

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

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

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC.,
NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED,
NORTH AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES
(US) INC., NAFA PROPERTIES STOUGHTON LLC, NORTH
AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC
(WISCONSIN LLC), NAFA EUROPE CO-OPERATIEF UA, NAFA
EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO**

Applicants

**EIGHTH REPORT OF THE
MONITOR DATED JANUARY 28, 2022**

INTRODUCTION

1. On October 31, 2019, North American Fur Producers Inc., NAFA Properties Inc., 3306319 Nova Scotia Limited, North American Fur Auctions Inc., NAFA Properties (US) Inc., NAFA Properties Stoughton LLC, North American Fur Auctions (US) Inc., NAFPRO LLC (Wisconsin LLC), NAFA Europe Co-Operatief Ua, NAFA Europe B.V., Daikoku Sp.Z Oo and NAFA Polska Sp. Z Oo (collectively, the “**Applicants**” or “**NAFA**”) commenced these CCAA Proceedings pursuant to the Initial Order. The Applicants’ principal business consists of advancing loans to mink farmers to produce mink furs for auctions run by the Applicants. For ease of reference and readability, capitalized terms not defined in this eighth report of the Monitor (the “**Eighth Report**”) are defined in the glossary attached as **Appendix “A”** to this Eighth Report.

2. On November 8, 2019, the Applicants obtained an Amended and Restated Initial Order. A copy of the Amended and Restated Initial Order is attached to this Eighth Report as **Appendix “B”**.
3. On November 5, 2020, the Applicants obtained an extension of the Stay Period up to and including April 9, 2021 (the “**November Stay Extension**”). On the same day, the Court issued an Order (the “**Expanded Powers Order**”) that, among other things, granted the Monitor expanded powers with respect to certain items, including:
 - a. Insurance claims that may be advanced by NAFA. The claims are primarily trade credit insurance claims that NAFA is currently advancing to recover unpaid kit loans advanced to farmers in 2019;
 - b. Claims in respect of NAFA’s “rollover loan” balances (i.e. unpaid loans advanced by NAFA in 2018 and prior);
 - c. Litigation in proceedings in which the Applicants are either a plaintiff or claimant (other than these CCAA Proceedings);
 - d. Oversight over material expenditures related to NAFA’s “brokerage business” (i.e., the process whereby NAFA finds buyers for fur pelts being marketed by consignors that formerly sold their skins at NAFA’s auctions);
 - e. Matters related to NAFA’s employees; and
 - f. The right, title and interest of the Applicants in any real property.
4. Since the date of the Expanded Powers Order, the Monitor has been working closely with the Applicants in respect of the items above, with the two parties sharing a common approach without the need to seek direction from the Court. The Monitor has provided

regular updates to the Agent on these matters and has sought input from the Agent when appropriate.

5. Since the beginning of these CCAA Proceedings, and as set out further in April Lawson Affidavit (which was sworn in April 2021), the fur market has been affected by a number of factors, including the coronavirus pandemic (the “**Covid-19 pandemic**”) that began to have significant effects in early 2020. As a result, the entire premise of the Applicants’ restructuring and monetization efforts were affected and NAFA was required to alter its approach accordingly (i.e., primarily waiting for auctions to resume online or in person so that pelts delivered to auction houses could be monetized).
6. Given the Covid-19 pandemic, NAFA’s primary cash inflows, which are based on auction proceeds on mink that it financed during 2019, were significantly depressed in 2020 and again in 2021, both as a result of the volume of pelts sold (when compared to historic volumes) and the prices achieved during 2020. This resulted in the Applicants paying down less Syndicate Debt than contemplated at the beginning of these CCAA Proceedings. Due to pricing and other mink industry dynamics experienced in 2021, including depressed auction activity due in part to travel restrictions imposed by various foreign governments, a significant portion of skins anticipated to be auctioned in 2021 have been held over for auction in 2022.
7. Notwithstanding the challenges faced by the mink industry in 2020, the year 2021, at times, demonstrated a significant rebound in selling prices for mink pelts from the previous year.
8. Mink fur sales volumes and pricing rebounded overall in 2021 as demand for fur products increased, supply of mink significantly decreased as a result of certain foreign governments ordering the culling of millions of mink in Europe due to high Covid-19 transmissibility in

mink and Covid-19 related travel restrictions eased. For example, Denmark, which in recent years has been one of the largest producers of mink globally, ordered the destruction of the entire mink crop in 2020 such that approximately 4 million mink pelts were destroyed and not supplied to the market.

9. The Applicants' motion record dated January 26, 2022 returnable on January 31, 2021 (the "**Motion**") seeks an Order:
 - a. Extending the Stay Period from January 31, 2022 to April 29, 2022;
 - b. Further extending the Stay Period from April 30, 2022 up to and including July 29, 2022 (the "**Extended Stay Date**") upon the filing of a Monitor's certificate (the "**Monitor's Certificate**") certifying that the Monitor has reviewed the Applicants' cash flow forecast and that it projects that the Applicants have sufficient funds to the Extended Stay Date and have obtained the consent of the Agent and FCC in respect of the extension of the Stay Period to the Extended Stay Date;
 - c. Approving the Seventh Report and this Eighth Report and the activities and conduct of the Monitor described herein;
 - d. Approving the fees and disbursements of the Monitor and its counsel, Miller Thomson LLP ("**Miller Thomson**"), as detailed in the Affidavit of Jordan Sleeth sworn on January 27, 2022 (the "**Sleeth Fee Affidavit**") and the Affidavit of Asim Iqbal sworn January 27, 2022 (the "**Iqbal Fee Affidavit**" and collectively with the Sleeth Fee Affidavit, the "**Fee Affidavits**"), respectively; and
 - e. Sealing certain confidential information set out in confidential exhibits and appendices filed separately with the Court.

10. Unless otherwise stated, monetary amounts contained herein are expressed in U.S. dollars, the Applicants' reporting currency.

PURPOSE

11. The purpose of this Eighth Report is to provide the Court with the Monitor's observations and recommendations on the relief sought by the Applicants in its Motion and to update the Court on the following items:
 - a. The Applicants' and the Monitor's activities since the Seventh Report was issued;
 - b. An asset purchase agreement entered into by NAFA and a purchaser (the "**Purchaser**") effective on December 21, 2021, which APA was subsequently amended on January 21, 2022 (as amended, the "**APA**") for the sale of certain of NAFA's assets including, its intellectual property, the Blackglama trademark and NAFA's real property assets, being its remaining owned facilities in Poland (the "**Poland Property**") and Wisconsin (the "**Wisconsin Property**") (the "**Transactions**");
 - c. The Applicants' receipts and disbursements (the "**R&D**") for the period from September 18, 2021 to January 7, 2022 (the "**Reporting Period**");
 - d. NAFA's cash flow forecast from January 8, 2022 through April 29, 2022 (the "**Cash Flow Forecast**" and the "**Cash Flow Period**", respectively);
 - e. NAFA's request to extend the Stay Period initially to April 29, 2022 and then to the Extended Stay Date; and
 - f. The Monitor's recommendations in respect of the relief that NAFA is seeking in its Motion.

TERMS OF REFERENCE

12. In preparing this Eighth Report and making the comments herein, the Monitor has been provided with, and has relied upon certain unaudited financial information, books, records and financial information prepared by the Applicants, discussions with and information from the Applicants' management ("**Management**") and other third-party sources (collectively, the "**Information**"). Except as described in this Eighth Report:
 - a. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") pursuant to the *CPA Canada Handbook* (the "**CPA Handbook**") and, accordingly, the Monitor express no opinion or other form of assurance contemplated under GAAS in respect of the Information; and
 - b. Some of the information referred to in this Eighth Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the CPA Handbook, has not been performed.
13. Future oriented financial information referred to in this Eighth Report was prepared based on the Applicants' estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize and the variations could be significant.
14. Due to restrictions imposed as a result of the Covid-19 pandemic, the Monitor has been unable to perform usual procedures to verify or test Information provided by Management,

including physical attendance at NAFA's premises and in-person meetings with Management.

15. While this Eighth Report does reference some of the known impacts of Covid-19 on the Applicants' current and future operations, there may be further impacts not yet identified that may impact the Applicants' business, which may have an adverse impact on their financial performance. Readers should consider the increasingly broad effects on the financial condition of the Applicants, as a result of the negative impact on Canada, the global economy and major financial markets from Covid-19 pandemic.

ACTIVITIES OF THE MONITOR SINCE THE SEVENTH REPORT

16. Since the date of the Seventh Report, the Monitor has undertaken, among other things, the following activities:
 - a. Monitoring NAFA's receipts and disbursements and reporting same to the Agent. This includes a weekly calculation of NAFA's Distributable Funds (as such term is defined in the First Report). Cash flow variance reporting to the Agent occurs on a basis that attempts to balance timeliness and cost and includes calls to review discrete items occurring as and when required;
 - b. Assisting NAFA in the development of the Cash Flow Forecast;
 - c. Receiving updates on the collection of buyer receipts from 2020 and 2021 auctions at Saga, KF and AME;
 - d. Updating NAFA's loan book to reflect auction proceed payments received related to consignor accounts;

- e. Monitoring efforts ongoing in Europe to recover loans provided to mink farmers in a number of Baltic countries and Poland including virtual meetings with local counsel to evaluate ongoing litigation and options to enforce security and commence new litigation where appropriate. This includes participating in an ongoing mediation with one of NAFA's largest debtors in Lithuania;
- f. Responding to queries from the Agent and providing the Agent with summaries of the Applicants' realization efforts and necessary supporting documentation to allow the Agent to be consulted and to provide its approval in accordance with the Agent's consultation and approval rights granted under various orders in these CCAA Proceedings;
- g. Assisting NAFA in its negotiations with the Purchaser leading to the execution of the APA and with discussions with the Purchaser thereafter relating to conditions to the APA and timing of the Transactions;
- h. Reviewing, considering and approving an agreement reached with one of NAFA's largest borrowers that involved NAFA agreeing to forebear from enforcing its rights against the borrower in exchange for the delivery of new pelts to Saga, into a NAFA designated account, with the proceeds to be paid to NAFA in full when the pelts are sold. This agreement was also approved by the Agent;
- i. Corresponding with various stakeholders, including mink ranchers and other third-party creditors;

- j. Reviewing and considering positions being advanced by the insurer and NAFA in respect of the 26 trade credit insurance claims that have been submitted to NAFA's insurer for unpaid kit loans;
- k. Undertaking the expanded powers granted to the Monitor in accordance with the Expanded Powers Order;
- l. Updating the Monitor's case website to provide stakeholders with relevant information; and
- m. Preparing this Eighth Report.

THE TRANSACTIONS

- 17. As set out above and in previous reports of the Monitor (including the Sixth Report and the Seventh Report), the Applicants received Court approval to market their assets on an *en bloc* basis. The efforts in this regard are set out in the Affidavit of Doug Lawson affirmed on January 25, 2021 (the "**January Lawson Affidavit**").
- 18. As a result of NAFA's sale efforts, the Purchaser expressed interest in certain remaining business assets of NAFA including its intellectual property, the Blackglama trademark, the Poland Property and the Wisconsin Property. The negotiations between NAFA and the Purchaser resulted in the execution of the APA effective on December 21, 2021 and payment by the Purchaser of a deposit which is being held by the Monitor.
- 19. The APA contemplates that the Transactions are concluded in two phases. The APA contains a number of conditions, including financing conditions in respect of the two phase transactions and approval by the Court.

20. Given that the APA is subject to financing conditions, NAFA intends to return to Court to seek the Court's approval of the APA and the Transactions after the waiver of the financing condition for phase 1.

