

**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

**SIXTEENTH REPORT OF THE MONITOR**

**DATED JANUARY 15, 2024**

**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 previously consisted of advancing loans to mink farmers to produce mink pelts for auctions run by the Applicants. For ease of reference and readability, certain capitalized terms not defined in this sixteenth report of the Monitor (the “**Sixteenth Report**”) are defined in the glossary attached as **Appendix “A”** to this Sixteenth Report (the “**Glossary**”).
2. On November 8, 2019, the Applicants obtained an Amended and Restated Initial Order.

3. On November 5, 2020, 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 (i.e., loans to farmers to raise their mink crop as juvenile mink or “kits”) made 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 the April 2021 Lawson Affidavit, the fur market has been affected by several 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 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 between 2020 and September 2022 and generally remain below pre-Covid-19 Pandemic numbers, both in respect of pelt volumes sold and the prices achieved. This resulted in the Applicants repaying less Syndicate Debt and over an extended period than contemplated at the beginning of these CCAA Proceedings. Since the beginning of the Covid-19 pandemic, auction sale volumes have been depressed, due in large part to travel restrictions imposed by various foreign governments and fur industry dynamics generally. As a result, a significant portion of skins anticipated to be auctioned in 2020 and 2021 were held over for auction in 2022 and 2023. The sale volumes in these years continued to be depressed; accordingly, a significant amount of NAFA skins remain to be sold in 2024.
7. On May 25, 2023, the Court granted an Order (the “**Claims Process Order**”), authorizing the Applicants and the Monitor to undertake a claims process for the identification and quantification of certain claims of creditors of the Applicants, including their Directors and Officers (the “**Claims Process**”). The Claims Process Order was obtained to allow the Applicants and the Monitor to understand the total claims against the Applicants and did

not contemplate the review and adjudication of the claims.

8. On May 25, 2023, the Court granted an Order declaring that the *Wage Earner Protection Program Act* (“**WEPPA**”) applies to NAFA and that NAFA’s former employees are eligible to receive payments in accordance with WEPPA.
9. On September 26, 2023, the Court granted an Order that, among other things, extended the Stay Period and approved the Monitor’s Thirteenth and Fourteenth Reports, and the actions and conduct of the Monitor and its counsel contained therein. The September 26, 2023 Order also sealed Confidential Appendix “**1**” to the Fourteenth Report.
10. On November 29, 2023, the Court granted an Order (the “**Stay Extension Order**”) that, among other things, extended the Stay Period from December 1, 2023 to an including January 19, 2024, and approved the Monitor’s fifteenth report dated November 27, 2023 (the “**Fifteenth Report**”) and the actions and the conduct of the Monitor and its counsel contained therein. The Stay Extension Order also sealed Confidential Appendix “**1**” to the Fifteenth Report.
11. The Applicants’ motion record dated January 11, 2024, returnable on January 17, 2024 (the “**Motion**”), seeks the Court to grant:
  - a. An Amended and Restated Claims Process Order (the “**Amended and Restated Claims Process Order**”);
  - b. A Meeting Order (the “**Meeting Order**”) that, among other things:
    - i. accepts the filing of the Consolidated Plan of Compromise and Arrangement in respect of NAFA dated January 11, 2024 (the “**Plan**”);

- ii. authorizes NAFA to call, hold, and conduct a meeting of the Affected Creditors (the “**Meeting**”) to consider and vote on a resolution to approve the Plan,
- iii. approves the procedures to be followed with respect to the calling and conduct of the Meeting;
- iv. settles the date for the hearing of the Applicants’ motion seeking an Order sanctioning the Plan provided the Plan is approved by the Required Majority of Affected Creditors at the Meeting;
- v. extends the Stay Period from January 19, 2024 to and including April 1, 2024;
- vi. approves the activities and conduct of the Monitor and its counsel, Miller Thomson LLP, as set out in this Sixteenth Report; and
- vii. seals the cash flow forecast of the Applicants attached as Confidential Appendix “**1**” to this Sixteenth Report (the “**Cash Flow Forecast**”) in accordance with section 10(3) of the CCAA.

12. Capitalized terms not otherwise defined in this Sixteenth Report are defined in the Amended and Restated Claims Process Order, the proposed Plan or the Meeting Order.

**PURPOSE**

13. The purpose of this Sixteenth Report is to update the Court and provide the Court with the Monitor’s observations and recommendations on the following:

- a. The Applicants' and the Monitor's activities since the Fifteenth Report;
- b. The proposed claims adjudication process in the Amended and Restated Claims Process Order;
- c. The proposed Plan;
- d. The Meeting Order;
- e. NAFA's request for an extension of the Stay Period to April 1, 2024; and
- f. The Sealing Order being sought in respect of Confidential Appendix "1" of this Sixteenth Report.

#### **TERMS OF REFERENCE**

14. In preparing this Sixteenth 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 Sixteenth 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 Sixteenth Report consists of forecasts and projections. An examination or review of the financial forecast and projections, as outlined in the CPA Canada Handbook, has not been performed.
- 15. Future oriented financial information referred to in this Sixteenth 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.
- 16. Unless otherwise stated, monetary amounts contained herein are expressed in U.S. dollars, the Applicants' reporting currency.

#### **ACTIVITIES OF THE MONITOR SINCE THE FIFTEENTH REPORT**

- 17. Since the date of the Fifteenth Report, the Monitor has undertaken, among other things, the following activities:
  - a. Monitoring NAFA's receipts and disbursements;
  - b. Monitoring efforts ongoing in Europe to recover loans provided to mink farmers in a number of Baltic countries and Poland;
  - c. 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;

- d. Corresponding with creditors;
- e. Undertaking the expanded powers granted to the Monitor in accordance with the Expanded Powers Order;
- f. Assisting NAFA in facilitating the WEPPA process for NAFA's former employees;
- g. Directing NAFA's insurance litigation counsel to continue advancing the 26 trade credit insurance claims against Red Rock;
- h. Attending a without prejudice meeting with representatives of Red Rock insurance and NAFA to advance the insurance claims as part of a dispute resolution process that is continuing;
- i. Assisting the Applicants in developing the Amended and Restated Claims Process Order and the claims adjudication process contained therein;
- j. Assisting the Applicants in developing the proposed Plan;
- k. Facilitating and participating in discussions and negotiations between the Applicants and their secured creditors being the Syndicated Lenders, Farm Credit Canada ("**FCC**") and the shareholders of NAFA whom advanced secured loans to NAFA as far back as 2009 (the "**Secured Shareholders**", together with the Syndicated Lenders and FCC, the "**Secured Creditors**") regarding the terms of the proposed Plan and proposed treatment of their secured claims therein;
- l. Assisting the Applicants in developing the Meeting Order;
- m. Assisting NAFA in the development of the Cash Flow Forecast; and
- n. Preparing this Sixteenth Report.



## AMENDED AND RESTATED CLAIMS PROCESS ORDER

18. NAFA determined that, in order to begin to formulate a plan of compromise or arrangement, it needed to determine the total number and quantum of Claims against it. Accordingly, NAFA sought and obtained the Claims Process Order authorizing the Monitor to implement a Claims Process for the identification and quantification of certain Claims of creditors of the Applicants and their Directors and Officers.
19. The claims bar date as set out in the Claims Process Order was August 3, 2023 (the “**Claims Bar Date**”). As of the Claims Bar Date, approximately 104 Proofs of Claim were received (in addition to the Claims of Employees and Creditors under \$10k who were not required to file Proofs of Claim under the Claims Process Order unless they disagreed with the quantum of their claims as provided by the Applicants). Within the 104 Proofs of Claims filed there are certain identical Claims filed by multiple parties that have not yet been reviewed. The total of these Claims, excluding the claims that are likely Duplicate Claims, is approximately \$27.8 million.
20. The Claims Process Order did not contain an adjudication and resolution of claims process for Proofs of Claim submitted to the Monitor, (other than with respect to the Claims of the Creditors Under \$10K and Employees, both of which are deemed Proven Claims under the Claims Process Order).
21. The Monitor has completed the call for Claims Process contemplated in the Claims Process Order, which assisted NAFA, the Monitor and the Secured Creditors to determine the potential universe of claims against NAFA and develop the proposed Plan.

22. NAFA is now in a position to file the proposed Plan, which is supported by the Secured Creditors. As a result, NAFA is now seeking an Amended and Restated Claims Process that will allow NAFA and the Monitor to review and either accept, revise, or reject the Proofs of Claim by implementing an adjudication and resolution of claims process (the **“Claims Adjudication Process”**).
23. The Claims Adjudication Process as set out in the Amended and Restated Claims Process Order is designed as a streamlined approach to review, revise, and reject Proofs of Claim for Distribution Purposes in an effort to minimize costs to the Applicants, and provide any Claimants with an opportunity to resolve or apply to Court to adjudicate disallowed or revised Claims.
24. A Proven Claim is defined as a Claim, or any portion thereof, that has been finally determined in accordance Amended and Restated Claims Process Order for voting and distribution purposes whereas a Voting Claims is a Claim that has been finally determined for voting purposes to entitle the Affected Creditor to vote at the Meeting.
25. The Amended and Restated Claims Process Order deems each of the Secured Claims to be Proven Claims and deems the Claims of Affected Creditors filed by the applicable Claims Bar Date, other than Duplicate Claims, to be Voting Claims.
26. This allows for the review and determination of Affected Claims (other than Duplicate Claims) for distribution purposes to be deferred to after the Meeting to consider and vote on the proposed Plan, and all such Affected Claims (other than Duplicate Claims) are entitled to vote at the Meeting.

### ***Duplicate Claims***

27. As set out above, there are some Claims filed that are obvious duplicative claims (a “**Duplicate Claim**”).
28. The Monitor is able to easily identify a Duplicate Claim, as the Duplicate Claims is on the same proof of claim, with multiple creditors listed, sharing the same mailing address, telephone number, email address, and contact person, and with each Creditor claiming the same amount.
29. In accordance with the Amended and Restated Claims Process Order, the Monitor will notify the applicable Creditor with a Duplicate Claims that its Claim has been disallowed for voting and distribution purposes, and the reasons for doing so, by sending a Notice of Revision or Disallowance at least 20 days prior to the proposed Meeting Date.
30. In the event a Duplicate Claim holder disputes the disallowance of its Duplicate Claim by filing a Notice of Dispute in accordance with the terms of the Amended and Restated Claims Process Order, they will be entitled to vote their Unresolved Disputed Claim at the Meeting. The Monitor will keep a separate tally on how the Duplicate Claim holders voted, however, that vote shall not be counted for any purpose unless, until and only to the extent that such disputed Duplicate Claim is Finally Determined to be a Proven Claim.

### ***Late Claims***

31. As set out above, pursuant to the Claims Process Order, the Claims Bar Date was August 3, 2023. The Monitor received 18 Claims after the Claims Bar Date (the “**Late Claims**”).

The total of these Late Claims is approximately \$7.1 million, which includes the Secured Claim of FCC. Details of the Late Claims are as follows:

| <b>Creditor</b>  | <b>Amount of Claim (as submitted)</b> | <b>Currency</b> | <b>USD Claim Amount</b> |
|------------------|---------------------------------------|-----------------|-------------------------|
| Late Claimant 1  | \$ 182,027.65                         | CAD             | \$ 138,719.63           |
| Late Claimant 2  | \$ 52,201.57                          | CAD             | \$ 39,781.77            |
| Late Claimant 3  | \$ 16,030.13                          | EUR             | \$ 17,825.83            |
| Late Claimant 4  | \$ 17,323.00                          | CAD             | \$ 13,201.51            |
| Late Claimant 5  | \$ 326.00                             | USD             | \$ 326.00               |
| Late Claimant 6  | \$ 45,000.00                          | USD             | \$ 45,000.00            |
| Late Claimant 7  | \$ 1.00                               | CAD             | \$ 0.76                 |
| Late Claimant 8  | \$ 146,444.35                         | USD             | \$ 146,444.35           |
| Late Claimant 9  | \$ 53,092.00                          | USD             | \$ 53,092.00            |
| Late Claimant 10 | \$ 12,000.00                          | EUR             | \$ 13,344.24            |
| Late Claimant 11 | \$ 823.80                             | USD             | \$ 823.80               |
| Late Claimant 12 | \$ 32,031.25                          | USD             | \$ 32,031.25            |
| Late Claimant 13 | \$ 20,000.00                          | USD             | \$ 20,000.00            |
| Late Claimant 14 | \$ 22,961.54                          | USD             | \$ 22,961.54            |
| Late Claimant 15 | \$ 2,451.54                           | USD             | \$ 2,451.54             |
| Late Claimant 16 | \$1,257,475.25                        | USD             | \$1,257,475.25          |
| Late Claimant 17 | \$3,653,046.03                        | USD             | \$3,653,046.03          |
| Late Claimant 18 | \$2,140,964.27                        | CAD             | \$1,631,586.05          |
| <b>Total:</b>    |                                       |                 | \$7,088,111.55          |

32. The last date on which the Monitor received a Late Claim was November 16, 2023, all prior to the Applicants finalizing the proposed Plan and bringing the Motion.
  
33. Given that the Claims have not been reviewed or adjudicated yet and the proposed Plan had not been filed or voted on by the Affected Creditors when the Late Claims were received, NAFA and the Monitor are of the view that it is appropriate to deem these Late Claims to have been filed on or before the Claims Bar Date as contemplated in paragraph 19 of the Amended and Restated Claims Order. The Agent does not oppose deeming these Late Claims to have been filed on or before the Claims Bar Date.

34. As a result, including the Late Claims but excluding the Duplicate Claims, the total value of Claims filed by the Claims Bar Date is approximately \$34.9 million.

***Claims Adjudication and Resolution Process***

35. The Amended and Restated Claims Process Order contemplates that if the Applicants, in consultation with the Monitor, disagree with the amount or characterization of a Claim as set out in any Proof of Claim, the Applicants, in consultation with the Monitor (and any applicable Directors and Officers), may attempt to resolve and dispute and settle the Claim with the Creditor.
36. If the Applicants and the Monitor intend to revise or reject a Claim (other than a Duplicate Claim), the Monitor shall do so by issuing a Notice of Revision or Disallowance for distribution purposes to the Creditor at least twenty (20) days prior to the first Distribution that is made in accordance with the proposed Plan, failing which the Claim will be deemed to be a Proven Claim.
37. Any Creditor who intends to dispute a Notice of Revision or Disallowance shall deliver a completed Notice of Dispute of Revision or Disallowance, along with the reasons for its dispute, to the Monitor by no later than fifteen (15) days after the date on which the Claimant is deemed to receive the Notice of Revision or Disallowance failing which such Creditor's Claim shall be deemed to be as determined in the Notice of Revision or Disallowance and any of all of such Creditor's rights to dispute the Claim as determined shall be forever extinguished and barred.
38. Upon receipt of a Notice of Dispute of Revision or Disallowance in respect of a Claim, the Applicants, in consultation with the Monitor (and any applicable Directors or Officers),

may attempt to resolve such dispute and settle the purported Claim with the Creditor and, in the event that a dispute raised in a Notice of Dispute of Revision or Disallowance is not settled may, at their election, refer the dispute raised in the Notice of Dispute of Revision or Disallowance to the Court for adjudication, and the Monitor shall send written notice of such referral to the Creditor.

