

**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")

**MOTION RECORD OF THE APPLICANTS  
(Re: Stay Extension Motion returnable September 29<sup>th</sup>, 2021)**

**Date:** September 24<sup>th</sup>, 2021

**BLANEY MCMURTRY LLP**  
Barristers & Solicitors  
2 Queen Street East, Suite 1500  
Toronto, ON, M5C 3G5

**David T. Ullmann (LSO # 42357I)**  
Tel: (416) 596-4289  
Email: [DUllmann@blaney.com](mailto:DUllmann@blaney.com)

**Stephen Gaudreau (LSO #65895M)**  
Tel: (416) 596-4285  
Email: [SGaudreau@blaney.com](mailto:SGaudreau@blaney.com)

Counsel for the Applicants

**To:** The Service List

**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”)

**SERVICE LIST**

TO:	<p><b>BLANEY MCMURTRY LLP</b> Barristers &amp; Solicitors 2 Queen Street East, Suite 1500 Toronto ON M5C 3G5</p> <p><b>David T. Ullmann</b> Tel: 416-596-4289 Fax: 416-594-2437 Email: <a href="mailto:DUllmann@blaney.com">DUllmann@blaney.com</a></p> <p><b>Stephen Gaudreau</b> Tel: 416-596-4285 Email: <a href="mailto:SGaudreau@blaney.com">SGaudreau@blaney.com</a></p> <p>Lawyers for the Applicants</p>
-----	--

AND TO:	<p><b>MILLER THOMSON LLP</b> Barristers and Solicitors 40 King Street West, Suite 5800 Toronto, Ontario M5H 3S1</p> <p><b>Kyla Mahar</b> Tel: 416-597-4303 Fax: 416-595-8695 Email: <a href="mailto:kmahar@millerthomson.com">kmahar@millerthomson.com</a></p> <p><b>Asim Iqbal</b> Tel: 416-597-6008 Fax: 416-595-8695 Email: <a href="mailto:aiqbal@millerthomson.com">aiqbal@millerthomson.com</a></p> <p>Lawyers for the Monitor</p>
AND TO :	<p><b>DELOITTE RESTRUCTURING INC.</b> Bay Adelaide Centre, East Tower Suite 200, 22 Adelaide Street West Toronto, Ontario M5H 0A9</p> <p><b>Phil Reynolds</b> Tel: 416-956-9200 Fax: 416-601-6151 Email: <a href="mailto:philreynolds@deloitte.ca">philreynolds@deloitte.ca</a></p> <p><b>Todd Ambachtsheer</b> Tel: 416-607-0781 Fax: 416-601-6151 Email: <a href="mailto:tambachtsheer@deloitte.ca">tambachtsheer@deloitte.ca</a></p> <p><b>Jorden Sleeth</b> Tel: 416-775-8858 Fax: 416-601-6151 Email: <a href="mailto:jsleeth@deloitte.ca">jsleeth@deloitte.ca</a></p> <p>The Monitor</p>

AND TO:	<p><b>THORNTON GROUT FINNIGAN LLP</b>  Barristers &amp; Solicitors  Suite 3200, 100 Wellington Street West  Toronto, Ontario M5K 1K7</p> <p><b>Leanne M. Williams</b>  Tel: 416-304-0060  Fax: 416-304-1313  Email: <a href="mailto:lwilliams@tgf.ca">lwilliams@tgf.ca</a></p> <p><b>Puya Fesharaki</b>  Tel: 416-304-7979  Fax: 416-304-1313  Email: <a href="mailto:pfesharaki@tgf.ca">pfesharaki@tgf.ca</a></p> <p>Lawyers for the Business Development Bank of Canada</p>
AND TO:	<p><b>BLAKE, CASSELS &amp; GRAYDON LLP</b>  Barristers &amp; Solicitors  199 Bay Street  Suite 4000, Commerce Court West  Toronto, Ontario M5L 1A9</p> <p><b>Milly Chow</b>  Tel: 416-863-2594  Fax: 416-863-2653  Email: <a href="mailto:milly.chow@blakes.com">milly.chow@blakes.com</a></p> <p><b>Chris Burr</b>  Tel: 416-863-2400  Fax: 416-863-2653  Email: <a href="mailto:chris.burr@blakes.com">chris.burr@blakes.com</a></p> <p><b>Aryo Shalviri</b>  Tel: 416-863-2962  Fax: 416-863-2653  Email: <a href="mailto:aryo.shalviri@blakes.com">aryo.shalviri@blakes.com</a></p> <p>Lawyers for Canadian Imperial Bank of Canada (CIBC)</p>

AND TO:	<p><b>KPMG CORPORATE FINANCE</b>  199 Bay Street  Suite 4000, Commerce Court West  Toronto, Ontario M5L 1A9</p> <p><b>Nick Brearton</b>  Tel: 416-777-3768  Fax: 416-777-3364  Email: <a href="mailto:nbrearton@kpmg.ca">nbrearton@kpmg.ca</a></p> <p><b>Katherine Forbes</b>  Tel: 416-777-8107  Fax: 416-777-3364  Email: <a href="mailto:katherineforbes@kpmg.ca">katherineforbes@kpmg.ca</a></p> <p>The Financial Advisor of the Company</p>
AND TO:	<p><b>ALVAREZ &amp; MARSAL</b>  Royal Bank Plaza, South Tower 200  Bay Street, Suite 2900, P.O. Box 22  Toronto, Ontario M5J 2J1</p> <p><b>Doug McIntosh</b>  Tel: 416-847-5150  Fax: 416-847-5201  Email: <a href="mailto:dmcintosh@alvarezandmarsal.com">dmcintosh@alvarezandmarsal.com</a></p> <p><b>Greg Karpel</b>  Tel: 416-847-5170  Fax: 416-847-5201  Email: <a href="mailto:gkarpel@alvarezandmarsal.com">gkarpel@alvarezandmarsal.com</a></p> <p>The Financial Advisor for CIBC</p>
AND TO:	<p><b>AIRD &amp; BERLIS LLP</b>  Brookfield Place, 181 Bay Street,  Suite 1800  Toronto, Ontario Canada M5J 2T9</p> <p><b>Sam Babe</b>  Tel: 416-865-7718  Fax: 416-863-1515  Email: <a href="mailto:sbabe@airdberlis.com">sbabe@airdberlis.com</a></p> <p>Lawyers for Waygar Capital Inc.</p>

AND TO:	<p><b>FOGLER, RUBINOFF LLP</b>  Lawyers  77 King Street West  Suite 3000, PO Box 95  TD Centre North Tower  Toronto, ON M5K 1G8</p> <p><b>Artem Miakichev</b>  Tel: 416-365-3722  Fax: 416-941-8852  Email: <a href="mailto:amiakichev@foglers.com">amiakichev@foglers.com</a></p> <p><b>Maurice Fleming</b>  Tel: 416-941-8812  Fax: 416-941-8852  Email: <a href="mailto:m Fleming@foglers.com">m Fleming@foglers.com</a></p> <p>Counsel for W. Brown Farm</p>
AND TO:	<p><b>KOSKIE MINSKY LLP</b>  20 Queen Street West  Toronto, OM M5H 3R5</p> <p><b>Andrew J. Hatnay</b>  Tel: 416-595-2083  Fax: 416-204-2872  Email: <a href="mailto:ahatnay@kmlaw.ca">ahatnay@kmlaw.ca</a></p> <p><b>Demetrios Yiokaris</b>  Tel: 416-595-2130  Fax: 416-204-2810  Email: <a href="mailto:dyiokaris@kmlaw.ca">dyiokaris@kmlaw.ca</a></p> <p>Lawyers for the Employees</p>

	<p><b>BENNETT JONES LLP</b>  3400 One First Canadian Place  P.O. Box 130  Toronto, ON M5X 1A4</p> <p><b>Sean Zweig</b>  Tel: 416-777-6254  Fax: 416-863-1716  Email: zweigs@bennettjones.com</p> <p><b>Joey Blinick</b>  Tel: 416-777-4828  Fax: 416-863-1716  Email: blinickj@bennettjones.com</p> <p>Lawyers for the Applicants, Directors And Officers</p>
AND TO:	<p><b>COX &amp; PALMER</b>  1 Germain Street, Suite 1500  Saint John, NB E2L 4V1</p> <p><b>Josh JB. McElman</b>  Tel: 506-633-2708  Fax: 506-632-8809  Email: jmcelman@coxandpalmer.com</p> <p>Lawyers for Farm Credit Canada</p>
AND TO:	<p><b>MINDEN GROSS LLP</b>  145 King Street West, Suite 2200  Toronto, ON M5H 4G2</p> <p><b>Timothy Dunn</b>  Tel: 416-369-4335  Fax: 416-864-9223  Email: tdunn@mindengross.com</p> <p>Lawyers for Meadowvale Land Limited and Rebecca’s Gift Holdings Limited</p>