ACTUAL RECEIPTS AND DISBURSEMENTS DURING THE REPORTING PERIOD

21. The table below provides a summary of the Applicants' R&D for the period from September 18, 2021 to January 7, 2022:

North American Fur Auctions Inc.	
Variance Analysis	
(in USD '000s)	
	Total
Receipts	
HST refund	64,694
Other (CEWS, etc.)	222,697
Private treaty sales / Inventory sales	50,319
Auction house receipts - Saga/KF/AME	1,543,399
Saga reimbursement for operating expenditures	69,614
Consignor settlements / Kit loan repayments	31,703
Total Receipts	1,982,426
Disbursements	
Occupancy costs	(65,728)
Employee costs	(284,133)
Collection, shipping and warehousing costs	(48,092)
Professional fees	(695,321)
Insurance	(23,725)
Other administrative and operating costs	(46,560)
Total Disbursements	(1,163,559)
Net Cash Flow	818,867
Opening bank cash balance	1,217,904
Net cash flow from above	818,867
Foreign and other transactions	(60,838)
Repayment of operating Tranche A loan	(925,557)
Repayment of term Tranche A loan	-
Bank interest and refinancing costs	(419,976)
Closing Bank Cash Balance	630,400

Note: Totals in the table above are subject to rounding differences

Below are details for some of the larger line items above:

Receipts

- a. *HST refunds* – NAFA received approximately \$65,000 in HST refunds during the Reporting Period. NAFA has filed four additional returns with the CRA, totaling approximately \$38,900 (CA\$47,300). The CRA recently approved these returns and NAFA expects to receive these funds in January 2022.
- b. *Other receipts* – During the Reporting Period NAFA received approximately \$222,700 of Other receipts. Such funds relate to:
 - i. \$89,300 related to a tax refund in the Netherlands. Such receipt relates to a tax loss carry back applied to NAFA’s 2018 corporate tax filing;
 - ii. \$75,000 in licensing fees for the Blackglama trademark pursuant to NAFA’s licensing agreement with Saga;
 - iii. \$22,800 in funds received pursuant to the Canada Emergency Wage Supplement (“CEWS”). NAFA continues to apply for applicable wage support from the CEWS program, as applicable, however, the Canadian federal government ended this program in October, 2021 so any receipts will be limited to that period;
 - iv. \$4,900 in deferred rent payments received from NAFA’s previous tenant, Montana’s restaurant. This amount represents the last of such deferred rent payments from Montana’s;
 - v. \$18,800 in monthly rent payments for NAFA’s Polish office, which is being leased by a company in the automotive industry;

- i. \$11,900 in various other small receipts.
- c. *Private treaty sales* – NAFA received approximately \$50,300 from Saga related to proceeds from private treaty sales in November 2021.
- d. *Auction house receipts – Saga/KF/AME/FHA* – NAFA received approximately \$1.5M in auction proceeds from Saga, KF and AME combined. These proceeds relate to auctions held in the summer, fall, and winter of 2021. Since the full quantum of NAFA-financed pelts were not sold in 2021, additional proceeds are expected in 2022 (i.e., from the February 2022 KF auction, March 2022 Saga auction, and additional scheduled auctions for all three auction houses in 2022). Following the 2021 auction season, NAFA has approximately 390,000 pelts subject to its security that are at the auction houses and yet to be sold. For the purpose of its Cash Flow Forecast, NAFA has assumed that these pelts will all be sold in 2022, although certain of such pelts will be sold later in the year.
- e. *Saga reimbursement for operating expenses* – NAFA received approximately \$60,000 in rent payments under Saga’s lease of one of the Wisconsin Properties. NAFA also received approximately \$10,000 from Saga for reimbursement of Blackglama labels paid for by NAFA. The lease with Sage expired at the end of October 2021 and Saga vacated the building on December 31, 2022.
- f. *Consignor settlements/kit loan repayments* – During the Reporting Period, NAFA received a one-time payment of approximately \$32,000 related to a consignor settlement.

Disbursements

22. The following represent the larger disbursements made by NAFA during the Reporting Period:

- a. *Occupancy costs* – During the Reporting Period, NAFA disbursed approximately \$65,700 in operating costs for its facilities in Toronto, Poland and Wisconsin. Such costs primarily represent monthly payments for the office at its former Carlingview property, utility costs, and property taxes for the Polish office.
- b. *Employee costs – permanent:* Disbursements for NAFA’s full-time staff, which payments totalled approximately \$284,200, included the following:
 - i. \$262,000 in semi-monthly, or monthly depending on the jurisdiction, payment of wages and taxes;
 - ii. \$14,800 in pension and benefit amounts; and
 - iii. \$7,400 in KERP entitlements for those employees who were beneficiaries of the KERP.
- c. *Shipping and warehousing costs* – NAFA disbursed approximately \$48,100 of these costs during the Reporting Period. Approximately \$32,600 of this is related to transportation and storage fees in connection with seizing approximately 50,047 Grobina pelts from CR7. The remaining costs represent a number of smaller disbursements, including payment for Blackglama labels that was reimbursed by Saga.
- d. *Professional fees* – A total of approximately \$695,400 was paid to the professional service firms related to NAFA’s CCAA Proceedings. Such costs represent NAFA’s

counsel in both North America and Europe, the Monitor and its counsel in addition to legal and financial advisors to the Agent.

- e. *Insurance* – A total of approximately \$23,700 was paid for insurance premiums for the period through October 31, 2022. Approximately \$18,700 relates to the 205 Industrial Property (located in Wisconsin) and the remaining \$5,000 relates to the Polish Property.
- f. *Other administrative and operating costs* – Represents general office expenses such as telecommunications, contractors, accounting fees (including tax filings and bookkeeping in Poland and the Netherlands), foreign taxes, bank charges and miscellaneous costs related to operations in Poland and other utility costs. Payments for this line item totalled approximately \$46,600 during the Reporting Period.
- g. *Repayment of Tranche A* – Each week NAFA calculates the quantum of Distributable Funds (i.e., weekly closing cash balances in excess of \$1 million) that are available to pay down the Tranche A indebtedness of the Syndicate Debt. During the Reporting Period, NAFA paid approximately \$925,500 to the Agent for debt repayment. The balance remaining on the Syndicate Debt is approximately \$11.9 million as at the close of the Reporting Period.
- h. *Bank interest and refinancing costs* – Such amounts relate entirely to interest costs and agency fees on the Syndicate Debt and total approximately \$420,000.

CASH FLOW FORECAST

- 23. Attached as **Confidential Appendix “1”** is NAFA’s Cash Flow Forecast including notes detailing the assumptions therein. The notes to the Cash Flow Forecast are an integral part

thereof and the two documents should be read together. The Cash Flow Forecast was prepared by the Applicants, with the assistance of the Monitor, to forecast receipts and disbursements through April 29, 2022, being the initial extension of the Stay Period sought by the Applicants in the Motion.

24. The Applicants are seeking an Order to seal the Cash Flow Forecast as it contains certain commercially sensitive information that could negatively affect NAFA's asset realization and restructuring efforts if made available publicly. The Monitor is of the view that the Cash Flow Forecast should be sealed for these reasons and recommends that the Court approve this request should it see fit to do so.
25. Since the end of 2020, NAFA has advanced efforts to monetize non-fur assets. Such assets include insurance claims, buyer receivables and rollover loans. No future realizations have been included in the Cash Flow Forecast for these items as the timing and potential realizations on these assets is uncertain at this time. Realizations from the Transactions under the APA that are to close during the Cash Flow Period are included in the Cash Flow Forecast.
26. A summary version of the Cash Flow Forecast is set out below:

[Summary Chart on Next Page]

North American Fur Auctions Inc.**16-Week Cash Flow Forecast****For the period January 8, 2022 to April 29, 2022****(in USD '000s)**

	Forecast
Receipts	
HST refund	67
Other (CEWS, etc.)	305
Auction house receipts - Saga/KF/AME	1,474
SAGA reimbursement for operating expenditures	28
Sale of assets (net of commission and fees)	2,950
Total Receipts	4,824
Disbursements	
Occupancy costs	(61)
Employee costs	(272)
Collection, shipping and warehousing costs	(21)
Professional fees	(581)
Other administrative and operating costs	(79)
Total Disbursements	(1,015)
Net Cash Flow	3,809
Opening bank cash balance - CIBC temp account	630
Net cash flow from above	4,824
Repayment of operating tranche A loan	(3,366)
Repayment of term tranche A loan	-
Bank interest and refinancing costs	(296)
Closing Bank Cash Balance - CIBC Temp Account	777
Closing Bank Cash Balance - CIBC Tranche A Account	-
Total Liquidity	777
Operating Tranche A Loan Balance	
Opening	7,137
Net increase/(decrease)	(3,366)
Ending	3,771
Term Tranche A Loan Balance	
Opening	4,813
Net increase/(decrease)	-
Ending	4,813
Total Tranche A Loan Balance	
Opening	11,949
Net increase/(decrease)	(3,366)
Ending	8,584

Note: Totals in the table above are subject to rounding differences

27. As detailed above and therein, the Cash Flow Forecast contains the following:

- a. Receipts during the Cash Flow Period total approximately \$4.8 million as set out below:
- i. The largest forecast receipt is related to the assumed closing of phase 1 of the Transactions. Proceeds, which are net of real estate and professional costs, are estimated to be approximately \$3.0 million;
 - ii. NAFA projects to receive auction house receipts from Saga and KF. Receipts from Saga total approximately \$1.3 million and represent projected proceeds from the March 2022 auction. NAFA also projects receipts from private treaty sales prior to April 29, 2022;
 - iii. There are projected proceeds of approximately \$125,000 in February 2022 related to past private treaty sales. The Monitor is currently holding these funds pursuant to the Safe Harbour Order and will pay them to NAFA once other consignors have been paid for the sale of their pelts;
 - iv. NAFA is forecasting to receive \$156,000 in satisfaction of indebtedness related to a mortgage provided to a former NAFA executive;
 - v. Although Saga has vacated the property it leased from NAFA, NAFA projects to receive a rent payment for the month of December 2021 totalling \$27,600. Such payment was received as the Cash Flow Forecast was being prepared;
 - vi. NAFA is also forecasting HST receipts of \$67,000 based on the quantum of input tax credits expected to be claimed by NAFA as it files its HST returns on a monthly basis; and

- vii. The last receipt of some significance that NAFA is forecasting is reimbursement for the CEWS in the amount of \$24,000. Both CEWS and HST receipts are forecast based on NAFA's estimated filings and reimbursement timing experienced with CRA.
- b. Total disbursements, excluding debt service costs, are forecast to be approximately \$1.0 million. Significant components include:
 - i. Occupancy costs, which relate to utilities and maintenance fees for the Poland Property and the Wisconsin Property, as well as monthly rent payments for the office at its former Carlingview property;
 - ii. Employee costs, including wages and benefits and amounts payable to foreign governments for payroll taxes are included in this line item;
 - iii. Payments to NAFA's Baltic agent who is assisting with consignor negotiations and arranging execution of the documentation necessary for NAFA to receive auction proceeds;
 - iv. Storage fees in connection with the Grobina pelts from CR7;
 - v. Other general operational costs; and
 - vi. Professional fees for the Applicants' Canadian and European counsel, the Monitor and its counsel and the Agent's counsel and financial advisor.
- c. Forecast debt repayment and debt service costs to the Syndicate in the amounts of \$3.4 million and \$296,000, respectively, are also assumed in the Cash Flow Forecast.

28. The debt payable to the Agent as at April 8, 2022 is forecast to be approximately \$3.8 million for the Tranche A indebtedness and approximately \$4.8 million in respect of the term debt. Total liquidity is projected to be approximately \$777,000.
29. The Monitor notes that the Cash Flow Forecast does not currently include provisions for costs related to potential new litigation which may be required to recover the rollover loans or advance the insurance claims that NAFA has filed with its insurer. Pursuant to the enhanced powers provided to the Monitor in November, 2020, the Monitor will consult with the Applicants and Agent prior to initiating new litigation to realize on NAFA's assets, including the rollover loans.

Cash Flow Forecast Risk Factors

30. Significant risk factors related to the Cash Flow Forecast include:
 - a. As set out elsewhere, demand for mink pelts in 2020 was at historic lows due to several factors, particularly the Covid-19 pandemic. For this reason, the volume of mink pelts sold in 2020 was far less than in prior years. Auctions held between December 2020 and June 2021 were promising, both in terms of volumes sold and prices realized, while auctions held in the September and December 2021 were far less successful. There is still a great deal of uncertainty in the mink market, and globally, as a result of the Covid-19 pandemic including the impact of the Omicron variant and therefore there is risk that the gains seen in 2021 will not be sustained over the longer term;
 - b. Although a level of recoveries and expenses are included in the Cash Flow Forecast, certain assets may require significant time, effort and cost to recover amounts that are currently payable to NAFA; and

- c. Notwithstanding that settlements have been executed between NAFA and certain of its borrowers, it is not certain that such counterparties will perform or continue to perform their obligations under the settlement agreements.

APPROVAL OF THE MONITOR AND ITS COUNSEL'S ACTIVITIES AND FEES

31. The Monitor's Pre-filing Report and First Report, and the activities described therein, were approved by the Court on November 28, 2019. The Monitor's Second Report and the activities described therein were approved by the Court on January 30, 2020. The Monitor's Third Report and Fourth Report, and the activities described therein, were approved by the Court on August 26, 2020. The Monitor's Fifth Report and Sixth Report, and the activities described therein were approved by the Court on April 7, 2021.
32. NAFA is currently seeking approval of the Monitor's Seventh Report and this Eighth Report and the activities described herein. The Eighth Report describes the activities of the Monitor and its counsel since the date of its Seventh Report, being September 27, 2021, to the date of the Seventh Report. The Seventh Report contains a summary of the Monitor's activities from the date of the Fifth Report, being November 3, 2020, and is attached (without appendices) as **Appendix "C"**.
33. The Monitor supports NAFA's request to have its Seventh Report and Eighth Report, including the related activities and conduct detailed therein, approved.