39. The Monitor is of the view that the proposed Amended and Restated Claims Process Order, including the Claims Adjudication Process, and the timelines set out therein are reasonable in the circumstances.

#### **DEVELOPMENT OF THE PLAN**

40. The Applicants have worked diligently with the Monitor and in consultation with the Secured Creditors to develop the proposed Plan, with a view to facilitating recoveries to their unsecured creditors.
41. In developing the proposed Plan, NAFA, in consultation with the Monitor, conducted forecasts of the liquidation of its remaining assets. Although a number of the remaining assets are contingent assets, NAFA, in consultation with the Monitor, and based on these forecasts, was able to determine that a potential plan, which included distributions to its unsecured creditors, was possible if it was able to obtain concessions from the Secured Creditors.
42. NAFA, with the assistance of the Monitor, entered into extensive discussions and negotiations with its Secured Creditors to determine how it could put forward a plan that would allow distributions to be made to its unsecured creditors notwithstanding that the Secured Creditors are still owed in excess of \$8.2 million in principal of secured debt (with fees and interest that have accrued and continue to accrue on such secured debt).

The proposed Plan is the product of these negotiations.

43. As detailed further below, these negotiations resulted in the Secured Creditors agreeing to support and vote in favour of the proposed Plan which, subject to the proposed Plan being approved by the Required Majority of Affected Creditors and sanctioned by the Court and implemented, effectively converts approximately \$7 million in principal (plus fees and interest) of secured debt into Unsecured Claims thereby facilitating potential distributions to unsecured creditors.
44. Specifically, the Syndicated Lenders, as NAFA's first ranking and largest secured creditors have agreed, on the implementation of the proposed Plan, to effectively convert \$2.4 million of their approximate \$3.6 million remaining secured debt into unsecured debt and share in distributions with all other creditors on a *pari passu* basis. The Agent and the Syndicated Lenders have also agreed to not collect, and on implementation of the proposed Plan, waive all interest and fees that have accrued or will accrue in respect of such first ranking secured indebtedness from and after October 1, 2023 which, based upon the current amount owing to the Syndicated Lenders and NAFA's remaining assets, would be material.
45. FCC and the Secured Shareholders have also agreed, on implementation of the proposed Plan, to convert their cumulative secured debt in the approximate amount of \$4.5 million into unsecured debt. FCC and the Secured Shareholders have also agreed that, provided the proposed Plan is implemented, no fees and interest shall accrue on their indebtedness from and after the Filing Date.
46. These concessions from the Secured Creditors, if the proposed Plan is implemented, result in a significant benefit to the unsecured creditors (and to the subordinate secured creditors

in the case of the concessions from the Syndicated Lenders). It is uncertain if and when NAFA's remaining assets will be realized upon and whether there would be sufficient proceeds to fully repay the outstanding secured indebtedness to the Syndicated Lenders (including accrued fees and interest) and, even if the Syndicated Lenders were able to be paid in full, it is highly unlikely that the junior secured creditors would recover on the entirety of their secured debt under the highest recovery projections, let alone unsecured creditors ranking behind them.

47. The proposed Plan is also intended to materially reduce ongoing fees and costs to the estate of the Applicants (which are significant) and facilitate an earlier termination of the CCAA Proceedings.
48. Under the proposed Plan, it is forecast that Affected Claims, including the Secured Creditors' Affected Claims (after the conversion of the secured debt as set out above to unsecured debt) will have recoveries in the range of approximately 3.6% to 11.0%, subject to recovery of certain contingent assets. These forecasted recoveries are predicated based upon on a number of assumptions of NAFA's realization of its remaining assets (including contingent assets), including the estimate of pelts expected, potential recovery from the insurance litigation, and potential recovery from other litigation claims, net of the Unaffected Secured Syndicate Claim.
49. The Monitor notes that since such projected range of recoveries 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.



50. Based on the foregoing, the Monitor is of the view that the proposed Plan provides a better recovery to unsecured creditors than they would receive in a bankruptcy or liquidation, wherein there would be essentially no recoveries for the unsecured creditors. As such, the Monitor is of the view that there is significant benefit and fairness for all creditors if the proposed Plan is approved, sanctioned and implemented.

## **OVERVIEW OF THE PLAN**

51. The proposed Plan is attached as Appendix “B” to this Sixteenth Report. This section of the Sixteenth Report provides a summary of the proposed Plan to provide context for the proposed Meeting Order being sought by the Applicants.
52. Creditors should carefully read the proposed Plan in full. If there is any discrepancy between the summary in this Sixteenth Report and the proposed Plan, the proposed Plan shall govern.

### ***Purpose of the Plan***

53. The purpose of the proposed Plan is to:
- a. Permit the Applicants to realize upon their remaining assets, including pursuing remaining Litigation Claims (including contingent claims), on a more cost-effective basis;
  - b. Provide for a compromise of all Affected Claims;
  - c. Provide for a distribution to all holders of Affected Claims that are Proven Claims after the payment in full of the Unaffected Secured Syndicate Claim;
  - d. Effect a release and discharge of all Claims and Released Claims;

- e. With the agreement of the Syndicated Lenders, the Secured Shareholders and FCC, deem all of their Secured Claims (with the exception of the Unaffected Secured Syndicate Claim) to be Unsecured Claims for voting and distribution purposes under the proposed Plan so that Affected General Unsecured Creditors with Proven Claims will obtain a greater benefit from the implementation of the proposed Plan than they would derive from a bankruptcy or liquidation of the Applicants if such Secured Claims were not deemed to be Unsecured Claims for the purposes of the proposed Plan; and
- f. Facilitate the termination of the CCAA Proceedings following the Court granting an Order terminating the CCAA Proceedings and discharging the Monitor in accordance with the terms of the proposed Plan, which termination and discharge will occur when, in the opinion of the Applicants and the Monitor, there are no more realizable assets or the costs of realizing upon any remaining assets will be equal to or greater than the amounts to be realized.

***Plan Consolidation***

- 54. The proposed Plan provides the compromise and settlement of the Affected Claims against all Applicants on a consolidated basis.
- 55. As set out in the Affidavit of Doug Lawson affirmed on January 11, 2024 (the “**January 2024 Affidavit**”) despite being separate legal entities, the business activities of the Applicants were intertwined and together represented the “NAFA” business on a global scale. North America Fur Auctions Inc. operated as the centralized corporate division and all business and operations as a whole of the Applicants, even in Europe and the USA, ran through the Toronto head office. Moreover, the debts owing for each of the Applicants

were often characterized by NAFA and/or viewed as owing across all the Applicants by their creditors and parties dealing with the Applicants.

56. During the operations of the Applicants, there was regularly co-mingling of funds between the various Applicants. Various entities of the Applicants had consolidated financial statements. For example, NAFA Properties Inc. had consolidated financial statements with NAFA Properties (US) Inc., NAFA Properties Stoughton LLC, and 3306319 Nova Scotia Limited. Additionally, North American Fur Auctions Inc. had consolidated financial statements with North American Fur Auctions (US) Inc., NAFPRO LLC (Wisconsin LLC), NAFA Europe Co-Operatief UA, NAFA Europe B.V., NAFA Polska Sp. Z oo, and Daikoku SP. Z OO.
57. Of the over 9,800 Creditors, less than 5 have filed Claims against an Applicant other than North American Fur Auctions Inc. specifically. The total value of these claims (as filed but not yet Finally Determined) is approximately \$450,000.
58. The Monitor is of the view that the administrative task to separate the debts of each entity would be unduly expensive, lengthy, and would not yield accurate results given the manner in which information was recorded in NAFA's books and records.
59. The Monitor is of also of the view that no creditor will be materially prejudiced by consolidating the Applicants under the proposed Plan and that the benefits of consolidation outweigh any potential prejudice to any particular creditor and is fair and reasonable in the circumstances.

### ***Classification of Creditors***

60. The proposed Plan creates a single class of Affected Creditors that will be entitled to vote on that basis. Affected Creditors will only receive cash distributions under the proposed Plan in respect of their Proven Claims after the Unaffected Secured Syndicate Claim is paid in full and sufficient reserves are established by the Monitor in accordance with the proposed Plan.
61. As set out above, the Proven Secured Claims of the Secured Shareholders, FCC and the Syndicated Lenders (with the exception of the Unaffected Secured Syndicate Claim) will be voted in the same single class of Affected Creditors. Upon the proposed Plan being implemented, the Proven Secured Claims (except the Unaffected Secured Syndicate Claim) will be converted from Secured Claims to Unsecured Claims will be treated the same as other Affected Creditors' Proven Claims for the purposes of distributions under the proposed Plan.
62. The Proven Secured Claims of the Syndicate, FCC and the Secured Shareholders to be voted in the Affected Creditor Class are as follows:

| <b>Lender</b>                             | <b>Proven Claim</b> |
|---|---------------------|
| <b>Affected Secured Syndicate Claim</b>   |                     |
| Canadian Imperial Bank of Commerce        | \$1,368,000         |
| HSBC Bank Canada                          | \$792,000           |
| Export Development Canada                 | \$240,000           |
| <b>Unaffected Secured Syndicate Claim</b> |                     |
| Unaffected Secured Syndicate Claim        | \$1,260,772         |
| <b>Farm Credit Canada</b>                 |                     |
| FCC                                       | \$1,631,586         |
| <b>Secured Shareholders</b>               |                     |
| AMC                                       | \$630,626           |
| CMBA                                      | \$1,182,423         |
| WFSC                                      | \$788,282           |
| CFBA                                      | \$307,430           |

63. Creditors with an Unaffected Claims are unaffected by the proposed Plan and will not be entitled to: (a) vote on or approve the proposed Plan or attend at the Meeting in respect of such Unaffected Claim; or (b) receive any distributions pursuant to the proposed Plan in respect of such Unaffected Claim.
64. The Unaffected Claims under the proposed Plan are:
- a. Claims secured by the CCAA Charges;
  - b. CCAA Priority Payment Claims;
  - c. The Unaffected Secured Syndicate Claim;
  - d. D&O Claims that are not permitted to be compromised under section 5.1(2) of the CCAA; and
  - e. Post-Filing Claims.
65. For greater certainty, the Unaffected Secured Syndicate Claim in the approximate amount of \$1,261,000 is an Unaffected Claim under the proposed Plan and it will remain a Secured Claim and will be paid in full prior to the Monitor setting up the Reserves or any Distributions being made under the proposed Plan.
66. The Monitor is of the view that the classification of creditors under the proposed Plan is fair and reasonable in the circumstances.

***Creditor Distribution Pool and Reserves***

67. The proposed Plan provides for the compromise of the Affected Claims and a full, final and irrevocable release and discharge of the Affected Claims and the Released Claims. The

proposed Plan will become effective at the Effective Time on the Plan Implementation Date in accordance with its terms and shall be binding on and enure to the benefit of the Applicants, the Affected Creditors, the Released Parties and all other Persons directly or indirectly named or referred to therein, receiving the benefit of, or subject to, the proposed Plan, and each of their respective heirs, executors, administrators, Representatives, successors, and assigns in accordance with the terms of the proposed Plan.

68. After implementation of the proposed Plan and repayment of the Unaffected Secured Syndicate Claim, the Applicants will use its cash (“**Available Cash**”) to establish (i) an Administration Reserve, (ii) a Creditor Distribution Pool, and (iii) an Unresolved Claims Reserve.

Administration Reserve

69. Prior to establishing the Creditor Distribution Pool but after repayment of the Unaffected Secured Syndicate Claim, the Monitor will, from time to time, set aside funds sufficient to pay the Administration Reserve Costs, which will include expenses of the Applicants’ counsel, the Monitor and its counsel and the fees and disbursements of the Agent and Syndicated Lenders’ legal counsel and other advisors, in pursuing the Realization Efforts and administering the Claims Process and the proposed Plan.

Creditor Distribution Pool

70. After the Unaffected Syndicated Secured Claim is repaid in full and the Administration Reserve is established and fully funded, the Applicants thereafter will pay quarterly all cash to the Monitor to be held in trust for the benefit of the Affected Creditors with Proven Claims (the “**Creditor Distribution Pool**”). The Monitor will make distributions from the funds in the Creditor Distribution Pool to the Affected Creditors with Proven Claims from

time to time when determined reasonable by the Monitor, in consultation with the Applicants, on a *pari passu* basis.

#### Unresolved Claims Reserve

71. After establishing the Administration Reserve, the Monitor will also set aside from Available Cash an amount sufficient to fund, (i) *pro rata* distributions should all Unresolved Claims be Finally Determined to be Proven Claims and, (ii) in the case of any unresolved CCAA Priority Payment Claims to pay such Claim fully if it is Finally Determined to be a Proven Claim.

#### ***Unresolved Claims***

72. Unresolved Claims are defined in the proposed Plan as an Affected Claim (or the portion thereof) that at the relevant time, in whole or in part: (i) has not been Finally Determined to be a Proven Claim in accordance with the Amended and Restated Claims Process Order and the proposed Plan; and (ii) is validly disputed in accordance with the Claims Process.
73. No holder of an Unresolved Claim will be entitled to receive any Distribution with respect to an Unresolved Claim or any portion thereof unless and until, and then only to the extent that, such Unresolved Claim is Finally Determined pursuant to the Amended and Restated Claims Process Order or any other Order and becomes a Proven Claim.

#### ***Distributions under the Plan***

74. The Monitor will, on behalf of the Applicants, make a distribution from the funds in the Creditor Distribution Pool to the Affected Creditors with Proven Claims on a *pro rata* basis from time to time when determined reasonable by the Monitor, in consultation with the Applicants.

75. The Monitor will not make any distribution to any Affected Creditor with a Proven Claim whose calculated *pro rata* share of the amount available for distribution would result in a distribution of less than \$25 from any distribution. Such Affected Creditor shall not be entitled to receive a distribution.
76. However, the amount of the distribution that would otherwise be paid to such Affected Creditor will be recorded by the Monitor to the credit of the Affected Creditor and the Monitor will hold back such amount from the amount otherwise being distributed. If in a subsequent distribution, the sum of the outstanding unpaid distribution(s) to such Affected Creditor from the previous distribution(s) plus the amount such Affected Creditor is entitled to under the subsequent distribution is greater than \$25, then the Monitor, on behalf of the Applicants, shall make the distribution for the Affected Creditor of the combined amount.
77. The Monitor, in consultation with the Applicants, in making the last distribution under the proposed Plan, will determine the *pro rata* distribution to the Affected Creditors and all amounts that would result in distributions under \$25 to an Affected Creditor (after taking into account any prior amounts held for future distributions to that Affected Creditor as set out in the proposed Plan) will be redistributed on a *pro rata* basis to the Affected Creditors with *pro rata* distributions above \$25 on Final Distribution.
78. To the extent that an Unresolved Claim becomes a Proven Claim, the Monitor, on behalf of the Applicants, will distribute to the holder thereof the amount, which such Affected Creditor would have been entitled to receive in respect of its Proven Claim on the Distribution Date.



