by the Company;

- b. January 25, 2019 or as soon thereafter as practical – Proposal Trustee to place an advertisement for the acquisition opportunity in the National Edition of *the Globe & Mail* and such other trade and industry publications identified as appropriate by the Proposal Trustee, in consultation with representatives of Satin and stakeholders;
- c. March 11, 2019 at 5:00pm (Toronto time) – deadline for offer (the “**Offer Deadline**”);
- d. March 15, 2019 – Company to enter into definitive agreement of purchase and sale agreement with successful offeror(s);
- e. No later than April 5, 2019 –motion for Approval and Vesting order; and
- f. No later than April 19, 2019 –closing.

21. During the Sale Process, the Proposal Trustee will coordinate with Satin to facilitate due diligence requests and site visits. Following the offer deadline, the Proposal Trustee shall, in consultation with Satin, negotiate one or more of any Qualified Offers (as defined in Exhibit “E”) in order to obtain the highest and best offer for the assets.

22. The timetable is supported by CIBC.

23. MNP recommends the Sale Process be approved as it is consistent with insolvency industry practices in such proceedings and in like circumstances, is supported by CIBC and, if successful, could result in greater recoveries than in a liquidation, to the benefit of all stakeholders, including secured and unsecured creditors.

VIII. REQUEST FOR AN EXTENSION OF TIME FOR FILING A PROPOSAL

24. In order to allow the Company sufficient time to carry out a financial restructuring of its business, and work towards filing a proposal to its creditors, the Company seeks a 45 day extension of the time for filing of a proposal to March 18, 2019. In view of the timeline of the proposed Sale Process, it is anticipated that at least one more extension will have to be sought by the Company.

25. The Proposal Trustee is of the opinion that, given the nature of the business, the likelihood of a going concern sale is enhanced while Satin remains in possession and control of, and carries on, their business. In order to carry out the Sale Process an extension is required.

26. In view of the foregoing, the Trustee supports the Company's request for an extension and has also considered:

- a. that the Company is acting in good faith and with due diligence;
- b. that the extension should not adversely affect or prejudice creditors as Satin is projected to have sufficient funds to pay post-filing services and supplies in the amounts contemplated in the Cash Flow Forecast;
- c. that the Sale Process could generate Offers before the end of the requested extension period; and
- d. if Offers are received, it is expected that the Company will then be in a position to consider formulating and presenting a viable proposal to its creditors that could result in greater recoveries than in a liquidation.

IX. CONCLUSION AND RECOMMENDATION

27. Based on the foregoing, the Proposal Trustee respectfully recommends that the Court make an order granting the relief detailed in paragraph 7.

All of which is respectfully submitted on this 18th day of January 2019.

MNP Ltd.

In its capacity as Trustee under
The Notice of Intention to Make a Proposal of
Satin Finish Hardwood Flooring, Limited
Per:



Alan Shiner, Senior Vice-President

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

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

FIRST REPORT TO THE COURT

GOLDMAN SLOAN NASH & HABER LLP
480 University Avenue, Suite 1600
Toronto, ON M5G 1V2

Michael Rotsztain **R. Brendan Bissell**
LSO #: 17086M **LSO #: 40354V**
Tel: 416-597-7870 Tel: 416-597-6489
Fax: 416-597-3370 Fax: 416-597-3370

Lawyers for the Proposal Trustee, MNP Ltd.

EXHIBIT A
FIRST REPORT OF THE PROPOSAL TRUSTEE
DATED JANUARY 18, 2019



Industry Canada
Office of the Superintendent
of Bankruptcy Canada

Industrie Canada
Bureau du surintendant
des faillites Canada

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

In the Matter of the Notice of Intention to make a
proposal of:

Satin Finish Hardwood Flooring, Limited
Insolvent Person

Licensed Insolvency Trustee

Date of the Notice of Intention: January 02, 2019

CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the *Bankruptcy and Insolvency Act*.

Pursuant to subsection 69(1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

Date: January 02, 2019, 11:38

E-File/Dépôt Electronique

Official Receiver

151 Yonge Street, 4th Floor, Toronto, Ontario, Canada, M5C2W7, (877)376-9902

Canada

EXHIBIT B
FIRST REPORT OF THE PROPOSAL TRUSTEE
DATED JANUARY 18, 2019

January 4, 2019

To the Creditors of Satin Finish Flooring, Limited (“**Satin Finish**” or the “**Company**”)

Please take notice that on January 2, 2019, Satin Finish filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to s.50.4(1) of the *Bankruptcy and Insolvency Act (Canada)* (“**BIA**”). Please find enclosed the following:

1. The NOI, filed on January 2, 2019;
2. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims;
3. The consent of the Trustee to act in these matters; and
4. The Certificate of Filing.

Please note this is not a bankruptcy, but rather protection has been sought under the BIA pending the filing of a reorganizational proposal to creditors.

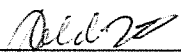
Pursuant to the BIA:

- All proceedings by creditors are stayed (stopped) as of January 2, 2019;
- The Company is required to file a Proposal within 30 days of filing the NOI, subject to an extension from the Court; and
- A meeting of creditors to consider the Proposal is to be held within 21 days of the filing of a Proposal, and notice of the meeting will be sent to all known creditors at least 10 days prior to the date of the meeting.

There is no need for any creditor to file a Proof of Claim at this time. If you have any questions concerning the foregoing or require any additional information please contact us by email at satinflooring@mnp.ca.

Yours truly,

MNP Ltd.
Trustee Acting *in re*: the Proposal of
Satin Finish Hardwood Flooring, Limited
Per:



Sheldon Title, CPA, CA, CIRP, LIT
Senior Vice President

District of:
Division No. -
Court No.
Estate No.


- FORM 33 -
Notice of Intention To Make a Proposal
(Subsection 50.4(1) of the Act)

In the matter of the proposal of
Satin Finish Hardwood Flooring, Limited
of the City of Toronto
in the Province of Ontario

Take notice that:

1. I, Satin Finish Hardwood Flooring, Limited, an insolvent person, state, pursuant to subsection 50.4(1) of the Act, that I intend to make a proposal to my creditors.
2. MNP LTD, of 300 - 111 Richmond Street West, Toronto, ON, M5H 2G4, a licensed trustee, has consented to act as trustee under the proposal. A copy of the consent is attached.
3. A list of the names of the known creditors with claims of \$250 or more and the amounts of their claims is also attached.
4. Pursuant to section 69 of the Act, all proceedings against me are stayed as of the date of filing of this notice with the official receiver in my locality.

Dated at the City of Toronto in the Province of Ontario, this 31st day of December 2018.



Satin Finish Hardwood Flooring, Limited
Insolvent Person

To be completed by Official Receiver:

Filing Date

Official Receiver

District of:
 Division No. -
 Court No.
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Satin Finish Hardwood Flooring, Limited
 of the City of Toronto
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
15 Fenmar Investments Limited Attention: David Kutner	c/o Minden Gross 145 King St W, Suite 2200 Toronto ON M5H 4G2		1,703,275.00
Access Solutions Inc.	1200 Derry E, Unit 11 Mississauga ON L5T 0B3		1,420.00
Acme Sawmill	P.O. Box 1438 Holland MI 49422-1438 USA		24,341.27
Action Hydraulics Limited	797 Garyray Drive North York ON M9L 1R2		1,347.38
Action Paperr & Packaging Co. Ltd.	Ajax Maintenance & Shipping Co. Ltd., 100 Comander Blvd. Scarborough ON M1S 3H7		5,473.21
Aj Lemik Manufacturing Inc.	66 Penn Drive Toronto ON M9L 2A9		6,067.88
Akzo Nobel Wood Coatings Ltd.	155 Rose Glen Rd N Port Hope ON L1A 3Z3		150,465.57
Allstream Inc.	Po Box 5300 Stn Main Winnipeg MB R3C 0C1	1008013, 3707377 & 4985214	1,349.54
Allen Overhead Doors Inc	120 Woodstream Blvd., Unit 9 Woodbridge ON L4L 7Z1		584.21
Aon Reed Stenhouse Inc.	Lockbox # 917370, PO Box 4090 Stn A Toronto ON M5W 0E9		12,295.80
Artistic Finishes, Inc.	2224 Terminal Rd. Roseville MN 55113 USA		1,267.87
Baillie Lumber CO	P.O. Box 6, 4002 Legion Drive Hamburg NY 14075-0006 USA		90,431.15
Bell Canada	c/o Special Billing, 5115 Creekbank Rd., E2 - M2 Mississauga ON L4W 5R1		559.35
Best Employment Services	2300 Finch Ave West, Unit 65 Toronto ON M9M 2Y3		6,798.37

District of:
 Division No. -
 Court No.
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Satin Finish Hardwood Flooring, Limited
 of the City of Toronto
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Bild	20 Upjohn Road, Suite 100 North York ON M3B 2V9		1,209.10
Build Direct (US)	2200-401 West Georgia St. Vancouver BC V6B 5A1		2,079.19
Buskirk Lumber	319 Oak Street, Po Box 11 Freeport MI 49325 USA		157,635.50
Cambrian Spring Inc	Yorkdale Mall, Po Box #27609 Toronto ON M6A 3B8		1,475.97
Canadian Bearings Ltd.	CB - Canadian Bearings Ltd., Central Warehouse 1600 Drew Rd Dept: CW Mississauga ON L5S 1S5		600.55
Canadian Imperial Bank of Commerce Attention: Rocco Calarco	161 Bay St. 22nd Floor Toronto ON M5J 2S8		14,700,000.00
Canadian Mill Nettclean Supply Inc.	120 McLevin Ave, Unit 2 Scarborough ON M1B 3E9		4,156.87
Capital Tire	68 Lauchlin Crescent Georgetown ON L7G 5R4		2,525.66
Cascades Containerboard Packaging	P.O. Box 11790, Dept. 23, Succursale Centre-Ville Montreal QC H3C 0C4		9,724.15
Cathild Inc.	975 Boulevard Pierre Roux Est Victoriaville QC G6T 1T8		2,216.19
Cavalier Group of Companies	PO Box 10, 14091 Humber Station Rd. Bolton ON L7E 5T1		6,132.60
CCT Canada Inc.	PO Box 762 Winnipeg MB R3C 2L4		14,695.31
Cintas Canada Limited	1110 Flint Road Toronto ON M3J 2J5		845.00
City Electric Supply	1 Whitmore Road, Units 10-12 Woodbridge ON L4L 8G4		3,617.29

District of:
 Division No. -
 Court No.
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Satin Finish Hardwood Flooring, Limited
 of the City of Toronto
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
City Of Toronto, Fire Department	2F - 4330 Dufferin St. Toronto ON M3H 5R9		1,396.25
Clayton Sales and Services Ltd.	910 Rowntree Dairy Road, Unit 32 Vaughan ON L4L 5W6		3,524.13
Coffee & Tea Selections	3540 Rutherford Rd., Unit # 68 Woodbridge ON L4H 1L4		884.00
Compressors For Manufacturing Inc.	5035 North Service Road, Unit D18 Burlington ON L7L 5V2		1,150.57
Consolidated Fastrate Inc.	9701 Highway 50 Woodbridge ON L4H 2G4		28,683.43
Crownhill Packaging Ltd.	8905 Goreway Drive Brampton ON L6T 0B7		34,152.77
Curtis International Ltd.	315 Attwell Drive Toronto ON M9W 5C1		1,056.55
Cutler Group	81 Royal Group Crescent, Unit A Vaughan ON L4H 1X9		5,853.40
CWB National Leasing Inc./ (formerly National Leasing Group Inc) Bankruptcy Designate	1525 Buffalo Pl Winnipeg MB R3T 1L9		3,126.93
D & W Forwarders Inc.	81 Orenda Road Brampton ON L6W 1V7		3,400.00
Danzer Lumber North America, Inc.	25813 Network Place Chicago IL 60673-1258 USA		12,713.10
Day & Ross Inc. (USD)	170 Van Kirk Drive Brampton ON L7A 1K9		398.30
Dazco Holdings Inc.	134 Clanton Rd. Toronto ON M3H 2E7		36,160.00
Desjardins Financial Security	P.O. Box 3000 Levis QC G6V 9X8		7,390.74

District of:
 Division No. -
 Court No.
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Satin Finish Hardwood Flooring, Limited
 of the City of Toronto
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Detweiler's Wood Products	6365 Kensington Rd. Carrollton OH 44615 USA		40,480.62
DPL Paralegal Professional Corp.	114 Seclusion Crescent Brampton ON L6R 1K8		2,373.00
Electrical Safety Authority	400 Sheldon Dr., Unit 1 Cambridge ON N1T 2H9		2,109.01
Elite Door & Industrial Inc.	315 Armstrong Ave #4 Georgetown ON L7G 4X6		5,537.00
Empire Forest Products Ltd. (CDN)	3311 Aberdeen Avenue Burlington ON L7M 3Y3		56,892.35
Empire Forest Products Ltd. (US)	3311 Aberdeen Avenue Burlington ON L7M 3Y3		276,069.58
Falcon Lumber Limited	522 Mount Pleasant Road Toronto ON M4S 2M3		251,110.57
FCFP	160 Adelaide St. S. Unit A London ON N5Z 3L1		14,765.51
Federal Express Canada Corporation	Po Box 4626, Stn A Toronto ON M5W 5B4		730.79
Floover World, S.L. Swiss Branch	Palu Daint - CH - 7537 Mustair Mustair Switzerland	VAT: CHE 427347929	346.05
Ford Credit Canada Limited Bankruptcy Department	PO Box 2400 Edmonton AB T5J 5C7		250.00
Frank Mechanical	4444 Eastgate Pkwy, Unit 12 Mississauga ON L4W 4T6		774.62
Freight In Motion Brokerage Ltd.	28 Kerr Crescent Puslinch ON N0B 2J0		12,125.00
Gebr. Schroeder GmbH & Co. KG	Maschinenfabrik - Beckumer Str. 30, 48231 Warendorf - Germany Germany		4,197.27

District of:
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 Court No.
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In the matter of the proposal of
 Satin Finish Hardwood Flooring, Limited
 of the City of Toronto
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Genuine Hardwoods, Inc	P.O. Box 7 Howard OH 43028 USA		122,483.15
Gerrity Corrugated Paper Products Ltd.	75 Doney Crescent Concord ON L4K 1P6		22,147.67
Grace Transport Inc.	880 Wright Street Strathroy ON N7G 3H8		2,700.00
Graff Diamond Products Limited	35 Hale Road Brampton ON L6W 3J9		661.05
Greater Vancouver Home Builder's Association	7495-132 Street, Suite 1003 Surrey BC V3W 1J8		1,428.00
Greenlight Traffic and Distribution Inc.	6705 Tomken Road, Unit # 227 Mississauga ON L5T 2J6		7,505.00
H. B. Fuller Canada (US)	PO Box 8471, Station A Toronto ON M5W 3P1		64,381.25
Harwell Electric Supply Co. Ltd	2 Wilkinson Road Brampton ON L6T 4M3		3,357.30
HDS Canada Inc.	100 Galcat Drive Vaughan ON L4L 0B9		1,680.22
Herwynen Saw Mill Ltd.	5953 6th Line Rockwood ON N0B 2K0		107,365.48
Home Trends	Marc Atiyolil Media Inc., Box 7 Blumenort MB R0A 0C0		3,389.99
Honig Industrial Equipment Limited	303 Evans Eve Toronto ON M8Z 1K2		474.49
Huron Forest Products Inc.	PO Box 457, STN Main Alliston ON L9R 1V7		188,771.50
HVAC Home Style Inc.	54 Wikander Way Brampton ON L6V 3X3		1,717.60
Intermec Technologies Canada ULC	P.O. Box 9441, Stn A Toronto ON M5W 4E1		694.45