Request for fee approval for the Monitor and its counsel

34. On August 26, 2020, the Court approved the fees of the Monitor and its counsel, Miller Thomson, through June 30, 2020. On April 7, 2021, the Court approved the fees of the Monitor and its counsel, Miller Thomson, from July 1, 2021 to February 28, 2021. The

Applicants are currently seeking the approval of the fees and disbursements for the Monitor and its counsel from March 1, 2021 to December 31, 2021 (the “**Fee Period**”) as set out in the Fee Affidavits. The Monitor supports this request.

35. The Monitor and Miller Thomson have maintained detailed records of their professional time and costs during the Fee Period. The Monitor’s professional time and disbursements are detailed in the Sleeth Fee Affidavit. Miller Thomson’s professional fees and disbursements are detailed in the Iqbal Fee Affidavit. Copies of the Fee Affidavits are attached as **Appendix “D” and “E”**, respectively.
36. The Monitor’s accounts during the Fee Period total \$570,603 in fees, plus \$561 in disbursements and HST in the amount of \$74,251 for a total amount of \$645,414. The details of the time spent, including a summary of the personnel, hours and hourly rates of the services provided by the Monitor are more particularly described in the Sleeth Fee Affidavit.
37. The Monitor’s counsel, Miller Thomson’s accounts during the Fee Period total \$298,612.50 in fees, plus \$0 in disbursements, plus HST in the amount of \$38,819.65 for a total amount of \$337,432.15. The details of the time spent including a summary of the personnel, hours and hourly rates of the services provided by Miller Thomson are more particularly described in the Iqbal Fee Affidavit.
38. The detailed accounts of the Monitor and Miller Thomson are being provided as Confidential Exhibit “**B**” to Sleeth Fee Affidavit and the Iqbal Fee Affidavit, respectively, and a sealing Order is being sought by NAFA as these accounts provide commercially sensitive information that, if disclosed, could impact future recoveries in these CCAA Proceedings.

39. The Monitor has reviewed the accounts of its counsel and confirms it authorized the work performed. The Monitor believes that the accounts of the Monitor and Miller Thomson are reasonable in the circumstances and respectfully requests that the Court approve the Monitor's and its counsel's fees and disbursements as set out in the Fee Affidavits.

THE APPLICANTS' REQUEST TO EXTEND THE STAY PERIOD

40. NAFA is currently seeking an extension of the Stay Period to April 29, 2022. In addition, NAFA is requesting an Order providing a mechanism that will allow for a further extension of the Stay Period without the need to attend a further motion to July 29, 2022 or such other earlier date as the Applicants, Agent, FCC and the Monitor consent to upon the filing of a Monitor's Certificate.
41. In order for the Monitor to file the Monitor's Certificate for the to extend the Stay Period to the Extended Stay Date, the Monitor will have to certify in the Monitor's Certificate that:
- a. The Applicants, the Agent and FCC have approved a cash flow forecast for the extended Stay Period (the "**Extended Cash Flow Forecast**") and consented to extend the Stay Period from April 29, 2022 to the Extended Stay Date; and
 - b. The Monitor has confirmed that there are sufficient funds to support the Extended Stay Date based upon the Extended Cash Flow Forecast, which shall be filed with the Court on a confidential basis.
42. This mechanism is intended to save the costs of a further stay extension motion if the parties, after reviewing the Extended Cash Flow Forecast consent to the extension of the Stay Period to the Extended Stay Date.

43. The Monitor recommends the extension of the Stay Period and authorization of the mechanism to further extend the Stay Period to the Extended Stay Date to allow NAFA and the Monitor to continue NAFA's restructuring and asset monetization efforts including the following, each in consultation with the Agent:
- a. Continue to receive auction proceeds from Saga, AME and KF during the 2022 auction season;
 - b. Continue to advance litigation against certain European farmers that took active steps to attempt to avoid their obligations to NAFA. NAFA and the Monitor are assessing NAFA's options with respect to litigation to be commenced in North America and further litigation in Europe against other of NAFA's borrowers;
 - c. Continue to advance the 26 trade credit insurance claims NAFA filed and consider next steps to attempt to maximize recovery in respect of same;
 - d. Continue its realization efforts in respect of the rollover loans;
 - e. Continue efforts to negotiate and implement the APA and related transaction; and
 - f. Continue to identify opportunities to enhance recoveries for its stakeholders.
44. The Monitor is of the view that the Applicants continue to act in good faith and with due diligence. The Monitor is further of the view that an extension of the Stay Period to April 29, 2022 (and further up to July 29, 2022, subject to receiving the above consents and the Extended Cash Flow Forecast) will allow NAFA to continue to implement its restructuring and asset monetization plan for the benefit of all its stakeholders.

RECOMMENDATION

45. For the reasons set out in this Eighth Report, the Monitor recommends that the Court grant the relief set out in the Applicants' Motion.

All of which is respectfully submitted this 27th day of January, 2022.

Deloitte Restructuring Inc.
Solely in its capacity as Court-appointed
Monitor of North American Fur Auctions Inc. et al

Per:



Jordan Sleeth, LIT
Senior Vice President



Todd Ambachtsheer, LIT
Senior Vice President

Appendix “A”

Glossary of terms

Glossary	
Term	Definition
Administration Charge	A charge granted pursuant to the Initial Order, as amended securing the fees and disbursements of the Applicants’ counsel, the Monitor and its counsel, the advisors of the Syndicate, the Financial Advisor and counsel for the Directors (to a maximum of \$100,000 for the latter), which amount and priority have been amended such that currently the charge is in the amount of \$1,500,000 with \$900,000 ranking in first priority (now that the DIP Facility has been repaid) and \$600,000 ranking in fourth priority behind the KERP Charge and the Syndicate Debt
Agent	Canadian Imperial Bank of Commerce in its capacity as Agent for the Syndicate
Amended and Restated Initial Order	The Amended and Restated Initial Order of the Court dated November 8, 2019
AME	American Mink Exchange, a north American solicitor of fur pelts
Applicants	Collectively, North American Fur Producers Inc., NAFA Properties Inc., 3306319 Nova Scotia Limited, North American Fur Auctions Inc., NAFA Properties (US) Inc., NAFA Properties Stoughton LLC, North American Fur Auctions (US) Inc., NAFPRO LLC (Wisconsin LLC), NAFA Europe Co-Operatief Ua, NAFA Europe B.V., Daikoku Sp.Z Oo and NAFA Polska Sp. Z Oo
April Lawson Affidavit	The Affidavit of Douglas Lawson affirmed April 2, 2021
August Lawson Affidavit	The Affidavit of Douglas Lawson affirmed August 21, 2020
BDC	Business Development Bank of Canada
Carlingview Property	NAFA’s former distribution centre on Carlingview Avenue in Toronto
CCAA	<i>Companies’ Creditors Arrangement Act</i> , R.S.C., 1985, c. C-36

CCAA Proceedings	The CCAA proceedings commenced pursuant to the Initial Order bearing Court file no. CV-19-00630241-00CL
CIBC	Canadian Imperial Bank of Commerce
City Landlord	City of Toronto
Court	Ontario Superior Court of Justice (Commercial List)
December Lawson Affidavit	The Affidavit of Douglas Lawson affirmed December 20, 2019
Deloitte	Deloitte Restructuring Inc.
DIP Charge	The charge granted by the Court pursuant to the Initial Order against the Applicants' Property as security for the DIP Financing
DIP Fee	A fee in the amount of 2% earned by the DIP Lender for providing the DIP Financing
DIP Financing	The interim financing in the maximum principal amount of \$5.0 million provided by the DIP Lender approved by the Court pursuant to the Initial Order
DIP Lender	Waygar Capital Inc.
DIP Term Sheet	The DIP Term Sheet dated October 31, 2019 between NAFA and the DIP Lender in respect of the DIP Financing approved by the Court pursuant to the Initial Order
EDC	Export Development Canada
Eighth Report	The Eighth Report of the Monitor dated January 27, 2022
Financial Advisor	Collectively, KPMG Inc. and KPMG Corporate Finance
Fifth Report	The Fifth Report of the Monitor dated November 3, 2020
First Report	The First Report of the Monitor dated November 7, 2019
Fourth Report	The Fourth Report of the Monitor dated August 24, 2020
Fur Harvesters	Fur Harvesters Auctions Inc.
Ground Leases	Two long-term ground leases in respect of the Skyway Property, one with the Private Landlord and one with the City Landlord, copies of which are

	attached as Exhibits “B” and “C” to the October Lawson Affidavit.
Initial Order	The Order of Justice McEwen dated October 31, 2019, as amended by the Amended and Restated Initial Order
KERP	Key employee retention program approved by the Court
KERP Charge	Charge in the amount of \$150,000 approved the Court on November 8, 2019
KF	Kopenhagen Fur, a large Danish auction house that, along with Saga and NAFA, was one of the leading mink auction houses in the world
KPMG CF	KPMG Corporate Finance Inc.
Monitor	Deloitte in its capacity as Court-appointed Monitor of the Applicants
NAFA	North American Fur Auctions Inc.
NAFA Properties	NAFA Properties Inc.
October Lawson Affidavit	Affidavit of Doug Lawson sworn October 30, 2020
Pre-filing Report	The pre-filing report of the proposed Monitor, dated October 31, 2019
Private Landlord	Meadowvale Land Limited, Rebecca’s Gift Holdings Limited, 1350739 Ontario Limited; and the Estate of Joseph Black.
Polish Property	NAFA’s main European office owned in Goleniów, Poland
Property	Has the meaning ascribed to that term in the Amended and Restated Initial Order
Safe Harbour Order	An Order of the Court issued on January 13, 2020 that provides third party goods in possession of NAFA are not NAFA’s property provided the necessary contractual terms are present
Second Report	The Second Report of the Monitor dated November 27, 2019
Seventh Report	The Seventh Report of the Monitor dated September 27, 2021
Sixth Report	The Sixth Report of the Monitor dated April 5, 2021
SISP	Sale and Investment Solicitation Process

Skyway Property	NAFA's corporate head office building located at 65 Skyway Avenue in Toronto, Ontario
Stay Period	The stay of proceedings granted pursuant to the Initial Order, as may be extended from time to time
Success Fee	An amount payable to KPMG CF in the event that it achieved the result set out in its engagement letter that was signed in July, 2019
Syndicate	A group of financial institutions that, together, have provided senior secured financing to the Applicants as represented by the Canadian Imperial Bank of Commerce as Agent
Syndicate Debt	The indebtedness owing by the Applicants to the Syndicate
Third Report	The Third Report of the Monitor dated January 29, 2020
VAG	Van Ansem Group (being a collection of farms under one corporate umbrella)
Wisconsin Properties	NAFA's owned buildings on Williams Drive and Industrial Circle in Stoughton, Wisconsin

Appendix "B"
Amended and Restated Initial Order

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE

)

THURSDAY, THE 31ST

MR. JUSTICE McEWEN

)

DAY OF OCTOBER, 2019

)



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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC.,
NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH
AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC.,
NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR
AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA
EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z
OO and NAFA POLSKA SP. Z OO

(the “**Applicants**”)

AMENDED AND RESTATED INITIAL ORDER

THIS APPLICATION, made by North American Fur Producers Inc., NAFA Properties Inc., 3306319 Nova Scotia Limited, North American Fur Auctions Inc. (“**NAFA**”), NAFA Properties (US) Inc., NAFA Properties Stoughton LLC, North American Fur Auctions (US) Inc., NAFPRO LLC (Wisconsin LLC), NAFA Europe Co-operatief UA, NAFA Europe B.V., Daikoku Sp. Z oo, and NAFA Polska Sp. Z oo (collectively, the “**Applicants**”) pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Doug Lawson sworn October 30, 2019 and the Exhibits thereto (“**Lawson Affidavit**”), the Affidavit of Ariyana Botejue sworn October 30, 2019, the Pre-Filing Report of Deloitte Restructuring Inc. (“**Deloitte**”), in its capacity as monitor for the Applicants (in such capacity, “**Monitor**”) (the “**Pre-Filing Report**”), the First Report of the

Monitor dated November 7, 2019 (the “**First Report**”) and on hearing the submissions of counsel for the Applicants, counsel to the Monitor, counsel to the Canadian Imperial Bank of Commerce, as agent (in such capacity, the “**Agent**”) for the lenders (the “**Lenders**”) to the Fourth and Restated Credit Agreement dated as of September 27, 2019 (as may be amended or amended and restated, the “**Credit Agreement**”) from time to time, and all other counsel listed on the counsel slip, no one appearing for any other person on the Service List, although properly served as appears on the Affidavit of Service of Ariyana Botejue, sworn, October 31, 2019, and on reading the consent of Deloitte to act as the Monitor,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that each of the Applicants is a company to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that the Applicants shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the “**Plan**”), provided that no Plan shall compromise any indebtedness or obligations owing by any of the Applicants to the Agent and/or the Lenders (the “**Syndicate Debt**”) or any encumbrance or security interest securing the Syndicate Debt (the “**Syndicate Security**”).