AND TO:	<p><b>DE ANGELIS LAW PROFESSIONAL CORPORATION</b>  675 Cochrane Drive  East Tower – Suite 304  Markham, On L3R 0B8</p> <p><b>Vincent J. De Angelis</b>  Tel: 905 -752-0408  Fax: 905- 752-0409  Email: vince@deangelislaw.ca</p> <p>Lawyers for the Purchaser of the Carlingview Property</p>
AND TO:	<p><b>DICKINSON WRIGHT</b>  Commerce Court West  199 Bay Street  Suite 2200  Toronto, ON, M5L 1G4</p> <p><b>Lisa S. Corne</b>  Tel: 416-646-4608  Fax: 1-844-670-6009  Email: lcorne@dickinsonwright.com</p> <p>Lawyers for VAG</p>
AND TO:	<p><b>CANADA MINK BREEDERS ASSOCIATION</b>  P.O. Box 68  Arcadia, Nova Scotia, B0W 1B0</p> <p><b>Matthew Moses</b>  President  Tel: : 902.824.4593  Email: <a href="mailto:mattmoses17@hotmail.com">mattmoses17@hotmail.com</a></p> <p><b>Marianne Patten</b>  Executive Secretary  Tel: 416.675.9400  Fax: 647.560.3829  Email: <a href="mailto:canadamink@outlook.com">canadamink@outlook.com</a></p> <p>Creditor</p>



AND TO:	<p><b>AUDAX LAW PC</b>  3300 Bloor Street West,  Suite 670 West Tower  Toronto, Ontario  M8X 2X2</p> <p><b>Frank Spizzirri</b>  Tel: 416.862.8329  Fax: 416.862.8330  Email: frank.spizzirri@audaxlaw.com</p> <p>Lawyers for Fur Commission USA</p>
AND TO:	<p><b>PETKER CAMPBELL POSTNIKOFF</b>  295 Weber Street North  Waterloo, ON N2J 3H8</p> <p><b>Peter Campbell</b>  Tel: 519-886-1204  Fax: 519-886-5674  Email: info@petkerlaw.com</p> <p>Lawyers for CNH Industrial Capital Canada Ltd.</p>
AND TO:	<p><b>CORESTONE LAW</b>  Construction &amp; Property Law  117 Peter Street  Suite 310  Toronto, ON, M5V 0M3</p> <p><b>Harp Khukh</b>  Tel: 416-591-2222  Fax: 416-591-2221  Email: harp@corestone.ca</p> <p>Counsel for EXP Services Inc.</p>
AND TO:	<p><b>CHAITONS LLP</b>  5000 Yonge Street, 10th Floor  Toronto, ON M2N 7E9</p> <p><b>Sanee Tanvir</b>  Tel: (416) 218-1128  Fax: (416) 218-1853  Email: stanvir@chaitons.com</p> <p>Lawyers for International Fur Trade Federation, IFF Americas and Fur Europe</p>

AND TO:	<p><b>FARM CREDIT CANADA</b>  4-5 Lower Malpeque Rd.  Charlottetown, PE C1E 1R4</p> <p><b>Jason Inman</b>  Tel: 902.393.4543  Fax:613.271.1352  Email: jason.inman@fcc-fac.ca</p> <p>First mortgagee  (on the Mink Farm Properties owned by 3306319 Nova Scotia Ltd)</p>
AND TO:	<p><b>FOGLER, RUBINOFF LLP</b>  77 King Street West  Suite 3000  TD Centre  Toronto, ON M5K 1G8  Martin Kaplan</p> <p><b>Martin Kaplan</b>  Tel: 416-941-8822  Fax: 416-941-8852  Email: mkaplan@foglers.com</p> <p><b>Larry Winton</b>  Tel: 416-365-3709  Fax: 416-941-8852  Email: lwinton@foglers.com</p> <p>Counsel to the Niche Bakers Properties Inc.</p>
AND TO:	<p><b>WEISZ FELL KOUR LLP</b>  100 King Street West, Suite 5600  Toronto, ON M5X 1C9</p> <p><b>Steven Weisz</b>  Email: sweisz@wfkllaw.ca  Tel: 416.613.8281</p> <p><b>Christopher McGoey</b>  Email: cmcgoey@wfkllaw.ca  Tel: 416.613.8284  Fax: 416.613.8290</p> <p>Lawyers for Michael’s Furs/ Montana Fur Traders (Creditor)</p>

AND TO:	<p><b>DEPARTMENT OF JUSTICE</b>  Ontario Regional Office  130 King Street West  Suite 3400, P.O. Box 36  Toronto, Ontario M5x 1k6</p> <p><b>Diane Winters</b>  Tel: 416-973-3172  Fax: 416-973-0810  Email: diane.winters@justice.gc.ca</p> <p>Lawyers for the Minister of National Revenue</p>
AND TO:	<p><b>MINISTRY OF FINANCE</b>  Office of Legal Services  33 King Street West, 6th Floor  Oshawa, ON L1H 8H5</p> <p><b>Kevin J. O'Hara</b>  Tel: 905-433-6934  Fax: 905-436-4510  Email: kevin.ohara@fin.gov.on.ca</p>
AND TO:	<p><b>RECIPE UNLIMITED CORPORATION</b>  General Counsel  c/o Tyler Lane  199 Four Valley Drive  Vaughan, ON L4K 0B8</p> <p>Email: tlane@recipeunlimited.com</p> <p>Subtenant to Skyway Property, Montana's BBQ and Bar</p>
AND TO:	<p><b>CITY OF TORONTO</b></p> <p><b>Emily Ng/ Michele Wright</b>  Legal Services Division  Station 1260, 23rd Floor, Metro Hall  55 John Street, Toronto, ON, M5V 3C6  Emails: emily.ng@toronto.ca  michele.a.wright@toronto.ca</p> <p>City of Toronto, Landlord to the Skyway Property</p>

AND TO:	<p><b>DICKSON WRIGHT LLP</b>  199 Bay Street, Suite 2200  Toronto, ON, M5L 1G4</p> <p><b>Lisa S. Corne</b>  Tel: 416-646-4608  Email: LCorne@dickinsonwright.com</p> <p><b>David Z. Seifer</b>  Tel: (416) 646-6867  Fax: 1-844-670-6009  Email: dseifer@dickinson-wright.com</p> <p>Lawyers for Henricus Antonius Johannes Kanters, Maria Johanna Antonetta Kanters-van der Linden and Maatschap Kanters</p>
AND TO:	<p><b>MINDEN GROSS LLP</b>  Barristers and Solicitors  2200 - 145 King Street West Toronto, ON M5H 4G2</p> <p><b>Catherine Francis</b>  Tel: 416-369-4137  Fax: 416-864-9223  Email: cfrancis@mindengross.com</p> <p>Lawyers for Meadowvale Land Limited, Rebecca's Gift Holdings Limited, 1350739 Ontario Limited and The Estate of Joseph Black</p>
AND TO:  (By courier)	<p><b>NATIONAL LEASING GROUP INC.</b>  1525 Buffalo Place  Winnipeg, Manitoba R3T 1L9</p>

Dullmann@blaney.com; SGaudreau@blaney.com; NRambaran@blaney.com;  
kmahar@millertomson.com; aiqbal@millertomson.com; philreynolds@deloitte.ca;  
tambachtsheer@deloitte.ca; jsleeth@deloitte.ca; lwilliams@tgf.ca; pfesharaki@tgf.ca;  
milly.chow@blakes.com; chris.burr@blakes.com; aryo.shalviri@blakes.com;  
nbrearton@kpmg.ca; katherineforbes@kpmg.ca; dmcintosh@alvarezandmarsal.com;  
gkarpel@alvarezandmarsal.com; sbabe@airdberlis.com; amiakichev@foglers.com;  
mfleming@foglers.com; ahatnay@kmlaw.ca; dyiokaris@kmlaw.ca;  
zweigs@bennettjones.com; blinickj@bennettjones.com; jmcelman@coxandpalmer.com;  
tdunn@mindengross.com; sposen@mindengross.com; vince@deangelislaw.ca;  
lcorne@dickinsonwright.com; mattmoses17@hotmail.com; canadamink@outlook.com;  
frank.spizzirri@audaxlaw.com; info@petkerlaw.com; harp@corestone.ca;  
stanvir@chaitons.com; jason.inman@fcc-fac.ca; diane.winters@justice.gc.ca;  
dseifer@dickinson-wright.com

kevin.ohara@fin.gov.on.ca; tlane@recipeunlimited.com; Emily.Ng@toronto.ca;  
Michele.A.Wright@toronto.ca; sweisz@wfkaw.ca; cmcgoey@wfkaw.ca;  
LCorne@dickinsonwright.com; cfrancis@mindengross.com

# INDEX

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(the “**Applicants**”)

**I N D E X**

Tabs/Exhibit	Document
1	Notice of Motion dated September 24 <sup>th</sup> , 2021
2	Affidavit of Doug Lawson sworn September 24 <sup>th</sup> , 2021
A	Exhibit “A” - NAFA Form of non-confidential “Teaser”
3	Draft Stay Extension Order

**TAB 1**



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

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
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IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
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(WISCONSIN LLC), NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE  
B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO

(the "**Applicants**")

**NOTICE OF MOTION  
(Returnable September 29, 2021)**

The Applicants ("**NAFA**" or the "**Applicants**") will make a motion for an Order seeking the relief set out herein to Justice McEwen of the Ontario Superior Court of Justice (Commercial List), on Wednesday, September 29, 2021, at 2:00 p.m. or as soon after that time as the motion can be heard by Zoom video conference due to the COVID-19 pandemic.