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 of the City of Toronto
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
iQ Business Media Inc.	302 - 101 Duncan Mill Road Toronto ON M3B 1Z3		1,469.00
ITM Instruments Inc.	20800 Industriel Boulevard Ste-Anne-de-Bellevue QC H9X 0A1		250.30
J&F Trucking Corporation	610 Finley Ave. Ajax ON L1S 2E3		2,400.00
J.B. Mill & Fabricating	2851 Eastbrook Volant Road New Castle PA 16105-6805 USA		347,222.83
J-Line Transport Limited	4751 Christie Drive Beamsville ON L0R 1B5		3,200.00
Kerex, Inc.	1106 South Breezewood Road, P. O. Box 255 Breezewood PA 15533 USA		252,327.08
Kleiberit Adhesives Canada Inc.	45 Sheppard Avenue East, Suite 900 Toronto ON M2N 5W9		115,440.80
Kosher Gourmet	3003 Bathurst Street Toronto ON M6B 3B3		385.83
Kronoflooring Gmbh	Mulbacher Strass 1 Lambertswalde D-0 1561		188,912.00
Laser Networks Inc.	c/o T11197, P.O. Box 11000, Station A Toronto ON M5W 2G5		616.44
Lawson Products Inc.	PO Box 809401 Chicago IL 60680-9401 USA		330.88
Les Plancher Mercier Inc.	330, Rue des Entrepreneurs Montmagny QC G5V 4T1		2,192.20
Livingston International, Inc.	P.O. Box 70 Fort Erie ON L2A 5M6		761.66
Louisa Davie Arbitrations	939 Queen Street West Mississauga ON L5H 4E1		1,158.25
MacDonald Steel Limited	200 Avenue Road Cambridge ON N1R 8H5		89,255.31

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 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Satin Finish Hardwood Flooring, Limited
 of the City of Toronto
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Manufacture Scorpion	561 Rue Edouard Granby QC J2G 3Z5		2,566.68
Marc and Mandy (2015) Inc.	Box 7 (20 Centre Ave) Blumenort MB R0A 0C0		3,389.99
Medallion Corporation	970 Lawrence Ave. W. Suite 304 Toronto ON M6A 3B6		13,000.00
Meridian Onecap Credit Corporation Jennifer Kyle	Suite 1500, 4710 Kingsway Burnaby BC V5H 4M2		250.00
Meteor Telecommunications Inc.	66 Nuggett Ct. Brampton ON L6T 5A9		762.75
Miller Thomson LLP	40 King Street West, Suite 5800 PO Box 1011 Toronto ON M5H 3S1		7,739.95
Mississauga Steel Mart	925 Meyerside Dr Mississauga ON L5T 1R8		5,908.69
MK Hardwoods LLC	17257 Hosmer Road Middlefield OH 44062 USA		35,747.14
Moss Truckload	52 Emeline Cresent Markham ON L3P 4G4		5,952.00
Mr. Grass Landscaping Ltd.	1860 Brock Road Uxbridge ON L9P 1R4		1,591.04
National Carpet Equipment Inc.	6801 Winnetka Avenue North Minneaolis MN 55428 USA		4,758.22
National Wood Flooring Association (US)	111 Chesterfield Industrial Blvd. Chesterfield MO 63005 USA		9,562.78
Nortown Air	20 Densley Avenue Toronto ON M6M 2R1		3,214.85
Office Central	498 Markland Street, Bldg 7 Markham ON L6C 1Z6		2,185.21

District of:
 Division No. -
 Court No.
 Estate No.

- FORM 33 -

Notice of Intention To Make a Proposal
 (Subsection 50.4(1) of the Act)

In the matter of the proposal of
 Satin Finish Hardwood Flooring, Limited
 of the City of Toronto
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Ontario Belting & Power Transmission Co., Ltd	371 Hanlan Road Woodbridge ON L4L 3T1		3,014.67
Optimum Employment Solutions Inc.	11 Belfield, Unit B Etobicoke ON M9W 1E8		22,708.25
Overland Freight International	PO Box 2069, Stn Main Winnipeg MB R3C 3R4		13,989.54
Pacific Coast Warehousing Ltd.	130-2351 No. 6 Rd. Richmond BC V6V 1P3		2,460.68
Pacific Hardwood Limited	Reliable Lumber Products, 15 Fenmar Drive Toronto ON M9L 1L4		1,901.23
Paramount Pallet Lp, C/O Th1303	P.O. Box 4290, Postal Station A Toronto ON M5W 0E1		7,897.36
Peter D. Cybulski Sales Inc.	Box 1257, 27 Waterhouse Crescent Bancroft ON K0L 1C0		18,112.77
Picture Perfect Grounds Care Ltd.	88 Sassafras Cricle Vaughan ON L4J 8M9		1,034.15
Precision Elevator Ltd	50 North Wind Place Toronto ON M1S 3R5		635.43
Purolator Inc.	P.O. Box 4800 Stn Main Concord ON L4K 0K1		932.62
Quality Chemical MFG	215 Dolomite Drive Toronto ON M3J 2N1		721.06
RCAP Leasing Inc. Collection Department	300 - 5575 North Service Road Burlington ON L7L 6M1		1,144.69
Robert Half Finance & Accounting	P.O. Box 57349 / C.P. 57349 File T57349C, Station A / Succursale A Toronto ON M5W 5M5		11,695.50
Rogers	P.O. Box 9100 Don Mills ON M3C 3P9	Acct. No. 7 4395 4547	1,427.51

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In the matter of the proposal of
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List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Rollersource	65 Simpson Ave Toronto ON M8Z 1E2		4,228.46
Royal Adhesives & Sealants Canada Ltd.	266 Humberline Drive Toronto ON M9W 5X1		39,052.80
Royal Battery Sales Ltd	1 High Meadow Place, Unit 23 Toronto ON M9L 0A3		524.23
Royce Ayr Cutting Tools Inc.	405 Sheldon Dr. Cambridge ON N1T 2B7		16,016.64
Rush Pallet & Crates Ltd.	301 Flint Rd, Unit 2 North York ON M3J 2J2		542.40
Samester Equipment Sales Ltd.	36 Norbett Drive Stouffville ON L4A 2G7		3,899.48
Samuel Strapping Canada	PO Box 57452 Stn A Toronto ON M5W 5M5		1,356.69
Schneider National Inc.	PO Box 57551, Station A Toronto ON M5W 5M5		374.30
SCS Global Services	2000 Powell Street, Suite 600 Emeryville CA 94608 USA		4,781.39
Sea Brim Investment Limited	3625 Dufferin St. Toronto ON M3K 1N4		28,250.00
Seradex Web Services Inc.	3525 Mainway Drive Burlington ON L7M 1A9		7,987.78
Shareholder Loans	c/o Minden Gross, Attention: David Kutner 145 King Street West, Suite 2200 Toronto ON M5H 4G2		18,000,000.00
Sheridan Electric Services Ltd.	966 Pantera Drive, Unit 34 Mississauga ON L4W 2S1		1,193.85
Shimlea Ltd.	6 Elderberry Court Toronto ON M3H 5X4		22,687.50

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List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Shred-It International ULC	P.O. Box 15781, Station A Toronto ON M5W 1C1		336.80
Sia Abrasifs J.J.S Inc.	900 Chemin Oliver Levis QC G7A 2N1		4,966.03
Sika Canada Inc.	601 Delmar Avenue Pointe-Claire QC H9R 4A9		62,032.99
Skunkworks Systems Ltd.	7440 Bathurst St. #906 Thornhill ON L4J 7K8		423.75
SOS Emergency Response Technologies	160 Tycos Drive, Unit 126 Toronto ON M6B 1W8		403.81
Standard Life	Group Savings & Retirement, 1245 Sherbrooke St. West, 10th Floor Montreal QC H3G 1G3		32,000.00
Standard Life Assurance Co.	P.O. Box 11484, Succ. Centre-Ville Montreal QC H3C 5M3		750.00
Status Transport	77 Quebec Ave., Unit: 2027 Toronto ON M6P 2T4		1,245.25
Strategic Incentive Solutions Inc.	8257 Petrolia Line Alvinston ON N0N 1A0		6,955.00
Sunbelt Rentals of Canada, Inc.	P.O. Box 99257, Stn Terminal Vancouver BC V6B 0N5		2,363.40
Supreme Saw & Services Ltd.	5218 Everest Drive Mississauga ON L4W 2R4		1,941.16
T & T Industrial Supplies Ltd.	51 Roysun Rd., Unit 10 Woodbridge ON L4L 8P9		710.77
Taurus Craco Machinery Inc.	282 Orenda Road West Brampton ON L6T 4X6		250.00
Taurus Craco Machinery Inc. (US	282 Orenda Road West Brampton ON L6T 4X6		3,192.66

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In the matter of the proposal of
 Satin Finish Hardwood Flooring, Limited
 of the City of Toronto
 in the Province of Ontario

List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Teamsters L847, H & W Trust	c/o Manion Wilkins & Associates Ltd., 500 - 21 Four Seasons Place Toronto ON M9B 0A5		103,000.00
Teamsters, Local Union 847	c/o Laundry & Linen Drivers, 216 Matheson Blvd Mississauga ON L4Z 1X1		12,000.00
Technical Loadarm Ltd.	P.O. Box 633 Guelph ON N1H 6L3		2,356.05
Terminix Canada	Magical Pest Control, 29 Tandem Rd., Unit 3 Concord ON L4K 3G1		580.80
The International Surface Event	6191 N Stae Hwy 161, Suite 500 Irving TX 75038 USA		11,249.30
The Union Tool Corp.	1144 N. Detroit St. (St. Rd. 15 N) 46580, P.O. Box 935 Warsaw IN 46581-0935 USA		7,396.38
Torcan Coatings Inc.	14 Oakland Ave Toronto ON M9M 2H8		1,465.03
Toronto Hydro-Electric Systems Limited Josephine Pernarell / Mary Degroot	500 Commissioners St, 2nd fl Toronto ON M4M 3N7	Acct. No. 9882150000, 4782150000	61,376.17
Triforest Inc.	297 Idema Rd., Unit 1 Markham ON L3R 1B1		505.68
Try Hard	1411 Courtneypark Drive Mississauga ON L5T 2E3		2,565.02
U.C. Coatings Corporation	P.O. Box 1066 Buffalo NY 14215 USA		5,465.84
Ups Canada	P.O. Box 4900, Station A Toronto ON M5W 0A7		1,544.21
Urban Waste Recycling	130 Arrow Road Toronto ON M9M 2M1		7,220.49

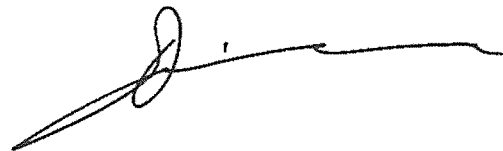
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Notice of Intention To Make a Proposal
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In the matter of the proposal of
 Satin Finish Hardwood Flooring, Limited
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List of Creditors with claims of \$250 or more.			
Creditor	Address	Account#	Claim Amount
Vaughan Hardwood Floors	PO BOX 99 Gormley, 14 Gormley Industrial Ave., Unit 4 Gormley ON L0H 1G0		3,347.74
Vaughan Industrial Supply	18 Stratheam Avenue, Unit #42 A North Brampton ON L6T 4Y2		7,361.00
Versatrim Inc.	PO Box 6219 Hermitage PA 16148-0923 USA		26,978.48
Waste Connections of Canada Inc.	650 Creditstone Road Concord ON L4K 5C8		1,106.95
Wintersteiger Inc. (US)	4705 Amelia Earhar Drive Salt Lake City UT 84116-2876 USA		4,983.19
Workplace Safety and Insurance Board c/o Collection Services	200 Front St W Toronto ON M5V 3J1	Acct. No. 1038575	32,169.68
World Floor Covering Association	855 Abutment Road, Suite # 1 Dalton GA 30721 USA		2,608.03
Xerox Financial Service Canada Ltd	P.O. Box 15374 , Station A Toronto ON M5W 1C1		846.06
Yale Industrial Trucks Inc.	340 Hanlan Road Woodbridge ON L4L 3P6		3,132.36
Zeifmans LLP	201 Bridgeland Avenue Toronto ON M6A 1Y7		5,912.16
Total			37,992,863.77



Satin Finish Hardwood Flooring, Limited
 Insolvent Person

- Proposal Consent -

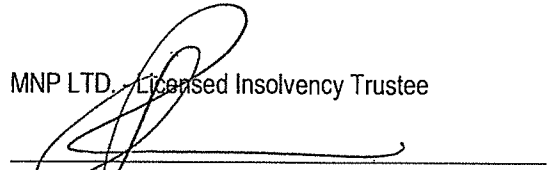
In the matter of the proposal of
Satin Finish Hardwood Flooring, Limited
of the City of Toronto
in the Province of Ontario

To whom it may concern,

This is to advise that we hereby consent to act as trustee under the Bankruptcy and Insolvency Act for the proposal of Satin Finish Hardwood Flooring, Limited.

Dated at the City of Toronto in the Province of Ontario, this 28th day of December 2018.

MNP LTD. Licensed Insolvency Trustee



300-111 Richmond Street West
Toronto ON M5H 2G4
Phone: (416) 596-1711 Fax: (416) 323-5242

EXHIBIT C
FIRST REPORT OF THE PROPOSAL TRUSTEE
DATED JANUARY 18, 2019

January 14, 2019

MNP Ltd.
300 – 111 Richmond Street West
Toronto, Ontario
M5H 2G4

Attention: Alan Shiner, Senior Vice-President

Re: Review of certain security granted by Satin Finish Hardwood Flooring, Limited (“Satin Finish”) in favour of Canadian Imperial Bank of Commerce (the “Bank”)

In connection with your appointment as Proposal Trustee in Satin Finish’s proposal proceedings under Part III, Division I of the *Bankruptcy and Insolvency Act* (Canada), you have asked us to provide our views in respect of the Security Documents (as defined below).

This opinion is provided to you in your capacity as Proposal Trustee. The opinion is in respect of certain security provided by Satin Finish to the Bank in respect of a credit agreement dated June 29, 2017 between the Bank, as lender, Satin Finish, Erie Flooring and Wood Products (“**Erie**”) and Pacific Hardwood Limited (dba Reliable Lumber Products) (“**Pacific**”), as borrowers, and Batise Investments Limited, Marmelock Investments Limited, Umiak Investments Limited and 15 Fenmar Investments Limited, as guarantors (the “**Credit Agreement**”). The Credit Agreement is with respect to a demand operating credit with a limit of CAD\$15,000,000 and a corporate Visa credit card with a sublimit of CAD\$75,000 within such CAD\$15,000,000 limit. Satin Finish is also indebted to the Bank under an unlimited guarantee dated September 29, 2016 of the debts and liabilities to the Bank of Pacific and Erie.