POSSESSION OF PROPERTY AND OPERATIONS

4. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof, but excluding cash collateral held by the Agent in respect of the Visa Credit (as defined in the Credit Agreement) (the “**Property**”).

Subject to further Order of this Court or as otherwise directed by this Order, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the “**Business**”) and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, independent contractors, advisors, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty, subject to the terms of the Definitive Documents (as defined herein) to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

5. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place or, with the consent of the Monitor, the DIP Lender (as defined herein) and the Agent replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

6. **THIS COURT ORDERS** that the Applicants, subject to availability under and in accordance with the terms of the DIP Term Sheet (as defined herein) and the Definitive Documents, shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order to the extent that such expenses are incurred and payable by the Applicants:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies

and arrangements, and all other payroll, pension and benefits processing and servicing expenses;

- (b) all future amounts owing to Persons working as independent contractors in connection with the Business; and
- (c) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein and subject to the terms of the DIP Term Sheet and the Definitive Documents, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order and any other Order of this Court, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance, and security services, but not expenses in connection with any environmental remediation; and
- (b) payment for goods or services actually supplied to the Applicants following the date of this Order.

8. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, and (iii) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior

to the date of this Order but not required to be remitted until on or after the date of this Order; and

- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business, workers' compensation or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

9. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicants to any of their creditors as of this date other than amounts due and owing to the Lenders; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

10. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed to repay the Syndicate Debt from the Distributable Funds (as defined in the First Report) on a weekly basis.

11. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed, until further Order of this Court, to grant any encumbrance or security interest in connection with the Credit Agreement and to execute and deliver any document or instrument in furtherance thereof.

RESTRUCTURING

12. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the DIP Term Sheet and the Definitive Documents, have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of their business or operations, and to sell, convey, transfer, lease assign or dispose of any Property outside of the ordinary course of business, with the approval of the Monitor, provided that the consideration for any one such transaction does not exceed \$50,000, and that

the aggregate consideration for all such transactions does not exceed \$250,000, except that such amounts shall not include amounts with respect to the sale, transfer, assignment or other disposition of any Kit Loans and Pelts, including but not limited to the SAGA Furs Transaction (as those terms are defined in the Lawson Affidavit), in accordance with paragraph 12(c);

- (b) subject to the requirements of the CCAA and paragraphs 14 to 16 herein, with the consent of the Agent, vacate, abandon or quit the whole (but not part of) and may permanently (but not temporarily) cease, downsize or shut down any of their Business or operations in respect of any leased premises;
- (c) continue to sell Kit Loans and Pelts (as defined in the Lawson Affidavit) in accordance with the SAGA Furs Transaction, with the approval of the Monitor, Agent and DIP Lender;
- (d) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (e) pursue all avenues of refinancing, restructuring, selling and reorganizing their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing, restructuring, sale or reorganization that is not otherwise subject to paragraphs 12(a) or 12(c),

all of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Applicants or their Business (the "**Restructuring**").

13. **THIS COURT ORDERS** that the Applicants are hereby authorized and directed to list and offer for sale the real property owned by the Applicants and their foreign subsidiaries in Poland and the United States of America and the lease in respect of the Head Office (as defined in the Lawson Affidavit) as soon as practicable and that such sale shall be conducted in accordance with paragraph 12(e).

REAL PROPERTY LEASES

14. **THIS COURT ORDERS** that until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the Applicants and the landlord from time to time (“**Rent**”), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

15. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of their intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the entitlement of the Applicants to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If the Applicants disclaim or resiliate the lease governing such leased premises in accordance with Section 32 of the CCAA, they shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to the Applicants’ claim(s) to the fixtures in dispute.

16. **THIS COURT ORDERS** that if a notice of disclaimer or resiliation is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer or resiliation, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer or resiliation, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect

of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS, THE BUSINESS OR THE PROPERTY

17. **THIS COURT ORDERS** that until and including November 29, 2019, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, other than Proceedings by the Agent, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court. To the extent the Agent commences any Proceedings against any of the Applicants, it will provide the Applicants and the Monitor with not less than three (3) days’ notice.

NO EXERCISE OF RIGHTS OR REMEDIES

18. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”), other than the Agent, against or in respect of the Applicants or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicants to carry on any business which the Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien. To the extent the Agent wants to enforce any of its rights or remedies against the Applicants, their Business or Property, it will provide the Applicants and the Monitor with not less than three (3) days’ notice.

NO INTERFERENCE WITH RIGHTS

19. **THIS COURT ORDERS** that during the Stay Period, no Person, other than the Agent, shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Applicants, except with the written consent of the Applicants and the Monitor, or leave of this Court. Without limiting the foregoing, no right, option, remedy, and/or exemption in favour of the Applicants shall be or shall be deemed to be negated, suspended, waived and/or terminated as a result of this Order.

CONTINUATION OF SERVICES

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

NON-DEROGATION OF RIGHTS

21. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of lease or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-

advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

KEY EMPLOYEE RETENTION PLAN

22. **THIS COURT ORDERS** that the Key Employee Retention Plan (“**KERP**”) as described in the Lawson Affidavit is hereby approved and the Applicants are authorized, in consultation with the Monitor, to make payments contemplated thereunder in accordance with the terms and conditions of the KERP.

23. **THIS COURT ORDERS** that the key employees referred to in the KERP (the “**Key Employees**”) shall be entitled to the benefit of and are hereby granted a charge on the Property, which shall not exceed an aggregate amount of USD \$150,000.00 (“**KERP Charge**”) to secure the amounts payable to the Key Employees under the KERP. The KERP Charge shall have the priority set out in paragraph 44 hereof.

APPROVAL OF FINANCIAL ADVISOR AGREEMENT

24. **THIS COURT ORDERS** that the ongoing engagement of KPMG Inc. and KPMG Corporate Finance (collectively, the “**Financial Advisor**”) as financial advisor to the Applicants under the terms under which they have operated to date is hereby ratified and approved and the Applicants are authorized and directed *nunc pro tunc* to make payments contemplated thereunder and in consultation with the Monitor and the approval of the Court.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

25. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicants, if one is filed and is sanctioned by this Court or is refused by the creditors of the Applicants or this Court, other than Proceedings by the Agent on not less than three (3) days’ notice.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

26. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

27. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of USD \$1,000,000, as security for the indemnity provided in paragraph 26 of this Order. The Directors' Charge shall have the priority set out in paragraph 44 herein.

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

APPOINTMENT OF MONITOR

29. **THIS COURT ORDERS** that Deloitte is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

30. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements, and shall provide to the Agent and the DIP Lender a weekly variance analysis against the current cash flow forecasts filed with the Court and, in the event the Monitor becomes aware of a negative variance of greater than 15% in the Applicants' disbursements in any week, the Monitor shall promptly advise the Agent of any such variance;
- (b) liaise with the Applicants and the Assistants with respect to all matters relating to the Property, the Business, the Restructuring and such other matters as may be relevant to the proceedings herein;
- (c) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, the Restructuring and such other matters as may be relevant to the proceedings herein;
- (d) assist the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lender and the Agent, and their respective counsel and advisors, of financial and other information as agreed to between the Applicants, the Agent and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the Agent and the DIP Lender;
- (e) advise the Applicants in its preparation of the Applicants' cash flow statements and reporting required by the DIP Lender, the DIP Term Sheet and by the Definitive Documents, which information shall be reviewed with the Monitor and the Agent, and delivered to the DIP Lender, its counsel and financial advisor on a periodic basis or as otherwise agreed to by the DIP Lender and the Agent;
- (f) participate in all correspondence and meetings between the Applicants and potential purchasers of the Property;
- (g) consult with the Agent in respect of potential purchases of the Property;
- (h) advise the Applicants in their development of the Plan and any amendments to the Plan;

- (i) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (j) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' Business and financial affairs or to perform its duties arising under this Order;
- (k) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (l) perform such other duties as are required by this Order or by this Court from time to time.

31. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

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

any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

33. **THIS COURT ORDERS** that that the Monitor shall provide any creditor of the Applicants and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

34. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

35. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, counsel to the Applicants, the Financial Advisor, counsel to the directors and officers (up to a maximum amount of CAD \$100,000 unless otherwise ordered by the Court), counsel to the Agent and the financial advisor to the Agent's counsel shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to or subsequent to the date of this Order, by the Applicants as part of the costs of these proceedings, and the Applicants are hereby authorized and directed to do so.

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

37. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, counsel to the Applicants, the Financial Advisor, counsel to the directors and officers, if any, counsel to the Agent and the financial advisor to the Agent's counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not

exceed an aggregate amount of USD \$700,000, as security for their professional fees and disbursements incurred at the standard rates and charges, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraph 44 hereof.

DIP FINANCING

38. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow as contemplated under the Term Sheet attached as Exhibit J to the Lawson Affidavit (the “**DIP Term Sheet**”) between NAFA and Waygar Capital Inc. (the “**DIP Lender**”) (as may be amended, restated, supplemented and/or modified, subject to approval of this Court in respect of any amendment the Monitor determines to be material) in order to finance the Applicants’ working capital requirements and other general corporate purposes and capital expenditures all in accordance with the DIP Term Sheet, provided that borrowings under the DIP Term Sheet shall not exceed USD \$5,000,000 unless permitted by further Order of this Court (the “**DIP Facility**”).

39. **THIS COURT ORDERS** that the DIP Facility shall be on the terms and subject to the conditions set forth in the DIP Term Sheet and the Definitive Documents (as defined below).

40. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to execute and deliver the DIP Term Sheet and such mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the “**Definitive Documents**”), as are contemplated by the DIP Term Sheet or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the DIP Term Sheet and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

41. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the “**DIP Lender’s Charge**”) on the Property, which DIP Lender’s Charge shall not secure an obligation that exists before this Order is made. The DIP Lender’s Charge shall have the priority set out in paragraph 44 hereof.

42. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge, the DIP Term Sheet or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the DIP Term Sheet, the Definitive Documents or the DIP Lender's Charge, the DIP Lender may, subject to the provisions of the DIP Term Sheet with respect to the giving of notice or otherwise, and in accordance with the DIP Term Sheet, the Definitive Documents and the DIP Lender's Charge, as applicable, may cease making advances to the Applicants, make demand, accelerate payment and give other notices; provided that the DIP Lender must apply to this Court on seven (7) days' prior written notice to the Applicants and the Monitor to enforce against or exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the DIP Term Sheet, the Definitive Documents and the DIP Lender's Charge, including without limitation, to set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the DIP Term Sheet, the Definitive Documents or the DIP Lender's Charge, to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

43. **THIS COURT ORDERS AND DECLARES** that the DIP Lender, the Agent and the Lenders shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made or any other amounts owing under the DIP Term Sheet and the Definitive Documents, and in the case of the Agent and the Lenders, the Syndicate Debt.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

44. **THIS COURT ORDERS** that the priorities of the KERP Charge, the Directors' Charge, the Administration Charge and the DIP Lender's Charge (collectively, the "**Charges**"), and the Syndicate Debt and the Syndicate Security, as among them, shall be as follows:

First – the DIP Lender's Charge to the maximum amount of USD \$5,000,000;

Second – the Administration Charge to the maximum amount of USD \$500,000;

Third – the KERP Charge, to the maximum amount of USD \$150,000;

Fourth – the Syndicate Debt and the Syndicate Security;

Fifth – the Administration Charge to the maximum amount of USD \$200,000; and

Sixth – the Directors' Charge to the maximum amount of USD \$1,000,000.

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

46. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall, subject to paragraph 44, rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

47. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges or the Syndicate Security, unless the Applicants also obtain the prior written consent of the Monitor, the DIP Lender, the Agent and the other beneficiaries of the Charges, or further Order of this Court.

48. **THIS COURT ORDERS** that the Charges, the DIP Term Sheet, the Definitive Documents and the Syndicate Security shall not be rendered invalid or unenforceable and the

rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) thereunder and the Agent and the Lenders shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the DIP Term Sheet or the Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which it is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicants entering into the DIP Term Sheet, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicants pursuant to this Order, the DIP Term Sheet or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

49. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants’ interest in such real property leases.

SERVICE AND NOTICE

50. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in The Globe and Mail (National Edition) and La Presse a notice containing the information prescribed under

the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicants of more than \$1000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

51. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website a) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL ‘<http://www.insolvencies.deloitte.ca/en-ca/NAFA>’.

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

53. **THIS COURT ORDERS** that the Applicants, the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and Orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicants’ creditors or other interested parties and their advisors. For greater certainty, any such distributions or service shall be deemed to be in satisfaction of a legal or juridical obligation, and notice requirements within

the meaning of clause 3(c) of the Electronic Commerce Protection Regulations, Reg. 81000-2-175 (SOR/DORS).