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

**THE MOTION IS FOR:**

1. An Order, substantially in the form attached at **Tab 3** hereto (the "**Order**"):
  - (a) to extend the stay of proceedings ("**Stay Period**") from September 30, 2021 to and including November 5, 2021;

- (b) to further extend the Stay Period from November 5, 2021 up to and including January 31, 2022 (the “**Extended Stay Period**”) 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 for the Extended Stay Period and has obtained the consent of the Agent and Farm Credit Canada (“**FCC**”) to the Extended Stay Period;
- (c) to approve the activities and conduct of the Monitor, and its counsel, Miller Thomson LLP, as set out in its Seventh Report to Court to be filed (the “**Seventh Report**”); and
- (d) to seal certain confidential appendices of the Seventh Report of the Monitor, to be filed.

**THE GROUNDS FOR THE MOTION ARE:**

- (e) Capitalized terms not defined herein shall have the meanings ascribed to them in the Amended and Restated Initial Order;
- (f) The Applicants require more time to continue their restructuring efforts;

**NAFA’s Continued Operations**

- (g) NAFA has continued to operate its business with the goal of reducing expenses, maximizing collections and considering its strategic options;
- (h) The material turn around in the international commodity price for mink pelts has improved the outlook for NAFA’s future recovery for creditors;

- (i) Operational efforts include the sale of fur inventory, obtaining pelt prices above 2020 projections, pursuing foreign litigation, selling real property, and collection of long term debts;
- (j) NAFA continues to pursue foreign litigation against large debtor farmers, which litigation has been progressing steadily with further recoveries to date, including the seizure of almost a million (CDN) worth of fur proceeds;
- (k) NAFA continues to pursue its insurance claims with respect to coverage for protracted defaulted debts;
- (l) NAFA continues to work with the Monitor in its efforts to sell its other real properties, which are actively being marketed;
- (m) NAFA continues to work with the Monitor in the process of pursuing long-term debts owing to the Company, and believes this will be essential in generating surplus for its stakeholders;
- (n) NAFA continues to canvas interest for the sale of its business or its assets in a cost efficient manner; and,
- (o) NAFA continues to reduce its operational costs;

### **Cash Flow Forecast**

- (p) NAFA, in consultation with the Monitor, has prepared a cash flow forecast for the current proposed Stay Period;

- (q) The cash flow forecast demonstrates that NAFA will have sufficient funds to maintain operations through the proposed extension of the Stay Period;
- (r) SAGA held its auction earlier this month and KF is currently holding its fur auction, which will be concluding just prior to the hearing of this motion. SAGA and KF have a substantial amount of NAFA pledged fur. NAFA expects to obtain the auction results and proceeds from the sale of its pledged fur in October 2021;
- (s) It will be too unpredictable to deliver an accurate extended cash forecast prior to obtaining the auction results, and thus, NAFA requests the stay extension to November 5, 2021 and seeks an order implementing the same mechanism as in the April 2021 Order of this Court to allow a further extension of the Stay Period upon the filing of a Monitor's Certificate and consent of the Agent and FCC;

### **Future Operations**

- (t) The global mink industry continues to face significant challenges arising from COVID-19, specifically as a result of international travel restrictions, COVID-19 outbreaks on mink farms, and overall reduced consumer demand;
- (u) However, COVID-19 has also caused a significant reduction in mink supply namely through mass culling of Danish mink farms and other farms throughout the world;
- (v) The average price of mink continues to beat year-over-year prices yielding prices for NAFA's pledged mink in accordance with its projections made at the last stay extension motion in April 2021;

- (w) NAFA has, and will continue, to benefit from the increased price of mink;
- (x) Since the last stay extension, the major auction houses, being SAGA and KF, have put up for auction fewer pelts than anticipated resulting in lower cash proceeds to NAFA; however, NAFA still holds security over a significant number of mink that will continue to be put up for auction in December 2021 and in 2022;
- (y) NAFA continues acting as a broker in the fur industry to sell North American product in a cost efficient manner. NAFA is in a unique position to do this by leveraging its specialized skills, good reputation, and international contacts in the fur industry;
- (z) NAFA has delivered a Teaser to 70 potential buyers throughout the world and has received interest and communications from several recipients;
- (aa) NAFA will update the Court further in the event it is able to bring forward a sale transaction for its business or assets as a result of its SISF;

### **Long Term Debt**

- (bb) NAFA continues to aggressively pursue collection of its long-term debt with the oversight of the Monitor;
- (cc) During the current stay extension period, NAFA has recovered significant amounts of long term debt due to it (through settlement and auction proceeds);

### **Other Stakeholders Interested in these CCAA Proceeding**

- (dd) The Applicants believe there are sufficient remaining assets and opportunities for NAFA such that there will be funds available to provide some recovery to creditors after repayment of the Agent. That said, it is projected that repayment of the Agent will not happen within the proposed extension of the Stay Period.
- (ee) There are a number of other stakeholders that are owed a substantial amount of money from the Applicants that would benefit from a recovery in this CCAA proceeding;

### **Extension**

- (ff) NAFA has been acting in good faith and with due diligence, and continues to act in this manner in its relationships with its stakeholders;
- (gg) The Monitor is supportive of NAFA seeking an extension of the Stay Period to and including November 5, 2021;
- (hh) In an effort to minimize costs, NAFA has prepared the draft Order to include the ability of a further stay extension to January 31, 2022, or an earlier date as agreed by the Agent, FCC and the Applicants (defined above as the “**Extended Stay Period**”), without attendance or further Order of this Court, upon the filing of 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 for the Extended Stay Period and has obtained the consent of the Agent and FCC to the Extended Stay Period;

## Sealing Order

- (ii) The cash flow forecast contains commercially sensitive information that is required to be kept confidential and sealed as they contain sensitive confidential business information;
- (jj) The salutary effects to seal the cash flow forecast appended to the Seventh Report of the Monitor outweigh any deleterious effects to NAFA in the event that it is not sealed;

## Other Grounds

- (kk) The other grounds set out in the Affidavit of Douglas Lawson affirmed September 24, 2021;
- (ll) The provisions of the CCAA, including section 11 thereof, and the inherent and equitable jurisdiction of this Honourable Court;
- (mm) Rules 2.03, 3.02, 16, and 37 of the Ontario *Rules of Civil Procedure*, R.R.O 1990, Reg. 194, as amended;
- (nn) Section 106 of the *Courts of Justice Act*, R.S.O., c. C. 43, as amended; and
- (oo) Such further and other grounds as counsel may advise and this Court may permit.

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

- (a) The Affidavit of Doug Lawson affirmed September 24, 2021;

- (b) The Seventh Report of the Monitor, to be filed; and,
- (c) Such further and other evidence as counsel may advise and this Honourable Court may permit.

**Date:** September 24, 2021

**BLANEY MCMURTRY LLP**

Barristers & Solicitors  
2 Queen Street East, Suite 1500  
Toronto, ON, M5C 3G5

**David T. Ullmann** (LSO # 42357I)

Tel: (416) 596-4289

Email: [DUllmann@blaney.com](mailto:DUllmann@blaney.com)

**Stephen Gaudreau** (LSO # 65895M)

Tel: (416) 596-4285

Email: [sgaudreau@blaney.com](mailto:sgaudreau@blaney.com)

Counsel for the Applicants



**TAB 2**

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

**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 DOUGLAS LAWSON  
(Sworn September 24, 2021)**

I, **DOUGLAS LAWSON**, of the City of Toronto, in the Province of Ontario, **AFFIRM**

**AND SAY:**

1. I am the President and Chief Executive Officer of North American Fur Auctions Inc. and, as such, have knowledge as to the matters which I hereinafter depose. To the extent I am recounting information provided to me by others, I have stated the source of that information and verily believe it to be true.
2. I use the term "**NAFA**" or the "**Company**" to refer to the Applicants throughout this affidavit. Further, all currency stated herein is stated in U.S. dollars unless otherwise noted.
3. On October 31, 2019, NAFA commenced proceedings under the *Companies' Creditors Arrangement Act* (the "**CCAA**") pursuant to the Order of Justice McEwen (as amended and restated, the "**Initial Order**"). Background information about NAFA's business is set out in the

affidavit I affirmed in support of the initial CCAA application (“**Initial Affidavit**”). Capitalized terms used herein and not defined are as defined in my Initial Affidavit.