Our opinion is limited to our review of copies of the following documents entered into by Satin Finish (collectively, the “**Security Documents**”):

- (a) a security agreement dated September 29, 2016 by Satin Finish, as debtor, in favour of the Bank, as secured party (the “**PPSA Security Agreement**”) in which Satin Finish has granted to the Bank a Security Interest (as defined in the *Personal Property Security Act* (Ontario) (the “**PPSA**”)) in all its present and after-acquired undertaking and Personal Property (broadly defined to include all categories of personal property but excluding Consumer Goods) as a general and continuing collateral security for the due payment and performance of all present and future indebtedness and liability of every kind, nature and description of Satin Finish to the Bank. Inventory and receivables are included in the charged collateral, as is the following specific property: (i) raw lumber, work in process and finished goods

consisting of wood and synthetic/laminate flooring products, and (ii) equipment for the manufacturing of wood and synthetic/laminate flooring products;

- (b) a notice of intention dated September 27, 2016 to give security under section 427 of the *Bank Act* (Canada) (the “**BA**”) to the Bank;
- (c) an application for credit and promise to give special security to the Bank under the BA dated September 29, 2016 in respect of a demand operating credit in a maximum principal amount of \$10,000,000 or such other amount as may be agreed to with the Bank;
- (d) a special security agreement dated September 29, 2016 in favour of the Bank in respect of specified property or classes of property described in section 427 of the BA, as security for the payment of all loans and advances that have been made or may be made by the Bank and interest thereon. The collateral charged is: all the existing and future inventory of Satin Finish, including all goods, wares and merchandise manufactured or otherwise produced, purchased, shipped, distributed, or dealt in by Satin Finish or procured for any such manufacture, production or distribution and all goods, wares and merchandise used in or procured for the packing of such goods, wares and merchandise so manufactured, produced or distributed including all other products used in or related to the production, finishing, packaging, shipping, distribution, marketing or sale of the aforementioned products, including the following specific products: raw lumber, work in process and finished goods consisting of wood and synthetic/laminate flooring products; and
- (e) a contract dated September 29, 2016 with the Bank relative to special security under the BA, applicable to all BA security that Satin Finish has given to the Bank (such contract, together with the documents listed in subparagraphs (b), (c) and (d) above collectively, the “**BA Security**”).

In conducting our review and for the purposes of the opinions given herein, we have made the assumptions contained herein and as set out in Schedule “A” attached hereto (collectively, the “**Assumptions**”). Additionally, our opinions herein are subject to the qualifications and limitations contained herein and as set out in Schedule “B” attached hereto (collectively, the “**Qualifications**”). We confirm that the restrictions and limitations on this report, as herein contained, are satisfactory to you.

The undertaking, business, property, assets, interests, and rights of Satin Finish in which the Bank has been granted a security interest pursuant to the terms of the PPSA Security Agreement and with respect to which the Bank has been granted rights and powers pursuant to the terms of the BA Security, respectively, as described above, are collectively referred to herein as the “**Charged Property**”.

You have indicated to us that there is material Charged Property only in the province of Ontario.

We have made no investigation of the laws of any jurisdiction other than, and the opinions hereinafter expressed are restricted to, the laws of the Province of Ontario and the federal laws of Canada applicable therein as of the date hereof and, insofar as the laws of other jurisdictions are relevant, we express no opinion thereon.

In connection with this opinion, no review has been made of any of the transactions, agreements, indentures or other instruments of Satin Finish for the purposes of identifying matters described in this opinion, other than a review of the Credit Agreement, the Guarantee, the PPSA Security Agreement, the BA Security and a Satin Finish Officer's Certificate dated September 29, 2016. Furthermore, no review of the minute books of Satin Finish has been undertaken by our firm.

We have considered such questions of law as we have considered relevant and necessary as a basis for the opinions hereinafter expressed.

OPINIONS

Subject to the Assumptions, Qualifications and comments we have made herein and in the Schedules attached hereto, and the Discussion contained below, we are of the opinion that:

1. The PPSA Security Agreement constitutes a valid and binding obligation of Satin Finish, enforceable against Satin Finish in accordance with its terms;
2. The PPSA Security Agreement creates in favour of the Bank, a valid security interest in the Charged Property identified therein to which the PPSA applies;
3. The PPSA Security Agreement has been registered, filed or recorded in all public offices where the registration, filing or recording thereof is required under the laws of the Province of Ontario to perfect the security interest created by such PPSA Security Agreement in the applicable Charged Property to which the PPSA applies. The registration particulars are set out in Schedule "C" attached hereto;
4. The BA Security constitutes a valid and binding obligation of Satin Finish, enforceable against Satin Finish in accordance with its terms;
5. The BA Security creates in favour of the Bank the rights and powers set out in the applicable provisions of Part VIII of the BA in respect of the Charged Property identified in the BA Security to which the BA applies; and
6. The BA Security has been registered, filed or recorded in all public offices where the registration, filing or recording thereof is required under the laws of Canada so that such rights and powers of the Bank are not void as against Satin Finish's creditors and subsequent purchasers or mortgagees in good faith of the Charged Property identified in the BA Security to which the BA applies. The registration particulars are set out in Schedule "C" attached hereto.

RELIANCE

All opinions expressed herein are provided to you and are for the sole purpose of the performance of the Proposal Trustee's duties in respect of its appointment, including reporting to the Court and creditors, and including any future appointment in respect of Satin Finish, and may not be relied on by any other person, firm, corporation or entity without the prior written consent of Goldman Sloan Nash & Haber LLP. This opinion is given as of the date hereof and we do not undertake, and hereby expressly disclaim, any obligation to advise you of any change in any matters set forth herein.

SEARCHES CONDUCTED

We have conducted, or have caused to be conducted, such public registration searches for filings or registrations made in Ontario, and federally in Canada, in the applicable offices of public record, against Satin Finish as we have deemed appropriate. These searches include corporate profile, PPSA and BA searches, all as more specifically set out in **Schedule "C"** attached hereto. The searches were conducted in respect of the current legal name of Satin Finish, in each case as of the dates set forth in **Schedule "C"**. We note that we have not conducted searches relating to registered judgments or writs of execution, or other searches that may be conducted in the context of a broad security review of all security interests asserted against a debtor.

We confirm your advice that our review based upon these searches, and our reliance upon such searches in giving the opinions set out herein, is satisfactory for your purposes at this time

We trust that the foregoing is satisfactory. Should you have any questions or comments, please do not hesitate to contact us.

Yours truly,

GOLDMAN SLOAN NASH & HABER LLP

Goldman Sloan Nash & Haber LLP

SCHEDULE "A"**ASSUMPTIONS****A. Authenticity and Accuracy**

We have assumed the genuineness of all signatures and the authenticity and completeness of all documents submitted to us as copies thereof. We have also assumed the accuracy and currency of: (i) all indices, filing and registration systems maintained at the public offices where we have searched or inquired or have caused searches or inquiries to be conducted, as set forth herein; (ii) all search results obtained by electronic transmission; and (iii) the results of any printed or computer search of any office of public record.

B. Authority

We have assumed that:

- (a) Satin Finish was a duly incorporated and validly existing corporation at the time that each of the Security Documents was authorized, executed and delivered, and that Satin Finish has continued to be duly incorporated and validly existing since that time;
- (b) Satin Finish had the requisite corporate power, capacity and authority to enter into and perform its obligations under each of the Security Documents at the time each of the Security Documents was authorized, executed and delivered;
- (c) all necessary corporate action and proceedings were taken by Satin Finish to authorize the execution, delivery and performance of each of the Security Documents. Bank's counsel has provided us with a copy of an Officer's Certificate of the vice-president of Satin Finish dated September 29, 2016 that has a schedule attached purporting to be an undated resolution of the Board of Directors of Satin Finish resolving, in part, that Satin Finish execute, deliver and perform, among other agreements, the Security Documents, and that any director or officer be authorized and directed for and on behalf of Satin Finish to execute and deliver, among other agreements, the Security Documents; and,
- (d) with respect to each party to the Security Documents other than Satin Finish, all necessary corporate actions or proceedings were taken to authorize the execution and delivery of the Security Documents and that all of the Security Documents have been duly and validly executed and delivered on behalf of the party executing or delivering such documentation, by an authorized signing officer or officers of such party, and each such document comprising the Security Documents is enforceable in accordance with its terms.

C. Security Documents

We have assumed that none of the Security Documents have been assigned, released, discharged or otherwise impaired, either in whole or in part, and there are no agreements that are relevant to the matters discussed in this letter than those identified herein.

D. Existence of Debt and Security Matters

We have assumed that:

- (a) valuable consideration has been given to Satin Finish by the Bank and payment and other obligations remain outstanding by Satin Finish under the agreements identified herein;
- (b) advances of funds have been made by the Bank to Satin Finish and, in respect of the BA Security, such advances of funds were made after the registration of Satin Finish's notice of intention to give security under section 427 of the BA. The Bank should be asked to provide a detailed statement of indebtedness together with evidence of the advances;
- (c) each of the Security Documents was duly executed and delivered by Satin Finish;
- (d) all of the conditions precedent contained in each of the Security Documents, if any, were satisfied or waived;
- (e) attachment of the security interests created by the PPSA Security Agreement has occurred within the meaning of the PPSA;
- (f) Satin Finish has an interest in the Charged Property expressed to be subject to each of the Security Documents; and
- (g) insofar as any obligation under any of the Security Documents is to be performed in any jurisdiction outside the Province of Ontario, its performance will not be illegal or unenforceable by virtue of the laws of that other jurisdiction.

E. Factual Matters

We have assumed that no fact exists, or has existed, that would entitle Satin Finish to assert or obtain a remedy at law or in equity (such as, without limitation, rectification, rescission or release from a contract through frustration) affecting the validity, legality, binding effect or enforceability of any of the Security Documents.

F. Entire Agreement

We have assumed that there is no written or oral agreement or other facts or understanding and there is no trade usage or course of conduct or prior dealing, that would vary the interpretation, application or enforceability of any term or condition of any of the Security Documents, and that

except as expressly noted herein, there have been no amendments, restatements, deletions or other modifications to any of the Security Documents.

G. Choice of law

We have assumed that the choice of the law of the Province of Ontario as the governing law of the Security Documents will be given effect to in any legal proceedings.

SCHEDULE "B"
QUALIFICATIONS

1. **Title:** We express no opinion concerning:
 - (a) title to any property that is purportedly subject to any security interest, rights and powers created by the Security Documents and such title has been assumed to the full extent necessary to express the opinions contained herein; and,
 - (b) the effectiveness of each of the Security Documents as security, where effectiveness depends on title or description of the property purported to be charged or assigned, as the case may be.

2. **Enforceability:** All opinions that expressly or by necessity relate to the enforceability of each of the Security Documents (which, as used in this Schedule and as the context may require, includes validity, legality and binding effect) are subject to:
 - (a) applicable bankruptcy, insolvency, winding up, arrangement, liquidation, fraudulent preference and conveyance, reorganization, moratorium and realization laws and other similar laws (including, without limitation and notwithstanding any specific references herein, provisions of the PPSA affecting the rights and remedies of creditors generally);
 - (b) equitable limitations on, and defences against, the availability of remedies and equitable principles of application to particular proceedings at law or in equity, and no opinion is expressed regarding the availability of any equitable remedy (including those of specific performance and injunction), which remedies are only available in the discretion of a court of competent jurisdiction;
 - (c) the power of a court to grant relief from forfeiture;
 - (d) applicable laws regarding limitations of action;
 - (e) the court's powers to stay proceedings and execution of judgments;
 - (f) the court's discretion to decline to hear any action or give effect to an obligation if to do so would be contrary to public policy or if it is not the proper forum to hear such action;
 - (g) limitations that may be imposed by law or equity on the effectiveness of terms exculpating a party from a liability or limiting the liability of a party;
 - (h) limitations upon the right of a creditor to receive immediate payment of amounts stated to be or which may become payable on demand;

- (i) limitations upon the right of a party to enforce a provision based upon a minor or non-substantive default;
- (j) implied obligations requiring good faith, fair-dealing and reasonableness in performance and enforcement of a contract; and,
- (k) the following limitations:
 - (i) provisions that purport to establish evidentiary standards, such as provisions stating that certain calculations or certificates will be conclusive and binding, may not be enforceable or may be limited in application;
 - (ii) the *Courts of Justice Act* (Ontario) limits interest on a judgment debt arising under the judgment of a court of competent jurisdiction located in Ontario to rates prescribed by regulation from time to time;
 - (iii) the *Currency Act* (Canada) precludes a court in Canada from rendering a judgment in any currency other than Canadian currency.
 - (iv) rights of indemnity may be limited by applicable law;
 - (v) determinations or demands made in exercise of a discretion may be unenforceable if made in an unreasonable or arbitrary fashion;
 - (vi) provisions providing for recovery of fees and expenses may be restricted by a court to a reasonable amount and counsel fees are subject to taxation;
 - (vii) no opinion is expressed as to the enforceability of any provision that purports to provide for a higher rate of interest after default than before;
 - (viii) no opinion is expressed as to the enforceability of a provision of any of the Security Documents that provides that the provisions of another document govern in the event of any conflict or inconsistency between the provisions of the other document and such Security Document;
 - (ix) the validity and enforceability of provisions that purport to sever from the Security Documents any provision that is prohibited or unenforceable under applicable law without affecting the enforceability or validity of the remainder of the agreement or instrument may be subject to the discretion of a court of competent jurisdiction;
 - (x) no opinion is expressed as to the enforceability of any provision purporting to exclude unwritten variations, amendments, waivers or consents;
 - (xi) no opinion is expressed as to the enforceability of any provision that purports to restrict the access to, or waive the benefit of, legal or equitable rights, remedies or defences, including any right to receive notice (including

notice of enforcement) or that purport to consent in advance to the taking of any action or the exercise of any right, remedy or defence;

- (xii) no opinion is expressed as to the enforceability of any power of attorney or non-judicial remedies provided for in any of the Security Documents;
- (xiii) no opinion is expressed as to any licences, permits or approvals that may be required in connection with the enforcement or performance of each of the Security Documents, or by Satin Finish, as applicable, or by any person on their behalf, whether such enforcement involves the operation of the business of Satin Finish or a sale, transfer or disposition of any of its property or assets;
- (xiv) no opinion is expressed as to the enforceability of any provision in any of the Security Documents that purports to constitute a receiver or receiver and manager thereunder as agent of Satin Finish or absolve a receiver or receiver and manager of responsibility for its acts;
- (xv) no opinion is expressed as to the enforceability of any provision in any of the Security Documents that purports to grant a security interest or hypothec in federal Crown debts to which the *Financial Administration Act* (Canada) applies;
- (xvi) no opinion is expressed as to the enforceability of any provision that contemplates or provides for agreement at a later date;
- (xvii) no opinion is expressed as to the enforceability of any provision that purports to relieve any party thereto, or its agents, from liability for its own acts;
- (xviii) no opinion is expressed as to the enforceability of any provision that purports to bind or affect, or confer a benefit upon, persons who are not parties to the Security Documents; and,
- (xix) remedies exercisable upon default in any of the Security Documents must be exercised in good faith and in a commercially reasonable manner.

