

COURT FILE NUMBER 643 of 2016

COURT QUEEN'S BENCH FOR SASKATCHEWAN
 IN BANKRUPTCY AND INSOLVENCY

JUDICIAL CENTRE SASKATOON

APPLICANTS 101133330 SASKATCHEWAN LTD. and
 101149825 SASKATCHEWAN LTD.

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
RSC 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT
OF 101133330 SASKATCHEWAN LTD. and 101149825 SASKATCHEWAN LTD.

NOTICE OF APPLICATION
(Third Extension and DIP Facility #3)

NOTICE TO RESPONDENTS: All parties listed on the attached Service List

This application is made against you. You are a respondent. You have the right to state your side of this matter before the Court. To do so, you must be in Court when the application is heard as shown below:

Where: Court of Queen's Bench for Saskatchewan
 Judicial Centre of Saskatoon
 520 Spadina Crescent East

Date: December 22, 2016

Time: 9:00 a.m.

Go to the end of this document to see what you can do and when you must do it.

Remedy claimed or sought:

1. The Applicants seek an order pursuant to the *Companies' Creditors Agreement Act*, R.S.C. 1985 c. C-36, as amended (the "CCAA"):

- (a) deeming service of this notice of application and materials in support thereof good, valid, timely and sufficient;
- (b) providing that the Initial Order, the stay of proceedings in favour of the Applicants contained in the Initial Order and the period of time within which the Applicants shall be permitted to file one or more plans of compromise or arrangement with one or more classes of their creditors shall be extended to and including 11:59 p.m. (Saskatchewan Time) on Monday, June 12, 2017;
- (c) providing that the Fourth Report of the Monitor, Deloitte Restructuring Inc. (the “**Monitor**”), and the conduct and activities of the Monitor described therein shall be approved;
- (d) providing that the fees and disbursements of the Monitor for the period of May 4, 2016 to December 5, 2016 and its legal counsel, MacPherson Leslie & Tyerman LLP, for the period of April 26, 2016, to December 6, 2016, shall be approved;
- (e) authorizing and empowering the Applicants to borrow the amount of up to \$2,000,000.00 under the terms of the agreement with a lender satisfactory to the Applicants (the “**DIP Lender**”) contained in the Term Sheet to be executed between the DIP Lender and the Applicants dated effective December 15, 2016 (the “**Commitment Letter**”), a copy of which is attached as Exhibit “A” to the Affidavit of John Orr sworn December 16, 2016, and to take all such steps as are necessary to comply with such Commitment Letter; and
- (f) granting such other and further relief as the circumstances may require and this Honourable Court deems appropriate.

2. In addition, the Applicants seek an order pursuant to Rule 13-7(2) abridging the time for service of this Notice of Application and all materials filed in support of such application.

Grounds for making this application:

3. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the:

- (a) Initial Order;

- (b) Affidavits of John Orr sworn on May 12, 2016, June 6, 2016, August 12, 2016, and December 16, 2016; and
 - (c) Affidavits of David Calyniuk sworn on August 12, 2016 and December 16, 2016.
- 4. Each of the Applicants is a “Debtor Company” to which the CCAA applies and in respect of which the Initial Order has been granted.
- 5. The stay of proceedings granted by the Initial Order was most recently extended by the Order of the Honourable Mr. Justice G.A. Meschishnick dated August 17, 2016 (the “**Second Extension Order**”), and expires on Sunday, January 1, 2017, at 11:59 p.m. Saskatchewan time.
- 6. Since the granting of the Initial Order on May 20, 2016, the Applicants have continued to carry on business in the ordinary course, except insofar as affected by the Initial Order, and have been acting and are acting diligently and in good faith in the conduct of their business and towards the development of a plan of arrangement to restructure their business and financial affairs in a manner designed to achieve the best possible results for the Applicants and their stakeholders.
- 7. Since the granting of the Second Extension Order, the Applicants have, among other things, conducted the following activities diligently and in good faith, namely:
 - (a) fully drawn down the debtor-in-possession financing loan and sought further debtor-in-possession financing;
 - (b) worked diligently to prevent any material changes to the Applicants’ cash flows and other circumstances from occurring;
 - (c) worked with the Owner’s Consultant for the 825 Land, North Ridge Development Corporation, to conceptualize and develop a plan for the 825 Land whereby it will be included in the Willows community by way of the Amended Willows Concept Plan, the preliminary version of which was submitted to the City of Saskatoon for review and comment on December 2, 2016;
 - (d) worked to complete the necessary repairs to the Orr Centre roof-top

HVAC units, roof, flashing and drainage systems; and

- (e) worked to retain an appropriate consultant to act as the Orr Centre Owner's Consultant and ultimately retained North Ridge Development Corporation to function in that capacity.

8. An extension of the stay of proceedings to June 12, 2017 is necessary to enable the Applicants to continue their restructuring efforts, including allowing the Monitor and the Applicants to continue communicating and working with the various professional advisors and stakeholders of the Applicants in order to develop and present a plan of compromise and arrangement.

9. If the requested extension is granted, the Applicants will be able to continue to operate and to formulate a plan of arrangement whereby their creditors and other stakeholders will derive greater benefit than they would through the immediate liquidation of the assets of the Applicants.

10. The most recent cash flow projections for the Applicants are appended to the Fourth Report of the Monitor. As detailed therein, the Applicants require additional debtor in possession financing ("**DIP Financing**") in order to continue their restructuring efforts.

11. The Applicants expect to secure a commitment for DIP Financing in the amount of \$2,000,000.00 from a lender satisfactory to the Applicants (the "**Proposed DIP Lender**"), to be advanced by the Proposed DIP Lender to the Applicants on the terms contained in the Commitment Letter. The Applicants respectfully submit that the benefits of accepting the financing arrangement outlined in the Commitment Letter outweigh any potential prejudice to the creditors.

12. The secured creditors likely to be affected by this application have received notice of the same.

Material or evidence to be relied on:

- (a) this Notice of Application;
- (b) the Affidavit of John Orr sworn December 16, 2016;
- (c) the Affidavit of David Calyniuk sworn December 16, 2016;
- (d) the Fourth Report of the Monitor;
- (e) a Brief of Law;
- (f) a draft Order; and
- (g) such further and other material as counsel may advise and this Honourable Court may permit.

Applicable rules:

13. The Applicants rely on Rules 12-1(1) and 13-7(2).

Applicable Acts and Regulations:

14. The Applicants rely on the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, and, in particular, sections 11 and 11.02(2) and (3).

NOTICE

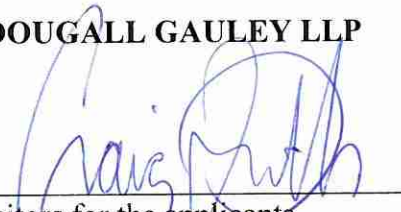
If you wish to oppose the application, you or your lawyer must prepare an affidavit in response, serve a copy at the address for service given at the end of this document, and file it in the court office, with proof of service, at least 7 days before the date set for hearing the application. You or your lawyer must also come to court for the hearing of the application on the date set.

AND FURTHER TAKE NOTICE that if you do not appear at the hearing an order may be made in your absence and enforced against you. YOU WILL NOT RECEIVE FURTHER NOTICE OF THIS APPLICATION.

Dated at the City of Saskatoon, in the Province of Saskatchewan this 16th day of December, 2016.

McDOUGALL GAULEY LLP

Per:


Solicitors for the applicants,
10113330 Saskatchewan Ltd., and
101149825 Saskatchewan Ltd.

CONTACT INFORMATION AND ADDRESS FOR SERVICE

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