4. I swear this affidavit in support of a motion by NAFA for an Order seeking, *inter alia*:
  - a. an extension of the stay of proceedings (“**Stay Period**”) from September 30, 2021 to and including November 5, 2021;
  - b. a further extension of the Stay Period from November 5, 2021 up to and including January 31, 2022 (the “**Extended Stay Period**”) 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 for the Extended Stay Period and has obtained the consent of the Agent and Farm Credit Canada (“**FCC**”) to the Extended Stay Period;
  - c. to approve the conduct and fees of Deloitte Restructuring Inc. in its capacity as Monitor of the Applicants (the “**Monitor**”) and its counsel, Miller Thomson LLP, as set out in its Seventh Report to Court to be filed (the “**Seventh Report**”); and
  - d. to seal certain confidential exhibits and appendices appended to the Seventh Report.

## **Background**

5. On October 31, 2019, NAFA commenced proceedings under the CCAA pursuant to the Initial Order, which was amended and restated on November 8, 2019.

6. These CCAA proceedings have been extended several times. The last order extending the Stay Period was granted on April 7, 2021, which extended the Stay Period initially to July 30, 2021

and then upon the filing of a Monitor's Certificate with the consent of the Agent, the Company, and FCC further extended the Stay Period to September 30, 2021.

7. To date, no creditor has objected to any stay extension and there have been no contested hearings or notices of objection filed in respect of the relief obtained by the Applicants.

8. The Applicants are acting in good faith and with due diligence. I believe that the continued orderly liquidation of certain assets of NAFA by NAFA, including but not limited to its remaining consignment fur inventory, will allow for the repayment of the indebtedness owing to the Agent and possibly for recovery for other secured creditors and unsecured creditors, which could result in the Company making a plan of arrangement in these proceedings.

#### **Operations since the April 7, 2021 Stay Extension Order**

9. In accordance with the plans set out in my affidavit sworn April 1, 2021 (my "**April 2021 Affidavit**" or my "**Last Affidavit**"), NAFA has continued to operate its business with the goal of reducing expenses and maximizing collections and considering its strategic options. In particular, NAFA has attended to the following:

- a. Sold the ground leases to its headquarters located at 65 Skyway Avenue, Toronto, Ontario ("**Skyway Property**") thereby repaying the first priority secured lender, the Business Development Bank of Canada, in full with the remaining proceeds being paid to the Agent in reduction of its indebtedness;
- b. Continued to prosecute litigation against various significant borrowers;
- c. Collected and settled certain long-term debts and pursued the settlement and collection of others;

- d. Attended to the collection of proceeds from auction houses who have been tasked with selling furs that have been pledged to NAFA as security for loans it made;
- e. Advanced its insurance claims, including the filing of 26 claims as of the date of this affidavit;
- f. Sold its building located 1600 Williams Drive in Stoughton, Wisconsin with proceeds being paid to the first mortgagee being 464676 B.C. Ltd;
- g. Managed issues related to other real estate holdings;
- h. Engaged in the process of finding buyers and sellers for certain fur pelts and earning a commission thereon (the “**Brokerage Business**”) and continued to raise awareness of NAFA’s presence in the international fur industry; and,
- i. Circulated a “teaser” to key parties in the fur industry to canvas interest in the possible sale of NAFA’s business (or its assets) and engaged in discussions with various parties with respect to same.

### **Cash Flow Variance and Cash Flow Going Forward**

10. Throughout the period of the last stay extension, NAFA managed its cash flow and maintained sufficient liquidity throughout the cash flow period provided to the Court in July 2021.

I understand the Monitor will report further on this in its Seventh Report.

11. I am not aware of any expenses in the last cash flow period, which were materially higher than projected (save and except for professional fees in the month of May 2021, which was largely as a result of catching up on certain accounts that were inadvertently unpaid from prior months ).

The Company operated from within its cash resources without borrowing further funds.

12. Since actual receipts and disbursements were last reported by the Monitor to the Court, the Company repaid approximately \$4,900,000 of the debt owing to the Agent and otherwise met its operational liabilities as and when they were due. This amount was lower than projected, and the reasons for the lower payments will be explained in greater detail in this affidavit.

13. The Company, with the Monitor's assistance, has developed a cash flow forecast (the "**Cash Flow Forecast**") for the period of the proposed extension. The Cash Flow Forecast was provided to the Agent on September 21, 2021 for its review and comment.

14. I reviewed the Cash Flow Forecast before swearing this affidavit and it demonstrates that the Applicants are forecast to have sufficient funds to maintain operations through the proposed extension period. The Cash Flow Forecast is to be appended to the Seventh Report.

15. The Cash Flow Forecast is only for the relatively short period requested for this stay extension.

16. The Applicants' ability to provide a Cash Flow Forecast for a material period into the future is hampered by a timing issue. The Applicants forecast the receipt of material proceeds from three end of season mink auctions, held by SAGA, KF and AME, but the amounts are uncertain.

17. The Saga auction was completed on September 19, 2021, the KF auction is currently underway. The AME auction will follow the KF Auction. In each case, proceeds are paid in respect of consigned goods approximately three weeks after the conclusion of each auction.

18. We understand the pricing at the SAGA auction remained relatively strong, although not as strong as in June 2021, but the volume of mink sold was less than hoped for. However, we do not yet know what quantity was sold or what price was earned for the goods sold.

19. While it was hoped the results from these auctions would be known before September 30, 2021, we now know we will not have the SAGA results until the end of the first week of October and the results from KF and AME later in October.

20. It is difficult to do an accurate Cash Flow Forecast for NAFA without these receipts and knowledge of the corresponding pelt inventories at each auction house. As such, the Company has proposed, and the Agent and the Monitor have agreed, to seek a short extension at this time until the auction results can be incorporated into a longer-term cash flow projection.

21. The Applicants expect the revised cash flow, inclusive of the auction results, to show that the Applicants will make further payments to the Agent and will have sufficient funds to continue operations until the proposed Extended Stay Period and beyond.

22. The Cash Flow Forecast contains confidential business information and assumptions about the Company which, if disclosed, might hamper or interfere with the restructuring of the Company or the maximization of value. Accordingly, the Cash Flow Forecast will be filed under seal with the Court.

### **Farms in Litigation - Status Update**

23. My April 2021 Affidavit provided a more complete description of the litigation NAFA has commenced against various debtor farmers. I will provide a brief overview and update of the two most active of those claims, being farms known as Kestutis and Grobina, located in Lithuania and Latvia respectively.

24. Kestutis was financed by NAFA to provide in excess of 360,000 pelts to NAFA in 2019, and Grobina was financed by NAFA to provide in excess of 160,000 pelts to NAFA in 2019.

***Grobina***

25. Grobina is subject to its own administration proceedings in Latvia with such process beginning immediately prior to NAFA's own in October, 2019. An administrator currently oversees Grobina's assets.

26. NAFA has had to engage in material litigation proceedings in Latvia to attempt to recover amounts due to NAFA. The matter is still not resolved but, at this time, NAFA has succeeded in obtaining an injunction to prevent the distribution of the proceeds from the CR7 mink to CR7 pending the completion of the litigation in that matter. CR7 was an entity that purportedly purchased a large quantity of mink from Grobina unbeknownst to NAFA and contrary to NAFA's security interests in the subject pelts.

27. Moreover, as set out in my April 2021 Affidavit, NAFA was concerned with respect to Grobina's Administrator's actions. Specifically, NAFA was concerned that Grobina's Administrator was not acting in an impartial manner and was not protecting NAFA's interests as a large secured creditor of Grobina. As a result of efforts by NAFA's local counsel, Grobina's original Administrator was replaced.

28. Earlier this year, the Grobina Administrator finally agreed to send the Grobina pelts that to KF to be auctioned. At its June auction, KF sold 6,967 Grobina pelts for €98,213.52 of proceeds, net of sales commissions. NAFA and Grobina's Administrator have requested KF to pay those funds to Grobina's Administrator and it is expected that approximately €88,000 of those proceeds will be paid to NAFA (with the balance being paid to Grobina's Administrator on account of fees).

29. KF commenced its most recent auction on September 18, 2021; however, the results of that auction will not be received until after this Stay Extension motion is heard by the Court. We



understand that Grobina pelts will be offered for sale; however, we are unsure how many of the 74,690 unsold pelts will be on offer at the auction.

30. I understand that KF will hold a further auction in December at which more of the Grobina mink will be sold.

31. In addition, NAFA is still holding 50,047 CR7 pelts in storage. NAFA seized such pelts in Latvia and it is expected that they will ultimately be put up for sale pending a Court determination of NAFA's dispute with CR7, or a settlement as between NAFA and CR7.

***Kestutis***

32. NAFA commenced litigation in Lithuania against Kestutis as detailed in my previous affidavits in these proceedings.

33. On or about November 16, 2020, the Klaipėda District Court for the Republic of Lithuania issued judgment in favour of NAFA against Kestutis in the amount of €11,949,845 plus €28,752 in costs ("**Kestutis Judgment**").

34. NAFA is now pursuing enforcement efforts against Kestutis and possibly other third parties who may be unlawfully in receipt of Kestutis mink and/or the proceeds thereof that were pledged to NAFA. These enforcements efforts include:

- a. NAFA secured and shipped to Saga 33,000 Kestutis mink skins which were located at its Polish facility and transported them to Saga where they were sold in 2021. NAFA, through its Finnish and Lithuanian counsel, were able to have the Kestutis Judgment recognized in Finland and have the funds released from Saga. The funds

have now been paid to NAFA. There are approximately 4,000 Kestutis pelts remaining to be sold at Saga.