3. **Searches:** We have only conducted those searches described in Schedule “C” hereto and we have not up-dated such searches. Except as set forth therein, we have not conducted any land titles office or other searches with respect to encumbrances against real or immovable property or any interests therein or any statutory lien, court registry or other searches, except as set out in Schedule “C” hereto. We have only searched against the names set out in Schedule “C” hereto.
4. **Priority:** No opinion is expressed as to the rank or priority, or as to the effect of perfection or opposability to third parties on the rank or priority, of any security interest created by any of the Security Documents.

5. **Reviewable Transactions:** No opinion is given as to whether any security interest, rights or powers given under any of the Security Documents constitutes a fraudulent preference or other attackable or reviewable transaction pursuant to the provisions of the *Bankruptcy and Insolvency Act* (Canada) or any applicable provincial or federal legislation.
6. **Security Interests and Registrations:** We express no opinion:
- (a) as to the validity, enforceability, creation, attachment or perfection of a security interest in:
 - (i) property consisting of a receivable, licence, approval, privilege, contractual right, franchise, permit or lease (collectively, “**Special Property**”) to the extent that the terms of the Special Property, any applicable law or the nature of the business of Satin Finish prohibit its charging, assignment or hypothecation or require, as a condition of its charging, assignability or hypothecation, a consent, approval or other authorization or registration that has not been made or given;
 - (ii) any collateral to the extent that security agreements, hypothecs or assignments with respect to such collateral are governed by the laws of the Parliament of Canada (except the BA), including, without limitation, any vessel registered under the *Canada Shipping Act* (Canada), any rolling stock and any trademark, trade name, copyright, patent, industrial design or other intellectual property right;
 - (iii) permits, quotas, licences, privileges, governmental authorizations or other property that are not personal property and that are held by or issued to or in favour of Satin Finish;
 - (iv) any interest in a right to damages in tort or at law;
 - (v) any interest in deposits/deposit accounts;
 - (vi) property for which, pursuant to applicable conflicts rules (including, without limitation, the conflicts rules of the PPSA and the *Securities Transfer Act* (Ontario)), the validity, perfection and the effect of perfection or non-perfection or enforcement are governed by the laws of a jurisdiction other than such Provinces;
 - (vii) property that is now or hereafter becomes a fixture, crop, timber, minerals, petroleum, natural gas or other deposits located therein or thereon, or any right of payment that arises in connection with an interest in land;
 - (viii) property or rights of a nature listed in section 4(1) of the PPSA; or
 - (ix) property that is Consumer Goods or a Security (as each is defined in the PPSA);

- (b) as to any registrations or filings by way of fixtures notice, floating charge on land or otherwise in any land title office in the Province of Ontario; and
 - (c) regarding the creation, validity, enforceability, attachment or perfection of any mortgage, charge, hypothec, security interest or other interest expressed to be created by or under any of the Security Documents with respect to any property of Satin Finish or any proceeds of such property that are not identifiable or traceable.
7. **Specific Collateral:** Any security interests created by the Security Documents in any equipment that is a Motor Vehicle (as defined in the PPSA) situate in the Province of Ontario have not been perfected or rendered opposable to third parties by registration against serial numbers or Vehicle Identification Numbers, as the case may be, as required thereunder. None of the Security Documents have been registered so as to protect and preserve any security interest, mortgage or charge thereof against nor have we searched for any encumbrances created by Satin Finish on any ship, or as against any coal, mineral, placer, mining or petroleum and natural gas lease, license or claim, owned or which may be acquired by Satin Finish. Accordingly, any hypothecs, security interests and mortgages on such property will be subject to the rights of third parties who at any time acquire and perfect or render opposable to third parties an interest in those assets.
8. **Maintaining Perfection:** We express no opinion with respect to maintaining perfection of any security interest created by any of the Security Documents.

SCHEDULE "C"**LIST OF SEARCHES COMPLETED****I. CORPORATION SEARCHES**

A corporation profile report (the "Profile Report") dated January 7, 2019 was obtained for Satin Finish from the Ontario Ministry of Government Services. The Profile Report confirmed that Satin Finish is a corporation incorporated in Ontario on June 27, 1922, is an "active" corporation, and the registered office address of the corporation is 15 Fenmar Drive, Toronto, Ontario M9L 1L4.

II. PPSA SEARCHES

We have obtained a certified search against Satin Finish from the registry maintained under the PPSA in order to determine whether registrations or filings have been made in connection with the relevant Security Documents.

The certificate of search, with a file currency date of January 6, 2019, discloses the following registrations against Satin Finish (not listed are 2 registrations against Satin Finish Hardware Flooring (Ontario) Limited), shown in such registrations to have the same address as Satin Finish):

1.	File Number	745223607
	Registration Number	20181026 1614 4053 1033
	Registration Period	1 year
	Debtor	Satin Finish Hardwood Flooring, Limited
	Secured Party	Taurus Craco Machinery Inc.
	Collateral Classification	Equipment
	Collateral Description	Boss Storm 2-head belt sander serial no. 18050
	Expiry date	Original expiry date: 2019 10 26
	Amendments	None

2.	File Number	740773458
	Registration Number	20180621 1333 4053 0970
	Registration Period	1 year

	Debtor	Satin Finish Hardwood Flooring, Limited
	Secured Party	Taurus Craco Machinery Inc.
	Collateral Classification	Equipment
	Collateral Description	Weinig Powermat 2400 automatic planer and moulder
	Expiry date	Original expiry date: 2019 06 21
	Amendments	None

3.	File Number	734761728
	Registration Number	20171207 1543 6005 8277
	Registration Period	4 years
	Debtor	Satin Finish Hardwood Flooring Limited (comma omitted)
	Secured Party	National Leasing Group Inc.
	Collateral Classification	Equipment, motor vehicle
	Collateral Description	2000 Hyster H100XL lift V.I.N. G005D14533W 2014 Yale GLP050VXNVLE086 for V.I.N C875V01698M
	Expiry date	Original expiry date: 2021 12 07
	Amendments	None

4.	File Number	730862073
	Registration Number	20170814 1935 1531 5465
	Registration Period	4 years
	Debtor	Satin Finish Hardwood Flooring, Limited (comma added in financing change statement)
	Secured Party	Ford Credit Canada Leasing, a division of Canadian Road Leasing Company
	Collateral Classification	Equipment, other, motor vehicle
	Collateral Description	2017 Ford F150 V.I.N. 1FTEW1EP0HFC63792

	Expiry date	Original expiry date: 2021 08 14
	Amendments	20170828 1433 1530 8474 – transfer by Satin Finish Hardwood Flooring Limited to Satin Finish Hardwood Flooring, Limited

5.	File Number	7262294609
	Registration Number	20170405 1037 8077 0632
	Registration Period	4 years
	Debtor	Satin Finish Hardwood Flooring, Limited
	Secured Party	RCAP Leasing Inc.
	Collateral Classification	Equipment, accounts, other
	Collateral Description	All telecommunications equipment leased, as described in various listed documentation, together with all replacement parts, accessories and attachments
	Expiry date	Original expiry date: 2021 04 05
	Amendments	None

6.	File Number	720794322
	Registration Number	20160921 1031 1862 6308
	Registration Period	5 years
	Debtor	Satin Finish Hardwood Flooring, Limited
	Secured Party	Canadian Imperial Bank of Commerce
	Collateral Classification	Inventory, equipment, accounts, other, motor vehicle
	Collateral Description	None
	Expiry date	Original expiry date: 2021 09 21
	Amendments	None

III. BANK ACT SEARCH

We have conducted a search against Satin Finish at the Office of the section 427 Bank Act Registrar of the registry maintained under the BA of BA notices of intention to give security registered in the province of Ontario in order to determine whether registrations or filings have been made in connection with the relevant Security Documents.

A confirmation letter from such Registrar dated January 9, 2019 discloses that (a) on September 27, 2016 a notice of intention to give security to the Bank, with registration number 01308329, was registered against Satin Finish; and (b) such registration expires on December 31, 2021.

EXHIBIT D
FIRST REPORT OF THE PROPOSAL TRUSTEE
DATED JANUARY 18, 2019

Satin Finish Hardwood Flooring Limited
Statement of Projected Cash Flow
For the period January 2 to March 29, 2019

7 days ending:	13-Jan-19 (Actual)	19-Jan-19 (Forecast)	25-Jan-19 (Forecast)	31-Jan-19 (Forecast)	6-Feb-19 (Forecast)	13-Feb-19 (Forecast)	20-Feb-19 (Forecast)	27-Feb-19 (Forecast)	6-Mar-19 (Forecast)	13-Mar-19 (Forecast)	20-Mar-19 (Forecast)	27-Mar-19 (Forecast)	29-Mar-19 (Forecast)
Opening Cash Balance	0	223,199	333,060	384,289	517,727	326,707	523,979	633,347	914,148	999,927	1,328,453	1,588,775	1,903,180
Receipts	250,761	262,047	178,313	178,313	178,313	375,787	375,787	375,787	404,881	447,391	447,391	447,391	447,391
Disbursements	(1,114)	(134,511)	0	0	(219,424)	(66,743)	(146,594)	(69,210)	(146,594)	(46,740)	(146,594)	(146,594)	(178,594)
Payroll (incl. taxes)	0	0	(57,084)	(10,175)	(82,209)	(10,175)	(79,175)	(10,175)	(82,209)	(10,175)	(10,175)	(10,175)	(10,175)
Utilities and Maintenance	0	0	0	(10,000)	0	0	(10,000)	0	0	0	(10,000)	0	0
Equipment Leases	0	0	(70,000)	0	0	(70,000)	0	0	(70,000)	0	0	(70,000)	0
Professional and Management Fees	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	(24,387)	0	0	(13,000)	0	0	0	0	(13,000)	0	0	0	0
SGA & Costs	(2,061)	0	0	(24,700)	(60,000)	(10,000)	(13,700)	(10,000)	0	(10,000)	(13,700)	(10,000)	(155,755)
Material Purchases and Freight	0	(16,369)	0	0	(6,600)	(6,600)	(16,950)	(6,600)	(6,600)	(16,950)	(6,600)	(6,600)	(16,950)
Banking Charges and Interest	0	(3,608)	0	0	0	(33,000)	0	0	0	(33,000)	0	0	0
Total Disbursements	(27,552)	(171,168)	(127,084)	(44,676)	(388,932)	(178,515)	(286,248)	(94,995)	(318,109)	(118,695)	(187,689)	(124,925)	(361,475)
Cash Generated	223,199	333,060	384,289	517,727	326,707	523,979	633,347	914,148	999,927	1,328,453	1,588,775	1,903,180	1,989,097

The Statement of Projected Cash Flow includes the Hypothetical and/or Probable Assumptions attached to this projected cash flow

The statement of projected cash flow is prepared by the debtor in accordance with s.50.4(2)(a) of the Bankruptcy and Insolvency Act and should be read in conjunction with the Trustee's Report.

MNP Ltd., Trustee acting in re the Proposal
of Satin Finish Hardwood Flooring Limited

Satin Finish Hardwood Flooring Limited

Per: 

Per: 

Dated: January 14th, 2019

- The Statement of Projected Cash Flow is to be read in conjunction with the following Hypothetical and/or Probable Assumptions:
- Retention of key personnel;
 - Sales projections are based on historical trends and management's expectations;
 - The collection of receivables are estimated based on management's expectations and the collections will be the primary source of short-term liquidity;
 - Management intends to incentivize shorter payment terms for new sales, which should create additional short-term liquidity;
 - Support by secured creditor;
 - Source deductions are current and are remitted through the company's payroll service;
 - No provisions for income taxes have been made;
 - The labour lockout of the Company's unionized employees will be resolved such that the unionized employees will return to work by the first week of February 2019;
 - Future sales can be fulfilled with existing inventory and minimal material purchases; and
 - Pursuant to Section 69(1) of the Bankruptcy and Insolvency Act, all creditor's claims are subject to a stay of proceedings.

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

-- FORM 29 --
Trustee's Report on Cash-Flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of
Satin Finish Hardwood Flooring, Limited
of the City of Toronto
in the Province of Ontario

The attached statement of projected cash flow of Satin Finish Hardwood Flooring, Limited, as of the 14th day of January 2019, consisting of Statement of Weekly Projected Cash Flow for the period ending March 29, 2019, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by: the management and employees of the insolvent person or the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by: management or the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

(a) the hypothetical assumptions are not consistent with the purpose of the projection;

(b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or

(c) the projection does not reflect the probable and hypothetical assumptions.


Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 14th day of January 2019.

MNP LTD. - Licensed Insolvency Trustee

Per:



Sheldon Title - Licensed Insolvency Trustee
300 - 111 Richmond Street West
Toronto ON M5H 2G4
Phone: (416) 596-1711 Fax: (416) 323-5242

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

FORM 29 - Attachment
Trustee's Report on Cash-flow Statement
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the matter of the proposal of
Satin Finish Hardwood Flooring, Limited
of the City of Toronto
in the Province of Ontario

Purpose:

1. The Statement of Weekly Projected Cash Flow has been prepared for the period commencing January 2, 2019, solely for the purpose of complying with Part III of the Bankruptcy and Insolvency Act.

Projection Notes:

2. Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Statement of Projected Cash Flow.

3. Probable Assumptions

Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Statement of Projected Cash Flow.

Assumptions:

4. The Statement of Weekly Projected Cash Flow includes the following Hypothetical and/or Probable Assumptions:
 - a) Retention of key personnel;
 - b) Sales projections are based on historical trends and management's expectations;
 - c) The collection of receivables are estimated based on managements expectations and the collections will be the primary source of short-term liquidity;
 - d) Management intends to incentivize shorter payment terms for new sales, which should create additional short-term liquidity;
 - e) Support by secured creditor;
 - f) Source deductions are current and are remitted through the company's payroll service;
 - g) No provisions for income taxes have been made;
 - h) The labour lockout of the Company's unionized employees will be resolved such that the unionized employees will return to work by the first week of February 2019;
 - i) Future sales can be fulfilled with existing inventory and minimal material purchases; and
 - j) Pursuant to Section 69(1) of the Bankruptcy and Insolvency Act, all creditor's claims are subject to a stay of proceedings.

Dated at the City of Toronto in the Province of Ontario, this 14th day of January 2019.

MNP LTD. - Licensed Insolvency Trustee
Per:



Sheldon Title - Licensed Insolvency Trustee
300 - 111 Richmond Street West
Toronto ON M5H 2G4
Phone: (416) 596-1711 Fax: (416) 323-5242

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

- FORM 30 -

Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of
Satin Finish Hardwood Flooring, Limited
of the City of Toronto
in the Province of Ontario


The Management of Satin Finish Hardwood Flooring, Limited, has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 14th day of January 2019, consisting of Statement of Weekly Projected Cash Flow for the period ending March 29, 2019.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Toronto in the Province of Ontario, this 14th day of January 2019.



Satin Finish Hardwood Flooring, Limited
Debtor

D. ZIMMERMAN DIRECTOR

Name and title of signing officer

Name and title of signing officer

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

FORM 30 - Attachment
Report on Cash-Flow Statement by the Person Making the Proposal
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the matter of the proposal of
Satin Finish Hardwood Flooring, Limited
of the City of Toronto
in the Province of Ontario

Purpose:

1. The Statement of Weekly Projected Cash Flow has been prepared for the period commencing January 2, 2019, solely for the purpose of complying with Part III of the Bankruptcy and Insolvency Act.