SEALING OF CONFIDENTIAL EXHIBITS AND APPENDIX

54. **THIS COURT ORDERS** that Confidential Exhibits A, B1, B2, C, D, E and F to the Lawson Affidavit and Schedules 9.1(15)(v), 9.1(15)(vi) and 9.1(17) at each of Exhibit A and Exhibit G to the Lawson Affidavit and the Confidential Appendix 1 to the First Report shall be and are hereby sealed, kept confidential and shall not form part of the public record pending further Order of this Court.

GENERAL

55. **THIS COURT ORDERS** that the Applicants or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

56. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

INTERNATIONAL RECOGNITION AND ENFORCEMENT

57. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States, Europe (including but not limited to the Republic of Poland and the Netherlands) or elsewhere to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

58. **THIS COURT ORDERS** that, provided that the Agent is advised in advance, each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to

any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada, including but not limited to acting as the foreign representative of the Applicants to apply to the United States Bankruptcy Court for relief pursuant to Chapter 15 of the *United States Bankruptcy Code*, 11 U.S.C. §§ 101-1515, as amended, and to act as foreign representative in respect of any such proceedings and any ancillary relief in respect thereto, and to take such other steps as may be authorized by the Court.

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

60. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.



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

NOV 08 2019

PER / PAR: 

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC., NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC., NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.ZOO and NAFA POLSKA SP. ZOO (the "Applicants")

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

AMENDED AND RESTATED INITIAL ORDER

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Appendix “C”
Seventh Report of the Monitor (without appendices)

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

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

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(US) INC., NAFA PROPERTIES STOUGHTON LLC, NORTH
AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC
(WISCONSIN LLC), NAFA EUROPE CO-OPERATIEF UA, NAFA
EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO**

Applicants

SEVENTH REPORT OF THE MONITOR

DATED SEPTEMBER 27, 2021

INTRODUCTION

1. On October 31, 2019, North American Fur Producers Inc., NAFA Properties Inc. (“**NAFA Properties**”), 3306319 Nova Scotia Limited, North American Fur Auctions Inc., NAFA Properties (US) Inc., NAFA Properties Stoughton LLC, North American Fur Auctions (US) Inc., NAFPRO LLC (Wisconsin LLC), NAFA Europe Co-Operatief Ua, NAFA Europe B.V., Daikoku Sp.Z Oo and NAFA Polska Sp. Z Oo (collectively, the “**Applicants**” or “**NAFA**”) commenced these CCAA Proceedings pursuant to the Initial Order. The Applicants’ principal business consists of advancing loans to mink farmers to produce mink furs for auctions run by the Applicants. For ease of reference and readability, capitalized terms not defined in this seventh report of the Monitor (the “**Seventh Report**”) are defined in the glossary attached as Appendix “A” to this Seventh Report.

2. On November 8, 2019, the Applicants obtained an Amended and Restated Initial Order. A copy of the Amended and Restated Initial Order is attached to this Seventh Report as Appendix “B”.
3. On November 5, 2020, the Applicants obtained an extension of the Stay Period up to and including April 9, 2021 (the “**November Stay Extension**”). On the same day, the Court issued an Order (the “**Expanded Powers Order**”) that, among other things, granted the Monitor expanded powers with respect to certain items, including:
 - a. Insurance claims that may be advanced by NAFA. The claims are primarily trade credit insurance claims that NAFA is currently advancing to recover unpaid kit loans advanced to farmers in 2019;
 - b. Claims in respect of NAFA’s “rollover loan” balances (i.e. unpaid loans advanced by NAFA in 2018 and prior);
 - c. Litigation in proceedings in which the Applicants are either a plaintiff or claimant (other than these CCAA Proceedings);
 - d. Oversight over material expenditures related to NAFA’s nascent “brokerage business” (i.e. the process whereby NAFA finds buyers for fur pelts being marketed by consignors that formerly sold their skins at NAFA’s auctions);
 - e. Matters related to NAFA’s employees; and
 - f. The right, title and interest of the Applicants in any real property.
4. Since the date of the Expanded Powers Order, the Monitor has been working closely with the Applicants in respect of the items above, with the two parties sharing a common approach without the need to seek direction from the Court. The Monitor has provided

regular updates to the Agent on these matters and has sought input from the Agent when appropriate.

5. Since the beginning of these CCAA Proceedings, and as set out further in April Lawson Affidavit, the fur market has been affected by a number of factors, including the coronavirus pandemic (the “**Covid-19 pandemic**”) that began to have significant effects in early 2020. As a result, the entire premise of the Applicants’ restructuring and monetization efforts were affected and NAFA has been required to alter its approach accordingly (i.e. primarily waiting for auctions to resume online or in person so that pelts delivered to auction houses can be monetized).
6. Given the Covid-19 pandemic, NAFA’s primary cash inflows, which are based on auction proceeds on mink that it financed during 2019, were significantly depressed in 2020, both as a result of the volume of pelts sold (when compared to historic volumes) and the prices achieved during that year. This resulted in the Applicants paying down less Syndicate Debt than contemplated at the beginning of these CCAA Proceedings. Due to pricing and other mink industry dynamics, including depressed auction activity due in part to travel restrictions imposed by various foreign governments, a significant portion of skins were held over to be auctioned in 2021.
7. Notwithstanding the challenges faced by the mink industry in 2020, the year 2021 saw a significant rebound in selling prices for mink pelts from the previous year.
8. Mink fur sales volumes and pricing rebounded overall in 2021 as demand for fur products rebounded, supply of mink significantly decreased as a result of certain foreign governments ordering the culling of millions of mink in Europe due to high Covid-19 transmissibility in mink and Covid-19 related travel restrictions eased. For example,

Denmark, which in recent years has been one of the largest producers of mink globally, ordered the destruction of the entire mink crop in 2020 such that approximately 4 million mink pelts were destroyed and not supplied to the market.

9. The Applicants' motion record dated September 24, 2021 returnable on September 29, 2021 (the "**Motion**") seeks the following relief:

- a. An Order extending the Stay Period from September 30, 2021 to November 5, 2021 with the ability to extend this date to January 31, 2022 upon the consent of the Agent and FCC, NAFA's two primary secured creditors, and the Monitor upon the filing of a certificate by the Monitor certifying that NAFA is projected to have sufficient liquidity based on a cash flow forecast to be filed at that time through January 31, 2022;
- b. Approving the Seventh Report and the activities and conduct of the Monitor described therein; and
- c. Sealing certain confidential information set out in confidential exhibits and appendices filed separately with the Court.

10. Unless otherwise stated, monetary amounts contained herein are expressed in U.S. dollars, the Applicants' reporting currency.

PURPOSE

11. The purpose of this Seventh Report is to provide the Court with the Monitor's observations and recommendations on the relief sought by the Applicants in its Motion and to update the Court on the following items:

- a. The Applicants' and the Monitor's activities since the Sixth Report was issued;

- b. The Applicants' receipt and disbursements (the "**R&D**") for the period from March 20, 2021 to September 17, 2021 (the "**Reporting Period**");
- c. The results of the closing of the Skyway Transaction and the distribution of the net proceeds from the Skyway Property;
- d. The sale of the Applicants' property at 1600 Williams Drive in Stoughton, Wisconsin (the "**Williams Property**");
- e. The status of NAFA's efforts to seek expressions of interest in respect of its business and assets ("**Expressions of Interest**");
- f. NAFA's cash flow forecast from September 18, 2021 through November 5, 2021 (the "**Cash Flow Forecast**" and the "**Cash Flow Period**", respectively);
- g. The Monitor's observations regarding NAFA's request to extend the Stay Period;
- h. An increase being sought in the amount counsel to the directors and officers (the "**Directors**") are authorized to incur in legal fees and disbursements under paragraph 35 of the Amended and Restated Initial Order; and
- i. The Monitor's recommendations in respect of the relief that NAFA is seeking in its Motion.

TERMS OF REFERENCE

- 12. In preparing this Seventh Report and making the comments herein, the Monitor has been provided with, and has relied upon certain unaudited financial information, books, records and financial information prepared by the Applicants, discussions with and information from the Applicants' management ("**Management**") and other third-party sources (collectively, the "**Information**"). Except as described in this Seventh Report:

- a. The Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of such information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards (“GAAS”) pursuant to the *CPA Canada Handbook* (the “CPA Handbook”) and, accordingly, the Monitor express no opinion or other form of assurance contemplated under GAAS in respect of the Information; and
 - b. Some of the information referred to in this Seventh Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the CPA Handbook, has not been performed.
13. Future oriented financial information referred to in this Seventh Report was prepared based on the Applicants’ estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize and the variations could be significant.
14. Due to restrictions imposed as a result of the Covid-19 pandemic, the Monitor has been unable to perform usual procedures to verify or test Information provided by Management, including physical attendance at NAFA’s premises and in-person meetings with Management.
15. While this Seventh Report does reference some of the known impacts of Covid-19 on the Applicants’ current and future operations, there may be further impacts not yet identified that may impact the Applicants’ business, which may have an adverse impact on their financial performance. Readers should consider the increasingly broad effects on the

financial condition of the Applicants, as a result of the negative impact on Canada, the global economy and major financial markets from Covid-19 pandemic.

ACTIVITIES OF THE MONITOR SINCE THE SIXTH REPORT

16. Since the date of the Sixth Report, the Monitor has undertaken, among other things, the following activities:

- a. Monitoring NAFA's receipts and disbursements and reporting same to the Agent. This includes a weekly calculation of NAFA's Distributable Funds (as such term is defined in the First Report). Cash flow variance reporting to the Agent occurs on a basis that attempts to balance timeliness and cost and includes calls to review discrete items occurring as and when required;
- b. Assisting NAFA in the development of the Cash Flow Forecast;
- c. Communicating with the real estate agent as to the status of the Wisconsin Properties and market interest in same, and reviewing the sale transaction for the Williams Property, which closed on September 10, 2021. NAFA's other Wisconsin Property remains listed for sale;
- d. Engaging CBRE in Poland with respect to the sale of the Polish Property;
- e. Receiving updates on the collection of buyer receipts from 2020 and 2021 auctions at Saga, KF and AME;
- f. Updating NAFA's loan book to reflect auction proceed payments received related to consignor accounts;
- g. Monitoring efforts ongoing in Europe to recover loans provided to mink farmers in a number of Baltic countries and Poland including virtual meetings with local

counsel to evaluate ongoing litigation and options to enforce security and commence new litigation where appropriate. This has resulted in approximately €550,000 being paid to NAFA;

- h. Assisting NAFA in distributing funds to consignors for skins that were sold on a private treaty basis. The bulk of these payments have now been made for private treaty sales made in 2020 and 2021;
- i. Responding to queries from the Agent and providing the Agent with summaries of the Applicants' realization efforts and necessary supporting documentation to allow the Agent to be consulted and to provide its approval in accordance with the Agent's consultation and approval rights granted under various orders in these CCAA Proceedings;
- j. Reviewing, considering and approving a transaction that involved a third party purchasing certain of NAFA's rollover loans made to Greek consignors. This transaction was also approved by the Agent;
- k. Corresponding with various stakeholders, including mink ranchers and other third-party creditors;
- l. Reviewing trade credit insurance claims that are being submitted to NAFA's insurer for unpaid kit loans advanced in 2019 and reviewing positions being advanced by the insurer and NAFA;
- m. Undertaking the expanded powers granted to the Monitor in accordance with the Expanded Powers Order;

- n. Updating the Monitor's case website to provide stakeholders with relevant information; and
- o. Preparing this Seventh Report.