79. After all Unresolved Claims have been finally resolved in accordance with the Claims Process Order and any required distributions have been made with respect to Proven Claims, any remaining funds in the Unresolved Claims Reserve shall become part of the Creditor Distribution Pool redistributed on a *pro rata* basis to the Affected Creditors.

***Undeliverable Distributions***

80. To the extent that any distribution is not cashed or is returned as undeliverable, the Applicants and the Monitor will not be required to make further efforts to deliver the distribution to the Affected Creditor unless and until they are notified in writing by such Affected Creditor of their current address, at which time such Undeliverable Distribution will be mailed to such Affected Creditor at such address.
81. The obligations of the Applicants and Monitor to an Affected Creditor with an Undeliverable Distribution will expire ten (10) Business Days prior to the Final Distribution Date, after which date, any cheques in respect of any such Undeliverable Distributions will be cancelled and rendered non-negotiable by the Applicants or Monitor and any entitlement of an Affected Creditor with respect to any Undeliverable Distributions will be forever discharged and forever barred, without any compensation therefor, notwithstanding any Applicable Laws to the contrary, and the amount of such Undeliverable Distributions will be transferred to the cash distribution pool for distribution to the other Affected Creditors on a *pro rata* basis as part of the Final Distribution.
82. The Final Distribution will be made by the Monitor on the date that is at least six (6) months after either (a) the prior Distribution Date if there are multiple, or (b) the Effective Time if there is only one Distribution Date.

### *The Releases*

83. The proposed Plan includes releases in favour of the Released Parties, which is defined to include each of the Applicants; the Monitor and the Monitor's counsel; and each of the Agent, the Syndicated Lenders, and in each case includes each and every present and former affiliate, affiliated funds, subsidiary, director, officer, member, partner, employee, auditor, financial advisor, legal counsel and agent of any them (collectively, the "**Released Parties**").
84. The Releases set out in the proposed Plan explicitly do not waive, release, discharge, cancel or bar any Unaffected Claim, the Applicants from any of their obligations under the proposed Plan or any Order, or a Released Party if the if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or willful misconduct.
85. The Monitor is of the view that each of the Released Parties have contributed significantly to the CCAA proceedings and are integral to the viability of the proposed Plan. Accordingly, the Monitor is of the view that the releases in favour of the Released Parties contained in the proposed Plan are reasonable and not overly broad in the circumstances.

### **THE MEETING ORDER**

86. The proposed Meeting Order authorizes the Applicants to convene the meeting of the Affected Creditor Class to consider and vote on the proposed Plan. The Applicants propose a hybrid Meeting on February 21, 2024 at 10:00 a.m. (EST), whereby creditors can attend either virtually by videoconference or in person at the offices of the Monitor located at Bay Adelaide East, 8 Adelaide Street West, Suite 200, Toronto, Ontario, M5H 0A9, Canada.

87. The proposed Meeting Order provides for comprehensive notification of the Meeting to the Affected Creditors and other timelines as set out below:

| <b>Mandate</b>   | <b>Date</b>   |
|--|---|
| Monitor to publish the Meeting Materials on the Website  | No later than January 22, 2024  |
| Monitor to send to each Affected Creditor copies of the Meeting Materials by email to the email address appearing on the Affected Creditor's Proof of Claim filed pursuant to the Claims Process Order or in the Books and Records   | No later than January 22, 2024  |
| In the event no email address was provided on the Affected Creditor's Proof of Claim and is not in the Books and Records, Monitor to send the Notice of Meeting to Affected Creditors by regular mail to the Affected Creditor at the last known address appearing on the Affected Creditor's Proof of Claim, or if there is none, in the Books and Records. The Notice of Meeting to Affected Creditors will direct them to the Website to access the Meeting Materials | No later than January 29, 2024  |
| Date for Monitor to receive Proxies by email or delivery to the Monitor's officer in order to be eligible to vote at the Meeting (unless depositing same with Chair before the beginning of the Meeting)   | February 16, 2024   |
| Meeting Date <sup>(1)</sup>  | February 21, 2024 at 10:00 a.m.   |
| Applicants and the Monitor to serve the Service List with any additional materials in respect of the Sanction Hearing <sup>(1)</sup>   | By the later of February 25, 2024 and seven (7) days before the Sanction Hearing Date         |
| Any Person who wished to oppose the Sanction Hearing to serve such opposition and a copy of their materials on the Applicants, the Monitor and the Service List <sup>(1)</sup>   | By the later of February 27, 2024 and three (3) days before the Sanction Hearing Date         |
| Sanction Hearing Date <sup>(1)</sup>   | March 1, 2024 or such other date the Court schedules the motion to sanction the proposed Plan |

<sup>(1)</sup> Provided that the Meeting is not adjourned to another date.

88. The Monitor is of the view that the notification to Affected Creditors and the timelines set out in the proposed Meeting Order are reasonable in the circumstances.

### ***Conduct of the Meeting***

89. The proposed Meeting Order contemplates that the Monitor will designate a representative to preside as the Chair of the Meeting and decide all matters relating to the conduct of the Meeting. The Monitor may appoint one or more scrutineers for the supervision and tabulation of the attendance, quorum and votes cast at the Meeting, and for a person to act as secretary at the Meeting.
90. The only Persons entitled to attend the Meeting are: (i) Affected Creditors and their legal counsel and financial advisors; (ii) the Applicants and their legal counsel and advisors; (iii) the Applicants' directors and officers and their legal counsel and advisors; (iv) the Monitor and its legal counsel; and, (v) those Persons, including the holders of Proxies, entitled to vote at the Meeting and their legal counsel and advisors. Any other Person may be admitted on invitation of the Chair.

### ***Voting***

91. The Meeting Order contemplates that there will be one class to consider and vote on the proposed Plan, being the Affected Creditor Class.
92. The quorum required at the Meeting will be one Eligible Voting Creditor with a Voting Claim present at the Meeting in person or by Proxy, and entitled to vote at the Meeting.
93. An Affected Creditor will be permitted to attend the Meeting in person or may appoint another person to attend the Meeting as its proxyholder in accordance with the process provided in the Meeting Order.

94. Each Affected Creditor that is a Voting Creditor will be entitled to vote as part of the Affected Creditors Class, being the sole class of creditors, in the amount equal to the aggregate U.S. dollar value of such Affected Creditors' Voting Claim rounded down to the nearest whole dollar amount. Any Claim in a currency other than U.S. currency will be converted to U.S. currency.
95. The Affected Creditors Class will vote on the proposed Plan, and the approval of the proposed Plan will be decided by the Required Majority on a ballot vote, being a majority in the number of Affected Creditors representing at least two-thirds of the value of the aggregate amount of all Voting Claims held by the Voting Creditors that are present and voting, either in person or by proxy, at the Meeting.
96. As set out above, Eligible Voting Creditors with Unresolved Duplicate Claims shall be entitled to vote and the Monitor shall record the voting intentions with respect to the Unresolved Duplicate Claim. However, the Monitor shall not count the votes cast in respect of any Unresolved Duplicate Claim for any purposes unless, until and only to the extent that such Unresolved Duplicate Claim is Finally Determined to be a Proved Claim.
97. The Applicants, with the consent of the Monitor, may adjourn or postpone the Meeting on one or more occasions (whether or not a quorum is present, if applicable) and for such period or periods of time as the Applicants deem advisable, without the necessity of first convening the Meeting or first obtaining any vote of the Affected Creditors, in respect of the adjournment or postponement.
98. The Monitor is of the view that the proposed the voting method and procedures set out in the proposed Meeting Order are reasonable in the circumstances and will allow the Eligible

Voting Creditors to participate in a proper forum to consider and vote on the proposed Plan and for the votes they render to be considered as and when they become votes in respect of Proven Claims.

***Transfer of Claims***

99. The proposed Meeting Order provides, for purposes of voting at the Meeting, if an Eligible Voting Creditor transfers or assigns all of its Eligible Voting Claim as a whole, and the transferee or assignee delivers evidence satisfactory to the Monitor of such transfer or assignment as a whole, together with a written request to the Monitor to recognize same no later than 5:00 p.m. on the date that is seven (7) Business Days prior to the date of the Meeting, such transferee or assignee's name be included on the list of Eligible Voting Creditors, either in person or by proxy, the transferors or assignors' Eligible Voting Claim at the Meeting in lieu of the transferor or assignor.
100. If the holder of an Eligible Voting Claim who has been acknowledged by the Monitor as the Creditor in respect of same, transfers or assigns the whole of such Eligible Voting Claim to more than one person or part of such Claim to another person, such transfer or assignment shall not create a separate Eligible Voting Claim.
101. Prior to the Meeting, an Affected Creditor may transfer or assign the whole, but not part, of its Proven Claim by delivering to the Applicants and the Monitor satisfactory evidence of such transfer or assignment. The Monitor shall not be obligated to deal with such transferee or assignee unless and until the Monitor and the Applicants have received satisfactory evidence of transfer and assignment prior to 5:00 p.m. on the day that is at least seven (7) Business Days prior to the Meeting Date.

102. The proposed Plan provides that after the date of the Meeting, an Affected Creditor may transfer or assign the whole, but not part, of its Proven Claim by delivering to the Applicants and the Monitor a Notice of Transfer or Assignment. The Monitor is not obligated to make distributions to any transferee or assignee of a Proven Claim unless and until the Monitor and the Applicants have received a Notice of Transfer or Assignment prior to 5:00 p.m. on the day that is at least seven (7) calendar days prior to the Plan Implementation Date.
103. Upon transfer or assignment of a Proven Claim, either prior to, or after the Meeting, each applicable transferee shall constitute an Affected Creditor and as such, be bound by notices given and steps taken in respect of such Proven Claim.
104. A transferee shall not be entitled to set-off, apply, merge, consolidate, or combine any such Proven Claims assigned or transferred to it against, on account of, or in reduction of, any amounts owing by such transferee or assignee to any of the Applicants.

***Sanction Motion***

105. If the proposed Plan is approved by the Required Majority at the Meeting, the Applicants will be seeking a Sanction Order on March 1, 2024 or such other date that the Court has time available to hear the motion.

**CASH FLOW FORECAST**

106. Attached as Confidential Appendix “1” to this Sixteenth Report is NAFA’s Cash Flow Forecast for the period from January 8, 2024 to April 5, 2024 (the “**CF Period**”) including an overview and the notes thereto. 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 during the CF Period.

107. The Cash Flow Forecast is being filed to provide the Applicants' current financial picture to the Court, to demonstrate its ability to continue operations over the CF Period to enable them hold the Meeting on the proposed Plan and to continue to seek recovery on its remaining assets for the benefit of its stakeholders. The Cash Flow Forecast demonstrates that NAFA has sufficient liquidity throughout the proposed extended Stay Period.
108. The Cash Flow Forecast contains commercially sensitive information that is required to be kept confidential and sealed as public disclosure of the Cash Flow Forecast could negatively affect the litigation efforts being undertaken by the Applicants if obtained by the counterparties to that litigation.
109. The Agent and FCC have been provided with the Cash Flow Forecast under terms of confidentiality.
110. The Monitor supports the sealing order being sought by the Applicants in accordance with section 10(3) of the CCAA. The Monitor is of the view that release of the Cash Flow Forecast would unduly prejudice the Applicants and not disclosing the Cash Flow Forecast does not unduly prejudice the Applicants' creditors.

#### **EXTENSION OF THE STAY PERIOD**

111. NAFA is currently seeking to extend the Stay Period to April 1, 2024 to allow it to call, hold and conduct a meeting of Affected Creditors to vote on a resolution to approve the proposed Plan.



112. 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 extending the Stay Period to April 1, 2024 will allow NAFA to hold and conduct the Meeting for Affected Creditors to vote on the proposed Plan as well as continue pursuing the insurance litigation claims and other litigation claims. It is anticipated that the mediation with respect to its insurance claims will take place during the extended Stay Period.
113. The Monitor understand that the Agent does not oppose an extension of the Stay Period.
114. The Monitor recommends that the Court grant NAFA's request for the extended Stay Period to allow the Applicants to hold the Meeting to consider and vote on the proposed Plan and allow the Applicants and the Monitor to continue the Realization Efforts.

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

115. By Order dated November 29, 2023, the Court approved the Monitor's Fifteenth Report. The Applicants are currently seeking approval of this Sixteenth Report as part of the Motion.

#### **SEALING OF CERTAIN CONFIDENTIAL APPENDIX "1"**

116. The Cash Flow Forecast contains confidential business information and assumptions about the Applicants, which, if disclosed, the Applicants believe could hamper or interfere with the restructuring of the Applicants or the maximization of value including in respect of its ongoing litigation relating to the insurance claims and the litigation in Europe.
117. Accordingly, the Cash Flow Forecast is being filed as a confidential appendix to this Sixteenth Report and a sealing Order is being sought by the Applicants as has been granted by the Court for previous cash flow forecasts filed in these CCAA Proceedings.

118. The Monitor supports the granting of a sealing Order being sought by the Applicants as set out above.

All of which is respectfully submitted this 15<sup>th</sup> day of January, 2024.