- b. NAFA has commenced a lawsuit against a Lithuania-based entity known as Norvuska. It is NAFA's position that Norvuska received Kestutis mink pursuant to a transfer under value and in contravention of NAFA's registered Lithuanian security in excess of €1,000,000. The matter is currently engaged in Court-ordered mediation between Norvuska, Kestutis, and NAFA in Lithuania.
  - c. NAFA also obtained a Court order requiring the Lithuanian authorities to investigate Norvuska's role in the Kestutis fraud. NAFA is hopeful that evidence will be unearthed in the police investigation that will be helpful to NAFA in its claim against Norvuska.
  - d. Recently, a bailiff, with the aid of NAFA's Polish office, sold Kestutis equipment for €33,130.37 (after bailiff fees), which proceeds have been paid to NAFA.
35. The Lithuanian authorities' investigation of Kestutis for possible criminal activities with respect to NAFA is still ongoing.
36. NAFA's senior manager in Europe is working closely with our local counsel and the Lithuanian authorities to assist prosecuting the claims against Kestutis, Norvuska, and any third parties.

## **Insurance Claims**

37. My August 2020 affidavit sets out a more detailed background regarding the insurance claims.

38. NAFA's employees, with oversight from the Monitor, prepared and filed 26 insurance claims pursuant to the policy. NAFA is considering its next steps. NAFA remains of the view that there will ultimately be material recovery from these insurance claims.

## **Wisconsin Properties**

### ***1600 Williams Property***

39. NAFA, in consultation with the Monitor, sold its 1600 Williams Drive property in Stoughton, Wisconsin ("**1600 Williams**") to an arm's length third party. All proceeds from the sale (net of fees arising from the sale) were paid to the first priority mortgagee on the property to allow for discharge of its mortgage at closing. The Agent provided its consent to the sale. As there was no equity payable to NAFA from the sale, NAFA's Wisconsin counsel's legal fees were covered by the first priority mortgagee.

### ***221 Industrial Circle and 205 Industrial Circle Property***

40. Saga has advised that it will not be renewing its lease at the Industrial Circle Properties; however, it is expected that Saga will hold over on its current lease until November 30, 2021. The Industrial Circle Properties are still listed for sale with an asking price of \$3,350,000. NAFA's real estate agent in Wisconsin has reported interest in the building from several different sources.

### ***Skyway Property Sale***

41. Following the last stay extension hearing, NAFA closed the sale of its ground leases at the Skyway Property. The Business Development Bank of Canada was paid in full through the proceeds of the sale and the remaining proceeds were paid to the Agent.

### **Future Operations**

#### ***Status of the International Fur Business***

42. As reported in my Last Affidavit, mink auction prices have increased substantially in 2021 since their historical lows in 2020 (and the lows in the previous years before that). By way of illustrative example, mink prices for brown velvet males (a popular type of mink) have shown a year-over-year increase from the June 2020 to June 2021 auctions of approximately 80%.

43. Although the overall average price of mink is well above 2020 prices, the average price of mink has fluctuated throughout 2021. It is expected that these prices will remain higher than 2020 as favourable market conditions and reduced supply continues.

44. Saga, the major auction house located in Helsinki, Finland, has held two auctions since the last stay extension – one in June and, as set out above, the other was just recently completed earlier this month. NAFA's pledged pelts obtained good average prices at the June auction and it is expected that the prices for comparable goods will largely remain the same in the current September auction. Saga has put fewer pelts up for auction in September than anticipated in July, resulting in less proceeds for NAFA. NAFA still has a large number of pledged pelts at Saga and certain of these skins are expected to be offered for sale at an auction Saga will be holding in December 2021 and other skins are expected to be offered in the March 2022 auction.

45. KF, the major auction house located in Copenhagen, Denmark, likewise has held two auctions since the last stay extension – one in June and, as set out above, the other is ongoing at the time of swearing this affidavit. KF has obtained overall good prices in 2021 but has not put as many mink on offer as it has in previous year's auctions. It is also expected that KF will have a fourth auction in December, and NAFA is hopeful that it will put a greater number of the Grobina pelts for sale (to the extent they are not sold at the current September auction).

### ***Brokerage Business***

46. As authorized in the November 5, 2020 Order, NAFA has, during the extension period, continued to explore the possible brokering of sales of North American furs to parties around the world, principally in Asia, who have previously done business with NAFA, or who are currently unable to attend Canada and investigate the product they are seeking.

47. It is my view that the continued travel restrictions to the United States have made it challenging to inspect and market wild fur. Moreover, the pandemic has disrupted international shipping and shipping costs, which has also created another barrier to this business. NAFA has incurred minimal costs in connection with the development of this brokerage business.

### ***Sale Process***

48. As reported in my Last Affidavit, there appears to be an opportunity in current market conditions to solicit interest from potential buyers of NAFA. Namely, the 2021 mink price recovery and the closure of KF in 2023 leaving only one major remaining auction house, Saga, to service the global mink industry.

49. As reported in my Last Affidavit, NAFA, in consultation with the Monitor, drafted a non-confidential “Teaser” attached hereto as **Exhibit “A”**, to interested parties and prepared a form of NDA so that it can pursue any serious interest.

50. Since then, NAFA, in consultation with the Monitor, sent the Teaser to approximately 70 different entities around the world that were identified as being possible buyers in the marketplace. These entities included Saga, First Nations groups, and active manufacturers and buyers in the fur industry.

51. After the Teaser was released, NAFA, in consultation with the Monitor, received inquiries and communications from various potential buyers from around the world. These communications are confidential, and NAFA will report further developments to the Court at the time this interest turns into a sale transaction, which would be brought for approval to the Court.

### ***Current Location***

52. NAFA continues to operate out of the Carlingview offices and is charged modest rent. Its lease expires at the end of 2021 and it is expected that it will be able to renew on the same terms should it be necessary.

### **Repayment of Agent and Other Creditors**

53. The Applicants believe there are sufficient remaining assets and opportunities for NAFA such that there will be funds available to provide some recovery to creditors after repayment of the Agent. NAFA views on the values of its remaining assets have not materially changed since my Last Affidavit. However, the timing of the sale of assets continues to be slower than hoped for in earlier projections.

## **Extension**

54. Since the Stay Extension Order, NAFA has been acting in good faith and with due diligence, and continues to act in this manner in its relationships with its creditors, employees, lenders, trappers and farmers.

55. The current Stay Period under the Stay Extension Order will expire on September 30, 2021. NAFA requests an extension of the Stay Period to and including November 5, 2021 to continue its restructuring efforts and until the September auction results are obtained to permit the development of a more accurate extended cash flow projection moving forward. In addition, NAFA has requested the ability to further extend the stay of proceeding to January 31, 2022 or such other earlier date as the Applicants, Agent, FCC, and the Monitor consent to upon the filing of a Monitor's Certificate.

56. This mechanism is intended to save costs of a further stay extension motion so temporally close to the current stay extension motion if the parties, after reviewing a cash flow forecast for Extended Stay Period, consent to the extension of the Stay Period.

57. I am satisfied that NAFA will be in material compliance with the Cash Flow Forecast going forward and will have sufficient funds to operate during the extension of the Stay Period.

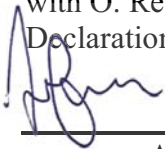
58. The Monitor has advised me that it is supportive of NAFA seeking an extension of the Stay Period to and including November 5, 2021 and of the mechanism to further extend the Stay Period up to January 31, 2022.

59. Regardless of the results from SAGA and KF, it is NAFA's view that a stay extension is warranted to November 2021, and then January 31, 2022, as NAFA is continuing to act in good

faith and with due diligence in these CCAA proceedings. Further, as set out in this affidavit, there are several matters under way that require the Company’s continued involvement, including the insurance claim, the SISP, the foreign litigation, and resolving NAFA’s debtors’ long-term debt.

60. I affirm this affidavit in support of NAFA’s motion for an Order, *inter alia*, to: (a) extend the Stay Period to and including November 5, 2021 and the mechanism to further extend the Stay Period up to January 31, 2022; (b) approve the conduct of the Monitor and its counsel; and, (c) to seal certain confidential exhibits and appendices.

AFFIRMED remotely by Douglas  
Lawson, before me at the City of Toronto )  
in the Province of Ontario, on the 24<sup>th</sup> )  
day of September, 2021, in accordance )  
with O. Reg. 431/20, Administering or )  
Declaration Remotely. )



\_\_\_\_\_  
A commissioner, etc.  
**ALEX FERNET BROCHU**

*Douglas Lawson*  
\_\_\_\_\_  
Douglas Lawson (Sep 24, 2021 15:24 EDT)  
\_\_\_\_\_  
**DOUGLAS LAWSON**



This is Exhibit "A" referred to in the Affidavit of Douglas Lawson sworn remotely in the same city this 24<sup>th</sup> day of September, 2021.

A handwritten signature in blue ink, appearing to read 'Alex Fernet Brochu', written in a cursive style.