ACTUAL RECEIPTS AND DISBURSEMENTS DURING THE REPORTING PERIOD

17. The table below provides a summary of the Applicants' R&D for the period from March 20, 2021 to September 17, 2021:

North American Fur Auctions Inc.	
Variance Analysis	Actual
(\$USD)	
Week Ending	Total
Receipts	
Buyer Receipts	\$ 169,917
HST Refund	171,431
Other (Montana's, CEWS, etc.)	617,083
Private treaty sales / Inventory sales	18,581
Auction house receipts - Saga/KF/AME	4,810,916
SAGA reimbursement for operating expenditures	169,861
Consignor settlements / kit loan repayments	2,319,666
Disposal of PP&E	5,363
Total Receipts	\$ 8,282,817
Disbursements	
Occupancy costs	(93,851)
Employee costs	(344,553)
Collection, grading, shipping and warehousing costs	(41,101)
Professional fees	(1,464,679)
Insurance	(6,430)
Other administrative and operating costs	(115,788)
Total Disbursements	\$ (2,066,402)
Net Cash Flow	\$ 6,216,415
Opening bank cash balance	591,118
Receipts	8,282,817
Disbursements	(2,066,402)
Transactions in CIBC operating account	92,555
Transactions in foreign bank accounts	(67,627)
Repayment of Tranche A	(4,772,583)
Bank interest and refinancing costs	(841,974)
Closing bank cash balance - CIBC Temp Account	\$ 1,217,904

18. Below are details for some of the larger line items above:

Receipts

- a. *Buyer receipts* – During the reporting period NAFA received approximately \$169,900 after reaching a settlement agreement with a previous customer.
- b. *HST refunds* – NAFA received approximately \$171,000 in HST refunds during the Reporting Period. Given the CCAA Proceedings, Canada Revenue Agency (“**CRA**”) continues to review NAFA’s HST accounts and filings in the normal course. NAFA has filed three additional returns with the CRA, totaling approximately \$65,500 (CAD\$81,900) which the CRA recently approved and NAFA expects to receive these funds in October 2021.
- c. *Other receipts* – During the Reporting Period NAFA received approximately \$617,100 of Other receipts. Such funds relate to:
 - i. \$12,500 in deferred rent payments received from NAFA’s previous subtenant, Montana’s restaurant. NAFA will continue receiving these payments until end of December 2021;
 - ii. \$48,000 in rent payments received from Second Harvest, one of NAFA’s tenants in Stoughton, Wisconsin;
 - iii. \$112,000 in funds received pursuant to the Canada Emergency Wage Supplement (“**CEWS**”). NAFA continues to apply for applicable wage support from the CEWS program, as applicable;
 - iv. \$337,200 in net proceeds from the sale of the Skyway Property after repayment in full of BDC’s first mortgage on this property. This amount was transferred to the Agent, which held a second mortgage on the Skyway

Property, to pay down NAFA's indebtedness to the Agent in accordance with the Approval and Vesting Order re: Skyway dated April 7, 2021 (the "**Skyway Approval and Vesting Order**");

- v. \$87,400 for reimbursed life insurance premiums after NAFA cancelled the policy. The policy insured the operator of NAFA Farms and since NAFA is no longer operating NAFA Farms, the policy was cancelled; and
 - i. \$20,100 in refunds, insurance claims, other small receipts and exchange gains on NAFA's non-U.S. dollar denominated account.

- d. *Auction house receipts – Saga/KF/AME/FHA* – Each of Saga, KF and AME held auctions in the spring and summer of 2021. NAFA received total proceeds of approximately \$4.7 million from the three auction houses combined. Given the quantity of pelts sold, NAFA still expects material receipts from the fall 2021 auctions. Since the full quantum of NAFA-financed pelts were not sold in September, 2021, additional proceeds will be expected into 2022 (i.e. from the December 2021 SAGA auction and scheduled auctions in 2022). Prior to the September 2021 auctions, NAFA had approximately 347,000 pelts subject to its security scheduled to be sold. However, the ultimate payments to be received resulting from the September 2021 auctions will depend on both the price and quantity of pelts auctioned. During the reporting period, NAFA received \$70,000 in auction proceeds from Fur Harvesters Auction. These proceeds came from the sale of both NAFA owned and consignor owned pelts (primarily wild fur pelts) that NAFA consigned to FHA to offer at auction. NAFA is determining the allocation

of these proceeds as between consignors and NAFA so that they can be disbursed in accordance with the Safe Harbour Order.

- e. *Saga reimbursement for operating expenses* – NAFA received approximately \$169,900, which represents rent payments under Saga’s lease of one of the Wisconsin Properties.
- f. *Consignor settlements/kit loan repayments* – During the Reporting Period NAFA received approximately \$2.3 million related to kit loan repayments. This amount is a mixture of partial payments of their accounts and/or settlements that have been approved by the Monitor, in consultation with the Agent, as required by the protocol between the Agent and the Applicants.
- g. *Disposal of PP&E* – During the Reporting Period NAFA received approximately \$5,400 for the sale of small equipment from its Polish facility that it no longer required.

Disbursements

- h. *Occupancy costs* – During the Reporting Period, NAFA disbursed approximately \$93,900 in operating costs for its facilities in Toronto, Poland and Wisconsin. Significant costs include Polish property taxes and utility costs of \$77,000 and Stoughton building management fees of \$13,200.
- i. *Employee costs – permanent:* Disbursements for NAFA’s full-time staff, which payments totalled approximately \$344,500, included the following:
 - i. \$312,400 in semi-monthly, or monthly depending on the jurisdiction, payment of wages and taxes;

- ii. \$24,200 in pension and benefit amounts; and
 - iii. \$7,900 in KERP entitlements for those employees who were beneficiaries of the KERP.
- j. *Shipping and warehousing costs* – NAFA disbursed approximately \$41,100 of these costs during the Reporting Period. Approximately \$31,800 relates to payments to NAFA’s Baltic agent who is assisting with consignor negotiations and arranging execution of the documentation necessary for NAFA to receive auction proceeds. Further costs of \$9,300 relating to transportation and storage fees were paid in connection with seizing approximately 50,047 Grobina pelts from CR7.
- k. *Professional fees* – A total of approximately \$1.5 million was paid to the professional service firms related to NAFA’s CCAA Proceedings. Such costs represent NAFA’s counsel in both North America and Europe, the Monitor and its counsel, legal and financial advisors to the Agent and BDC, and foreign counsel relating to Blackglama trademark matters, and accounting fees for corporate tax filings in Canada, Europe and the U.S.
- l. *Other administrative and operating costs* –Represents general office expenses such as telecommunications, contractors, accounting fees (including tax filings and bookkeeping in Poland and Holland), foreign taxes, bank charges and miscellaneous costs related to operations in Poland and other utility costs. Payments for this line item totalled approximately \$115,800 during the Reporting Period.

- m. *Repayment of Tranche A* – Each week NAFA calculates the quantum of Distributable Funds (i.e. weekly closing cash balances in excess of \$1 million) that is available to pay down the Tranche A indebtedness of the Syndicate Debt. During the Reporting Period, NAFA paid approximately \$4.8 million to the Agent for debt repayment. The balance remaining on the Syndicate Debt is approximately \$12.9 million as of September 17, 2021.
- n. *Bank interest and refinancing costs* – Such amounts relate entirely to interest costs on the Syndicate Debt and total approximately \$842,000.

THE SKYWAY TRANSACTION

- 19. As part of its CCAA Proceedings, NAFA is implementing a process to monetize its assets that are no longer required for its current business. This includes listing for sale its real property in Canada, the United States and Europe, including the Skyway Property.
- 20. The April Lawson Affidavit and the Sixth Report describe the sale process for the Skyway Property in detail.
- 21. NAFA obtained the Skyway Approval and Vesting Order on April 7, 2021. The Skyway Transaction closed on April 30, 2021. In accordance with the Skyway Approval and Vesting Order, the net sale proceeds were distributed as follows:
 - a. First, to repay all amounts owing under the Borrowings Certificates issued by the Monitor to BDC for amounts specific to the Skyway Property and secured by the Skyway Borrowings Charge;
 - b. Second, to repay the indebtedness owing to BDC under its first ranking mortgage on the Skyway Property in full; and

- c. Third, to the repay the Agent and/or the Lenders the remaining proceeds under the Agent's second mortgage on the Skyway Property.
22. As a result of the closing of the Skyway Property, NAFA has sold all of the facilities from which it previously operated in Canada and no longer owns any office space in Canada.

SALE OF THE WILLIAMS PROPERTY

23. As set out in previous reports of the Monitor, NAFA occupied two properties in Stoughton, Wisconsin:
 - a. The Williams Property; and
 - b. The property at 205 Industrial Circle (the "**Industrial Property**").
24. Both of the Wisconsin Properties have been listed for sale since approximately February 2020.
25. On or about June 15, 2021, NAFA received an offer to purchase the Williams Property from Marquis Star Holding Inc. The offer was for less than the amount owed to the first secured mortgagee on the Williams Property, being 464676 BC Ltd (the "**First Mortgagee**"). After consulting with the First Mortgagee, the Agent and the Monitor, NAFA negotiated an agreement of purchase and sale for the Williams Property, which was consented to by the First Mortgagee and the Agent and supported by the Monitor. The sale transaction closed on September 10, 2021.
26. Given that only the First Mortgagee received any funds from the sale of the Williams Property, the first mortgagee also covered NAFA's legal fees associated with the sale of the Williams Property.

27. As a result of the sale of the Williams Property, NAFA's remaining property in the United States is the Industrial Property, which is currently leased to Saga. The current lease was set to expire at the end of September 2021. NAFA and Saga have agreed to extend the lease to November 30, 2021 with an option to extend it for a further month to December 31, 2021.
28. NAFA is actively marketing the Industrial Property including as part of its process to obtain Expressions of Interest.

NAFA SOLICITING EXPRESSIONS OF INTEREST

29. Since the last Court attendance and as set out in the Sixth Report and the April Lawson Affidavit, the Applicants have undertaken efforts to seek expressions of interest in respect of its business with input from the Monitor.
30. NAFA, in consultation with the Monitor, engaged with a number of parties that may potentially be interested in pursuing a transaction to invest in NAFA. Such efforts include, but are not limited to, the following:
 - a. Preparing a non-disclosure agreement (“NDA”) to be executed by interested parties;
 - b. Circulating a non-confidential teaser to approximately 70 potential interested parties
 - c. Providing a confidential information memorandum setting out investment highlights and access to an electronic data room to interested parties that executed an NDA;
 - d. Engaging in discussions with interested parties to explain NAFA's attributes; and

- e. Engaging in discussions with interested parties regarding the potential structure of a transaction.
31. These efforts have largely been led by NAFA with limited involvement from the Monitor in an effort to contain costs. The Monitor and its counsel have participated in certain meetings with interested parties in order to provide its preliminary views related to a potential transaction within these CCAA Proceedings.
 32. NAFA continues to pursue discussions that it feels may result in a *bona fide* transaction. The Monitor will further update the Court if the terms of a transaction can be agreed upon between NAFA and an interested party and confirms that any transaction will be brought to the Court for its approval.

CASH FLOW FORECAST

33. Attached as Confidential Appendix “1” is NAFA’s Cash Flow Forecast including notes. The notes to the Cash Flow Forecast are an integral part thereof and the two documents should be read together. The Cash Flow Forecast was prepared by the Applicants, with the assistance of the Monitor, to forecast receipts and disbursements through November 5, 2021, being the extension of the Stay Period sought by the Applicants.
34. The Applicants are seeking an Order to seal the Cash Flow Forecast as it contains certain commercially sensitive information that could negatively impact NAFA’s asset realization and restructuring efforts if made available publicly. The Monitor is of the view that the Cash Flow Forecast should be sealed for these reasons and recommends that the Court approve this request should it see fit to do so.
35. Since the end of 2020, NAFA has advanced efforts to monetize non-auction proceed assets. Such assets include insurance claims, buyer receivables, rollover loans and real property

in North America and Poland. No future realizations have been included in the Cash Flow Forecast for these items as the timing and potential realizations on these assets is uncertain at this time.