**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**

| <b>Glossary</b>                           |  |
|---|--|
| <b>Term</b>                               | <b>Definition</b>  |
| <b>Administration Charge</b>              | 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 Syndicated Lenders, 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 |
| <b>Affected Creditors</b>                 | All Creditors that are not Unaffected Creditors, and “Affected Creditor” means anyone of them.   |
| <b>Agent</b>                              | Canadian Imperial Bank of Commerce in its capacity as Agent for the Syndicated Lenders   |
| <b>Amended and Restated Initial Order</b> | The Amended and Restated Initial Order of the Court dated November 8, 2019   |
| <b>AME</b>                                | American Mink Exchange, a north American solicitor of fur pelts  |
| <b>Applicants</b>                         | 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   |
| <b>April 2021 Lawson Affidavit</b>        | The Affidavit of Douglas Lawson affirmed April 2, 2021   |
| <b>August Lawson Affidavit</b>            | The Affidavit of Douglas Lawson affirmed August 21, 2020   |
| <b>BDC</b>                                | Business Development Bank of Canada  |
| <b>Carlingview Property</b>               | NAFA’s former distribution centre on Carlingview Avenue in Toronto   |
| <b>CCAA</b>                               | <i>Companies’ Creditors Arrangement Act</i> , R.S.C., 1985, c. C-36  |

|                                  |   |
|----------------------------------|---|
| <b>CCAA Proceedings</b>          | The CCAA proceedings commenced pursuant to the Initial Order bearing Court file no. CV-19-00630241-00CL   |
| <b>CIBC</b>                      | Canadian Imperial Bank of Commerce  |
| <b>City Landlord</b>             | City of Toronto   |
| <b>Court</b>                     | Ontario Superior Court of Justice (Commercial List)   |
| <b>December Lawson Affidavit</b> | The Affidavit of Douglas Lawson affirmed December 20, 2019  |
| <b>Deloitte</b>                  | Deloitte Restructuring Inc.   |
| <b>DIP Charge</b>                | The charge granted by the Court pursuant to the Initial Order against the Applicants' Property as security for the DIP Financing                              |
| <b>DIP Fee</b>                   | A fee in the amount of 2% earned by the DIP Lender for providing the DIP Financing  |
| <b>DIP Financing</b>             | 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         |
| <b>DIP Lender</b>                | Waygar Capital Inc.   |
| <b>DIP Term Sheet</b>            | 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 |
| <b>EDC</b>                       | Export Development Canada   |
| <b>Eighth Report</b>             | The Eighth Report of the Monitor dated January 27, 2022   |
| <b>Eleventh Report</b>           | The Eleventh Report of the Monitor dated January 18, 2023   |
| <b>FCC</b>                       | Farm Credit Canada  |
| <b>Financial Advisor</b>         | Collectively, KPMG Inc. and KPMG Corporate Finance  |
| <b>Fifth Report</b>              | The Fifth Report of the Monitor dated November 3, 2020  |
| <b>Fifteenth Report</b>          | The Fifteenth Report of the Monitor dated November 27, 2023   |
| <b>First Report</b>              | The First Report of the Monitor dated November 7, 2019  |
| <b>Fourth Report</b>             | The Fourth Report of the Monitor dated August 24, 2020  |
| <b>Fourteenth Report</b>         | The Fourteenth Report of the Monitor dated  |

|                                 |  |
|---------------------------------|--|
|                                 | September 25, 2023   |
| <b>Fur Harvesters</b>           | Fur Harvesters Auctions Inc.   |
| <b>Ground Leases</b>            | 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.   |
| <b>Initial Order</b>            | The Order of Justice McEwen dated October 31, 2019, as amended by the Amended and Restated Initial Order   |
| <b>IP Assets</b>                | The intellectual property, software, computers and other soft assets necessary to operate a fur auction business. This includes the “Blackglama” trademark   |
| <b>KERP</b>                     | Key employee retention program approved by the Court   |
| <b>KERP Charge</b>              | Charge in the amount of \$150,000 approved the Court on November 8, 2019   |
| <b>KF</b>                       | Kopenhagen Fur, a large Danish auction house that, along with Saga and NAFA, was one of the leading mink auction houses in the world   |
| <b>KPMG CF</b>                  | KPMG Corporate Finance Inc.  |
| <b>Monitor</b>                  | Deloitte in its capacity as Court-appointed Monitor of the Applicants  |
| <b>NAFA</b>                     | North American Fur Auctions Inc.   |
| <b>NAFA Properties</b>          | NAFA Properties Inc.   |
| <b>Ninth Report</b>             | The Ninth Report of the Monitor dated April 23, 2022   |
| <b>October Lawson Affidavit</b> | Affidavit of Doug Lawson sworn October 30, 2020  |
| <b>Pre-filing Report</b>        | The pre-filing report of the proposed Monitor, dated October 31, 2019  |
| <b>Polish Property</b>          | NAFA’s main European office owned in Goleniów, Poland  |
| <b>Property</b>                 | Has the meaning ascribed to that term in the Amended and Restated Initial Order  |
| <b>Required Majority</b>        | A majority in the number of Affected Creditors representing at least two-thirds of the value of the aggregate amount of all Voting Claims held by the Eligible Voting Creditors that are present and voting, either in person or by proxy, at the Meeting in |

|                             |  |
|-----------------------------|--|
|                             | accordance with section 6(1) of the CCAA   |
| <b>Second Report</b>        | The Second Report of the Monitor dated November 27, 2019   |
| <b>Seventh Report</b>       | The Seventh Report of the Monitor dated September 27, 2021   |
| <b>Sixth Report</b>         | The Sixth Report of the Monitor dated April 5, 2021  |
| <b>SISP</b>                 | Sale and Investment Solicitation Process   |
| <b>Skyway Property</b>      | NAFA's corporate head office building located at 65 Skyway Avenue in Toronto, Ontario  |
| <b>Stay Period</b>          | The stay of proceedings granted pursuant to the Initial Order, as may be extended from time to time  |
| <b>Success Fee</b>          | 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   |
| <b>Syndicated Lenders</b>   | 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 |
| <b>Syndicate Debt</b>       | The indebtedness owing by the Applicants to the Syndicated Lenders   |
| <b>Tenth Report</b>         | The Tenth Report of the Monitor dated July 22, 2022  |
| <b>Third Report</b>         | The Third Report of the Monitor dated January 29, 2020   |
| <b>Thirteenth Report</b>    | The Thirteenth Report of the Monitor dated May 24, 2023  |
| <b>Twelfth Report</b>       | The Twelfth Report of the Monitor dated April 24, 2023   |
| <b>VAG</b>                  | Van Ansem Group (being a collection of farms under one corporate umbrella)   |
| <b>Wisconsin Properties</b> | NAFA's owned buildings on Williams Drive and Industrial Circle in Stoughton, Wisconsin   |

**Appendix "B"**

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**")

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**PLAN OF COMPROMISE AND ARRANGEMENT**  
**pursuant to the *Companies' Creditors Arrangement Act***

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January 11, 2024

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## PLAN OF COMPROMISE AND ARRANGEMENT

### WHEREAS

- A. On October 31, 2019 (the “**Filing Date**”), the Applicants commenced proceedings under the *Companies’ Creditors Arrangement Act* (Canada) (“**CCAA**”) bearing Court File No. CV-19-00630241-00CL pursuant to the initial order of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) (as amended and restated pursuant to an amended and restated initial order issued by the Court on November 8, 2019 and as may be further amended, restated or supplemented from time to time, the “**Initial Order**”).
- B. Pursuant to the Initial Order, Deloitte Restructuring Inc. was appointed as monitor of the Applicants (in such capacity, the “**Monitor**”).
- C. As at the date hereof, the majority of the assets of the Applicants have been sold and the Applicants continue to be indebted to the Syndicated Lenders, FCC and the Secured Shareholders (each as defined below).
- D. The Applicants wish to pursue a plan of compromise and arrangement which would result in distributions to their unsecured creditors and each of the Syndicated Lenders, FCC and Secured Shareholders have agreed to have all, or in the case of the Syndicated Lenders the majority, of their remaining secured claims treated as unsecured for the purposes of the Plan.
- E. Pursuant to the Initial Order, the Applicants have the authority to file with the Court, a plan of compromise and arrangement in accordance with the CCAA.

### ARTICLE 1 INTERPRETATION

#### 1.1 Definitions

In the Plan and the Recitals therein, all capitalized terms used therein shall have the following meanings:

“**Administration Charge**” has the meaning given to it in the Initial Order, as such amount may be reduced from time to time by further Court Order.

“**Administration Reserve**” means a Cash reserve from the Available Cash, in amount to be adjusted from time to time as agreed to by the Monitor, Applicants and, until the Unaffected Secured Syndicate Claim is repaid in full, the Agent.

“**Administration Reserve Costs**” means costs incurred and in respect of: (i) the Monitors’ fees and disbursements (including of its legal counsel and other consultants and advisors) in connection with the performance of its duties under the Plan and in the CCAA Proceedings; (ii) payments under the Plan (including pursuant to the Section 5.2 and 5.3); (iii) Post-Filing Claims; (iv) fees and disbursements of Applicants’ legal counsel and other advisors; (v) fees and disbursements of the Agent and Syndicated Lenders’ legal counsel and other advisors; (vi) Unaffected Claims which are Proven Claims, to the extent not already paid; and (vii) any other reasonable amounts in respect of any determinable contingency the Monitor may determine in consultation with the Applicants and,

until the Unaffected Syndicate Debt is repaid in full, the Agent.

“**Affected Claims**” means all Claims other than Unaffected Claims, and “**Affected Claim**” means anyone of them.

“**Affected Creditors**” means all Creditors that are not Unaffected Creditors, and “**Affected Creditor**” means anyone of them.

“**Affected Creditors Under \$10K**” means all Creditors that have a Proven Claim of \$10,000 or less.

“**Affected General Unsecured Creditor**” means an Affected Unsecured Creditor, other than the Secured Creditors in respect of their deemed Affected Unsecured Claim under the Plan.

“**Affected Secured Syndicate Claim**” means the amount of \$2.4 million which is to be deemed under the Plan for voting and distribution purposes under the Plan to be an Affected Unsecured Claim.

“**Affected Unsecured Claim**” means an Unsecured Claim that is an Affected Claim.

“**Affected Unsecured Creditor**” means a Creditor holding an Affected Unsecured Claim, including, for greater certainty, the Affected Creditors Under \$10K.

“**Affiliate**” means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by or is under direct or indirect common control with such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to control a Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the term “controlled” shall have a similar meaning.

“**Agent**” means the Canadian Imperial Bank of Commerce, in its capacity as agent for the Syndicated Lenders under the Syndicated Loan Agreement.

“**AMC**” means the American Mink Council.

“**Amended and Restated Claims Process Order**” means the Order of the Court to be obtained in the CCAA Proceedings concurrently with the Meeting Order, amending and restating the Claims Process Order to, *inter alia*, (i) deem the Secured Claims of the Syndicated Lenders to be Proven Claims in the amounts set out on Schedule “A”, (ii) provide that the Secured Claims of the Syndicated Lenders (other than the Unaffected Secured Syndicate Claim) are not “Excluded Claims” under the Plan, (iii) deem the Secured Claims of FCC and the Shareholders to be Proven Claims, in the amounts set out on Schedule “A”, (iv) provide for a process for the Monitor to revise or disallow Claims, for Affected Creditor to dispute such determination and for the resolution of any Disputed Claims, in form and substance acceptable to the Applicants, the Agent and FCC.

**“Applicable Law”** means:

- (i) any applicable domestic or foreign law, (including any principles of civil law, common law or equity) including any statute, legislation or treaty; and
- (ii) any applicable and enforceable rule, regulation, requirement, order, judgment, injunction, ordinance, award or decree of a Governmental Authority.

**“Applicants”** means 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, and **“Applicant”** means any one of them.

**“Available Cash”** means all Cash of the Applicants as at the Plan Implementation Date, including but not limited to the Applicants’ Cash on hand, and all Cash that is received by any of the Applicants following the Plan Implementation Date, whether from the sale, disposition or monetization of any remaining assets, receipt of any Tax Refund or any other Cash received by the Applicants from time to time, less amounts owing to the Syndicated Lenders on account of the Unaffected Secured Syndicate Claim to be required in accordance with Section 5.2 any amounts held by the Monitor in the Reserves in accordance with this Plan.

**“BIA”** means the *Bankruptcy and Insolvency Act* (Canada).

**“Business Day”** means a day other than a Saturday, Sunday, statutory or civic holiday in Toronto, Ontario, Canada.

**“Cash”** means cash, certificates of deposit, bank deposits, commercial paper, treasury bills and other cash equivalents.

**“CCAA”** has the meaning given to it in Recital A hereto.

**“CCAA Charges”** means all court-ordered charges created by the Initial Order or subsequent orders in the CCAA Proceedings.

**“CCAA Priority Payment Claims”** means Claims for amounts required to be paid by sections 6(3), (5) and (6) of the CCAA.

**“CCAA Proceedings”** has the meaning given to it in Recital A hereto.

**“CFBA”** means the Canada Fox Breeders Association.

**“Claim”** means:

- (i) a Pre-Filing Claim;
- (ii) a Restructuring Claim;
- (iii) a D&O Claim;

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- (iv) a D&O Indemnity Claim;
- (v) a CCAA Priority Payment Claim; and
- (vi) a Secured Claim.

provided, however, (A) that “Claim” shall not include any investigation, action, suit, order or proceeding in respect of the Applicants by or before a regulatory body (as defined in the CCAA), unless such investigation, action, suit, order or proceeding constitutes a “claim” within the meaning of the CCAA, (B) “Claim” shall not include an Excluded Claim, and (C) a Claim includes any claim arising through subrogation or assignment against any Applicant or Director.

“**Claims Bar Date**” has the meaning given to it in the Claims Process Order.

“**Claims Process Order**” means the Claims Process Order dated May 25, 2023, as amended and restated pursuant to the Amended and Restated Claims Process Order, as it may be further amended, restated or supplemented from time to time.

“**CMBA**” means the Canada Mink Breeders Association.

“**Court**” has the meaning given to it in Recital A hereto.

“**Creditor**” means a Person having a Claim and includes the transferee or assignee of a transferred Claim that is recognized as a Creditor in accordance with the Claims Process Order, or a trustee, liquidator, receiver, receiver and manager or other Person acting on behalf of such Person.

“**Creditor Distribution Pool**” has the meaning given to it in Section 5.4.

“**Director**” means any Person who is a former or present director or officer of any of the Applicants, or any other Person of a similar position or who by Applicable Law is deemed to be or is treated similarly to a director or officer of any of the Applicants or who currently manages or supervises the management of the business and affairs of any of the Applicants or did so in the past.

“**D&O Claim**” means any right or claim of any Person against one or more of the Directors howsoever arising on or before the Claims Bar Date, for which any of the Directors are by statute or otherwise by law liable to pay in their capacity as Directors or which are secured by the D&O Charge.

“**D&O Charge**” means the “**Directors Charge**” as defined in the Initial Order.

“**D&O Indemnity Claim**” means any existing or future right of any Director against one or more of the Applicants which arose or arises as a result of any Person filing a Proof of Claim in respect of such Director for which such Director is entitled to be indemnified by one or more of the Applicants.

“**Distribution Date**” means the Business Day or Business Days upon which distributions are made by the Monitor to the Affected Creditors in accordance with the provisions of the Plan.

“**Effective Time**” means 12:00 a.m. (Toronto time) on the Plan Implementation Date.

“**Eligible Voting Claims**” means a Voting Claim or an Unresolved Voting Claim.

“**Eligible Voting Creditors**” means Affected Creditors holding Eligible Voting Claims.

“**Encumbrance**” means any mortgage, charge, pledge, lien (statutory or otherwise), hypothec, security interest (whether contractual, statutory or otherwise), encumbrance, statutory or possessory lien, trust, constructive trust or deemed trust (whether contractual, statutory, or otherwise), execution, levy, charge, interest in property, or other financial or monetary claim or lease of personal property that creates a security interest, in respect of any assets that the Applicants own or control or to which the Applicants are entitled or that secures payment or performance of an obligation, or similar charge of any kind.

“**Excluded Claim**” means, subject to further Order of the Court:

- (i) any Post-Filing Claim;
- (ii) any claim secured by any CCAA Charge, including, without limitation, the fees and disbursements of advisors to the Syndicated Lenders, including legal counsel and the financial advisors to the Syndicated Lenders (which are secured by the Administration Charge); and
- (iii) any claim with respect to fees and disbursements incurred by counsel for any Applicant, Director or the Monitor and any financial advisor retained by any of the foregoing.