Projection Notes:

2. Hypothetical Assumptions

Hypothetical assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that assume a set of economic conditions or courses of action that are not necessarily the most important in the insolvent person's judgment, but are consistent with the purpose of the Statement of Projected Cash Flow.

3. Probable Assumptions

Probable assumptions as defined in the Standards of Professional Practice of the Canadian Association of Insolvency and Restructuring Professionals are assumptions that the Insolvent Person believes reflects the most probable set of economic conditions and planned courses of action, are suitably supported, consistent with the plans of the Insolvent Person and provide a reasonable basis for the Statement of Projected Cash Flow.

Assumptions:

4. The Statement of Weekly Projected Cash Flow includes the following Hypothetical and/or Probable Assumptions:

- a) Retention of key personnel;
- b) Sales projections are based on historical trends and management's expectations;
- c) The collection of receivables are estimated based on managements expectations and the collections will be the primary source of short-term liquidity;
- d) Management intends to incentivize shorter payment terms for new sales, which should create additional short-term liquidity;
- e) Support by secured creditor;
- f) Source deductions are current and are remitted through the company's payroll service;
- g) No provisions for income taxes have been made;
- h) The labour lockout of the Company's unionized employees will be resolved such that the unionized employees will return to work by the first week of February 2019;
- i) Future sales can be fulfilled with existing inventory and minimal material purchases; and
- j) Pursuant to Section 69(1) of the Bankruptcy and Insolvency Act, all creditor's claims are subject to a stay of proceedings.

Dated at the City of Toronto in the Province of Ontario, this 14th day of January 2019.



Satin Finish Hardwood Flooring, Limited

EXHIBIT E
FIRST REPORT OF THE PROPOSAL TRUSTEE
DATED JANUARY 18, 2019

Sale Process

Purpose

1. The purpose of the going concern marketing and sale process for all or part of the assets of Satin Finish Hardwood Flooring, Limited (the "**Sale Process**") is to identify one or more purchasers of the business and/or assets of Satin Finish Hardwood Flooring, Limited. ("**Satin**"). The Sale Process will be conducted by MNP LTD. in its capacity as the Proposal Trustee of Satin (the "**Proposal Trustee**"), with the input and assistance of Satin, in accordance with the terms and timeline set out below.
2. It is contemplated that Satin will seek an order (the "**Order**") of the Ontario Superior Court of Justice (Commercial List) (the "**Court**"), among other things, approving the Sale Process on or about January 23, 2019. Any sale shall be subject to approval by the Court.
3. Unless otherwise indicated herein any event that occurs on a day that is not a business day shall be deemed to occur on the next business day.

Sale Process Procedures

4. The Proposal Trustee will compile a list of prospective purchasers (together with any other party expressing an interest in the business and/or assets of Satin, the "**Interested Parties**"). The Proposal Trustee will make reasonable efforts to canvass the interest of all Interested Parties.

5. The Sale Process will be conducted by the Proposal Trustee with the input and assistance of Satin and will provide Interested Parties with the opportunity to submit offers to purchase some or all of Satin's business and/or assets on an "as is, where is" basis.
6. The Proposal Trustee shall cause a notice of the Sale Process to be published in the National Edition of the *Globe & Mail* Newspaper and other industry trade journals, as applicable, within five (5) days following the date of the Order.
7. As soon as possible after the issuance of the Order, the Proposal Trustee will distribute to Interested Parties an interest solicitation letter or teaser which will provide an overview of this opportunity and Satin's business and assets. A form of confidentiality agreement ("**CA**") will be attached to the interest solicitation letter that Interested Parties will be required to sign in order to gain access to confidential information and to commence performing due diligence (each Interested Party who signs a CA being referred to herein as, a "**Prospective Offeror**"). All CA's shall enure to the benefit of any purchaser of or investor in Satin's business and/or assets.
8. The Proposal Trustee will provide to each Prospective Offeror (i) a confidential information memorandum prepared with information supplied by Satin, (ii) access to an electronic data room established by the Proposal Trustee with information and documentation supplied by Satin (which will include certain operational and other information with respect to Satin), and (iii) a proposed form of agreement of purchase and sale with Satin as vendor (the "**APS**"). The Proposal Trustee will also facilitate diligence by Prospective Offerors, including arranging site visits, as

the Proposal Trustee determines to be appropriate. The Proposal Trustee will attend such site visits as it considers appropriate.

9. Notwithstanding paragraph 8 above, the Proposal Trustee shall have the right to deny or limit any Prospective Offeror's access to confidential information. This will include denying or limiting access, if deemed appropriate, to parties who the Proposal Trustee reasonably believes are not likely to be serious offerors.

Timeline

10. A chart summarizing material deadlines for the Sale Process is set out below:

	Event	Timing
1	National Edition of the <i>Globe & Mail</i> Newspaper and other industry trade journals as applicable	January 25, 2019 or as soon thereafter as is practical
2	Contact parties that were either previously contacted or identified as Interested Parties	Commencing January 23
3	Distribute Teaser document to those identified as Interested Parties	Commencing January 23
4	Confidentiality Agreement distributed to Interested Parties	Commencing January 23
5	Confidential Information Memorandum and data room access provided to Prospective Offerors after receipt of signed Confidentiality Agreement	Commencing January 24

6	Plant tours and access to management	Commencing January 28 to Deadline
7	Form of APS to be provided to Prospective Offerors	No later than February 15
8	Deadline for submission of bids	March 11 (5:00 PM Toronto time)
9	Acceptance of offer	No later than March 15
10	Court motion to approve Successful Bid	No later than April 5
11	Complete transaction	No later than April 19, 2019

Submission of Offers

11. The Proposal Trustee shall seek binding offers and accompanying material from Prospective Offerors in accordance with the timeline above that:

- (a) provides and substantiates the identity of each person or entity (including its shareholders) that is sponsoring or participating in the offer and the complete terms of such participation, evidence of corporate authority, and proof of such offeror's financial ability to perform the proposed transaction to the satisfaction of the Proposal Trustee, acting reasonably;
- (b) are in the form of a binding offer capable of acceptance, irrevocable until April 19, 2019;
- (c) at the discretion of the Proposal Trustee, are accompanied by a cash deposit (the "**Deposit**") in the form of a wire transfer (to a bank account specified by the

Proposal Trustee), in an amount equal to 10% of the total consideration in the offer and otherwise on terms acceptable to the Proposal Trustee;

- (d) in the case of a proposed purchase of Satin's business and/or assets, is substantially in the form of the APS, with any changes to the offer blacklined against the APS;
- (e) includes: an acknowledgement and representation that the offeror: (i) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the assets to be acquired and liabilities to be assumed in making its bid; and (ii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the business and/or assets to be acquired or liabilities to be assumed or the completeness of any information provided in connection therewith, except as expressly stated in any definitive documents;
- (f) is not conditional upon:
 - (i) the outcome of unperformed due diligence; or
 - (ii) obtaining financing; and
 - (iii) any other conditions to closing, except the usual limited conditions to a transaction in an insolvency proceeding, such as the issuance by the Court of an order approving the transaction.

12. Each offer submitted in accordance with paragraph 11 above shall be a "**Qualified Offer**" and each such offeror a "**Qualified Offeror**".

Post-Offer Procedure

13. If one or more Qualified Offers are received, Satin, in consultation with the Proposal Trustee, may choose to:
- (a) accept one (or more if for distinct transactions) Qualified Offer(s) (the "**Successful Offer**" and each Qualified Offeror making the Successful Offer(s) being a "**Successful Offeror**") and take such steps as are necessary to finalize and complete an agreement for the Successful Offer(s) with the Successful Offeror(s);
or
 - (b) continue negotiations with a selected number of offerors (collectively, "**Selected Offerors**") with a view to finalizing one or more agreements with one or more Selected Offerors.
14. Satin shall be under no obligation to accept the highest or best (or any) offer and any selection of the Successful Offer(s) and the Selected Offeror(s) shall be entirely in the discretion of Satin, in consultation with the Proposal Trustee. For greater certainty, Satin, in consultation with the Proposal Trustee, shall be permitted to decline acceptance of all offers.
15. No party shall be allowed any break, termination or similar fee. For greater certainty, Interested Parties and Qualified Offerors shall be responsible for their own fees and costs relating to any transaction.

Other Terms

16. If a Successful Offeror breaches its obligations under the terms of its offer, its Deposit shall be forfeited to the Proposal Trustee as liquidated damages and not as a penalty.
17. Notwithstanding anything else contain herein, if it becomes evident to the Proposal Trustee that no Qualified Offers will be received or for other valid reason, the Proposal Trustee may terminate the Sale Process.
18. The Proposal Trustee or Satin shall apply to the Court (the "**Approval Motion**") for an order approving the Successful Offer(s), authorizing the Proposal Trustee and Satin to undertake such actions as may be necessary or appropriate to give effect to the Successful Offer(s) and vesting Satin's interests in the applicable assets in the Successful Offeror(s) substantially in accordance with the terms of the Court's model Approval and Vesting Order.
19. The Proposal Trustee or Satin will schedule the Approval Motion on the earliest reasonably possible date following the determination of the Successful Offer, subject to the timeline set out above.
20. At any time during the Sale Process, the Proposal Trustee or Satin may, upon reasonable notice to the service list, apply to the Court for advice and directions with respect to the discharge of the Proposal Trustee's powers and duties hereunder or the conduct of the Sale Process.
21. There shall be no material amendments to this Sale Process, including, for greater certainty the process and procedures set out herein, without further order of the Court.

Notwithstanding the foregoing, the Proposal Trustee shall be permitted to extend the dates in the Sale Process by a total of up to two (2) weeks without further order of the Court.

TAB 2

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**

SERVICE LIST

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

3.	<p>Minden Gross 145 King St. West, Suite 2200 Toronto, ON M5H 4G2</p> <p>Timothy R. Dunn Tel: 416.369.4335 Fax: 416.864.9223 Email: TDunn@mindengross.com</p> <p>Hayley Larkin Tel: 416.369.4324 Fax: 416.864.9223 Email: hlarkin@mindengross.com</p>	
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>	
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>	

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>	
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>	
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>	
9.		

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

Proceeding commenced at Toronto

**MOTION RECORD
OF THE PROPOSAL TRUSTEE, MNP LTD.
DATED JANUARY 18, 2019**

GOLDMAN SLOAN NASH & HABER LLP
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Toronto, ON M5G 1V2

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Lawyers for the Proposal Trustee, MNP Ltd.

Appendix “B”

/

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

Court No. 31-2459849

**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**

**SECOND REPORT TO THE COURT
SUBMITTED BY MNP LTD.**

MARCH 13, 2019

I. INTRODUCTION

1. This report (the “**Second Report**”) is filed by MNP Ltd. in its capacity as proposal trustee (“**Proposal Trustee**”) under the Notice of Intention to Make a Proposal (the “**NOI**”) filed by Satin Finish Hardwood Flooring, Limited. (“**Satin**” or the “**Company**”) on January 2, 2019, pursuant to Section 50.4 (1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”). Copies of the NOI and the Certificate of Filing the NOI were appended to the Proposal Trustee's First Report dated January 18, 2019 (the “**First Report**”). A copy of the First Report, without appendices (except Appendix D, the Cash Flow Projections and related reports for the period January 2, 2019 to March 29, 2019), is attached as **Appendix “A”**.
2. On January 23, 2019, the Court issued an Order (the “**First Extension Order**”) and Endorsement that, *inter alia*:
 - a. extended the time for filing a proposal to and including March 18, 2019; and
 - b. approved the marketing and sale process as more particularly described in the First Report and Exhibit “E” attached thereto (the “**Sale Process**”).

Copies of the First Extension Order and Endorsement issued on January 23, 2019 are attached as **Appendix “B”** and **Appendix “C”**, respectively.

II. RESTRICTIONS

3. In preparing this Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, the Zimmerman Affidavit (as defined in the First Report), the Company's books and records, discussions with employees and management of the Company and information from other third-party sources (collectively, the "**Information**"). Except as described in this Report, the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards of the Chartered Professional Accountants of Canada.
4. The Proposal Trustee also bases its report on the Company's cash flow projections and underlying assumptions and notes that its review and commentary thereon were performed in accordance with the requirements set out in the Canadian Association of Insolvency and Restructuring Professionals' Standards of Professional Practice No. 99-5 (Trustee's Report on Cash Flow Statement). Certain of the information referred to in this report consists of financial forecasts and/or projections. An examination or review of financial forecasts and projections and procedures, in accordance with standards set by Chartered Professional Accountants Canada, has not been performed. Future oriented financial information referred to in this report was prepared based on estimates and assumptions provided by the Company's management. Readers are cautioned that, since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, and such variations could be material.

III. PURPOSE OF THIS REPORT

5. The purpose of this Second Report is to, *inter alia*:
 - a. Update the Court with respect to:
 - i. the activities of the Company and the Proposal Trustee since the First Report;

- 9
- ii. the Company's actual receipts and disbursements in comparison to its cash flow projections for the period January 12, 2019 to March 1, 2019 and updated and extended cash flow projections, and the Proposal Trustee's observations regarding same; and
 - iii. the status of the Sale Process, including the extension of the Sale Process by the Proposal Trustee for a total of two (2) weeks pursuant to paragraph 21 of the Sale Process;
- b. Provide the Court with the Proposal Trustee's recommendations that the Court make an order, as requested by the Company, *inter alia*:
- i. approving the extension of the Sale Process for an additional two (2) weeks in addition to Proposal Trustee Extension (defined below);
 - ii. approving the extension of the time for the Company to file a proposal with the Official Receiver (the "**Stay Period**") to and including May 2, 2019;
 - iii. approving this Second Report, as well as the approval of the activities of the Proposal Trustee as set out herein; and
 - iv. authorizing the Proposal Trustee and its counsel, Goldman Sloan Nash & Haber LLP ("**GSNH**") to apply interim payments against their fees and disbursements out of monies received from the Company, subject to such draws and payments for professional fees to Company's counsel being limited to the professional fees provided by and in accordance with the Cash Flow Projections and Revised Cash Flow Projections and such amounts constituting advances against their remuneration and disbursements when and as approved by this Court.

IV. CASH FLOW PROJECTIONS

6. On January 14, 2019, the Company's cash flow projections and related assumptions for the period from January 2, 2019 to March 29, 2019, together with the reports of management and the Proposal Trustee on the cash flow projections (the "**Cash Flow Projections**") were

filed with the Official Receiver. A copy of the Cash Flow Projections was appended to the First Report.