36. A summary version of the Cash Flow Forecast is set out below:

[Summary Chart on Next Page]

North American Fur Auctions Inc. 7-Week Cash Flow Forecast For the period September 20, 2021 to November 5, 2021 (in USD '000s)	
Week # Week Reference Month Week Ending	Total
Receipts	
HST refund	76
Other (CEWS, etc.)	37
Auction house receipts - Saga/KF/AME	1,653
SAGA reimbursement for operating expenditures	55
Total Receipts	1,821
Disbursements	
Occupancy costs	(17)
Employee costs - permanent	(78)
Collection, shipping and warehousing costs	(27)
Professional fees	(348)
Other administrative and operating costs	(29)
Total Disbursements	(499)
Net Cash Flow	1,322
Opening bank cash balance - CIBC temp account	1,218
Receipts	1,821
Disbursements	(499)
Transactions in operating account	(70)
Transactions in foreign accounts	-
Repayment of operating tranche A loan	(1,512)
Bank interest and refinancing costs	(215)
Closing Bank Cash Balance - CIBC Temp Account	744
Closing Bank Cash Balance - CIBC Tranche A Account	-
Total Liquidity	744
Operating Tranche A Loan Balance	
Opening	8,062
Net increase/(decrease)	(1,512)
Ending	6,551
Term Tranche A Loan Balance	
Opening	4,813
Net increase/(decrease)	-
Ending	4,813
Total Tranche A Loan Balance	
Opening	12,875
Net increase/(decrease)	(1,512)
Ending	11,363

37. As detailed above and therein, the Cash Flow Forecast contains the following:
- a. Receipts during the Cash Flow Period total approximately \$1.8 million as set out below:

- i. The largest forecast receipts are related to auction house receipts from Saga. Such receipts total approximately \$1.7 million and represent projected proceeds from the September 2021 auction and pelt advances made on unsold pelts being held by Saga. The September 2021 auction proceeds included in the Cash Flow Forecast reflect only the net amounts, which NAFA has been able to confirm to date. The actual September 2021 auction proceeds are expected to be higher than this amount because of the sale of pelts of other consignors whose proceeds could not be confirmed at the time of this Seventh Report because Saga's prompt date from its auction has not yet occurred;
 - ii. NAFA will continue receiving monthly rent of \$27,600 from Saga, for a total of \$55,000 during the forecast period, for the Industrial Circle property.
 - iii. NAFA is also forecasting HST receipts of \$76,000 based on the quantum of input tax credits expected to be repaid to NAFA as it files its returns on a monthly basis; and
 - iv. The last significant receipt that NAFA is forecasting is reimbursement for the CEWS. Such amounts are assumed to be \$24,000. Both CEWS and HST receipts are forecast based on estimates based on usual payments by CRA.
- b. Total disbursements, excluding debt service costs, are forecast to be approximately \$499,000. Significant components include:

- i. Occupancy costs, which are principally related to NAFA's properties in both Poland and Wisconsin. The Cash Flow Forecast assumes that most of the Wisconsin costs will be reimbursed by Saga, as they are leasing the Industrial Circle property for the Cash Flow Period. NAFA is currently occupying a small office at its former Carlingview Property;
 - ii. Employee costs, including wages and benefits and amounts payable to foreign governments for payroll taxes are included in this line item;
 - iii. Other general operational costs; and
 - iv. Professional fees for the Applicants' Canadian and European counsel, the Monitor and its counsel and the Agent's counsel and financial advisor.
- c. Forecast debt repayment and debt service costs to the Syndicate in the amounts of \$1.5 million and \$215,000, respectively, are also assumed in the Cash Flow Forecast.
38. The debt payable to the Agent as at November 5, 2021 is forecast to be approximately \$6.6 million for the Tranche A indebtedness and approximately \$4.8 million in respect of the term debt. Total liquidity is projected to be approximately \$744,000.
39. The Monitor notes that the Cash Flow Forecast does not currently include provisions for costs related to potential new litigation which may be required to recover the rollover loans. Pursuant to the enhanced powers provided to the Monitor in November, 2020, the Monitor will consult with the Applicants and Agent prior to initiating new litigation to realize on NAFA's assets, including the rollover loans.

Cash Flow Forecast Risk Factors

40. Significant risk factors related to the Cash Flow Forecast include:

- a. As set out elsewhere, demand for mink pelts in 2020 was at historic lows due to several factors, particularly the Covid-19 pandemic. For this reason, the volume of mink pelts sold in 2020 was far less than in prior years. Although auctions held between December 2020 and June 2021 have been promising, both in terms of volumes sold and prices realized, there is still a great deal of uncertainty in the mink market, and globally, as a result of the Covid-19 pandemic and no guarantee that recent gains will be sustained over the longer term. As noted herein, September 2021 auction results for NAFA financed consignors are not yet known to NAFA;
- b. Although a level of recoveries and expenses are included in the Cash Flow Forecast, certain assets may require significant time, effort and cost to recover amounts that are currently payable to NAFA; and
- c. Notwithstanding certain settlements have been executed between NAFA and certain of its borrowers, it is not certain that such counterparties will perform or continue to perform their obligations under the settlement agreements.

APPROVAL OF THE MONITOR'S AND ITS COUNSEL'S ACTIVITIES

41. The Monitor's previous reports and the Monitor's and its counsel's activities and conduct have been approved by the Court several times throughout these CCAA Proceedings. The Monitor's Pre-filing Report and First Report, and the activities described therein, were approved by the Court on November 28, 2019. The Monitor's Second Report and the activities described therein were approved by the Court on January 30, 2020. The Monitor's Third Report and Fourth Report, and the activities contained therein, were approved by the Court on August 26, 2020. The Monitor's Fifth Report and Sixth Report and the activities contained therein were approved by the Court on April 7, 2021.

42. NAFA is currently seeking approval of the Monitor's Seventh Report and the activities described herein. The Monitor supports NAFA's request to have its Seventh Report, including the related activities and conduct detailed herein, approved.

EXTENSION OF THE STAY PERIOD

43. NAFA is currently seeking an extension of the Stay Period to November 5, 2021. In addition, NAFA is requesting an Order providing a mechanism that will allow for a further extension the Stay Period without the need to attend a further motion to January 31, 2022 or such other earlier date as the Applicants, Agent, FCC and the Monitor consent (the "**Extended Stay Date**") to upon the filing of a Monitor's Certificate.
44. In Order for the Monitor to file the Monitor's Certificate for the Extended Stay Period, the Monitor will have to certify in the Monitor's Certificate that:
- a. The Applicants, the Agent and FCC have approved a cash flow forecast for the Extended Stay Period (the "**Extended Cash Flow Forecast**") and consented to extend the Stay Period from November 5, 2021 to the Extended Stay Date; and
 - b. The Monitor has confirmed that there are sufficient funds to support the Extended Stay Date based upon the Extended Cash Flow Forecast, which shall be filed with the Court on a confidential basis.
45. This mechanism is intended to save the costs of a further stay extension motion if the parties, after reviewing the Extended Cash Flow Forecast consent to the extension of the Stay Period.
46. The Monitor recommends the extension of the Stay Period and authorization of the mechanism to further extend the Stay Period to the Extended Stay Date to allow NAFA

and the Monitor to continue NAFA's restructuring and asset monetization efforts including the following, each in consultation with the Agent:

- a. Continue to receive auction proceeds from Saga, AME and KF during the 2021 and 2022 auction seasons;
 - b. Continue to advance litigation against certain European farmers that took active steps to attempt to avoid their obligations to NAFA. NAFA and the Monitor are assessing NAFA's options with respect to litigation to be commenced in North America and further litigation in Europe;
 - c. Continue to advance the 26 trade credit insurance claims NAFA filed and consider next steps to attempt to maximize recovery in respect of same;
 - d. Continue its realization efforts in respect of the rollover loans;
 - e. Continue its efforts to sell the assets and business of NAFA including, without limitation, the Polish Property and the Industrial Drive property in Wisconsin; and
 - f. Continue to identify opportunities to enhance recoveries for its stakeholders.
47. The Monitor is of the view that the Applicants continue to act in good faith and with due diligence. The Monitor is further of the view that an extension of the Stay Period to November 5, 2021 (and further to January 31, 2022 subject to receiving the above consents and the Extended Cash Flow Forecast) will allow NAFA to continue to implement its restructuring and asset monetization plan for the benefit of all its stakeholders.

INCREASE IN AMOUNT FOR DIRECTORS' COUNSEL FEES

48. Paragraph 35 of the Amended and Restated Initial Order provides that counsel to the Directors are entitled to be paid their reasonable fees and disbursements up to a maximum

amount of CA \$100,000 (the “**Fee Cap**”) unless otherwise ordered by the Court.

49. Subsequent to issuing the Motion, it was brought to NAFA’s attention that Directors’ counsel’s fees since the commencement of these CCAA Proceedings were approaching the Fee Cap.

50. As a result, the Directors’ counsel have requested that the Applicants seek an increase in the Fee Cap from CAD \$100,000 to CAD \$125,000 to allow the Directors to continue to have the benefit of their own legal advice during these CCAA Proceedings. The Monitor is supportive of this relief.

RECOMMENDATION

51. For the reasons set out in this Seventh Report, the Monitor recommends that the Court grant the relief set out in the Applicants’ Motion.

All of which is respectfully submitted this 27th day of September, 2021.

Deloitte Restructuring Inc.
Solely in its capacity as Court-appointed
Monitor of North American Fur Auctions Inc. et al

Per:



Jorden Sleeth, LIT
Senior Vice President



Todd Ambachtsheer, LIT
Senior Vice President

Appendix "D"
Sleeth Fee Affidavit

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC.,
NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH
AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC.,
NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR
AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA
EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z
OO and NAFA POLSKA SP. Z OO

(the “**Applicants**”)

AFFIDAVIT OF JORDEN SLEETH
(Sworn January 27, 2022)

I, **Jorden Sleeth**, of the Town of Oakville, in the Province of Ontario, **MAKE OATH AND**

SAY:

1. I am a Senior Vice-President with Deloitte Restructuring Inc. (“**Deloitte**”) in its capacity as Court-appointed Monitor of North American Fur Producers Inc., NAFA Properties Inc., 3306319 Nova Scotia Limited, North American Fur Auctions Inc., NAFA Properties (US) Inc., NAFA Properties Stoughton LLC, North American Fur Auctions (US) Inc., NAFPRO LLC (Wisconsin LLC), NAFA Europe Co-Operatief Ua, NAFA Europe B.V., Daikoku Sp.Z Oo and NAFA Polska Sp. Z Oo (the “**Applicants**”) and as such, have knowledge of the matters to hereinafter deposed to.

2. Attached hereto as Exhibit “**A**” is a schedule summarizing each invoice attached hereto in Confidential Exhibit “**B**”, the total billable hours charged per invoice, the total fees charged per invoice and the average hourly rate charged per invoice.
3. Confidential Exhibit “**B**”, filed with the Court separately, is a true copy of the invoices issued by Deloitte for fees and disbursements incurred during the CCAA Proceedings between March 1, 2021 and December 31, 2021. The total fees charged by Deloitte during that period were \$570,603, plus disbursements of \$561, administration fees of \$0, plus Harmonized Sales Tax (“**HST**”) in the amount of \$74,251 for a total of \$645,414. NAFA is seeking a sealing order in respect of Confidential Exhibit “**B**” as the detailed invoices contain confidential information which, if disclosed, may impact future recoveries in these CCAA Proceedings.
4. Attached hereto as Exhibit “**C**” is a schedule summarizing the respective billing rates of each of the representatives at Deloitte who acted during the proceedings.
5. To the best of my knowledge, the rates charged by Deloitte throughout the course of this proceeding are comparable to those charged by other firms in Toronto for the provision of similar services.
6. The hourly billing rates outlined in Exhibit “**C**” to this affidavit are comparable to the hourly rates charged by Deloitte for services rendered in similar proceedings.

7. I make the affidavit in support of a motion by the Applicants for, among other things, approval of the fees and disbursements of the Monitor and its counsel.

SWORN BEFORE ME via video-conference

This 27th day of January, 2022.



JORDEN SLEETH

A Commissioner for taking Affidavits (*or as may be*)

Note: This affidavit was commissioned via simultaneous video-conference in accordance with the *Commissioners for taking Affidavits Act*, R.S.O. 1990, CHAPTER C.17, and the Law Society of Ontario: COVID-19 Response Statement interpretation of that Act, under which (i) the identity of the deponent was confirmed from government issued identification, (ii) the commissioner administered the oath or affirmation, (iii) the deponent affixed their electronic signature to the affidavit and transmitted the full electronic affidavit, as sworn or affirmed, including exhibits to the commissioner, (iv) the deponent confirmed their electronic signature to the commissioner, (v) the commissioner affixed their electronic signature to the affidavit including exhibits.

This is Exhibit "A" referred to in the Affidavit of Jordan Sleeth
sworn January 27, 2022

A handwritten signature in blue ink, consisting of a large, stylized initial 'J' followed by a series of connected loops and a long horizontal stroke extending to the right.