“**FCC**” means Farm Credit Canada.

“**Filing Date**” has the meaning given to it in Recital A hereto.

“**Final Determination**” and “**Finally Determined**” as pertains to a Claim, matter or issue, means either: (a) in respect of a Claim, such Claim has been finally determined as provided for in the Claims Process Order for voting and/or distribution purposes, as applicable; (b) there has been a Final Order in respect of the matter or issue; or (c) there has been an agreed settlement of the issue or matter by the relevant parties, which settlement has been approved by a Final Order, to the extent required to be approved by the Court or as determined by the Monitor, in consultation with the Applicants, to be subject to Court approval.

“**Final Distribution**” means the final distribution made under the Plan by the Monitor, on behalf of the Applicants.

“**Final Distribution Date**” means the date on which the Final Distribution is made by the Monitor, on behalf of the Applicants, which date shall be (a) at least six (6) months after the prior most recent Distribution Date if there are multiple Distribution Dates or (b) at least six (6) months after the Effective Time if only one Distribution Date.

“**Final Order**” means an Order of the Court, which has not been reversed, modified or vacated, and is not subject to any stay or appeal, and for which any and all applicable appeal periods have expired.

**“Governmental Authority”** means any domestic or foreign legislative, executive, judicial or administrative body or person having jurisdiction in the relevant circumstances.

**“Initial Order”** has the meaning given to it in Recital A hereto.

**“Intercompany Claims”** means the Claims of any Applicant in respect of, or relating to, any of the other Applicants.

**“Litigation Claims”** means any and all claims, causes of action, demands, lawsuits, arbitrations, inquiries, audits, proceedings, litigation of any nature, that the Applicants have or may hereinafter have, whether contingent or otherwise, including, without limitation, the litigation and insurance claims outlined in the Affidavit of Doug Lawson affirmed on April 21, 2023 in the CCAA Proceedings.

**“Meeting”** means the meeting of the Eligible Voting Creditors with Voting Claims to consider and vote on the Plan pursuant to the Meeting Order.

**“Meeting Order”** means an order of the Court in the CCAA Proceedings directing the calling and holding of one Meeting of Affected Creditors with Proven Claims to consider and vote on the Plan.

**“Monitor”** has the meaning given to it in Recital B hereto.

**“Order”** means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award of a Governmental Authority.

**“Person”** means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, government or any agency, officer or instrumentality thereof or any other entity.

**“Plan”** means this Plan of Compromise and Arrangement pursuant to the CCAA concerning, affecting and involving the Applicants, including all Schedules hereto.

**“Plan Implementation Conditions”** has the meaning given to it in Section 10.1.

**“Plan Implementation Date”** means the Business Day on which the Plan becomes effective, which, for greater certainty, shall be the Business Day designated by the Applicants in consultation with the Monitor pursuant to Section 10.2 and as reflected in the Plan Implementation Certificate contemplated in Section 10.3

**“Plan Implementation Certificate”** has the meaning given to it in Section 10.3.



**“Post-Filing Claim”** means any right or claim of any Person that may be asserted or made in whole or in part against the Applicants (or any one of them) in connection with any indebtedness, liability or obligation of any kind which arose in respect of obligations first incurred on or after the Filing Date (other than Restructuring Claims and D&O Claims and D&O Indemnity Claims), and any interest thereon, including any obligation of the Applicants toward creditors who have supplied or may supply services, utilities, goods or materials, or who have advanced or may advance funds to the Applicants on or after the Filing Date, but only to the extent of their claims in respect of the supply or advance of such services, utilities, goods, materials or funds on or after the Filing Date.

**“Pre-Filing Claim”** means any right or claim of any Person against the Applicants (or any one of them), in connection with any indebtedness, liability or obligation of any kind whatsoever and any interest accrued thereon or costs payable in respect thereof, whether liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known or unknown, by guarantee, surety or otherwise and whether or not such right is executory in nature, including, by reason of any breach of contract (whether oral or written), any breach of duty (including, any legal, statutory, equitable or fiduciary duty), any right of ownership of or title to property, contracts or assets or right to a trust or deemed trust (whether statutory, express, implied, resulting, constructive or otherwise) the right or ability of any Person to advance a claim for contribution or indemnity (other than D&O Indemnity Claims) for or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or commenced in the future, which indebtedness, liability or obligation (A) is based in whole or in part on facts existing prior to the Filing Date, (B) relates to a time period prior to the Filing Date, or (C) would have been a claim provable in bankruptcy had the Applicants become bankrupt on the Filing Date.

**“Proof of Claim”** means a proof of claim filed in accordance with the Claims Process Order.

**“Proven Claim”** means a Claim (or the portion thereof) that has been Finally Determined for voting and distribution purposes under the Plan.

**“Proven Secured Claim”** means a Proven Claim of a Secured Creditor in respect of that portion of their claim which is claimed by the Creditor and found, pursuant to the Claims Process Order, to be a valid and enforceable Secured Claim against an Applicant.

**“Realization Efforts”** has the meaning given to it in Section 5.1.

**“Released Claims”** has the meaning given to it in Section 8.1.

**“Released Parties”** has the meaning given to it in Section 8.1.

**“Representatives”** means, in relation to a Person, such Person’s current and former directors, officers, partners, employees, consultants, legal counsel, actuaries, advisers and agents, including their respective heirs, executors, administrators and other legal representatives, successors and assigns, and each of their respective employees and partners.

**“Required Majority”** means a majority in the number of Affected Creditors representing at least two-thirds of the value of the aggregate amount of all Voting Claims held by the Eligible Voting Creditors that are present and voting, either in person or by proxy, at the Meeting in accordance with section 6(1) of the CCAA.

**“Reserves”** means the Administration Reserve and the Unresolved Claims Reserve.

**“Restructuring Claim”** means any indebtedness, liability or obligation of any kind with respect to the Applicants arising out of the restructuring, termination, repudiation or disclaimer of any lease, contract, or other agreement or obligation on or after the Filing Date and whether such restructuring, termination, repudiation or disclaimer took place or takes place before or after the date of the Claims Process Order.

**“Sanction Order”** means an Order of the Court in the CCAA Proceedings sanctioning and approving the Plan pursuant to section 6(1) of the CCAA and the releases contemplated by the Plan, which shall include such terms as may be necessary or appropriate to give effect to the Plan.

**“Secured Claims”** means Claims or any portions thereof that are: (i) secured by security validly charging or encumbering property or assets of the Applicants (including statutory and possessory liens that create security interests); and (ii) duly and properly perfected in accordance with the relevant legislation in the appropriate jurisdiction prior to the Claims Bar Date.

**“Secured Creditors”** means the Agent and the Syndicated Lenders (only with respect to their Unaffected Secured Syndicate Claim), FCC and the Secured Shareholders.

**“Secured Shareholder Claims”** means the Proven Secured Claims of the Secured Shareholders in the amounts set out in Schedule “A” hereto.

**“Secured Shareholders”** means AMC, CMBA, WFSC and CFBA.

**“Syndicated Lenders”** means the lenders party to the Syndicated Loan Agreement.

**“Syndicated Loan Agreement”** means the Fourth and Restated Credit Agreement dated as of September 27, 2019, as may be amended, restated or supplemented from time to time, among Canadian Imperial Bank of Commerce, as agent for the Syndicated Lenders, North American Fur Auctions Inc., as borrower, and the Syndicated Lenders.

**“Unaffected Claim”** means the following claims:

- (i) Excluded Claims;
- (ii) CCAA Priority Payment Claims;
- (iii) D&O Claims that are not permitted to be compromised under section 5.1(2) of the CCAA; and
- (iv) the Unaffected Secured Syndicate Claim.

**“Unaffected Creditor”** means a Creditor with an Unaffected Claim.

**“Unaffected Secured Syndicate Claim”** means the Secured Claim of the Agent and Syndicated Lenders equal to \$1,260,772.68 as at January 9, 2023, being the portion of indebtedness owed to the Agent and Syndicated Lenders as at the date of the Plan that is in excess of \$2.4 million.

“**Undeliverable Distribution**” has the meaning set out in Section 7.6.

“**Unresolved Affected Unsecured Claim**” means an Affected Unsecured Claim that is an Unresolved Claim.

“**Unresolved Claim**” means an Affected Claim (or the portion thereof) that at the relevant time, in whole or in part: (i) has not been Finally Determined to be a Proven Claim in accordance with the Claims Process Order and this Plan; and (ii) is validly disputed in accordance with the Claims Process.

“**Unresolved Claims Reserve**” has the meaning given to it in Section 5.1.

“**Unresolved Voting Claim**” means the amount of the Unresolved Affected Unsecured Claim for voting purposes of an Affected Unsecured Creditor as determined in accordance with the terms of the Claims Process Order entitling such Affected Unsecured Creditor to vote at the Meeting in accordance with the provisions of the Meeting Order, the Plan and the CCAA.

“**Voting Claim**” means the amount of the Affected Claim of an Affected Creditor as Finally Determined for voting purposes in the manner set out in the Claims Process Order entitling such Affected Unsecured Creditor to vote at the Meeting in accordance with the provisions of the Meeting Order, the Plan and the CCAA. For greater certainty, the Secured Creditors shall be entitled to vote their Proven Claims (with the exception of the Unaffected Secured Syndicate Claim, which shall not be voted) in the single class of Affected Creditors in accordance with Section 3.3(1) hereof.

“**Unsecured Claim**” means a Claim that is not secured by any Encumbrance, and shall include for the purposes of the Plan only, the Proven Claims of the Secured Shareholders, FCC and the Syndicated Lenders (with the exception of the Unaffected Secured Syndicate Claim) which shall be deemed pursuant to the Plan to be Unsecured Claims for voting and distribution purposes under the Plan in accordance with Section 4.1.

“**WFSA**” means the Wild Fur Shippers Council.

## **1.2 Certain Rules of Interpretation**

For the purposes of the Plan:

- (i) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions;
- (ii) any reference in the Plan to an Order or an existing document or exhibit filed or to be filed means such Order, document or exhibit as it may have been or may be amended, modified, or supplemented;
- (iii) unless otherwise specified, all references to currency are in U.S. dollars;

- (iv) the division of the Plan into “articles” and “sections” and the insertion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of the Plan, nor are the descriptive headings of “articles” and “sections” intended as complete or accurate descriptions of the content thereof;
- (v) the use of words in the singular or plural, or with a particular gender, including a definition, will not limit the scope or exclude the application of any provision of the Plan or a Schedule hereto to such Person (or Persons) or circumstances as the context otherwise permits;
- (vi) the words “includes” and “including” and similar terms of inclusion will not, unless expressly modified by the words “only” or “solely”, be construed as terms of limitation, but rather will mean “includes but is not limited to” and “including but not limited to”, so that references to included matters will be regarded as illustrative without being either characterizing or exhaustive;
- (vii) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario, Canada, and any reference to an event occurring on a Business Day means prior to 5:00 p.m. (Toronto time) on such Business Day;
- (viii) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day;
- (ix) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature or Governmental Authority includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation; and,
- (x) references to a specified “article” or “section” will, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specified article or section of the Plan, whereas the terms “the Plan”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions will be deemed to refer generally to the Plan and not to any particular article, section or other portion of the Plan and includes any documents supplemental hereto;

### **1.3 Successors and Assigns**

The Plan will be binding upon and enure to the benefit of the heirs, administrators, executors, Representatives, successors and permitted assigns of any Person named or referred to in or subject to the Plan.

#### **1.4 Governing Law and Jurisdiction**

The Plan will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of the Plan and all proceedings taken in connection with the Plan and its provisions will be subject to the exclusive jurisdiction of the Court.

#### **1.5 Schedules**

The following are the Schedules to the Plan, which are incorporated by reference into the Plan and form a part of it:

Schedule “A” – Secured Claims

### **ARTICLE 2** **PURPOSE AND EFFECT OF THE PLAN**

#### **2.1 Purpose**

The purpose of the Plan is to:

- (a) permit the Applicants to realize upon their remaining assets, including pursuing remaining Litigation Claims (including contingent claims), on a more cost-effective basis;
- (b) provide for a compromise of all Affected Claims;
- (c) provide for a distribution to all holders of Affected Claims that are Proven Claims after the payment in full of the Unaffected Secured Syndicate Claim in accordance with the terms set out herein;
- (d) effect a release and discharge of all Claims and Released Claims;
- (e) with the agreement of the Syndicated Lenders, the Secured Shareholders and FCC, to deem all of their Secured Claims (with the exception of the Unaffected Secured Syndicate Claim) to be Unsecured Claims for voting and distribution purposes under the Plan so that Affected General Unsecured Creditors with Proven Claims will obtain a greater benefit from implementation of the Plan than they would derive from a bankruptcy or liquidation of the Applicants if such Secured Claims were not deemed to be Unsecured Claims for the purposes of the Plan; and
- (f) facilitate the termination of the CCAA Proceedings following the Court granting an Order terminating the CCAA Proceedings and discharging the Monitor in accordance with the terms of the Plan, which termination and discharge will occur when, in the opinion of the Applicants and the Monitor, there are no more realizable assets or the costs of realizing upon any remaining assets will be equal to or greater than the amounts to be realized.

## **2.2 Persons Affected and Released Claims**

The Plan provides for the compromise of the Affected Claims and a full, final and irrevocable release and discharge of the Affected Claims and the Released Claims. The Plan will become effective at the Effective Time on the Plan Implementation Date in accordance with its terms and shall be binding on and enure to the benefit of the Applicants, the Affected Creditors, the Released Parties and all other Persons directly or indirectly named or referred to therein, receiving the benefit of, or subject to, the Plan, and each of their respective heirs, executors, administrators, Representatives, successors, and assigns in accordance with the terms of the Plan.

## **2.3 Persons Not Affected**

The Plan does not affect Unaffected Claims. Persons with Unaffected Claims will not be entitled to vote on or receive any distributions under the Plan in respect of such Unaffected Claims, but, for greater certainty, shall be entitled to vote on and receive distributions under the Plan in respect of any Affected Claims which are Proven Claims. Nothing in the Plan shall (a) affect any of the Applicants' rights and defences, both legal and equitable, with respect to any Unaffected Claim, including all rights with respect to legal and equitable defences or entitlements to set-offs and recoupments against such Unaffected Claims or (b) constitute a waiver of any right of either the Monitor or the Applicants to dispute the validity or quantum of any Unaffected Claim.

# **ARTICLE 3** **CLASSIFICATION AND CLASSES OF AFFECTED CREDITORS AND RELATED MATTERS**

## **3.1 Claims Procedure**

The procedure for determining the validity and quantum of the Affected Claims for voting and/or distribution purposes under the Plan will be governed by the Claims Process Order, the Meeting Order, the provisions of the CCAA, the Plan, and any further Order of the Court. For greater certainty, the Claims Process Order will remain in full force and effect from and after the Plan Implementation Date. The validity and quantum of the Affected Claims will be established, for voting purposes, by the Claims Process Order, subject to the following:

- (a) The Affected Secured Syndicate Claim shall be allowed for voting and distribution purposes in the amounts set out in **Schedule "A"**;
- (b) The FCC Claim shall be allowed for voting and distribution purposes in the amount set out in **Schedule "A"**; and
- (c) The Secured Shareholders Claims shall be allowed for voting and distribution purposes in the amounts set out in **Schedule "A"**.