7. To date, the Company has provided the Proposal Trustee with its full co-operation and unrestricted access to its premises, books and records.
8. The Proposal Trustee implemented procedures for monitoring the Company's receipts and disbursements and has kept in close contact with management to ensure that operations are continuing in the normal course of business and in accordance with the Cash Flow Projections.
9. A summary of the Company's actual receipts and disbursements for the period January 2, 2019 to March 1, 2019 is set out below, with a comparison to forecast:

	Totals for January 2nd to March 1, 2019		
	<i>(Forecast)</i>	<i>(Actual)</i>	<i>(Variance)</i>
Receipts			
Total Receipts	2,598,990	2,412,593	(186,397)
Disbursements			
Payroll (incl. taxes)	(757,194)	(641,133)	116,061
Utilities and Maintenance	(332,601)	(242,353)	90,248
Equipment Leases	(20,000)	-	20,000
Professional and Management Fees	(230,000)	(131,018)	98,982
Insurance	(50,382)	(73,146)	(22,764)
SGA & Costs	(120,461)	(84,184)	36,277
Material Purchases and Freight	(53,119)	(298,761)	(245,642)
Banking Charges and Interest	(35,306)	(92,708)	(57,402)
Total Disbursements	(1,599,062)	(1,563,303)	35,759
Cash Generated	999,927	849,290	(150,637)

10. As exhibited above, the Company's cash position at March 1, 2019 is approximately \$150M lower than forecast. The Proposal Trustee offers the following commentary with respect to material unfavourable variances in the Cash Flow Projections:

- a. **Total receipts** – The \$186,000 unfavourable variance in receipts is largely attributable to lower than anticipated post-NOI sales, and more specifically the lower than anticipated sale of products on cash on delivery terms.
- b. **Materials Purchases and Freight** – the unfavourable variance relates to: (i) the post-NOI purchase of hardwood and stain materials that were unanticipated by the Company; and (ii) freight charges and duties related to the post-NOI shipment of goods ordered and paid for by Satin prior to the NOI.

These unfavourable variances were partially offset by the following:

- c. **Payroll** – As noted below, Satin and Teamsters, Local Union 847 (the “Union”) negotiated a new collective bargaining agreement, which agreement was ratified on January 18, 2019. The Cash Flow Projections were prepared on the assumption that the unionized employees would return to work by the first week of February 2019. While the unionized workers returned to work one week earlier than projected, the manufacturing facility was brought back into operation in various stages thereby resulting in the payroll costs being approximately \$116,000 lower than forecast.
 - d. **Utilities and Maintenance** – The approximately \$90,000 favourable variance is attributable to two components. First, the overall utility costs are lower than projected as the plant was not operating at full capacity. Second, Satin has not remitted payment of its property taxes, which variance is a timing difference.
 - e. **Professional and Management Fees** – The \$98,000 favourable variance in payment of professional and management fees is timing in nature.
11. As of the date of the Second Report, the Company is current with respect to its obligations to employees and former employees, including the payment of all outstanding wages and vacation pay to employees, as well as source deduction remittances to Canada Revenue Agency.

V. ACTIVITIES OF THE COMPANY

Labour Negotiations

12. As reported in the First Report, out of its approximately 120 employees, Satin employs more than 90 members of the Union. Prior to the NOI, Satin experienced a breakdown in negotiations of an expired unionized employee's collective bargaining agreement. The unionized employees had been locked out from Satin as of December 7, 2018.
13. After a series of negotiations between Satin and the representatives of the Union, a new collective bargaining agreement was ratified on January 18, 2019.
14. Satin has since resumed the manufacturing operations that were halted during the period of the labour lockout.

Disclaiming of Contract

15. CWB National Leasing ("National") leased certain equipment, forklifts, to Satin pursuant to a lease agreement (the "Contract"). According to National it was owed \$3,161 as of the date of the NOI. The Company had not made payments under the Contract leading up to the NOI filing due to liquidity constraints. Additionally, Satin advised the Proposal Trustee that the Contract was not integral to the Sales Process or to the Company's efforts under the NOI.
16. For these reasons, and with the Trustee's approval, the Company sent National a notice, in prescribed form, to disclaim the Contract pursuant to Section 65.11 of the BIA on February 27, 2019.

Forbearance Agreement

17. At the date of the First Report, Satin was engaged in good faith negotiations on a forbearance agreement with its senior secured lender Canadian Imperial Bank of Commerce ("CIBC"). Satin and CIBC have entered into a forbearance agreement dated as of February 12, 2019 that provides for a forbearance period ending on the earlier of April 30, 2019 and the occurrence of a Termination Event as defined therein. In the forbearance

agreement, CIBC has agreed to continue to provide its credit facilities to Satin on the terms set out therein.

VI. SALE PROCESS

18. The following steps were taken by the Proposal Trustee, with the assistance of the Company, to conduct the Sale Process:

- a. On January 24, 2019, the Proposal Trustee distributed via e-mail a brief interest solicitation letter (the “**Teaser**”) to prospective purchasers. The distribution list included:
 - i. Companies previously identified by Satin as potentially having an interest in the business;
 - ii. Established Canadian and US hardwood and flooring manufacturing and distributing companies;
 - iii. Canadian and US-based venture capital firms;
 - iv. Companies known by the Proposal Trustee and its affiliated MNP Corporate Finance practice to invest in hardwood and/or flooring companies; and
 - v. Asset liquidators.
- b. Subsequent to the e-mails sent on January 24, 2019, the Proposal Trustee sent the Teaser to additional parties, which had been identified as prospective purchasers, but for which contact information had not yet been obtained. These e-mails were sent between January 25, 2019 and February 4, 2019.
- c. On January 29, 2019, the Proposal Trustee advertised the acquisition opportunity in the National Edition of the Globe & Mail newspaper. A copy of the advertisement is attached as **Appendix “D”**.
- d. On February 7, 2019 the Proposal Trustee prepared and sent an additional teaser (the “**Revised Teaser**”) via e-mail. The Revised Teaser contained more

information regarding Satin than the Teaser. The Revised Teaser was sent to: (i) those parties that had not yet responded to the Teaser sent on January 24, 2019; and (ii) parties that had been identified as prospective purchasers subsequent to January 24, 2019.

e. A secure online data room was set up containing additional information and documents in respect of the Company and its business and assets, including a Confidential Information Memorandum (“**CIM**”). Access to the online data base was provided to all interested parties that signed a confidentiality and non-disclosure agreement (“**NDA**”).

f. Notice of the sale was published in the *Insolvency Insider* e-mail publication, on February 11, 19 and 25, of 2019.

19. Offers were due by 5 pm on March 11, 2019 (the “**Original Bid Deadline**”) pursuant to the court approved Sale Process. The Proposal Trustee received several executed NDAs from a number of parties (the “**Later NDA Parties**”) only shortly before the Original Bid Deadline. The Later NDA Parties are potential strategic purchasers as well as liquidators.

20. Pursuant to paragraph 21 of the Sale Process, the Proposal Trustee is permitted to extend the dates in the Sale Process by a total of up to two (2) weeks without seeking further order of the Court. The Proposal Trustee, in consultation with the Company, determined that it would be beneficial to the Sale Process to exercise its 2-week extension right (the “**Proposal Trustee Extension**”) in order to provide additional time for all parties that submitted an NDA, particularly the Later NDA Parties, to complete their due-diligence and prepare an offer. Therefore, on March 7, 2019, the Proposal Trustee provided notice of the Proposal Trustee Extension via e-mail to all parties that had signed an NDA. The extended sale process results in an offer deadline of March 25, 2019, an offer acceptance deadline of March 29, 2019, a court approval motion date deadline of April 19, 2019 and a transaction completion deadline of May 3, 2019.

21. Satin believes that the Proposal Trustee Extension may not provide sufficient time for all parties to properly conduct their due-diligence and submit the best possible offers. Satin

therefore believes that the current bid submission deadline of March 25, 2019 should be extended by an additional two (2) weeks (the “**Proposed Further Extension**”) to allow for the completion of due diligence by prospective purchasers. Satin believes this extension will provide for the best opportunity for a going concern sale which would maximize realization for its stakeholders.

22. The Company is requesting that the Sale Process be extended by a total of an additional two (2) weeks, being fourteen (14) days beyond the two (2) weeks of the Proposal Trustee Extension. The proposed new timeline of the extended Sale Process, including milestone dates already passed and achieved, is attached as **Appendix “E”**.
23. The Proposal Trustee recommends that the Proposed Further Extension be approved for the following reasons:
 - a. it is supported by Satin’s senior secured creditor, the CIBC;
 - b. if successful, it could result in greater recoveries than in a liquidation, to the benefit of all stakeholders, including secured and unsecured creditors; and
 - c. the sale of Satin as a going-concern would potentially preserve the employment opportunity for Satin’s approximately 120 employees and provide ongoing opportunities for Satin’s customers and suppliers

VII. EXTENSION OF THE STAY PERIOD

24. The current Stay Period expires at midnight on March 18, 2019 and the Company seeks an extension of the Stay Period for 45 days to and including May 2, 2019.
25. The Company requires the additional time afforded by the proposed extension of the Stay Period to complete the Sale Process under the Proposed Further Extension. Without the extension, the Company will likely not be able to preserve the possibility of completing a going concern transaction, to the detriment of its creditors.
26. The Proposed Further Extension contemplates that Satin, in consultation with the Proposal Trustee, will have the opportunity to obtain and review offers and negotiate a final asset

purchase agreement prior to the expiration of the Stay Period, should this Court grant the Proposed Further Extension.

27. The Company has prepared a revised cash flow and related assumptions for the period commencing January 2, 2019 and ending May 17, 2019 (the “**Revised Cash Flow Projections**”). A copy of the Revised Cash Flow Projections, together with the reports of management and the Proposal Trustee on the Revised Cash Flow Projections were filed with the Official Receiver on March 13, 2019. A copy of the Revised Cash Flow Projections is attached as **Appendix “F”**.
28. As set out in the Revised Cash Flow Projections, it appears that the Company will have sufficient funds available to continue operating and meet its obligations through to the end of the requested extended Stay Period on May 2, 2019.
29. The Proposal Trustee supports the Company’s request for an extension and has also considered:
 - a. Satin has acted, and continues to act, in good faith and with due diligence in its operations and dealings with its stakeholders;
 - b. that Satin is projected to have sufficient funds to pay post-filing services and supplies in the amounts contemplated in the Revised Cash Flow Projections;
 - c. that CIBC supports the extension and no other creditor is prejudiced by the requested extension;
 - d. that the proposed extension allows the Company to complete the Sale Process, which could generate Offers before the end of the requested extension period that could result in greater recoveries than in a liquidation within a bankruptcy scenario; and
 - e. if Offers are received, it is expected that the Company will then be in a position to consider formulating and presenting a viable proposal.

VIII. PROFESSIONAL FEES

30. The Cash Flow Projections and Revised Cash Flow Projections provide for the payment of professional fees related to administration of the proposal proceedings, including the fees and disbursements of the Proposal Trustee, GSNH and Mindens.
31. Section 25(1.3) of the BIA provides that the trustee cannot withdraw any money from the estate trust account without the permission in writing of the inspectors or pursuant to a court order, except for the payment of dividends and charges incidental to the administration of the estate. Similarly, GSNH's legal fees must be approved by the Court.
32. The Sale Process and the proposal proceedings are ongoing. The Proposal Trustee and GSNH are desirous of receiving interim draws towards payment of their fees and expenses, and at their request, the Company seeks the Court's authorization for these firms to apply interim payments against their fees and disbursements out of monies received from the Company, subject to such draws and payments for professional fees to Company's counsel being limited to the professional fees provided by the Cash Flow Projections and Revised Cash Flow Projections and such amounts constituting advances against their remuneration and disbursements when and as approved by this Court.

IX. CONCLUSION AND RECOMMENDATION

33. Based on the foregoing as outlined in the body of this Second Report, the Proposal Trustee respectfully requests that this Court issue an order granting the relief detailed in paragraph 5b.

All of which is respectfully submitted on this 13th day of March, 2019.

MNP Ltd.

In its capacity as Trustee under
The Notice of Intention to Make a Proposal of
Satin Finish Hardwood Flooring, Limited
Per:



Sheldon Title

Appendix "C"

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*

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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

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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Lawyers for Satin Finish Hardwood Flooring, Limited

Appendix “D”

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

Court No. 31-2459849

**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**

**THIRD REPORT TO THE COURT
SUBMITTED BY MNP LTD.**

MAY 1, 2019

I. INTRODUCTION

1. This report (the “**Third Report**”) is filed by MNP Ltd. in its capacity as proposal trustee (“**Proposal Trustee**”) under the Notice of Intention to Make a Proposal (the “**NOI**”) filed by Satin Finish Hardwood Flooring, Limited. (“**Satin**” or the “**Company**”) on January 2, 2019, pursuant to Section 50.4 (1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”). In addition, the Proposal Trustee has prepared a confidential supplement to the Third Report detailing the status of the Sale Process (defined below), which the Company and the Proposal Trustee are seeking to be sealed in the Court file.
2. On January 23, 2019, the Court issued an Order (the “**First Extension Order**”) and Endorsement that, *inter alia*:
 - a. extended the time for filing a proposal to and including March 18, 2019; and
 - b. approved the marketing and sale process as more particularly described in the First Report, dated January 18, 2019 (the “**First Report**”) and Exhibit “E” attached thereto (the “**Sale Process**”).

A copy of the First Extension Order issued on January 23, 2019 is attached as **Appendix “A”**.

3. On March 15, 2019, the Court issued an Order (the “**Second Extension Order**”) that, *inter alia*:
 - a. Extended the time for filing a proposal to and including May 2, 2019;
 - b. Extended the timeline for the Sale Process by two (2) weeks; and
 - c. Authorized the Proposal Trustee and its counsel to receive, subject to certain limitations, interim draws toward payment of their professional fees and disbursements out of monies received from the Company.

A copy of the Second Extension Order issued on March 15, 2019 is attached as **Appendix “B”**, respectively.

II. RESTRICTIONS

4. In preparing this Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, the Zimmerman Affidavit (as defined in the First Report), the Company’s books and records, discussions with employees and management of the Company and information from other third-party sources (collectively, the “**Information**”). Except as described in this Report, the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards of the Chartered Professional Accountants of Canada.
5. The Proposal Trustee also bases its report on the Company’s cash flow projections and underlying assumptions and notes that its review and commentary thereon were performed in accordance with the requirements set out in the Canadian Association of Insolvency and Restructuring Professionals’ Standards of Professional Practice No. 99-5 (Trustee’s Report on Cash Flow Statement). Certain of the information referred to in this report consists of financial forecasts and/or projections. An examination or review of financial forecasts and projections and procedures, in accordance with standards set by Chartered Professional Accountants Canada, has not been performed. Future oriented financial information

referred to in this report was prepared based on estimates and assumptions provided by the Company's management. Readers are cautioned that, since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, and such variations could be material.

III. PURPOSE OF THIS REPORT

6. The purpose of this Third Report is to, *inter alia*:
 - a. Update the Court with respect to:
 - i. the activities of the Company and the Proposal Trustee since the Second Report to the Court submitted by MNP Ltd. dated March 13, 2019 (the "**Second Report**", attached without exhibits as **Appendix "C"**);
 - ii. the Company's actual receipts and disbursements in comparison to its cash flow projections for the period January 12, 2019 to April 19, 2019 and updated and extended cash flow projections, and the Proposal Trustee's observations regarding same; and
 - iii. the results of the Sale Process, including the status of ongoing efforts to solicit expressions of interest.
 - b. Provide the Court with the Proposal Trustee's recommendations that the Court make an order, as requested by the Company, *inter alia*:
 - i. authorizing the sale of the Company's raw materials, unfinished product (the "**Work in Progress**") and certain inventory that has not met quality standards (the "**Off-Quality Inventory**") outside of the ordinary course of business for a sale price not to exceed \$710,000 (before HST) in the aggregate for the period ending June 14, 2019;
 - ii. sealing the confidential appendix described below until further order of the Court;

- iii. approving the extension of the Sale Process and permitting bids only by certain parties, as discussed below;
- iv. approving the extension of the time for the Company to file a proposal with the Official Receiver (the “**Stay Period**”) to and including June 14, 2019; and
- v. approving this Third Report, as well as the approval of the activities of the Proposal Trustee as set out herein.