Commissioner for Taking Affidavits (or as may be)

Exhibit "A"

**In the matter of the CCAA restructuring of North American Fur Auctions Inc. et al.
Summary of the fees of Deloitte Restructuring Inc., in its capacity as CCAA Monitor
For the period March 1, 2021 to December 31, 2021**

Monitor Fees												
Invoice #	Period		Hours	Fees	Average Rate/Hr	Disbursements	Administration Charges	Subtotal	HST	Total	Fee Discount	
	Start	End										
8001812852	1-Mar-21	31-Mar-21	231.0	\$ 107,860	\$ 467	\$ 13	\$ -	\$ 107,873	\$ 14,024	\$ 121,897	\$ 6,000	
8001832846	1-Apr-21	30-Apr-21	176.9	\$ 75,293	\$ 426	\$ 116	\$ -	\$ 75,409	\$ 9,803	\$ 85,212	\$ 7,500	
8001895916	1-May-21	31-May-21	93.2	\$ 38,955	\$ 418	\$ -	\$ -	\$ 38,955	\$ 5,064	\$ 44,019	\$ -	
8001999079	1-Jun-21	30-Jun-21	91.4	\$ 43,225	\$ 473	\$ 18	\$ -	\$ 43,243	\$ 5,622	\$ 48,864	\$ -	
8002062104	1-Jul-21	31-Jul-21	140.2	\$ 64,665	\$ 461	\$ 16	\$ -	\$ 64,681	\$ 8,409	\$ 73,089	\$ -	
8002062099	1-Aug-21	31-Aug-21	43.0	\$ 19,300	\$ 449	\$ 65	\$ -	\$ 19,365	\$ 2,518	\$ 21,883	\$ -	
8002153981	1-Sep-21	30-Sep-21	138.7	\$ 67,985	\$ 490	\$ 283	\$ -	\$ 68,268	\$ 8,875	\$ 77,143	\$ -	
8002195546	1-Oct-21	31-Oct-21	92.8	\$ 41,520	\$ 447	\$ 24	\$ -	\$ 41,544	\$ 5,401	\$ 46,945	\$ -	
8002329754	1-Nov-21	30-Nov-21	92.1	\$ 45,565	\$ 495	\$ 25	\$ -	\$ 45,590	\$ 5,927	\$ 51,517	\$ -	
8002333418	1-Dec-21	31-Dec-21	48.4	\$ 19,500	\$ 403	\$ -	\$ -	\$ 19,500	\$ 2,535	\$ 22,035	\$ -	
Total			1,147.7	\$ 523,868	\$ 456	\$ 561	\$ -	\$ 524,428	\$ 68,176	\$ 592,604	\$ 13,500	

Skyway Monitor Fees												
Invoice #	Period		Hours	Fees	Average Rate/Hr	Disbursements	Administration Charges	Subtotal	HST	Total	Fee Discount	
	Start	End										
8001812849	1-Mar-21	31-Mar-21	21.7	\$ 13,055	\$ 602	\$ -	\$ -	\$ 13,055	\$ 1,697	\$ 14,752		
8001832847	1-Apr-21	30-Apr-21	65.1	\$ 28,680	\$ 441	\$ -	\$ -	\$ 28,680	\$ 3,728	\$ 32,408		
8001895917	1-May-21	31-May-21	34.1	\$ 5,000	\$ 147	\$ -	\$ -	\$ 5,000	\$ 650	\$ 5,650	\$ 6,003	
Total			120.9	\$ 46,735	\$ 387	\$ -	\$ -	\$ 46,735	\$ 6,076	\$ 52,811	\$ 6,003	

Combined												
Period	Hours	Fees	Average Rate/Hr	Disbursements	Administration Charges	Subtotal	HST	Total				
March 1, 2021 to Dec 31, 2021	1,268.6	\$ 570,603	\$ 450	\$ 561	\$ -	\$ 571,163	\$ 74,251	\$ 645,414				
Total	1,268.6	\$ 570,603	\$ 450	\$ 561	\$ -	\$ 571,163	\$ 74,251	\$ 645,414				

**THIS IS CONFIDENTIAL EXHIBIT "B" FILED
SEPARATELY AND SUBJECT TO SEALING ORDER**

This is Exhibit "C" referred to in the Affidavit of Jordan Sleeth
sworn January 27, 2022

A handwritten signature in blue ink, consisting of a large, stylized initial 'C' followed by a series of connected loops and a long horizontal stroke extending to the right.

Commissioner for Taking Affidavits (or as may be)

Exhibit "C"

**In the matter of the CCAA restructuring of North American Fur Auctions Inc. et al.
Billing rates
As at December 31, 2021**

Monitor Fees			
Name	Level	Rate	Period
Phil Reynolds	Partner	\$ 750	October 24, 2019 - December 31, 2021
Jorden Sleeth	Partner	\$ 750	October 24, 2019 - December 31, 2021
Todd Ambachtsheer	Partner	\$ 600	October 1, 2021 - December 31, 2021
Bessy Triantafyllos	Partner	\$ 750	October 24, 2019 - December 31, 2021
Stefano Damiani	Director	\$ 600	May 1, 2021 - December 31, 2021
Todd Ambachtsheer	Senior Manager	\$ 600	October 4, 2019 - September 30, 2021
Wendy Shum	Senior Manager	\$ 600	October 24, 2019 - December 31, 2021
James Foran	Senior Manager	\$ 600	October 24, 2019 - December 31, 2021
Soo Won (John) Youn	Manager	\$ 400	October 24, 2019 - December 31, 2021
Kurt Macleod	Manager	\$ 400	October 24, 2019 - December 31, 2021
Kyle Dans	Manager	\$ 400	July 1, 2021 - December 31, 2021
Kyle Dans	Manager	\$ 350	March 1, 2021 - June 30, 2021
Kyle Dans	Manager	\$ 325	January 1, 2021 - January 31, 2021
Kyle Dans	Senior Associate	\$ 250	October 24, 2019 - December 31, 2020
Krista Borzellino	Senior Associate	\$ 250	October 24, 2019 - December 31, 2021
Nicolette Tsianos	Senior Associate	\$ 250	November 1, 2021 - December 31, 2021
Ashley Keene	Associate	\$ 200	October 24, 2019 - December 31, 2021
Rose Brown	Manager	\$ 400	July 1, 2021 - December 31, 2021
Rose Brown	Associate	\$ 250	March 1, 2021 - June 30, 2021
Rose Brown	Associate	\$ 200	October 24, 2019 - February 28, 2021
Parth Gala	Associate	\$ 200	October 24, 2019 - December 31, 2021
Piyushi, Jain	Associate	\$ 200	October 24, 2019 - December 31, 2021
Vama, Patel	Associate	\$ 200	October 24, 2019 - December 31, 2021
Laura Conorton	Consultant	\$ 175	December 1, 2020 - December 1, 2021
Ramona Florea	Analyst	\$ 150	December 1, 2020 - December 1, 2021

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

Court File No.: CV-19-00630241-00CL

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC., NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC., NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO

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

Proceeding commenced at Toronto

**AFFIDAVIT OF JORDEN SLEETH
(Sworn January 27, 2022)**

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Lawyers for Deloitte Restructuring Inc, Monitor
of the Applicants.

Appendix "E"
Iqbal Fee Affidavit

**ONTARIO
SUPERIOR COURT OF JUSTICE
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IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF NORTH AMERICAN FUR PRODUCERS INC.,
NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH
AMERICAN FUR AUCTIONS INC., NAFA PROPERTIES (US) INC.,
NAFA PROPERTIES STOUGHTON LLC, NORTH AMERICAN FUR
AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA
EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z
OO and NAFA POLSKA SP. Z OO

(the “**Applicants**”)

AFFIDAVIT OF ASIM IQBAL

(Sworn January 28, 2022)

I, Asim Iqbal, of the City of Milton, in the Province of Ontario, **MAKE OATH AND**

SAY:

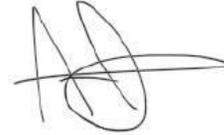
1. I am a partner with Miller Thomson LLP (“**MT**”), in its capacity as counsel for the Court-appointed Monitor, Deloitte Restructuring Inc. (the “**Monitor**”), of North American Fur Producers Inc., NAFA Properties Inc., 3306319 Nova Scotia Limited, North American Fur Auctions Inc., NAFA Properties (US) Inc., NAFA Properties Stoughton LLC, North American Fur Auctions (US) Inc., NAFPRO LLC (Wisconsin LLC), NAFA Europe Co-Operatief Ua, NAFA Europe B.V., Daikoku Sp.Z Oo and NAFA Polska Sp. Z Oo (the “**Applicants**”) and as such, have knowledge of the matters to hereinafter deposed to.
2. Attached hereto as **Exhibit “A”** is a schedule summarizing each invoice in Exhibit “B”, the

total billable hours charged per invoice, the total fees charged per invoice and the average hourly rate charged per invoice.

3. **Confidential Exhibit “B”**, filed with the Court separately is a true copy of the invoices issued by MT to the Monitor for fees and disbursements incurred in the course of the CCAA Proceedings between March 1, 2021 and December 30, 2021. The total fees charged by MT during that period are \$298,612.50 plus Harmonized Sales Tax (HST) in the amount of \$38,819.65 for a total of \$337,432.15. NAFA is seeking a sealing order in respect of Confidential Exhibit “B” as the detailed invoices contain confidential information which, if disclosed, may impact future recoveries in these CCAA Proceedings.
4. Attached hereto as **Exhibit “C”** is a schedule summarizing the respective years of call and billing rates of each of the lawyers at MT who acted for the Monitor.
5. To the best of my knowledge, the rates charged by MT throughout the course of these proceedings are comparable to those charged by other firms in Toronto for the provision of similar services.
6. The hourly billing rates outlined in Exhibit “C” to this affidavit are comparable to the hourly rates charged by MT for services rendered in similar proceedings.

7. I make the affidavit in support of a motion by the Applicants for, among other things, approval of the fees and disbursements of the Monitor and its counsel.

SWORN BEFORE ME via video-conference this
28th day of January, 2022.



ASIM IQBAL

A Commissioner for taking Affidavits (*or as may be*)

Note: This affidavit was commissioned via simultaneous video-conference in accordance with the *Commissioners for taking Affidavits Act*, R.S.O. 1990, CHAPTER C.17, and the Law Society of Ontario: COVID-19 Response Statement interpretation of that Act, under which (i) the identity of the deponent was confirmed from government issued identification, (ii) the commissioner administered the oath or affirmation, (iii) the deponent affixed their electronic signature to the affidavit and transmitted the full electronic affidavit, as sworn or affirmed, including exhibits to the commissioner, (iv) the deponent confirmed their electronic signature to the commissioner, (v) the commissioner affixed their electronic signature to the affidavit including exhibits.

This is Exhibit "A" referred to in the Affidavit of Asim Iqbal sworn January 28, 2022



Commissioner for Taking Affidavits (or as may be)

EXHIBIT "A"

SUMMARY OF FEES

FOR THE PERIOD MARCH 1, 2021 TO DECEMBER 30, 2021

Fees							
	Invoice No.	Fees	Disbursements	HST	Hours	Average Hourly Rate	Total
March 2021	3635029	53,270.00	-	\$6,925.10	71.80	743.99	60,195.10
April 2021	3635339	42,009.50	-	\$5,461.24	57.80	730.75	47,470.74
May 2021	3635755	11,536.00	-	1,499.68	15.10	763.97	13,035.68
June 2021	3635756	16,529.50	-	2,148.84	21.40	772.41	18,678.34
July 2021	3684836	31,586.50	-	4,106.25	40.90	772.29	35,692.75
August 2021	3685456	15,965.00	-	2,075.45	20.80	775.00	18,040.45
September 2021	3687535	40,630.00	-	5,281.90	53.50	759.44	45,911.90
October 2021	3698832	17,193.50	-	2,235.16	22.40	767.57	19,428.66
November 2021	3696294	19,264.00	-	2,504.32	25.00	770.56	21,768.32
December 2021	3699419	14,281.00	-	1,856.53	19.00	751.63	16,137.53
TOTAL		\$ 262,265.00	-	\$34,094.47	347.7	-	\$296,359.47

Skyway Fees							
	Invoice No.	Fees	Disbursements	HST	Hours	Average Hourly Rate	Total
March/April 2021	3621412	33,557.50	-	4,362.48	43.30	775.00	37,919.98
May 2021	3622353	2,790.00	-	362.70	3.50	775.00	3,152.70
TOTAL		\$36,347.50	-	\$4,725.18	46.8	-	\$41,072.68

Combined Fees							
		\$298,612.50		\$38,819.65	394.50		\$337,432.15

**THIS IS CONFIDENTIAL EXHIBIT "B" FILED
SEPARATELY AND SUBJECT TO SEALING ORDER**

This is Exhibit "C" referred to in the Affidavit of
Asim Iqbal sworn January 28, 2022

C



Commissioner for Taking Affidavits (or as may be)

EXHIBIT “C”

**BILLING RATES OF DELOITTE RESTRUCTURING INC.
FOR THE PERIOD MARCH 1, 2021 TO DECEMBER 30, 2021**

TIMEKEEPER	HOURLY RATE	YEAR OF CALL
Kyla Mahar	775.00	2001
Gregory Azeff	760.00	2002
Sam Massie	385.00	2017
Alina Stoica	220.00	Paraprofessional

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

Court File No.: CV-19-00630241-00CL

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PRODUCERS INC., NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR
AUCTIONS INC., NAFA PROPERTIES (US) INC., NAFA PROPERTIES STOUGHTON LLC, NORTH
AMERICAN FUR AUCTIONS (US) INC., NAFPRO LLC (WISCONSIN LLC), NAFA EUROPE CO-OPERATIEF
UA, NAFA EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO

**ONTARIO
SUPERIOR COURT OF JUSTICE -
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Proceeding commenced at Toronto

**AFFIDAVIT OF ASIM IQBAL
(Sworn January 28, 2022)**

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Lawyers for Deloitte Restructuring Inc, Monitor
of the Applicants.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS
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AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF NORTH AMERICAN FUR
PRODUCERS INC., NAFA PROPERTIES INC., 3306319 NOVA SCOTIA LIMITED, NORTH AMERICAN FUR
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UA, NAFA EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO

ONTARIO
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**EIGHT REPORT OF THE MONITOR
(January 28, 2022)**

MILLER THOMSON LLP

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