### **3.2 Classification of Creditors**

In accordance with the Meeting Order, all Affected Creditors (including all Affected General Unsecured Creditors, FCC, the Syndicated Lenders (other than in respect of the Unaffected Secured Syndicate Claim) and the Secured Shareholders) shall be placed into a single class with respect to their Affected Claims which are Proven Claims.

### **3.3 Voting**

- (1) Except as otherwise provided in the Meeting Order, and subject to the provisions of the Plan, Affected Creditors (including the Affected General Unsecured Creditors, FCC, the Syndicated Lenders (other than in respect of the Unaffected Secured Syndicate Claim) and the Secured Shareholders) shall be entitled to vote their Eligible Voting Claims at the Meeting in respect of the Plan.
- (2) In accordance with the CCAA, the Secured Shareholders, as related parties, will only be permitted to vote their Eligible Voting Claims, if any, against, but not for, the Plan.

### **3.4 Unaffected Claims**

Unaffected Claims, including for greater certainty, the Unaffected Secured Syndicate Claim, shall not be compromised under the Plan. No holder of an Unaffected Claim shall be: (a) entitled to vote on or approve the Plan or attend at the Meeting in respect of such Unaffected Claim; or (b) entitled to or receive any distributions pursuant to the Plan in respect of such Unaffected Claim.

### **3.5 Creditors' Meeting**

- (1) The Meeting will be held in accordance with the Plan, Meeting Order and any further Order of the Court. The only Persons entitled to attend the Meeting are those specified in the Meeting Order and any further Order of the Court. In order to be approved, the Plan must receive the affirmative vote of the Required Majority from of Affected Creditors voting Eligible Voting Claims.
- (2) The only Persons entitled to notice of, to attend or to speak at the Meeting are the Eligible Voting Creditors (or their respective duly-appointed proxyholders), Representatives of the Monitor, the Applicants, all such parties' financial and legal advisors, the chair, and secretary and scrutineers thereof. Any other Person may be admitted to the Meetings only by invitation of the Applicants or the Monitor or as permitted under the Meeting Order or any further Court Order.
- (3) If the Plan is approved by the Required Majority of the single class of Affected Creditors, then the Plan shall be deemed to have been agreed to, accepted and approved by all Affected Creditors and, if sanctioned by the Court, shall be binding upon all Affected Creditors immediately upon the delivery of the Plan Implementation Certificate in accordance with Section 10.3.

**ARTICLE 4**  
**TREATMENT OF CLAIMS**

**4.1 Treatment of Proven Secured Claims**

- (1) The Proven Secured Claims of the Secured Shareholders, FCC and the Syndicated Lenders (other than the Unaffected Secured Syndicate Claim) shall be (i) deemed for the purposes of the Plan to be Affected Unsecured Claims for voting and distribution purposes, and (ii) entitled to distribution as an Affected Unsecured Claim which is a Proven Claim in accordance with Section 7.1.
- (2) The Unaffected Secured Syndicate Claim shall be entitled to payment in full from the proceeds of the Realization Efforts in accordance with Section 5.2 hereof.
- (3) From and after the Plan Implementation Date, each Secured Creditor is deemed hereunder to have agreed that no further interest or fees shall have accrued or be deemed to be earned in respect of its Secured Claim (including, for greater certainty, in respect of the Unaffected Secured Syndicate Claim, and each deemed Affected Unsecured Claim of such Secured Creditors (i) from and after October 1, 2023, in respect of the Secured Claims of the Syndicated Lenders, and (ii) from and after the Filing Date in respect of the Secured Claims of the Secured Shareholders and FCC. For greater certainty, nothing herein shall impact any fees or interest accrued on the Proven Secured Claims of the Syndicated Lenders for the period prior to October 1, 2023 and paid by the Applicants in November of 2023.
- (4) Notwithstanding anything else contained in the Plan, including this Section 4.1, the Agent and Syndicated Lenders may continue to retain advisors, including counsel and financial advisor, and to continue to have the fees and disbursements of such counsel and financial advisor paid by the Applicants and secured by the Administration Charge until such time as the Unaffected Secured Syndicate Claim has been paid in full.

**4.2 Treatment of Affected Unsecured Claims**

At the Effective Time and in accordance with the sequence of steps set out in Article 6 hereof, in exchange for their Affected Claims, each Affected Creditor will receive the distributions as set out in the Plan.

**4.3 Treatment of Intercompany Claims**

Notwithstanding anything to the contrary in the Plan, on the Effective Date, each of the Applicants shall (a) be deemed to have subordinated the entirety of any Intercompany Claim in favour of the Proven Claims of all Affected Creditors, and (b) not be entitled to any distributions under the Plan in



respect of any Intercompany Claim.

#### **4.4 Unresolved Claims**

- (1) No holder of an Unresolved Claim shall be entitled to receive any payment or distribution hereunder with respect to an Unresolved Claim or any portion thereof unless and until, and then only to the extent that, such Unresolved Claim is finally determined pursuant to the Claims Process Order or any other Order and becomes a Proven Claim. Pursuant to the Meeting Order, the Monitor will tabulate votes of Creditors with Unresolved Voting Claims separately and will assess the impact of the Unresolved Voting Claims becoming Voting Claims on the vote conducted at the Meeting.
- (2) To the extent that any Unresolved Claim has become a Proven Claim, the holder of such Unresolved Claim shall be entitled to receive a distribution in respect of such Proven Claim in accordance with Section 7.1.

#### **4.5 Interest, fees and expenses**

In addition to and not in contradiction of Section 4.1(3), Interest shall not accrue or be paid on Claims after the Filing Date, and no holder of a Claim shall be entitled to interest accruing nor to fees and expenses incurred in respect of a Claim on or after the Filing Date and any Claims in respect of interest accruing or fees and expenses incurred on or after the Filing Date shall be deemed to be forever extinguished and released; provided, however, that the Syndicated Lenders Claim shall be entitled to payment of (a) interest and the Agent's annual agency fee, due and payable monthly after the Filing Date up to and including October 31, 2023 and (b) the fees and expenses of the Agent and Syndicated Lenders advisors, including legal counsel and financial advisor, pursuant to Section 4.1 until the Final Distribution and termination of the CCAA Proceedings have occurred.

#### **4.6 Extinguishment of Claims**

At the Effective Time, in accordance with the terms of the Plan, including Article 5 hereof, and Sanction Order, the treatment of Affected Claims (including Unresolved Claims) and Released Claims, in each case as set forth herein, will be final and binding on the Applicants, Affected Creditors and any Person holding a Released Claim. All Affected Claims and all Released Claims will be fully, finally, irrevocably and forever released, discharged, extinguished, cancelled and barred and the Released Parties will thereupon have no further obligation or liability whatsoever in respect of the Affected Claims and the Released Claims, as applicable; provided that (a) nothing herein releases the Applicants from the obligation to make payments and distributions or provide entitlements in the manner and to the extent provided for in the Plan; and (b) such discharge and release shall be without prejudice to the right of an Affected Creditor in respect of an Unresolved Claim to prove such Unresolved Claim in accordance with the Claims Process Order.

#### **4.7 Guarantees and Similar Covenants**

No Person who has a claim under any guarantee, surety, indemnity or similar covenant in respect of any Claim which is compromised and/or released under the Plan, including, for greater certainty, the Released Claims (such compromised Claim being the "**Principal Claim**"), or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of a Claim which is compromised under the Plan (including, for greater certainty, the Released Claims) will (a) be

entitled to any greater rights as against any Released Party than the Person whose Claim (including, for greater certainty, the Released Claims) is compromised and/or released under the Plan; (b) be entitled to vote on the Plan to the extent that the Person holding the Principal Claim votes on the Plan; or (c) be entitled to receive any distribution under the Plan to the extent that the Person holding the Principal Claim is receiving a distribution.

#### **4.8 Set-Off**

The law of set-off applies to all Claims in accordance with Applicable Law. Without limiting the generality of the foregoing, the Applicants will be and are hereby entitled to set-off from any payments or distributions to be made to a Creditor hereunder any amount due and owing to the Applicants from such Creditor. The Applicants acknowledge and confirm that they have no right of set-off against any of the Secured Creditors in respect of their Secured Claims, deemed Affected Unsecured Claims or the Unaffected Secured Syndicate Claim.

### **ARTICLE 5** **REALIZATION EFFORTS, PAYMENTS AND DISTRIBUTIONS**

#### **5.1 Realization Efforts**

Following the Effective Time, the Applicants shall continue with the liquidation of their assets and to pursue the Litigation Claims, in each case, in good faith and subject to the supervision and direction of the Monitor (the “**Realization Efforts**”).

#### **5.2 Payment of Unaffected Secured Syndicate Claim**

All proceeds derived from the Realization Efforts, net of reasonable fees and disbursements of counsel to the Applicants, the Monitor, counsel to the Monitor and the advisors of the Syndicated Lenders shall be applied firstly towards payment of the Unaffected Secured Syndicate Claim in full before any distribution to Affected Unsecured Creditors under the Plan. Such payments on account of the Unaffected Secured Syndicate Claim shall be made by the Applicants at such time and from time to time that the Monitor, in consultation with the Agent, is of the view that there are otherwise sufficient funds to satisfy the CCAA Priority Payment Claims. Notwithstanding any other provision of the Plan, no proceeds from Realization Efforts or otherwise shall be contributed to the Creditor Distribution Pool until the Unaffected Secured Syndicate Claim is paid in full.

#### **5.3 Payment of CCAA Priority Payment Claims**

The Applicants shall pay the CCAA Priority Payment Claims, if any, in full within six months after the date of the Sanction Order.

#### **5.4 Creditor Distribution Pool**

- (1) From and after the date upon which (i) the Unaffected Secured Syndicate Claim is repaid in full, (ii) the Administration Reserve is established and fully funded in accordance with Section 6.1, the Applicants shall, on a quarterly basis, pay all Available Cash then in their possession to the Monitor to be held in trust for the benefit of the Affected Creditors with Proven Claims (the “**Creditor Distribution Pool**”).

- (2) The Monitor, on behalf of the Applicants will, subject to Section 7.1 and in accordance with Article 7 hereof, make a distribution from the funds in the Creditor Distribution Pool to the Affected Creditors with Proven Claims from time to time when determined reasonable by the Monitor, in consultation with the Applicants, which distribution amount will be paid to them in accordance with the distribution provisions of Article ARTICLE 7 hereof.
- (3) On the Effective Time, all Affected Claims and Released Claims will be fully, finally, irrevocably and forever released, discharged, extinguished, cancelled and barred in accordance with the Plan, and all notes, certificates and other instruments evidencing Affected Claims (and all guarantees associated with each of the foregoing) will be deemed cancelled and extinguished and be null and void in accordance with Section 4.6 hereof. For greater certainty, the releases set out in the Plan shall be effective upon the Effective Time regardless of whether any amounts are ultimately distributed to the Affected Creditors with Proven Claims under the Plan.

### **5.5 Corporate Approvals**

The execution, delivery, implementation, and consummation of all matters contemplated under the Plan involving corporate action of the Applicants, shall be authorized and approved under the Plan, as such Plan is authorized and approved by the Court as part of the Sanction Order in all respects and for all purposes without any requirement of further action by any Person.

### **5.6 Cessation of Realization Efforts and Termination of CCAA Proceedings**

The Monitor shall determine, in consultation with the Applicants and, until the Unaffected Secured Syndicate Claim is repaid in full, the Agent, when it is no longer reasonable to expect any further realizations or collections from the assets of the Applicants. At that time the Monitor shall apply to the Court, on notice to the service list in the CCAA Proceedings, for an order seeking a termination of the CCAA Proceedings and its discharge as Monitor.

## **ARTICLE 6** **UNRESOLVED CLAIMS RESERVE AND ADMINISTRATION RESERVE**

### **6.1 Reserves and Distribution Cash Pool**

- (1) After the repayment in full of the Unaffected Secured Syndicate Claim pursuant to Section 5.2, the Monitor shall establish from Available Cash and maintain each of the Reserves required under the Plan and the Distribution Cash Pool for the Applicants, in trust, for the beneficiaries thereof under the Plan, and will oversee distributions from the Unresolved Claims Reserve and the Administration Reserve in accordance with the provisions of this Article 6.
- (2) The Monitor shall allocate each of such Reserves and the Distribution Cash Pool in accordance with the Plan, in each case on an accounting basis only. No separate bank account or accounts will be established for any of the Reserves, or in connection with the Distribution Cash Pool.

## **6.2 Administration Reserve**

- (1) An Administration Reserve shall be established by the Monitor, on behalf of the Applicants, after the Unaffected Secured Syndicate Claim has been repaid in full pursuant to Section 5.2, from Available Cash in an aggregate amount sufficient to fund the Administration Reserve Costs and the Monitor shall have the ability to replenish the amount of the Administration Reserve from Available Cash in order to ensure that it is at all times sufficient to fund the Administration Reserve Costs.
- (2) The Monitor shall hold and maintain the Administration Reserve for the purposes of paying the Administration Reserve Costs, from time to time, in accordance with the Plan and shall distribute the remaining balance in the Administration Reserve, if any, after the Final Distribution in accordance with Section 6.2(4) of the Plan.
- (3) The beneficiaries to the Administration Charge shall be entitled to payment from the Administration Reserve of their fees and expenses in connection with the implementation of the Plan, including administering the resolution of Unresolved Claims in accordance with the Claims Process Order and performing any other work required after the Effective Time to pursue Realization Efforts (including prosecution of the Litigation Claims), addressing questions of Creditors and otherwise administering the balance of the CCAA Proceedings.
- (4) Any amount remaining in the Administration Reserve immediately prior to termination of the CCAA Proceedings and discharge of the Monitor shall be donated to one or more registered charitable organizations chosen by the Applicants, in consultation with the Monitor.

## **6.3 Unresolved Claims Reserve**

An Unresolved Claims Reserve shall be established by the Monitor, on behalf of the Applicants, after the Unaffected Secured Syndicate Claim has been repaid in full pursuant to Section 5.2, from Available Cash in an aggregate amount sufficient to fund, without duplication (i) distributions should all Unresolved Claims be Finally Determined to be Proven Affected Unsecured Claims; and (ii) payments on account of unresolved CCAA Priority Payment Claims should all such unresolved CCAA Priority Payment Claims be Finally Determined to be valid CCAA Priority Claims; and the Monitor shall hold and maintain the Unresolved Claim Reserve for the purposes of paying all such aforesaid claims once such claims are Finally Determined to be Proven Claims in accordance with the Claims Process Order or other Order of the Court.