IV. ACTIVITIES OF THE COMPANY

Scaling Back Operations

- 7. As reported in the First Report, out of its approximately 120 employees, Satin employs more than 90 members of the Union (as defined in the First Report). Prior to the NOI, Satin experienced a breakdown in negotiations of an expired unionized employee’s collective bargaining agreement. The unionized employees had been locked out from Satin as of December 7, 2018.
- 8. Satin resumed the manufacturing operations that were halted during the period of the labour lockout after a new collective bargaining agreement was ratified on January 18, 2019.
- 9. During the NOI process, Satin has reduced their sales team in an effort to reduce costs. Due to limited orders, Satin no longer requires the production of additional inventory and will complete all existing orders by the week ended May 3, 2019. Satin has therefore planned to shut down its production line effective as of the week ended May 3, 2019.

Forbearance Agreement

- 10. As reported in the Second Report, Satin and CIBC (as defined in the First Report) entered into a forbearance agreement dated as of February 12, 2019 that provides for a forbearance period ending on the earlier of April 30, 2019 and the occurrence of a Termination Event as defined therein. In the forbearance agreement, CIBC has agreed to continue to provide

its credit facilities to Satin on the terms set out therein. An amendment to the forbearance agreement was made to accommodate the request for a further extension of time to file a proposal.

CRA Audit

11. On April 15, 2019, the Canada Revenue Agency (the “**CRA**”) completed an audit of Satin’s Harmonized Sales Tax (“**HST**”) returns for the period of January 1, 2018 to January 23, 2019 (the “**HST Audit**”).
12. The HST Audit has identified the possibility of CRA raising a pre-NOI re-assessment in the amount of approximately \$234,000.

Excess Inventory

13. Satin has accumulated Off-Quality Inventory that would not be sold to customers directly. During the proposed extension Satin intends to sell their Off-Quality Inventory to a third-party home renovation liquidation firm that they have historically sold their Off-Quality Inventory to.
14. In addition to the Off-Quality Inventory, Satin has an inventory of raw materials and Work in Progress that is surplus to their needs. Satin intends to sell a portion of the raw materials and Work in Progress at discounted rates during the proposed extension period.

15. Satin's sale of raw materials, Work in Progress and Off-Quality Inventory is expected to result in realizations above amounts that would otherwise be expected in a liquidation scenario. Based on the offers received from liquidators during the Sale Process, which offers were for all assets, it is the Proposal Trustee's opinion that the sale of the assets noted above out of the ordinary course of business would be more beneficial to the creditors than a sale or disposition in a bankruptcy scenario. The Trustee recommends that the sale price of these types of inventory be limited to \$710,000 (before HST) in the aggregate for the period ending June 14, 2019 to be consistent with the volume of sales contemplated by the Second Revised Cash Flow Projections (defined below).

V. CASH FLOW PROJECTIONS

16. On March 13, 2019, the Company filed with the Office of the Superintendent of Bankruptcy a revised cash flow and related assumptions for the period commencing January 2, 2019 and ending May 17, 2019 (the "**First Revised Cash Flow Projections**"). A copy of the First Revised Cash Flow Projections was appended to the Second Report.
17. To date, the Company has provided the Proposal Trustee with its full co-operation and unrestricted access to its premises, books and records.
18. The Proposal Trustee implemented procedures for monitoring the Company's receipts and disbursements and has kept in close contact with management to ensure that operations are continuing in the normal course of business and in accordance with the First Revised Cash Flow Projections.
19. A summary of the Company's actual receipts and disbursements for the period January 2, 2019 to April 19, 2019 is set out below, with a comparison to forecast:

Totals for January 2nd to April 19, 2019*(Forecast) (Actual) (Variance)***Receipts**

Total Receipts	3,928,226	4,191,509	263,283
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Disbursements

Payroll (incl. taxes)	(1,216,929)	(1,222,930)	(6,001)
Utilities and Maintenance (incl. rent)	(625,086)	(696,513)	(71,427)
Professional and Management Fees	(435,000)	(386,063)	48,937
Insurance	(76,764)	(109,928)	(33,164)
SGA & Costs	(310,426)	(220,764)	89,662
Material Purchases and Freight	(101,319)	(550,073)	(448,754)
Banking Charges and Interest	(70,306)	(152,032)	(81,726)
Contingency	(30,000)	-	30,000
Total Disbursements	(2,865,830)	(3,338,303)	(472,473)

Cash Generated

	1,062,396	853,206	(209,190)
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20. As exhibited above, cash generated as at April 19, 2019 is approximately \$209,000 lower than forecast. The Proposal Trustee offers the following commentary with respect to material unfavourable variances in the First Revised Cash Flow Projections:

- a. **Materials Purchases and Freight** – the unfavourable variance relates to: (i) the post-NOI purchase of hardwood and stain materials that were unanticipated by the Company; and (ii) freight charges and duties related to the post-NOI shipment of goods ordered and paid for by Satin prior to the NOI.
- b. **Utilities and Maintenance** – the unfavorable variance relates to: (i) timing of payments for utilities, as post-NOI agreements were made by Satin with providers to pre-pay on a quarterly basis, details of which were not known by Satin at the time of the forecasts; (ii) higher than forecasted expenditure in repairs and maintenance; and (iii) security costs related to the lockout period that was not forecasted.

- c. **Banking Charges and Interest** - Bank charges are comprised primarily of interest costs related to the CIBC overdraft credit facility. The forecast did not correctly record interest costs and the variances related to the interest charges are of a permanent nature.

These unfavourable variances were partially offset by the following:

- d. **Total receipts** –Satin has collected receivables above the forecasted amount, which is of timing in nature.
 - e. **Professional and Management Fees** – The \$49M favourable variance in payment of professional and management fees is timing in nature.
21. As of the date of the Third Report, the Company is current with respect to its obligations to employees and former employees, including the payment of all outstanding wages and vacation pay to employees, as well as source deduction remittances to Canada Revenue Agency.
22. In support of the Company’s motion returnable May 1, 2019, the Company, with the assistance of the Proposal Trustee, prepared an updated weekly cash flow forecast for the period from April 20, 2019 to June 14, 2019 (the “**Second Revised Cash Flow Projections**”), a copy of which, together with the reports of management and the Proposal Trustee on said reports, are attached hereto as **Appendix “D”**. The Second Revised Cash Flow Projections have been prepared using the probable and hypothetical assumptions set out in the notes attached to the Second Revised Cash Flow.
23. The Proposal Trustee’s review of the Second Revised Cash Flow Projections consisted of enquiries, analytical procedures and discussions related to information supplied to us. Since hypothetical assumptions need not be supported, the procedures with respect to those assumptions were limited to evaluating whether they were consistent with the purpose of the forecast. The Proposal Trustee has also reviewed the support for the probable assumptions and the preparation and presentation of the forecast.

24. Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:
- a. the hypothetical assumptions are not consistent with the purpose of the forecast;
 - b. as at the date of the Third Report, the probable assumptions used in developing the Second Revised Cash Flow Projections are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the forecast, given the hypothetical assumptions; and
 - c. the Second Revised Cash Flow Projections does not reflect the probable and hypothetical assumptions.

VI. SALE PROCESS

25. Details of the steps taken by Satin and the Proposal Trustee regarding the Sale Process are summarized in the Second Report.
26. Pursuant to the Second Extension Order, the Sale Process was extended by two (2) weeks. The revised deadline for submission of bids was April 8, 2019. Notice of the extension was sent via e-mail to all parties that had signed a confidentiality and non-disclosure agreement.
27. The Company is requesting that the Sale Process be extended by an additional approximately five (5) weeks, such that the proposed new timeline of the extended Sale Process, including milestone dates already passed, is as set out in the attached **Appendix “E”**, provided that only the parties contemplating going-concern offers referred to in **Confidential Appendix “F”** are permitted to submit offers by the extended bid deadline of May 15, 2019.
28. Further details of the activities regarding the Sale Process since the Second Report and order requested are set out in **Confidential Appendix “F”**.

VII. EXTENSION OF THE STAY PERIOD

29. The current Stay Period expires at midnight on May 2, 2019 and the Company seeks an extension of the Stay Period to and including June 14, 2019.
30. The Company requires the additional time to complete a transaction as detailed in Confidential Appendix "E". Without the extension, the Company will likely not be able to preserve the possibility of completing a going concern transaction, to the detriment of its creditors.
31. As set out in the Second Revised Cash Flow Projections, it appears that the Company will have sufficient funds available to continue operating and meet its obligations through to the end of the requested extended Stay Period on June 14, 2019.
32. The Proposal Trustee supports the Company's request for an extension and has also considered that:
 - a. Satin has acted, and continues to act, in good faith and with due diligence in its operations and dealings with its stakeholders;
 - b. that Satin is projected to have sufficient funds to pay post-filing services and supplies in the amounts contemplated in the Second Revised Cash Flow Projections;
 - c. that CIBC does not object to the extension and no other creditor is prejudiced by the requested extension;
 - d. that the proposed extension allows the Company to complete a sale transaction, which could generate Offers before the end of the requested extension period that could result in greater recoveries than in a liquidation within a bankruptcy scenario; and
 - e. if Offers are received, it is expected that the Company will then be in a position to consider formulating and presenting a viable proposal.

VIII. SEALING OF CONFIDENTIAL APPENDICES

33. The Confidential Appendix described above contains financially sensitive information that may prejudice the Company's and the Proposal Trustee's ability to solicit going concerns offers. The Company and Proposal Trustee therefore respectfully requests that the Court issue an order sealing the Confidential Report until further order of the Court.

IX. CONCLUSION AND RECOMMENDATION

34. Based on the foregoing as outlined in the body of this Second Report, the Proposal Trustee respectfully requests that this Court issue an order granting the relief detailed in paragraph 6b.

All of which is respectfully submitted on this 1st day of May, 2019.

MNP Ltd.

In its capacity as Trustee under
The Notice of Intention to Make a Proposal of
Satin Finish Hardwood Flooring, Limited
Per:



Sheldon Title

Appendix "E"

**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

MINDEN GROSS LLP
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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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Lawyers for Satin Finish Hardwood Flooring,
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

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

- 8 -

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

(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;

- 10 -

- (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**

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

 *sworn 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.

- 5 -

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

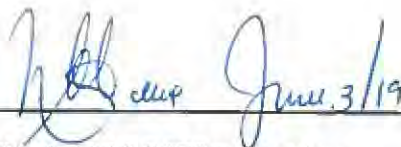
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Catherine Francis (LSUC# 26900N)
cfrancis@mindengross.com

Tel: 416-369-4137

Fax: 416-864-9223

Lawyers for Satin Finish Hardwood Flooring, Limited

 dup June 3/19

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 MADAM)	WEDNESDAY, THE 23 RD
)	
JUSTICE DIETRICH)	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:

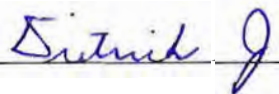
1. **THIS COURT ORDERS** that the time for service and filing of the Notice of Motion, Motion Record and First Report is hereby abridged and validated, such that the motion is properly returnable today, and that further service of the Motion Record and First Report on any other person is hereby dispensed 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)

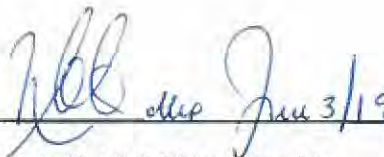
cfrancis @mindengross.com

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

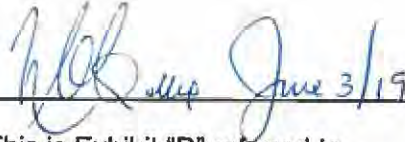
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Fax: 416-864-9223

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
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



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



collia 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 contemplated} ~~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, appearing to be 'N. Collia', followed by the date 'June 3/19'. The signature and date are 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.

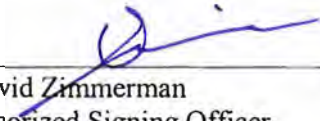
8.15 **Counterparts.**

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

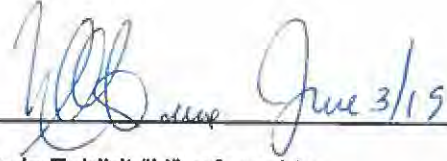
Per: _____
Name:
Title: Authorized Signing Officer

I/we have authority to bind the corporation.

SCHEDULE 1.1(19)

Excluded Assets

1. Leasehold Improvements

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

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: 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
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

Appendix “F”

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

Court No. 31-2459849

**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**

**FOURTH REPORT TO THE COURT
SUBMITTED BY MNP LTD.**

JUNE 5, 2019

I. INTRODUCTION

1. This report (the “**Fourth Report**”) is filed by MNP Ltd. in its capacity as proposal trustee (“**Proposal Trustee**”) under the Notice of Intention to Make a Proposal (the “**NOI**”) filed by Satin Finish Hardwood Flooring, Limited. (“**Satin**” or the “**Company**”) on January 2, 2019 (the “**Filing Date**”), pursuant to Section 50.4 (1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”).
2. On January 23, 2019, the Court issued an Order (the “**First Extension Order**”) and Endorsement that, *inter alia*:
 - a. extended the time for filing a proposal to and including March 18, 2019; and
 - b. approved the marketing and sale process as more particularly described in the First Report, dated January 18, 2019 (the “**First Report**”) and Exhibit “E” attached thereto (the “**Sale Process**”).

A copy of the First Extension Order issued on January 23, 2019 is attached as **Appendix “A”**.

3. On March 15, 2019, the Court issued an Order (the “**Second Extension Order**”) that, *inter alia*:
 - a. Extended the time for filing a proposal to and including May 2, 2019;
 - b. Extended the timeline for the Sale Process by two (2) weeks; and
 - c. Authorized the Proposal Trustee and its counsel to receive, subject to certain limitations, interim draws toward payment of their professional fees and disbursements out of monies received from the Company.

Copies of the Second Report dated March 13, 2019 (the “**Second Report**”), without appendices, and the Second Extension Order are attached as **Appendix “B”** and “**C**” respectively.

4. On May 1, 2019 the Court issued an Order (the “**Third Extension Order**”) that, *inter alia*:
 - a. Extended the time for filing a proposal to and including June 14, 2019;
 - b. Further extended the Sale Process, limited to only parties referred to in the Confidential Appendix “F” of the Third Report, dated May 1, 2019 (the “**Third Report**”) (attached without appendices as **Appendix “D**” hereto), such that offers were due by May 15, 2019;
 - c. Authorized the Company to sell certain materials, products and inventory out of the ordinary course of business, limited to \$710,000 (before HST) in the aggregate;
 - d. Sealed the confidential appendices to the Third Report.