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*Commissioner for Taking Affidavits (or as may be)*

**Alex Fernet Brochu**

# NORTH AMERICAN FUR AUCTIONS INC. ("NAFA")

A Unique Investment  
Opportunity



**March 2021**

# NAFA OVERVIEW

North American Fur Auctions Inc. (“NAFA” or “Company”) is seeking expressions of interest to discuss a possible equity investment in or sale of its business.

NAFA was, prior to 2020, the third largest fur auction house in the world, conducting over US\$200 million in ranched and wild fur auction sales each year. Due to the dramatic reduction in worldwide mink and wild fur commodity prices over the past few years, as well as the subsequent impact of the COVID 19 pandemic on international travel, trade and retail demand, NAFA shuttered its facilities in 2020 and suspended auction operations. NAFA retains the necessary infrastructure to resume operations with new capital.

The North American fur market is clearly missing a truly producer-oriented North American auction house. With the impending shut down of Copenhagen Furs, and the uncertain regulatory regimes in Europe, North America is the obvious location from which to operate a successful fur auction business.

The worldwide market for fur is widely expected to see a dramatic turnaround in 2021 from near historic low commodity prices to more profitable pricing. This, plus the reduction of supply caused by COVID 19 culls of mink farming as well as the attrition to the farming community caused by the 2018-2020 price slump, has reversed the supply and demand trend, signaling materially higher prices and profits to come in the fur auction business going forward.

NAFA has been, and remains, in a formal administration under the Canadian Companies’ Creditors Arrangement Act (“CCAA”) since November 2019. In this process, NAFA remains under the care and control of its management and directors. NAFA is empowered, under that statute, and by Court order, to explore all restructuring opportunities including the sale of any or all of its assets or further investment. Any sale or investment in the business can be made on the basis that the new investor and the new business will have no liability for any existing liabilities of NAFA. Any sale or material investment in NAFA will be subject to the review and approval by the Court.

For all intents and purposes, NAFA can provide, or can easily identify, all of the assets which would be required by any party that wishes to re-start a fur auctioning business. These assets could provide a “turn-key” solution to the business. NAFA can either emerge from its restructuring through the injection of new capital, or it can be sold to a new party.

# SUMMARY OF INVESTMENT OPPORTUNITY<sup>27</sup>

- I. Turn Key operation able to apply decades of expertise to operate a credible auction as soon as February 2022 if investment secured.
- II. Immediate access to the unique Canadian wild fur market and North America fur market.
- III. North America provides a fur friendly legislative regime and political stability.
- IV. Existing key permits and shipping know how which enables the sale, import and export of fur.
- V. Existing and trained personnel available to collect, grade and auction fur.
- VI. Collapse of European auction house, Kopenhagen Fur, and unsatisfactory sales of North American product in European auctions in 2020 demonstrates need for North American auction house. North American producers in particular are looking to stay home in 2022 and beyond.
- VII. An investor would have the support of local North American fur associations, key members of whom are shareholders and directors of NAFA.
- VIII. NAFA is the owner of the industry leading Blackglama brand and other valuable intellectual property.
- IX. Court Administration process allows for sale or investment without a new investor inheriting legacy issues. The business can be delivered free and clear of any existing liabilities.
- X. Business can be acquired in whole or in parts, and redesigned to fit new business models without inheriting the legacy costs normally caused by the redesign of a business model. An investor with a business plan can pick and choose.

Upon execution of a confidentiality agreement, further information will be made available to interested parties.  
[insert contact details]

## Disclaimer:

**This document is for informational purposes only. The information contained herein pertaining to NAFA, its assets or business is based on data provided by its management or its websites. No authoritative party expressly warrants the veracity of such information. The information contained in this document may be subject to change, revision or republishing and, in due course, may be subject to material change. NAFA makes no representations or warranties, expressed or implied, as to the accuracy, completeness, or reliability of the information contained in this document. Furthermore, NAFA is not obligated to provide any additional information to interest parties, nor update or correct any inaccuracies or errors that may be contained in this document. Any sale or material investment in NAFA will be subject to the review and approval by the Court.**

# BUSINESS OVERVIEW

The principal business of NAFA is the sale of raw fur pelts, primarily mink, at public auction. The Company's trading activities date back to the foundation of the Hudson's Bay Company ("HBC") in 1670. Each year, pelts are received on consignment from producers of ranch raised furs and harvesters of wild furs. The fur pelts are then graded into auction lots of similarly structured items and sold to fur brokers, garment manufacturers and dealers worldwide.

The Company's head office is located in Toronto, Ontario, very close to the Toronto International Airport. NAFA also owns buildings in Stoughton, Wisconsin and Poland, in which it collects and grades fur before that product is shipped onto Toronto where all fur consignments are ultimately consolidated and shipped to international buyers after each applicable auction.

Previously, NAFA solicited raw fur pelts from mink and fox ranchers in North America and Europe, and from wild fur dealers and trappers throughout North America on a consignment basis. Fur consignments were then sorted according to size, shade, colour and quality and finally, catalogued, lotted and offered for sale at public auction.

The auction calendar reflects the incidence of fur harvesting in the Northern Hemisphere, which is most intensive between late November and January. Consequently, the primary auction selling months are between late-February to June, with over 80% of the business done in this period. Auctions are conducted up to three times each year in Toronto, with the major auctions being held in February/March, May/June and/or July/August. Although no auctions are currently scheduled to be held in 2021 because NAFA did not collect any fur in 2020. NAFA would be able to conduct auctions as soon as February 2022 if it made it known by the Fall of 2021 that NAFA is able to collect and grade furs.

Attendance at auctions is international and customer support is drawn from the fur manufacturing and merchandising communities, who may be represented by brokers or agents. The principal buying countries include China, Hong Kong and Korea in the Far East; Italy, Greece, Turkey, Spain and the U.K. in Europe; Russia and other former Soviet Bloc countries; as well as the local markets in Toronto and Montreal in Canada, and New York in the U.S. At the largest sales, as many as 400-600 international fur buyers may attend.

During the COVID 19 pandemic, restrictions on international travel has caused the all of the various international fur auction houses to temporarily suspend in-person events and generally conduct online auctions. A broader return to in-person, or live, auctions is anticipated sometime in 2021 as vaccines are administered and the impact of pandemic begins to come under some form of greater control. However, should fur sales continue to be conducted more extensively via online platforms, NAFA has the technical capability to implement remote electronic auctions as well as expertise in putting on its auctions in international venues such as China, Hong Kong, Denmark and Greece.

# INDUSTRY OVERVIEW & OPPORTUNITY

The worldwide fur industry has suffered, and continues to suffer, unprecedented disruption from the COVID-19 pandemic and its accompanying travel restrictions and shipping/import issues as well as its negative impact on most international economies.

In 2020, the fur auctions held by the two major remaining European based auction houses, Kopenhagen Fur of Denmark (“KF”) and Saga Furs of Finland (“Saga”), either experienced selective and limited buying during their online sales held in the early months of 2020. Later, when some buyers could travel to attend a live KF or Saga auction, there continued to be only cautious demand for the offered goods. In general, all of this meant that fur commodity prices, once again, declined, in 2020 until December when a smaller Saga Furs auction finally saw a more significant increase in prices.

In late 2020, the spread of COVID 19 to the Danish mink population resulted in the forced culling and destruction of in excess of 11 million mink. This has resulted in Kopenhagen Fur, a business which relied on those mink for its operations, to signal its intent to cease operations at the end of 2021, as the local Danish fur production has been completely destroyed. It has also resulted in a material and permanent variance in the amount of mink to be produced for sale in 2021 and beyond, providing price stability for some time to come.

At the same time, the Netherlands, which had instituted a ban on fur farming in the country as of the year 2023, also mandated that its remaining fur farms kill all their mink, once again due to COVID-19 concerns, by December 31, 2020.

In Poland, there currently remains a significant amount of political unease about the future of mink farming in that country. Throughout 2020, there have already been numerous attempts by elements of the Polish government to ban mink farming or make it so difficult for these businesses to operate that farmers quit on their own volition.

In many other countries, mink farms have either now pelted out or been closed due to lack of ongoing financial resources created by years of low mink prices. Consequently, it is now clearly evident that there will be a very significant worldwide reduction in available supply of mink, as well as wild fur (due to COVID-19 related collection restrictions), in 2021 and beyond.

By comparison, fur farming in North America, combined with wild fur trapping, maybe the last true bastion of the world’s ongoing fur supply.

Many North American ranchers remain unconvinced that the European auction houses can properly grade, market and properly sell their rather unique product compared to those varieties produced in Europe. Consequently, many farmers continue to hope that a truly viable North American fur marketing entity will re-emerge in the near future that can, once again, better represent, sell and promote their mink and wild fur.