# **ARTICLE 7**

## **PROVISIONS REGARDING DISTRIBUTIONS & PAYMENTS**

### **7.1 Distributions Generally**

All distributions to Affected Creditors with Proven Claims and other payments to be effected pursuant to the Plan will be made pursuant to this Article 7. For greater certainty, all payments and distributions pursuant to this Article 7 will be subject to satisfaction or waiver of the conditions specified in Article 7 hereof.

## **7.2 Payment to Affected Creditors with Proven Claims**

The Monitor, for and on behalf of each of the Applicants, shall make a U.S. denominated cash distribution to the Affected Creditors with Proven Claims from the Creditor Distribution Pool, after payment in full of the Unaffected Secured Syndicate Claim and the establishment of the Unresolved Claims Reserve and the Administration Reserve, by cheque sent by pre-paid ordinary mail: (i) in the case of an Affected Creditor, to address recorded in the Affected Creditors Proof Claim or such other address that has been provided to the Applicants in writing in accordance with Section 11.7 hereof at least 10 days' prior to the Distribution Date, and (ii) in the case of an Affected Creditor that has received its Proven Claim by transfer, to the address set out in such transferee's notice of transfer or assignment sent to the Monitor and the Applicants.

## **7.3 Payments of Unaffected Claims**

In accordance with and at the time specified in the Plan hereof (which for greater certainty is prior to payment of any distributions to Affected Creditors), the Applicants will make the following payments as soon as sufficient funds are available, to discharge of the following:

- (a) payment to the Agent on behalf of the Syndicated Lenders an amount sufficient to repay in full the Unaffected Secured Syndicate Claim in accordance with Section 5.2;
- (b) payment of an amount sufficient to fund the Administration Reserve in accordance with Section 6.2; and
- (c) payment of the CCAA Priority Payment Claims, if any, in full in accordance with Section 5.3.

## **7.4 De Minimis Proven Claim Amount for Distribution**

- (1) Notwithstanding anything contained in the Plan, the Monitor, on behalf of the Applicants, shall not be required to make any distribution hereunder to any Affected Creditor with a Proven Claim whose calculated pro rata share of the amount available for distribution would result in a distribution of less than \$25 from any distribution and such Affected Creditor shall not be entitled to receive a distribution, provided that the amount of the distribution that would otherwise be paid to such Affected Creditor will be recorded by the Monitor to the credit of the Affected Creditor and the Monitor will hold back such amount from the amount otherwise being distributed. If in a subsequent distribution, the sum of the outstanding unpaid distribution to such Affected Creditor from the previous distribution plus the amount such Affected Creditor is entitled to under the subsequent distribution or distributions is greater than \$25, then the Monitor, on behalf of the Applicants, shall make the distribution for the Affected Creditor of the combined amount.
- (2) By way of example, if an Affected Creditor is entitled to \$18 based on its pro rata share of the funds available for distribution, then no distribution would be made to that Affected Creditor and the Monitor will continue to hold the \$18. If, on a subsequent distribution the amount payable on that distribution to the same Affected Creditor would be \$10, such that the total amount after accounting for their pro rata share of the first distribution totals \$28, then a distribution in the amount of \$28 will be made with the subsequent distribution.

- (3) When the Monitor, in consultation with the Applicants, has determined that it is making the Final Distribution under the Plan, it will determine the *pro rata* distribution to the Affected Creditors and all amounts that would result in distributions under \$25 to an Affected Creditor (after taking into account any prior amounts held for future distributions to that Affected Creditor as set out above) shall be remitted to the Creditor Distribution Pool and redistributed on a *pro rata* basis to the Affected Creditors with *pro rata* distributions above \$25 as part of the next Distribution.

## **7.5 Distributions in Respect of Unresolved Claims**

- (1) The Monitor shall hold the Unresolved Claims Reserve in trust (as may be reduced from time to time as Unresolved Claims are Finally Determined as disallowed in whole or in part) for the Applicants.
- (2) If any portion of an Unresolved Claim becomes Finally Determined to be disallowed in whole or in part, the amount related to any such portion of such Unresolved Claim shall be released from the Unresolved Claim Reserve into the applicable Creditor Distribution Pool for distribution to Affected Creditors with Proven Claims in accordance with Section 7.2.
- (3) After all Unresolved Claims have been Finally Determined in accordance with the Claims Process Order and any required distributions have been made with respect to Proven Claims, any remaining funds in the Unresolved Claims Reserve shall become part of the Creditor Distribution Pool. To the extent that an Unresolved Claim becomes a Proven Claim, the Monitor, on behalf of the Applicants, will distribute to the holder thereof, from the Unresolved Claims Reserve, the amount which such Creditor would have been entitled to receive in respect of its Proven Claim on the Distribution Date had such Unresolved Claim been a Proven Claim on the Distribution Date, subject to Section 7.4.

## **7.6 Treatment of Undeliverable Distributions**

If any distribution to an Affected Creditor under this Article 7 is not cashed or is returned as undeliverable (an “**Undeliverable Distribution**”), then neither the Applicants nor the Monitor will be required to make further efforts to deliver the distribution to such Creditor unless and until the Applicants and Monitor are notified in writing by such Affected Creditor of their current address, at which time such Undeliverable Distribution shall be mailed to such Affected Creditor at such address and in which case, no interest will accrue or be payable in respect of an Undeliverable Distribution. The obligations of the Applicants and Monitor to an Affected Creditor with an Undeliverable Distribution will expire ten (10) Business Days prior to the Final Distribution Date, after which date, any cheques in respect of any such Undeliverable Distributions may be cancelled and rendered non-negotiable by the Applicants or Monitor and any entitlement of an Affected Creditor with respect to any Undeliverable Distributions will be forever discharged and forever barred, without any compensation therefor, notwithstanding any Applicable Laws to the contrary. For greater clarity, nothing herein will require the Applicants or the Monitor to attempt to locate any Affected Creditor or other Person with respect to an Undeliverable Distribution. On the relevant date above, the amount of any Undeliverable Distributions shall be remitted to the Creditor Distribution Pool and redistributed on a *pro rata* basis to the Affected Creditors in accordance with this Plan.

## **7.7 Withholding Rights**

The Monitor, the Applicants and any other Person facilitating payments pursuant to the Plan will be entitled to deduct and withhold from any such payment to any Person, such amounts as may be required to be deducted or withheld under any Applicable Law and to remit such amounts to the appropriate Governmental Authority or other Person entitled thereto. To the extent that amounts are so withheld or deducted and remitted to the appropriate Governmental Authority or other Person, such withheld or deducted amounts will be treated for all purposes hereof as having been paid to such Person, together with the remainder of the payment in respect of which such withholding or deduction was made. Without in any way limiting the generality of the foregoing, the Applicants will deduct from any distribution to an Affected Creditor hereunder any amounts as indicated by Employment and Social Development Canada in a Notice of Debt, and remit such amounts to Employment and Social Development Canada pursuant to the *Employment Insurance Act* (Canada). Any Creditor whose address on its Proof of Claim or subsequently provided in writing to the Applicants at least 10 Business Days prior to a Distribution Date is not a Canadian address will be treated as a non-resident of Canada for purposes of any applicable non-resident withholding tax on all payments hereunder, subject to receipt by the Applicants and the Monitor of information satisfactory to them (in its sole discretion) at least 10 Business Days prior to the Distribution Date that such Creditor is not a non-resident. No gross-up or additional amount will be paid on any payment hereunder to the extent the Applicants or any other Person deducts or withholds amounts pursuant to this Section 7.7. Notwithstanding any withholding or deduction, each Person receiving a payment will have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Governmental Authority (including income and other tax obligations on account of such distribution).

## **7.8 Cancellation of Certificates and Notes, etc.**

At the Effective Time, all debentures, notes, certificates, indentures, guarantees, agreements, invoices and other instruments evidencing Affected Claims (and all guarantees associated with each of the foregoing), will not entitle any holder thereof to any compensation or participation other than as expressly provided for in the Plan and will be deemed cancelled and extinguished and be null and void.

## **7.9 Calculations**

All amounts to be paid by the Monitor will be calculated with the assistance of the Applicants. All calculations made will be conclusive, final and binding upon the Affected Creditors, the Applicants, the Monitor and all other Persons, absent manifest error.

## **7.10 Currency Matters**

All Affected Claims that are made in a currency other than U.S. dollars shall be converted to U.S. dollars in accordance with the Claims Process Order for both voting and distribution purposes. Distributions to Affected Creditors with Proven Claims will be paid in U.S. dollars and any such Claims that are denominated in a currency other than the lawful money of United States of America will be converted in accordance with the Claims Process Order.

### **7.11 Assignment of Proven Claims Subsequent to the Meeting**

After the date of the Meeting, an Affected Creditor may transfer or assign the whole, but not part, of its Proven Claim by delivering to the Applicants and the Monitor a Notice of Transfer or Assignment. The Monitor shall not be obligated to make distributions to any transferee or assignee of a Proven Claim or otherwise deal with such transferee or assignee unless and until the Monitor and the Applicants have received a Notice of Transfer or Assignment prior to 5:00 p.m. on that day that is at least seven (7) calendar days prior to the Plan Implementation Date. Upon transfer or assignment of a Claim in accordance herewith, each applicable transferee shall, for all purposes constitute an Affected Creditor and shall be bound by notices given and steps taken in respect of such Claim. For greater certainty, the Monitor and the Applicants shall not recognize partial transfers or assignments of Claims. A transferee shall not be entitled to set-off, apply, merge, consolidate, or combine any such Claims assigned or transferred to it against or on account or in reduction of any amounts owing by such transferee or assignee to any of the Applicants.

### **7.12 Binding Effect of the Plan**

- (1) The Plan (including, without limitation, the releases and injunctions contained herein) shall be binding as of the Effective Time on all Persons irrespective of the jurisdiction in which the Persons reside or in which their Claims arose, and shall constitute:
  - (a) a full, final and absolute settlement of all rights of any Affected Creditors; and
  - (b) a full, final and absolute release, extinguishment and discharge of all Affected Claims and Released Claims.

As at the Effective Time:

- (a) each Affected Creditor and each Person holding a Released Claim will be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety; and
- (b) each Affected Creditor and each Person holding a Released Claim (to the extent that contractual releases have not been executed and delivered by such Person) will be deemed to have:
  - (i) executed and delivered to the Applicants and to the other Released Parties, as applicable, all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety;
  - (ii) waived any default by or rescinded any demand for payment against the Applicants that has occurred on or prior to the Effective Time pursuant to, based on or as a result of any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Affected Creditor or Person holding a Released Claim and the Applicants with respect to an Affected Claim or Released Claim, respectively; and



- (iii) agreed that, if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Affected Creditor or Person holding a Released Claim and the Applicants with respect to an Affected Claim or Released Claim, respectively, as at the moment before the Effective Time and the provisions of the Plan, then the provisions of the Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly.

### **7.13 Notice of Final Distribution**

At least fourteen (14) Business Days prior to the Final Distribution Date, the Monitor will (i) provide notice of the Final Distribution Date to the service list in the CCAA proceedings, and (ii) post the Final Distribution Date on its Website.

## **ARTICLE 8** **RELEASES**

### **8.1 Plan Releases**

At the Effective Time, (i) the Applicants' Representatives, including their Directors and Officers; (ii) the Monitor and the Monitor's counsel; and (iii) each of the Agent, the Syndicated Lenders, and their counsel, and each and every present and former affiliate, affiliated funds, subsidiary, director, officer, member, partner, employee, auditor, financial advisor, legal counsel and agent of any of the foregoing Persons (each of the Persons named in (i), (ii) or (iii) of this Section 8.1, in their capacity as such, being herein referred to individually as a "**Released Party**" and all referred to collectively as "**Released Parties**") shall be fully, finally and forever released and discharged from any and all demands, claims, actions, causes of action, counterclaims, suits, debts, sums of money, accounts, covenants, damages, judgments, orders, including for injunctive relief or specific performance and compliance orders, expenses, executions, Encumbrances and other recoveries on account of any liability, obligation, demand or cause of action of whatever nature, including claims for contribution or indemnity, or rights of subrogation, which any Person may be entitled to assert, whether or not reduced to judgment, liquidated or unliquidated, fixed, contingent, known or unknown, matured or unmatured, direct, indirect or derivative, foreseen or unforeseen, existing or hereafter arising, by guarantee, surety or otherwise, and whether or not executory or anticipatory in nature, based in whole or in part on any act, omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing or other occurrence existing or taking place on or prior to the Plan Implementation Date, or following the Plan Implementation Date up to the termination of the CCAA Proceedings that relate to matters relating to implementing the Plan, or that constitute or are in any way relating to, arising out of or in connection with any Affected Claims, any D&O Claims and any indemnification obligations with respect thereto, the business and affairs of the Applicants whenever or however conducted, the administration and/or management of the Applicants, the Plan or the CCAA Proceedings, or any document, instrument, matter or transaction involving any of the Applicants taking place prior to the Plan Implementation Date or thereafter, in connection with the Plan (referred to collectively as the "**Released Claims**"), and all Released Claims shall be deemed to be fully, finally, irrevocably and forever waived, discharged, extinguished, released, cancelled and barred as against the Released Parties, all to the fullest extent permitted by Applicable Law; provided that the following shall not constitute Released Claims and nothing herein will waive, discharge, release, cancel or bar:

- (a) any Unaffected Claim;

- (b) the Applicants of or from any of their obligations under the Plan, under any Order, or under any document delivered by the Applicants on the Plan Implementation Date pursuant to the Plan; or
- (c) Released Party if the Released Party is adjudged by the express terms of a judgment rendered on a final determination on the merits to have committed fraud or willful misconduct.

## **8.2 Injunctions**

From and after the Effective Time as set out in Section 4.1 hereof all Persons are permanently and forever barred, estopped, stayed and enjoined with respect to any and all Released Claims from: (i) commencing, conducting, continuing or making in any manner, directly or indirectly, any action, suit, claim, demand or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative or other forum) against any of the Released Parties; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against any of the Released Parties or their property; (iii) commencing, conducting, continuing or making in any manner, directly or indirectly, any action, application, suit, claim, demand or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes a claim or might reasonably be expected to make a claim, in any manner or forum, including by way of contribution or indemnity or other relief, against one or more of the Released Parties; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any Encumbrance of any kind against the Released Parties or their property; or (v) taking any actions to interfere with the implementation or consummation of the Plan. All Persons who have previously commenced a Released Claim in any court, which Released Claim has not been finally determined, dismissed or discontinued prior to the Effective Time, shall forthwith after the Effective Time take steps to discontinue and/or dismiss, without costs, such Released Claim.

## **8.3 Knowledge of Claims**

Each Person to which Section 8.1 hereof applies shall be deemed to have granted the releases set forth in Section 8.1 notwithstanding that it may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such party expressly waives any and all rights that it may have under any applicable law which would limit the effect of such releases to those claims including Claims or causes of action known or suspected to exist at the time of the granting of the release.

# **ARTICLE 9** **COURT SANCTION**

## **9.1 Application for Sanction Order**

If the Plan is approved by the Required Majority of Affected Creditors, the Applicants shall apply for the Sanction Order on or before the date set for the Sanction Order hearing or such later date as the Court may set.