A copy of the Third Extension Order is attached **Appendix “E”**.

RESTRICTIONS

5. In preparing this Report and making the comments herein, the Proposal Trustee has been provided with, and has relied upon, certain unaudited, draft and/or internal financial information, the Affidavits of David A. Zimmerman, sworn on January 17, 2019, March

13, 2019, April 30, 2019 and June 3, 2019 (the “**First Zimmerman Affidavit**”, “**Second Zimmerman Affidavit**”, “**Third Zimmerman Affidavit**” and “**Fourth Zimmerman Affidavit**” respectively), the Company’s books and records, discussions with employees and management of the Company and information from other third-party sources (collectively, the “**Information**”). Except as described in this Report, the Proposal Trustee has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards of the Chartered Professional Accountants of Canada.

6. The Proposal Trustee also bases its report on the Company’s cash flow projections and underlying assumptions and notes that its review and commentary thereon were performed in accordance with the requirements set out in the Canadian Association of Insolvency and Restructuring Professionals’ Standards of Professional Practice No. 99-5 (Trustee’s Report on Cash Flow Statement). Certain of the information referred to in this report consists of financial forecasts and/or projections. An examination or review of financial forecasts and projections and procedures, in accordance with standards set by Chartered Professional Accountants Canada, has not been performed. Future oriented financial information referred to in this report was prepared based on estimates and assumptions provided by the Company’s management. Readers are cautioned that, since financial forecasts and/or projections are based upon assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections, and such variations could be material.

III. PURPOSE OF THIS REPORT

7. The purpose of this Fourth Report is to, *inter alia*:
 - a. Update the Court with respect to:
 - i. the activities of the Company and the Proposal Trustee since the Third Report; and
 - ii. the results of the Sale Process.

- b. Provide the Court with the Proposal Trustee's recommendations that the Court make an order, as requested by the Company, *inter alia*:
 - i. approving the sale of substantially all the assets and undertakings of Satin to 2340125 Ontario Inc. (the "**Purchaser**"), pursuant to an Asset Purchase Agreement dated May 28, 2019 (the "**APA**");
 - ii. a Vesting Order in favour of the Purchaser; and
 - iii. approving this Fourth Report, as well as the approval of the activities of the Proposal Trustee as set out herein.

IV. ACTIVITIES OF THE COMPANY

Scaling Back Operations

8. As reported in the Third Report, Satin anticipated that all materials for existing orders would be produced by the week ended May 3, 2019. The intention of the Company was to then shut down the production line.
9. Satin has since advised that the production has been reduced from 45 employees to 15 but has not totally shut down. Satin intends to sell various types of inventory that require limited production work to complete, which can be done using a limited number of employees.

Excess Inventory

10. As reported in the Third Report, Satin had accumulated surplus raw materials, Work in Progress, and Off-Quality Inventory (both terms as defined within the Third Report), which would have had limited value in a liquidation scenario.

11. The Third Extension Order authorized Satin to sell the surplus raw materials, Work in Progress, and Off-Quality Inventory outside of the ordinary course of business for a sale price not to exceed \$710,000 (before HST) in the aggregate for the period ending June 14, 2019.
12. Satin's financial reporting does not distinguish between the sale of the surplus raw materials, Work in Progress, and Off-Quality Inventory from the sale of normally sold flooring, thereby making it difficult for the Proposal Trustee to confirm whether the sale of the surplus raw materials, Work in Progress, and Off-Quality Inventory outside of the ordinary course of business was within the \$710,000 cap.
13. Satin has advised that the aggregate of all sales for the period of May 1, 2019 to May 30, 2019 totalled approximately \$562M. Satin further advised that of the sales during the month of May, an estimated eighty percent (80%) of sales related to sales in the normal course of business, and did not include the sale of the excess raw materials, Work in Progress, nor Off-Quality Inventory. On the basis of the information provided, it has been estimated that the sales of surplus raw materials, Work in Progress and Off Quality Inventory totalled \$112M for the period noted above.

Employee Liabilities

14. Since the filing of the NOI and during the Sale Process, the Company has continued to pay on-going employee liabilities, of the type described in section 60(1.3)(a) of the BIA, through a payroll processing company, Ceridian. Ceridian remits all employee source deductions to Canada Revenue Agency ("CRA"). Subject to CRA conducting an audit of

the Company's payroll account(s), the Company does not currently owe any additional amounts for payroll source deductions.

15. In addition to the normally paid salaries and wages there are certain employee liabilities that are outstanding:

- a. For the period prior to the filing of the NOI, the Company's liability for unremitted payment to the unionized employees' pension plan (the "**Pension**") is approximately \$38,000 (the "**Pension Plan Liability**"). The Proposal Trustee notes that the Pension is a prescribed pension plan within the meaning of section 60(1.5) of the BIA and BIA General Rule 59.1.
- b. As of May 31, 2019, the Company has reported that there is an expected outstanding amount owed to employees for accrued vacation pay totalling approximately \$106,000¹ (the "**Vacation Pay Liability**", and together with the Pension Plan Liability, the "**Employee Obligations**").

16. Pursuant to the most recently filed Second Revised Cash Flow (as defined in the Third Report), filed in support of the Company's motion returnable May 1, 2019, (the "**Cash Flow Forecast**"), in excess of \$190M was forecast to be paid for the week ended June 14, 2019 towards the Employee Obligations, in addition to normally paid wages. The forecasted payment was calculated on the basis of the Vacation Pay Liability which was

¹ This represents the total vacation pay arrears, which amount is greater than the amount required under paragraphs 60(1.3)(a) of the BIA.

owed as at the date of the NOI filing, the amount of which has been reduced to approximately \$106M during the NOI period.

17. In accordance with the Cash Flow Forecast, the Company intends on paying the Employee Obligations prior to, or upon the completion of the sale transaction contemplated by the APA (the “**Transaction**”).

18. As the Company will be deemed to have made a bankruptcy assignment as at 12:01 a.m. on June 15, 2019, one of the matters that the Proposal Trustee must certify in the proposed Proposal Trustee’s Certificate necessary to be delivered to permit the closing of the Transaction is that the Company 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.

V. SALE PROCESS

Activity During the Extended Sale Process

19. Details of the previous steps taken by Satin and the Proposal Trustee regarding the Sale Process are summarized in the Second Report and the Third Report.

20. Pursuant to the Third Extension Order the Sale Process was extended by approximately five (5) weeks provided that only certain prospective going-concern purchasers, referred to in Confidential Appendix “F” to the Third Report (the “**Interested Parties**”), would be permitted to submit offers by the extended bid deadline of May 15, 2019.

21. The extension to the Sale Process provided by the Third Extension Order was to allow for the completion of due diligence by the Interested Parties, and to enhance the prospects of

a going-concern sale of the Company's assets and maximize the realization for stakeholders.

22. As noted in the Fourth Zimmerman Affidavit, despite diligent efforts by Satin to find a buyer of its assets and operations on a going-concern basis, no offers were received from the Interested Parties by the bid deadline of May 15, 2019, or thereafter.

Asset Purchase Agreement

23. As detailed in Confidential Appendix "F" to the Third Report, all offers received for the Company's assets during the Sale Process, received prior to a previous bid deadline of April 8, 2019, were to liquidate the assets of the Company. Such offers would not have provided for close to sufficient realizations to satisfy the debt owed to Canadian Imperial Bank of Commerce ("CIBC"), Satin's lender and senior secured creditor, such that a viable proposal could not be made to its creditors. Additionally, the liquidation offers did not provide for the continuing employment of any Satin employees.

24. As further detailed in the Fourth Zimmerman Affidavit, the Purchaser, a related party to Satin, has agreed to purchase substantially all of the assets of the Company for a purchase price equal to the Company's indebtedness to CIBC as at the closing date, by way of an assumption by the Purchaser of such indebtedness. The Transaction will permit an orderly sale of Satin's assets on a going concern basis and maximizing the realization for the benefit of the CIBC, and per the Fourth Zimmerman Affidavit, the Purchaser intends to continue employment of all or substantially all existing employees.

25. Satin and the Purchaser have executed the APA, which is conditional on approval by this Court and the issuance of a vesting order in favour of the Purchaser. A copy of the executed APA is attached as Exhibit "G" to the Fourth Zimmerman Affidavit.
26. Pursuant to the APA, the closing date is two (2) business days after the satisfaction or waiver of conditions and is not to occur later than June 13, 2019. Further details of the APA are provided in the Fourth Zimmerman Affidavit.

Recommendation

27. The Proposal Trustee has considered the factors set out in Section 65.13 of the BIA with respect to the Company's motion that the court grant an order authorizing the Transaction and issuing a vesting order. The Proposal Trustee respectfully recommends that the Court make the order sought by the Company for the following reasons:
 - a. Satin and the Proposal Trustee have carried out the court-approved Sale Process in accordance with this Court's orders and made reasonable and good faith efforts to sell the Company on a going-concern basis to persons not related to the Company;
 - b. CIBC, the Company's senior secured creditor, has been consulted throughout the Sale Process and does not oppose the Transaction provided that the order approving the Transaction, any vesting order, and closing documents are satisfactory to CIBC and its counsel;
 - c. The APA would result in a better realization for the benefit of CIBC as compared with a liquidation through a bankruptcy;

- d. The consideration offered by the APA greatly exceeds the fair market value of the Company's assets, as determined by the offers received as a result of the Sale Process;
- e. The sale contemplated by the APA is reasonable in circumstances and may result in significant continuing employment; and
- f. The Company, with the exception of the Employee Obligations discussed above in paragraphs 14 through 18, has before and since the filing of the NOI made all payments to employees for wages, salaries, commissions or compensation for services rendered and the Company indicated it will continue to pay such obligations as they become due and will pay the Employee Obligations prior to or on the closing date contemplated by the APA.

28. Unfortunately, the Sale Process has determined that there is insufficient value in the Company's assets to allow for any distributions to unsecured creditors, whose claims approximate \$23.3 million.

Vesting Order

29. The APA is conditional on the issuance of an order approving the Transaction and a vesting order vesting title in and to the purchased assets of Satin in and to the Purchaser upon the closing of the Transaction.

30. CIBC has a first secured charge against the assets of the Company. As detailed in the First Report, the Proposal Trustee has received a positive independent legal opinion confirming

the validity, enforceability and registration of the security agreements of CIBC, subject to the usual assumptions and qualifications.

31. The Proposal Trustee notes that the approval and vesting order being sought by the Company is substantially in the form of the Commercial List model order. It has further been noted that per the Fourth Zimmerman Affidavit, none of the registered interests of creditors with interests pursuant to the *Personal Property Security Act* are being vested out by the Transaction.

VI. CONCLUSION AND RECOMMENDATION

32. Based on the foregoing as outlined in the body of this Fourth Report, the Proposal Trustee respectfully requests that this Court issue an order granting the relief detailed in paragraph 7b.

All of which is respectfully submitted on this 5th day of June, 2019.

MNP Ltd.

In its capacity as Trustee under
The Notice of Intention to Make a Proposal of
Satin Finish Hardwood Flooring, Limited
Per:



Sheldon Title

Appendix "G"

June 2019

7 June 19

The Approval + vesting order shall go as per the draft filed & signed as amended. There were no "going concern" offers. The liquidation offers are far less than the proposal offer. This offer provides for same continued right of Additional requirements of s 65(13) with respect to the related party transactions have been satisfied. CIBC does not oppose. No other stakeholders appeared to oppose and none has emerged in past months to voice dissent with respect to the transaction. With respect to the claim, it was asserted a claim. The claim, however, is not prejudiced by the making of this order since the proposal files cert. required to be issued to permit closing requires the fee to certify that the priority amounts for wages/pensions be made. The amounts of the Proposal Tax are also approved as per the 4th Report.

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 *of counsel*
cfrancis@mendigross.com

Tel: 416-369-4137
Fax: 416-854-9223



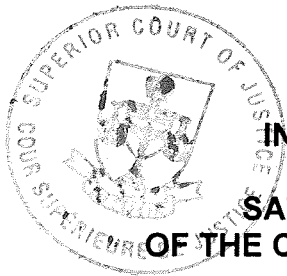
Lawyers for Satin Finish Hardwood Flooring, Limited

M. G. Francis

ONTARIO
SUPERIOR COURT OF JUSTICE
(IN BANKRUPTCY AND INSOLVENCY)

THE HONOURABLE *ME*)
JUSTICE *T McGowan*)

FRIDAY, THE 7TH
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 including the security identified on the attached Schedule B and that the security of CIBC is enforceable against the Purchased Assets without the requirement for CIBC to issue further Notices of Intention to Enforce Security under s. 244 of the *Bankruptcy and Insolvency Act* (the "BIA").

7. **THIS COURT ORDERS** that: (a) notwithstanding the Transaction, Satin Finish remains liable for the obligations owing to CIBC; and (b) the Excluded Assets, as defined by the Sale Agreement, remain subject to the security of CIBC.

8. **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.

9. **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.

10. **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.

11. **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.

A handwritten signature in black ink, appearing to be "McIntosh", is written over a solid horizontal line.

#3699998 v2 | 4112265

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 (i) 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:

Schedule "B"

<u>Security Documents:</u>	
1.	General Security Agreement executed by Satin Finish in favour of Canadian Imperial Bank of Commerce dated September 29, 2016
2.	Notice of Intention to Give Security Under Section 427 of the <i>Bank Act</i> (Canada) executed by Satin Finish in favour of Canadian Imperial Bank of Commerce dated September 27, 2016
3.	Special Security Agreement In Respect of Specified Property or Classes of Property executed by Satin Finish in favour of Canadian Imperial Bank of Commerce dated September 29, 2016
4.	Application for Credit and Promise to Give Special Security executed by Satin Finish in favour of Canadian Imperial Bank of Commerce dated September 29, 2016
5.	Contract Relative to Special Security executed by Satin Finish in favour of Canadian Imperial Bank of Commerce dated September 29, 2016
6.	Full Recourse Guarantee, Assignment and Postponement of Claim executed by Satin Finish in favour of Canadian Imperial Bank of Commerce dated September 29, 2016

<u>Registrations:</u>	
1.	Registration number 20150911 1533 1590 3225 against Satin Finish under the <i>Personal Property Security Act</i> (Ontario) in favour of Canadian Imperial Bank of Commerce
2.	Registration number 20160921 1031 1682 6308 against Satin Finish under the <i>Personal Property Security Act</i> (Ontario) in favour of Canadian Imperial Bank of Commerce
3.	Registration number 01308329 against Satin Finish under the <i>Bank Act</i> in favour of Canadian Imperial Bank of Commerce

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
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Fax: 416-864-9223

Lawyers for Satin Finish Hardwood Flooring, Limited

Court File No.:

B E T W E E N:

Canadian Imperial Bank of Commerce
Applicant

- and -

Satin Finish Hardwood Flooring, Limited
Respondent

ONTARIO
SUPERIOR COURT OF JUSTICE
(Commercial List)

(PROCEEDING COMMENCED AT TORONTO)

**PRE-APPOINTMENT REPORT OF THE
PROPOSED RECEIVER
SUBMITTED BY MNP LTD.**

GOLDMAN SLOAN NASH AND HABER LLP
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