# COMPETITION

The fur auction business is international in scope but with few remaining players. The list below represents the significant fur auction houses on the international scene:

**Kopenhagen Fur** (“KF”) of Denmark is owned by the Danish Fur Breeders Association and annually presents the largest offering of mink available anywhere in the world. The mink is all of European origin, primarily Danish. However, KF is likely to cease operations within two years now that all mink in Denmark has been culled. KF does plan to offer approximately 14 million mink pelts at auctions planned for 2021 and a smaller quantity the following year. The vast majority of the pelts to be offered for sale is believed to come from existing fur inventories (ie., unsold from the 2020 season or held in long-term storages) or mink that was killed in 2020 closer to the harvest season.

**Saga Fur Oyj** (“Saga”) of Finland is majority owned by Finnish fur breeders with a minority public shareholding. It handles primarily Scandinavian blue foxes (approximately 1.5 million) and mink (approximately 6-7 million) which are sold under the “SAGA” label. The ranch mink handled by Saga are, generally, of a more commercial quality. Many farmers send their pelts to Saga only because they lack of other viable selling options.

**American Mink Exchange** (“AME”) of New York is a relatively new fur auction entity that is owned and operated by the Tax Brothers. The Tax Brothers are former fur brokers who saw an opportunity to collect and sell North American mink when American Legend of Seattle, another former auction house, collapsed in 2018. They initially created this business as an alternative to NAFA and formed a sales partnership with KF. AME focuses solely on collecting North American mink. In the past, they would then sell these goods each year at KF sponsored auctions in Denmark. However, with the issues in Denmark, AME has announced that they will conduct joint auctions in 2021 with Fur Harvesters, a Canadian based wild fur auction house. Once again, however, many North American farmers are sending their mink to AME for sale not because of their loyalty to the Tax Brothers but as a result of their dislike for Saga and the lack of other viable selling options.

**Fur Harvesters Auction Inc.**, located in North Bay, Ontario, Canada, competes with NAFA for wild fur consignments in Ontario and certain U.S. states. It is small and more regional in scope and competes only in the wild fur market. There are also a few other regional fur brokers/dealers who conduct a limited amount of business across North America.

# REMAINING NAFA ASSETS

## **Operational Assets:**

NAFA has a state-of-the-art auction/inventory management computer software system which allows NAFA to control and manage millions of pieces of fur inventory around the world, as well as related buyer and seller information. NAFA's software system is scalable and based on an Oracle database that is also highly adaptable.

## **Intangibles:**

NAFA owns a suite of trademarks, including the industry leading "Blackglama" trademark which is the acknowledge world standard for black mink. This trademark is currently licensed to Saga until 2022 but remains the most recognized and preeminent trademark across the global fur industry. NAFA also has lists of fur graders, collectors, collection routes which have enabled it to collect, grade and sell wild and ranched furs. Much of NAFA's principal and skilled staff has been laid off, but many members of that staff continue to be available to be recalled to action if the business were to restart. A core of key executives and employees remain at the business with the key institutional knowledge and contacts.

## **Loan portfolio:**

As part of its business to secure long-term relationships with strategic suppliers of fur, NAFA provided bridge and long-term farming development loans to various farmers around the world. A material amount of these loans remain outstanding and available to be collected. An enterprising asset buyer could acquire these loans and maintain relationships with these key suppliers. These loans could also be purchased by an entity interested in collecting these debts.

## **International collection/logistics locations:**

In addition to its head office facility in Toronto, NAFA maintains warehouse facilities in Wisconsin and Poland. All of these facilities are currently listed for sale but remain unsold and available to operate again if called upon.

## **Deferred Receivables:**

Over the last few years, NAFA made material loans to farmers around the world in the ordinary course of NAFA's business. Those farmers have provided their fur to the remaining international auction houses for sale, given that NAFA was not able to conduct auctions in 2020. Due to the pandemic, a material amount of that product, likely in excess of 50%, will likely now be sold in 2021. NAFA will, therefore, not collect payment on some outstanding loans until 2021, and perhaps beyond this. In almost every case, the farmer in question has executed an assignment of the receivable to NAFA, directing the relevant auction house to make payment directly to NAFA. NAFA is willing to sell these receivables to interested purchasers.



# RATIONALE for INVESTMENT

It has been NAFA's mission to "be the premium seller and cost-efficient consignor service provider of the highest quality and broadest selection of fur pelts globally". While that remains NAFA's aspiration today, it has obviously been impacted by its Court monitored restructuring and recent industry circumstances. Nevertheless, mink farmers and trappers across North America, as well as many in Europe, would welcome NAFA return to the business as they remain less than satisfied with the current alternatives.

Despite NAFA's current circumstance and the unfortunate chain of events that has impacted the Company over the past two years, NAFA name and reputation still remains strong and attractive with many industry players. NAFA continues to receive enquiries about receiving, marketing, and selling goods. In short, many people look forward to the day that NAFA can re-start its business as a newly, reinvigorated company.

Currently, NAFA is exploring avenues to assist both wild fur and ranched fur consignors with the sale of their goods within the trade. NAFA's name is well known everywhere within the industry and this 'private treaty' or 'brokerage' business has been welcomed.

# NEXT STEPS re EXPRESSIONS OF INTEREST<sup>33</sup>

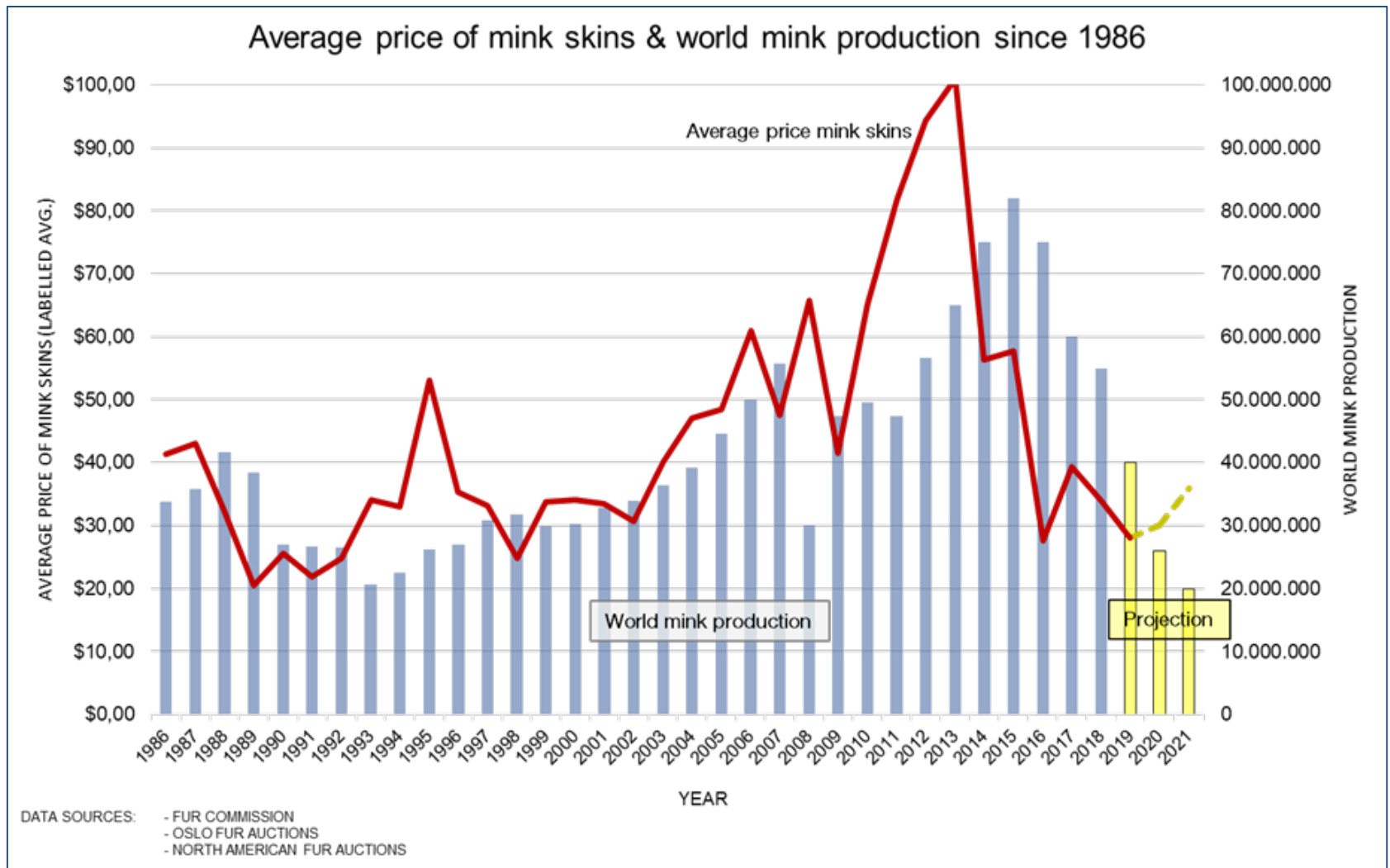
There is currently no deadline for the submissions of sales offers or letters of intent. NAFA reserves its right to consider any offer, at any time for the sale of any or all of its assets, subject to the applicable rules of the restructuring process which require consent in certain circumstances from the Court or key stakeholders.