## 9.2 Sanction Order

The Sanction Order will, among other things:

- (a) declare that (i) the Plan has been approved by the Required Majority of the Affected Creditors in accordance with the CCAA; (ii) the activities of the Applicants and the Monitor have been in compliance with the provisions of the CCAA and the Orders of the Court made in this CCAA Proceedings in all respects;(iii) neither the Applicants nor the Monitor have done or purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the transactions contemplated in connection therewith are fair and reasonable, and are sanctioned and approved by the Court pursuant to section 6 of the CCAA and shall be binding and effective as set out herein;
- (b) declare that the Plan, subject to the terms and conditions herein, including the Plan Implementation Conditions described in Section 9.1 and all associated steps, compromises, transactions, arrangements and releases effected thereby are sanctioned and approved, and at the Effective Time as set out in Section 4.1 hereof will be binding and effective upon and with respect to the Applicants, all Affected Creditors, the Released Parties and all other Persons named or referred to in, or subject to, the Plan or the Sanction Order;
- (c) as of the Effective Time and in accordance with the sequence of steps set out in Section 4.1 hereof, compromise, discharge and release the Applicants from any and all Affected Claims in accordance with the Plan, and declare that the ability of any Person to proceed against the Applicants in respect of or relating to any Affected Claims, whether directly, derivatively or otherwise will be forever discharged, enjoined and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims be permanently stayed, subject only to the right of Affected Creditors to receive distributions pursuant to the Plan in respect of their Affected Claims (to the extent they become Proven Claims);
- (d) as of the Effective Time discharge and release the Released Parties from any and all Released Claims of any nature in accordance with the Plan, and declare that the ability of any Person to proceed against the Released Parties, or any of them, in respect of or relating to any Released Claim will be forever discharged and restrained, and all proceedings with respect to, in connection with, or relating to such Released Claims be permanently stayed;
- (e) as of the Effective Time as set out in Section 4.1 hereof, bar, stop, stay and enjoin the commencing, taking, applying for or issuing or continuing of any and all steps or proceedings, including without limitation, administrative hearings and orders, declarations or assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any Released Party in respect of all Released Claims and any matter which is released pursuant to Article 8 hereof;
- (f) declare that any Affected Claim that is not a Proven Claim or Unresolved Claim is forever barred and extinguished;

- (g) declare that any Claim for which a Proof of Claim has not been filed by the applicable Claims Bar Date in accordance with the Claims Process Order is forever barred and extinguished and order the release of all such Claims;
- (h) authorize the Applicants and the Monitor to perform their respective obligations and functions under the Plan and to perform all such other acts and execute such documents as may be required in connection with the foregoing;
- (i) declare that each of the CCAA Charges will be terminated, discharged, expunged and released, with the exception of the Administration Charge which shall continue until the termination of the CCAA Proceedings;
- (j) declare that, notwithstanding: (i) the pendency of the CCAA Proceedings; (ii) any applications for a bankruptcy, receivership or other order now or hereafter issued pursuant to the BIA, the CCAA or otherwise in respect of the Applicants and any bankruptcy, receivership or other order issued pursuant to any such applications; and (iii) any assignment in bankruptcy made or deemed to be made in respect of the Applicants, the transactions and releases contemplated by the Plan will be binding on any trustee in bankruptcy or receiver that may be appointed in respect of the Applicants or their assets and will not be void or voidable by creditors of the Applicants, nor will the Plan, or the payments and distributions contemplated pursuant thereto constitute nor be deemed to constitute a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA, CCAA or any other applicable federal or provincial legislation, nor will the Plan constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation;
- (k) declare that, subject to the performance by the Applicants of their obligations under the Plan, all contracts, leases, agreements and other arrangements to which the Applicants, or any of them, are a party and that have not been terminated or disclaimed pursuant to the applicable paragraph of the Initial Order and the related provisions of the CCAA will be and remain in full force and effect, unamended as of the Effective Time as set out in Section 4.1 hereof, and no Person who is a party to any such contractual arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:
  - (i) any event that occurred on or prior to the Effective Time and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events or default arising as a result of the insolvency of the Applicants);
  - (ii) the insolvency of the Applicants or the fact that the Applicants sought or obtained relief under the CCAA; or
  - (iii) any compromises or arrangements effected pursuant to the Plan or any action taken or transaction effected pursuant to the Plan; and

- (l) declare that the stay of proceedings under the Initial Order continues until the earlier of (i) one month after the Final Distribution Date, and (ii) September 30, 2026;
- (m) approve all conduct of the Monitor in relation to the Applicants and bar all claims against it arising from or relating to the services provided to the Applicants up to and including the date of the Sanction Order; and
- (n) declare that the Applicants and the Monitor may apply to the Court for advice and directions in respect of any matters arising from or in relation to the Plan or the implementation thereof.

**ARTICLE 10**  
**PLAN CONDITIONS PRECEDENT AND IMPLEMENTATION**

**10.1 Conditions Precedent to Plan Implementation**

- (1) The Plan is subject to the satisfaction of the following conditions (the “**Plan Implementation Conditions**”):
  - (a) the Amended and Restated Claims Process Order, in form and substance satisfactory to the Applicants, Monitor, the Agent and FCC, shall have been issued by the Court;
  - (b) the Meeting Order, in form and substance satisfactory to the Applicants, Monitor, the Agent and FCC, shall have been issued by the Court;
  - (c) the Plan shall have been approved by the Required Majority of the Affected Creditors of the Applicants;
  - (d) the Sanction Order shall have been issued by the Court, consistent with the terms of Section 9.1 and shall be a Final Order; and
  - (e) all relevant Persons will have executed, delivered and filed all documents and other instruments that, in the opinion of the Applicants and the Monitor, are necessary to implement the provisions of the Plan or the Sanction Order.

**10.2 Plan Implementation Date**

Upon satisfaction of the Plan Implementation Conditions, the Applicants will proceed to implement the Plan. In consultation with the Monitor, the Applicants will designate the Plan Implementation Date and will implement the Plan on that date in accordance with the terms and conditions hereof.

**10.3 Monitor’s Certificate – Plan Implementation**

As soon as practicable after of the Effective Time, the Monitor will serve on the service list in the CCAA Proceedings and post on the Monitor’s Website a certificate confirming that the Plan Implementation Date has occurred (the “**Plan Implementation Certificate**”) and will file such certificate with the Court as soon as practicable after it has been delivered.

**ARTICLE 11**  
**GENERAL**

**11.1 Deeming Provisions**

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

**11.2 Modification of the Plan**

- (1) The Applicants reserve the right, at any time and from time to time, to amend, restate, modify and/or supplement the Plan (including to address or further address the treatment of Claims subject to the Claims Process Order), provided that any such amendment, restatement, modification or supplement is on terms satisfactory to the Monitor and must be contained in a written document which is filed with the Court and (i) if made prior to or at the Meeting, consented to by the Agent and communicated to the Affected Creditors in the manner contemplated by the Meeting Order; and (ii) if made following the Meeting, approved by the Court and following notice to the Affected Creditors.
- (2) Notwithstanding this Section 11.2, after the Meeting, the Applicants may amend, restate, modify and/or supplement the Plan with the consent of the Monitor, without the consent of the Affected Creditors or approval of the Court, provided that any such amendment, restatement, modification and/or supplement (i) is filed with the Court, (ii) is posted on the website maintained by the Monitor and notice thereof is provided to the Affected Creditors, (iii) does not materially decrease the anticipated recovery of Affected Creditors under the Plan and is otherwise not materially adverse to the legal, financial or economic interests of Affected Creditors, in each case as determined by the Monitor, and (iv) does not amend the Plan Implementation Conditions (including any provision of the Plan that is the subject of such conditions) without the consent of the party or parties for whose benefit the conditions exist.
- (3) Notwithstanding this Section 11.2, any amendment, restatement, modification or supplement to the Plan may be made by the Applicants at any time and from time to time, provided that it is made with the consent of the Monitor and: (i) concerns a matter which is of an administrative nature required to better give effect to the implementation of the Plan; or (ii) is to cure any errors, omissions or ambiguities, and in either case is not materially adverse to the legal, financial or economic interests of the Affected Creditors.
- (4) Any amended, restated, modified or supplementary Plan or Plans filed with the Court and, if required by this Section 11.2, approved by the Court, will for all purposes be and be deemed to be a part of and incorporated in the Plan.

**11.3 Paramountcy**

From and after the Effective Time, any conflict between:

- (a) the Plan or the Sanction Order; and
- (b) the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, note, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or

supplements thereto existing between one or more of the Affected Creditors and the Applicants as at the moment before the Effective Time,

will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order, which will take precedence and priority.

#### **11.4 Severability of Plan Provisions**

If, prior to the Plan Implementation Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Applicants and with the consent of the Monitor and the Agent, will have the power to either:

- (a) sever such term or provision from the balance of the Plan and provide the Applicants with the option to proceed with the implementation of the balance of the Plan; or
- (b) alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be applicable as so altered or interpreted. Notwithstanding any such holding, alteration or interpretation, and provided that the Applicants proceed with the implementation of the Plan, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

#### **11.5 Protections of the Monitor**

The Monitor is acting and will continue to act in all respects in its capacity as Monitor in the CCAA Proceedings with respect to the Applicants (and not in its personal capacity). The Monitor will not be responsible or liable for any obligations of the Applicants. The Monitor will have the powers and protections granted to it by the Plan, the CCAA, the Initial Order, and any other Order made in the CCAA Proceedings. The Monitor will incur no personal liability whatsoever whether on its own part or in respect of any failure on the part of the Applicants to observe, perform or comply with any of its obligations under the Plan. Any release, discharge or other benefit conferred upon the Monitor pursuant to the Plan will enure to the benefit of the Monitor. The Monitor will be a third party beneficiary to the Plan entitled to enforce such releases, discharges and benefits in accordance with the terms of the Plan.

#### **11.6 Different Capacities**

Persons who are affected by the Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless otherwise provided in the Meeting Order expressly agreed by the Applicants and the Person in writing or unless its Claims overlap or are otherwise duplicative.

#### **11.7 Notices**

Any notice or other communication to be delivered hereunder must be in writing and reference the Plan and may, subject as hereinafter provided, be made or given by personal delivery, ordinary

mail or e-mail addressed to the respective parties as follows:

If to the Applicants:

**BLANEY MCMURTRY LLP**

2 Queen Street East  
Suite 1500  
Toronto, Ontario, M5C 3G5

Attention: David Ullmann  
e-mail: [dullmann@blaney.com](mailto:dullmann@blaney.com); [sgaudreau@blaney.com](mailto:sgaudreau@blaney.com)

If to an Affected Creditor:

To the mailing address, or email address provided on such Affected Creditor's Proof of Claim or such more recent address particulars of an Affected Creditor as noted in the files of the Applicants or the Monitor.

If to the Monitor:

**DELOITTE RESTRUCTURING INC.,  
MONITOR OF NAFA FUR AUCTIONS INC.,  
ET AL**

8 Adelaide Street West, Suite 200  
Toronto, Ontario, M5H 0A9

Attention: Todd Ambachtsheer and Jorden Sleeth  
e-mail: [tambachtsheer@deloitte.ca](mailto:tambachtsheer@deloitte.ca); [jsleeth@deloitte.ca](mailto:jsleeth@deloitte.ca)

With copies to (which will not constitute notice):

**MILLER THOMSON LLP**

Scotia Plaza  
40 King Street West, Suite 5800  
P.O. Box 1011  
Toronto, Ontario, M5H 3S1

Attention: Kyla Mahar and Gina Rhodes  
e-mail: [kmahar@millerthomson.com](mailto:kmahar@millerthomson.com); [grhodes@millerthomson.com](mailto:grhodes@millerthomson.com)

or to such other address as any party may from time to time notify the others in accordance with this section, or, in the case of an address change for the Applicants or the Monitor, by posting notice of such address change on the Monitor's website ([www.ey.com/ca/agmedica](http://www.ey.com/ca/agmedica)). Any such communication so given or made will be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, or sent before 4:00 p.m. (Toronto time) on such day. Otherwise, such communication will be deemed to have been given and made and to have been received on the next following Business Day.



### **11.8 Further Assurances**

Each of the Persons named or referred to in, or subject to, the Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Plan or any other events or transactions contemplated herein, notwithstanding any provision of the Plan that deems any event or transaction to occur without further formality.

### **11.9 Language**

The Plan, as well as any notices, Schedules or other documents related thereto has been and will be prepared in the English language only.

### **11.10 Acts to Occur on Next Business Day**

If any distribution, payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such distribution, payment or the performance of such act may be completed on the next succeeding Business Day, but will be deemed to have been completed as of the required date.

### **11.11 Non-Consummation of the Plan**

If the Plan is revoked at any time prior to the Effective Time, it will be null and void in all respects. Nothing contained in the Plan and no act taken in preparation for the implementation of the Plan will (a) constitute or be deemed to constitute a waiver or release of any Claims by or against the Applicants or any other Person; (b) prejudice the rights of the Applicants or any other Person in any further proceeding involving the Applicants; or (c) constitute an admission of any sort by the Applicants or any Person.

**DATED** as of the 11<sup>th</sup> day of January, 2024.

**SCHEDULE "A"**

**SECURED CREDITOR CLAIMS AS AT THE DATE OF THE PLAN**

**PROVEN CLAIMS OF SECURED SHAREHOLDERS**

| <b><u>Secured Shareholder</u></b> | <b><u>Amount of Proven Claim</u></b> |
|-----------------------------------|--------------------------------------|
| AMC:                              | USD\$630,626                         |
| CMBA:                             | USD\$1,182,423                       |
| WFSC:                             | USD\$788,282                         |
| CFBA:                             | USD\$307,430                         |

**PROVEN CLAIMS OF SYNDICATED LENDERS**

| <b>Affected Secured Syndicate Claim</b> |                                      |
|---|--------------------------------------|
| <b><u>Syndicated Lender</u></b>         | <b><u>Amount of Proven Claim</u></b> |
| Canadian Imperial Bank of Commerce      | USD \$1,368,000.00                   |
| HSBC Bank Canada                        | USD \$792,000.00                     |
| Export Development Canada               | USD \$240,000.00                     |
| <b>Total</b>                            | <b>USD \$2,400,000.00</b>            |

| <b>Unaffected Secured Syndicate Claim</b> |                    |
|---|--------------------|
| Amount of Proven Claim                    | USD \$1,260,772.68 |

**PROVEN CLAIM OF FCC**

| <b><u>Amount of Proven Claim</u></b> |
|--------------------------------------|
| USD \$1,631,586                      |

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

**PLAN OF COMPROMISE AND ARRANGEMENT**  
**pursuant to the *Companies' Creditors Arrangement Act***  
**affecting and involving the Applicants**

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Counsel for the Applicants

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

Proceeding commenced at Toronto

**MONITOR'S SIXTEENTH REPORT**

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