Any interested party is encouraged to contact NAFA to discuss any possible interest. Further confidential information about the Company is available to interested parties who first complete a confidentiality and non-disclosure agreement (the “NDA”) from the company. Upon the execution and return of the NDA, interested parties will be provided with access to the other information concerning NAFA, its assets and the Sale Process.

## **Disclaimer:**

This document is for informational purposes only. The information contained herein pertaining to NAFA, its assets or business is based on data provided by its management or its websites. No authoritative party expressly warrants the veracity of such information. The information contained in this document may be subject to change, revision or republishing and, in due course, may be subject to material change. NAFA makes no representations or warranties, expressed or implied, as to the accuracy, completeness, or reliability of the information contained in this document. Furthermore, NAFA is not obligated to provide any additional information to interest parties, nor update or correct any inaccuracies or errors that may be contained in this document. Any sale or material investment in NAFA will be subject to the review and approval by the Court.

# AVG MINK PRICES/WORLD PRODUCTION



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., NAFFRO LLC (WISCONSIN LLC),  
 NAFA EUROPE CO-OPERATIEF UA, NAFA EUROPE B.V., DAIKOKU SP.Z OO and NAFA POLSKA SP. Z OO

(the “Applicants”)

**ONTARIO  
 SUPERIOR COURT OF JUSTICE  
 COMMERCIAL LIST**

Proceeding commenced at Toronto

**AFFIDAVIT OF DOUGLAS LAWSON**

**BLANEY MCMURTRY LLP**  
 Barristers & Solicitors  
 2 Queen Street East, Suite 1500  
 Toronto, ON, M5C 3G5

**David T. Ullmann (LSO # 42357I)**  
 Tel: (416) 596-4289  
 Email: [DUllmann@blaney.com](mailto:DUllmann@blaney.com)

**Stephen Gaudreau (LSO #65895M)**  
 Tel: (416) 596-4285  
 Email: [SGaudreau@blaney.com](mailto:SGaudreau@blaney.com)

Counsel for the Applicants

**Email addresses for Recipients:**  
 See Service List

**TAB 3**

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

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

THE HONOURABLE	)	WEDNESDAY, THE 29 <sup>th</sup>
	)	
MR. JUSTICE McEWEN	)	DAY OF SEPTEMBER, 2021

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**”)

**ORDER**

**(Re: Stay Extension, Approval of Activities and Conduct of the Monitor and its Counsel  
and Sealing of Confidential Appendix)**

**THIS MOTION**, made by the Applicants for an Order for the relief set out in the Notice of Motion of the Applicants dated September 24, 2021, was heard by video conference due to the COVID-19 pandemic.

**ON READING** the Motion Record of the Applicants, the Seventh Report of the Monitor dated September 16, 2021 (the “**Seventh Report**”), and related Confidential Appendix, and upon hearing the submissions of counsel for the Applicants, counsel to the Monitor, counsel to the

Canadian Imperial Bank of Commerce, as agent for the lenders party to the Fourth and Restated Credit Agreement dated as of September 27, 2019, as may be amended or amended and restated from time to time (in such capacity, the “**Agent**”), and counsel for Farm Credit Canada (“**FCC**”) 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 September 24, 2021, filed;

## **SERVICE AND DEFINITIONS**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that terms not otherwise defined in this Order shall have the meaning set out in the Initial Order of the Honourable Justice McEwen, dated October 31, 2019 (as amended and restated) (the “**Initial Order**”).

## **EXTENSION OF THE STAY PERIOD**

3. **THIS COURT ORDERS** that the Stay Period is hereby extended from September 30, 2021 to and including November 5, 2021.
4. **THIS COURT ORDERS** that upon the filing of the Monitor’s certificate on or before November 5, 2021, substantially in the form set out in Schedule “A” hereto (the “**Monitor’s Certificate**”), certifying that:
  - (1) The Applicants, the Agent and FCC have approved the cash flow forecast and consented to extend the Stay Period from November 5, 2021 to and including, January 31, 2022, or such other earlier date as each of the Agent and the Applicants consent (the “**Extended Stay Date**”); and,
  - (2) The Monitor has confirmed that there are sufficient funds to support the Extended Stay Date based upon the cash flow forecast, which the Monitor will file with the Court on a confidential basis,

the Stay Period shall immediately be extended to the Extended Stay Period set out in the Monitor’s Certificate without further order of this Court.

5. **THIS COURT ORDERS** that the Monitor may rely on written notice or correspondence from the Applicants, the Agent and FCC, or their respective counsel, with respect to the consent as set out in paragraph 4 of this Order and shall incur no liability, whatsoever, with respect to reliance upon such written notice or correspondence, or the filing of the Monitor's Certificate, save and except for any gross negligence or willful misconduct on its part.

#### **APPROVAL OF MONITOR REPORTS AND ACTIONS**

6. **THIS COURT ORDERS** that the Seventh Report and the actions, decisions and conduct of the Monitor as set out in the Report are hereby authorized and approved.

#### **SEALING OF CONFIDENTIAL EXHIBITS**

7. **THIS COURT ORDERS** that Confidential Appendix "\*\*\*" to the Seventh Report shall be and are hereby sealed, kept confidential and shall not form part of the public record pending further Order of this Court.

#### **INTERNATIONAL RECOGNITION**

8. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Monitor and the Applicants and their 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 Monitor, as an officer of this Court, and the Applicants as may be necessary or desirable to give effect to this Order or to assist the Monitor and the Applicants and their agents in carrying out the terms of this Order.

#### **EFFECTIVENESS OF ORDER**

9. **THIS COURT ORDERS** that, due to the COVID-19 pandemic, this Order is immediately effective and enforceable without the need for entry and filing until further direction from this Court.

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**Schedule A – Form of Monitor’s Certificate**

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

**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**”)

**MONITOR’S CERTIFICATE**

**RECITALS**

A. Pursuant to an Order of the Honourable Mr. Justice McEwen of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) October 31, 2019 (as amended and restated, and as may be further amended and restated from time to time, the “**Initial Order**”), Deloitte Restructuring Inc. was appointed as monitor of the Applicants (in such capacity, the “**Monitor**”).

B. Pursuant to an Order of the Court dated September 29, 2021, (the “**Stay Extension Order**”), the Court granted an extension of the Stay Period to and including November 5, 2021.

C. Pursuant to the Stay Extension Order, the Stay Period is to be further extended without further order of the Court to the date set out in a Monitor’s Certificate, which Monitor’s Certificate is filed on or before November 5, 2021, and certifies that:

- (1) The Applicants, FCC and the Agent have approved the cash flow forecast and consented to extend the Stay Period from November 5, 2021 to and including,

– 5 –

January 31, 2022, or such other earlier date as each of the Agent and the Applicants consent (the “**Extended Stay Date**”); and,

- (2) The Monitor has confirmed that there are sufficient funds to support the Extended Stay Date, with the cash flow forecast demonstrating same to be filed with the Court on a confidential basis.

D. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Initial Order.

**THE MONITOR CERTIFIES** the following:

1. The Applicants, FCC and the Agent have approved the cash flow forecast and consented to extend the Stay Period from November 5, 2021 to and including ●, 2021 (the “**Extended Stay Date**”).
2. The Monitor has confirmed that there are sufficient funds to support the Extended Stay Date, with the cash flow forecast demonstrating same to be filed with the Court on a confidential basis.

This Certificate was executed by the Monitor at [**Time**] on [**Date**].

**Deloitte Restructuring Inc. in its capacity as  
the Court Appointed Monitor to the  
Applicants, and not in its personal capacity**

Per:

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Name:

Title:

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**")

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**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**COMMERCIAL LIST**  
Proceeding commenced at Toronto

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**ORDER**  
**(Re: Stay Extension, Approval of Conduct and Fees and**  
**Sealing of Confidential Appendices)**

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**BLANEY MCMURTRY LLP**  
Barristers & Solicitors  
2 Queen Street East, Suite 1500  
Toronto ON M5C 3G5

**David T. Ullmann** (LSO # 42357I)  
Tel: (416) 596-4289  
Fax: (416) 594-2437  
Email: [DUllmann@blaney.com](mailto:DUllmann@blaney.com)

**Stephen Gaudreau** (LSO # 65895M)  
Tel: (416) 596-4285  
Fax: (416) 594-2506  
Email: [sgaudreau@blaney.com](mailto:sgaudreau@blaney.com)

Counsel for the Applicants

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.,  
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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”)

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**MOTION RECORD OF THE APPLICANTS  
(Re: Stay Extension Motion returnable September 29th, 2021)**

**BLANEY MCMURTRY LLP**  
Barristers & Solicitors  
2 Queen Street East, Suite 1500  
Toronto, ON, M5C 3G5

**David T. Ullmann (LSO # 42357I)**  
Tel: (416) 596-4289  
Email: [DUllmann@blaney.com](mailto:DUllmann@blaney.com)

**Stephen Gaudreau (LSO #65895M)**  
Tel: (416) 596-4285  
Email: [SGaudreau@blaney.com](mailto:SGaudreau@blaney.com)

Counsel for the Applicants

**Email addresses for Recipients:**  
See Service List